TRANSNATIONAL SECURITY THREATS IN THE IGAD REGION

Comprehensive Vulnerability Assessment

SSP

Security Sector Programme

TRANSNATIONAL SECURITY THREATS IN THE IGAD REGION

Comprehensive Vulnerability Assessment

DISCLAIMER

This assessment report was commissioned to third party according to the rules and procedures of the Intergovernmental Authority on Development (IGAD) within the mandate of the Office of the IGAD Security Sector Program (IGAD SSP). The findings of the report do not reflect the position of IGAD. The report does not proclaim to have all information pertaining to the findings with one might find some missing information from each Member States perspective. The findings are limited to the period of the report and also the available data or information from Member States, which were then analysed and assessed accordingly.

Copyright 2021 – All rights reserved.
© IGAD Security Sector Program (IGAD SSP)

You may reproduce (i.e., print, make photocopies and download) this work in whole or in part without prior permission for non-commercial purposes, on the condition that you provide proper attribution of the source in all copies.

www.igadssp.org
Twitter: @IGADISSP
Facebook: IGADISSP

TABLE OF CONTENTS

FROM THE DESK OF THE EXECUTIVE SECRETARY 1

ACKNOWLEDGEMENT 6

LIST OF ABBREVIATIONS AND ACRONYMS 8

EXECUTIVE SUMMARY 21

TERRORISM 24

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 26

SMUGGLING AND TRAFFICKING 28

Small arms and light weapons 28
Smuggling and Trafficking of Human Beings 29
Smuggling and trafficking of Wild Animals and Wildlife Products 32
Drugs and psychotropic substances production and trafficking 37
Smuggling of goods (timber, precious stones, Charcoal, currency and other significant goods)across national borders 39

ARMED, ORGANISED CATTLE RUSTLING 40

ENVIRONMENTAL CRIMES 40

Toxic waste 40
Maritime Toxic Waste Dumping 41

TST Comprehensive Vulnerability Assessment Report

FRAUD, FORGERY AND COUNTERFEITING 42

Fraudulent documents 42
Counterfeiting 43

FINANCIAL CRIMES 44

Anti-Money Laundering and Countering Terrorist Financing 44

INTRODUCTION 47

DEFINING TRANSNATIONAL SECURITY THREATS 52

METHODOLOGY 55

REGIONAL PERSPECTIVE ON TRANSNATIONAL SECURITY THREATS 63

Terrorism 67
Manufacture and Use of Improvised Explosive Devices 84
Smuggling and Trafficking 91
Drugs and psychotropic substances 169
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 215

ARMED, ORGANISED CATTLE RUSTLING 217

ENVIRONMENTAL CRIMES 219

CYBER-CRIME 222

FRAUD, FORGERY AND COUNTERFEITING 229

Forgery 229
Counterfeiting 233

FINANCIAL CRIMES 237

DJIBOUTI 257

TERRORISM 257

SMUGGLING AND TRAFFICKING 260

Small arms and light weapons 260
Smuggling and Trafficking of Human Beings 262
Drugs and psychotropic substances 272
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 276

FINANCIAL CRIMES 276

Anti-Money Laundering / Countering Terrorist Risks 277
Illicit Financial Flows 292

TST Comprehensive Vulnerability Assessment Report

ETHIOPIA 295

TERRORISM 295

Al-Shabaab 298
Islamic State (IS) / Da'esh 300

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 301

SMUGGLING AND TRAFFICKING 303

Small arms and light weapons 303
Smuggling and Trafficking of Human Beings 311
Wild Animals and Wildlife Products 324
Drugs and psychotropic substances 341
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 346

ARMED, ORGANISED CATTLE RUSTLING 354

FRAUD, FORGERY AND COUNTERFEITING 358

Fraudulent documents 358

FINANCIAL CRIMES 359

Anti-Money Laundering / Countering Terrorist Risks 367
Illicit Financial Flows 370

KENYA 379

TERRORISM 379

Al-Shabaab in Kenya 380

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 390

SMUGGLING AND TRAFFICKING 396

Small arms and light weapons 396
Smuggling and Trafficking of Human Beings 403
Wild Animals and Wildlife Products 421
Drugs and psychotropic substances 438
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 448

ARMED, ORGANISED CATTLE RUSTLING 449

FRAUD, FORGERY AND COUNTERFEITING 457

Fraudulent documents 462

FINANCIAL CRIMES 466

Anti-Money Laundering / Countering Terrorist Risks 471
Illicit Financial Flows 491

TST Comprehensive Vulnerability Assessment Report

SOMALIA 501

TERRORISM 501

Al-Shabaab 502
Islamic State (IS) / Da'esh 524

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 535

SMUGGLING AND TRAFFICKING 583

Small arms and light weapons 583
Smuggling and Trafficking of Human Beings 585
Wild Animals and Wildlife Products 595
Drugs and psychotropic substances 598
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 603

ENVIRONMENTAL CRIMES 604

Toxic Waste 604
Illegal Fishing 607
Piracy 609

FRAUD, FORGERY AND COUNTERFEITING 628

Fraudulent Documents 628

FINANCIAL CRIMES 631

Anti-Money Laundering / Countering Terrorist Risks 640

Illicit Financial Flows 654

SUDAN 659

TERRORISM 659

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 660

SMUGGLING AND TRAFFICKING 661

Small arms and light weapons 661
Smuggling and Trafficking of Human Beings 662
Drugs and psychotropic substances 687

Smuggling of goods (timber, precious stones, charcoal, currency and other

significant goods) across national borders 692

ARMED, ORGANISED CATTLE RUSTLING 696

FRAUD, FORGERY AND COUNTERFEITING 697

Fraudulent documents 697

FINANCIAL CRIMES 698

Anti-Money Laundering / Countering Terrorist Risks 701
Illicit Financial Flows 719

TST Comprehensive Vulnerability Assessment Report

SOUTH SUDAN 729

TERRORISM 729

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 730

SMUGGLING AND TRAFFICKING 731

Smuggling and Trafficking of Human Beings 731
Wild Animals and Wildlife Products 741
Drugs and psychotropic substances 750
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders. 754

ENVIRONMENTAL CRIMES 763

Toxic Waste 763

FRAUD, FORGERY AND COUNTERFEITING 775

FINANCIAL CRIMES 776

Anti-Money Laundering / Countering Terrorist Risks 780

UGANDA 795

TERRORISM 795

Al-Shabaab 799

SMUGGLING AND TRAFFICKING 801

Small arms and light weapons 801
Smuggling and Trafficking of Human Beings 803
Wild Animals and Wildlife Products 822
Drugs and psychotropic substances 854
Smuggling of goods (timber, precious stones, charcoal, currency and other significant goods) across national borders 861

ARMED, ORGANISED CATTLE RUSTLING 867

FRAUD, FORGERY AND COUNTERFEITING 871

Fraudulent documents 875

FINANCIAL CRIMES 877

Illicit Financial Flows 899

RECOMMENDATIONS 909

TERRORISM 913

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES 916

SMUGGLING AND TRAFFICKING 918

Small arms and light weapons 918
Smuggling and Trafficking of Human Beings 921
Wild Animals and Wildlife Products 924
Drugs and psychotropic substances 927
Smuggling of goods (timber, precious stones, charcoal, currency and other

TST Comprehensive Vulnerability Assessment Report

significant goods) across national borders 929

ARMED, ORGANISED CATTLE RUSTLING 931

FRAUD, FORGERY AND COUNTERFEITING 932

FINANCIAL CRIMES 935

Illicit Financial Flows 938

ANNEXES 01

FROM THE DESK OF THE EXECUTIVE SECRETARY

WORKNEH GEBEYEHU, PHD

The IGAD Region in spite of its geo-strategic significance, faces challenges from many quarters to stability, peace and security. There is broad a spectrum of existing and emerging security threats affecting the Member States individually and the region collectively.

These threats range from the infiltration of state institutions by terrorist, insurgent and corrupt actors thereby undermining good governance and compromising the rule of law; disruption and distortion of commerce through the establishment of shadow economies and black markets; trafficking and smuggling of narcotics, humans and weapons thereby threatening regional health, safety and security; Intellectual property theft through counterfeit goods & services as well as cybercrimes largely involving identity theft and money laundering which risks both lives and livelihoods in the region.

TST Comprehensive Vulnerability Assessment Report

By their very nature, the impact of these threats is often not limited to one country, but rather has spill-over effects on neighbouring countries, thereby making these hazards cross-border and transnational in nature and composition. In other words, transnational security hazards represent a significant and growing threat to regional security, with serious consequences for public health and safety, good governance, and economic stability.

Criminal actors are also not only expanding their networks through cooperation, but they also are diversifying their activities including harnessing the global reach of cyberspace to converge a wider spectrum of threats covering a larger geographical area and with it an increase in the levels of violence that inevitably accompany any criminal enterprise.

As a consequence, localised problems assume a regionalised status and at the same time, regionalised problems play out in localised spaces. The most worrying development is the mutation and infiltration of criminal actors into the political sphere where 'state capture' by criminal organisations has become a very real threat to vulnerable countries across the globe.

These regionalised problems demand regional solutions and therefore, multilateral approached provide the most viable avenue for addressing shared security challenges; through enhancing a common appreciation of the problem, as well cooperation and coordination on the most workable and effective solutions. IGAD, through the IGAD Security Sector Program (ISSP), has engaged relevant stakeholders to comprehensively assess the vulnerability of states and societies in the region to Transnational Security Threats (TSTs).

The report isolates and identifies the different threats prevalent in the region and prescribes the preventive and TOC countering strategies available to individual Member States and the region as a whole. Further proposals outlining the appropriate policy, legislative and administrative measures necessary for the effective operationalisation and implementation of the findings of the report have also been put forward.

Security information on active threats particularly in the context of a sovereign state is often a sensitive matter. In this regard, security cooperation and continuous engagements between Member States' security institutions is a critical enabler in dealing with transitional security

TST Comprehensive Vulnerability Assessment Report

threats. I believe, this assessment report will be useful in moving this agenda forward by providing relevant information to the Member States, partners, and the general public.

I am confident that the findings and recommendations provided in this report make a vital contribution in supporting regional efforts to prevent and counter transitional security threats. IGAD, as a regional organization through the Security Sector Program, commits to providing continued assistance to Member States in order to enhance regional cooperation and coordination, through the various legal instruments that facilitate extradition, lawful removal, and mutual legal assistance in order to mitigate the transnational security threats in our region.

We are confident that our collective efforts to address these threats will go a long way in ultimately achieving IGAD's vision of peace and security and regional economic integration. I thank all those involved in conducting this comprehensive assessment, the IGAD SSP staff and call upon all stakeholders to make full use of this report.

ACKNOWLEDGEMENT

The Comprehensive Regional Assessment Study on Vulnerabilities and Threats of Transnational Security Threats (TSTS) in the IGAD Region was a complex and challenging undertaking.

We wish to thank the IGAD Security Sector Program (ISSP) particularly its head, Commander Abebe Muluneh Beyene, and Programme Assistant Filseta Berhane, whose support was crucial for the success of the assessment.

Special thanks are due to the ISSP team members who assisted with the diplomatic, administrative and logistical arrangements that underpinned the success of the team's work.

Finally, we wish to thank the representatives of the IGAD Member States, the African Union, INTERPOL, the Police services of the Member States, the Natural Resource Conservation Network (NRCN), the Kenya Wildlife Authority, the Anti-Counterfeit Authority, the Ethiopian Wildlife Conservation Authority, the International Organisation on Migration (IOM), as well as numerous independent researchers for their invaluable contributions.

LIST OF ABBREVIATIONS AND ACRONYMS

ACA	Anti-Counterfeit Agency
ACCD	Arab Council for Childhood Development
ADF	Allied Democratic Forces
ADF	Allied Democratic Front
AED	United Arab Emirates Dirham
AFRICOM	United States Africa Command
AHTCPU	Anti-Human Trafficking Child Protection Unit
AMISOM	African Union Mission in Somalia
AML	Anti-Money Laundering
AP	Anti-Personnel
API	Advance Passenger Information
AQ	Al-Qaeda
AQAP	Al-Qaeda in the Arabian Peninsula
ARA	Assets Recovery Agency
ARDUF	Afar Revolutionary Democratic United Front
ARQ	Annual Report Questionnaire
ARQ	Annual Research Questionnaire
AS	Al-Shabaab
ASM	Artisanal and Small-Scale Mining

ASNE	Al-Shabaab in Northeast Somalia
ASTU	Kenya Police Anti-Stock Theft Unit
ATS	Amphetamine Type Substances
ATT	Arms Trade Treaty
AV	Anti-Vehicle
BDU	Battle Dress Uniform
BIA	Bole International Airport
BMP	Best Maritime Practice
BO	Beneficial Ownership
CDD	Customer Due Diligence
CDR	Charging Data Record
CEIPL	C-det Explosive Industries Private Limited
CFS	Container Freight Station
CFT	Combating the Financing of Terrorism
CISP	Criminal Information Sharing Platform
CLTG	Civilian-Led Transitional Government
CMF	Combined Maritime Forces
COFS	Coalition for Organ-Failure Solution
CSP	Company Service Providers
CTCoE	Regional Counter-Terrorism Centre of Excellence

TST Comprehensive Vulnerability Assessment Report

CTR	Cash Transactions Report
CW	Command Wire
DCI	Directorate of Criminal Investigations
DEA	U.S. Drug Enforcement Administration
DFC	Directional Fragmentation Charge
DFC	Directional Fragmentation Charges
DIFTZ	Djibouti International Free Trade Zone
DNFB	Designated Non-Financial Business
DPP	Directorate of Public Prosecution
DPRK	Democratic People's Republic of Korea
DRC	Democratic Republic of the Congo
DTM	Displacement Tracking Matrix
EAC	East African Community
EACC	Ethics and Anti-Corruption Commission
EAPCCO	Eastern Africa Police Chiefs Cooperation Organisation
ECF	Extended Credit Facility
EEMS	External Employment Management System
EEZ	Exclusive Economic Zone
EFP	Explosively Formed Penetrator
EFP	Explosive Formed Projectile

EIA	Environmental Investigation Agency
EITI	Extractive Industries Transparency Initiative
ENDF	Ethiopia National Defence Forces
EPRDF	Ethiopian People's Revolutionary Democratic Front
ERCA	Ethiopian Revenues and Customs Authority
ERW	Explosive Remnants of War
ETIS	Elephant Trade Information System
EWCA	Ethiopian Wildlife Conservation Authority
FATF	Financial Action Task Force
FBI	US Federal Bureau of Investigation
FDA	US Food and Drug Administration
FIA	Financial Intelligence Authority of Uganda
FIC	Ethiopian Financial Intelligence Centre
FIU	Financial Intelligence Unit
FMP	Flow Monitoring Point
FOB	Forward Operating Base
FRC	Financial Reporting Centre
FRC	Financial Reporting Centre of Somalia
FSS	Forum for Social Studies
FTF	Foreign Terrorist Fighters

TST Comprehensive Vulnerability Assessment Report

FTO	Foreign Terrorist Organization
FTZ	Free Trade Zone
FUR	Follow Up Report
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GFI	Global Financial Integrity
GSU	Kenya General Service Unit
HAWEN	Horn of Africa Wildlife Enforcement Network
HMC PP	High-Metal Content Pressure-Plate
HME	Homemade Explosives
HONLAF	Heads of National Law Enforcement Agencies
ICD	Inland Container Depots
ICEPCVE	IGAD's Centre of Excellence for Preventing And Countering Violent Extremism
ICT	Inland Container Terminal
ICU	Islamic Courts Union
IDU	Injecting Drug Use
IED	Improvised Explosive Device
IFAW	International Fund for Animal Welfare
IFF	Illicit Financial Flow

IFLO	Islamic Front for the Liberation of Oromiyya
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
INCB	International Narcotics Control Board
INCSR	International Narcotics Control Strategy Report
IOM	International Organisation for Migration
IRAM	Improvised Rocket-Assisted Munitions
IS	Islamic State
ISIL	Islamic State of Iraq And the Levant
ISIS	Islamic State in Somalia
ISR	Intelligence, Surveillance, Reconnaissance
ISS	IS in Somalia
ISSP	IGAD Security Sector Programme
ISWAN	International Seafarers Welfare and Assistance Network
IUU	Illegal, Unreported and Unregulated
IWT	Illegal Wildlife Trade
JISA	Jubaland Intelligence Agency
JIT	Joint Investigation Teams
JKIA	Jomo Kenyatta International Airport
JKUAT	Jomo Kenyatta University of Agriculture and Technology

TST Comprehensive Vulnerability Assessment Report

KAM	Kenya Association of Manufacturers
KBP	Kenya Rural Border Police
KCGS	Kenya Coast Guard Service
KES	Kenyan Shilling
KNFP	Kenya National Focal Point
KPF	Kenya Police Force
KRA	Kenya Revenue Authority
KSA	Kingdom of Saudi Arabia
KYC	Know Your Customer
LAS	League of Arab States
LCT	Large Cash Transaction
LEA	Law Enforcement Agencies
LMC PP	Low-Metal Content Pressure-Plate
LRA	Lord's Resistance Army
MAIED	Magnetically Attached Improvised Explosive Device
MGLSD	Ministry of Gender, Labour, and Social Development
MIC	Military Industry Corporation
MMC PP	Medium-Metal Content Pressure-Plates
MONUSCO	UN Mission in the DRC
MOU	Memorandum of Understanding

MPHRP	Maritime Piracy Humanitarian Response Programme
MSB	Money Service Businesses
MSR	Main Supply Road
MTB	Money Transfer Business
NACADA	Kenyan National Authority for The Campaign Against Alcohol and Drug Abuse
NAMLC	National Anti-Money Laundering Committee of Somalia
NBE	National Bank of Ethiopia
NC	Non-Compliance
NCF	National Compliance Forum of Somalia
NCP	National Congress Party
NDA	National Drug Authority
NDPD	National Depot Petroleum Development Company
NEST	National Environmental Security Task Force
NFI	No Further Information
NFIS	National Financial Inclusion Strategy of Uganda
NFP	National Focal Point
NGO	Non-Governmental Organisation
NHRC	National Human Rights Commission
NISA	Somali National Intelligence and Security Agency

TST Comprehensive Vulnerability Assessment Report

NISS	Ethiopian National Intelligence and Security Service
NPO	Non-Profit Organisation
NRA	National Risk Assessment
NRCN	Natural Resource Conservation Network of Uganda
NSA	Non-State Actors
OCG	Organised Crime Group
ODI	Overseas Development Institute
ODPP	Office Director of Public Prosecution
OFAC	US Office of Foreign Asset Control
OLF	Oromo Liberation Front
ONLF	Ogaden National Liberation Front
OPOV	One-Person One-Vote
OTS	Off-The-Shelf
PASP	Private Armed Security Personnel
PBIED	Person-Borne Improvised Explosive Devices
PEPs	Politically Exposed Persons
PML	Professional Money Launderer
PNR	Passenger Name Records
PSFF	Piracy Survivors Family Fund
PTIP	Prevention of Trafficking in Persons

RC	Radio-Controlled
ROUTES	Reducing Opportunities for Unlawful Transport of Endangered Species
RPBU	Mararani Rural Border Patrol Unit
RPG	Rocket-Propelled Grenade
RSF	Rapid Support Forces
SALW	Small Arms and Light Weapons
SAR	Saudi Riyal
SAR	Suspicious Activity Report
SDG	Sudanese Pound
SDN	Specially Designated Nationals
SFG	Somali Federal Government
SFS	Sudan Financial Services Company
SLA	Sudan Liberation Army
SLF	Sidamo Liberation Front
SLTD	Stolen and Lost Travel Documents Database
SMC	Sudanese Media Centre
SND	Strategies for Northern Development
SNP	Somali National Police
SOM	Smuggling of Migrants

TST Comprehensive Vulnerability Assessment Report

SOS	Somali Shilling
SRSIB	Somali Regional State Information Bureau
SSE	Sensitive Site Exploitation
SSF	Somali Security Forces
SSFFC	Sub-Standard, Falsely Labelled, Falsified and Counterfeit
SSNPS	South Sudan National Police Service
SSP	South Sudanese Pound
STR	Suspicious Transaction Report
SVIED	Suicide Vest Improvised Explosive Device
TBL	Through Bill of Lading
TBML	Trade Based Money Laundering
TCSP	Trust and Company Service Provider
THB	Trafficking in Human Beings
TIP	Trafficking in Persons
TOCU	Transnational Organised Crime Unit
TSC	Kenyan Teachers Service Commission
TST	Transnational Security Threat
TTP	Tactics, Techniques and Procedures
UAE	United Arab Emirates
UAERA	Uganda Association for External Recruitment Agencies

UBO	Ultimate Beneficial Owner
UGX	Ugandan Shilling
ULII	Ugandan Legal Information Institute
UNBS	Uganda National Bureau of Standards
UNEP	United Nations Environment Program
UNODC	United Nations Office on Drugs and Crime
UNSC	United Nations Security Council
UNSOS	United Nations Support Office in Somalia
UNTOC	United Nations Convention on Transnational Organized Crime
UPDF	Uganda People's Defence Forces
UPF	Uganda Police Force
URA	Ugandan Revenue Authority
USD	United States Dollar
UVIED	Under-Vehicle Improvised Explosive Device
UWA	Uganda Wildlife Authority
VBIED	Vehicle-Borne Improvised Explosive Device
VO PP	Victim-Operated Pressure Plates
WCS	Wildlife Conservation Society

EXECUTIVE SUMMARY

The security architecture of the IGAD region has been significantly strengthened over the past decade, but the nature and variety of transnational security threats has been evolving even faster. Social and economic development, together with regional integration, have been accompanied by greater ease of travel, communications and financial transactions within and between Member States – progress that has been beneficial not only for national security establishments and regional security co-operation, but which can also be exploited for criminal purposes. As UNODC has asserted:

Organized crime is considered to be a changing and flexible phenomenon. Many of the benefits of globalization such as easier and faster communication, movement of finances

and international travel, have also created opportunities for transnational organized criminal groups to flourish, diversify and expand their activities. Traditional, territorial-based criminal groups have evolved or have been partially replaced by smaller and more flexible networks with branches across several jurisdictions.[1]

Among the key findings of this regional synopsis is the degree to which various TSTs are demonstrably interconnected and mutually reinforcing. Whatever their purpose or sphere of activity, transnational criminal enterprises rely on networks comprising the same basic elements and capable of performing the same essential functions. Such networks comprise individuals and, in many cases entities, engaged in illicit activities across borders for mutual benefit. In order to achieve their objectives, transnational criminal networks must organise themselves to perform critical functions: they must

1 https://www.unodc.org/unodc/en/organized-crime/intro.html

possess the capacity to plan and to communicate effectively to operationalise such plans; they must be able to move people, goods and/or possibly weapons, as well as to transfer value (resources), in cash or kind, across international borders.

Any and all of these characteristics of transnational threat networks not only contribute to their success, but also represent potential targets for intelligence and law enforcement. "Countering transnational criminal networks requires identifying the critical nodes in the criminal organizations and determining where operations can achieve the greatest effect."[2]

Combating complex, transnational threat networks poses a formidable challenge to national governments; doing so at a regional or international level requires the formation of intergovernmental networks that are every bit as efficient and agile as the criminal syndicates they are intended to destroy.

2 https://www.rand.org/pubs/research_reports/RR1481.html

And this demands a level of cooperation and coordination, both within the IGAD region and across the wider international community, that has so far proven elusive.

TERRORISM

Over the past three decades, Al-Qaeda and its various offshoots, including *Al-Itihaad Al-Islaami*, Al-Shabaab and, most recently, the Islamic State group, have represented a persistent and disruptive threat across much of the Horn and East Africa. The most active terrorist organisation is Al-Shabaab, which is based in Somalia, but operates across much of the IGAD region and is seeking to establish semi-autonomous branches in other countries.

Despite being forced out of Mogadishu and most other major Somali towns between 2011 and 2012, Al-Shabaab operates freely across much of southern Somalia and continues to engage in asymmetrical warfare against Somali security forces

and African Union troops. The group also operates a large-scale, mafia-style protection racket in government held towns, including Mogadishu, extorting 'taxes' in exchange for security and rudimentary dispute resolution or 'justice' functions.

The Islamic State group (IS), also known by its Arabic acronym, Da'esh, first emerged in the Horn of Africa in 2012, and established a stronghold in the district of Qandala, to the east of the port town of Boosaaso. The group was officially recognised by the international Da'esh leadership in 2017 but lost its external funding in mid-2018.[3] As a result, IS turned to domestic sources for its revenues: principally extortion in the name of zakaat. The Da'esh presence in Somalia is not large enough to launch major operations across the wider region, but the group's resilience and its declared ambitions to expand its influence across the African continent mean that IGAD Member States must remain alert to the potential threat.

3 Somali security service report based on interview with former IS operative, August 2018.

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

The manufacturer and use of improvised explosive devices (IEDs) by violent extremist organisations (VEOs) continue to represent a persistent threat in Somalia and Northern Kenya. IEDs provide VEOs with the advantages of shock effect, the evolving nature of their techniques, tactics and procedures (TTPs) and the ease with which non-state actors can procure the necessary components. Al-Shabaab is the most prolific and aggressive user of IEDs through the IGAD region but IS in Somalia has also demonstrated its capacity to build IEDs and its aspirations to develop even more sophisticated weapons such as improvised rocket-assisted munitions (IRAMs).

The IED threat in general is considered to be under-reported, mainly due to the lack of joint reporting channels,

non-systematic battlefield and military evidence collection, and limited forensics exploitation capacity. Despite the challenges in accurately estimating the number of IED events, it appears that the total number recorded in 2019 marks for the first-time a slight diminution in comparison to the gradual increase since the beginning of their uses in Somalia.

Targeting IED components and their precursors is essential in understanding and disrupting the logistic chains and supply of IEDs. The majority of IED components seems to generally be legally imported or are available in Somalia as licit material. Only a few seem to be smuggled from overseas but Al-Shabaab or Da'esh could replace them with other means if necessary and if there is no dramatic change in the current IED precursors' control and anti-corruption strategy. The main precursors and IED components should be increasingly monitored, in addition to the extension of the IED national forensics capacities.

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Many of the illicit small arms circulating in Africa have been diverted from the licit sphere within the continent. Much of this activity involves small scale smuggling, or "ant trade," of arms and ammunition, such as transfers within local transborder communities and pastoralist groups. External sources of illicit arms and ammunition have also gained prominence in recent years, and in the IGAD region, arguably the most important external source of illicit weapons and military materiel is Yemen, as weapons and materiel of all types are readily available in Yemen's arms markets.[4] Another emergent, but significant, source of SALW to the Horn of Africa is Turkey, as illustrated by several large seizures, in Ethiopia in particular.[5]

4 Terrorism Monitor, June 16, 2017

5 "Ethiopian Intelligence Says It Seized Two Containers of Illegal Firearms". *Borkena*, 2020, https://borkena.com/2020/03/10/

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

International smuggling and trafficking of human beings (STHB) are among the most salient forms of transnational organised crime in the IGAD region, which is both a source and transit area for the activity. The most common destinations for persons being smuggled or trafficking from or through the region are the Middle East, Southern Africa and Europe. However, some smuggling also involves the clandestine movement of criminals or terrorists within the region, representing a direct threat to the security of Member States.

The 'Eastern Route' leads migrants from the Horn of Africa, to Yemen and the Gulf countries. There is mixed migration on the Eastern route, as people travelling are both

ethiopian-intelligence-says-it-seized-two-containers-of-illegal-firearms/.; "Turkish Weapons Seized On The Way To Ethiopia". *Eg24 News*, 2020, https://www.eg24.news/2020/06/turkish-weapons-seized-on-the-way-to-ethiopia.html ; "Ethiopia Seizes 12,032 Illegal Bullets, Guns". *New Business Ethiopia*, 2019, https://newbusinessethiopia.com/crime/ethiopia-seizes-12032-illegal-bullets-guns/.

refugees and economic migrants. The main profile of people on this route are Ethiopian or Somali nationals, and the main launching points are currently from Boosaaso (Somalia), and Obock (Djibouti). According to IOM, 90% of all people interviewed along the route have the Kingdom of Saudi Arabia as their intended end destination.[6] The popularity of the Eastern route has turned Yemen into a migrant smuggling and human trafficking hub, and the maritime routes have involved drownings and abuses.

The 'Southern Route' leads from the IGD region, typically via Kenya, Tanzania, and either Malawi or Mozambique before reaching South Africa.[7] Up to 13,000 Ethiopian nationals are estimated to travel along this route every year, together with smaller numbers of Eritrean, Djiboutian, and Somali

6 "Migrant Arrivals and Yemeni Returns from Saudi Arabia in 2019". *IOM - Flow Monitoring*, 2019, https://migration.iom.int/reports/yemen-%E2%80%94-flow-monitoring-points-migrant-arrivals-and-yemeni-returns-saudi-arabia-2019.

7 Regional Mixed Migration Secretariat (RMMS). *Going West: Contemporary Mixed Migration Trends from The Horn Of Africa To Libya And Europe*. 2014.

nationals, despite growing risks for migrants and refugees.[8] A fraction of these employ the services of a sophisticated smuggling syndicate for onward travel to North America via South America.[9][10]

Departures from the Horn of Africa to Europe have significantly reduced over the last few years. In 2019 less than 500 migrants from Ethiopia, Eritrea, and Somalia were reported as having reached Europe through the Mediterranean, compared to more than 31,000 in 2016. Despite the low number of arrivals in Europe, it is believed that individuals from IGAD member states continue to travel north, but that many remain trapped in Libya[11] in increasingly dangerous situations.[12]

8 *Smuggled South: An Updated Overview of Mixed Migration from The Horn of Africa To Southern Africa*. RMMS Horn of Africa & Yemen, 2017, http://www.mixedmigration.org/resource/smuggled-south/.

9 "Discussion on Travel Documents from Somalia With Immigration, Refugee and Citizenship Canada". *Immigration and Refugee Board of Canada*, 2017, https://irb-cisr.gc.ca/en/country-information/research/Pages/somalia-questions-answers.aspx.

10 IOM. *Migrant Smuggling Data and Research: A Global Review of The Emerging Evidence Base*. 2016. https://publications.iom.int/system/files/smuggling_report.pdf

11 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/04/qmmu-q1-2020-eay.pdf.

12 *From Hand to Hand: The Migratory Experience of East African Refugees and Migrants In Libya*. IMPACT Initiatives, UNHCR, 2019, https://reliefweb.int/report/libya/hand-hand-migratory-experience-east-african-refugees-and-migrants-libya.

Although risks are present along all of the routes, the Eastern Route is currently the most dangerous: migrants and refugees on this route face several protection risks, which include but are not limited to kidnapping and trafficking, abusive treatment at the hands of local authorities and – especially in voyages that involve desert or ocean travel – even death.

SMUGGLING AND TRAFFICKING OF WILD ANIMALS AND WILDLIFE PRODUCTS

Traffickers involved in the illegal wildlife trade (IWT) vary their products, routes and methods according to consumer demand, market access and security of routes – choices that may not always appear to make financial sense, but that may improve the cargo's prospects of avoiding detection and seizure.

IVORY

Kenya, and the port of Mombasa in particular was one of the most important ivory transit and export trafficking hub in Africa until recently. Routes seem to have shifted from East to West Africa in 2017, with no major ivory seizures in Kenya or Tanzania but a rising frequency of incidents in Nigeria, Angola and Cote d'Ivoire.

Mounting evidence suggests that ivory trafficking in Africa is organised in a relatively centralised way, with a few major international cartels operating across the continent: foreign nationals from Asia (mainly China and Vietnam), operating through Africa-based transnational criminal syndicates, have reportedly taken almost total control of the illegal ivory supply chain from Africa to Asia.[13]

13 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

PANGOLINS

Trafficking in pangolins has also become an increasingly urgent problem. It has been estimated that up to 2.7 million pangolins are poached for their scales and meat every year,[14] and three of the four African species of pangolin are found in the IGAD region.[15]

CHEETAHS

The Cheetah Conservation Fund estimates that approximately 300 cheetah cubs are captured in East Africa each year, primarily in Ethiopia, northern Kenya, and Somalia.[16] This illegal trade threatens to wipe out the cheetah population in the region,[17] and a more detailed assessment on the amount

14 Conciatore, Jacqueline. "Up To 2.7 Million Pangolins Are Poached Every Year for Scales and Meat". *African Wildlife Foundation*, 2019, https://www.awf.org/blog/27-million-pangolins-are-poached-every-year-scales-and-meat.

15 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". *African Journal of Ecology*, vol 58, no. 1, 2019, pp. 133-137. *Wiley*, doi:10.1111/aje.12678.

16 Webster, Nick. "Cheetah Poaching Crisis in Horn of Africa Becoming 'An Epidemic'". *The National*, 2019, https://www.thenational.ae/uae/cheetah-poaching-crisis-in-horn-of-africa-becoming-an-epidemic-1.859658.

17 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.; Author interview, EWCA, electronic communication, 30th June 2020.

of cheetah cubs being captured is needed. The captured cubs are smuggled to Middle Eastern countries, particularly to the Kingdom of Saudi Arabia, and the United Arab Emirates, where cheetahs and other exotic animals are popular pets.[18]

ILLEGAL WILDLIFE TRADE

Efforts to pursue and prosecute the higher-level criminals who manage the cartels and oversee the international shipment of illegal wildlife trade (IWT) cargos face tremendous challenges. Poaching and trafficking in wild animals and their parts have thrived because of loopholes in law enforcement all along the trade chain, corruption, weak capacity, and high demand in Asian markets.[19] Moreover, containerised shipping is particularly attractive for transport of IWT products due to

18 Webster, Nick. "Cheetah Poaching Crisis in Horn of Africa Becoming 'An Epidemic'". *The National*, 2019, https://www.thenational.ae/uae/cheetah-poaching-crisis-in-horn-of-africa-becoming-an-epidemic-1.859658.

19 Weru, S. *Wildlife Protection and Trafficking Assessment In Kenya: Drivers And Trends Of Transnational Wildlife Crime In Kenya And Its Role As A Transit Point For Trafficked Species In East Africa.* TRAFFIC, Cambridge, 2016, http://www.traffic.org/publication/16_Wildlife_Protection_and_Trafficking_Assessment_Kenya.pdf.

its cost-effectiveness and the high volume of cargo involved, which is routinely subject to fewer restrictions and customs inspections.[20] International seaports and their associated infrastructure (i.e. inland container depots) are therefore key consolidation and exit points for large-scale trafficking.[21]

IWT organisations are also highly adaptive, taking advantage of ports and airports where technology is lagging and/or corruption is well-established. When new countermeasures in a given location present new obstacles, traffickers may resort to multiple smuggling routes and varied concealment methods in order to mitigate the risk of detection.[22]

20 TRAFFIC, *Countering Wildlife Trafficking Through Tanzania's Sea Ports*, Cambridge, United Kingdom, 2019. https://www.traffic.org/site/assets/files/12444/tanzania-ports-vtraffic-vfinal-web-public.pdf.

21 ICS, *Shipping and World Trade*, http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade

22 C4ADS, *In Plane Sight: Wildlife Trafficking in the Air Transport Sector*, 2018, https://www.traffic.org/site/assets/files/10858/in_plane_sight.pdf.

DRUGS AND PSYCHOTROPIC SUBSTANCES PRODUCTION AND TRAFFICKING

Countries in the IGAD region have been impacted by drug production and trafficking trends seen at the global and continental level. At the global level, during the past decade there has been a significant increase in the production of cocaine, heroin and Amphetamine Type Substances (ATS). The trafficking of these drugs has increased on routes via countries in Africa.[23] *Major trends also include a diversification of routes.*

The development of a major Indian Ocean maritime heroin trafficking route has posed a severe threat to countries in the IGAD region. Bulk quantities of the drug have been seized from vessels and onshore by Kenya and from a skiff by Sudan. As the major maritime landing points have moved

23 Cocaine trafficking via West Africa was also very significant via countries in West Africa from 2005: https://www.unodc.org/unodc/en/frontpage/west-africa-under-attack.html Cocaine seizures in Africa rose from 2015 through 2018: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf In 2019, there was a series of major seizures, including a record case for Guinea Bissau of nearly two tonnes: https://www.unodc.org/westandcentralafrica/en/2019-09-02-seizure-guinea-bissau.html

south along the Swahili Coast, a threat to the IGAD region remains as overland heroin routes proliferate inland and to air hubs. Maritime heroin trafficking routes have developed further, including a track through the Red Sea which passes the coastlines of many IGAD countries. Laboratories to manufacture the ATS crystal methamphetamine and Captagon have been raided in IGAD countries. Trafficking of ATS on transnational routes to and via the IGAD region is an ongoing threat. Cocaine trafficking is also a continuing threat, with routes into and via a number of countries in the IGAD region. These cocaine routes continue to diversify, including overland tracks to exploit large air hubs.

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

In many countries, extractive industries often attract both political and military interest, as well as that of Politically Exposed Persons (PEPs), both domestic and foreign. Licensing over mineral resources is often opaque, and further complicated through use of registered companies, foreign ownership, and complex shareholder structures. This may be deliberate to disguise ownership and, aligned with the lack of accountability and governance of the sector, provides significant AML / CFT challenges, both domestically and overseas, especially to the financial sector.

ARMED, ORGANISED CATTLE RUSTLING

Cattle rustling has long been practiced by pastoral and nomadic communities throughout the IGAD region. The proliferation of small arms has fuelled the growth of the practice both in scale and violence and has attracted the interest of criminal networks across communal and international borders,[24] posing a recognised security threat in most IGAD countries.

ENVIRONMENTAL CRIMES

TOXIC WASTE

Oil extraction is closely associated with environmental degradation due to oil spills, natural gas flaring, and deforestation. Oil extraction has been known to contaminate the environment surrounding oil fields by causing water and land pollution through toxic chemical discharge, with dire

24 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and the Horn". Enact Research Paper, no. 10, 2019.*

consequences on humans and the natural environment.[25] In the IGAD region, South Sudan appears to have been worst affected by such practices.

MARITIME TOXIC WASTE DUMPING

Somalia's waters have been used as a toxic waste dumping zone since the early 1990s. A spokesperson for the United Nations Environment Program (UNEP) said in an interview in 2013 that many different types of hazardous waste had been found: "There is uranium radioactive waste, lead, and heavy metals like cadmium and mercury. There is also industrial waste, and there are hospital wastes, chemical wastes –you name it".[26]

25 Onwuka, E. C. *"Oil Extraction, Environmental Degradation and Poverty in The Niger Delta Region of Nigeria: A Viewpoint"*. International Journal of Environmental Studies, vol 62, no. 6, 2005, pp. 655-662. Informa UK Limited, doi:10.1080/00207230500040823.

26 Leonard, E, and G Ramsay. "Somalia: Multilateral, International, And Transnational Repercussions Of Conflict - New Directions In Terrorism Studies". Bloomsbury, *Globalisations Of The Conflict In Somalia*, 2013.

FRAUD, FORGERY AND COUNTERFEITING

Transnational organised crime relies heavily on fraud, forgery and counterfeiting to enable the illicit movement of people, goods, materiel and money across borders for any given purpose. At the same time, these activities have value in and of themselves, and may serve as a source of revenue for the criminal networks that employ them, their suppliers and facilitators. The counterfeiting and smuggling of goods also represent a considerable loss of income for governments.

FRAUDULENT DOCUMENTS

The increase in quality of fraudulently manufactured passports and documents, as well as efforts to falsely obtain genuine versions is observed in the region. IGAD Member States seeking to update the quality of passports and documents risk organised crime groups and officials involved

in corruption becoming more sophisticated.

COUNTERFEITING

The illicit manufacturing of a range of commodities and goods is a major form of organized crime in the region that covers a broad range of products from food and clothes to medication, electronics and software. Yet counterfeiting remains significantly underreported in comparison with other forms of crime, due to limited reporting, limited recognition of the harm this crime causes, regulatory issues, and the common perspective in many regional jurisdictions that this is a 'victimless crime.'

The counterfeiting of various medicines and pharmaceuticals in particular is suspected to be a growing issue in the Eastern Africa region. According to the US Food and Drug Administration (FDA), counterfeit pharmaceuticals pose a direct health threat as they may be contaminated or contain

the wrong or no active ingredients. In addition, "they could have the right active ingredients but at the wrong dose", posing a different life-threatening issue.[27]

FINANCIAL CRIMES

ANTI-MONEY LAUNDERING AND COUNTERING TERRORIST FINANCING

Transnational Security Threats (TSTs) have one factor in common, money. Organised Crime Groups (OCGs), and those fomenting terrorism, need access to financial resources to cover the costs of their operations, and a way to clean and transfer their significant profits across borders. As identified in a 2017 report,[28] TSTs generate USD1.6 trillion to USD2.2 trillion annually, fuelled by a combination of high profits and

27 Counterfeit Medicine', U.S. Food and Drug Administration, https://www.fda.gov/Drugs/ResourcesForYou/Consumers/BuyingUsingMedicineSafely/CounterfeitMedicine/default.htm

28 Channing Mavrellis, March 2017, Global Financial Integrity, Transnational Crime and the Developing World, https://gfintegrity.org/report/transnational-crime-and-the-developing-world/.

low risks for perpetrators of transnational crime; left unchecked it undermines economies, societies, and governments in developing countries.

Governments are now realising the importance of targeting TSTs by focusing on the money, to more successfully combat these crimes and the illicit networks perpetrating them. Two key strategies are deployed. The first is the use of financial investigations, to identify and document the movement of money during the course of criminal activity. The link between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited can provide vital information about, and proof of, criminal activity.[29]

The second, is the global adoption of Anti Money Laundering (AML) / Countering Terrorist Financing (CFT) standards,[30] to protect the integrity of the financial system

29 Financial Action Task Force, June 2012 Operational Issues Financial Investigations Guidance https://www.fatf-gafi.org/media/fatf/documents/reports/Operational%20Issues_Financial%20investigations%20Guidance.pdf.

30 Financial Action Task Force, Feb 2012 (amended June 2019), The FATF Recommendations, https://www.fatf-gafi.org/

by governments engaging the business sectors that deal in financial payments and luxury goods, to monitor and report activity that may be involved in the commission of a serious crime (or terrorist activity), or the proceeds from one.

Investigating TSTs has been highlighted at the highest levels globally, with the Financial Action Task Force (FATF), the global body responsible for AML / CFT standards, outlining the importance of Money Laundering (ML) / Financing of Terrorism (FT) in fighting TSTs, several of which are Designated Categories of Offence,[31] and the subject of papers focusing on the ML risk from specific TSTs i.e. Wildlife Crime,[32] Human Trafficking,[33] Drug Trafficking,[34] Terrorist

publications/fatfrecommendations/documents/fatf-recommendations.html.

31 Financial Action Task Force https://www.fatf-gafi.org/glossary/d-i/

32 Financial Action Task Force, June 2020, Money Laundering and the Illegal Wildlife Trade, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html.

33 Financial Action Task Force, July 2018, Financial Flows from Human Trafficking, https://www.fatf-gafi.org/publications/methodsandtrends/documents/human-trafficking.html.

34 Financial Action Task Force, June 2014, Financial flows linked to the production and trafficking of Afghan opiates http://www.fatf-gafi.org/media/fatf/documents/reports/Financial-flows-linked-to-production-and-trafficking-of-afghan-opiates.pdf.

Financing.[35]

Emerging ML trends observed are the purchasing of real estate, most notably in several capital cities across Africa, using illicit proceeds from TSTs; extending AML / CFT requirements to Designated Non-Financial Business (DNFBs) must include real estate agents across IGAD countries. Several countries have allowed casinos (both physical and virtual) to operate, however governance on ownership and management of such entities, as well as regulation, are currently insufficient and open to ML, notably by international syndicates. The use of gold, smuggled from artisanal mining in several IGAD countries on a significant scale, into the UAE, is something that needs to be addressed as a flow of illicit finances out of IGAD countries, avoiding Customs duties. Several recommendations are made as how this can be potentially addressed.

The fight against TSTs across the IGAD region is not

35 Financial Action Task Force, July 2019, Terrorist Financing https://www.fatf-gafi.org/publications/fatfgeneral/documents/terroristfinancing.html.

only a national problem, but a regional one, requiring greater enhanced regional understanding, information and intelligence sharing, as well as joint approach in understanding and tackling gaps and loopholes, as well as developing comprehensive and cohesive strategies. A new paradigm is recommended, not only in making financial investigations and "following the money" one of the key anti TST strategies, but also the need for a regional mindset to address these issues, as well as national strategies.

INTRODUCTION

The security architecture of the IGAD region has evolved significantly over the past decade, but the nature and variety of transnational security threats has been diversifying even faster. While more traditional security challenges such as intra-state warfare, boundary disputes, resource conflicts, and the proliferation of small arms all persist, the region now also faces several evolving and emerging threats, such as terrorism, organised crime, and trafficking in drugs, humans and weapons. The democratisation of internet access, ease of travel, and the growing sophistication of extremist and criminal groups make these threats increasingly transnational, routinely involving several countries and requiring a collaborative response. Rarely, if ever, has the concept of collective security been more relevant to IGAD and its member states.

There have already been significant achievements, most IGAD Member States have adopted or aligned themselves with key components of the security architecture of the United Nations and the African Union, and IGAD itself has developed a range of multilateral security mechanisms, including conventions on anti-money laundering and mutual legal assistance. Most IGAD governments have taken steps to implement international instruments, to pass legislation, and to establish specialised intelligence, law enforcement and criminal justice capabilities. Despite this progress, there is growing concern that the efforts of the IGAD region have not kept pace with the evolution of threats, and that much more remains to be done.

Security cooperation within the IGAD region remains erratic, uneven and -- in the eyes of member states -- inadequate. Too many international and regional agreements on security

issues remain unsigned, unratified or unimplemented. There is no systemic approach to information and intelligence sharing between Member States, and the practice is generally poorly implemented. Even when there is a will to cooperate, some Member States lack the capacities to fulfil their international commitments. National authorities too often find their legislation, procedures, and standards to be incompatible with those from neighbouring countries, making cooperation difficult. Bureaucratic inertia and political misunderstanding also too often interfere with opportunities for cooperation on operational level, even when Member States find themselves facing a common threat.[36]

36 From the Handbook on Criminal Justice, United Nations Office on Drugs and Crime (UNODC), 2009.

Leila Ouardani, "Transnational Security: Threats Without Borders" in Defence Viewpoints (UK Defence Forum, 26 May 2009), accessed at http://www.defenceviewpoints.co.uk/articles-and-analysis/transnational-security- threats-without-borders.

See, for example, Paul J. Smith, "Transnational Security Threats and State Survival: A Role for the Military?" in Parameters (U.S. Army War College Strategic Studies Institute, Autumn 2000, pp. 77-91.).

IGAD Member States are increasingly aware that urgent, decisive steps are needed to address their common security needs, in order to avoid them remaining dangerously vulnerable, both individually and collectively, to an ever-expanding array of transnational security threats. Countries in the region have long shared the preoccupation of security. The 'revitalisation' of IGAD in 1996 expanded the organisation's mandate to address challenges of peace and stability in the region more directly, including, under Article 18(a), by taking "effective collective measures to eliminate threats to regional co-operation, peace and stability." The IGAD Summit of Heads of State and Government in 2003 endorsed a new strategy for Conflict Prevention, Management and Resolution (CPMR), which was subsequently enlarged upon to develop an IGAD 'Peace and Security Strategy' in October 2005.

The new strategy, despite remaining heavily focused

on inter-state and intra-state conflict, also called for the enhancement of IGAD activities on preventing and combating terrorism, which is a first step toward countering emerging transnational security threats. As a result, the IGAD Capacity Building Program Against Terrorism (ICPAT) was launched in 2006.

ICPAT was soon engaged in a range of security issues that lay beyond its original scope, such as border security and piracy. IGAD as a whole was also coming to terms with the expanding scope of regional security challenges, and therefore adopted a new Security Strategy in December 2010. ICPAT was replaced by the IGAD Security Sector Programme (ISSP) in October 2011, whose expanded mandate included terrorism, transnational organised crime (TOC), maritime security, and security institutions capacity building.

DEFINING TRANSNATIONAL SECURITY THREATS

In an increasingly 'globalised' and interconnected world, the term 'Transnational Security Threats' could potentially be applied indiscriminately to the full spectrum of criminal activities currently confronting governments, both national and international. Perpetrators worldwide communicate using email and messaging services based in North America, Europe or China; many possess more than one nationality, hold multiple passports and/or have criminal records in more than one country; illegal transactions and transfer of foreign currencies (notably US dollars) potentially fall under the jurisdiction of those governments. In such cases, even when the crime is ostensibly committed within a single national jurisdiction, it may involve predicate offenses in other countries or require the cooperation of foreign law enforcement agencies to access

important evidence.

In order to achieve a common understanding of the concept, IGAD has adapted the UN Palermo Convention on transnational organised crime, 2000, art 2 and 3/2 to define TSTs as "any serious criminal act that:[37]

- Threatens peace and security in more than one State;
- Threatens peace and security in one State, but a substantial part of its preparation, planning, direction, control or financing takes place in another State;
- Threatens peace and security in one State but involves an organized group that engages in activities across borders, or is present in more than one State;
- Threatens peace and security in one State but has substantial effects in another State;
- Exploits shared vulnerabilities with respect to infrastructure, assets, resources and services."

This definition is nevertheless still very broad, but it provides Member States with a set of criteria that may be

37 IGAD/SAHAN (2014) IGAD's Task Force Report on the Establishment of a Regional Center for Cooperation and Coordination on TSTs, unpublished

invoked to enable or justify joint action against a given criminal or terrorist group. It also provides the political foundation for legal and policy frameworks that guide the development of institutions, mechanisms, mandates and programmes to respond adequately to these threats.

Even in the absence of an agreed definition, a broad range of regional and international instruments and mechanisms have been developed to tackle some of the most prevalent TSTs. The United Nations Security Council (UNSC) has passed numerous resolutions that either request or require Member States to take specific measures to counter such threats as terrorism, human smuggling and trafficking, child sexual exploitation etc. The African Union Peace and Security Council has enacted many similar measures, often in conformity with the UNSC, and the African Peace and Secure Architecture (APSA) provides a functional framework for

security co-operation between African governments. Lastly, IGAD itself has both adopted many of the instruments cited above and enacted measures of its own.

Although the evaluation of existing capabilities, gaps and opportunities is covered by a separate, but related IGAD assessment, reference is be made in this report to state capacities to counter TSTs, especially through co-operation and co-ordination, where the authors deemed necessary or appropriate.

METHODOLOGY

In accordance with IGAD guidelines, the Assessment was broken down into five Phases.

- Inception Phase 1: this phase consisted of inception meetings and team orientation, as well as planning and preparation of the inception report.
- Inception Phase 2: during this phase ISSP sent letters of

introduction to the embassies of Member States in Addis Ababa, and the team's Senior Leadership began arranging meeting with key officials from Member States.
- Research & Analysis Phase 1: during this phase, the team planned to engage with Member States, identify focal points with each government and relevant agencies and seek information and analysis.
- Research & Analysis Phase 2: the team would identify case studies that would permit detailed mapping of specific transnational criminal networks, their modus operandi, etc.
- Validation

In view of the vast scope and diversity of activities that fit the definition of TSTs, as well as resource and time constraints on the conduct of the assessment, the research team could not address the full spectrum of TSTs in the IGAD region and was obliged to prioritise, based on the information provided by member States. The covered TSTs are introduced in the chapter on 'Transnational Security Threats in the IGAD Region'.

Unfortunately, the primary Research Phase coincided with the outbreak of the COVID-19 pandemic. Restrictions on travel and in-person meetings meant that it was not possible for the team to visit all Member States, nor to meet with official interlocutors as planned. It also limited the team's opportunity to conduct any primary research.

The research team identified key common characteristics of TSTs that would permit some degree of methodological coherence and a basis for comparative analysis – even between very different types of threats. In particular, the team selected network analysis and illicit financial flows as common entry points for TST mapping and analysis.

Virtually by definition, TSTs involve organised threat networks and such networks share common features: individuals who possess motivation, intent and the capacity to plan; access to means of communication and transportation;

and ways to obtain and transfer both material and financial resources. Many do not only operate in the illicit sphere, but also employ legitimate enterprises and services to conduct some of their activities and, in many cases, to launder money.

For these reasons, the team placed a particular emphasis on Network Analysis (See Annex A: Generic Schematic for Network Analysis) when analysing the acquired information. Network Analysis can be applied to a wide variety of international terrorist and criminal activities. It enables authorities to identify and target those elements of a network that are most vulnerable to monitoring and investigation, thereby improving the prospects for strategic network disruption rather than reactive interventions. Network Analysis can incorporate the findings of other types of analysis such as Criminal Business Profiles, which details how criminal operations or techniques work, in a similar manner that legitimate businesses can be

explained.

Similarly, the team chose to emphasise the financial dimension of TSTs. By applying Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) techniques, the team sought to highlight for Member States the value of financial data in enhancing the prospects for successful criminal justice outcomes, rather than relying primarily on witness testimony or other, less conclusive forms of evidence.

This approach becomes particularly relevant as certain types of TSTs, such as smuggling and trafficking of human beings, as they shift a growing proportion of their business models into the formal economy. AML/CFT controls allow authorities to link ostensibly legal activities to criminal offences. Global AML-CFT principles have been in place for thirty years with the creation of the Financial Action Task

Force (FATF) by the G7 in 1989.[38] The AML framework provides global standards with which financial institutions must comply, particularly if they are functioning within the international financial network, and on which jurisdictions are regularly assessed. Banks and financial institutions have invested significant amounts in order to be compliant with the demanding requirements of the AML framework, both in systems as in personnel. These tools and possibility for surveillance may be of great assistance to law enforcement as well as the judiciary.[39] The team sought, as far as possible, to access such empirical information from financial intelligence units in order to complement the qualitative findings of the assessment.

38 "About - Financial Action Task Force (FATF)". Fatf-Gafi.Org, 2019, http://www.fatf-gafi.org/about/.

39 Research and Evidence Facility (REF). February 2019. 'Rapid Assessment of Organised Criminal Networks Responsible for Human Smuggling and Trafficking Migration between the Horn of Africa and Yemen: Findings from Puntland,' London and Nairobi: EU Trust Fund for Africa (Horn of Africa Window) Research and Evidence Facility.

A considerable portion of the report is dedicated to the threat of Improvised Explosive Devices (IEDs). This reflects the rapid proliferation and evolution of IEDs as the weapon of choice for non-state Violent Extremist Organisations, both inside and outside conflict zones. The IED threat is greatest in Somalia, but at least four other IGAD Member States have been victims of IED attacks or attempted attacks in the past decade. The team of consulting experts have been monitoring the transnational threat in the region closely since 2008. This analysis of the current transnational IED threat in the IGAD region is based on a combination of desk research on open source cross-checked with a series of interviews with key informants including members of Somali Security Forces, AMISOM, forensics experts, IED Threat Mitigation operators, civilians and former members of Violent Extremist Group (VEG).

However, the IED-related information contained in this report has a limited duration of validity because VEGs, and more specifically AS, are known for their adaptation and evolution capacities. It is also essential to recognize that, due to the limited amount of technical exploitation completed in comparison to the total number of IED attacks, the understanding of the phenomenon in East Africa remains partial for many years. This identified gap may be the first axe of a joint effort to be developed by IGAD member countries.

Notwithstanding the constraints imposed by the COVID-19 pandemic and related counter measures, the team based its findings, consistent with the practice of other United Nations fact-finding bodies, on a "reasonable grounds to believe" standard of proof. Minimum standards included reliance on at least two credible, independent, and mutually corroborating sources or a single credible source supported by

independently verified physical, documentary, audio-visual, or electronic evidence.

REGIONAL PERSPECTIVE ON TRANSNATIONAL SECURITY THREATS

This section provides an overview of the most salient contemporary transnational security threats (TSTs) in the IGAD region, based primarily on consultations with officials from the Member States. Since governments differ in the importance they assign to certain threats, the level of effort they invest in countering them, and the quality of information they possess, this section is not comprehensive in scope, nor does it address each TST in equal depth. This study does not provide a systematic ranking, as it is an external assessment, and such ranking should come from the Member States themselves. Instead, it is intended to serve as a regional synthesis of national

perspectives, identifying trends and trajectories, challenges and opportunities.

Among the most prominent findings of this regional synopsis is the degree to which various TSTs are demonstrably interconnected and mutually reinforcing. Whatever their purpose or sphere of activity, transnational criminal enterprises rely on networks comprising the same basic elements and capable of performing the same essential functions. Such networks comprise individuals and, in many cases entities, operating across borders in order to engage in illicit activities for mutual benefit. Membership of networks is typically fluid, and associates need not necessarily share a common affiliation or purpose as long as their respective interests are served through cooperation. Networks may therefore be simultaneously engaged in more than one criminal activity, the relative importance of which to the primary purpose of the

network may evolve over time.

In order to achieve their objectives, transnational criminal networks must organise themselves to perform critical functions: they must possess the capacity to plan and to communicate effectively to operationalise such plans; they must be able to move people, goods and/or possibly weapons, as well as to transfer value (resources), in cash or kind, across international borders. They must exercise a degree of internal discipline in order to protect the members of the network and their activities from detection and disruption by security services, typically through a combination of deception, concealment and corruption. And they must be able to regenerate lost assets – especially human resources – when they are lost due to routine attrition or external intervention.

Any and all of these characteristics of transnational threat networks not only contribute to their success, but also

represent potential targets for intelligence and law enforcement. The challenge for governments and international organisations engaged in combating these threats, is to analyse and understand each network as fully as possible; to identify strategic nodes for monitoring, infiltration and/or disruption; and to do so in such a way that optimises the prospects for degradation and destruction of the network – preferably through criminal justice processes. Achieving such outcomes in a country context can pose a formidable challenge to national governments; doing so at a regional or international level requires the formation of intergovernmental networks that are every bit as efficient and agile as the threat networks they are intended to destroy. And this demands a level of cooperation and coordination, both within the IGAD region and across the wider international community, that has so far proven elusive.

TERRORISM

Terrorism has become a growing problem in the IGAD region, especially since the arrival of Al-Qaeda in Sudan in 1991. Over the past three decades, Al-Qaeda and its various offshoots, including *Al-Itihaad Al-Islaami*, *Harakaat Al-Shabaab Al-Mujaahidiin* (commonly known as Al-Shabaab) and, most recently, the Islamic State group, have represented a persistent and disruptive threat across much of the Horn and East Africa. Other terrorist groups, including the Lord's Resistance Army (LRA) and ADF-NALU have also been responsible for significant violence, but both of these groups are now based outside the IGAD region and impact the region on a relatively small scale.

The most active terrorist organisation is Al-Shabaab (AS), which is based in Somalia, but operates across much of the IGAD region and is seeking to establish semi-autonomous

branches in other countries. Al-Shabaab was established in 2002 as a successor to *Al-Itihaad Al-Islaami*: Al-Qaeda's affiliate in Somalia which was dismantled following an Ethiopian military intervention in 1996. After several years operating as a clandestine terrorist group, Al-Shabaab came to prominence in 2006 as the militant wing of Somalia's Islamic Courts Union (ICU), which defeated a coalition of warlords and seized control of much of southern Somalia. Following a lightning military intervention by Ethiopia in late December 2006 which dispersed the ICU and installed a weak and dysfunctional Transitional Federal Government in Mogadishu, Al-Shabaab emerged as the predominant insurgent group fighting the Ethiopians, attracting international attention and hundreds of foreign terrorist fighters (FTFs) from across the globe. The largest contingent of FTFs was drawn from East Africa: a fact that has shaped the evolution of the Al-Shabaab threat to the present day.

In January 2007, the African Union's Peace and Security Council mandated a peace support operation named the African Union Mission in Somalia (AMISOM) to protect Somalia's embryonic government institutions and contribute to stabilization. The mission was approved the following month by the United Nations Security Council and the first contingent of 1,500 Ugandan People's Defence Forces (UPDF) troops arriving in March 2007. Since then, the mission has grown to an authorized strength of 22,000 military personnel, mainly from IGAD Member States (Djibouti, Ethiopia, Kenya and Uganda) as well as Burundi. In response, Al-Shabaab has not only waged a sustained campaign of asymmetrical warfare against AMISOM troops in Somalia, but also conducted terrorist attacks against Troop Contributing Countries (TCCs), transforming itself into a regional threat.

Despite being forced out of Mogadishu and most

other major Somali towns between 2011 and 2012, Al-Shabaab operates freely across much of southern Somalia and continues to engage in asymmetrical warfare against Somali security forces and African Union troops. The group also operates a large-scale, mafia-style protection racket in government held towns, including Mogadishu, extorting 'taxes' in exchange for security and rudimentary dispute resolution or 'justice' functions.

From its geographic base in Somalia, Al-Shabaab has steadily expanded into a regional threat, staging its first attack outside Somalia in 2010, when it deployed suicide bombers against civilian targets in Kampala. The group has since conducted operations against all of Somalia's neighbours – Djibouti, Ethiopia and Kenya, as well as Uganda (although its Ethiopian attempts have so far been thwarted). Kenya has borne the brunt of Al-Shabaab's external operations campaign, suffering at least 6 mass casualty incidents between 2013-2019

as well as numerous smaller attacks. Other AS operations, including at least two of potentially catastrophic operations, have been disrupted by the Kenyan security forces.

Al-Shabaab's aspirations to augment its presence and activities across the region have been well-documented and are evident from its operations, its propaganda and its recruitment campaigns. Foreign fighters, mainly from East Africa, began joining the group in 2007 following Ethiopia's military intervention in Somalia, in support of the 'jihad' against Ethiopian "occupation." But from 2009, when Ethiopian forces withdrew from Somalia as part of a deal to form a new Somali government, Al-Shabaab began to perceive foreign fighters as an asset in extending 'jihad' beyond Somalia's borders.

In 2010, Al-Shabaab staged its first major international operation, carrying out simultaneous suicide bombings against bars and restaurants in Kampala, Uganda where large crowds

of spectators had gathered to watch the World Cup football finals. Subsequent investigations revealed not only that the bombers had been trained by Al-Shabaab, but that the planning and preparation of the attacks had involved a sophisticated network of operatives spanning Somalia, Kenya and Uganda. Prior to the attack, one of the bombers, identified as Salman al-Muhajir, had recorded a video in which he articulated Al-Shabaab's ambition to wage 'jihad' across the entire region:

> *Also beware because soon we are also going to come into your countries to attack you there. And it's going to be very soon. The Mujahideen who are coming to undertake this operation are not of Somali origin, unlike what you think. We are your citizens! We are neither Somalis, nor do we have any Somali lineage and we are coming to undertake this operation in your country; a country that we know inside out. We will be in your neighbourhoods while you are in your homes and busy conducting your daily activities, so don't be surprised when the operation takes place … Don't be deceived. The fact that we could reach Burundi or Uganda doesn't mean that we have forgotten about Nairobi. Passing through Nairobi on our way to Burundi or Uganda (without carrying out an operation in Nairobi) doesn't mean that we have forgotten you, rather be forewarned of an imminent operation in the making! Insh'allah … Yesterday, the war was in Mogadishu; tomorrow, it is going to be in Nairobi, Kampala, and Bujumbura.*

Al-Shabaab's East African cohort continued to gain in prominence as radical Muslim clerics across the region, especially in Kenya and Tanzania, endorsed its objectives and encouraged their followers to join the movement. Ahmed Iman Ali, Al-Shabaab's most prominent Kenyan leader, began releasing video messages in Kiswahili, making the jihadist group more accessible to a much wider audience and reinforcing the group's determination to 'liberate' Muslim communities in Kenya and beyond. Other Al-Shabaab propaganda videos employed not only Kiswahili, but also Arabic, English and other European languages to entice recruits and supporters.

The region's response was to intensify efforts to degrade and defeat Al-Shabaab in Somalia, expanding the size and capabilities of the African Union Mission in Somalia (AMISOM) and progressively dislodging the extremists from their strongholds across southern Somalia. By 2009 the group

had lost control of Mogadishu and relocated its headquarters further south to Baraawe. By 2014, Al-Shabaab no longer controlled any major towns except Jilib and Bu'aale, although it remained a formidable presence in rural areas. American airstrikes and commando raids also played a part, including the killing of Al-Shabaab's 'Amir', Ahmed Abdi Godane in 2014, as well as other senior military and Amniyaat figures.

But the jihadists' capacity to strike at will, both inside and outside Smalia, remained undiminished, the enduring severity of the threat Al-Shabaab posed to the wider region soon became gruesomely clear: between September 2013 and October 2014, the group carried out 'martyrdom operations' against all three of Somalia's immediate neighbours: Kenya, Ethiopia and Djibouti – although one car bomb attack was disrupted by the Kenyan authorities and both attempts at suicide bombing in Ethiopia proved unsuccessful. In parallel,

Al-Shabaab conducted a series of raids across the border into Kenya, massacring civilians in near the town of Mandera and in Lamu county. The following year, in April 2015, a team of Al-Shabaab gunmen struck the University of Garissa in north-eastern Kenya, deep into Kenya, killing 148 people and wounding 79 more.

The tempo of major external operations diminished from 2015 onwards, largely due to greater vigilance and enhanced security capabilities in neighbouring states, but Al-Shabaab's intent to spread violence through the region remains firm. Dedicated units have been established to carry 'jihad' into Ethiopia and East Africa comprising mainly foreign nationals from the target countries. A failed operation in Kenya in 2018 and an attack on Nairobi's Dusit 2 Hotel compound brought to light new evidence of the extent to which Al-Shabaab has invested in training and deploying foreign fighters to operate

with greater autonomy in their home countries.

On 13 March 2020, Al-Shabaab convened a 5-day forum in the town of Salagle on the status of the 'Jihad in East Africa'.[40] Although the scope of the conference was wide ranging, the theme of regional 'jihad' permeated the final communique and reiterated the group's determination to wage armed struggle both in Somalia and beyond the country's borders. According to Al-Shabaab, "the Muslims of East Africa region are facing a ruthless campaign in which the enemy is destroying their religion, dignity, land, moral ethics and economy" and "the Mujahideen must intensify the obligatory Jihad in which they are defending the religion, land and the Muslims." The communique specifically expressed "condolences to the Muslims living in the occupied Muslim lands in Kenya, who are victims of regular organised assassinations by the Kenyan

40 Communique from the Consultative Forum Regarding the Jihad in East Africa 23 Rajab 1441 H (18 March 2020)

crusaders [and] sorrow regarding the blatant aggression of Abiy Ahmed's regime against the Muslims of Ethiopia, the latest of which is the string of Mosque arsons in the Amhara region."[41]

Gender dynamics: the role of women

Several reports were published over the past few years covering the role of Kenyan women in violent extremist groups.[42] The reports covered women joining Al-Shabaab,[43] ecruiting for Al-Shabaab,[44] planning terrorist attacks,[45] forming

41 Ibid.

42 Ndungu, Irene, and Uyo Salifu. "The role of women in violent extremism in Kenya." *Pretoria: Institute for Security Studies* (2017); Capital Campus, Al Shabaab luring female students to Somalia with promise of marital bliss, 2015, http://www.capitalfm.co.ke/campus/al-shabaab-luring-female-students-to-somalia-with-promise-of-marital-bliss.

43 R Gibendi, Al-Shabaab: Mombasa woman held for recruiting youths, Tuko, 2015, https://tuko.co.ke/26442-al-shabaab-mombasa-woman-held-recruiting-youths.ht.

44 F Mukinda, Police offer Sh2m reward for al-Shabaab suspect Rukia Mbarak Faraj, Daily Nation, 2015, www.nation.co.ke/news/Sh2m-reward-Al-Shabaab-Rukia-Mbarak-Faraj/-/1056/2849268/-/11bwteaz/-/index.html.; R Gibendi, Al-Shabaab: Mombasa woman held for recruiting youths, Tuko, 2015, https://tuko.co.ke/26442-al-shabaab-mombasa-woman-held-recruiting-youths.ht.

45 F Mukinda, Police offer Sh2m reward for al-Shabaab suspect Rukia Mbarak Faraj, Daily Nation, 2015, www.nation.co.ke/news/Sh2m-reward-Al-Shabaab-Rukia-Mbarak-Faraj/-/1056/2849268/-/11bwteaz/-/index.html.; "Five Terror Suspects Arrested In Kenya Including Two Somali Women". *Asharq AL-Awsat*, 2020, https://english.aawsat.com/home/article/2090941/five-terror-suspects-arrested-kenya-including-two-somali-women.

terror cells,[46] and funnelling information and finances for terrorist organisations.[47] There has been limited evidence of women committing acts of violence in the context of violent extremism in Kenya,[48] and according to Government officials in Garissa and Diani, no women have ever been convicted on terror-related charges in the country, despite other officials reporting on women and girls travelling to Somalia and being trained as suicide bombers. [49] A 2015 report underlined that some extremist groups have come to exploit gender stereotypes and cultural clichés to their advantage', by deliberately using

46 Eagle Online, Female terror cell leaders arrested in Kampala as police investigate suspected Syria links, 2016, http://eagle.co.ug/2016/05/04/female-terror-cell-leaders-arrested-kampala-police-investigate-suspected-syria-links.html.; Eagle Online, Female terror cell leaders arrested in Kampala as police investigate suspected Syria links, 2016, http://eagle.co.ug/2016/05/04/female-terror-cell-leaders-arrested-kampala-police-investigate-suspected-syria-links.html.; B Ocharo, Government claims Rogo's widow has links to Isis, Daily Nation, 2016, http://www.nation.co.ke/news/government-claims-rogo-widow-has-links-with-isis/1056-3397236-e1yljo/index.html

47 B Ocharo, Government claims Rogo's widow has links to Isis, Daily Nation, 2016, http://www.nation.co.ke/news/government-claims-rogo-widow-has-links-with-isis/1056-3397236-e1yljo/index.html

48 Ndungu, Irene, and Uyo Salifu. "The role of women in violent extremism in Kenya." *Pretoria: Institute for Security Studies* (2017).

49 Ndungu, Irene, and Uyo Salifu. "The role of women in violent extremism in Kenya." *Pretoria: Institute for Security Studies* (2017); Capital Campus, Al Shabaab luring female students to Somalia with promise of marital bliss, 2015, http://www.capitalfm.co.ke/campus/al-shabaab-luring-female-students-to-somalia-with-promise-of-marital-bliss.

women and children, as they are believed to pass under less scrutiny by security forces.[50]

Islamic State (Da'esh)

The Islamic State group, also known by its Arabic acronym, Da'esh, first emerged in the Horn of Africa in 2012, when a splinter group of Al-Shabaab in north-eastern Somalia announced its change of allegiance and established a stronghold in the district of Qandala, to the east of the port town of Boosaaso. Led by an elderly Somali returnee from the U.K., Abdulqadir Mumin, the group initially numbered several dozen fighters and gradually expanded to between 200-300 members. In 2017, it was officially recognised by the international Da'esh leadership as *Wilayat al-Soomaal* ('Somali Governorate').

Although its main force remains confined to the

50 M Bloom, The changing nature of women in extremism and political violence, Freedom from Fear Magazine, 2015, http://f3magazine.unicri.it/?p=1093

Qandala area, IS has managed to conduct some targeted killings and IED attacks in Boosaaso and Banaadir using clandestine networks. In February 2019, rivalry between Al-Shabaab and Da'esh escalated from a war of rhetoric into open conflict, as AS fighters attacked and dislodged IS from positions south of Qandala.[51]

The group has also tried, without much success, to compete with Al-Shabaab for influence in Mogadishu. In a statement published by affiliate media outlets, ISS claimed responsibility for two attacks in Mogadishu, which had been carried out on 24 July and 30 July 2020, and stated that the attacks accomplished their mission and the group vowed to make their presence felt in the capital.[52]

Unlike Al-Shabaab, the small Da'esh presence in

51 Harun Maruf, "Al-Shabab Battles IS in North Eastern Somalia", *Voice of America*. https://www.voanews.com/africa/al-shabab-battles-northeastern-somalia

52 https://intelligencebriefs.com/weekly-counter-terrorism-intelligence-brief-for-east-and-central-africa-mozambique-drc-somalia-2/

Somalia does not currently provide a viable base from which to launch major operations across the wider region, but that does not mean that IGAD member states can afford to be complacent. In May 2016, Kenyan anti-terrorism police arrested two members of a suspected IS cell alleged to be planning an anthrax attack in the country.[53] The Kenyan authorities described the accused as members of an international terror network with links to Somalia, Libya and Syria, engaged in the active radicalisation and recruitment of Kenyan youth. In September the same year, Da'esh claimed responsibility for an attack in the city of Mombasa in which "three robed women tricked their way into a police station, stabbed an officer and set fire to the building."[54] In February 2017, Kenyan police arrested another two suspected IS members in Mombasa

53 BBC News, "Kenya police 'foil anthrax attack' by 'IS-linked group'", 4 May 2016. https://www.bbc.com/news/world-africa-36198561; *Associated Press*, 29 August 2016. https://apnews.com/f5937eee9b5547beb1222341440e566b

54 Ahmed Tolba, "Islamic State behind Kenya's Mombasa attack by robed women: website", *Reuters*, 13 September 2016. https://www.reuters.com/article/us-kenya-security-islamist/islamic-state-behind-kenyas-mombasa-attack-by-robed-women-website-idUSKCN11J1TK

county who had reportedly returned from Syria via Turkey in November 2016.[55]

In September 2019, the Deputy Chief of Staff of the Ethiopian National Defence Forces (ENDF), General Berhanu Jula, stated that ENDF forces had recently captured multiple Islamic State members in Ethiopia.[56] An Ethiopian army official, Colonel Tesfaye Ayalew, gave further details, asserting that that the arrests had taken place on 11 September in towns near the Kenyan and Somali borders and that the majority of Islamic State militants arrested were Syrian and Yemeni nationals, although Ethiopian nationals were arrested as well. The colonel attributed the arrests to Ethiopia's strong relationship with the Somali Federal Government (SFG).[57]

55 Alexander Sehmer, "Kenya: Mombasa a Focus for Islamic State" in *Jamestown Terrorism Monitor Volume: 15 Issue: 4,* 24 February 2017. https://jamestown.org/program/briefs-259/

56 "Ethiopian Defense Force Says It Captures Some ISIS Members - Addis Standard". *Addis Standard*, 2019, https://addisstandard.com/news-ethiopian-defense-force-says-it-captures-some-isis-members/.

57 "Africa Live: Ethiopia Bans Flights Over Nile Dam - BBC News". *BBC News*, 2020, https://www.bbc.com/news/live/world-africa-47639452.

IS has openly declared its ambition to establish a stronger presence in Africa and has built ties with local jihadist groups in Libya, the Democratic Republic of Congo (DRC), Mozambique and Yemen,[58] effectively encircling the Horn and East Africa. In July 2020, South African police raided and arrested an alleged kidnapping syndicate in a Kliprivier house south of Johannesburg which is believed to be part of a fundraising drive for the Islamic State. ISIS paraphernalia and propaganda materials were recovered from the raided house. The five suspects, including a Somali and an Ethiopian national, are linked to a 2018 case in KwaZulu-Natal where Farhad Hoomer and eleven other men, including foreigners, were charged with terrorism, murder, attempted murder, extortion and arson.[59]

58 https://www.un.org/securitycouncil/content/islamic-state-iraq-and-levant-yemen.isil; https://www.un.org/securitycouncil/content/islamic-state-iraq-and-levant-libya.; https://www.aljazeera.com/news/2020/04/mozambique-admits-presence-isil-affiliated-fighters-200424200048073.html.; https://www.aljazeera.com/news/2019/06/isil-claims-deadly-attack-ebola-wracked-eastern-dr-congo-190605052723255.html.

59 "Weekly Counter-Terrorism Intelligence Brief for East and Central Africa (Mozambique, DRC & Somalia) – Strategic Intelligence Service". *Strategic Intelligence*, 2020, https://intelligencebriefs.

If the group continues along this trajectory, expanding and consolidating its zones of influence, it is almost inevitable that they will amplify their efforts to strike Western interests and allies in the IGAD region. There has been an upsurge of IS attacks throughout the region in the first quarter of 2020.[60]

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

The IGAD region has seen a significant expansion in the manufacture and deployment of improvised explosive devices (IEDs) over the past decade, driven primarily by Al-Shabaab. Prior to 2010, IED attacks in Member States had been rare events. Kenya had suffered a spate of 3 bombings in 1975, the source of which was never determined, and in 1980,

com/weekly-counter-terrorism-intelligence-brief-for-east-and-central-africa-mozambique-drc-somalia-2/.; Fabricius, Peter. "Kliprivier Kidnapping Cell Was Funding Islamic State Terrorism, Say Sources". *Daily Maverick*, 2020, https://www.dailymaverick.co.za/article/2020-07-30-kliprivier-kidnapping-cell-was-funding-islamic-state-terrorism-say-sources/.

60 https://intelligencebriefs.com/iscap-and-is-somalia-record-upsurge-in-attacks-in-mozambique-drc-and-somalia-indicating-a-growing-isis-threat-in-the-region/

suspected Arab militants bombed the prominent Norfolk Hotel. But the arrival of Islamic Jihadism in the region, and specifically Al-Qa'ida, in the early 1990s transformed the nature and scale of the threat.

Following his arrival in Sudan in 1992, Osama bin Laden waged a shadow war against U.S. forces in Somalia, entering into an alliance with the Somali jihadist movement, Al-Itihaad Al-Islaami. Although IEDs did not feature on the Somali battlefield in the early 1990s, Al-Qa'ida veterans of the wars in Afghanistan and Kashmir brought with them the requisite skill sets to manufacture the devices. In December 1992, the group bombed two hotels in nearby Yemen, where U.S. troops en route to Somalia were believed to be staying. and although American forces withdrew from Somalia in 1994, following the infamous 'Black Hawk Down' incident, Al-Qa'ida cadres remained in the country to support their Somali

allies. In 1995, reports emerged of Al-Itihaad training camps where foreign Al-Qa'ida instructors taught a range of lethal skills, including bomb-making.[61]

Al-Qa'ida's assistance to Al-Itihaad was grounded in a sophisticated network of front companies, NGOs and clandestine cells across the region, including Kenya, Tanzania and Djibouti – all anchored by Bin Laden's base in Sudan. But following the expulsion of Bin Laden from Sudan in 1996 and the decisive defeat of Al-Itihaad the same year, at the hands of Ethiopian forces, Al-Qa'ida's centre of gravity in East Africa shifted to Kenya. From that point on, IED's also became the terrorist group's weapon of choice.

In August 1998, Al-Qa'ida's East Africa cell bombed the U.S. embassies in Kenya and Tanzania, killing over 200 people and causing thousands of casualties. Four years later, in 2002,

61 SNF documents.

the group struck in Kenya again, ploughing an SVBIED into a resort hotel popular with Israeli tourists near Mombasa, killing 15 people and wounding 80 more. A simultaneous attempt to shoot down an Israeli passenger jet using SA-7 surface to air missiles was unsuccessful.

During the course of this operation, the remainder of Al-Qa'ida's East Africa operation migrated to Somalia and became embedded with the nascent jihadist group, *Harakaat Al-Shabaab Al-Mujaahidiin* (Al-Shabaab). From this point onwards, training, assembly and deployment of IEDs increased exponentially.

Da'esh

Da'esh is also highly proficient in the manufacture of IEDs, raising production to industrial levels at the height of its power in Iraq and Syria. In Somalia, the group has only claimed responsibility for at least two IED attacks: in the first, a suicide

bomber (PBIED) targeted a military checkpoint in Boosaaso in May 2017, killing 2 soldiers and 3 bystanders.[62] A second attack in Boosaaso followed in October the same year.

Intelligence recovered by a Somali security service revealed that the group procured high quality tools from a hardware shop in Mogadishu's Bakaara Market suited to the manufacture of sophisticated RCIEDs and has successfully developed and tested small Improvised Rocket-Assisted Munitions (IRAMs).

The analysis of the transnational IED threat requires an understanding of the organization of Violent Extremist Organisations (VEOs) and their capacities in the IGAD region. Research work has been carried out, focusing on describing the units responsible for the production of explosive devices and their use. The report describes particularly the AS production,

62 Hassan Istiila, "5 killed in suicide bombing in Somalia", *Anadolu Agency*. https://www.aa.com.tr/en/africa/5-killed-in-suicide-bombing-in-somalia/824862

distribution, training capacities allowing units and cells to use the IEDs intensively in Somalia and the northern part of Kenya.

Despite all efforts and sacrifices made by the national and international forces and organizations, the use of IEDs by non-state actors continues to be a persistent threat in Somalia and northern Kenya. Critical progress was made in terms of developing the national and African Union (AU) C-IED capacities over the year concerning training and equipping the forces. The results produced by the improved road search and control point capabilities at the cost of numerous losses within the forces is noticeable. Forces succeeded to disrupt local networks and likely contributed to a recent decrease number of IED attacks but still failed to impact the IED production and supply chain in Somalia and northern Kenya. Corruption and collusion at key stages also impede the implementation

of a successful counter-IED strategy allowing AS to keep the advantage and initiative on the ground.

The IED threat is considered as under-reported mainly due to the lack of joint reporting channels, non-systematic battlefield or military evidence collection, and limited national forensics exploitation capacity. The technical review of the 2019-2020 events demonstrates a minimum amount of changes in terms of IED construction and components in comparison with the previous years. The main noticeable variation might concern the increased production and use of homemade explosives. In general, a majority of the IED components continue to be legally imported or are available in Somalia as licit material. Only a few seem to be smuggled from overseas but AS or IS could replace them with other means if necessary and if there is no dramatic change in the current IED precursors' control and anti-corruption strategy. This

assessment recommends at least an increased monitoring of the main precursors used in the HME manufacturing process and IED components in addition to the extension of the IED national forensics capacities.

The use of IED, including complex and coordinated suicide attacks, remains a high security threat for most IGAD Member States.

SMUGGLING AND TRAFFICKING

Transnational smuggling and trafficking can take many forms and involve the illegal movement of a wide variety of 'goods' across international borders: human beings, weapons, wildlife products, drugs, timber, currency and household goods (such as electronics) are just a few examples.

Despite this diversity, all forms of international

smuggling and trafficking networks share a number of key common characteristics: they require means of cross-border transportation and communication; they involve illicit financial flows, often leaving traceable trails of evidence; and they are highly adaptive to changing environments – a feature that lends many of them to engage in intermediation, shifting seamlessly between different types of goods, clients and methods or engaging in several different forms of smuggling and trafficking at the same time.

SMALL ARMS AND LIGHT WEAPONS

The proliferation of illicit small arms and light weapons (SALW) has long been considered to be the main enabler of violence and conflict on the continent. As Smaïl Chergui, the African Union (AU) Commissioner for Peace and Security, has observed: "Outside the immediate context of armed conflict,

illicit small arms aggravate both inter-communal conflict and competition over natural resources and facilitate a broad spectrum of criminal activities."[63] The trafficking of small arms and light weapons is a vital enabler of the other forms of transnational organised crime documented in this report.

Illicit arms are those "weapons that are produced, transferred, held or used in violation of national or international law" and can include both military-style small arms and light weapons and commercial firearms.[64] Illicit flows are opaque and difficult to quantify, given the concealed, multifaceted and context-specific nature of the trade. Despite increased international attention to small-arms related issues, to date there has been only limited progress in states' reporting and transparency on the core issues relevant to arms control.

63 Small Arms Survey. *Weapons Compass, Mapping Illicit Small Arms Flows In Africa.* 2019, http://www.smallarmssurvey.org/fileadmin/docs/U-Reports/SAS-AU-Weapons-Compass.pdf.
64 Small Arms Survey. *Weapons Compass, Mapping Illicit Small Arms Flows In Africa.* 2019, http://www.smallarmssurvey.org/fileadmin/docs/U-Reports/SAS-AU-Weapons-Compass.pdf.

For example, as of June 2018, only 12 African countries had provided statistics to Interpol's illicit arms record and tracing management system, which allows police agencies worldwide to record detailed information on firearms lost, stolen, or trafficked. Data on illicit weapons is therefore scarce and the scale of the phenomenon can only be roughly estimated. According to a 2017 SALW report by the Small Arms Survey, the numbers of firearms in civilian possession across the region broke down as follows:

Djibouti: 28,000

Ethiopia: 377,000

Kenya: 750,000

Somalia: 1,145,000

Somaliland 456,000[65]

South Sudan: 1,255,000

Sudan: 2,768,000

65 Somaliland is legally part of Somalia and not recognised as a separate state. However, for the purposes of data collection, Small Arms Survey segregated its findings.

Uganda: 331,000

Many of the illicit small arms circulating in Africa have been diverted from the licit sphere within the continent. Much of this activity involves small scale smuggling, or "ant trade," of arms and ammunition, such as transfers within local transborder communities; pastoralist groups in Kenya (Turkana), Uganda (Dodoth) and South Sudan (Toposa), for example, routinely arms across borders to protect themselves and their cattle. However, such low-level trafficking can rapidly scale up to meet increased demand in response to changes in the security environment, such as intercommunal conflict or civil unrest.

Another, less common source of illicit SALW involves the systematic or large-scale diversion of weapons from national stockpiles. In 2011, for example, the outbreak of civil war and collapse of national government in Libya was

followed by widespread looting of government armouries and massive outflows of Libyan arms and ammunition across a large swathe of the continent. Weapons of Libyan origin were reportedly trafficked not only to neighbouring countries, but also reached as far as the Central African Republic (CAR) and Somalia.[66]

External sources of illicit arms have also gained prominence in recent years. Arms transfer diversions are well documented in the context of arms embargoes and Africa is both a recipient and source of embargo-breaking arms transfers. Violations of the arms embargoes imposed by the UNSC on the CAR, Ivory Coast, Libya, South Sudan, Sudan and Somalia have all been documented by sanctions monitors. However, since recipient governments often reject the legitimacy of UN arms embargos, weapons and ammunition received via

66 https://www.reuters.com/article/us-africa-pirates/analyst-says-somali-pirates-have-new-weapons-from-libya-idUSBRE83B0HO20120412

prohibited transfers may nevertheless enter national stockpiles and be re-introduced into the 'licit' sphere.

In the IGAD region, arguably the most important external source of illicit weapons and military materiel is Yemen. At the Bab al-Mandeb strait, only 20 miles of water separate Yemen and Djibouti. Skiffs equipped with powerful outboard engines can cross from Yemen to Eritrea and Djibouti in a matter of hours in favourable weather. Larger vessels sailing from Yemen take only days to reach the extensive and thinly populated coasts of northern Somalia. It is these desolate and largely uncontrolled coastlines that make the region ideal for arms traffickers.[67] Long a source of arms from unregulated domestic markets, the outbreak of civil war in 2015 and the massive militarisation of various factions in the Yemeni conflict has transformed the situation. Weapons and materiel

67 https://jamestown.org/program/arms-from-yemen-will-fuel-conflict-in-the-horn-of-africa/

of all types are readily available in Yemen's arms markets.[68]

Rarely has the illicit trade in SALW between Yemen and the Horn of Africa been more lucrative. The price difference between Yemen and the Horn of Africa has set up the kind of arbitrage that is irresistible to smugglers and those who finance them. For example, the Saudi-manufactured G3 rifle supplied in large numbers to Saudi-backed forces in Yemen can be purchased in a Yemeni arms market for USD 500. In Somalia, the same rifle will sell for at least three times that amount. In Ethiopia, the rifle will sell for up to six times what it costs to purchase in Yemen. More advanced weapons like later variants of the RPG—widely available in Yemen—are sold for as much as ten times what they cost in Yemen.[69]

The mark-up on weapons and military materiel—

68 Terrorism Monitor, June 16, 2017

69 Horton, Michael. "Arms From Yemen Will Fuel Conflict In The Horn Of Africa". *The Jamestown Foundation, Terrorism Monitor Volume: 18 Issue: 8*, 2020, https://jamestown.org/program/arms-from-yemen-will-fuel-conflict-in-the-horn-of-africa/.

especially more specialized equipment such as night vision devices, rangefinders and RPGs—increases exponentially as they move deeper into Africa.[70] As a result, some of the illicit goods are sold on via middlemen beyond the IGAD region to countries like the Central African Republic, Kenya, Mozambique and Tanzania.

Another emergent, but significant, source of SALW to the Horn of Africa is Turkey, as illustrated by several large seizures, in Ethiopia in particular.[71]

70 Horton, Michael. "Arms From Yemen Will Fuel Conflict In The Horn Of Africa". *The Jamestown Foundation, Terrorism Monitor Volume: 18 Issue: 8*, 2020, https://jamestown.org/program/arms-from-yemen-will-fuel-conflict-in-the-horn-of-africa/.

71 "Ethiopian Intelligence Says It Seized Two Containers of Illegal Firearms". *Borkena*, 2020, https://borkena.com/2020/03/10/ethiopian-intelligence-says-it-seized-two-containers-of-illegal-firearms/.; "Turkish Weapons Seized On The Way To Ethiopia". *Eg24 News*, 2020, https://www.eg24.news/2020/06/turkish-weapons-seized-on-the-way-to-ethiopia.html.; "Ethiopia Seizes 12,032 Illegal Bullets, Guns". *New Business Ethiopia*, 2019, https://newbusinessethiopia.com/crime/ethiopia-seizes-12032-illegal-bullets-guns/.

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

International smuggling and trafficking of human beings (STHB) are among the most salient forms of transnational organised crime in the IGAD region, which is both a source and transit area for the activity. The most common destinations for persons being smuggled or trafficking from or through the region are Europe, the Middle East, and Southern Africa. However, some smuggling also involves the clandestine movement of criminals or terrorists within the region, representing a direct threat to the security of Member States.

Broadly speaking, these crimes fall into three categories:

- **Smuggling** is the act of moving a person illegally across an international border/on transnational routes, with their consent. Migrant smuggling is a crime that takes place only across borders. It consists in assisting migrants to enter or stay in a country illegally, for a financial or

material gain. Smugglers make a profitable business out of migrants' need and/or desire to enter a country and the lack of legal documents to do so. International law requires governments to criminalize migrant smuggling, but not those who are smuggled. Since migrants give their consent to the smuggling venture, mostly due to the lack of regular ways to migrate, they are not considered victims in absolute terms.

- **Smuggling with Aggravated Circumstances** involves moving a person along transnational routes in a way in which their safety is endangered or they are treated in a cruel and degrading way). Smuggled migrants are often put in dangerous situations by smugglers (such as hazardous sea crossings) and might therefore become victims of other crimes during the smuggling process, including severe human rights violations."[72] According to article 6(3) of the Protocol against the Smuggling of Migrants, the following are to be established as aggravating circumstances requiring an increased penalty:

    - Circumstances that endanger, or are likely to endanger, the lives or safety of the migrants concerned;

    - Inhuman or degrading treatment, including for exploitation, of such migrants.

- In contrast with smuggling, which is by definition a transnational activity, **trafficking** may take place either within a country or on transnational routes and typically

72 "Human Trafficking and Migrant Smuggling". *UNODC*, 2020, https://www.unodc.org/e4j/en/secondary/human-trafficking-and-migrant-smuggling.html.

involves deception and exploitation. "Human trafficking involves the recruitment, movement or harbouring of people for the purpose of exploitation - such as sexual exploitation, forced labour, slavery or organ removal. Victims can be children or adults, boys, girls, men or women, and are trafficked by the use of improper means such as the threat or use of force, fraudulent schemes, deception, or abuse of power. It can occur within a country or across borders. Human trafficking is therefore characterized by an act (recruitment, transportation, transfer, harbouring, or receipt of people), specific means (threats or use of force, deception, fraud, abuse of power, or abusing someone's vulnerable condition) for the purpose of exploitation (for example sexual exploitation, forced labour, slavery or organ removal)." Sexual exploitation and violence mainly affect women and children. Trafficking for prostitution, and all of its related services, including bars, dancing clubs, massage parlours, pornography producers, etc, depend on a underground economy which is controlled by pimps connected to organised crime.[73]

In practice, the distinction between these three types of crime is often blurred: smuggling that is intended to be safe and consensual may degenerate, due to unforeseen circumstances, to involve 'aggravated circumstances' that threaten the lives or well-being of the migrants. In other cases, journeys that begin with smuggling, but migrants later fall at the hands of human

73 Poulin, Richard. "Globalization and the Trafficking and the Commodification." (2003)

traffickers who take them hostage, abuse them, and demand that victims raise additional funds to pay for their own release. In the most serious cases, victims may be killed, and, in some cases, their organs harvested.[74]

Labour trafficking is central to the international community's conceptualisation of Trafficking in Persons (TIP), as shown in Sustainable Development Goal 8.7: 'Take immediate and effective measures to eradicate forced labour, human trafficking, prohibit and eliminate the worst forms of child labour including the use of child soldiers, end modern slavery, and by 2025 end child labour in all its forms.'[75]

In the IGAD region, variations in the definitions of these crimes and in the applicable legislation represent major

74 IOM. *Addressing Human Trafficking and Exploitation In Times Of Crisis*. Geneva, 2015, https://publications.iom.int/system/files/addressing_human_trafficking_dec2015.pdf.

75 23 (United Nations Sustainable Development Goals, Goal 8.7, Goals 5.2 and 16.2 also relate to trafficking – the former specifically to sex trafficking, the latter regarding trafficking as it affects children), https://sustainabledevelopment.un.org/sdg8.

obstacles to prosecution and even to the collection of reliable data.

Fraudulent Documents

The increase in quality of fraudulently manufactured passports and documents, as well as efforts to falsely obtain genuine versions is observed in the region. IGAD Member States seeking to update the quality of passports and documents are faced with organised crime groups and officials involved in corruption becoming more sophisticated.

Frontex has outlined how the quality of fraudulent passports and documents worldwide has had to increase and that authentic versions are misused as it becomes harder to copy newer versions with security features such as "complex laser perforations or microchips with photos and fingerprints". Talking about the Schengen zone, Frontex warned: "New methods include obtaining authentic travel

documents under false pretences, using such documents as fake birth or marriage certificates to obtain real documents, or using authentic documents of look-alikes. Both strategies use real documents, thus making it increasingly difficult for law enforcement officers to spot. Some forgers have also begun to use advanced counterfeiting techniques to circumvent automated border control." The 2018 European alert also noted that the primary points of origin for detection of fraudulent passports at European airports were Senegal and Turkey.[76]

Three different tiers can be identified in the use and manufacturing of fraudulent documents. These tiers are an initial attempt at classification where further work would be necessary and welcome to set parameters.

76 "Document Fraud Is A Key Challenge in Border Control. Frontex is on The Case". *Frontex*, 2018, https://frontex.europa.eu/media-centre/focus/document-fraud-is-a-key-challenge-in-border-control-frontex-is-on-the-case-acJ0cG.

Tier 1 concerns the documents used to facilitate initial movement. Tier 2 concerns the more sophisticated role of fraudulent documents in various smuggling hubs, and Tier 3 addresses the higher level of organised crime groups, which are often noted as possessing South African travel documents. Details on the way smuggling hubs operate and use fraudulent documents are covered in the individual chapters of the affected Member States.

Tier 1: Initial Movement

The first tier of fraudulent documents concerns documents which are used to facilitate initial movement, which is likely to be across land where border checks are minimal. These documents usually are Certificates of Identity or Inter-State Passes, or National Identification Cards, although the use of fraudulent passports[77] is not unheard of. There have

77 Wairimu, Waweru. "Ethiopians With Fake Passports Jailed". *Daily Nation*, 2019, https://www.nation.co.ke/counties/isiolo/Ethiopians-with-fake-passports-jailed/1183266-5341468-s01363z/index.html.

been various reports that it is not unusual for bribes to be paid at certain border posts, even when official documents are shown.[78]

An example of the usage of these fraudulent documents are the frequent arrests along the Moyale-Isiolo highway in Eastern Kenya of Ethiopians carrying documents which are reported to have been falsified.[79]

Tier 2: the role of hubs

The second tier concerns various fraudulent documents available in different IGAD smuggling hubs. Smuggling hubs are locations where supply meets demand, and the importance of a hub depends on the number of smuggling routes it offers, and the number of migrants interested in using them.[80]

78 The Global Initiative against Transnational Organized Crime, Integrated responses to human smuggling from the Horn of Africa to Europe, May 2017; United Nations High Commissioner for Refugees and Altai Consulting, Mixed migration: Libya at the crossroads, November 2013.

79 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

80 European Commission, Directorate General for Migration and Home Affairs, *A study on smuggling of migrants: Characteristics, responses and cooperation with third countries*, Final Report, 2015.

According to UNODC, one of the key characteristics of a smuggling hub is its stability. Hubs tend to remain over time, while the routes, destination, and departure points fluctuate over time. In important well-organised hubs, there might be several hundreds of people dependent on smuggling, including the smugglers themselves, but also boat and vehicle owners, drivers, boat crews, restaurant and café owners, accommodation managers, telecom service providers, police officers and local government officials.[81] As seen above, there is a major migrant flow in border towns at the Ethiopian – Kenyan border, and some studies have estimated that approximately 60 percent of those cities' income is linked to smuggling and its related services.[82] This economic dependency might explain why hubs remain relatively stable over time, despite the routes having

81 United Nations Office on Drugs and Crime, *Issue Paper: Smuggling of Migrants by Sea*, 2011.

82 International Organization for Migration, In Pursuit of the Southern Dream: Victims of Necessity, Assessment of the irregular movement of men from East Africa and the Horn to South Africa, April 2009. ; Barasa, N. and Fernandez, L., 'Kenya's implementation of the Smuggling Protocol in response to the irregular movement of migrants from Ethiopia and Somalia,' Law, Democracy and Development, vol. 19, 2015.

altered.[83]

In the IGAD region the smuggling hubs facilitating the move and manufacturing of fraudulent documents are mainly found in capital cities.

Tier 3

This tier concerns the higher levels of organised crime groups. Syndicates operating in this sphere do not manufacture documents, but use authentic ones fraudulently, which includes the theft and application of fraudulent passports. The fraudulent obtainment of genuine documents in these cases involves an organised crime group operating with a clear model, rather than an individual official taking bribes to issue documents. In the IGAD region, high level members of organised crime groups have been noted as having passports issued in South Africa. People being smuggled via sophisticated

83 UNODC. *Global Study On The Smuggling Of Migrants*. Vienna, 2018, https://www.unodc.org/documents/data-and-analysis/glosom/GLOSOM_2018_web_small.pdf.

networks from Somalia to Turkey have also had access to this type of fraudulently obtained document. In some countries the tier distinction is not clear: for example, it is unclear to what degree the fraudulent procurement of genuine documents in Kenya is a matter of small scale or organised crime.

South African Syndicates

There have been several instances in the past of fraudulent South African documents having been used by terrorist fighters. The last high-profile case occurred in 2011 when Fazul Abdullah Muhammad, a senior al-Qa'ida militant, was killed in Mogadishu while having a South African passport in his possession. South African officials stated that the passport was a forgery. Experts said that it was easy for terrorists to get documents in South Africa due to corruption.[84]

84 Botha, Anneli. "Why Al-Qa'eda Seems To Prefer South African Passports". *ISS Africa*, 2011, https://issafrica.org/iss-today/why-al-qaeda-seems-to-prefer-south-african-passports; "Fazul Abdullah Mohammed's South Africa Passport 'Fake'". *BBC News*, 2011, https://www.bbc.com/news/world-africa-13783009.

In more recent years there have been sporadic media reports of migrants from the Horn obtaining South African travel documents, either in order to enter South Africa[85], or to leave South Africa for the Americas by air.[86]

A South African Home Affairs' internal investigation brought an overview of the fraudulent documents model's operations to light: an 'agent' finds a South African citizen and offers them money in exchange for them applying for a passport. When the citizen applies for a passport, they give the official all of their details, but use the photo of a foreigner. "The passport is then issued in the South African's name, but with the foreigner's image, making it easy for the foreigner to pass off as a South African," said KwaZulu-Natal Home Affairs

85 Daghar, Mohamed. "Kenya Now A Key Transit Point for South-Bound Migrants - ENACT Africa". *ENACT*, 2019, https://enactafrica.org/enact-observer/kenya-now-a-key-transit-point-for-south-bound-migrants.

86 IOM. *Migrant Smuggling Data and Research: A Global Review of The Emerging Evidence Base*. 2016, https://publications.iom.int/system/files/smuggling_report.pdf.; Abdi, Cawo M. *Elusive Jannah: The Somali Diaspora and A Borderless Muslim Identity*. University of Minnesota Press, 2015.

provincial manager Cyril Mncwabe. The citizen is believed to receive approximately R500 (USD 28) for having applied for a passport, while the 'agent' charges up to R30,000 (USD 1,730) for finding the South African citizen and bribing the Home Affairs official for accepting the passport application. The investigation linked 44 cases to one single employee but estimated that the number of cases tied to the individual could be above 200. The foreign recipient of the South African passport uses the passport to open a bank account, open businesses, or apply for a visa.[87]

Smuggling and trafficking routes

The route to the Middle East

The Eastern route to the Middle East refers to the movement of people from the Horn of Africa, to Yemen and the Gulf countries, particularly to Bahrain, Kuwait, Oman,

87 Gopi, Arthi. "Busted! Home Affairs Syndicate Selling Fake Passports for R30k". *IOL*, 2017, https://www.iol.co.za/ios/news/busted-home-affairs-syndicate-selling-fake-passports-for-r30k-10536074.

Qatar, the Kingdom of Saudi Arabia (KSA), and the United Arab Emirates (UAE), countries commonly known as the GCC. There is mixed migration on the Eastern route, as people travelling are both refugees and economic migrants. The main profile of people on this route are Ethiopian or Somalis, and according to IOM, 90% of all people interviewed along the route have the Kingdom of Saudi Arabia as their intended end destination.[88]

The Eastern route will be focused on due to its importance for the region, as there is mass travel on maritime routes from the Horn of Africa to Yemen. There is also increasing migration to some countries in the Gulf. Refugees and migrants face numerous threats along the routes, including risk of drowning, the Yemen conflict and abuses under the Kafala visa system for those travelling for work.

88 "Migrant Arrivals and Yemeni Returns from Saudi Arabia in 2019". *IOM - Flow Monitoring*, 2019, https://migration.iom.int/reports/yemen-%E2%80%94-flow-monitoring-points-migrant-arrivals-and-yemeni-returns-saudi-arabia-2019.

The Eastern route has been steadily growing in popularity since 2006, when data first became available,[89] despite the war in Yemen and the harsh circumstances in Yemen[90] and Saudi Arabia[91] for migrants. Interviews with migrants have shown that for those making the trip, the possible economic rewards in the GCC, and the possibility of a better life outweigh the risks of the journey.[92] For Ethiopians, high unemployment rates, political instability, and one of the largest populations of internally displaced people in the world[93] remain driving factors causing Ethiopia to be the largest source country of

89 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/qmmu-eay-q2-2019.pdf

90 Wilson-Smith, Henry. "On the Move in A War Zone: Mixed Migration Flows To and Through Yemen". *Migration Policy*, 2019, https://www.migrationpolicy.org/article/mixed-migration-flows-yemen-war-zone.

91 Jaffery, Rabiya. "Ethiopian Domestic Workers Battle for Survival in Saudi Arabia | Inter Press Service". *Inter Press Service*, 2018, http://www.ipsnews.net/2018/09/ethiopian-domestic-workers-battle-survival-saudi-arabia/.

92 Gardner, Tom. "Deadly Journeys: How Despair Drives Young Ethiopians To Flee To Yemen". *The Guardian*, 2018, https://www.theguardian.com/global-development/2018/may/09/young-ethiopians-poverty-yemen-the-gulf.

93 "Ethiopia Is Global Leader For Internally Displaced Persons". *Africanews*, 2019, https://www.africanews.com/2019/05/13/ethiopia-is-global-leader-on-internally-displaced-persons-grid/.

migrants on the Eastern route.[94]

After the outbreak of civil war in Yemen, in 2015, record numbers of people travelled on maritime routes from the Horn of Africa, with slightly over 117,000 arrivals recorded in 2016, [95] up from 65,000 in 2013.[96] This indicates organised crime groups sought to take advantage of the disruption of security at the outbreak of the civil war. Nearly 100,000 migrants reached Yemen in 2017, and peak occurred in 2018, with an estimate of 160,000 arrivals from the Horn of Africa.[97] In 2019 IOM estimates that 138,213 migrants entered Yemen along its southern coast, the flow primarily constituting

94 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/qmmu-eay-q2-2019.pdf

95 IOM. *Mixed Migration In The Horn Of Africa and In The Arab Peninsula*. 2017, https://reliefweb.int/sites/reliefweb.int/files/resources/Regional%20Report%20for%20the%20period%20June-December%202017%283%29.pdf.

96 "Insecurity In Yemen Threatens Incoming Refugees and Migrants". *UNHCR*, 2017, https://www.unhcr.org/uk/news/latest/2017/2/5899a1524/insecurity-yemen-threatens-incoming-refugees-migrants.htmlhttp:/www.unhcr.org/uk/news/latest/2017/2/5899a1524/insecurity-yemen-threatens-incoming-refugees-migrants.html%20-.

97 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

of Ethiopian nationals (92%), the rest of which were Somali nationals, with 88% of those arriving planning on reaching the Kingdom of Saudi Arabia as their final destination. The landing points where the highest number of arrivals were observed in 2019 were in the Lahj governorate with 52,600 migrants entering at the Al-Arah monitoring point, which was additionally the only point where migrants expressed intention to stay in Yemen.[98] In mid-2019, Yemen counted an approximate of 274,000 Somali and Ethiopian refugees. [99]

In January and February 2020, IOM recorded 20,725 migrant and refugee arrivals from the Horn of Africa in Yemen. This is a stark increase over the 17,527 recorded in November and December 2019.[100] These numbers have since dropped

98 "Migrant Arrivals and Yemeni Returns From Saudi Arabia In 2019". *IOM - Flow Monitoring*, 2019, https://migration.iom.int/reports/yemen-%E2%80%94-flow-monitoring-points-migrant-arrivals-and-yemeni-returns-saudi-arabia-2019.

99 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

100 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/04/qmmu-q1-2020-eay.pdf.

due to Covid-19, with an initial drop of 50% of arrivals from Djibouti recorded in March at the IOM monitoring point of Manfath Al-Wadeeah in Yemen.[101]

High rates of unemployment and local instability however is paired with a strong demand for labour in the GCC, and stories of economic success from some migrants. According to Sophia Kagan, from the International Labour Organization's regional office for the Arab states, "Employers are looking for the cheapest possible labour". Key economic sectors in the UAE, the KSA, and Oman are reliant on migrant workers.[102] According to the Middle East advocacy group Migrants Rights, 99.6 percent of all domestic workers and personal assistants in the KSA are foreigners.[103] Emirati,

101 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/04/qmmu-q1-2020-eay.pdf.

102 Palet, Laura Secorun. "Rising In The Middle East: Forced Labor From Africa". *OZY*, 2018, https://www.ozy.com/the-new-and-the-next/rising-in-the-middle-east-forced-labor-from-africa/82554/.

103 "Domestic Workers In The Gulf". *Migrant-Rights.Org*, http://www.migrant-rights.org/statistic/domesticworkers/.

Saudi, and Omani labour laws leave migrants vulnerable for exploitation, with systems such as the *Kafala* visa sponsorship schemes,[104] which disable migrants from changing employers freely without the consent of their visa sponsor (often either their employer, or a recruitment agency). The visa sponsor can also revoke or reject the visa at will.[105]

Falling oil prices have not deterred the demand for a growing workforce, however it did drive companies to look for cheaper, less organised, and unregistered labour, particularly in sectors such as construction, domestic work, and hospitality.[106] These factors all make migrants more vulnerable to human

104 Heather E. Murray, "Hope for Reform Springs Eternal: How the Sponsorship System, Domestic Laws and Traditional Customs Fail to Protect Migrant Domestic Workers in GCC Countries," *Cornell International Law Journal*, Vol. 45, 2012, Pages 461-485; U.S. State Department, 2013 Trafficking in Persons Report - Saudi Arabia, 19 June 2013, http://www.refworld.org/docid/51c2f39318.html.

105 "2019 Trafficking In Persons Report - United Arab Emirates". *United States Department Of State*, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report/ ; "2019 Trafficking In Persons Report - Oman". *United States Department Of State*, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report/.

106 Palet, Laura Secorun. "Rising In The Middle East: Forced Labor From Africa". *OZY*, 2018, https://www.ozy.com/the-new-and-the-next/rising-in-the-middle-east-forced-labor-from-africa/82554/.

trafficking, forced labour, labour exploitation, and sexual exploitation. There is evidence that the exploitation and trafficking of migrants is increasingly organised, with reports of online slave markets operating in Gulf Countries.[107]

The 2019 US trafficking in persons report for the UAE noted that there was a growth in recent years for the East and West African migrant population within the country.[108] The governments of several Member States, such as Uganda, Ethiopia, and Kenya have been making efforts to protect the rights of their workers in Saudi Arabia by signing bilateral labour memorandums.[109]

107 "Slave Markets Found On Instagram and Other Apps". *BBC News*, 2019, https://www.bbc.com/news/technology-50228549.

108 "2019 Trafficking In Persons Report - United Arab Emirates". *United States Department Of State*, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report/.

109 "State Clears Way For Kenyans To Work In Saudi". *Daily Nation*, 2019, https://www.nation.co.ke/news/State-clears-the-way-for-Kenyans-to-work-in-Saudi/1056-4945078-7kotwb/index.html. ; "Fostering Fair Labour Mobility Through Bilateral and Multilateral Labour Agreements". *ILO*, 2019, https://www.ilo.org/africa/areas-of-work/labour-migration/thematic-areas/WCMS_679989/lang--en/index.htm. ; "New Deal Allows Ugandan Workers Back To Saudi Arabia". *The Observer*, 2018, https://observer.ug/news/headlines/56571-new-deal-allows-ugandan-workers-back-to-saudi-arabia.html.

Migrants can choose to immigrate to the Middle East, using recruitment agencies, although this process can prove to be costly and lengthy, and there are several reports of abusive fraudulent recruitment agencies. A study performed in Ethiopia showed that individuals living in poverty usually preferred to be smuggled into the GCC, instead of following legal routes, the reason being that they wouldn't have to accept a contract or an employer while still in Ethiopia. Choosing an employer after having arrived in the Middle East would allow them to find more attractive wages but travelling illegally also heightens their chances of falling into the hands of human traffickers.[7] Legal ways of immigration are also more available to urban residents, due to the proximity of government offices providing travel documents, recruitment agencies, etc. Legal immigration could also prove to be a lengthy process, and people prefer to choose the fastest way of immigration, which exposes them to smuggling.[8]

The most commonly available route to enter the GCC illegally is to cross the Red Sea to Yemen, in the hopes of reaching the Gulf countries by road travel afterwards. The main launching points are currently in Boosaaso, Somalia, and in northern Obock, Djibouti, while a previously reported route involved travel through Sudan. The popularity of the Eastern route has turned Yemen into a migrant smuggling and human trafficking hub, and the maritime routes have involved drownings and abuses.

Yemen to the Horn

The war breaking out in Yemen in 2015 triggered a considerable movement of people to the Horn of Africa. More than 85,000 people made the crossing from March 2015 and April 2016, then numbers fell to hundreds per month.[110] Most refugees were using dhows and fishing crafts.

110 Davy, Deanna. *Unpacking the Myths: Human Smuggling from and Within the Horn of Africa*. Danish Refugee Council, 2017, http://www.mixedmigration.org/wp-content/uploads/2018/05/019_unpacking-the-myths.pdf.

In the more recent years the movement of Yemeni refugees has slowed, but not ceased, and the movement from Yemen to the Horn has also included returns from East African nationals. IOM and UNHCR assisted approximately 5,087 Somalis to return home since 2017, with boats often taking them to the Port of Berbera in Somaliland.[111]

The Kingdom of Saudi Arabia (KSA)

Saudi Arabia is the main destination point for migrants leaving the Horn, and HRW has gathered testimonies of Ethiopian migrants affirming to have encountered abusive prison conditions in Saudi Arabia before having been deported to Addis Ababa.[112]

The KSA is one of the few countries that has not ratified the main international treaties relevant to migrant

111 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

112 "Yemen: Detained African Migrants Tortured, Raped". *Human Rights Watch*, 2018, https://www.hrw.org/news/2018/04/17/yemen-detained-african-migrants-tortured-raped.

detention.[113] The Global Detention Project states that "detention has become an important tool in the government's efforts to restrict unauthorized foreign workers," adding that there is no clear legal difference between criminal incarceration and the detention of migrants.[114] The KSA started an intense deportation campaign of illegal migrants in 2017, involuntarily deporting between 6 and 12 thousand Ethiopian migrants to Addis Ababa each month.[115] Migrants travelling to the KSA have been documented to have made return trips, either after deportation or after having previously voluntarily returned.

Route to North America

There is a reasonably sophisticated syndicate smuggling migrants from the Horn of Africa to North America via South

113 "Mapping Immigration Detention Around the World". *Global Detention Project*, 2020, https://www.globaldetentionproject.org/countries/middle-east/saudi-arabia.

114 "Saudi Arabia Immigration Detention Profile". *Global Detention Project*, 2020, https://www.globaldetentionproject.org/countries/middle-east/saudi-arabia.

115 "Return of Ethiopian Migrants from the Kingdom of Saudi Arabia". *IOM*, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/KSA%20Factsheet_March%202019_Regional%20Data%20Hub.pdf.

Africa.[116] South America has also emerged as a transit point in the journey of African migrants, which is a route that is highly under-researched.[117]

An official from the Immigration, Refugees and Canadian Citizenship Canada stated in an interview about Canadian travel documents for Somalis that there is a network operating in South Africa, moving people from South Africa, through Brazil and South America, presumably to North America. According to the official, departures and arrivals in South Africa are made possible due to corrupt immigration officials and porous borders, and that it is not unusual to hear of individuals making several trips back and forth to Somalia from South Africa. An example of the route used was individuals traveling on a Somali passport with a visa issued

116 "Discussion On Travel Documents From Somalia With Immigration, Refugee and Citizenship Canada". *Immigration and Refugee Board Of Canada*, 2017, https://irb-cisr.gc.ca/en/country-information/research/Pages/somalia-questions-answers.aspx.

117 IOM. *Migrant Smuggling Data and Research: A Global Review Of The Emerging Evidence Base*. 2016. https://publications.iom.int/system/files/smuggling_report.pdf

by Paraguay or Bolivia, after which they make their way up North.[118]

Some South American countries, such as Brazil and Ecuador, do not require a visa for short-term visitors, and although the journey to reach North America is long and arduous, South America offers a feasible starting point. The smugglers have contacts in South America and define the routes, which are flexible to change with policy changes.[119] Wealthier migrants can choose to sail from the northern coast of Colombia to cross into Panama near the Caribbean Sea. The most documented travel of African migrants however occurs on land, a journey that from Brazil or Ecuador can take two years, and can be highly dangerous.[120] The majority

118 "Discussion On Travel Documents From Somalia With Immigration, Refugee and Citizenship Canada". *Immigration and Refugee Board Of Canada*, 2017, https://irb-cisr.gc.ca/en/country-information/research/Pages/somalia-questions-answers.aspx.

119 Lambert, Steve. "Arduous Trek For African Migrants Who Come To Canada Via South America". *The Star*, 2017, https://www.thestar.com/news/canada/2017/03/06/arduous-trek-for-african-migrants-who-come-to-canada-via-south-america.html.

120 Jackson, Joe. "Crossing The Darién Gap: US-Bound Migrants Marooned In Panama Jungle". *Al Jazeera*, 2015, http://america.aljazeera.com/articles/2015/5/2/migrants-marooned-

of overland migrants on this route take the notorious Darien Gap, bordering Panama and Colombia, where local inhabitants started reporting the appearance of African migrants in 2012.[121] No country in on this route keeps precise records involving migrant deaths, injuries, or assaults, but there are numerous accounts of migrants facing harsh environmental exposures, and encountering violent criminal groups.[122]

The US border with Mexico saw a surge of migrants from Eritrea, Somalia, and Sudan in 2019 that had reportedly travelled by plane or by boat to South America, to have then continued their journey on foot through Colombia and Panama on their way to the United States.[123]

panama-jungle.html.

121 Jackson, Joe. "Crossing The Darién Gap: US-Bound Migrants Marooned In Panama Jungle". *Al Jazeera*, 2015, http://america.aljazeera.com/articles/2015/5/2/migrants-marooned-panama-jungle.html.

122 *atal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.

123 Sur, Priyali. "Why Record Numbers Of African Migrants Are Showing Up At The U.S.-Mexican Border". *Foreign Policy*, 2019, https://foreignpolicy.com/2019/06/26/why-record-numbers-of-african-migrants-are-showing-up-at-the-u-s-mexican-border/.

Route north to Europe

Departures from the Horn of Africa to Europe have significantly reduced over the last few years. In 2016 over 31,000 individuals from Ethiopia, Eritrea, and Somalia were reported as having reached Europe through the Mediterranean, compared to less than 500 in 2019. From January to March 2020, less than 250 individuals from the Horn were recorded as having reached Europe (172 Somali nationals, 56 Eritrean nationals, and 5 Ethiopian nationals).[124] Despite the low arrivals in Europe, it is believed that individuals from IGAD member states continue to travel north, but that many remain trapped in Libya[125] in increasingly dangerous situations.[126]

Maritime route from Puntland/Yemen to Sudan

124 "Mediterranean Situation". *Operational Portal UNHCR*, https://data2.unhcr.org/en/situations/mediterranean.

125 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/04/qmmu-q1-2020-eay.pdf.

126 *From Hand To Hand: The Migratory Experience Of East African Refugees and Migrants In Libya*. IMPACT Initiatives, UNHCR, 2019, https://reliefweb.int/report/libya/hand-hand-migratory-experience-east-african-refugees-and-migrants-libya.

In September 2015 there were reports of a new maritime route from Puntland to Sudan, which then continued to Mediterranean launch points in Libya. On 20th September 2015 a news website, Goobjoog reported: "It was mid last month when Puntland coastal guard forces launched an operation hunting down people who smuggle immigrants to Sudan." Admiral Abdirizak Diriye, the head of the Puntland coastal guards confirmed to Goobjoog News that smugglers had a new route, ferrying people into Sudan first, to then take them into Libya, before crossing the Mediterranean Sea to Europe. The Admiral denied the existence of Puntland youths recruited by IS operating in the area.[127]

The route was identified by Mixed Migration as emerging in late 2015 and involving three distinct stages to reach Sudan. Firstly, a crossing from the Boosaaso area to

127 "Puntland Coastguards Detain Smugglers". *Goobjoog News English*, 2015, http://goobjoog.com/english/puntland-coastguards-detain-smugglers/.

landing points in the region of Mukalla, before undertaking an overland journey through Yemen to a launch point around Mokha. A maritime crossing of the Red Sea is then made to Sudan.[128] The route was known to be predominantly used by young Somalis, aged 15 to 25 years. There was no indication of Yemeni nationals using the route, and although Ethiopian migrants could potentially use the route, this remained unconfirmed.[129]

This demographic appears to be driven by the 'recruitment' for the route. Youths were recruited through smuggler networks who were operating through local actors who were active in secondary schools and universities. The recruited youths were told that they would not have to pay anything for their trip, which was effectively the case while they

128 Frouws, Bram, and Olivia Akumu. *Pushed and Pulled In Two Directions*. Mixed Migration, 2016, http://www.mixedmigration.org/wp-content/uploads/2018/05/014_pushed_and_pulled.pdf.

129 Frouws, Bram, and Olivia Akumu. *Pushed and Pulled In Two Directions*. Mixed Migration, 2016, http://www.mixedmigration.org/wp-content/uploads/2018/05/014_pushed_and_pulled.pdf.

were being smuggled from Boosaaso through Yemen, to then reach Sudan or Libya. Upon arrival in Sudan or Libya however, the young migrants were held hostage and were forced to call their relatives and friends to pay release ransoms which were upwards of USD 5,000. According to the IOM, this maritime route emerged to avoid increased security forces on the Ethiopia-Sudan and Ethiopia-Somalia borders.[130]

Military attacks off the Red Sea coast of Yemen have made the waters dangerous for small boats since a naval blockade was imposed.[131] In March 2017, 42 Somalis were killed and 34 injured during an attack on a small dhow transporting people off the Red Sea coast of Yemen on a likely route to Sudan. A crew member reported the location of the attack as

130 Frouws, Bram, and Olivia Akumu. *Pushed and Pulled In Two Directions*. Mixed Migration, 2016, http://www.mixedmigration.org/wp-content/uploads/2018/05/014_pushed_and_pulled.pdf.

131 "Yemen: Coalition Blockade Imperils Civilians". *Human Rights Watch*, 2017, https://www.hrw.org/news/2017/12/07/yemen-coalition-blockade-imperils-civilians.

50 kilometres west of Hodeida,[132] and images of the damaged boat were later taken in the port. Some interviews during the aftermath indicated an Apache (AH-64) helicopter carried out the attack, which the Guardian stated would have belonged to the Kingdom of Saudi Arabia.[133] The images of the damage and injuries and these did not correlate with the weapons carried on an Apache, which would inflict a much larger area of damage. A UNSC investigator concluded that it was highly likely that the injuries and damage were inflicted by a weapon/s with a calibre of 7.62mm or under, and the trajectory indicates that the firing point was an "aerial platform". The Panel additionally found that "it is highly unlikely that an entity other than the Saudi Arabia-led coalition could have carried out the attack".[134]

132 "Yemen: Attack On Refugee Boat Likely War Crime". *Human Rights Watch*, 2017, https://www.hrw.org/news/2017/03/26/yemen-attack-refugee-boat-likely-war-crime.

133 Beaumont, Peter. "More Than 40 Somali Refugees Killed In Helicopter Attack Off Yemen Coast". *The Guardian*, 2017, https://www.theguardian.com/world/2017/mar/17/somali-refugees-killed-helicopter-attack-off-yemen-coast.

134 *S/2018/68, Appendix A To Annex 58*. United Nations Security Council, 2018.

A 2018 UNODC study on the smuggling of migrants cited a more complex sea route used by migrants from the Horn of Africa, which is to cross the Arabian sea to Yemen, to then cross back onto Sudanese shores, instead of taking a land route. Travel by land was noted to be more popular due to a number of reasons, as smuggling by sea requires better planning and organisation. Smugglers need to be able to obtain and manage vessels, the departures, journey, and their own return.[135]

Land routes to Sudan and Libya

Ethiopians, Somalis and Eritreans travelling to Europe have been smuggled through Addis Ababa where they met with brokers who smuggled them to Sudan and further on to Libya. Hawala agents operating in Khartoum managed the finances of the migrants travelling through Ethiopia and Sudan.[136]

135 United Nations Office on Drugs and Crime. Global Study On Smuggling Of Migrants. United Nations, Vienna, 2018.

136 *Human Trafficking and Smuggling On The Horn Of Africa-Central Mediterranean Route*. Sahan Foundation and Intergovernmental Agency On Development (IGAD) Security Sector Program, 2016.

Reports of Organ trafficking

Media reports have emerged over the past decade on the trafficking and removal of organs from people travelling on the northern route, particularly concerning Sudanese victims in Egypt. UNODC reported in 2018 to have collected information of over 700 victims of trafficking in persons for removal of organs in 25 countries over the previous 13 years. In the 2014-2017 period most victims were reported in North Africa and the Middle East. [137]

The strict hygienic conditions and timelines that are necessary to keep an organ viable for transplant rule out a lot of possibilities. Irregular migrants in need of funds can be tricked into selling their kidney under exploitative circumstances, and the threat of organ trafficking may be used in kidnap for ransom cases.

In 2011 the Coalition for Organ-Failure Solution (COFS) released preliminary findings on Sudanese victims of organ trafficking in Egypt. COFS-Egypt had identified 57 Sudanese asylum seekers and refugees who said that they were victims of organ trafficking in Egypt. COFS conducted in-depth interviews with 12 individuals, and physical exams and ultrasounds for five of them confirmed that they had been subjected to a nephrectomy (a surgical removal of a kidney). Four victims showed documents they had received at the hospitals where their nephrectomies occurred to COFS staff which included the victim's respective identifiers[138]. COFS identified two techniques that were employed to target victims:

- In Sudan or at the Sudan-Egypt border: The smugglers/traffickers who assisted the victims to cross the border into Egypt were in direct cooperation with the brokers who arranged the removal of kidneys in Cairo.
- Egypt: Coffee shops (ahaawi) and other meeting places in Cairo were used by brokers to identify the most destitute and isolated individuals.

Both in Egypt as on the Sudan-Egypt border, the victims were often first offered housing and food for several days or weeks by a broker, before being asked for money in return for this help. The victim found themselves unable to pay and the broker then threatened them with deportation, arrest, or homelessness. When the victim was made desperate for money, the idea to sell their kidney was presented. [139]

137 UNODC. Global Report On Trafficking In Persons. 2018, https://www.unodc.org/documents/data-and-analysis/glotip/2018/GLOTiP_2018_BOOK_web_small.pdf.

138 Coalition for Organ-Failure Solution. Sudanese Victims of Organ Trafficking in Egypt. 2011, http://cofs.org/home/wp-content/uploads/2012/06/REPORT-Sud-Victims-of-OT-in-Egypt-NEW-COVER-16-Jan-20124.pdf.

139 Coalition for Organ-Failure Solution. Sudanese Victims of Organ Trafficking in Egypt. 2011, http://cofs.org/home/wp-content/uploads/2012/06/REPORT-Sud-Victims-of-OT-in-Egypt-NEW-COVER-16-Jan-20124.pdf.

Routes to South Africa

Up to 13,000 Ethiopian nationals are estimated to travel along the Southern route to South Africa every year, despite the increased danger and presence of security forces on the route, increasing the protection risks for migrants and refugees travelling along this route.[140] Other major origin countries for the smuggling of migrants travelling to South Africa that have been identified are: Eritrea, Djibouti, and Somalia. These migrants often pass via Kenya, Malawi, Mozambique, and Tanzania, before reaching South Africa.[141]

Migrants travelling using a sea route exit through Kismaayo and Mogadishu by boat, to reach unregulated ports in Northern Kenya, or other important ports such as Mombasa, Kilifi, and Lamu. From Kenya, migrants can take another boat

140 *Smuggled South: An Updated Overview of Mixed Migration from The Horn of Africa To Southern Africa*. RMMS Horn of Africa & Yemen, 2017, http://www.mixedmigration.org/resource/smuggled-south/.

141 Regional Mixed Migration Secretariat (RMMS). *Going West: Contemporary Mixed Migration Trends from The Horn of Africa To Libya and Europe*. 2014.

to Mozambique, or continue their journey on land, crossing Tanzania, Malawi, and Mozambique.[142]

Migrants from Ethiopia and Eritrea travelling by land enter Kenya through the porous borders of Isiolo and Moyale, illustrated by the frequent arrests made in the area.[143]

COVID-19 Implications

The novel Coronavirus has had many, deep reaching implications in human trafficking and the smuggling of migrants. Djibouti, Ethiopia, Kenya, Sudan, and Somalia reported their first cases of the COVID-19 virus in March 2020, and governments implemented strict travel restrictions and border closured in response. The Mixed Migration Secretariat reported in May that migrants in Kenya and Somaliland (Somalia) were in need or additional assistance

142 IOM. *Migrant Smuggling Data and Research: A Global Review Of The Emerging Evidence Base.* 2016. https://publications.iom.int/system/files/smuggling_report.pdf

143 IOM. *Migrant Smuggling Data and Research: A Global Review Of The Emerging Evidence Base.* 2016. https://publications.iom.int/system/files/smuggling_report.pdf

since the coronavirus pandemic began, particularly regarding basic necessities such as food, water, and shelter.[144]

Global Initiative argued in April that due to the intensity of the political will to close and protect borders, high-level complicity and apathy towards human smuggling was likely to disappear, at least in the short-term. Even low-level border officials could be expected to follow anti-smuggling orders more due to the professional risk of disobedience, but also due to the will to protect their own communities from contagion. The will to enforce the border closure does clash with the needs of local communities whose livelihoods depend on smuggling. Global initiative argues that "The longer the movement restrictions are in place, the stronger the pull towards corruption. Where bribes are accepted, desperation and higher

144 "Awareness Of COVID-19 and Access To Services Among Refugees and Migrants In Kenya and Somaliland". *Mixed Migration Centre*, 2020, http://www.mixedmigration.org/wp-content/uploads/2020/05/105_covid_snapshot_EAY.pdf.

risk is likely to drive up the size of bribes demanded."[145]

The measures countering COVID-19 are likely to increase migrant-protection risks, and the penetration of COVID-19 in refugee camps or settlements of stranded migrants could lead to humanitarian disasters.[146]

Impact on routes

Smugglers continuing to operate during COVID-19 need to bypass additional travel restrictions both imposed by local communities, criminal networks prohibiting travel, and law enforcement and border officials. Smugglers forced to travel further underground have shown to use even riskier methods and routes, such as sealed lorries, or smaller boats, which can have catastrophic consequences for migrants.[147]

145 Bird, Lucia. *Smuggling In Time Of COVID-19*. Global Initiative, 2020, https://globalinitiative.net/wp-content/uploads/2020/04/GIATOC-Policy-Brief-003-Smuggling-COVID-28Apr0930-proof-4.pdf. Accessed 1 June 2020.

146 Bird, Lucia. *Smuggling In Time Of COVID-19*. Global Initiative, 2020, https://globalinitiative.net/wp-content/uploads/2020/04/GIATOC-Policy-Brief-003-Smuggling-COVID-28Apr0930-proof-4.pdf. Accessed 1 June 2020.

147 Reitano, Tuesday and Bird, Lucia. *Understanding contemporary human smuggling as a vector in migration, Global Initiative Against Transnational Organized Crime*. Global Initiative, 2018, https://globalinitiative.net/wp-content/uploads/2018/05/TGIATOC-understanding-Contemporary-

There are several reports of migrants being stranded, as they find themselves unable to continue their journey, either as a result of increased law-enforcement capacity, or increased smuggler prices.

Eastern route

The Ethiopian border closure and increased border management in Yemen caused a sharp decrease of the use of the Eastern route. Very few migrants arrived in Djibouti in April, and 3,276 movements were observed at Obock, a number similar to the one observed in March, which likely concerned migrants that had entered the country prior to border closures.[148]

IOM also noted a sharp decline in the number of migrant crossings. Only 1,725 migrants landed on the shores of Yemen in April, comparing to 7,223 counted in March,

Human-Smuggling-1936-hi-res.pdf.

148 "Djibouti — Flow Monitoring Dashboard (1-31 March 2020)". *Flow Monitoring*, 2020, https://migration.iom.int/reports/djibouti-%E2%80%94-flow-monitoring-dashboard-1-31-march-2020.

and 9,624 in February.[149] IOM reported that 1,598 Ethiopian migrants were stranded in Djibouti as of May 2020.[150]

In the KSA and the UAE, nearly 5,000 Ethiopians have been deported due to Covid-19 related fears. A UN memo seen by Reuters said that the KSA was expecting to deport 200,000 Ethiopian nationals. Catherine Sozi, the UN humanitarian coordinator for Ethiopia stated that these large-scale migratory movements could exacerbate the spread of the virus.[151]

Northern route to Europe

UNHCR reported that the Libyan Coast Guard rescued/intercepted 3,078 individuals at sea as of 30th April

149 "Migrant Arrivals and Yemeni Returns from Saudi Arabia In April 2020 | DTM". *IOM Flow Monitoring Points*, 2020, https://dtm.iom.int/reports/yemen-%E2%80%94-flow-monitoring-points-migrant-arrivals-and-yemeni-returns-saudi-arabia-april-2020.

150 "Djibouti — Stranded Migrants (28 May 2020)". *Displacement IOM*, 2020, https://displacement.iom.int/reports/djibouti-%E2%80%94-stranded-migrants-28-may-2020.

151 "Ethiopian Government on The Forefront Of COVID-19". *UN Capital Development Fund (UNCDF)*, 2020, https://www.uncdf.org/article/5528/ethiopian-government-on-the-forefront-of-covid-19.

2020, compared to 1,126 the year before.[152] According to UNHCR spokesman Babar Balloch the ongoing armed conflict has severely impacted the country's healthcare system, causing shortages of basic equipment and medicines and making the country unable to face the pandemic adequately. Regarding the situation of those held in detention, Balloch stated that: "Asylum seekers and refugees, held in detention because they do not have legal documentation, are particularly vulnerable and exposed, given often poor sanitation facilities, limited health services and overcrowded conditions. Many detention centres are also located in areas close to the fighting frontlines."[153]

Safety operations and support to migrants in the Mediterranean decreased due to COVID-19, which increased

152 "Libya: Activities at Disembarkation, Monthly Update - April 2020". *UNHCR*, 2020, https://reliefweb.int/report/libya/libya-activities-disembarkation-monthly-update-april-2020.

153 Schlein, Lisa. "Coronavirus, Conflict Threaten Thousands of Refugees, Migrants Detained in Libya". *Voice of America*, 2020, https://www.voanews.com/middle-east/coronavirus-conflict-threaten-thousands-refugees-migrants-detained-libya.

the risk of drowning. Official rescue operations have been hampered due to safety precautions[154] and vessels carrying rescued migrants have been quarantined.[155] Private rescue operations were suspended.[156]

Route to North America

Air travel has been completely disrupted and is typically used in the "full package" migrant smuggling model. Global Initiative notes that should future air travel include the need for additional documentation (such as proof of vaccination, travel to at-risk-areas, etc.), this could create a new market for fraudulent travel permission documents.[157]

154 Azzopardi, Kart. "AFM Rescues 112 Migrants After 48 Hour Wait". *Malta Today*, 2020, https://www.maltatoday.com.mt/news/national/101031/afm_rescues_112_migrants_after_48hour_wait_#.Xn4iLi2cbOR. Accessed 1 June 2020.

155 Médecins Sans Frontières. *SAR Ocean Viking in quarantine*. 2020, https://www.msf.org.za/stories-news/press-releases/sar-ocean-viking-quarantine

156 D'Ignoti, Stefani. "How coronavirus hits migrants and asylum seekers in Italy". *The New Humanitarian*, 2020, https://www.thenewhumanitarian.org/news/2020/03/16/italy-coronavirus-migrants-asylum-seekers.

157 Bird, Lucia. *Smuggling in Time Of COVID-19*. Global Initiative, 2020, https://globalinitiative.net/wp-content/uploads/2020/04/GIATOC-Policy-Brief-003-Smuggling-COVID-28Apr0930-proof-4.pdf. Accessed 1 June 2020.

Smuggling of migrants

Role of recruitment agencies

Recruitment agencies are typically subcontracted for the hiring of migrants, and for acting as facilitator between migrant workers and eventual employers. The recruitment agency is expected to match aspiring workers with a job, to provide pre-departure and professional training, and make the visa and travel arrangements. Recruitment agencies can be based in the country of destination and work with local middlemen or intermediaries, who take care of the migrant recruitment. Recruiters play an important role in assuring a smooth function of the migrant workers supply chain, but regulation is essential to ensure the protection of workers.[158]

Migrant workers can be vulnerable to forced labour by being deceived by their recruiter during the hiring process,

158 "Understanding the Role of Labor Recruiters in The Human Trafficking and Forced Labor Of Migrant Workers". *Verité*, 2011, https://helpwanted.verite.org/node/720/lightbox2.

often by being saddled with heavy debt, which is usually an exaggeration of recruitment fees, or by facing abusive circumstances in their work environment while being unable to change employers due to restrictive visa regulations. Investigations have shown that local agents are in some cases also misled by the external recruitment agency and instructed to give out empty promises of a better future to the aspiring workers.[159]

Employers often exacerbate the migrant's situation by paying less than the recruiter had promised. Other observed methods used to control the worker are withholding their passport, controlling their bank account, and placing the worker in physical isolation. Once a worker is living in a foreign workplace, while saddled with a large debt and interest payments, and is additionally facing abusive circumstances, it is

159 UNODC. *The Role of Recruitment Fees and Abusive and Fraudulent Recruitment Practices of Recruitment Agencies in Trafficking In Persons*. UNODC, Vienna, 2015, https://www.unodc.org/documents/human-trafficking/2015/15-05035_ebook-_Recruitment_Fees.Agencies.pdf.

nearly impossible to escape.[160]

A UNODC report on the role of recruitment agencies in human trafficking notes that human trafficking cases are not systematically documented in East Africa, making evidence scarce, but there are indications that individuals who are suspected to be victims of human trafficking were recruited by fraudulent recruitment agencies and their intermediaries.[161]

Countries are increasingly aware of this issue, as shown by the Kenyan government who vetted 69 agencies specialised in recruiting Kenyan nationals to work abroad in 2018, in an effort to streamline the process of Kenyan external migration, and to facilitate the assistance of nationals needing assistance once abroad. Hundreds of other recruitment agencies were

160 "Understanding the Role of Labor Recruiters in The Human Trafficking and Forced Labor Of Migrant Workers". *Verité*, 2011, https://helpwanted.verite.org/node/720/lightbox2.

161 UNODC. *The Role Of Recruitment Fees and Abusive and Fraudulent Recruitment Practices Of Recruitment Agencies In Trafficking In Persons*. UNODC, Vienna, 2015, https://www.unodc.org/documents/human-trafficking/2015/15-05035_ebook-_Recruitment_Fees.Agencies.pdf.

prohibited from operating in the country.[162]

Recruitment

Most migrants decide to travel to Yemen out of their own volition and hire the services of a smuggling syndicate. Recruitment is therefore mostly done through informal networks and through word of mouth. Social media also plays a role, although it contains a higher risk factor and code language is therefore heavily used.[163]

Payment

There does not seem to be one dominating model for the payment of a smuggling fee. The agreements between migrants and smugglers vary, some pay bit by bit as the travel advances, others pay half upfront, half upon arrival, others pay all after arrival. Transfers are usually done via Hawala, but migrants also pay cash, get a loan, work to cover the costs along

162 "2019 Trafficking In Persons Report: Kenya". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

163 Author interview, International Organisation East African Expert, 23 April 2020

the route, etc. Some migrants make an agreement with an agent before they travel, and the agent then hands over the money to a smuggling syndicate once the migrant has reached their intended destination. Migrants are known to predominantly fund their travels through their savings, followed by friends, family, or community abroad and at home.[164]

Regarding the prices, media reports said that the original quoted price ranged from USD 300 to USD 800 for the journey, from Ethiopia or Djibouti, to Saudi Arabia.[165] Whichever agreement was reached, the journey can run smoothly, and the migrant can reach Saudi Arabia unscathed, where they then can call their families to wire the money to the smugglers, if they travelled via a 'travel now, pay later' model.

164 "Young People On The Move From East Africa". *Mixed Migration Centre East Africa & Yemen 4Mi Snapshot*, 2019, http://www.mixedmigration.org/wp-content/uploads/2019/11/076_snapshot_eay-.pdf.

165 Associated Press. "Ethiopians Brave Deserts and Smugglers On The Way To Saudi Arabia". *Los Angeles Times*, 2020, https://www.latimes.com/world-nation/story/2020-02-13/ethiopians-brave-deserts-and-smugglers-on-the-way-to-saudi.

Originally smuggled migrants can also be abandoned by their smuggler on the way or fall victim to human trafficking and being sold into forced labour.[166] Kidnappings for ransom and physical abuse of migrants has been documented at length, and mostly take place after the crossing to Yemen.

Some migrants choose to not use the services of a smuggler, and instead arrive to the crossing points on their own means, often after perilous long walks in the Djiboutian desert. Travel by foot is the most common mean of transport to reach the launching points. [167]

Risk of abuse

Smuggling with Aggravated Circumstances

The Protocol against the Smuggling of Migrants (UN, 2000), outlines Smuggling with Aggravated Circumstances, as

166 Associated Press. "Ethiopians Brave Deserts and Smugglers on the Way to Saudi Arabia". *Los Angeles Times*, 2020, https://www.latimes.com/world-nation/story/2020-02-13/ethiopians-brave-deserts-and-smugglers-on-the-way-to-saudi.

167 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

involving conditions:

(a) That endanger, or are likely to endanger, the lives or safety of the migrants concerned; or

(b) That entail inhuman or degrading treatment, including for exploitation, of such migrants.

On the routes from the Horn of Africa to Yemen, these factors include overloading, crossing in unsuitable boats during rough weather, a lack of safety gear. There are accounts of boats being overloaded to a point that migrants are threatened with being thrown overboard and beaten for moving. On arrival from the Gulf of Aden routes, there are accounts of people being pushed overboard before the surf line and drowning. Other crimes are committed, notably sexual and gender-based violence. On the route from Djibouti, women have reported on being held onboard after the boat reached Yemen and attacked.

The situation becomes considerably more dangerous

once irregular migrants arrive in Yemen. UNHCR has catalogued migrant reports of physical and sexual abuse, deprivation of food and water, abduction, extortion, torture, and forced labour by Yemeni criminal syndicates and smugglers. There has also been an increase in arrests, detention and forced returns.[168] Danielle Botti of the Regional Mixed Migration secretariat told the Guardian that "only a very small minority make it to Saudi Arabia without facing at least one incident of abuse."[169]

The conflict in Yemen does not seem to have affected the abuse faced by East African migrants travelling to the GCC. 2018 interviews by HRW seem to indicate that if anything, the war since 2015 has made the journey even more dangerous, as

168 "Insecurity in Yemen Threatens Incoming Refugees and Migrants". *UNHCR*, 2017, https://www.unhcr.org/uk/news/latest/2017/2/5899a1524/insecurity-yemen-threatens-incoming-refugees-migrants.htmlhttp:/www.unhcr.org/uk/news/latest/2017/2/5899a1524/insecurity-yemen-threatens-incoming-refugees-migrants.html%20-.

169 Gardner, Tom. "Deadly Journeys: How Despair Drives Young Ethiopians to Flee to Yemen". *The Guardian*, 2018, https://www.theguardian.com/global-development/2018/may/09/young-ethiopians-poverty-yemen-the-gulf.

migrants at time cross areas of active fighting.[170]

Detention centres

While these detention centres are in Yemen, most of those held are from IGAD Member States. Arbitrary arrests and detention in Yemen are ongoing, reports in December 2019 indicated that 78 African refugees and migrants, mainly from Eritrea, Djibouti, Ethiopia and Somalia were being held in a prison in Ta'iz in the southern part of Yemen. The migrants stated to have been detained for three months with security authorities claiming that there were no alternative shelters to place migrants.[171] As the Covid-19 pandemic spreads, these populations are particularly vulnerable. Multiple UN agencies released a statement on the needs of those held in formal and informal detention facilities.[172]

170 "Ethiopians Abused on Gulf Migration Route". *Human Rights Watch*, 2018, https://www.hrw.org/news/2019/08/15/ethiopians-abused-gulf-migration-route.

171 Mixed Migration. *Quarterly Mixed Migration Update: East Africa & Yemen*. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

172 "'Overwhelmed' Health Systems Have Little Room for Sick Refugees, Migrants, UN Agencies Warn". *UN News*, 2020, https://news.un.org/en/story/2020/04/1061062?fbclid=IwAR3zHS4mqZ51pfpE_xXXbDZ0Lc7gGj

In 2018, HRW reported: "Yemeni government officials have tortured, raped, and executed migrants and asylum seekers from the Horn of Africa in a detention centre in the southern port city of Aden." The detention centre was later shut down. Forced returns have included using maritime smugglers to return irregular migrants. Eritreans appear to have been held longer in detention than migrants originating from other countries.[173]

WILD ANIMALS AND WILDLIFE PRODUCTS

Trafficking in wild animals and wildlife products is a pervasive and growing problem in the region and was officially identified by IGAD as a priority issue in 2017, with an agreement to support multinational law enforcement efforts

mGRkm8jCPmxZq65LTLi1dUemwIV4.

173 "Yemen: Detained African Migrants Tortured, Raped". *Human Rights Watch*, 2018, https://www.hrw.org/news/2018/04/17/yemen-detained-african-migrants-tortured-raped.

and to establish the Horn of Africa Wildlife Enforcement Network (HAWEN).[174] Although some authorities classify illicit wildlife trade (IWT) as an environmental crime, in this report it has been assigned to the smuggling and trafficking category, due to the importance of criminal networks and trade chains in this illegal activity and the overlap between IWT and other forms of trafficking.

Every year, the illegal wildlife trade (IWT) displaces billions of US dollars of national revenue from developing countries to the criminal individuals and networks involved in this crime. Traffickers exploit legitimate transport, logistics services and international trade routes to move wildlife and their products illegally from source to consumer countries.[175]

174 Gebrezgabiher, Haftu. "*Ethiopia: IGAD Moves on Regional Wildlife Anti-Trafficking Law Enforcement*". The Ethiopian Herald, 2017, http://www.savetheelephants.org/about-elephants-2-3-2/elephant-news-post/?detail=ethiopia-igad-moves-on-regional-wildlife-anti-trafficking-law-enforcement.

175 TRAFFIC, *Countering Wildlife Trafficking Through Tanzania's Sea Ports*, Cambridge, United Kingdom, 2019. https://www.traffic.org/site/assets/files/12444/tanzania-ports-vtraffic-vfinal-web-public.pdf.

Increasing demand for wildlife products, especially in Asia and the Middle east, is threatening many animal and plant species such as the Black Rhinoceros (*Diceros bicornis*), the African Elephant (*Loxodonta africana*), three species of African pangolins, and cheetahs.

Monitoring IWT is challenging for a variety of reasons. Traffickers vary their products, routes and methods according to consumer demand, market access and security of routes – choices that may not always appear to make financial sense. For example, despite Asia being the primary market for wild animals and wildlife products, wildlife protection groups have increasingly observed exports of ivory and pangolins from East Africa being routed overland via West Africa. Such choices don't always appear to make financial sense, but they may improve the cargo's prospects of avoiding detection and seizure. For example, ivory from the same animals has been

intercepted in shipments from both East and West Africa, suggesting that traffickers may be distributing risk across several export routes. In another example, one consignment of wildlife products was carried by sea from East Africa to West Africa and then onward to Asia via the Suez Canal.[176] Traffickers are believed to use such circumlocutory routes to lower costs and to blur their trails: containers traveling via the Suez Canal or transiting ports in Europe or South America are less likely to be inspected for ivory than those arriving directly from Africa.[177]

Ivory

Ivory trafficking has grown into a multibillion-dollar trade, killing an estimate of over 40,000 African elephants annually. High-level economic growth in Asia has fuelled the current IWT crisis -- especially illegal ivory trade -- since the region's increasing population and growing middle class have

176 Author interview, Wildlife Conservation NGO source, 30 March 2020.
177 Author interview, Wildlife Conservation NGO source, 30 March 2020.

unleashed high demand for luxury products such as ivory and other rare animal parts.

China banned the domestic ivory trade in late 2017, but according to a Dutch-based NGO, the Wildlife Justice Commission, the overall picture of ivory trafficking out of Africa deteriorated dramatically during the period 2017-2019,[178] with the average weight of ivory in large seizures increasing by over 200% from 2015–17. The year 2019 saw an increasing number of large-scale ivory seizures, including the three largest seizures since 1989. One of these, comprising 9.1 tonnes of ivory impounded in Viet Nam in April 2019, was the largest ivory seizure on record.[179]

The elephant population in the IGAD region, which used to be a major source of ivory, has been badly depleted by

178 Wildlife Justice Commission, *Snapshot analysis: Ivory smuggling: 2015–2019, concealment, routes and transportation methods*, 2019.

179 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

poaching. Mombasa in particular was one of the main ivory trafficking hubs in the past.[180] In more recent years, it has been observed that most ivory trafficking now originates in central and southern Africa.[181] It has been observed that since 2017, ivory trafficking routes have shifted from East to West Africa, with no major seizures in Kenya or Tanzania but a rising frequency of incidents in Nigeria, Angola and Cote d'Ivoire. But according to recent research, at least two of Africa's largest ivory smuggling cartels may be based in IGAD Member States. Available data suggest that ivory smuggling represents by far the greatest share of IWT from the region, but this is partly explained by a bias in reporting by Member States: under the CITES convention, participating governments are required

180 UNODC. *Transnational Organised Crime in East Africa, A Threat Assessment*. 2013, https://www.unodc.org/res/cld/bibliography/transnational-organized-crime-in-eastern-africa-_-a-threat-assessment_html/TOC_East_Africa_2013.pdf.

181 "Elephant Poaching Falls Dramatically in Africa". *Science | AAAS*, 2019, https://www.sciencemag.org/news/2019/05/elephant-poaching-falls-dramatically-africa.; Steyn, Paul. "African Elephant Numbers Plummet 30 Percent, Landmark Survey Finds". *National Geographic*, 2016, https://www.nationalgeographic.com/news/2016/08/wildlife-african-elephants-population-decrease-great-elephant-census/.

to share information concerning elephant product seizures to ETIS. This while a large, long-term dataset of ivory seizures from 1989 to the present currently exists, no such dataset exists for other species.[182]

Mounting evidence suggests that ivory trafficking in Africa is organised in a relatively centralised way, with a few major international cartels operating across the continent: foreign nationals from Asia (mainly China and Vietnam), operating through Africa-based transnational criminal syndicates, have reportedly taken almost total control of the illegal ivory supply chain from Africa to Asia.[183] Undercover investigations have revealed that traffickers speak of 'owning the road', which means that they possess a route, from source to destination,

182 Outhwaite, William, and Leanne Little. *Countering Wildlife Trafficking Through Kenya's Ports - A Rapid Seizures Analysis*. Traffic, 2020. https://www.traffic.org/site/assets/files/12726/kenyas-ports-analysis-1.pdf.

183 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

and that they are confident about all stages.[184] A leading conservationist and elephant expert asserted in 2017 that "It's not hundreds of groups involved in ivory trafficking – there are just a handful of networks operating across Africa."[185] One indicator supportive of this hypothesis is that the volume of some ivory seizures (over 500kgs) requires a level of planning and financing that only large criminal organisations could manage.[186] In addition, the DNA analysis of tusks found in 38 large ivory seizures between 2011 and 2014 led researchers to conclude that there might be as few as three major export cartels operating in Africa, operating from Lomé in Togo, Entebbe in Uganda, and Mombasa in Kenya.[187]

184 Author interview, Wildlife Conservation NGO source, 30 March 2020.

185 McConnell, Tristan. "'They're Like The Mafia': The Super Gangs Behind Africa's Poaching Crisis". *The Guardian*, 2017, https://www.theguardian.com/environment/2017/aug/19/super-gangs-africa-poaching-crisis.

186 Milliken, T., Burn, R.W., Underwood, F.M. and Sangalakula, L. "*The Elephant Trade Information System (ETIS) and the Illicit Trade in Ivory: a report to the 16th meeting of the Conference of the Parties*". CoP16 Doc. 53.2.2 (Rev. 1), CITES Secretariat, 2012.

187 Wasser, Samuel K. et al. "*Combating Transnational Organized Crime By Linking Multiple Large Ivory Seizures To The Same Dealer*". Science Advances, vol 4, no. 9, 2018, p. eaat0625. American Association For The Advancement Of Science (AAAS), doi:10.1126/sciadv.aat0625.

Pangolins

Trafficking in pangolins has also become an increasingly urgent problem. Pangolins have traditionally been consumed and their parts used for cultural, spiritual and medicinal purposes in many parts of Africa, but as demand for pangolin meat and scales has been growing in Asia over the past two decades, poaching and trafficking of the animal have also expanded dramatically.[188] All species of African pangolins have been included in the IUCN Red List of Threatened Species since 2007 and are considered to be threatened with extinction, largely due to hunting for the international market and local use, based on current trends and projections.[189] It has been estimated that up to 2.7 million pangolins are poached for their scales and meat every year.[190] Between 2010 and 2015,

188 Heinrich, Wittmann et al. "The global trafficking of pangolins: A comprehensive summary of seizures and trafficking routes from 2010–2015." *TRAFFIC, 2017*.

189 IUCN, *The IUCN red list of threatened species*, 2019, http://www.iucnredlist.org/.

190 Conciatore, Jacqueline. "Up To 2.7 Million Pangolins Are Poached Every Year For Scales and Meat". *African Wildlife Foundation*, 2019, https://www.awf.org/blog/27-million-pangolins-are-poached-every-year-scales-and-meat.

67 countries and territories were involved in international pangolin trafficking, and each year, 27 new trade routes were identified, highlighting the dynamic nature of the trade.[191] Three of the four African species of pangolin are found in the IGAD region: the giant pangolin (*Smutsia gigantea*), the white-bellied pangolin (*Phataginus tricuspis*) and Temminck's ground pangolin (*Smutsia temminckii*).[192] Pangolins gained visibility with the Covid-19 pandemic, although the evidence of their implication as a vector remains unclear,[193] and China removed pangolins from the official list of traditional Chinese medicine treatments in June 2020, which increased the animal's protected status.[194]

191 Heinrich, Wittmann et al. "The global trafficking of pangolins: A comprehensive summary of seizures and trafficking routes from 2010–2015." *TRAFFIC, 2017*.

192 Ingram, Daniel J. et al. "First Records Of Pangolin Trafficking In South Sudan". *African Journal Of Ecology*, vol 58, no. 1, 2019, pp. 133-137. *Wiley*, doi:10.1111/aje.12678.

193 "Pangolins Carry Strains Related To New Coronavirus". *BBC News*, 2020, https://www.bbc.com/news/science-environment-52048195.; "Wildlife Crime Putting Environment and Health At Risk: UN Report". *UN News*, 2020, https://news.un.org/en/story/2020/07/1068121.

194 "Hope For Pangolins As Protection Boosted In China". *BBC News*, 2020, https://www.bbc.com/news/science-environment-52981804.

Cheetahs

The Cheetah Conservation Fund estimates that approximately 300 cheetah cubs are captured in East Africa each year, primarily in Ethiopia, northern Kenya, and Somalia.[195] This illegal trade is threatening to wipe out their populations in Ethiopia and neighbouring Somalia.[196] The Ethiopian Wildlife Conservation Authority (EWCA) argues that although significant numbers of cheetah cubs are illegally smuggled out of the Horn, countries from the Horn need to conduct detailed assessments in order to support whether this estimate is correct.[197] The captured cubs are smuggled to Middle Eastern countries, particularly to the Kingdom of Saudi Arabia, and in the United Arab Emirates, where cheetahs and other exotic animals are popular pets. The demand for the

195 Webster, Nick. "Cheetah Poaching Crisis In Horn Of Africa Becoming 'An Epidemic'". *The National*, 2019, https://www.thenational.ae/uae/cheetah-poaching-crisis-in-horn-of-africa-becoming-an-epidemic-1.859658.

196 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

197 Author interview, EWCA, electronic communication, 30th June 2020

animals remains constant due to their fragile nature, and their short life span in captivity.[198] Daniel Pawlos, the director for trafficking and control at the Ethiopian Wildlife Conservation Authority estimates that four captured cubs leave the region each month.[199]

Illegal Wildlife Trade Organisation

Historically, efforts to combat Illegal Wildlife Trade (IWT) have concentrated on protection of endangered species anti-poaching measures. But poachers, and ivory poachers in particular, are bottom-tier suppliers in a pyramid-shaped hierarchical system of middlemen who progressively amass ivory as it is prepared for export by cartels.[200] The high cost of firearms and ammunition needed to poach elephants on the

198 Webster, Nick. "Cheetah Poaching Crisis in Horn Of Africa Becoming 'An Epidemic'". *The National*, 2019, https://www.thenational.ae/uae/cheetah-poaching-crisis-in-horn-of-africa-becoming-an-epidemic-1.859658.

199 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

200 Wasser, Samuel et al. *"Combating the Illegal Trade In African Elephant Ivory With DNA Forensics"*. Conservation Biology, vol 22, no. 4, 2008, pp. 1065-1071. Wiley, doi:10.1111/j.1523-1739.2008.01012.x.

scale witnessed today suggests that poachers are either directly or indirectly funded by the cartels responsible for export.[201] The use of traditional weapons, such a spears, arrows, and poison has also been observed in wildlife poaching.[202] Poaching in central Africa has shown to be much more organised, with cases of organised groups shooting elephants from the air.[203]

Poachers involved in other forms of IWT, such as cheetahs, are also usually at the bottom of the criminal pecking order in sophisticated, but typically less hierarchical, transnational criminal networks. When caught in the field, poachers rarely have more wildlife products in their possession than they can carry, and even when they are successfully

201 Wasser, Samuel K. et al. "*Combating Transnational Organized Crime by Linking Multiple Large Ivory Seizures to The Same Dealer*". Science Advances, vol 4, no. 9, 2018, p. eaat0625. American Association For The Advancement Of Science (AAAS), doi:10.1126/sciadv.aat0625.

202 *In the Line of Fire, ELEPHANT AND RHINO POACHING IN AFRICA*. 2015, http://www.smallarmssurvey.org/fileadmin/docs/A-Yearbook/2015/eng/Small-Arms-Survey-2015-Chapter-01-EN.pdf.

203 "Update: Garamba National Park's Poaching Crisis". *African Parks*, 2014, https://www.africanparks.org/newsroom/press-releases/update-garamba-national-parks-poaching-crisis.

arrested and prosecuted, others can easily be recruited to replace them.[204]

Efforts to pursue and prosecute the higher-level criminals who manage the cartels and oversee the international shipment of IWT cargos face tremendous challenges. Poaching and trafficking in wild animals and their parts have thrived because of loopholes in law enforcement all along the trade chain, corruption, weak capacity, and high demand in Asian markets.[205] Moreover, containerised shipping is particularly attractive for transport of IWT products due to its cost-effectiveness and the high volume of cargo involved, which is routinely subject to fewer restrictions and customs inspections.[206]

204 Wasser, Samuel K. et al. *"Combating Transnational Organized Crime by Linking Multiple Large Ivory Seizures to The Same Dealer"*. Science Advances, vol 4, no. 9, 2018, p. eaat0625. American Association For The Advancement Of Science (AAAS), doi:10.1126/sciadv.aat0625.

205 Weru, S. *Wildlife Protection and Trafficking Assessment in Kenya: Drivers and Trends of Transnational Wildlife Crime in Kenya and its Role as A Transit Point for Trafficked Species in East Africa*. TRAFFIC, Cambridge, 2016, http://www.trafficj.org/publication/16_Wildlife_Protection_and_Trafficking_Assessment_Kenya.pdf.

206 TRAFFIC, *Countering Wildlife Trafficking Through Tanzania's Sea Ports*, Cambridge, United Kingdom, 2019. https://www.traffic.org/site/assets/files/12444/tanzania-ports-vtraffic-vfinal-web-public.pdf.

International seaports and their associated infrastructure (i.e. inland container depots) are therefore key consolidation and exit points for large-scale trafficking, but screening and intercepting shipments containing illegal products is not an easy task due to the sheer scale of the maritime industry that transports 90% of the world's trade.[207]

Traffickers are also highly adaptive, taking advantage of ports and airports where technology is lagging and/or corruption is well-established. When new countermeasures in a given location present new obstacles, traffickers may resort to multiple smuggling routes and varied concealment methods in order to mitigate the risk of detection.[208]

Chinese and Vietnamese syndicates

High-level economic growth in China has fuelled the

207 ICS, *Shipping and World Trade*, http://www.ics-shipping.org/shipping-facts/shipping-and-world-trade

208 C4ADS, *In Plane Sight: Wildlife Trafficking in the Air Transport Sector*, 2018, https://www.traffic.org/site/assets/files/10858/in_plane_sight.pdf.

latest international wildlife trafficking crisis. The high demand for luxury products, such as ivory, is one of the main drivers of IWT. Foreign nationals, mostly from China and Vietnam are operating through Africa-based criminal syndicates, which has led to them having a near total control of the illegal ivory supply from Africa to Asia. A Traffic workshop in Nairobi noted that: "indeed, not since colonial times, have foreign nationals played such a decisive role in Africa's ivory trade."[209] The Chinese government is trying to push back against this image and has taken significant steps to close its legal domestic ivory market in 2016. Chinese law enforcement has also become more involved in tackling transnational organized crime involving Chinese citizens, with a view to bring them back to China for prosecution. The United States has been involved in tackling criminal network in the IGAD region when a connection to the United States has been found, as illustrated

209 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

by the Akasha network and the Moazuh Kromah cases. As noted by Global Initiative, transnational wildlife trafficking networks that do not involve Chinese nationals, affect Chinese citizens, or where no US nexus can be found or developed, do not fall under the purview of either country. For example, Vietnamese networks, which play a major role in trafficking all kinds of wildlife products, including ivory and rhino horn from Africa to Vietnam, might not fall within these US or Chinese mandates,[210] and therefore may not be investigated as a transnational network.

The Shuidong syndicate, named after the city in southern China, was a major trafficking network, known for smuggling ivory from Tanzania to China for over 20 years. The syndicate was recently dismantled following an investigation of the Environmental Investigation Agency (EIA) in collaboration

210 Global Initiative. "Civil Society Observatory Of Illicit Economies In Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.; see also: EIA, *'Exposing the Hydra': The growing role of Vietnamese syndicates in ivory trafficking*, 2018, https://reports.eia-international.org/exposingthehydra/.

with Chinese law enforcement.[211]

According to EIA, Vietnamese-led wildlife crime syndicates conform to a loose hierarchical structure of roles and responsibilities, although there is also a fluidity between the groups that allows for increased cooperation and enables workers and transporters to switch affiliations. These organised crime groups rely on corruption to facilitate the trafficking of wildlife from Africa to Asia. Most of the Vietnamese syndicates trade in a variety of contraband wildlife and often despatch mixed cargoes including ivory, rhino horn and pangolins. The syndicates use specialist transporters to send wildlife to Vietnam, and switch routes to avoid detection following major seizures. The syndicates investigated by EIA had the following organised crime indicators: organised structure to poaching, use of financial investment, sophistication of smuggling

211 EIA. *The Shuidong Connection: Exposing The Global Hub Of The Illegal Ivory Trade*. 2017, https://eia-international.org/wp-content/uploads/EIA-The-Shuidong-Connection-FINAL-1.pdf.

techniques and routes, use of fake or front companies, use of mules or couriers, use of multiple shipments, collaboration with other organised crime groups, money laundering, and use of persons of high political or social status.[212]

DRUGS AND PSYCHOTROPIC SUBSTANCES

There has been a significant increase in the trafficking of cocaine, heroin and Amphetamine Type Substances (ATS) on routes via countries in Africa. In the IGAD region, the development of a major Indian Ocean maritime heroin trafficking route has posed a severe threat as bulk quantities of the drug are landed on the Swahili Coast. Countries in the IGAD region have faced further new threats, including the first detected cases of ATS manufacture in several countries. Cocaine trafficking has been ongoing into and via a number of

212 EIA, *'Exposing the Hydra': The growing role of Vietnamese syndicates in ivory trafficking*, 2018, https://reports.eia-international.org/exposingthehydra/.

countries in the IGAD region.

Case studies by drug type provide an overview of the cultivation/manufacturing trends and trafficking patterns in Africa. In the IGAD region, information is limited, and this case study approach provides an opportunity to identify threat areas. The focus is on hard drugs that are predominantly trafficked on transnational routes, from source areas in South America and South Asia. Exceptions are ATS and prescription opioids, which can be manufactured anywhere. ATS and the precursors to produce them, as well as prescription opioids, are still trafficked to Africa.

Despite Covid-19 restrictions, the authors have received official responses from multiple countries in the IGAD region and travelled to another before the lockdown. This material was supplemented with open-source reports, interviews with subject matter experts and analysis of court cases and drug

seizures

,Official data on drug seizures and drug use is extremely limited in official reporting from countries in the IGAD region to the United Nations Office on Drugs and Crime (UNODC). Three UN Conventions cover drugs and precursors. Member States implement the Conventions through domestic legislation, with the framework providing a degree of uniformity in approach. South Sudan is not a signatory of either the 1961 Single Convention on Narcotic Drugs or the Convention on Psychotropic Substances of 1971, which cover official reporting of drug threats.[213] Somalia and South Sudan have not signed the 1998 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which covers the trafficking of precursors.[214] Nevertheless, in some

213 UN International Drug Control Conventions. Available at: https://www.unodc.org/middleeastandnorthafrica/en/publications/international-drug-control-conventions.html

214 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1998: https://treaties.un.org/Pages/ViewDetails.aspx?chapter=6&clang=_en&mtdsg_no=VI-19&src=IND

years only one IGAD country reported on drug seizures or drug use, and in other years there are complete gaps.[215] These data gaps hinder opportunities to monitor drug and precursor threats at both the country and regional level.

There are further limitations in information available and prosecutions, notably in investigations into financial flows. The report of the Twenty-ninth Meeting of Heads of National Drug Law Enforcement Agencies, Africa, held in 2019, noted: "In spite of increasing drug trafficking through the African continent, the number of investigations into drug-related money-laundering remains very limited."[216]

Official Data on Drug Seizures, Costs (Wholesale and Retail) and Use:

215 Reporting from the Annual Research Questionnaires (ARQs) is recorded in the UNODC data portal, Available at: https://dataunodc.un.org

216 UNODC HONLAF (2019). Report of the Twenty-ninth Meeting of Heads of National Drug Law Enforcement Agencies, Africa, held in Balaclava, Mauritius, from 16 to 20 September 2019. (UNODC/HONLAF/29/6, para 33). Available at: https://undocs.org/en/UNODC/HONLAF/29/6

O Opiates	C Cocaine	A ATS

Official data	
No official reporting	
Not a signatory	

Annual Drug Seizures

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Djibouti									
Eritrea									
Ethiopia									
Kenya									
Somalia									
South Sudan									
Sudan	O C A	O C A	O C A	O C A	O C A	O C A	O C A	O C A	O C A
Uganda									

Source: Country details from https://dataunodc.un.org

Data on annual drug seizures reported in the Annual Research Questionnaires (ARQs) is extremely limited across the IGAD region, with only reporting from Sudan since 2010.[217] Nevertheless, in some countries comprehensive

217 Reporting from the Annual Research Questionnaires (ARQs) is recorded in the UNODC data portal, Available at: https://dataunodc.un.org The UNODC has other streams of collection

data is available. For example, Kenya collates comprehensive annual seizure data with key cases and has made this available for the IGAD study. This material is covered in the Kenya section.

Wholesale and/or Retail Drug Prices

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Djibouti									
Eritrea									
Ethiopia									
Kenya					O C A	O C A	O C A	O C A	O C A
Somalia									
South Sudan									
Sudan								O C A	
Uganda									

Source: Country details from https://dataunodc.un.org

There is only data on wholesale drug prices from Sudan on ATS in 2017. There was limited reporting prior to 2010, with a report from Kenya in 2004 and a report from Uganda in concerning opiate wholesale prices. Kenya did report a

and sharing, including a restricted access Drugs Monitoring Platform.

set of retail data from 2014 to 2018, for opiates and cocaine. These data gaps preclude opportunities to monitor threats that drugs are increasingly available, which would typically show as reduced prices. The data gaps also prevent opportunities to carry out meaningful analysis at the regional level.

Drug Use

	2010	2011	2012			2013	2014	2015	2016	2017	2018
Djibouti											
Eritrea											
Ethiopia											
Kenya			O	C	A						
Somalia											
South Sudan											
Sudan											
Uganda											

Source: Country details from https://dataunodc.un.org

Data for the IGAD region does not show as available for the period since 2010, in the ARQs. Government data is listed as available for Kenya in 2012.[218] In open source

218 https://dataunodc.un.org/data/drugs/Prevalence-general

more information is available, notably from the Kenyan National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA). In 2017, the NACADA carried out a 'Rapid Situation Assessment of Drugs and Substance Abuse in Kenya'. A notable point was that the survey showed a decline in heroin use, to "very minimal levels". The report, however, noted limitations in that heroin and cocaine users are "hidden populations". Also, that the survey "coincided with the Government's renewed efforts to curb drug barons in the country" and that this "resulted to a very low response rate among heroin and cocaine users for fear of arrest".[219]

The following case studies by drug type present an overview of major drug production and trafficking developments that are impacting Africa and parts of the IGAD region. Where data is limited, an analysis of these trends helps

219 National Authority for the Campaign Against Alcohol and Drug Abuse (NACADA). Kenya. (2017) 'Rapid Situation Assessment of Drugs and Substance Abuse in Kenya'. p112.

provide threat warnings. Information for specific countries is presented in the national reports.

Opiates

Opiates are the main focus of this section, as for the past decade large quantities of heroin have been trafficked on maritime routes from the Makran Coast of Iran and Pakistan, to the Swahili Coast of Africa. These major maritime routes are diversifying, with shipments of heroin ranging from hundreds of kilograms to several tonnes moved through the Red Sea. While the size of heroin shipments sent on the maritime route have been notable, heroin has continued to arrive via air couriers, in freight and in fast parcels. These major drug flows have had significant impacts on the IGAD region. A lack of data gathering and reporting, however, limits understanding of the threat posed in much of Africa. "There is a real problem in trying to identify the amount of heroin coming in by air, or land, or maritime routes. Either countries don't report,

or collect and don't send," noted a subject matter expert at UNODC. A further challenge is where there are reports, these may include significant errors such as confusion between sources and destinations. This leads to "key gaps [in visibility] along large parts of the opiate flows," noted the UNODC expert.

Most opium poppy is cultivated in Afghanistan (much smaller quantities are grown in Myanmar, Laos and Mexico).[220] Cultivation trends have followed an upwards trajectory. The area of land in Afghanistan cultivated for opium cultivation reached record levels in 2017.[221] Although the area under poppy cultivation has since reduced, the 2019 opium production levels were the second highest in the past decade.[222] A significant

220 UNODC (2020). World Drug Report 2020. Booklet III, Drug Supply. P10. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf

221 ibid

222 US Office of National Drug Control Policy (2020). ONDCP Releases Data on Poppy Cultivation and Potential Opium Production in Afghanistan. Available at: https://www.whitehouse.gov/briefings-statements/ondcp-releases-data-poppy-cultivation-potential-opium-production-afghanistan/

trend is concentration in Helmand province, in the south of Afghanistan, an area where the Taliban has held territory. In 2017, more than 43 per cent of the opium crop was cultivated in Helmand. Reporting to the UNSC has identified the opiate trade as the Taliban's primary source of income.[223] The link has been identified by members of the Taliban, including the then 'shadow governor' of Helmand, Mullah Naim Barich, who in 2012 repeated a decree stating: "The poppy funds will permit the Taliban to survive; therefore, it must be protected at all costs."[224] Financial investigations into a number of major trafficking networks, Taliban figures and hawala dealers provided the conclusive details of nexuses.[225] Significantly, the border crossing from Helmand, a notorious bazaar town called Baramchah with Taliban presence, is the closest exit point to

223 United Nations, Security Council, (2016), *Seventh report of the Analytical Support and Sanctions Implementation Monitoring Team submitted pursuant to resolution 1988 (2011) concerning the Taliban and associated individuals and entities* S/2016/842. Retrieved from: www.un.org/ga/search/viewm_doc.asp?symbol=S/2016/842

224 Barich was designated a kingpin by the US Department of the Treasury and who is listed by the UN Security Council as a member of the Taliban Military Commission,

225 The majority of these investigations were carried out by the US Treasury.

the Makran Coast launch points used by vessels trafficking heroin on Indian Ocean routes.

Traditionally there were three major routes used to traffic opiates out of Afghanistan, but tracks are becoming increasingly diverse. The major Balkan Route tracks westwards primarily on trucks through Iran and into Turkey, before continuing onwards to Europe. The Northern Route moved through Central Asia towards Russia but has declined. The Southern Route, which has impacted the IGAD region, has grown in prominence in the last decade. The Southern Route is not a straight track, but rather "a collection of trafficking routes and organized criminal groups that facilitate southerly flows of heroin out of Afghanistan".[226] These diverse routes supply traditional consumer markets in the West, as well as local consumers and emerging markets in other regions.

226 UNODC (2015). Afghan Opiate Trafficking Through the Southern Route. Available at: https://www.unodc.org/documents/data-and-analysis/Studies/Afghan_opiate_trafficking_southern_route_web.pdf

Adding to the complexity of analysing routes, multiple tracks may be used to reach consumer markets: "Most of Europe is supplied by Afghan heroin that is trafficked along the Balkan route and the southern route through Iran (Islamic Republic of), Pakistan and, increasingly, countries in Africa."[227] There is further diversity which in some cases also breaks away from the distinctions of the three traditional routes. From the IGAD region seizures have also been made from a small number of air couriers on routes to Asia. "It is quite clear there is this diffusion of routes (including via Africa). Because of globalisation and improved connections, these very broad routes don't stand up to scrutiny anymore because you can move anywhere, and in any direction," stated a UNODC expert.

Large quantities of heroin trafficked on maritime

227 United Nations, (2019) Economic and Social Council. Commission on Narcotic Drugs, Sixty-first session, Vienna, 14–22 March 2019. E/CN.7/2019/5 Available at: https://undocs.org/en/E/CN.7/2019/5, para 42

routes threaten the IGAD region.

There has been heroin trafficking to parts of the IGAD region since at least the 1980s, with heroin intercepted on air routes and possible maritime trafficking.[228] Indian Ocean maritime routes became apparent in 2010 when large heroin seizures started to be made on the Swahili Coast. Kenya seized a large quantity of heroin from a stash house in 2010 and more than 100kg of heroin as it was landed in 2011. Numerous seizures were made in Tanzania and in 2014 Kenya seized more than 350kg of heroin from a small freighter, which appeared to be carrying a small cover load of cement. Landing points tracked southwards from Kenya and Tanzania, to the coast of northern Mozambique.[229]

228 UNODC (2013). Transnational Organised Crime Threat Assessment for Eastern Africa (TOCTA). Available at: https://www.unodc.org/documents/data-and-analysis/Studies/TOC_East_Africa_2013.pdf

229 Seizures started to be made from dhows by Mozambique in 2019, but there is reporting that they have been ongoing.

In 2012, the Combined Maritime Forces (CMF), Combined Task Force 150 (CTF-150), seized 182kg of heroin from a wooden dhow, showing the methodology used by traffickers operating on a maritime route from the Makran Coast to the Swahili Coast.[230] The CTF-150 operates with a mission "to disrupt criminal and terrorist organisations and their mandated related illicit activities by restricting their freedom of manoeuvre in the maritime domain".[231] This includes drug flows that generate income for groups. Heroin flows from Afghanistan are notable because of the income generated for the Taliban at the start of the route. These heroin seizures continue and totalled more than 17.5 tonnes until the end of 2019.[232] In contrast, large heroin seizures on the Swahili Coast have been intermittent, with no interceptions in territorial waters or the coastal environs during some

230 In most cases the dhows were only carrying drugs.

231 Combined Maritime Forces. CTF 150: Maritime Security. Available at: https://combinedmaritimeforces.com/ctf-150-maritime-security/

232 ibid

years. This is significant, as these country seizures create the possibility of persons onboard vessels to be arrested and prosecuted, whereas interceptions in international waters of the Indian Ocean result in the drugs being disposed of at sea and the vessel and crew released to traffic again. Political protection of major traffickers has been notable, though not consistent.[233]

A further route from the Makran Coast, seen from maritime seizures off Egypt since late 2016, with indications this track was used before, is the movement of large quantities of heroin through the Red Sea. Poly-drug trafficking of heroin and methamphetamine has also been seen on this route. Seizures of more than a tonne of heroin have been made in the Mediterranean and off Egypt. This most recently identified branch of the maritime routes running from the Makran

233 Gastrow, P., Haysom, S., Shaw, M. (2018). The Heroin Coast: A political economy along the eastern African seaboard. ENACT. Available at: https://globalinitiative.net/wp-content/uploads/2018/07/2018-06-27-research-paper-heroin-coast-pdf.pdf

Coast is of particular concern for the IGAD region. Heroin trafficked on maritime routes to Egypt and the Mediterranean passes Somalia, Djibouti, Eritrea and Sudan. It is not clear if landing points in these countries have been targeted or heroin transferred at sea to local boats. A possible threat is that as seizures are made off Egypt, heroin intended for consumers in North Africa may be landed before. There is also the possibility that overland routes will be used to move heroin south. In 2018, more than 70kg of heroin was reportedly seized on the southern border of Egypt. Open-source news reports did not identify the route, making it unclear if it was being trafficked into or out of Egypt. Trans-shipment can take place in the Gulf and in contrast to the route to the Swahili Coast where wooden dhows are primarily used, steel-hulled freighters and a roll-on roll-off vessel have been intercepted.[234] The largest seizure was more than two tonnes.[235] Investigation

234 All cases reported with footage from the authorities show steel-hulled vessels.

235 Ahram Online (2019). Egypt seizes large drugs haul from 'foreign' ship off Red Sea

of a smaller seizure has identified it was destined for both Egypt and Europe.[236]

Mozambique made its first maritime heroin seizure in mid-December 2019, in an intelligence led operation against a dhow estimated to be carrying 1.5 tonnes of the drug. The Jelbut dhow was set on fire as security forces approached and some of the crew rescued from the water (open source reporting indicated three of the crew drowned after jumping overboard).[237] The route through Mozambique had been ongoing and previous small seizures contrasted strongly with the intelligence picture.[238] There has been some discussion in 2020 that drugs are funding the group carrying out attacks

coast. Available at: http://english.ahram.org.eg/NewsContentP/1/329419/Egypt/Egypt-seizes-large-drugs-haul-from-foreign-ship-of.aspx

236 Dublin Group North Africa, Regional Report for North Africa, Brussels, 7 November 2018 (OR. en) 13912/18, p9-10

237 Club of Mozambique (2019). Mozambican navy intercepts '1.5 tonnes of heroin' – BBC. Available at: https://clubofmozambique.com/news/mozambican-navy-intercepts-1-5-tonnes-of-heroin-bbc-149625/

238 Dublin Group, Country report on Mozambique, Council of the European Union, Brussels, 29 October 2012

in northern Mozambique. The situation is far from clear, however, with open-source evidence lacking and a major drug route preceding the active terror cells by decades.[239] The theft of a large quantity of drugs, possibly by the police guarding them, raises concerns over which groups benefitted.[240] A concern is corruption generated by the major drug flow and how this may impact law enforcement efforts to counter groups carrying out terror attacks the region. A concerning nexus was previously identified in northern Tanzania, where a logistics group operating in 2012 landed heroin that was trafficked on maritime routes from the Makran Coast. The group was involved in other activities, including smuggling of persons to Somalia in support of Al-Shabaab.[241]

South Africa is the exception in terms of drug markets

239 ibid

240 Carta de Moçambique (2020)., Mais de 100kg da Droga…. Available at: https://cartamz.com/index.php/politica/item/4946-mais-de-100-kg-da-droga-apreendida-em-cabo-delgado-em-2019-foi-vendida-no-mercado-negro

241 S/2012/544, Annex 3.2

on the continent. South Africa has had a developed drug market since the mid-1990s, including heroin and cocaine, added to the originally abused Methaqualone-based sedatives.[242] At this time there were warnings that the country "has increasingly become a transit point for, and consumer of, illicit drugs", though quantities of heroin were relatively small accounting for a hundredth of the amount of cocaine seized.[243] Nevertheless, South Africa is being hit hard by heroin flows, with open sales of a cannabis and heroin mix increasingly visible on the streets. There are interceptions of heroin on overland routes from the Swahili Coast and the presence of trafficking networks with links to Eastern Africa.[244]

Heroin routes spread across Africa

Trafficking routes are also developing within Africa.

242 Leggett, T. (2002). Rainbow Vice: The sex and drug industries in the new South Africa. New York: Zed Books.

243 Oosthuysen, G. (1997). The Illegal Drug Trade in Southern Africa. Conference report. The South African Institute of International Affairs. P3. Available at: https://media.africaportal.org/documents/SAIIA_Report_no_3.pdf

244 Author fieldwork (2014). Including Johannesburg, central mining towns and the Mozambique border.

The UNODC chief issued a warning in 2018 of increased heroin seizures at airports in West Africa. Crucially, these airports are spread across the region, with heroin seizures at airports in "Lagos in Nigeria, Accra in Ghana and Cotonou in Benin, closely followed by Ouagadougou in Burkina Faso, Lome in Togo and Bamako in Mali".[245] Heroin transit points for these routes are both in the IGAD region and neighbouring countries.[246] In 2019, information received by the report authors indicated a further spread of routes from the IGAD region across the Continent extended to the west coast of Central Africa.[247] Law enforcement has linked this to significant heroin trafficking via the Southern Indian Ocean Maritime Route, which enters the Swahili Coast of Africa.[248]

245 UN News (2018). Crime and drugs in West and Central Africa: Security Council highlights 'new alarming trends'. Available at: https://news.un.org/en/story/2018/12/1029011

246 United Nations, (2019) Economic and Social Council. Commission on Narcotic Drugs, Sixty-first session, Vienna, 14–22 March 2019. E/CN.7/2019/5 Available at: https://undocs.org/en/E/CN.7/2019/5

247 Author interview (2020). Response from the Anti Narcotics Unit, Kenya. Electronic communication

248 Dublin Group (2018). Regional situation in West Africa, Brussels, 7 November 2018 (OR. en), 13912/18, p6

In a further development of the complexity of trafficking patterns, this represents more than a diversification of routes in order to supply traditional user markets in other regions. In recent years there has also been reporting of trafficking across Africa to supply for local markets. In March 2017, a Ghanaian national was detained arriving from Nairobi "in possession of 432 grams of heroin (ingested), intended for local consumption".[249] This is indicative of a marked increase of the heroin market at some points within countries in Africa.

A further diversification of routes has taken place as landing points on the maritime route across the Indian Ocean have tracked south. Overland routes continue to develop in order to both move heroin onwards to hubs and supply local markets, including movement back into the IGAD region.[250]

249 Dublin Group (2018). Regional situation in West Africa, Brussels, 7 November 2018 (OR. en), 13912/18, p11

250 Particularly notable are heroin seizures on the Tanzania – Kenya border.

Overland trafficking may also take place in order to seek access to air routes. This may be in order to exploit weak legislation and limited interdiction capacity or access to specific destinations. Nevertheless, if a national airline carrier offers flights to a large network of destinations, the departure airport is likely to be exploited by organized crime groups.

Overland routes pose a severe threat of spill over, as payment to traffickers can be made in drugs. This has been identified on the overland heroin routes that run south from landing points on the Swahili Coast and along inland routes to the Greater Lakes region.[251] This locally-dealt heroin often appears to be sold in heroin-cannabis mixtures.[252] Due to the high cost of heroin, it is possible that it is mixed to attract more customers.[253] Information provided to the report authors during the course of this research indicated that there was now

251 Interview with a senior analyst based in the region, June 2020.
252 Author fieldwork, 2012-2020
253 Interview with a senior analyst based in the region, June 2020.

another pattern along some of the inland towns in the IGAD region, with organised crime groups deliberately pushing out to seek new drug markets. A question is whether this is the same purity and mix of heroin that is exported to traditional consumer markets in the West, and so represents spill over, or if it is dedicated supply for networks dealing drugs in Africa. This is an area where fieldwork would be beneficial. Within the region, testing of drug purity and cutting agents could provide evidence that indicates how new markets are being supplied.

Prescription opioids – Tramadol

Tramadol is an opioid painkiller, that is primarily manufactured in South Asia and is a controlled drug in some countries. It is misused by those seeking to endure harsh conditions, as well as students and drivers. At the 2019 HONLAF, Tramadol was "mentioned as posing an increasing challenge to many countries" and in some areas is the main

driver of the "opioid crisis".[254]

Tramadol trafficking routes are becoming less distinct.[255] There are limited reports of Tramadol use and trafficking across the IGAD region, with the exception of Sudan. Nevertheless, it is covered in the report due to the speed at which it has spread in other areas. When fieldwork is possible again, a useful area to investigate is the possibility that Tramadol is encroaching into the IGAD region.

The trafficking of Tramadol to Africa has increased significantly, as well as trafficking to the Near and Middle East.[256] Tramadol "continues to pose a challenge in the region, in particular among countries in North, West and Central

254 UNODC HONLAF (2019). Report of the Twenty-ninth Meeting of Heads of National Drug Law Enforcement Agencies, Africa, held in Balaclava, Mauritius, from 16 to 20 September 2019. (UNODC/HONLAF/29/6). Available at: https://undocs.org/en/UNODC/HONLAF/29/6

255 INCB (2018) Alert 7 "Tramadol: review of the global situation". Available at: https://www.incb.org/documents/News/Alerts/Alert7_on_Control_of_Psychotropic_Substances_June_2018.pdf

256 UNODC (2017) World Drug Report, Booklet 2., p38-39. Available at: https://www.unodc.org/wdr2017/field/Booklet_2_HEALTH.pdf

Africa".[257] A major concern in multiple regions, including Africa, is "counterfeit or illicitly manufactured tramadol".[258] These include high dose capsules, not intended for pharmacies, indicating they are instead produced for the illicit drugs market.[259] Illicit trafficking of Tramadol is particularly notable in West Africa, where millions of tablets have been trafficked in containers on maritime routes.[260] It has also been trafficked to North Africa.[261] Multi-million quantities of tablets have also been trafficked overland from countries with maritime ports, on trans-Sahel routes.[262] In 2017, the UNODC Regional

257 INCB (2019). Annual Report, Chapter Three. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2019/Annual_Report_Chapters/AR2019_Chapter_III_Africa.pdf

258 United States Department of State, Bureau for International Narcotics and Law Enforcement Affairs, International Narcotics Control Strategy Report, Volume I, Drug and Chemical Control, March 2019. Page 15

259 UNODC (2019). Global Smart Update: Understanding the Global Opioid Crisis. Available at: https://www.unodc.org/documents/scientific/Global_SMART_21_web_new.pdf

260 Business and Maritime, West Africa. (2018). NAFDAC Queries Customs Over Delay in Handing Over 26 Containers Of Tramadol. Available at: http://businessandmaritimewestafrica.com/maritime-development/nafdac-queries-customs-over-delay-in-handing-over-26-containers-of-tramadol

261 INCB (2019). Annual Report, Chapter Three. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2019/Annual_Report_Chapters/AR2019_Chapter_III_Africa.pdf

262 UNODC (2017). Sahel and beyond: UNODC sounds the alarm on the increase in

Representative in West and Central Africa, Mr. Pierre Lapaque, warned of Tramadol usage by terror groups operating in parts of the region: «Tramadol is regularly found in the pockets of suspects arrested for terrorism in the Sahel, or who have committed suicidal attacks. This raises the question of who provides the tablets to fighters from Boko Haram and Al-Qaida, including young boys and girls, preparing to commit suicide bombings».[263] A major Tramadol trafficking route also runs to North Africa, with a number of shipments totalling millions of tablets, stopped en-route to Libya.[264] Tramadol has been mixed with khat, in Yemen.[265] In the IGAD region, the

trafficking and consumption of tramadol and its security and health implications. Available at: https://www.unodc.org/westandcentralafrica/en/2017-12-11-unodc-warns-tramadol-use.html

263 ibid

264 Giuffrida, A. (2017). Italian police intercept €50m Tramadol haul potentially bound for Isis. Available at: https://www.theguardian.com/world/2017/nov/03/italian-police-intercept-tramadol-haul-isis-libya. ; Reuters (2016). Greece discovers huge quantity of opiates, investigates Islamic State link. Available at: https://www.reuters.com/article/us-greece-drugs-haul-idUSKCN0YS1BG

265 WHO (2018), Critical Review Report: Tramadol. Available at: https://www.who.int/medicines/access/controlled-substances/Tramadol.pdf?ua=1, p42. This point is noted as an area of concern, due to khat use in some IGAD countries.

trafficking of Tramadol to Sudan via both the northern and southern borders has been identified,[266] on routes that likely extend from both North and West Africa. Tramadol has also been seized in Sudan.[267]

Cocaine

Cocaine is briefly considered, as rising quantities of the drugs and a diversification of trafficking routes used to traffic the drug through Africa make the drug a notable threat in the broader region. Within the IGAD region, there have been a number of large seizures from containers in transit, but these have been infrequent. There have also been multiple small seizures from couriers travelling on air routes.

Coca cultivation fell until 2014 but since then has doubled, reaching record levels in 2017 and 2018. This

266 UNODC (2019). World Drug Report. Available at: https://wdr.unodc.org/uploads/wdr2019/res/maps-and-tables_html/7.4.4._Main_cocaine_trafficking_flows_based_on_use_and_seizures_data.pdf

267 UNODC (2017). World Drug Report. Available at: https://www.unodc.org/wdr2017/field/Booklet_2_HEALTH.pdf, p38

increase in the scale of coca leaf harvests has "contributed to the dramatic increase in global cocaine manufacture in recent years".[268] Africa is currently being targeted as a trafficking point. A number of major cocaine seizures took place in West and Central Africa in 2019.[269] They were made across multiple points in West Africa.[270] In Southern Africa, Angola, Mozambique and South Africa have been targeted.[271] In 2019, individual seizures totalled 20 tonnes for Africa, with most of these in West Africa. Additional Member State reports will push the total higher.[272] Nevertheless, this only represents a small percentage of cocaine seized globally. West Africa saw a previous cocaine trafficking peak in 2007, as the region was

268 UNODC (2020). World Drug Report 2020. Booklet III, Drug Supply. P22-23. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf

269 Including a record seizure of nearly two tonnes in Guinea Bissau.

270 UNODC HONLAF (2019). Report of the Twenty-ninth Meeting of Heads of National Drug Law Enforcement Agencies, Africa, held in Balaclava, Mauritius, from 16 to 20 September 2019. (UNODC/HONLAF/29/6). Available at: https://undocs.org/en/UNODC/HONLAF/29/6

271 Cocaine Route Programme. Mapping. Available at: https://cocaineroute.eu/about-us/

272 UNODC (2020). World Drug Report 2020. Booklet III, Drug Supply. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf

targeted as a transit point by both containerised drugs and dedicated trafficking vessels.[273] Multiple landing points were used to target West Africa in 2019. Traffickers also "appear to be diversifying the routes and departure points used to traffic cocaine from South America to Europe and West Africa".[274]

The IGAD region has been targeted by a number of large containerised cocaine shipments (these have been infrequent, with seizures relating to Mombasa port in 2004 and 2016, and one seizure in Djibouti in 2017. Reporting surrounding all the containerised cocaine cases indicated the drug was transiting the region, rather than being warehoused and broken down for onwards shipment on air routes. Small quantities of cocaine are sent on air routes, both from

273 UNODC (2013). Transnational Organised Crime in West Africa: A Threat Assessment. Available at: https://www.unodc.org/documents/data-and-analysis/tocta/West_Africa_TOCTA_2013_EN.pdf

274 UNODC (2020). World Drug Report 2020. Booklet III, Drug Supply. P32. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_3.pdf

South America and trafficked onwards from West Africa. Nevertheless, more diverse routes are seen within the IGAD region as cocaine is moved onwards from major air hubs that operate routes from South America.[275]

Amphetamine Type Substances

Amphetamine Type Substances (ATS) cover methamphetamine, amphetamine and ecstasy-type substances. All three categories are now seized in Africa, whereas just over a decade ago they did not register on the Continent. In 2017, three per cent of all methamphetamine seizures were made in Africa, as well as three per cent of amphetamine seizures and one per cent of ecstasy-type substances.[276] These figures become significant when set against the huge scale of the global quantity of ATS seized, which rose from 60 tonnes in 2008 to

275 This includes at least one overland route from an air hub.

276 UNODC (2019). Global Smart Update: The ATS market – 10 years after the 2009 Plan of Action. Available at: https://www.unodc.org/documents/scientific/Global_SMART_22_final_web.pdf

261 tonnes in 2017.[277] Methamphetamine and Captagon are discussed in further detail, as both have been manufactured in the IGAD region.

Methamphetamine manufactured in Africa is based on the precursors ephedrine or pseudoephedrine (in some other regions different precursors are used). The drug is possible to manufacture in small 'kitchen laboratories', as well as large facilities.[278] Precursors can be illicitly imported via front companies or stolen. Methamphetamine laboratories have been found in West Africa for more than a decade, with trafficking routes running to the Middle East and Asia.[279] Crystal methamphetamine has been manufactured in Kenya, using precursors that were stolen after being legally imported.

277 Ibid

278 UNODC (2019). Global Smart Update: The ATS market – 10 years after the 2009 Plan of Action., p6 Available at: https://www.unodc.org/documents/scientific/Global_SMART_22_final_web.pdf

279 UNODC. Transnational Organised Crime in West Africa. Available at: https://www.unodc.org/documents/toc/Reports/TOCTAWestAfrica/West_Africa_TOC_METH.pdf

There is use of the drug in Kenya, as well as onwards trafficking to countries in Asia and South Africa.[280] Trafficking of methamphetamine from Africa to Asia and Oceania, may take routes via Europe to hide the origin.[281] There is not, however, data from countries in the IGAD region.

Clandestinely manufactured Captagon tablets typically contain amphetamine and caffeine.[282] The drug takes the former trade name of a pharmaceutical preparation of a tablet form of fenethylline, that was widely banned in the 1980s. There has recently been considerable Captagon production in the Beqaa Valley of Lebanon and then in Syria. Captagon has recently been referred to as the 'drug of the Syrian Conflict', with claims of widespread use among Islamic State fighters.[283] Saudi

280 INCB (2015), Annual Report. Para 331. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2015/English/AR_2015_E_Chapter_III_Africa.pdf

281 Routes from West Africa via Europe were documented in a 2019 threat assessment. EMCDDA (2019). Methamphetamine in Europe. Available at: https://www.emcdda.europa.eu/system/files/publications/12132/20195788_TD0119853ENN.pdf

282 UNODC (2017). World Drug Report. Booklet 4, p15. Available at: https://www.unodc.org/wdr2017/field/Booklet_4_ATSNPS.pdf

283 anderson, S. (2015) New York Magazine. "These Are the People Making Captagon,

Arabia reports the most significant amphetamine seizures.[284] In the IGAD region, Sudan "reported seizing several tons of amphetamine in 2013 and 2014, respectively".[285] Captagon has also been manufactured in Sudan, with a laboratory seized in 2015. There is also a Captagon trafficking threat in countries bordering the region: "Egypt reported seizing an average of 3.4 tons annually between 2015 and 2017." [286] Captagon is sometimes trafficked in containers on maritime routes in vast quantities, including on routes to Libya.[287]

Precursors

The information gaps extend to the trafficking and

the Drug ISIS Fighters Take to Feel 'Invincible". Available at: http://nymag.com/daily/intelligencer/2015/12/men-making-captagon-the-drug-fueling-isis.html

284 UNODC (2013). World Drug Report, p50. Available at: https://www.unodc.org/doc/wdr2013/Chp1_E.pdf

285 United Nations, (2019) Economic and Social Council. Commission on Narcotic Drugs, Sixty-first session, Vienna, 14–22 March 2019. E/CN.7/2019/5 Available at: https://undocs.org/en/E/CN.7/2019/5 para 69

286 United Nations, (2019) Economic and Social Council. Commission on Narcotic Drugs, Sixty-first session, Vienna, 14–22 March 2019. E/CN.7/2019/5 Available at: https://undocs.org/en/E/CN.7/2019/5 para 69

287 Reuters (2018). Greece seizes big drugs haul from Syrian freighter sailing for Libya. Available at: https://www.reuters.com/article/us-greece-drugs/greece-seizes-big-drugs-haul-from-syrian-freighter-sailing-for-libya-idUSKBN1OD1RF

diversion of precursors in Africa. The International Narcotics Control Board (INCB) in its 2018 annual report noted that only five African countries, one of which was from the IGAD region (Sudan), provided the information required on seizures by the 1988 convention. The report stated: "This has a significant impact on the identification of emerging trends on the African continent."[288] The lack of reporting also contrasts with the likely situation on the ground. The 2018 INCB report warned that "the information that is available to the Board suggests that the African continent remains affected by trafficking in precursors", although countries involved in precursor-related incidents during this time period did not include any States in the IGAD region.[289]

The lack of reporting leads to a major information gap

288 INCB (2018). Annual Report, para 392. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2018/Annual_Report_Chapters/06_Chapter_III_Africa_Annual_Report_2018_E_.pdf

289 Ibid, para 393

on developing threats, as the reporting requirements set out in the 1988 Convention require the submission of "information on any substance not included in Table I or Table II that is identified as having been used in the illicit manufacture of narcotic drugs or psychotropic substances, as well as on methods of diversion and illicit manufacture".[290]

Poly-drug trafficking

The IGAD region has been exploited by a major organised crime group involved in poly-drug trafficking. The Akasha Network was involved in large-scale heroin trafficking on maritime routes, as well the distribution of "multi-ton quantities of narcotics including hashish, ephedrine, methamphetamine, and methaqualone" with a network that stretched from Kenya to South Africa.[291] The threat to the

290 INCB (2019), Precursors and chemicals frequently used in the illicit manufacture of narcotic drugs and psychotropic substances, para 12. Available at: https://www.incb.org/documents/PRECURSORS/TECHNICAL_REPORTS/2018/Report/E_ebook_with_annexes.pdf

291 US Department of Justice (2019). Former Leader Of Violent Kenyan Organized Crime Family Sentenced To 25 Years In Prison For Narcotics, Weapons, and Obstruction Offenses. Available at: https://www.justice.gov/usao-sdny/pr/former-leader-violent-kenyan-organized-

region was broader as the "defendants engaged in acts of violence to protect the reputation of the Akasha Organization and their drug-trafficking business".[292] Full details of the Akasha Network, which was also linked to wildlife and weapons trafficking, is covered in the Kenya section.

At the global level, drug markets are becoming increasingly complex, with poly-drug trafficking being a contributing factor. There may also be developments in the organised crime groups involved. The 2020 World Drug Report warned: "Polydrug trafficking may also require connections with different criminal groups as the supply chains for the various drugs may differ."[293]

Increasingly complex drug markets and trafficking

crime-family-sentenced-25-years-prison-narcotics

292 ibid

293 UNODC (2020). World Drug Report. Booklet Four, page 20. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_BOOKLET_4.pdf

landscapes are also facilitated by developments in technology, notably encrypted communications.[294] This poses a particular challenge for law enforcement. Drug markets may also become harder to significantly disrupt as multiple types of organised crime groups develop. The 2020 World Drug report warned: "There has been a general trend over the past two decades towards an increasing fragmentation of the serious and organized crime landscape and the emergence of more groups and looser networks."[295]

Poly-drug trafficking is also becoming notable at the start of the opiate route, in Afghanistan. A notable development in the country, where poppy and cannabis has long been cultivated, is the availability of multiple types of drugs and the manufacture of methamphetamine. Analysis generated after the field interviews noted: "As the types of

294 Ibid, p17

295 ibid

drugs available in Afghanistan have diversified some Afghan opiate DTOs – mainly the larger organizations – appear to be using their connections and experience in opiate trafficking to traffic other drug types as well."[296]

On a maritime trafficking route that passes multiple countries in the IGAD region, a recent development is some heroin trafficking vessels also carrying a large quantity of methamphetamine. More than two tonnes of heroin as well as 99kg of crystal methamphetamine was seized from a steel freighter off Egypt, in April 2019.[297] This was not the first case of poly-drug trafficking through the Red Sea. A consignment of 200kg of heroin and around 10kg of a substance that was likely methamphetamine was seized off Egypt in December

296 Azizi, H, Osman, M, Yildiz, M. (2020). "Voices of the Quchaqbar" – Understanding opiate trafficking in Afghanistan from the perspective of drug traffickers. P23 UNODC Afghan Opiate Trade Project, Available at: https://www.unodc.org/documents/data-and-analysis/AOTP/AOTP_Voices_of_Quchaqbar_2020_web.pdf

297 Ahram Online (2019). Egypt seizes large drugs haul from 'foreign' ship off Red Sea coast. Available at: http://english.ahram.org.eg/NewsContentP/1/329419/Egypt/Egypt-seizes-large-drugs-haul-from-foreign-ship-of.aspx

2017.[298] These vessels sailed past the coastlines of Somalia, Djibouti, Eritrea and Sudan, creating a threat that drugs could be offloaded, or alternate landing points sought. Heroin and methamphetamine has since been seized off Mozambique. A likely driver is the proliferation of ATS manufacturing points, with methamphetamine now produced in Afghanistan and Iran. Poly-drug trafficking from the Makran Coast is a logical step, when both heroin and methamphetamine are available in the area. A further possible driver is the price decrease of opiates in Afghanistan, noted a UNODC expert.

Links to wildlife trafficking

In the IGAD region, there has been some reporting of wildlife traffickers also moving drugs. In some cases, drugs are noted, but the type and quantity are not specified, making it unclear if it was a substance for personal use or cannabis

298 Egypt Today (2017). Interior Ministry foils attempt to smuggle heroin in Red Sea. Available at: https://www.egypttoday.com/Article/1/36336/Interior-Ministry-foils-attempt-to-smuggle-heroin-in-Red-Sea

being smuggled on a local route, or a major transnational case involving ATS, cocaine or heroin.

Two major cases have taken place in the IGAD region. Firstly, a network whose leaders were sentenced for trafficking tonnes of drugs were implicated in involvement in the ivory trade. The Akasha Network trafficked tonnes of drugs, ranging from ATS precursors to heroin.[299] They allegedly used the same smuggling routes to move ivory.[300] Further details of the Akasha Network are available in the drug trafficking section of the Kenya country report.

Secondly, members of a major wildlife product trafficking network were implicated in trafficking 10 kg of heroin. The 'criminal enterprise' was "based in Uganda and surrounding countries. The organised crime group engaged

299 Akasha Network Indictment.

300 The Economist (2017). Do dope-smugglers also peddle ivory? The emerging links between two nasty trades. Available at: http://www.economist.com/news/middle-east-and-africa/21716651-emerging-links-between-two-nasty-trades-do-dope-smugglers-also-peddle-ivory

in the large-scale trafficking and smuggling of rhinoceros horns and elephant ivory".[301] Furthermore, two members of the group "conspired to distribute and possess with intent to distribute more than approximately 10 kilograms of heroin to a buyer represented to be located in New York".[302] This network is covered in-depth in the wildlife section of the Uganda country report.

An analyst in the region warned of a triangle of crime, involving wildlife products, drugs, and weapons.[303] Nevertheless, cases that involve both drugs and wildlife have been limited. A possibility is that drugs or wildlife could be a method of payment in some countries. For example, opiates have been exchanged for weapons in Afghanistan, noted

301 US Department of Justice (2019). Members Of African Criminal Enterprise Charged With Large-Scale Trafficking Of Rhinoceros Horns and Elephant Ivory and Heroin Distribution. Available at: https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns

302 ibid

303 Interview with a senior analyst based in the IGAD region. June 2020.

a UNODC expert. Another scenario is a transporter who moves anything. "Most trafficking occurs along the existing licit supply chains, at least in bulk, so [groups] are going to be moving everything that way, regardless of what it is," added another UNODC subject matter expert.

Cannabis

Cannabis is not covered in this report in order to keep the focus on transnational routes. In many countries in Africa, cannabis is one of the most trafficked drugs. There is persistent trafficking from points in North Africa to Europe. Nevertheless, at a broader level "most of the trafficking appears to take place within the region".[304]

Drug Use

Trafficking hubs are a cause for concern where spill over creates local increases in drug use. Secondary drug routes

304 INCB (2019). Annual Report, Chapter III. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2019/Annual_Report_Chapters/AR2019_Chapter_III_Africa.pdf

are also developing to supply local markets. At the 2019 Heads of National Law Enforcement Agencies (HONLAF) Africa meeting, "many speakers informed the Meeting that their countries were transit areas, but that the national consumption was also on the rise".[305] While drug consumption is rising in many areas data, where available in Africa, shows drug use prevalence below traditional consumer markets. For ATS, cocaine and opioid use, Africa is a region that falls below global prevalence of drug use. An exception is use of prescription opioids in parts of North and West Africa.[306] Nevertheless, limitations in treatment capacity in some areas may mean that users are not identified. A further issue is a lack of reporting. In the IGAD region, only Kenya is listed as a provider of official data on drug use prevalence to the UNODC.[307]

305 UNODC HONLAF (2019). Report of the Twenty-ninth Meeting of Heads of National Drug Law Enforcement Agencies, Africa, held in Balaclava, Mauritius, from 16 to 20 September 2019. (UNODC/HONLAF/29/6). Available at: https://undocs.org/en/UNODC/HONLAF/29/6

306 UNODC (2020) World Drug Report. Booklet 2.,p 15 Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_2.pdf

307 UNODC (2020). Data portal. Access available at: https://dataunodc.un.org/data/

Opioids (which include plant and synthetic forms) are notable as the most damaging drugs for the health of the user.[308] Injecting Drug Use (IDU) is particularly concerning in terms of the spread of blood-borne diseases. IDU in the IGAD region has been reported and studied in Kenya, including female users.[309] Heroin use, including IDU, is particularly notable on the Swahili Coast, where despite counter measures in some countries "a lot more needs to be done in an integrated manner at the regional level".[310] Heroin use in parts of Africa is particularly prevalent via a mixture with cannabis, which is then smoked. In the IGAD region, this mixture of drugs has been reported in Kenya.[311] The mixture of heroin and cannabis

drugs/Prevalence-general

308 UNODC (2020) World Drug Report. Booklet 2., p 15. Available at: https://wdr.unodc.org/wdr2020/field/WDR20_Booklet_2.pdf,

309 Mburu, G., Limmer, M. & Holland, P. (2019). HIV risk behaviours among women who inject drugs in coastal Kenya: findings from secondary analysis of qualitative data. Harm Reduction Journal 16, 10 2019. https://doi.org/10.1186/s12954-019-0281-y

310 UNODC (2019) Thematic Discussion. https://www.unodc.org/documents/hlr//follow-up-process/2019-thematic-discussions/16-October/thematic-debate/Script_for_Amados_Speech_for_Commission_on_Narcotic_Drugs.pdf

311 Morgan, N., Daniels, W. & Subramaney, U. (2019). Smoking heroin with cannabis versus injecting heroin: unexpected impact on treatment outcomes. *Harm Reduction Journal* 16, 65 2019.

sometimes contains other substances. For example, 'Whoonga' or 'Nyaope' which often has multiple additional adulterants to bulk out the drugs, has been particularly notable in South Africa over the past decade. A particular concern is that there are now anecdotal accounts that 'Nyaope' is being injected and this includes the extremely high-risk practice of flushing (those who cannot afford their own drug injecting blood from a user).[312]

It is important to note that rather than this singling Kenya out as the sole problem area in the IGAD region, the drug use reports stand out due to a lack of reporting elsewhere. Furthermore, where drug use threats are identified it allows for the implementation of counter measures and harm reduction programmes.

https://doi.org/10.1186/s12954-019-0337-z

312 DW News (2019). Nyaope 'bluetooth': South Africa's dangerous heroin craze. Available at: https://www.youtube.com/watch?v=Kz3ujCg6CPU

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

In many countries, extractive industries often attract both political and military interest, as well as that of Politically Exposed Persons (PEPs) - both domestic and foreign. Licensing over mineral resources is often opaque, and further complicated through use of registered companies, foreign ownership, and complex shareholder structures. This may be deliberate to disguise ownership and, aligned with the lack of accountability and governance of the sector, provides significant AML / CFT challenges, both domestically and overseas, especially to the financial sector.

Gold smuggling

Limited regulation in the UAE means informally mined gold can be legally imported, tax-free; gold can be imported to

Dubai with little documentation. The UAE is now the largest importer of gold (pushing China and Switzerland into 2nd and 3rd respectively).[313]

In 2016, the UAE reported gold imports from 46 African countries, of which 25 countries did not provide data on gold exports to the UAE; but the UAE reported it had imported a total of USD7.4 billion worth of gold from them. For the other 21 countries that declared their gold exports to UAE, there is a discrepancy of USD3.9 billion more in declared gold imports – about 67 tonnes – from those countries than those countries said they exported.[314] This discrepancy, trade economists say, is a red flag for illicit activity.

The significant revenues generated from mining, especially gold, and extractive industries have attracted both

313 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

314 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

political and military interest, as well as that of Politically Exposed Persons (PEPs) - both domestic and foreign. Gold smuggling, from neighbouring countries and onwards to UAE, is also a potential source of illicit revenue for corrupt officials, criminal networks, domestically and in the region.[315]

ARMED, ORGANISED CATTLE RUSTLING

Cattle rustling has long been practiced by pastoral and nomadic communities throughout the IGAD region. Traditionally, the main reasons for rustling were either for young men to acquire cattle in order to be able to pay dowry and to marry, or for restocking after a drought or disease had killed of a community's livestock.[316] However, with the

315 "Gold Worth Billions Is Smuggled Out Of Africa". *Reuters*, 2019, https://www.reuters.com/investigates/special-report/gold-africa-smuggling/.; Uganda national risk assessment, https://www.fia.go.ug/sites/default/files/2020-05/Money%20Laundering%20and%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf.

316 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and the Horn". Enact Research Paper, no. 10, 2019.*

proliferation of small arms has fuelled the growth of the practice both in scale and violence and attracted the interest of criminal networks across communal and international borders,[317] posing a recognised security threat in most IGAD countries.

Cattle rustling has been defined by the Eastern Africa Police Chiefs Cooperation Organisation (EAPCCO) as not only the theft of livestock, but also the "planning, organising, attempting, aiding or abetting the stealing of livestock by any person from one country or community to another, where the theft is accompanied by dangerous weapons and or violence."[318] In the protocol on the Prevention, Combating and Eradication of Cattle Rustling in Eastern Africa signed by EAPCCO in 2008, livestock encompasses all domesticated animals, such as

317 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and the Horn". Enact Research Paper, no. 10, 2019.*

318 Eastern Africa Police Chiefs Cooperation Organisation (EAPCCO). *Protocol on The Prevention, Combating and Eradication Of Cattle Rustling In Eastern Africa; Combating Cattle Rustling and Enhancing Human Security In Eastern Africa.* August 2008.

horses, donkeys, mules, camels, ostriches, cattle, sheep, goats, poultry, pigs, and other.

Border regions seem to be the preferred area for operations involving violent cattle raids, and incidents causing civilian casualties are frequently reported upon in the media. Few governments have the resources to adequately secure their borders and their porosity enables such criminal activities to thrive.[319]

ENVIRONMENTAL CRIMES

Toxic Waste

Oil extraction is closely associated with environmental degradation due to oil spills, natural gas flaring, and deforestation. Oil extraction has been known to contaminate the environment surrounding oil fields by causing water and

319 Cline, Lawrence E. "War on The Hoof: Regional Security in Africa and Livestock Conflicts". *Small Wars & Insurgencies*, vol 31, no. 1, 2019, pp. 87-105. *Informa UK Limited*, doi:10.1080/09592318.2020.1672965.

land pollution through toxic chemical discharge, as has been the case in the Niger Delta[320], with dire consequences on humans and the natural environment.[321] Oil drilling and its produced water and other uncontrolled chemical substances are particularly likely to contaminate groundwater, due to the effluents containing both heavy metals and oil fractions. The effluents seep into the ground and contaminate groundwater when oil spills occur, or when oil companies improperly discharge the effluents.[322]

Another cause of oil related environmental damage is improper waste management by oil companies, who at times discharge effluents into the surrounding environment.[323]

320 Obanijesu, E. O. et al. *"Air-Borne SO2 Pollution Monitoring in The Upstream Petroleum Operation Areas of Niger-Delta, Nigeria*". Energy Sources, Part A: Recovery, Utilization, and Environmental Effects, vol 31, no. 3, 2009, pp. 223-231. Informa UK Limited, doi:10.1080/15567030701399479.

321 Onwuka, E. C. *"Oil Extraction, Environmental Degradation and Poverty in The Niger Delta Region of Nigeria: A Viewpoint*". International Journal of Environmental Studies, vol 62, no. 6, 2005, pp. 655-662. Informa UK Limited, doi:10.1080/00207230500040823.

322 Legge, Loro Emmanuel Ladu, and Lu Zhibo. *"The Environmental and Social Impacts of Oil Exploration and Production On Melut Basin Of South Sudan*". International Journal of Scientific and Research Publications (IJSRP), vol 8, no. 10, 2018. doi:10.29322/ijsrp.8.10.2018.p8226.

323 Legge, Loro Emmanuel Ladu, and Lu Zhibo. *"The Environmental and Social Impacts of Oil*

Environmental pollution is of particular concern in states with weak environmental regulation, or with poor enforcement.

Maritime Toxic Waste Dumping

Somalia's waters have been used as a toxic waste dumping zone since the early 1990s. Nick Nuttall, a spokesperson for the United Nations Environment Program (UNEP), told Al Jazeera that many different types of hazardous waste had been found: "There is uranium radioactive waste, lead, and heavy metals like cadmium and mercury. There is also industrial waste, and there are hospital wastes, chemical wastes –you name it".[324]An Italian journalist, Ilaria Alpi and cameraman Miram Hrovatin were shot dead in the vicinity of Mogadishu in 1994 while investigating hazardous waste dumping in Somalia.[325]

Exploration and Production On Melut Basin Of South Sudan". International Journal of Scientific and Research Publications (IJSRP), vol 8, no. 10, 2018. doi:10.29322/ijsrp.8.10.2018.p8226.

324 Leonard, E, and G Ramsay. "Somalia: Multilateral, International, and Transnational Repercussions Of Conflict - New Directions In Terrorism Studies". Bloomsbury, *Globalisations Of The Conflict In Somalia*, 2013.

325 Mukerjee, Madhusree. "Poisoned Shipments: Are Strange, Illicit Sinkings Making The Mediterranean Toxic?". *Scientific American*, 2010, https://www.scientificamerican.com/article/poisoned-shipments-criminal-waste-disposal/.

CYBER-CRIME

Cyber-security is of growing interest in the IGAD region, as a rising internet penetration has led to an increase in cyber-crimes. Cyberattacks targeting as well as originating from African economies are rising rapidly,[326] and cyber-security, including the protection of Critical Infrastructure (CI), was identified by several member states as a key area of vulnerability. Analysts have suggested that internet penetration of 10 to 15% is the threshold level for the generation of significant hacking activities,[327] a penetration level that is present in all IGAD Member States except for South Sudan.[328] A private study done in Kenya estimated that the cumulative costs incurred by cybercrime in the country stood at USD 295

326 Kshetri, Nir. "Cybercrime and Cybersecurity In Africa". *Journal of Global Information Technology Management*, vol 22, no. 2, 2019, pp. 77-81. *Informa UK Limited*, doi:10.1080/1097198x.2019.1603527.

327 Kshetri, N. (2013). *Cybercrime and cybersecurity in the global South*. Basingstoke, U.K: Palgrave Macmillan: Houndmills.

328 https://www.statista.com/statistics/1124283/internet-penetration-in-africa-by-country/

million in 2018.[329]

Internet users are vulnerable to cyber-threats when they are not technically savvy and inexperienced, which is often the case for first-time internet users. Not mastering the English language is another security concern.[330] Weak legislation and law enforcement has also been cited as providing a fertile ground for cybercrime activities on the African continent.[331] The lack of available information on transnational networks in the region, however, led to the topic not being covered in further detail in this report.

Cybercrimes specifically related to the financial sector such as crimes involving correspondent banking, mobile

329 Serianu. *Africa Cybercrime Report - Kenya*. 2019, https://www.serianu.com/downloads/KenyaCyberSecurityReport2018.pdf.

330 Kshetri, Nir. "Cybercrime and Cybersecurity in Africa". *Journal of Global Information Technology Management*, vol 22, no. 2, 2019, pp. 77-81. *Informa UK Limited*, doi:10.1080/1097198x.2019.1603527.

331 Symantec, African Union. *CYBER CRIME & CYBER SECURITYTRENDS IN AFRICA*. 2016, https://www.thehaguesecuritydelta.com/media/com_hsd/report/135/document/Cyber-security-trends-report-Africa-en.pdf.

money, and crypto currency fraud are discussed in the Financial Crimes section.

Identity theft

Identity theft has existed since long before the use of the internet but has exponentially grown in scale over the past two decades,[332] both off- and online. Online data breaches have created a market in stolen identities, and the dark web and cryptocurrencies have led to direct-to-consumer sales of identities.[333] A recent survey in Mobile Money systems in Uganda found that identity theft was one of the key security issues,[334] and the risk of SIM swaps has also been raised by Mobile Money users in Kenya.[335]

332 Irshad, Shareen, and Tariq Rahim Soomro. "IJCSNS International Journal Of Computer Science And Network Security". Vol 18, no. 1, 2018, https://www.researchgate.net/profile/Tariq-Soomro-2/publication/323185128_Identity_Theft_and_Social_Media/links/5a850d2aa6fdcc201b9f044c/Identity-Theft-and-Social-Media.pdf.

333 Steel, Chad. "Stolen Identity Valuation And Market Evolution On The Dark Web". *International Journal Of Cyber Criminology*, vol 13, no. 1, 2019, https://www.cybercrimejournal.com/Steelvol13issue1IJCC2019.pdf.

334 Ali, Guma et al. "Evaluation Of Key Security Issues Associated With Mobile Money Systems In Uganda". *Information*, vol 11, no. 6, 2020, p. 309. *MDPI AG*, doi:10.3390/info11060309.

335 "Phone Scam: How Kenyans Are Losing Money". *BBC News*, 2018, https://www.bbc.com/news/world-africa-44899854.

Traditional forms in which stolen identities are used include:[336]

- Financial identity theft, which usually involves fraud with bank accounts and credit cards,[337] or Mobile Money accounts.[338]
- Medical identity theft, when a person's name and insurance information is used to buy medical supplies, drugs, or to create false billings.[339]
- Criminal identity theft is when a thief assumes a victim's identity when committing a crime. In this scenario, a fake self-identification is given to law enforcement officials when the thief is caught for a crime or committing a crime. This theft can lead to an arrest warrant being issued for the victim without their knowledge.[340]
- Synthetic identity theft is seen as the most prevalent type of identity theft and involves the fabrication of a fictitious

336 Irshad, Shareen, and Tariq Rahim Soomro. "IJCSNS International Journal Of Computer Science And Network Security". Vol 18, no. 1, 2018, https://www.researchgate.net/profile/Tariq-Soomro-2/publication/323185128_Identity_Theft_and_Social_Media/links/5a850d2aa6fdcc201b9f044c/Identity-Theft-and-Social-Media.pdf.

337 J. Stroup, "The Many Types of Identity Theft," 2017. https://www.thebalance.com/the-8-types-of-identity-theft-1947176.

338 Ali, Guma et al. "Evaluation Of Key Security Issues Associated With Mobile Money Systems In Uganda". *Information*, vol 11, no. 6, 2020, p. 309. *MDPI AG*, doi:10.3390/info11060309.; "Phone Scam: How Kenyans Are Losing Money". *BBC News*, 2018, https://www.bbc.com/news/world-africa-44899854.

339 Office of Inspector General, U.S. Department of Health and Human Services, "Medical ID Theft / Fraud Information," https://oig.hhs.gov/fraud/medical-id-theft/.

340 McAfee, "What is Criminal Identity Theft?," 2014. https://securingtomorrow.mcafee.com/consumer/identity-protection/criminal-identity-theft/.

identity by combining real information with false data. The fraudster then uses this synthetic identity to apply for credit cards, make purchases, and perform other similar activities.[341]

The first generation of online identity theft (end of the 1990s to the early 2000s) mostly consisted of individuals stealing identities, and then also monetising these thefts themselves.[342] The second generation of identity theft (in the 2000s and 2010s) was characterised by large-scale data breaches, in which specialised individuals obtain identities, while others utilise and cash in on these identities, thereby creating a free market economy for identities via internet auctions.[343] The third generation of identity theft has been described as "ubiquitous identity theft":[344] 2018 figures from the United States estimate that each adult in the US had their

341 Equifax, "The New Reality of Synthetic ID Fraud," 2015.

342 Steel, Chad. "Stolen Identity Valuation And Market Evolution On The Dark Web". *International Journal Of Cyber Criminology*, vol 13, no. 1, 2019, https://www.cybercrimejournal.com/Steelvol13issue1IJCC2019.pdf.

343 Ibid.

344 Camp, L J., M Johnson and A Schwartz. Scenario IV: Ubiquitous identity theft. n.p.: In The economics of financial and medical identity theft (pp. 147–153), 2012.

identity stolen approximately 4.4 times.[345] The dark web offers a reduced risk of discovery, and criminal marketplaces have become more overt and sophisticated, and have diversified their online offers. Sites selling stolen identities have become more accessible and user friendly,[346] and are resembling common e-commerce marketplaces, with shopping carts, customer reviews, and customizable packages.[347] The advent of cryptocurrencies has also allowed anonymous transactions,[348] and paired with the dark web, the risk for both buyers and sellers of stolen identities has significantly reduced, which increased the number of individuals partaking in this illicit economy.[349]

345 Identity Theft Resource Center website, https://www.idtheftcenter.org

346 Christin, N. Traveling the silk road: A measurement of a large anonymous online marketplace. Proceedings of the 22nd International Conference on World Wide Web. Presented at the 22nd international conference on World Wide Web. 2013, https://doi.org/10.21236/ada579383

347 Steel, Chad. "Stolen Identity Valuation And Market Evolution On The Dark Web". *International Journal Of Cyber Criminology*, vol 13, no. 1, 2019, https://www.cybercrimejournal.com/Steelvol13issue1IJCC2019.pdf.

348 Chen, H. Dark web: Exploring and mining the dark side of the web. 2011 European Intelligence and Security Informatics Conference. doi: n.p., 2011.; Hurlburt, G. F., Bojanova, I. "Bitcoin: Benefit or curse?" *IT Professional,* 16(3), 10–15. (2014)

349 Kethineni, S., Cao, Y., Dodge, C. "Use of Bitcoin in darknet markets: Examining facilitative

Case study: Kenyan Financial Cybercrime Syndicate

Between 2018 and 2019, an informal syndicate of students at Jomo Kenyatta University of Agriculture and Technology (JKUAT), based in Juja, Kiambu County on the outskirts of Nairobi, was successful in its attempts to penetrate well-known financial institutions and logistics companies.

The students posed as interns at banks and logistics companies and were able to access and monitor high volumes of private and corporate bank accounts. The students managed to hack and target the systems providing financial details of wealthy individuals, recently deceased persons, cooperatives, county governments, fixed deposits, and high traffic accounts. The students were also able to gain access to the accounts of elderly individuals subscribed to mobile banking and online banking, thereby enlisting the help of bank officials and tellers, who provided relevant details to the students. The group was able to divert large sums of money from various accounts to their own account, which had been created by complicit bank employees.

Investigations are ongoing, and two Information and Technology (IT) students were charged in relation to the case on 26 October 2020 with conspiring to defraud NCBA Bank of over KES 190.7 million and stealing KES 24.4 million.[350]

Although this case study is not transnational and relates to an internal Kenyan investigation, the nature of the case however is highly transferable to other IGAD Member States and could be duplicated in the right international circumstances. There are two key issues which should be highlighted; the actions of the students posing as interns or junior support staff went undetected by the institutions supporting them; and the role of the bank officials working as accomplices, providing the students with personal and corporate details of potential accounts to be targeted.

factors on Bitcoin-related crimes." 2017. *American Journal of Criminal Justice: AJCJ.* https://doi.org/10.1007/s12103-017-9394-6

350 "JKUAT Students Charged with Hacking Bank, Stealing Millions". *Nairobi News*, 2020, https://nairobinews.nation.co.ke/editors-picks/jkuat-students-charged-with-hacking-bank-stealing-millions.

FRAUD, FORGERY AND COUNTERFEITING

Transnational organised crime relies heavily on fraud, forgery and counterfeiting to enable the illicit movement of people, goods, materiel and money across borders for any given purpose. At the same time, these activities have value in and of themselves, and may serve as a source of revenue for the criminal networks that employ them, their suppliers and facilitators. The counterfeiting and smuggling of goods also represent a considerable loss of income for governments.

FORGERY

Demand for forged or fraudulently obtained identity documents has been growing across the region. Much of the increased demand relates to the growing global market in personal identity documents among cross-border migrants.

As a result, "a huge industry has evolved, especially outside the West, for the fabrication of false credentials … [that] … are expertly counterfeited by means that wrest control over the production of the insignia of civic personhood from the state."[351]

Moreover, as governments strive to counter this practice through the issuance of new, high quality documents with sophisticated protective features, criminals have also adapted, both by augmenting the quality of forged documents and by obtaining authentic documents on false pretexts. As the European Border Agency, Frontex, has observed:

New methods include obtaining authentic travel documents under false pretences, using such documents as fake birth or marriage certificates to obtain real documents, or

351 https://academic.oup.com/migration/article/5/2/216/3097230

Comaroff J., Comaroff J. (2006) Law and Disorder in the Postcolony. Chicago: Chicago University Press

using authentic documents of look-alikes. Both strategies use real documents, thus making it increasingly difficult for law enforcement officers to spot. Some forgers have also begun to use advanced counterfeiting techniques to circumvent automated border control.[352]

Forgery of identity documents, especially passports, has become increasingly difficult as the governments of the region have begun to issue e-passports featuring security features such as "complex laser perforations or microchips with photos and fingerprints."[353]

INTERPOL procedures provide that all fraudulent and stolen passports are populated in the Stolen and Lost Travel Documents Database (SLTD). Currently, this database has about 89 million records as at 31 December 2019. Currently, the

352 https://frontex.europa.eu/media-centre/focus/document-fraud-is-a-key-challenge-in-border-control-frontex-is-on-the-case-acJ0cG)

353 https://frontex.europa.eu/media-centre/focus/document-fraud-is-a-key-challenge-in-border-control-frontex-is-on-the-case-acJ0cG)

contribution of IGAD member countries is as follows;[354]

COUNTRY	SLTD RECORDS	SEARCHES AGAINST DATABASE	SEIZURES
DJIBOUTI	887	532	0
ERITREA	73	04	0
ETHIOPIA	6,176	54	0
KENYA	2,746	212,993	52
SOMALIA	125	17	0
SOUTH SUDAN	5,372	3,377	02
SUDAN	1,114	251	03
UGANDA	11,321	700,619	58

The number of seized passports (hits generated) in IGAD member countries is 115.

There is an inherent link between forgery, fraud and human trafficking: smuggling and trafficking networks use

354 Author interview, Interpol NCB Nairobi, Electronic communication, 02 June 2020.

fraudulent documents to move individuals, and migrants and refugees can 'rent' fraudulent documents for a price, at times leaving them indebted and vulnerable for abuse.

COUNTERFEITING

The illicit manufacturing of a range of commodities and goods is a major form of organized crime in the region that covers a broad range of products from food and clothes to medication, electronics and software. Yet counterfeiting remains significantly underreported in comparison with other forms of crime, due to limited reporting, limited recognition of the harm this crime causes, regulatory issues, and the common perspective in many regional jurisdictions that this is a 'victimless crime.'

Even the terminology relating to this issue is contested. In the medical sphere, for example, some governments and

civil-society groups have argued that the term 'counterfeit' is politically loaded since it refers more specifically to infringement of pharmaceutical corporations' intellectual property rights – rights that are often enforced to keep medicine prices high at the expense of patients in developing countries.[355] The World Health Assembly has therefore adopted the more neutral terms 'substandard' and 'falsified'.

The manufacturing of a range of items contrary to copyright or patent laws or in contravention of safety regulations, can pose a direct risk to the public and also has a significant effect on economic performance and growth. Sub-par or pirated goods may be manufactured in facilities that do not meet health standards or may be laced with poisons or toxins. These same products are sold below true market value and undermine the value of legitimate goods, lowering quality

355 "India, China Are Leading Sources Of Counterfeit Medicines: Report". *The Week*, 2019, https://www.theweek.in/news/biz-tech/2019/05/04/India-China-are-leading-sources-of-counterfeit-medicines-report.html.

standards over time.

The impacts of substandard medicines in the world are enormous, particularly in sub-Saharan Africa. According to the WHO, the region accounts for 42% of worldwide cases of counterfeit drugs,[356] and the London School of Hygiene and Tropical Medicine modelled that for malaria alone, substandard medicine leads to approximately 116 000 preventable deaths per year. [357]

In East Africa, the counterfeit of medicine and pharmaceuticals is suspected to be a growing issue. The US Food and Drug Administration (FDA) states that counterfeit pharmaceuticals pose a direct health threat as they may be contaminated or contain the wrong or no active ingredients. The products could also be life-threatening when they contain

356 WHO. *WHO Global Surveillance and Monitoring System For Substandard and Falsified Medical Products*. 2017, http://www.who.int/medicines/regulation/ssffc/publications/gsms-report-sf/en/.

357 "1 In 10 Medical Products In Developing Countries Substandard Or Falsified". *World Health Organization*, https://www.who.int/medicines/regulation/ssffc/1-10-med-prod-SF/en/.

the right active ingredients, but at the wrong dose. [358]

Since the outbreak of the global COVID-19 pandemic in January 2020, distribution of counterfeit medical supplies to combat the Novel Coronavirus has skyrocketed. Under Operation Pangea XIII, which saw police, customs and health regulatory authorities from 90 countries take part in collective action against the illicit online sale of medicines and medical products, facemasks, substandard hand sanitizers and unauthorized antiviral medication.[359] The operation did not take place in IGAD Member States.

Some countries have reported a significant increase in expired and substandard food, beverages and medicines, with some of them playing the role of source and destination countries for such goods, transported through neighbouring

358 Counterfeit Medicine', U.S. Food and Drug Administration, https://www.fda.gov/Drugs/ResourcesForYou/Consumers/BuyingUsingMedicineSafely/CounterfeitMedicine/default.htm

359 https://www.interpol.int/en/News-and-Events/News/2020/Global-operation-sees-a-rise-in-fake-medical-products-related-to-COVID-19

countries. Illicit goods, suspected to be sourced largely from China, were reported to be trafficked into the region via the East African coast.[360]

FINANCIAL CRIMES

Transnational Security Threats (TSTs) have one factor in common, money. Organised Crime Groups (OCGs), and those fomenting terrorism, need access to financial resources to cover the costs of their operations, and a way to clean and transfer their significant profits across borders. As identified in a 2017 report,[361] TSTs generate US$1.6 trillion to US$2.2 trillion annually, fuelled by a combination of high profits and low risks for perpetrators of transnational crime; left unchecked it undermines economies, societies, and governments in developing countries.

360 Interpol, ENACT. *Overview Of Serious and Organized Crime In East Africa*. Interpol, 2018.
361 Channing Mavrellis, March 2017, Global Financial Integrity, Transnational Crime and the Developing World, https://gfintegrity.org/report/transnational-crime-and-the-developing-world/.

Governments are now realising the importance of targeting TSTs by focusing on the money, to more successfully combat these crimes and the illicit networks perpetrating them. Two key strategies are deployed. The first, is the use of financial investigations, to identify and document the movement of money during the course of criminal activity. The link between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited can provide vital information about, and proof of, criminal activity[362]. The second, is the global adoption of Anti Money Laundering (AML) / Countering Terrorist Financing (CFT) standards[363], to protect the integrity of the financial system by governments engaging the business sectors that deal in financial payments and luxury goods, to monitor and report activity that may be

362 Financial Action Task Force, June 2012 Operational Issues Financial Investigations Guidance https://www.fatf-gafi.org/media/fatf/documents/reports/Operational%20Issues_Financial%20investigations%20Guidance.pdf.
363 Financial Action Task Force, Feb 2012 (amended June 2019), The FATF Recommendations, https://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html.

involved in the commission of a serious crime (or terrorist activity), or the proceeds from one.

The vital role of "following the money" in investigating TSTs has been highlighted at the highest levels globally, with the Financial Action Task Force (FATF), the global body responsible for AML / CFT standards, outlining the importance of Money Laundering (ML) / Financing of Terrorism (FT) in fighting TSTs, several of which are Designated Categories of Offence[364], and the subject of papers focusing on the ML risk from specific TSTs i.e. Wildlife Crime[365], Human Trafficking[366], Drug Trafficking[367], Terrorist Financing.[368]

364 Financial Action Task Force https://www.fatf-gafi.org/glossary/d-i/.

365 Financial Action Task Force, June 2020, Money Laundering and the Illegal Wildlife Trade, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html.

366 Financial Action Task Force, July 2018, Financial Flows from Human Trafficking, https://www.fatf-gafi.org/publications/methodsandtrends/documents/human-trafficking.html.

367 Financial Action Task Force, June 2014, Financial flows linked to the production and trafficking of Afghan opiates http://www.fatf-gafi.org/media/fatf/documents/reports/Financial-flows-linked-to-production-and-trafficking-of-afghan-opiates.pdf.

368 Financial Action Task Force, July 2019, Terrorist Financing https://www.fatf-gafi.org/publications/fatfgeneral/documents/terroristfinancing.html.

Emerging ML trends observed across Africa are the purchasing of real estate, most notably in several capital cities, using illicit proceeds from TSTs; extending AML / CFT requirements to Designated Non-Financial Business (DNFBs) must include real estate agents across IGAD countries. Several countries have allowed casinos (both physical and virtual) to operate, however governance on ownership and management of such entities, as well as regulation, are currently insufficient and open to ML, notably by international syndicates. The use of gold, smuggled from artisanal mining in several IGAD countries on a significant scale, into the UAE, s something that needs to be addressed as a flow of illicit finances out of IGAD countries, avoiding Customs duties. Several recommendations are made as how this can be potentially addressed.

Global Financial Integrity's 2017 report[369]

369 Global Financial Integrity (2017) "Transnational Crime and the Developing World" https://gfintegrity.org/report/transnational-crime-and-the-developing-world/

"Transnational Crime and the Developing World" estimates the business of transnational crime at USD 1.6 to 2.2 trillion annually; the study evaluates 11 categories of crime: the trafficking of drugs, arms, humans, human organs, and cultural property; counterfeiting, illegal wildlife crime, illegal fishing, illegal logging, illegal mining, and crude oil theft.

Such significant profits are used to fund further illicit activities, corrupt societies, damage communities, as well as fund a criminal lifestyle.

Table X1. The Retail Value of Transnational Crime

Transnational Crime	Estimated Annual Value (US$)
Drug Trafficking	$426 billion to $652 billion
Small Arms & Light Weapons Trafficking	$1.7 billion to $3.5 billion
Human Trafficking	$150.2 billion
Organ Trafficking	$840 million to $1.7 billion
Trafficking in Cultural Property	$1.2 billion to $1.6 billion
Counterfeiting	$923 billion to $1.13 trillion
Illegal Wildlife Trade	$5 billion to $23 billion
IUU Fishing	$15.5 billion to $36.4 billion
Illegal Logging	$52 billion to $157 billion
Illegal Mining	$12 billion to $48 billion
Crude Oil Theft	$5.2 billion to $11.9 billion
Total	**$1.6 trillion to $2.2 trillion**

Governments are now realising that to effectively combat transnational crime much more needs to be done

to identify the financial aspects of criminal operations, to understand networks (for intelligence), track payments (for evidence), and identify assets (for seizure and forfeiture).

The use of financial investigations is key in 2 ways:

1. **Law enforcement agencies** should conduct a parallel financial investigation, in all major cases, to the physical criminal investigation (witnesses, physical & forensic evidence, etc) to assess (i) whether any payments were involved and how they were made? (ii) the suspects' own financial position - banks accounts, payment cards or mobile payments, ownership of assets (houses, vehicles, boats, etc), association with companies (director, shareholder, etc), (iii) whether the victims paid any money to the suspects & how & when? (iv) whether any payments were made to 3rd parties to secure assistance & how & when?

Often - from tracking and monitoring payments between suspect parties - law enforcement can build up a picture of the network - even before arrest action is taken.

Law enforcement usually have the powers to compel financial institutions to provide information in support of investigations, however, in most countries there is a specialised Financial Intelligence Unit (FIU) that coordinates information requests between law enforcement and financial institutions

2. **Financial Institutions** are subject to powerful, global Anti Money Laundering (AML) guidelines that most jurisdictions have now incorporated into national laws. Under such requirements, financial institutions have a duty to protect the financial system from misuse by criminals, laundering (cleaning) their illicit funds through banking and other payments systems. Most financial institutions have invested a lot of expenses in staff and systems to manage this risk through

detailed procedures to check the background of clients, source of their funds, and their activity. If a financial institution finds something suspicious, they must report their suspicion to the Financial Intelligence Unit (FIU).

Financial institutions are therefore, daily, conducting investigations into potentially suspicious activities. The acknowledgement of the power of financial investigations into major crimes has gained significant support in the last five years:

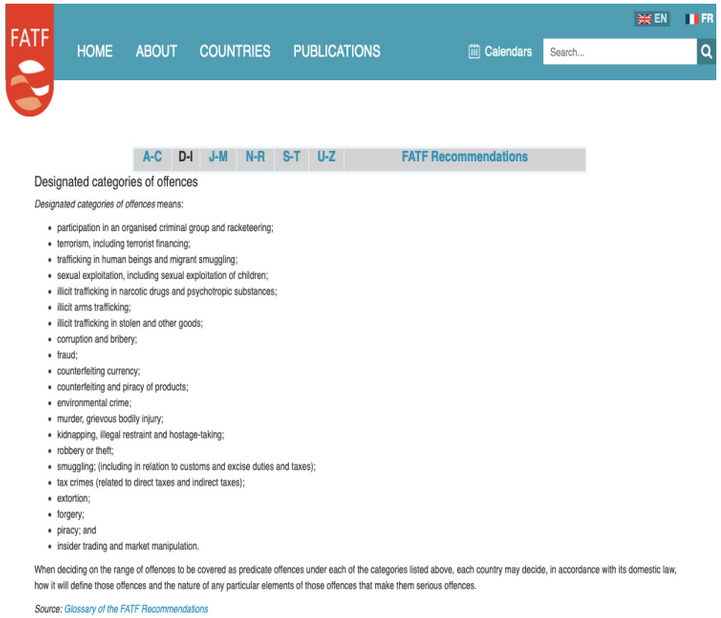
- UNSC 2331 (2016)[370] recognised that financial gain was one of the key reasons behind human trafficking & which directed that financial analysis should be a key part of understanding human trafficking and funding of terrorism
- Financial Action Task Force (FATF) sets the global guidelines on AML - which all members countries are mandated to follow and implement - they have started to issue guidance to encourage parallel financial investigations (Recommendation 30[371]) in cases associated with 21 types

370 S/RES/2331 (2016) https://www.undocs.org/S/RES/2331%20(2016)

371 Financial Action Task Force Recommendations https://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html

of criminal case ("designated categories of offence").[372]

In cases where law enforcement conducts financial investigations - and use financial information powerful results.



372 Financial Action Task Force Designated Categories of Offence https://www.fatf-gafi.org/glossary/d-i/

This video from Canada[373]- under an operation called Project Protect against human trafficking - shows how the financial institutions, working with law enforcement, can lead to the arrest of traffickers - based on financial information

This video from Winrock International[374] shows how financial institutions (& financial investigations) can map out criminal networks (in this case human trafficking) based on financial (& trade) information - very powerful.

To be effective in financial investigations several building blocks need to be in place.

Laws

1. are the laws in place to allow financial investigations by law enforcement? including seizure of assets?
2. are the laws in place regarding anti money laundering for financial institutions to follow?

Specialist Teams & Training

373 https://www.youtube.com/watch?v=t3MUFtIThvU

374 https://www.youtube.com/watch?v=-jDrww8iiHA

1. have specialist financial investigation teams been established in key law enforcement agencies?

2. have specialist financial investigation teams, prosecutors, and magistrates / judges been trained in the use of financial evidence in court proceedings?

AML / CFT

1. is there an active and well-resourced Financial Intelligence Unit (FIU)?

2. is the Financial Intelligence Unit (FIU) involved in major case investigations as a partner in obtaining and analysing financial information?

3. are financial institutions using the AML / CFT framework to report suspicious activity? how many Suspicious Activity Reports (SARs) / Suspicious Transaction Reports (STRs) are submitted annually?

Enhanced Prosecutions

1. is financial evidence used in any judicial proceedings - as additional evidence?

2. are charges of money laundering or terrorist funding used as additional charges in major cases?

3. are assets confiscated during or after any judicial proceedings?

Mineral and Natural Resource Wealth

Extractive industries often tend to be contributors to illicit financial flows,[375] through (i) intentionally disguising the value of the natural resource, or (ii) by disguising the volume or quality of resource extracted, or (iii) by manipulating the prices of inputs to artificially reduce revenues in the extracted country.

Use of Alternate Fund Transmission Systems

Hawala[376] is an alternative or parallel remittance system. It exists and operates outside of, or parallel to traditional banking or financial channels. The components of hawala that distinguish it from other remittance systems are trust and the extensive use of connections such as family relationships or regional affiliations. Unlike traditional banking, hawala

375 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

376 Financial Crimes Enforcement Network in cooperation with INTERPOL/FOPAC "The Hawala Alternative Remittance System and its Role in Money Laundering" https://www.treasury.gov/resource-center/terrorist-illicit-finance/Documents/FinCEN-Hawala-rpt.pdf

makes minimal (often no) use of any sort of negotiable instrument or records. Transfers of money take place based on communications between members of a network of hawaladars, or hawala dealers.

Unlike services provided by official banks and by non-banking financial institutions such as Western Union and MoneyGram, hawala bankers often disregard the legal obligations concerning the identification of clients, record keeping, and the disclosure of unusual transactions, to which official financial institutions are subject.[377]

Hawala and other money/value transfer services are prevalent in the region, and informal markets for goods are sometimes used for counter-valuation.[378] Use of hawala by

377 van Bunt, H The Role of Hawala Bankers in the Transfer of Proceeds from Organised Crime, Organized Crime: Culture, Markets and Policies, 2008, Volume 7 https://link.springer.com/chapter/10.1007/978-0-387-74733-0_9

378 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and Financial Crimes Country Database" (June 2016) https://www.state.gov/documents/organization/258726.pdf

criminal groups and terrorist groups is well documented - many countries consider "hawala and other similar service providers" (HOSSPs) as high vulnerability for TF but have very few domestic cases to support the statement.[379]

Hawala and other parallel remittance systems will continue to be a risk across the region for money laundering and terrorist financing in relation to Transnational Security Threats.

Correspondent Banking/ Nesting (ML).

In order to transact internationally, banks in the region, such as Kenya, Uganda, and South Sudan rely on correspondent banking relationships with international banks, who are able to process international trade and investment transactions, as well as transactions in foreign currency. There are 2 types of correspondent banking arrangement - traditional

379 FATF "The role of hawala and other similar service providers in money laundering and terrorist financing" Oct 2013 https://www.fatf-gafi.org/media/fatf/documents/reports/Role-of-hawala-and-similar-in-ml-tf.pdf

and nested.

Traditional correspondent banking allows a local or regional bank to transact globally via their correspondent bank, which is usually a large, international financial institution. The larger, international bank will process transactions on behalf of the smaller, correspondent bank, relying on information provided by the originator bank to meet its AML / CFT obligations. The larger, international bank will expect that the originator bank will have performed the requisite KYC / CDD checks on its account holder. It is debatable whether this is taking place in South Sudan.

Most banks in Kenya, and Uganda will have direct correspondent banking relationships with international banks to facilitate international transactions.

Nested correspondent banking allows a small, local

bank, who are unable to obtain a correspondent relationship to open an account with another local or regional bank, who have a correspondent banking relationship with an international bank, and gain access to the international financial system. The problem arises that the correspondent bank has little insight into the source of funds or whether adequate KYC / CDD checks have been performed, as it is not dealing directly with the financial institution that holds the account (it is "nested" or "hidden"). This presents a much higher risk to the large, international correspondent bank.

It is alleged that several South Sudanese banks hold nested accounts with banks in Kenya and Uganda.[380] This is a significant risk for the banks in Kenya and Uganda, who may not know the true identity of the beneficial owner and may be facilitating payments on behalf of corrupt officials or

380 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

criminals. For South Sudan, this prevents foreign investment, and may also lead to withdrawal of correspondent banking facilities or, worse, financial sanctions.

The risk to Kenyan, Ugandan, and South Sudanese banks comes from handling transactions in US dollars for nested accounts from South Sudan (and elsewhere), especially those facilitated by international banks through correspondent banking, as nearly all U.S. dollar-denominated transactions pass, even if for only a split second, through clearing banks in New York (USD clearing). When that happens, the U.S. government has jurisdiction over the transactions. This means that asset freezes and anti-money laundering measures directed at those doing business in dollars can have great impact, even when those individuals or entities are not in the United States, because banks in New York and around the globe can face the consequences of directing illicit transactions through the U.S.

financial system.[381]

This is a significant risk for Kenyan and Ugandan financial institutions banking nested accounts from South Sudan - not knowing the ultimate beneficial owner (UBO) and source wealth / source of funds. Such transactions in USD, on behalf of South Sudanese individuals and entities, place the Kenyan and Ugandan banking sector at risk of penalties and sanctions from the US for potentially facilitating payments associated with illicit acts or designated individuals / entities subject to sanctions.

Illicit cross-border financial flows

Global Financial Integrity's 2020 report on "Trade-Related Illicit Financial Flows in 135 Developing Countries" highlighted an imbalance in trade - suspected illicit financial flows (IFF) - between and among 135 developing countries

381 The Sentry (March 2018), Fueling Atrocities: Oil and War in South Sudan https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities_Sentry_March2018_final.pdf

and 36 advanced economies: [382]

- USD 8.7 trillion: the sum of the value gaps identified in trade between 135 developing countries and 36 advanced economies over the ten-year period 2008-2017.
- USD817.6 billion: the sum of the value gaps identified in trade between 135 developing countries and 36 advanced economies1 in 2017, the most recent year for which comprehensive data are available.
- Illicit financial flows (IFFs) may include several types of activities, such as trade misinvoicing, smuggling, tax evasion, etc.
- Trade misinvoicing occurs when importers and exporters deliberately falsify the stated prices on the invoices for goods they are importing or exporting as a way to illicitly transfer value across international borders, evade tax and/or customs duties, launder the proceeds of criminal activity, circumvent currency controls, and hide profits offshore. It deprives developing country governments of desperately needed tax revenues, as well as potentially fuelling criminal activities or terrorist financing.

IFF Outflows can be achieved in several ways, namely

382 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

- Import Over-Invoicing: to (i) move money abroad (to evade capital controls, move wealth into hard currency), or (ii) overstating the cost of imported goods to reduce income tax liability, or (iii) avoid anti-dumping duties
- Export Under-Invoicing: to (i) move money abroad (to evade capital controls, move wealth into hard currency), or (ii) evade income taxes (lowering taxable income levels), or (iii) evade export taxes and duties

IFF Inflows can be achieved in several ways, namely

- Import Under-Invoicing: to (i) evade customs duties or value added taxes, or (ii) avoid regulatory requirements for imports over a certain value,
- Export Over-Invoicing: to (i) exploit subsidies for exports, or (ii) exploit drawbacks (rebates) on exports.

DJIBOUTI

TERRORISM

Djibouti has not suffered a terrorist incident on its territory since the suicide bombing of *La Chaumière* restaurant in downtown Djibouti City in May 2014, which killed 3 people and wounded 11 more. The attack, which was carried out by a man and a woman carrying concealed hand grenades, was subsequently claimed by the Somalia-based terrorist group, Al-Shabaab.[383]

The attack on *La Chaumière* highlighted Djibouti's attraction for violent extremist organisations due to its importance as a host of foreign military bases from around

383 https://www.aljazeera.com/news/africa/2014/05/al-shabab-claims-deadly-djibouti-blasts-201452715463297741 0.html

the world: Al-Shabaab claimed to be targeting French soldiers, but the explosion injured Dutch and Spanish personnel as well. There is little doubt that Al-Shabaab and other jihadist organisations continue to seek opportunities to cause harm to both Djibouti and to foreign interests hosted by Djibouti. Djibouti also hosts IGAD's headquarters since its inception.

The Djiboutian authorities' response to the attack featured a heightened counterterrorism posture, including intensified cordon and search operations, vehicle searches, border controls and enhanced protection of soft targets, including hotels and grocery stores.[384] In 2018, the Ministry of Justice, together with the Ministry of Foreign Affairs and IGAD's Center of Excellence for Preventing and Countering Violent Extremism (ICEPCVE), created a national committee of experts to develop a national strategy to combat terrorism.

384 US Department of State, Country Reports on Terrorism 2018 & 2019 - Chapter 1 – Djibouti. https://www.state.gov/reports/country-reports-on-terrorism-2018/#Djibouti and https://www.state.gov/reports/country-reports-on-terrorism-2019/djibouti/

The Justice Ministry also began to "harmonize Djibouti's legal codes to clearly define prosecutable acts of terrorism and establish a procedure for prosecuting acts of terrorism."[385] In 2019, the National Anti-Terrorism Taskforce held several terrorism-related exercises to respond to and prevent terrorist attacks at popular landmarks such as hotels.[386]

Djibouti planned to begin criminal proceedings in 2019 against suspects charged in connection with the 2014 bombing but have so far been unable to take the prosecution forward, citing lack of co-operation from Somaliland.

385 Ibid.
386 US Department of State, Country Reports on Terrorism 2019 - Chapter 1 – Djibouti. https://www.state.gov/reports/country-reports-on-terrorism-2019/djibouti/

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Djibouti is not a country of origin for the trafficking of small arms and light weapons, but it does serve as a country of transit – mainly for arms and ammunition from Yemen that are destined for Somalia. This transit trade does not appear to have contributed to any significant proliferation of illicit weapons within Djibouti itself.

Yemen has historically served as a major source of black-market weapons in the region, and since the outbreak of civil war in 2015, the variety and volume of weapons and ammunition available in the country's arms markets has increased exponentially. Weapons and military equipment sourced in Yemen are generally less expensive than comparable

items procured within Africa, making it an attractive source of supply.

Most of this illicit trade involves shipments of arms by dhows and fishing vessels directly from Yemen to the northern Somali coast; routing consignments via Djibouti would entail a detour and add unnecessary risk. Nevertheless, various sources point to small-scale arms transfers via Djibouti to Somaliland and Puntland, often combined with other forms of contraband, using skiffs and dhows. [387] One private risk consulting firm alleged in 2018 that some of these illicit arms flows originate from areas in Yemen, namely the Khokha district of Hodeidah province, but provides no evidence to support this claim. [388] Descriptions of this route suggest that contraband smugglers may be leveraging existing assets and trading routes to boost their profits by moving weapons on an opportunistic basis.

387 Horton, Michael. "Arms from Yemen Will Fuel Conflict in The Horn of Africa". *Terrorism Monitor*, vol 18, no. 8, 2018 and EXX Africa. *The Arms Trade in The Horn of Africa*. 2018.

388 EXX Africa. *The Secret Chinese Arms Trade in The Horn of Africa*. 2018

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

Djibouti is confronted by three main types of human smuggling and trafficking: the country is being used as a transit route for foreign migrants, primarily from Somalia and Ethiopia, *en route* to Yemen and other locations in the Gulf states and wider Middle East – an activity that frequently degenerates into various forms of trafficking. It is also reported that domestic and foreign victims are trafficked and exploited within Djibouti. [389]

In 2019, the government investigated 33 potential trafficking cases, from which it prosecuted 80 suspected traffickers under the 2016 anti-trafficking law. In 2018, it investigated 29 potential trafficking cases from which it prosecuted 58 suspected traffickers under the same law. There were no trafficking convictions in both years, due to the judges'

389 2019 TIP Country Reports | Djibouti (Tier 2)". U.S. Embassy in Djibouti, 2019, https://dj.usembassy.gov/2019-tip-country-reports/.

determination of insufficient evidence to prove trafficking. The majority of the prosecutions resulted in smuggling convictions, in 2019 16 suspects were acquitted and 48 were made to pay fines.[390] The 2019 US TIP report stated that severe resource and capacity limitations impeded officials' ability to develop comprehensive investigations of trafficking indicators and crimes.[391]

Routes

In 2019, the International Organisation for Migration (IOM) reported that 215,710 individuals had entered and travelled through Djibouti, most of which were Ethiopian nationals wishing to cross the Red Sea to reach Saudi Arabia. The majority of migrants and refugees entered via various border crossings, as the route from Ethiopia to Djibouti is

390 United States Department of State. *Trafficking in Persons Report 20Th Edition*. 2020, https://www.state.gov/wp-content/uploads/2020/06/2020-TIP-Report-Complete-062420-FINAL.pdf.

391 2019 TIP Country Reports | Djibouti (Tier 2)". U.S. Embassy in Djibouti, 2019, https://dj.usembassy.gov/2019-tip-country-reports/.

fairly direct. The main border crossings are Galafi and Balho in the west, and Assamo (Ali Sabieh) in the south.[392] It should be noted that although IOM has five Flow Monitoring Points (*FMPs*) in Djibouti, it cannot record all migrants, as some do not pass through these FMPs or request IOM assistance, but instead choose to stay in houses where they cannot be monitored.

The average cost of the journey to reach the launching points, according to IOM, is USD 285 from Amhara region to Obock, USD 254 from Oromia to Obock, and USD 362 from Tigray to Obock.[393] The price for the journey by boat has been quoted as USD 450 from Obock to Yemen.[394]

The flow of migrants and refugees transiting through

392 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

393 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

394 "Since the Godoria Shipwreck More Ethiopian Migrants Opt to Go Back Home". *IOM*, 2019, https://www.iom.int/news/godoria-shipwreck-more-ethiopian-migrants-opt-go-back-home.

Djibouti is such that there are no set routes or fixed congregation points in the country before migrants reach the launching areas, which are predominantly to the north of Obock.

There are several known spots where migrants congregate before crossing, and authorities or IOM are continuously finding new 'off-the map' locations such as Kussur Kussur, near Lake Assal.[395] An unknown number of migrants stop in Djibouti city or in Obock, where they work in order to earn enough funds to afford the crossing.[396]

From Djibouti City, migrants and refugees travel by road to Obock.[397] The routes vary, as they depend on the smuggler's networks and their ability to corrupt checkpoint officials. Part of the travel is therefore undertaken on main

395 Associated Press. "Ethiopians Brave Deserts and Smugglers on The Way to Saudi Arabia". *Los Angeles Times*, 2020, https://www.latimes.com/world-nation/story/2020-02-13/ethiopians-brave-deserts-and-smugglers-on-the-way-to-saudi.

396 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

397 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

roads, while the rest is off-road. The choice to travel overtly or covertly also depends on the time of the day, and knowledge as to whether security forces will be manning roadblocks or not.

The same possibilities exist from Tadjourah or Badaf,[398] although the maritime route is the less popular choice, as it is more expensive to hire a boat which allows individuals to reach Obock safely in several minutes, under cover of night.

Once migrants have reached Obock, they can be made to wait for several days for a boat to take them across the Red Sea. Large congregations of stranded migrants witnessed occasionally is a reaction to increased coast guard patrols, making smugglers unwilling to undertake the crossing. According to an IOM official, the Djibouti coastguard has increased patrolling capacity since 2017, with a noticeable increase since

398 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

April 2020, leading to several migrant boats being intercepted between Djibouti and Yemen.[399] Patrolling especially occurs in the morning, leading smugglers to undertake the crossing exclusively at night in order to avoid detection.

The crossing to Yemen from various launching points to the north of Obock takes eight hours, and usually takes place at night.[400] In 2019, IOM counted 29,059 migrants in Obock prior to their departure, and added that out of the 138,213 migrants that arrived in Yemen, 38% claimed to be from Djibouti.[401]

According to migrant testimonies, abuses were severe on the maritime route across the Red Sea and the threat escalated upon arrival in western Yemen. On arrival refugees

399 Interview with IOM official, 5 May 2020.
400 "Migrants Cross Yemen War Zone to Find Work in Saudi Arabia". *AP NEWS*, 2020, https://apnews.com/9e317dcc046103015226f1bbedb8d0e7.
401 "2019 Migration Snapshot: Djibouti". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/Djibouti_2019%20Migration%20Snapshot.pdf.

and migrants "would be abducted and taken to smuggling dens for weeks on end, until they paid extortion fees to secure their release. If they were unable to pay, they would be physically beaten, raped, tortured or put to work before eventually being released".[402]

Loss of life

Migrants transiting through Djibouti must first traverse arid regions to reach Obock, after which they must cross the Bab el-Mandeb strait to reach Yemen. Although the maritime distance to be crossed to reach Yemen is relatively short, the route has a high death toll. A 2016 estimate put the number of people who have died in the past decade at close to 3,000,[403] with boats frequently capsizing. The odds of capsizing depend on several factors such as overcrowding and weather

402 Akumu, Olivia. "Shifting Tides: The Changing Nature of Mixed Migration Crossings to Yemen". Mixed Migration Centre, 2016, http://www.mixedmigration.org/articles/shifting-tides-the-changing-nature-of-mixed-migration-crossings-to-yemen/.
403 Niarchos, Nicolas. "The Dangerous Route of Ethiopian Migrants". *The New Yorker*, 2016, https://www.newyorker.com/news/news-desk/the-dangerous-route-of-ethiopian-migrants.

conditions. The Red Sea channel contains a conglomerate of currents from the Indian Ocean, and is one of the world's busiest shipping routes, with cargo ships causing strong wakes which can easily cause a smaller boat to capsize. Before the conflict in Yemen in 2015, there were reports of smugglers offloading migrants hundreds of meters (sometimes over a kilometre) from the shore in order to avoid Yemeni patrols. The vast majority of migrants are not able to swim, leading to many drownings during such forced disembarkation.[404] The departure from Obock has proven to be perilous as well, as the boats hover around 20 meters from the shore before departing at night.[405]

Press reports of drownings on the Bab el-Mandeb strait are common, in January 2019 at least 58 individuals

404 *Fatal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.

405 Gardner, Tom. "Deadly Journeys: How Despair Drives Young Ethiopians to Flee to Yemen". *The Guardian*, 2018, https://www.theguardian.com/global-development/2018/may/09/young-ethiopians-poverty-yemen-the-gulf.

were reported to have drowned just 500 meters off the shores of Djibouti, most of them believed to be Ethiopian nationals.[406] The smuggler leading the boat was Yemeni, but additional information is absent due to lack of investigations in Yemen.[407]In April 2019 at least 70 Ethiopian nationals drowned after their boat capsized on its way to Yemen.[408]

In July 2019 at least 15 Ethiopians died from hunger and thirst after their boat broke down on the way to Yemen from Djibouti.[409] Additional reports indicated that the boat originally carried 90 migrants, while the condition of survivors was unknown.[410]

406 "Dozens of Ethiopians Drown on Forgotten Migrant Route Off Shores of Djibouti". *The France 24 Observers*, 2019, https://observers.france24.com/en/20190206-djibouti-ethiopians-drown-forgotten-migration.

407 Interview with IOM official, 5 May 2020.

408 "70 Ethiopians Dead After Boat Capsizes in Red Sea". *The Ethiopian Satellite Television and Radio (ESAT)*, 2019, https://ethsat.com/2019/04/70-ethiopians-dead-after-boat-capsizes-in-red-sea/.

409 "Ethiopian Migrants Die of Hunger and Thirst in Stranded Boat: UN Agency". *Al Arabiya English*, 2019, https://english.alarabiya.net/en/News/world/2019/07/31/Ethiopian-migrants-die-of-hunger-and-thirst-in-stranded-boat-UN-agency.html.

410 "Ethiopian Migrants Die of Hunger and Thirst in Stranded Boat: U.N. Agency". *Reuters*, 2019, https://www.reuters.com/article/us-yemen-security-migrants/ethiopian-migrants-die-of-hunger-and-thirst-in-stranded-boat-u-n-agency-idUSKCN1UQ0XF.

A second important cause of death for migrants in Djibouti, as reported by the Gendarmerie of Djibouti, are road accidents. These accidents occur either due to bad driving, to unfit vehicles, to difficult terrain on unmarked roads, or due to overloading. Migrants may also die of asphyxiation when being locked inside a container without access to food, water, or fresh air.[411]

Most migrant deaths, however, according to survivors, take place in the desert.[412] Migrants frequently die while crossing the barren lava fields of Western Djibouti, on their way to launching points of Obock. Smugglers are notorious for their neglect of migrants, but usually provide food and water. Migrant groups travelling without the assistance of a smuggling syndicate, or migrant groups that have been abandoned by

411 *Fatal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.
412 *Fatal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.

their smuggler report frequent deaths of dehydration, hunger, exhaustion, or exposure while crossing remote, desert areas without human settlements.[413] There are additional reports of migrants dying while waiting to cross the Red Sea in caves on beaches without any provisions.[414]

There are no accurate estimates on the loss of life occurring in the desert of Djibouti, due to the lack of data, but there are enough unburied dead to have contaminated the water supply.[415]

DRUGS AND PSYCHOTROPIC SUBSTANCES

There is limited information on drug use in Djibouti. The UNODC collates information on annual prevalence of drug use from national authorities through its Annual Reports

413 *Fatal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.
414 *Fatal Journeys, Tracking Lives Lost During Migration*. IOM, 2014, https://publications.iom.int/system/files/pdf/fataljourneys_countingtheuncounted.pdf.
415 Gardner, Tom. "Deadly Journeys: How Despair Drives Young Ethiopians To Flee to Yemen". *The Guardian*, 2018, https://www.theguardian.com/global-development/2018/may/09/young-ethiopians-poverty-yemen-the-gulf.

Questionnaire (ARQ), but there is no information shown for Djibouti.[416] Information on the trafficking of small quantities of drugs is also limited.

Three extremely large drug and precursor seizures have been made at the port and routes to Djibouti, although in all cases Djibouti was likely not the final destination. On 3rd January 2017, 500kg of cocaine was seized from a container at the port of Doraleh, after it had been shipped from Brazil.[417] The cocaine was disguised as flour and described by authorities as their largest ever seizure of the drug.[418] The seizure was made as a result of a tip off from an international partner. Djibouti was not the final destination, as the container was due to be loaded onto another ship to be taken to Spain. This

416 UNODC. Data UNODC. Prevalance - general. Available at: https://dataunodc.un.org/data/drugs/Prevalence-general

417 Author Interview, Djibouti Gendarmerie, 05th February 2020

418 Reuters (2017). Cocaine disguised as flour seized in Djibouti. Available at: https://uk.reuters.com/article/uk-djibouti-cocaine/cocaine-disguised-as-flour-seized-in-djibouti-idUKKBN14P131

was a tactic used by the organized crime group in order to seek to avoid profiling of vessels on a direct route from the cocaine source region.[419] Underlining the significance of the 2017 interception, this was the largest cocaine seizure made in eastern Africa since 2004.[420]

In 2009, shipments of acetic anhydride, a precursor that can be used in the manufacture of heroin, totalling 36 tonnes were suspended while being transported to Djibouti from India and the Islamic Republic of Iran.[421] This followed an attempt made a few months before to ship 15 tonnes of acetic anhydride from Italy to Egypt.[422] The illicit shipment of acetic anhydride to a country does not automatically mean heroin will be processed there; the substance may then be

419 Author Interview, Djibouti Gendarmerie, 05th February 2020

420 International Narcotics Control Board (INCB). 2017. Para 385. INCB REPORT 2017: Chapter III. Analysis of the World Situation. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2017/Annual_Report_chapters/Chapter_3_Africa_2017.pdf

421 INCB. (2009). INCB REPORT 2009: Chapter III. Para 328. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2009/AR_09_E_Chapter_III_All.pdf

422 ibid

smuggled onwards. It is, however, an indicator that diversion of acetic anhydride is taking place. At the time of the suspended shipments to Djibouti and Egypt, a trend was reported of "traffickers increasingly using new smuggling routes for acetic anhydride in Africa as well as seeking new distributors located in Africa, or Asia, to include Iran and Iraq".[423] The Djibouti cases highlight how indirect container routes target ports in the IGAD region. International cooperation provides an opportunity for interceptions to take place, as highlighted by the January 2017 cocaine interception.

423 US Department of State (2010). International Narcotics Control Strategy Report: Volume I. P65

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

The Djibouti Gendarmerie regularly seizes prohibited goods, at times in great quantities. These products include fuel and lubricants (such as motor oil), materials to produce counterfeit bank notes, counterfeit cosmetics and pharmaceuticals, and counterfeit cigarettes of different brands.[424]

FINANCIAL CRIMES

Country Assessment on Money Laundering / Terrorism Financing / Illicit Financial Flows

An overview of Djibouti's Anti Money Laundering

424 Author Interview, electronic communication, 19th February 2020

and Countering Terrorism framework is found in Annex B.

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

A. Use of Legal Enterprises

Djibouti is one of the world's fastest growing economies and opens onto one of the world's busiest shipping lanes.

The launch of Djibouti International Free Trade Zone (DIFTZ)[425] in 2018 - the largest in Africa - as well as being a showpiece in promoting economic growth and investment - may also bring risk, due to minimal oversight afforded to Government agencies, that have been observed in other free trade zones (FTZ)

425 "Thanks to China, Africa's largest free trade zone has launched in Djibouti", July 9, 2018 https://qz.com/africa/1323666/china-and-djibouti-have-launched-africas-biggest-free-trade-zone/

- the use of FTZ to traffic counterfeit & illicit goods[426]
- the use of FTZ to move illicit weapons [427] - the trade of illegal weapons in & around the Gulf of Aden remains highly lucrative and is comprehensively entwined with transnational terrorist groups, drug smuggling, and the conflict in nearby territories - Djibouti's role as a transit point has been inferred in cases involving weapons movements in the region[428]
- companies registered and operating within the FTZ are not subject to the same Government scrutiny as those registered in the rest of the country and thereby may be open to use by criminals or for illicit activity[429]
- the use of FTZ for money laundering, using Trade Based Money Laundering (TBML)[430], as identified by the Financial Action Task Force (FATF). TBML is one of the main methods to launder the proceeds of crime. TBML schemes include:
    1. falsification of the quantity, of a shipment including multiple invoicing of goods in order to justify

426 "Free trade zones are being used to traffic counterfeit goods", OECD, 15/03/2018, http://www.oecd.org/newsroom/free-trade-zones-are-being-used-to-traffic-counterfeit-goods.htm

427 EXXAfrica THE ARMS TRADE IN THE HORN OF AFRICA, Aug 2018 https://africabusiness.com/2018/09/03/djibouti-5/

428 Ethiopian Monitor "Ethiopia seizes 18,000 Turkish-made Illegal Firearms" https://ethiopianmonitor.com/2020/03/11/ethiopia-seizes-18000-turkish-made-illegal-firearms/

429 Conversation with confidential source 8/4/2020

430 Money Laundering vulnerabilities of Free Trade Zones, FATF, March 2010, pp19-26 https://www.fatf-gafi.org/media/fatf/documents/reports/ML%20vulnerabilities%20of%20Free%20Trade%20Zones.pdf

the transfer of value from one jurisdiction to another.

2. purchase of high-value goods using the proceeds of crime, followed by the shipment and re-sale of goods overseas;

3. transfer of funds which purport to be related to trade, or to the purchase of goods that are ultimately never shipped or received (also known as "phantom shipments");

4. falsifying the number and/or value of goods being shipped to be higher or lower than the corresponding payment, allowing for the transfer or receipt of the value of proceeds of crime (also known as over or under-invoicing);

5. using the proceeds of crime to purchase goods for legitimate re-sale, with payment for goods made to drug traffickers/distributors by legitimate business owners

- TBML schemes often include a number of complex layers including cash, front companies, currency exchange, and the purchase and shipment of goods with illicit proceeds.

The construction of the Chinese-built Ethiopia-

Djibouti railway[431] in 2018 provides a vital link between Ethiopia and Djibouti's Doraleh Port; it also provides a convenient route for smuggling of items into / from Ethiopia. The profits & proceeds from such activities may constitute money laundering.

Djibouti's cultural and historical trading ties with neighbouring Somalia present a risk factor. A number of Djibouti-based financial institutions have operations in Somalia, a jurisdiction which has minimal Anti Money Laundering (AML) / Countering the Financing of Terrorism (CFT) legislation or other controls and has been the subject of sanctions under United Nations Security Council Committee resolution 751[432] (1992). Due to various insurgencies ongoing within Somalia, as well as the activity of terrorist group, Al-Shabaab, it is likely that terrorist funding, as well as payments

431 Chinese-built Ethiopia-Djibouti railway wins acclaim for driving Ethiopia's import-export needs, July 2019 http://www.xinhuanet.com/english/2019-07/24/c_138251826.htm

432 https://www.un.org/securitycouncil/sanctions/751

for weapons, may be mixed in with other transactional activity. This represents a risk.

In 2019, Djiboutian authorities were forced to seek a new shareholder in Djibouti's Silkroad International Bank SA, after the existing shareholder, a unit of China-based IZP Group, was expelled after being penalized for allegedly breaching anti-money laundering rules in PRC[433]

B. Use of Cash

At lower levels of transactions, including illicit transaction aligned with human smuggling, human trafficking, and payments aligned with facilitation of other forms of trafficking (drugs, weapons, etc) are predominantly cash-based.

Cash is smuggled across the national borders - Ethiopia

433 China Merchants in Talks to Replace Ousted Djibouti-Bank Partner (April 2019) https://www.bloomberg.com/news/articles/2019-04-17/china-merchants-in-talks-to-replace-ousted-djibouti-bank-partner

to Djibouti or Ethiopia to Somalia to Djibouti.[434]

Provision is made in the CFT laws for border agencies have the power to stop and inspect and report any transaction over 1 million Djibouti Francs;[435] This is reportedly not sufficiently enforced.[436]

For Transnational Security Threats, at some point in the cycle, cash needs to enter the financial system, for cross border payments to other criminal networks, payment of expenses for the illicit business, or to fund a criminal lifestyle.

C. Use of Alternate Fund Transmission Systems

In Djibouti, the larger Hawala dealers are licensed and regulated (as Money Service Bureau) by the Central Bank

434 Conversation with confidential source 8/4/2020

435 Article 28 to 30 of Law n ° 110 / AN / 11 / 6th L relating to the fight against the financing of terrorism, https://www.srf.dj/wp-content/uploads/2017/07/Loi-110-conre-le-financement-terrorisme.pdf

436 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and Financial Crimes Country Database" (June 2016) https://www.state.gov/documents/organization/258726.pdf

under the prevailing AML / CFT framework[437]

D. Gold Smuggling

Gold smuggling from African nations via Djibouti to mainly the United Arab Emirates (UAE) is a risk for AML / CFT[438].

Djibouti's FTZ and ports, proximity to Yemen, and strong links with GCC countries, all provide the opportunity for gold smuggling and the risks associated with such, for money laundering and terrorist financing.

E. Front Companies & Professional Money Launderers

The World Bank Group Doing Business Report for Djibouti 2020[439] indicates that it is relatively easy, for a non-resident, to open a company in Djibouti, as well as bank

437 Conversation with confidential source on 8 April 2020
438 Conversation with confidential source on 8 April 2020
439 Economy Profile of Djibouti Doing Business 2020 Indicators https://www.doingbusiness.org/content/dam/doingBusiness/country/d/djibouti/DJI.pdf

accounts - this may present a risk of the use of corporate structures & front companies for money laundering

The FATF outlined in its paper[440] "Professional Money Laundering" the key role of professional money launderers (PMLs) that specialise in enabling criminals to evade anti-money laundering and counter terrorist financing safeguards and sanctions in order to enjoy the profits from illegal activities, providing third-party laundering for a fee or commission. Such PMLs may include:

- accountants, lawyers, notaries and/or other service providers;
- Trust and Company Service Providers (TCSPs);
- bankers;
- MVTS providers;
- brokers;
- fiscal specialists or tax advisors;

440 FATF, Professional Money Laundering, July 2018 http://www.fatf-gafi.org/media/fatf/documents/Professional-Money-Laundering.pdf

- dealers in precious metals or stones;
- bank owners or insiders;
- payment processor owners or insiders; and
- electronic and cryptocurrency exchanger owners or insiders.

PMLs can be involved in one, or all, stages of the ML cycle (i.e. placement, layering and integration), and can provide specialised services to either manage, collect or move funds. There are a number of specialised services that PMLs may provide. These include, but are not limited to:

- consulting and advising;
- registering and maintaining companies or other legal entities;
- serving as nominees for companies and accounts;
- providing false documentation;
- co-mingling legal and illegal proceeds;
- placing and moving illicit cash;
- purchasing assets;

- obtaining financing;
- identifying investment opportunities;
- indirectly purchasing and holding assets;
- orchestrating lawsuits; and
- recruiting and managing money mules.

PMLs often make use of company formation in jurisdictions where Beneficial Ownership (BO) maybe subject to secrecy and /or tax rates are favourable- such jurisdictions are identified in indices on financial secrecy[441] and tax havens[442]

PMLs may be key partners in the business model of any significant Transnational Security Threat - as outlined in the Business Model Canvas - highlighted in the ALEFA paper,[443] which although developed for Trafficking in Human Beings

441 Tax Justice Network, Financial Secrecy Index 2020 https://fsi.taxjustice.net/en/

442 Tax Justice Network, Corporate Tax Haven Index 2019 https://www.corporatetaxhavenindex.org

443 Association of Law Enforcement Forensic Accountants (ALEFA), "Trafficking in Human Beings (THB) Financial Investigation Handbook" Dec 2018 http://www.alefa.eu/home-page

(THB), applies to all major organised crime networks.

As outlined in earlier sections, Djibouti, due to its location, free trade zones, ease of establishing a business (especially within the free trade zone), pegged currency, and lack of exchange controls, make it a very favourable location for PMLs to operate from, facilitating ML for organized crime groups around the region.

F. Terrorist Financing

The risk of domestic terrorism in Djibouti is relatively low. Elements of the now largely dismantled anti-government FRUD-Armé are likely to exploit grievances among ethnic-Afar. The Djiboutian military has allegedly neutralised the FRUD-Armé's capability to conduct small arms attacks against military assets and convoys in the Obock region[444].

Separately, Djibouti's military participation in the

444 IHS Markit, Djibouti Country Report, 31 Dec 2019, https://www.garda.com/crisis24/country-reports/djibouti

regional African Union Mission in Somalia and hosting of French and US military bases make it an aspirational target for Al-Shabaab militants, a key designated[445] terror group[446]. However, the group has limited access to local support networks that are typically necessary to evade the security services during the planning and preparation phases. Western hotels are otherwise priority targets.

A key aspect to Al Shabaab's operations is their funding and whether this may transit through Djibouti's financial system, informal alternate fund transmissions, as well as cross border cash smuggling.

Al Shabaab reportedly raise funds through *'duties and fees levied at airports and seaports, taxes on goods and services, taxes in kind*

445 Designated by the US Department of State since 3/18/2008 as a Foreign Terrorist Organization (FTOs) https://www.state.gov/foreign-terrorist-organizations/

446 The East African, Kenya 'disappointed' after UN rejects bid to designate Shabaab terrorists, Aug 29, 2019 https://www.theeastafrican.co.ke/news/ea/Kenya-disappointed-un-rejects-bid-designate-al-shabaab-terrorist/4552908-5253580-deiyeb/index.html

on domestic produce, jihad contributions, checkpoints and various forms of extortion justified in terms of religious obligations, or zakat', and this is supplemented through commerce, trade and contraband; diaspora support (through remittances and hawala); and external assistance ("deep pocketed donors"). [447]

The risks to Djibouti are as a conduit for such terrorist funds, especially as the Djibouti Franc is pegged to the US dollar, and the US have designated Al Shabaab as an Foreign Terrorist Organization (FTO),[448] which stipulates that it is unlawful for a person in the United States or subject to the jurisdiction of the United States to knowingly provide "material support or resources"[449] to a designated FTO. If such funds for Al Shabaab were found to be moving through Djibouti,

447 Keatinge, T, THE ROLE OF FINANCE IN DEFEATING AL-SHABAAB, RUSI Dec 2014 https://rusi.org/sites/default/files/201412_whr_2-14_keatinge_web_0.pdf

448 https://www.state.gov/foreign-terrorist-organizations/

449 The term "material support or resources" is defined in 18 U.S.C. § 2339A(b)(1) as "any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, financial services…" https://www.state.gov/foreign-terrorist-organizations/

there is a risk that it could put the US dollar peg at risk.

Use of Charitable Activity / Non-Profit Organisations

Financial Action Task Force (FATF) Recommendations for Combatting the Financing of Terrorism (CFT) - Recommendation 8 - is to ensure that Non-Profit Organisations (NPOs) are not misused by terrorist organisations:

(i) to pose as legitimate entities;

(ii) to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; or

(iii) to conceal or obscure the clandestine diversion of funds intended for legitimate purposes, but diverted for terrorist purposes

FATF issued guidelines[450] for member jurisdictions to better understand & mitigate the risk from NGOs being used for terrorist activities

450 Financial Action Task Force, COMBATING THE ABUSE OF NON-PROFIT ORGANISATIONS (RECOMMENDATION 8) http://www.fatf-gafi.org/publications/fatfrecommendations/documents/bpp-combating-abuse-npo.html

In Djibouti, charities operate at several levels, and present different levels of risk[451]:

- local charities, locally registered & funded locally - typically low risk
- local charities, setup by foreigners & funded internationally - maybe higher risk due to non-transparent sources of funding for projects / programmes (may be a front for terrorist or criminal funding)
- foreign charities, locally based but may operate programmes regionally, funded by international donations - maybe higher risk due to receiving money for projects outside of Djibouti in higher risk jurisdictions.

There is a risk, especially for financing of terrorism, of the use of charities, and charitable donations, especially from outside of Djibouti, to be used for funding of terrorism, notably in nearby jurisdictions.

451 Conversation with confidential source 8/4/2020

ILLICIT FINANCIAL FLOWS

Djibouti (in 2009, the only year figures were supplied) is reported to have a USD$42 million value gap[452] with the 36 advanced economies (or 33.28% of trade with those markets).

Djibouti (in 2009, the only year figures were supplied) is reported to have a USD$80 million value gap[453] with all of their trading partners (or 20.85% of trade with those markets).

The opacity of free trade zones (FTZs) hinders national customs authorities to provide control or oversight over cargo moving in and out of FTZs; Djibouti has this risk with trade misinvoicing in particular, and illicit financial flows in general, undermining the economic and national security of the nation.

452 Ibid, Table A (p.48) and Table C (p.53)
453 Ibid, Table E (p.58) and Table F (p.64)

Conclusions

Djibouti has put in place a number of laws and directives that provide a framework to use investigation of financial flows under AML / CFT processes.

It is yet to undergo a Mutual Evaluation to assess its AML / CFT laws, adoption and effectiveness of its processes and procedures

The SRF is preparing for Egmont membership which will help it foster better international and regional cooperation

Law enforcement expertise in financial investigations and targeting financial crimes is minimal.

Djiboutian magistrates and judges also lack both experience and expertise in prosecuting and hearing cases

involving financial crimes.

The Ministry of Justice examines each predicate offence and seldom considers links to money laundering or terrorism financing, unless currency is directly involved.

ETHIOPIA

TERRORISM

Historically, Ethiopia has faced threats from a wide range of foreign and domestic terrorist groups. Since the early 1990s, it has been an area of interest for Al-Qa'ida and its Somali affiliate, *Al-Itihaad al-Islaami*. The groups jointly established bases in the southeastern part of the country and engaged in combat with Ethiopian forces. In 1995, Al-Qa'ida attempted to assassinate the Egyptian President, Hosni Mubarak, while he was attending a summit in Addis Ababa.

Around that same time, during the rule of Ethiopian People's Revolutionary Democratic Front (EPRDF), a number of disaffected local groups waged fitful insurgencies against the government, sometimes employing terrorist tactics, and

were designated as terrorist groups by the administration. Together with Al-Itihaad and its ideological affiliate, the Islamic Front for the Liberation of Oromiyya (IFLO), the Ogaden National Liberation Front (ONLF), Oromo Liberation Front (OLF), Sidamo Liberation Front (SLF) and Afar Revolutionary Democratic United Front (ARDUF or *Ugugumo*) were domestically labelled as terrorist organisations.

In the 2000s, Ethiopia watched with growing concern the emergence of the Islamic Courts Union (ICU) in Somalia, including its Al-Qa'ida-linked extremist wing, Al-Shabaab. Ethiopia's military intervention against the ICU and Al-Shabaab between late 2006 and early 2009 galvanised hundreds of foreign fighters – including Ethiopians – to join the Somali resistance, bolstering Al-Shabaab's ranks and the group's international profile. Al-Shabaab moved quickly to recruit sympathisers, facilitators and operatives inside Ethiopia.

Responsibility for establishing Al-Shabaab's first fully-fledged Ethiopian *jabha* (military) unit for Ethiopia was assigned to an Ethiopian Somali named Ali 'Diyaar', whose main distinction was his utter failure to accomplish his mission. Other key leaders from Ethiopia, notably a prominent jihadist known as Ibrahim Naaleeye, supported Diyaar's efforts and later claimed that Al-Shaabab had indeed conducted operations across the border, but there were no independent reports of armed clashes and no Al-Shabaab propaganda claims of victories inside Ethiopia.

Al-Shabaab's Amniyaat has also attempted to carry out high profile forays inside Ethiopia including a failed attempt to bomb a football stadium in Addis Ababa in 2013 and an aborted plan to bomb a shopping mall in 2014 (see section on IEDs below).

Following the appointment of Abiy Ahmed as Ethiopia's Prime Minister in 2018, many opposition groups, including the ONLF and OLF, were unbanned and permitted to operate as legitimate political organisations. Al-Shabaab, however, remains an active security threat to Ethiopia and has been making renewed efforts to build a capable operational presence within the country.

AL-SHABAAB

As of 2020, Al-Shabaab has failed to stage any successful attacks inside Ethiopia and has decided to reinforce its Amniyaat presence there. Al-Shabaab's new plan is establish a more resilient unit to operate inside Ethiopia. Al-Shabaab has stepped up its ambitions to coordinate and stage attacks within Ethiopia since the new government came to power in April 2018.

Assessing that the new government would be preoccupied with consolidating its authority, the group assigned new personnel to develop plans and improve operational readiness. While new fighters were trained and oriented to the Ethiopian campaign, members of the Amniyaat were dispatched to reconnoitre and, if possible, conduct terrorist attacks in Ethiopia's major towns.

Meanwhile, leadership of the Amniyaat team focusing on Ethiopia was transferred from a veteran Al-Shabaab commander named 'Ja'far' (an Ethiopian Somali) to Abdullahi Dheere, another ethnic Somali from Ethiopia. The other members of the team were largely recruited from inside Ethiopia and are a mix of mainly ethnic Somalis and Oromos. Training is intended to prepare the unit for operations inside Ethiopia including the establishment of forward operating bases, particularly near the Dawa river, Areere mountains and

in areas with mineral resources. The team is also expected to identify potential areas of recruitment including Madrassa teachers and refugee camps inside the Somali Ethiopia region. However, in early 2020, some key figures from Abdillahi Dheere's unit were involved in operations along the Kenyan border, suggesting that Al-Shabaab is still finding penetration of Ethiopia to be problematic.

ISLAMIC STATE (IS) / DA'ESH

Pro-Islamic State sites posted a video in July 2019 with the words to one of the Islamic State's best-known chants in Amharic, while also promising to release more materials in the language. Posting materials in Ethiopia's national language is seen as a gesture aimed at winning recruits in the country – especially from disaffected members of the Amhara ethnic group, some of whom have felt marginalised since the

overthrow of the regime of Mengistu Haile Mariam in 1991 and the introduction of ethnic federalism to Ethiopia. IS Somalia had previously released a video in December 2017 with a jihadist speaking Amharic.[454]

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

Al-Shabaab has, on several occasions, attempted to stage attacks in Ethiopia using IEDs. The most recent attempt was in 2014, when the group tried on two separate occasions to detonate devices in the capital, Addis Ababa. In the first instance, the attackers were thwarted by an effective security cordon and detonated their device prematurely, killing themselves. In the second, Al-Shabaab transferred the explosives from Somalia's Gedo region to Moyale (Ethiopia)

454 Maruf, Harun. "Under Pressure, IS Militants In Somalia Look To Ethiopia". *Voice Of America*, 2019, https://www.voanews.com/africa/under-pressure-militants-somalia-look-ethiopia

via Kenya. However, Ethiopian security services disrupted the plot, and the explosives were returned to Kenya, where they were intercepted and destroyed by the KDF.

Although Al-Shabaab continues to seek opportunities to conduct complex attacks on Ethiopian soil, the most recent use of improvised explosive devices appears to be linked to domestic political violence instead. In December 2018, ten people travelling in a minibus were killed when a roadside bomb detonated near the village of Toga in Banishangul-Gumuz region; local police blamed the attack on a wing of the Oromo Liberation Front (OLF).[455] Although the OLF has denied responsibility for attacks in that area, members of the group are known to have received training in the manufacture of IEDs and attempted to use them in Ethiopia on previous occasions.

455 https://www.theeastafrican.co.ke/news/africa/Bomb-explosion-kills-10-in-Ethiopia/4552902-4902662-10750uxz/index.html

On 30 June 2020, three explosions took place in Addis Ababa during protests that followed the killing of a popular Ethiopian singer. The Ethiopian Federal Police Commissioner said only that "Some of those who planted the bomb were killed as well as innocent civilians," without providing further details.[456] Investigations were ongoing at the time of writing.

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Arms trafficking is a matter of serious concern for Ethiopia.[457] With armed insurgent groups operating throughout the region, the need for weapons is ever present and is a lucrative trade. Firearms are predominantly smuggled into the country from Sudan, Djibouti, Somalia, and South Sudan.[458] An article from March 2020 says, "Arms smuggling is

456 https://af.reuters.com/article/topNews/idAFKBN2424P2-OZATP
457 2019 Organised Crime Index, https://ocindex.net/region/southern_africa/ethiopia.
458 "Ethiopia: Illegal Arms Originating from Yemen Seized in Afar Region". *Borkena*, 2019,

relatively common in some parts of Ethiopia, with people using firearms as protection against blood feuds, criminals and as a personal trophy. However, smuggled firearms have also been used by criminals to commit robbery and by various minor rebel groups to initiate armed struggle against the Ethiopian government."[459]

Ethiopian security forces regularly announce operations which have resulted in large seizures of weapons, indicating potential foreign involvement. In April 2019, the government announced that a total of 21 machine guns, over 33,000 handguns, 275 rifles, and 300,000 bullets had been seized in various parts of the country in the previous year.[460] Notable is

https://borkena.com/2019/09/25/illegal-arms-originating-from-yemen-seized-in-afar-region/.; Lewis, David, and Dawit Endeshaw. "Twin Attacks Threaten New Ethiopian Government's Reforms". *Reuters*, 2019, https://www.reuters.com/article/us-ethiopia-security-attacks-insight/twin-attacks-threaten-new-ethiopian-governments-reforms-idUSKCN1TS0OA.
459 "Ethiopia Arrests 24 Individuals in Massive Arms Smuggling Crackdown". *Xinhua*, 2020, http://www.xinhuanet.com/english/2020-03/11/c_138867339.htm.
460 Miriri, Duncan, and Dawit Endeshaw. "Ethiopia Passes Gun Control Law to Tackle Surge In Violence". *Reuters*, 2020, https://www.reuters.com/article/us-ethiopia-guncontrol/ethiopia-passes-gun-control-law-to-tackle-surge-in-violence-idUSKBN1Z81HE.

the frequent appearance of Turkish firearms and ammunition in seizures, as well as the growing volume of imports from Sudan.

In January 2019, the Minister of Foreign Affairs stated in a biannual report to the Ethiopian House of Peoples' Representatives that the Government had contacted Sudanese authorities in order to enhance border controls, urging Sudanese officials to "take into account how this uncontrolled arms trafficking would affect the stability and security of Ethiopia." The Ministry added that the Government had "informed the [Sudanese officials] that they should tighten their border control in their part to deter smuggling. We have clearly informed them that, otherwise, this will eventually lead to the cutting or impacting of diplomatic ties or relations."[461]

461 "Ethiopia Blames Sudan For Failing to Prevent Border Arms Smuggling". *Sudan Tribune*, 2019, https://www.sudantribune.com/spip.php?article67015.; "Ethiopia Warns Sudan Over Illegal Arms Smuggling". *Tesfanews*, 2019, https://www.tesfanews.net/ethiopia-sudan-deter-smuggling-illegal-arms/.

Sudan, however, is not the only source of illicit arms and ammunition for Ethiopia: seizures have also been made near the borders of Djibouti and Somalia as the following sample of intercepted shipments illustrates.

In July 2019, 15 AK-47 assault rifles and 7,800 rounds of ammunition were seized in an Isuzu truck leaving Dichiotto, a town located 90 kilometres from Semera, and close to the border with Djibouti in Afar Region.[462] In September 2019, a further 20 AK-47 assault rifles, one handgun, and over 53,000 rounds of ammunition were seized in Eli Da'ar district. The region's crime prevention Deputy Commissioner, Ahmed Humed, stated that the firearms are believed to have originated in Yemen, and to have entered the country via Djibouti. The ammunition was smuggled in 20 litres cooking-oil jerricans.[463]

462 "Ethiopia Police Captures 15 Kalashnikov Guns". *New Business Ethiopia*, 2019, https://newbusinessethiopia.com/crime/ethiopia-police-captures-15-kalashnikov-guns/.

463 "Ethiopia: Illegal Arms Originating from Yemen Seized in Afar Region". *Borkena*, 2019,

In October 2019, 2,221 handguns and 71 AK-47 assault rifles were seized by security forces in Gonder in the Amhara region. The firearms had reportedly been smuggled from Sudan in an oil tanker.[464] In December 2019, a total of 12,032 rounds of ammunition and two handguns were seized at the Seraba customs post. Of the seized ammunition, 9,810 rounds were reportedly for Turkish handguns, while the 200 remaining ones were AK-47 bullets. The two handguns were reportedly Turkish made as well. According to the Ethiopian Ministry of Revenue, which is in charge of the Ethiopian Customs Commission, the ammunition was being transported in a truck departing from Metema town in the Amhara region, and was on its way to Addis Ababa. The ammunition was

https://borkena.com/2019/09/25/illegal-arms-originating-from-yemen-seized-in-afar-region/.

464 Miriri, Duncan, and Dawit Endeshaw. "Ethiopia Passes Gun Control Law to Tackle Surge in Violence". *Reuters*, 2020, https://www.reuters.com/article/us-ethiopia-guncontrol/ethiopia-passes-gun-control-law-to-tackle-surge-in-violence-idUSKBN1Z81HE.; Goldberg, Nathalie. "2,221 Handguns And 71 Kalashnikov Rifles Recovered by Ethiopian Intelligence in Amhara Region". *Intelligence Briefs*, 2019, https://intelligencebriefs.com/2221-handguns-and-71-kalashnikov-rifles-recovered-by-ethiopian-intelligence-in-amhara-region/.

hidden within consumer goods imported from Sudan.[465]

The government introduced new firearms legislation on 9 January 2020 and stated that it would ban the private trade in weapons, allowing only certain regulated government agencies to import firearms. Individuals prosecuted for the trafficking of small arms and light weapons now face prison terms of 8 to 20 years.[466] The flow of arms and ammunition into the country has nevertheless continued: in January 2020 a seizure of 39 handguns was made near Megalo Qeren checkpoint, close to Jijiga city. According to the Somali Regional State Information Bureau (SRSIB) the firearms were smuggled via the Togochale border checkpoint in the eastern part of the country.[467]

465 "Ethiopia Seizes 12,032 Illegal Bullets, Guns – New Business Ethiopia". *New Business Ethiopia*, 2019, https://newbusinessethiopia.com/crime/ethiopia-seizes-12032-illegal-bullets-guns/.

466 Miriri, Duncan, and Dawit Endeshaw. "Ethiopia Passes Gun Control Law to Tackle Surge In Violence". *Reuters*, 2020, https://www.reuters.com/article/us-ethiopia-guncontrol/ethiopia-passes-gun-control-law-to-tackle-surge-in-violence-idUSKBN1Z81HE.

467 "Ethiopia: Somali Region Special Force Seized Illegal Firearms". *Borkena*, 2020, https://borkena.com/2020/01/28/ethiopia-somali-region-special-force-seized-illegal-firearms/.

In June 2020, when the Addis Ababa Police Commission stated that it had seized 91 AK-47 rifles, 19,119 other type of firearms, and 55,361 rounds of ammunition in the city over the previous 11 months.[468] Sudanese authorities announced on 23rd June to have seized weapons and ammunitions in Gedaref State which were being smuggled to Ethiopia. The seized weapons included 25 Ak-47 rifles, 80 Turkish made handguns, as well as rounds of Dushka and AK-47 ammunitions. The designated governor of Gedaref, Major General Nasruddin Abdul Qayyum stated that the seizure indicated a cooperation between SALW smugglers from Sudan and Ethiopia.[469]

The latest important seizure was communicated in March 2020 when the National Intelligence and Security Service (NISS) announced that it had disrupted a global small

468 "Addis Ababa Police Captures 19,235 Guns, 55,000 Bullets". *New Business Ethiopia*, 2020, https://newbusinessethiopia.com/crime/addis-ababa-police-captures-19235-guns-55000-bullets/.

469 "Turkish Weapons Seized on The Way to Ethiopia". *Eg24 News*, 2020, https://www.eg24.news/2020/06/turkish-weapons-seized-on-the-way-to-ethiopia.html.

arms and light weapons smuggling network responsible for shipping two containers of illegal firearms into Ethiopia via Djibouti. According to NISS, the shipment originated from Port of Mersin in Turkey and was kept in Djibouti before being smuggled into Ethiopia. Over 18,000 Turkish-made handguns were found hidden in 501 cardboard boxed. NISS stated that it detained a total of 24 individuals, while a total of seven foreign nationals were identified as being part of the plot; two of these were Sudanese nationals, who were apprehended thanks to collaboration with Sudanese intelligence.[470] The Security Service further stated that collaboration would continue with Djibouti, Sudan, Libya, Turkey, and the United States, in a continuing effort to identify and apprehend the remaining members of this smuggling network.[471]

470 "NISS Says It Intercepts A Global Arms Smugglers Network Shipping Two Containers of Arms into Ethiopia". *Addis Standard*, 2020, https://addisstandard.com/news-niss-says-it-intercepts-a-global-arms-smugglers-network-shipping-two-containers-of-arms-into-ethiopia/.

471 "Ethiopian Intelligence Says It Seized Two Containers of Illegal Firearms". *Borkena*, 2020, https://borkena.com/2020/03/10/ethiopian-intelligence-says-it-seized-two-containers-of-illegal-firearms/.

Arms trafficking is a matter for national security agencies - in Ethiopia the purview of National Intelligence and Security Services (NISS). Many jurisdictions have found that implementing a specialist financial investigation team within their investigation capabilities is key in neutralising arms trafficking networks, especially those operating transnationally. Financial investigation training should be a priority for capacity building within Ethiopian law enforcement.

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

The most recent US State Department Trafficking in Persons report asserts that the Government of Ethiopia does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so.[472] Ethiopia faces extensive transnational labour trafficking in particular. A total of 535 cases were investigated in 2018, which led to 1,028

472 "2019 Trafficking in Persons Report: Ethiopia". *United States Department of State*, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/ethiopia/.

convictions under the 2015 anti-trafficking proclamation, of which 240 were sentenced to prison time. The government intercepted approximately 10,600 individuals intending to travel to the Gulf States or to other African countries via smugglers.[473]

In 2019, authorities reported on investigating 699 possible transnational trafficking cases, and officials investigated and convicted 153 traffickers who exploited victims in forced labour within the country.[474]

Interpol's National Central Bureau of Addis Ababa identified five main smuggling hotspots in Ethiopia:[475]

1. The Moyale border crossing on the Ethiopian – Kenyan border on the route to South Africa
2. The Togochale border point on the Ethiopian – Somali

473 "2019 Trafficking in Persons Report: Ethiopia". *United States Department of State*, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/ethiopia/.

474 *Trafficking in Persons Report, 20Th Edition*. Unites States Department of State, 2020, https://www.state.gov/wp-content/uploads/2020/06/2020-TIP-Report-Complete-062420-FINAL.pdf.

475 Author interview, NCB Addis, Electronic communication, 11 June 2020.

border on the route to the Middle East

3. The Gambella region, on the South Sudan – Ethiopian border
4. Metema, on the Ethiopian – Sudanese border on the route to Europe
5. Galafi, on the Ethiopian – Djibouti border on the route to Yemen

Trafficking in Ethiopia usually starts as voluntary migrant smuggling, where migrants face deception and coercion, making them susceptible to trafficking and various forms of exploitation.[476] A study on female Ethiopian returnees at towns bordering Sudan, Kenya and Djibouti, found that out of the 1,342 study participants, 683 were found to be victims of human trafficking, and had been trafficked mainly to Gulf countries, South Africa, and Europe, or were in transit countries and had been either forcefully or voluntarily repatriated. Over two-thirds of all trafficked women and

476 Wakgari, G. "Causes and Consequences of Human Trafficking in Ethiopia: The Case of Women in The Middle East". *International Journal of Gender and Women'S Studies*, vol 2, 2014.

girls had been sexually abused during the trafficking period, and initially smuggled women and girls were found to be at a higher risk of experiencing sexual violence than their non-smuggled counterparts.[477] The study theorises that smugglers use violence, including beatings and sexual abuse as a way to issue control over the victims once the initial smuggling agreement has been broken. Additionally, smuggled individuals do not use legal modes of transportation, which can lead to their interception by security forces who might abuse then physically, financially, or sexually.[478]

A study on transnational human trafficking in Ethiopia found that individuals living in rural areas were at greater risk of being trafficked, possibly due to the lack of information

477 Gezie LD, Worku A, Kebede Y, et al. *Sexual violence at each stage of human trafficking cycle and associated factors: a retrospective cohort study on Ethiopian female returnees via three major trafficking corridors,* BMJ Open, 2019.

478 Gezie LD, Worku A, Kebede Y, et al. *Sexual violence at each stage of human trafficking cycle and associated factors: a retrospective cohort study on Ethiopian female returnees via three major trafficking corridors,* BMJ Open, 2019.

available compared to urban residents who are better able to protect themselves against deception. The study additionally found that female victims of trafficking were usually exploited for a longer period of time. Female victims usually work in domestic settings, limiting their freedom of movement and ability to communicate with the outside world and find help.[479]

Significant profits are generated from the use of forced labour and people, mainly women and girls, being trafficked for sex, both domestically and regionally, however little is known about the money flows connected with this illicit activity.

To Gulf countries

Women and girls are the primary victims of human trafficking into Gulf Countries, where they are mainly forced into domestic servitude, and at times into sexual

479 Lemma DG, Alemayehu WY, Yigzaw KG. *Reasons for transnational human trafficking in Ethiopia*. Manuscript submitted for publication. 2017.

exploitation.[480]

A study published in 2017 showed that individuals living in poverty usually preferred to be smuggled into the Gulf, instead of following legal routes, the reason being that they wouldn't have to accept a contract or an employer while still in Ethiopia. Choosing an employer after having arrived in the Middle East would allow them to find more attractive wages but travelling illegally also heightens their chances of falling into the hands of human traffickers.[481] Legal ways of immigration are also more available to urban residents, due to the proximity of government offices providing travel documents, recruitment agencies, etc. Legal immigration could also prove to be a lengthy process, and people prefer to choose the fastest way of immigration, which exposes them to

480 US Department of State. *2017 Trafficking in persons report country narrative. Ethiopia*. US Department of State, 2017.

481 Lemma DG, Alemayehu WY, Yigzaw KG. *Reasons for transnational human trafficking in Ethiopia*. Manuscript sumbitted for publication. 2017.

smuggling.[482]

The most common route used by Ethiopian nationals to enter the GCC illegally is to cross the Red Sea to Yemen, in the hopes of reaching the Gulf countries by road travel afterwards. The main launching points are currently in Boosaaso, Somalia, and in the north of Obock, Djibouti, while a previously reported route involved travel through Sudan. The popularity of the Eastern route has turned Yemen into a migrant smuggling and human trafficking hub, and the maritime routes have involved drownings and abuses. These routes and the protection risks faced by migrants are found in the respective country chapters.

Due to the illicit nature of migrant smuggling and labour trafficking, it is not known precisely how many Ethiopian nationals currently reside in the Middle East.

482 Wakgari G. *Causes and Consequences of Human Trafficking in Ethiopia: the case of women in the Middle East*. International journal of gender and Women's Studies. 2014

IOM figures estimate that approximately 340,000 Ethiopian nationals have returned to Ethiopia from the Kingdom of Saudi Arabia (KSA) between March 2017 and December 2019. Saudi Arabia started a nine-months campaign in April 2017 offering irregular migrants amnesty to leave the country without facing penalties.[483] Following this grace period, the KSA started weekly deportation flights to Bole International airport in Addis Ababa, involuntarily deporting between 6 and 12 thousand migrants each month. It's estimated that approximately half a million Ethiopian nationals were living in Saudi Arabia before the start of the campaign.[484]

As of February 2020, an estimated 360,000 Ethiopian nationals had been deported from Saudi Arabia since the start of

483 "Return of Ethiopian Migrants from The Kingdom of Saudi Arabia - Annual Overview 2019". *IOM*, 2020, https://reliefweb.int/sites/reliefweb.int/files/resources/KSA%20Annual%20Overview%202019_Regional%20Data%20Hub.pdf.

484 "Return of Ethiopian Migrants from The Kingdom of Saudi Arabia". *IOM*, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/KSA%20Factsheet_March%202019_Regional%20Data%20Hub.pdf.

the campaign in 2017.[485] Of all returned, 92% reported to have been involuntarily deported, and many suffered physically and psychologically because of the difficult journeys undertaken to reach Saudi Arabia, their detention, or their deportation.[486] Deportees reported stories of abuse by Saudi police and prison guards, including beatings, overcrowding, and inadequate toilet facilities, food, water, and medical care. Some deportees were found with untreated bullet wounds.[487]

In January 2020, security forces in Qallu locality, South Wollo zone in Amhara state intercepted 62 children in a suspected case of human trafficking. Yimer Abate, the Chief Officer of the Crime Prevention Division for Qallu locality

485 "Return of Ethiopian Migrants from The Kingdom of Saudi Arabia - 5 May 2017 - 29 February 2020". *IOM*, 2020, https://ronairobi.iom.int/sites/default/files/document/publications/KSA%20Factsheet_February%202020_Regional%20Data%20Hub.pdf.

486 Fejerskov, Adam, and Meron Zeleke. *No Place for Me Here: The Challenges of Ethiopian Male Return Migrants*. DIIS · Danish Institute for International Studies, 2020, https://pure.diis.dk/ws/files/3357370/The_challenges_of_Ethiopian_male_return_migrants_DIIS_Report_2020_01.pdf.

487 Gardner, Tom. "Ethiopians Face Beatings and Bullets as Saudi 'Deportation Machine' Cranks Up". *The Guardian*, 2019, https://www.theguardian.com/global-development/2019/aug/16/ethiopians-face-beatings-and-bullets-as-saudi-deportation-machine-cranks-up.

told the press that the children are believed to be trafficked through Djibouti to reach the Arabian Peninsula.[488]

To South Africa

Up to 13,000 Ethiopian nationals are estimated to travel along the Southern route to South Africa every year, despite the increased danger and presence of security forces on the route, increasing the protection risks for migrants and refugees travelling along this route.[489] Migrants from Ethiopia and Eritrea travelling by land enter Kenya through the porous borders of Isiolo and Moyale, as is illustrated by the frequent arrests made in the area.[490]

Migrants travelling using a sea route exit through Kismaayo and Mogadishu by boat, to reach unregulated ports

488 "Ethiopian Police Rescue 62 Children in A Suspected Case of Human Trafficking". *CGTN Africa*, 2020, https://africa.cgtn.com/2020/01/05/ethiopian-police-rescue-62-children-in-a-suspected-case-of-human-trafficking/.

489 *Smuggled South: An Updated Overview of Mixed Migration from The Horn of Africa To Southern Africa*. RMMS Horn of Africa & Yemen, 2017, http://www.mixedmigration.org/resource/smuggled-south/.

490 IOM. *Migrant Smuggling Data and Research: A Global Review of The Emerging Evidence Base*. 2016. https://publications.iom.int/system/files/smuggling_report.pdf

in Northern Kenya, or other important ports such as Mombasa, Kilifi, and Lamu. From Kenya, migrants can take another boat to Mozambique, or continue their journey on land, crossing Tanzania, Malawi, and Mozambique.[491]

The attached risks of this route were made evident in March 2019 when 64 Ethiopian nationals were found dead in a container attached to a truck in Mozambique, while travelling to South Africa. The 64 victims are suspected to have died from asphyxiation, and there were fourteen survivors.[492] Two Mozambican nationals were arrested: the driver of the truck and a second individual acting as smuggler. NCB Addis stated in June 2020 that it was preparing a joint investigation between Mozambique, Ethiopia, Malawi, and South Africa to address the incident.[493]

491 IOM. *Migrant Smuggling Data and Research: A Global Review of The Emerging Evidence Base.* 2016. https://publications.iom.int/system/files/smuggling_report.pdf

492 "64 Migrants Found Dead in The Back of Truck In Mozambique". *DW*, https://www.dw.com/en/mozambique-dozens-of-bodies-found-in-truck-container/a-52905233.

493 Author interview, NCB Addis, Electronic communication, 11 June 2020.

Case study: Kidane Zekarias Haftemariam and Amanuel Gebreyesus Negash[494]

Ethiopian security forces arrested Eritrean national Kidane Zekarias Habtemariam together with five unnamed accomplices on 11 February 2020 in Betel, Kolfa Keraniyo subcity, Addis Ababa. A second Eritrean national, Amanuel Gebreyesus Negash, also known as 'Weldi' was arrested on 12th March 2020 in Lambret, Yeka subcity, Addis Ababa.

The two were wanted by Interpol and Europol for being a part of a criminal syndicate that trafficked thousands of individuals from the Horn of Africa to Europe. Victims from Eritrea, Ethiopia, Somalia, and Sudan were kidnapped, physically and sexually abused, killed, and suffered various additional forms of inhumane treatments while being trafficked to Europe.

The two suspects had been leasing a warehouse in the city of Walid in Libya since 2017. Ethiopian security forces identified a total of 30 suspects in the offending network, of which 17 are Ethiopian nationals, 7 are Sudanese nationals, 3 are Eritrean nationals, and 3 are Libyan nationals. The role of other suspects included: issuing ID cards to Kidane Habtemariam and others, buying cars and houses in their own name, and transferring cash from the victims' families and relatives through their personal accounts.

The arrests and investigations were made by the Crime Investigation Bureau of the Ethiopian Federal Police Commission in collaboration with the Federal General Attorney, the Information Network Security Agency, the National Intelligence Security Agency, the Addis Ababa Police Commission, and Ethio-Telecom. Challenges encountered in the investigation included the use of sophisticated smuggling techniques by the network, the unwillingness of victims to cooperate to identify the suspects of human trafficking and smuggling, the lack of specialised training for police officers, and the lack of available specialised equipment to investigate the electronic devices seized from the suspects.

Commander Tsegaye Haile, head of NCB Addis, noted that the investigation on the Ethiopian side was completed, but that the facilitation of Interpol was necessary to continue the investigation. The smugglers reportedly possess assets in European countries, including the Netherlands, and several witnesses are located in Europe, making international collaboration crucial. It is not known whether the Financial Investigations Unit or any other financial investigative team was involved in the investigation.

494 Author interview, Interpol workshop, NBC Addis and Organised Crimes Unit, 11th June 2020.; Author interview, NBC Addis, Electronic communication, 21st May 2020.

Criminal Justice

Human trafficking is one of the major criminal activities affecting Ethiopia - both the trafficking of Ethiopian nationals domestically and internationally, as well as the trafficking of nationals from neighbouring countries through Ethiopia. Undoubtedly this is generating significant profits for the traffickers, as well as significant misery for the victims.

It is suspected that many payments are made initially in cash for human smuggling, however the "kidnap for ransom" model employed in some parts of Ethiopia means that money has to be "wired" to the kidnappers – which may be by formal banking or through informal means - but the size of payments should be a point of discovery.

There is no evidence that financial investigations are conducted into human trafficking cases, however financial institutions can play a key role in monitoring for suspicious

transaction activity both for the victims (paying recruitment fees or moving overseas) as for traffickers (using funnel accounts or illicit agencies using financial services).

WILD ANIMALS AND WILDLIFE PRODUCTS

Ethiopia as a whole, and Bole International Airport in particular, has emerged in recent years as a major transit hub for illegal wildlife trafficking, despite the lack of significant seizures made at the airport.[495] According to the International Fund for Animal Welfare (IFAW) the number of wildlife specimens detected at Bole International airport has dropped significantly since 2015.[496] The ROUTES (Reducing

495 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 7, 2020.; Mekbeb E. Tessema, Feb 2018 Wildlife Crime Assessment in Ethiopia https://www.researchgate.net/publication/323259525_Wildlife_Crime_Assessment_in_Ethiopia

496 MacKay, Charles, and Mekbeb Tessema. *Assessment of Wildlife Trafficking Through Bole International Airport (BIA)*. The International Fund for Animal Welfare (IFAW), East Africa Office, Nairobi, 2018, https://www.researchgate.net/publication/330668143_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_2_3_assessment_of_wildlife_trafficking_through_bole_.

Opportunities for Unlawful Transport of Endangered Species) Partnership collected open-source data on wildlife trafficking seizures between 2015 and 2016, and found that during that time period, Ethiopia ranked behind South Africa, Kenya, Nigeria, Mozambique and Madagascar in terms of recorded instances of wildlife trafficking with African countries. By 2018-2019 however, Ethiopia had the highest number of recorded trafficking instances across Africa.[497] Bole From 2017 to 2019, known trafficking instances concerning Ethiopia rose by 200 percent. It is notable that even though recorded instances of trafficking rose, the sizes of shipments decreased sharply.[498]

Between 2018-2019, 55 air trafficking instances concerning Ethiopia were recorded, however not one seizure was recorded in Ethiopia itself. This means that all of the

497 "Reducing Opportunities for Unlawful Transport of Endangered Species Partnership". *Routes Dashboard*, http://www.routesdashboard.org.

498 "Ethiopia Wildlife Trafficking Profile". *Routes*, http://www.routesdashboard.org/.

seized goods had successfully transited through Bole Airport. The 55 trafficking instances were linked to Ethiopia, indicating that they touched Ethiopian jurisdiction, whether the goods departed from there, or transited through. Out of these, 52 shipments passed through undetected, and three were seized before arrival.[499] This is a high rate of missed instances for the detection of trafficking, which suggests that law enforcement at Bole airport is less effective than in other regional hubs such as Jomo Kenyatta International Airport in Nairobi.[500]

Bole Airport

Ethiopia's Bole International Airport (BIA) is a transit hub for the movement of ivory and rhino horn from Africa to Asian countries, mainly China.

According to IFAW, 419 of the 427 passengers that were arrested for wildlife trafficking at Bole Airport between

499 "Ethiopia Wildlife Trafficking Profile". *Routes*, http://www.routesdashboard.org/.

500 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 7, 2020.

2013 and 2017 were in possession of ivory. Of the arrested transiting passengers, 87 percent were travelling to China, and most came from Angola or Nigeria. Of note is that the vast majority of the foreigners arrested for ivory smuggling were of Chinese nationality.[501] The Ethiopian Wildlife Conservation Authority (EWCA) reported on 12 arrests at Bole airport in 2018-2019. Of those arrests, ten concerned individuals were carrying small quantities of ivory, which in most cases took the form of ivory bangles and bracelets. Six individuals were Chinese nationals traveling to China, two of which originated from Nigeria, one from the DRC, one from Congo, one from Guinea and one from Angola. Two arrests in 2018 concerned individuals leaving Ethiopia, travelling respectively to the United States, and to Canada, both were carrying ivory

501 MacKay, Charles, and Mekbeb Tessema. *Assessment of Wildlife Trafficking Through Bole International Airport (BIA)*. The International Fund for Animal Welfare (IFAW), East Africa Office, Nairobi, 2018, https://www.researchgate.net/publication/330668143_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_2_3_assessment_of_wildlife_trafficking_through_bole_.

bracelets. The origins of the ivory tusks are unknown.[502]

pAn example of a typical case of ivory smuggling is the seizure at China's Guangzhou Baiyun Airport on 14 August 2019 in which 9 pieces of carved ivory products weighing a total of 0.309 kilogrammes were hidden in a container of milk powder in a passenger's carry-on suitcase. The passenger had been transiting through Bole airport and had been caught upon arrival in China.[503]

Mengisteab Beyene, the director of Narcotic Drugs Inspection at the Ethiopian Federal Police Commission confirmed to Global Initiative that Bole International Airport faced challenges in regard to detection. According to Beyene, as of April 2020 the airport lacked scanning technology and did not have any sniffer dogs.[504] An analysis by The International

502 Author interview, EWCA, electronic communication, 30th June 2020

503 "Ethiopia Wildlife Trafficking Profile". *Routes*, http://www.routesdashboard.org/.

504 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 7, 2020.

Fund for Animal Welfare (IFAW) highlighted additional challenges, writing that the country's security forces were constrained by a limited forensic capability, high staff turnover and a lack of training, delays in reporting cases to the federal police, and an overall lack of cooperation and communication between security agencies.[505]

Rhino horn

There was one seizure of four kgs of rhino horn in 2019, reported by the Addis Ababa Police Commissioner, and one seizure in 2020 of 3.8 kgs of rhino horn in 2020. Both seizures took place in Addis Ababa. The Ethiopian Wildlife Conservation Authority (EWCA) notes that although rhino is trafficked over land, no incidents of rhino horn trafficking by air have been recorded in the country.[506]

505 MacKay, Charles, and Mekbeb Tessema. *Assessment of Wildlife Trafficking Through Bole International Airport (BIA)*. The International Fund for Animal Welfare (IFAW), East Africa Office, Nairobi, 2018, https://www.researchgate.net/publication/330668143_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_assessment_of_wildlife_trafficking_through_bole_international_airport_bia_2_3_assessment_of_wildlife_trafficking_through_bole_.

506 Author interview, EWCA, electronic communication, 30th June 2020

Ivory

Ivory is the most known smuggled wildlife good in Ethiopia, accounting for 80 percent of known seizures, followed by rhino horn and pangolin.[507] The International Fund for Animal Welfare (IFAW) identified Ethiopia as a major transit hub for ivory trafficking. In 2016 the IFAW stated that Ethiopia's stockpile of seized ivory was 6.3 tonnes. As noted earlier, despite the higher instances of seizures, the size of shipments decreased sharply over the past few years: the total weight of ivory seized along Ethiopian air routes in 2019 was just two percent of the weight of the ivory seized in 2017.[508]

Organised elephant poaching was not believed to be highly prevalent in Ethiopia, but an unprecedented event occurred in June 2020, when six elephants were found killed

507 "Ethiopia Wildlife Trafficking Profile". *Routes*, http://www.routesdashboard.org/.

508 "Ethiopia Wildlife Trafficking Profile". *Routes*, http://www.routesdashboard.org/.

with their tusks removed outside of Mago National Park in the far South of Ethiopia. The issue of firearms proliferation was raised by Ganabul Bulmi, the park's chief warden, who stated that: "It also has proved difficult to apprehend the perpetrators because the locals who live in the area are armed and were not willing to engage officials."[509]

Daniel Pawlos, the director for trafficking and control at the Ethiopian Wildlife Conservation Authority (EWCA) told the Guardian that up to 10 elephant killings were recorded in the country the past year.[510]

The EWCA identifies three forms of ivory trafficking networks in Ethiopia:[511]

- Those moving the ivory from the poaching area to the

509 Burke, Jason. "Six Elephants Killed in One Day By Poachers In Ethiopia". *The Guardian*, 2020, https://www.theguardian.com/world/2020/jun/02/six-elephants-killed-in-one-day-by-poachers-in-ethiopia.

510 Burke, Jason. "Six Elephants Killed in One Day by Poachers in Ethiopia". *The Guardian*, 2020, https://www.theguardian.com/world/2020/jun/02/six-elephants-killed-in-one-day-by-poachers-in-ethiopia.

511 Author interview, EWCA, electronic communication, 30th June 2020

carving shops and international markets.

- Those moving the ivory from the poaching area to outside of the country, usually via road points.
- Those moving ivory from other countries, that merely use Ethiopia as a transit country

Foreign traffickers reportedly get involved in the trafficking of carved ivory, although the EWCA stated that foreign traffickers at times become involved just after the poaching. Wildlife traffickers in Ethiopia are believed to be primarily 'businesspeople', rather than organised crime groups.[512]

The EWCA confirmed that networks involved in wildlife crime are known to at times engage in other trafficking activities. This synergy is illustrated by a seizure that took place in 2018 in the Western part of the country, when ivory was found in a vehicle, together with narcotics and firearms.[513]

512 Author interview, EWCA, electronic communication, 30th June 2020

513 Author interview, EWCA, electronic communication, 30th June 2020

Cheetahs

Ethiopia is known to be one of the prime areas where live cheetah cubs are taken. Due to insufficient data and information, the EWCA could only provide a rough assessment on the figure, saying that between one and four cubs are smuggled out of the country each month.[514] The demand for exotic pets in Middle Eastern countries is such that not only cheetah cubs are being taken from Ethiopia, but also monkeys, exotic birds, lizards, etc. According to Daniel Pawlos, each captured cub can fetch between 10,000 and 15,000 Ethiopian birr (USD 300 – 445).[515] Greta Lori, Ethiopia technical adviser for the Wildlife Conservation Society, told the BBC that it was extremely difficult to estimate the price paid to smugglers per cub, as it is an elusive trade, and the figures vary considerably.

514 Webster, Nick. "Cheetah Poaching Crisis in Horn of Africa Becoming 'An Epidemic'". *The National*, 2019, https://www.thenational.ae/uae/cheetah-poaching-crisis-in-horn-of-africa-becoming-an-epidemic-1.859658.

515 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

According to Lori, cooperation with local communities is key, as the smugglers operate on a local level and most communities do not consider issues relating to wildlife as being a crime. Lori additionally states that the wildlife trade is symptomatic of a larger trade, as traffickers are usually involved in other illicit goods.[516]

The EWCA confirmed that local communities in the eastern part of Ethiopia are actively involved in the capturing of cheetahs, and that they have communication lines with other traffickers. The EWCA believes that there are local traffickers acting as middlemen who connect the local habitants who capture the cheetahs with foreign traffickers.[517] Once they have been taken, the cubs are usually smuggled to Saudi Arabia or the United Arab Emirates, either via Djibouti

516 "Ethiopia Cracking Down on Cheetah Cub Traffickers". *BBC Newsday*, 2020, https://www.bbc.co.uk/programmes/p081ky76.

517 Author interview, EWCA, electronic communication, 30th June 2020

or via Somaliland, to then pass through Yemen.[518] Informally obtained information indicates that cheetah cubs are then sold on the black market for USD 5,000 to 10,000.[519] The EWCA believes that Somaliland is the main route for illegal cheetah trafficking out of Ethiopia. The traffickers reportedly mostly use unofficial roads in remote areas.[520] Since an estimated three out of four cubs die on the journey, the illegal trade is threatening to wipe out their populations in Ethiopia and neighbouring Somalia.[521]

Criminal justice

The reported wildlife trafficking arrests, as shared by the EWCA, indicate a downwards trend of total arrests.

518 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

519 Author interview, EWCA, electronic communication, 30th June 2020; "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

520 Author interview, EWCA, electronic communication, 30th June 2020

521 "Exotic Pets Demand 'Fuelling Cheetah Smuggling'". *BBC News*, 2020, https://www.bbc.com/news/world-africa-51124487.

However, more Ethiopian nationals were arrested in 2019 compared to the previous years, and all of the 2019 Ethiopian arrests were made outside of Bole International Airport, which points towards an improvement in law enforcement detection practices in the rest of the country.[522]

Year	2017	2018	2019
Total arrests for possession of wildlife	45	16	13
Ethiopian nationals	7	5	11
Ethiopians arrested at Bole Airport	2	0	0
Chinese nationals	33	6	2
US nationals	2	3	0
Indian nationals	0	1	0
Canadian nationals	0	1	0
Ugandan nationals	1	0	0
Italian nationals	1	0	0

Table 1 EWCA arrest data by nationality 2017-2019

522 Author interview, EWCA, Electronic communication, 30th June 2020.

In 2019, the EWCA recorded 13 wildlife trafficking related arrests, 11 of which concerned Ethiopian nationals, and two concerned Chinese nationals. One Chinese national was arrested while in transit from Angola at Bole International Airport, while the other Chinese national was departing from Asosa airport, and both of them were carrying small quantities of carved ivory. Only one arrest was specifically noted as concerning a poaching incident.[523]

In 2018, the EWCA recorded 16 wildlife trafficking related arrests, of which five concerned Ethiopian nationals, and 11 were foreign nationals (six Chinese nationals, three United States nationals, one Indian and one Canadian national). All of the foreign nationals were arrested at Bole International Airport, except for the Indian national who was arrested in Kazanchis, Addis Ababa. One Chinese and one United States national were arrested while departing from Ethiopia, both

523 Author interview, EWCA, Electronic communication, 30th June 2020

carrying an ivory bangle, all eight other foreign nationals were transiting through Bole. Three of the arrested Ethiopian nationals were found with leopard skins, one with live birds, and one was found with various wildlife goods, suggesting a consolidation point in the country (11 carved ivory pieces of various styles, duiker horn, lion tooth and a claw, a leopard claw, warthog tooth, a hippo tusk and porcupine spines amongst other items).[524]

In 2017, there were 45 wildlife trafficking related arrests, of which 7 concerned Ethiopian nationals, and 37 were foreign nationals. All of the foreign nationals were arrested at Bole International Airport, the majority of which were in transit, except for two departures. Two Ethiopian nationals were arrested at Bole airport, both with ivory bracelets. The fact that only one Ethiopian national was arrested with raw ivory, and that two were arrested with leopard skins suggests

524 Author interview, EWCA, Electronic communication, 30th June 2020.

that most arrests concerned traffickers and not poachers.[525]

The EWCA states that most of the arrested individuals are prosecuted, although the prosecution details were not shared. Of note is the number of suspects arrested for wildlife trafficking, rather than wildlife poaching. As most of the seizures and arrests concern wildlife trafficking, the vast majority of the seizures were made at Bole International airport, illustrating the airport acting as a transit hub.[526]

One of the key issues raised is that in most wildlife trafficking prosecutions offenders are often given lighter sentences, which therefore do not act as a sufficient deterrent. This may be indicative of judges' lack of awareness about the values of wildlife for the country's socioeconomic stability. There is need to raise the awareness of judges on the seriousness

525 Author interview, EWCA, Electronic communication, 30th June 2020.

526 Author interview, EWCA, Electronic communication, 30th June 2020.

of wildlife crimes and to issue heavier sentences.[527]

A related issue, based on interviews with various law enforcement officers and prosecutors, is that judges have a tendency of leniency towards foreign traffickers, as compared to national ones. This also points to a lack of awareness of the impact that such crimes are having on the country.

In recent communication with the authorities tasked with protecting and preserving Ethiopia's wildlife it was confirmed that no financial investigations were made whilst investigating and prosecuting wildlife trafficking cases. Many jurisdictions have found that implementing a specialist financial investigation team within their investigation capabilities is key in neutralising wildlife trafficking networks, especially those operating transnationally. Financial investigation training should be a priority for capacity building within Ethiopian law

527 Author interview, EWCA, Electronic communication, 30th June 2020.

enforcement.

The typologies produced by ESAAMLG in 2016 are a valuable resource as a basis for training of financial institutions and law enforcement in investigating the finances behind illicit wildlife trafficking.[528]

DRUGS AND PSYCHOTROPIC SUBSTANCES

Ethiopia is a noted transit point for air routes exploited by drug traffickers. Reporting from 2020 indicates that drugs are trafficked via Addis Ababa's Bole International Airport, to be moved overland to other destinations in the region.[529]

Cocaine is trafficked on direct flights from South America to Ethiopia. It is reported that between 2018-2019, 80 individuals

528 ESAAMLG June 2016 A Special Typologies Project Report On Poaching, Illegal Trade In Wildlife And Wildlife Products And Associated Money Laundering In The Esaamlg Region https://esaamlg.org/reports/TYPOLOGIES-REPORT-ON-THE-WILDLIFE-CRIMES-AND-RELATED-ML..pdf

529 UNODC, 4 March 2020 , Regional impact of addressing illicit drugs in Ethiopia highlighted at event co-organized by UNODC https://www.unodc.org/unodc/en/frontpage/2020/March/regional-impact-of-addressing-illicit-drugs-in-ethiopia-highlighted-at-event-co-organized-by-unodc.html

from 17 countries were arrested for trafficking 186-kilogram cocaine, 9-kilogram heroin and 1,104-kilograms of cannabis[530]; most of those arrested were Nigerians, Brazilians, Venezuelans and South African traffickers.

In a separate report, it was alleged that two-thirds of the cocaine seized in Addis Ababa was on its way from South America via West African countries (i.e. Cape Verde, Mali, Benin, Togo and Nigeria, Guinea-Bissau, and Ghana) either directly to Europe or via East African hubs (i.e. Addis Ababa or Nairobi)[531]. The cocaine is believed to have originated in Colombia and Peru and exported through Brazil.

An overland route from Ethiopia to Kenya, connecting from this air route, is now the

530 Ethiopian Monitor 1 Sept 2019 Ethiopia Arrests 80 Foreigners Linked with Drug Trafficking https://ethiopianmonitor.com/2019/09/01/ethiopia-arrests-80-foreigners-linked-with-drug-trafficking/

531 New Business Ethiopia 31 Jan 2019 Ethiopia detains 56 foreigners for cocaine, cannabis trafficking https://newbusinessethiopia.com/crime/ethiopia-detains-56-foreigners-for-cocaine-cannabis-trafficking/

primary way in which cocaine enters Kenya.[532] Ethiopia is often a transit route for drugs across East Africa, from Mozambique to Uganda. A 2020 investigative report stated: "In a typical air trafficking transaction to Uganda, a courier from Maputo [the capital of Mozambique] takes a flight to Addis Ababa and hands over parcels/baggage or items containing drugs to a waiting passenger ready to take a flight to Entebbe, from where he departs to another destination. In most cases the mules who exchange the packages in, for example, Addis Ababa, will not know each other but are connected by traffickers in Addis." Onwards destinations include airports in the Middle East and Europe.[533]

Trafficking on air routes via Ethiopia is not a new phenomenon. In 2012, a report noted that "the amount of drugs

532 US Dept of State (2020)., 2020 INCSR–Volume I: Drug and Chemical Control (As submitted to Congress), p177 Available at: https://www.state.gov/2020-incsr-volume-i-drug-and-chemical-control-as-submitted-to-congress/

533 Hayson, S. (2020). From the Maskani to the Mayor: The political economy of heroin markets in East and Southern Africa, p31. Available at: https://enact-africa.s3.amazonaws.com/site/uploads/2020-03-05-heroin-coast-02.pdf

transiting Ethiopia continues to increase", including cocaine and heroin, with this linked to availability of air routes to the country.[534] Around the same time a methamphetamine route from West Africa to Asia, transiting Ethiopia, was identified.[535]

It is important to consider whether Ethiopia is being targeted by organized crime as a trafficking hub or if the country's airport is a major transport point that can be exploited by organized crime groups operating on the main trafficking routes. This is difficult to assess without fieldwork. Ethiopian Airlines is notable for the number of routes it operates to West Africa, Southern Africa, the Middle East, Asia and Europe. The airline also operates routes to South America. During the winter of 2019, Ethiopian Airlines flew to 129 destinations.[536]

534 US Dept of State., (2012), Bureau Of International Narcotics And Law Enforcement Affairs, 2012 International Narcotics Control Strategy Report (INCSR), Country Report: Ethiopia

535 UNODC (2012). WEST AFRICA, 2012 ATS Situation Report, p24. Available at: https://www.unodc.org/documents/scientific/ATS_West_Africa_final_2012.pdf

536 Details of aviation routes kept at Anna Aero (2020). Ethiopian Airlines' network now 129 destinations in 75 countries. Available at: https://www.anna.aero/2020/02/10/ethiopian-airlines-network-now-129-destinations-in-75-countries/

The size of this network is particularly significant when set against other air networks in the region.

The report authors have been told by a member of the Ethiopian Wildlife Conservation Authority of a 2018 case where drugs, ivory and illegally owned firearms were seized from a vehicle in the western part of Ethiopia.[537] It is not clear what type of drugs were present, the quantity (this is significant for identifying if it was likely for personal use or a significant quantity being trafficked on transnational routes), the intended destination or the network involved.

537 Author interview. (2020. Ethiopian Wildlife Conservation Authority. Electronic communication

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

Currency smuggling

Ethiopia is a cash-based economy, and the Government of Ethiopia has put in place laws regarding monitoring of large or suspicious cash transactions, especially cross border. BDO, August 2019, Ethiopia Extractive Industries Transparency Initiative SEEITI) EEITI Report for the year ended 7 July 2017 https://eiti.org/files/documents/ethiopia_eiti_report_2016-17.pdf These laws appear to have yet to be fully implemented or enforced. The porosity of Ethiopia's borders helps facilitate cash smuggling between neighbouring countries.

Mineral and Natural Resource Wealth

Ethiopia has valuable mineral deposits,[538] namely gold, bentonite, potash and tantalum. Some sources estimated Ethiopia has significant gold reserves[539] - up to USD 5 billion. As cited in the EEITI report,[540] the value of gold exported amounted to USD 208.8 million, which represented approximately 7.18 percent of the total exports of the country during fiscal year 2016/17. Further details about mineral deposits and licences can be found from the Ethiopian Mining Cadastre Portal.[541]

As identified in the 2019 Organised Crime Index, gold smuggling is one of the areas highlighted for Ethiopia. In 2016, the UAE reported gold imports from 46 African

538 Geological Survey of Ethiopia (GSE) http://www.gse.gov.et/index.php/2016/08/19/mineral-potentials/

539 mining.com, 2 Jan 2012, US$5 billions worth gold reserves discovery in Ethiopia https://www.mining.com/us5-billion-worth-gold-reserves-discovery-in-ethiopia/

540 BDO, August 2019, Ethiopia Extractive Industries Transparency Initiative SEEITI) EEITI Report for the year ended 7 July 2017 https://eiti.org/files/documents/ethiopia_eiti_report_2016-17.pdf

541 https://ethiopian.portal.miningcadastre.com/MapPage.aspx?PageID=a16a9300-7c58-4f81-9e5c-97e13b22b0c6

countries, of which 25 countries did not provide data on gold exports to the UAE; but the UAE reported it had imported a total of USD 7.4 billion worth of gold from them. For the other 21 countries that declared their gold exports to UAE, there is a discrepancy of USD 3.9 billion more in declared gold imports – about 67 tonnes – from those countries than those countries said they exported.[542] According to the article, for Ethiopia in 2016, a difference of USD 96 million is observed between exports of gold reported by Ethiopia to UAE and imports of gold from Ethiopia by UAE.[543] This, trade economists say, is a red flag for illicit activity.

The significant revenues generated from mining, especially gold, usually attract both political and military interest, as well as that of Politically Exposed Persons

542 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

543 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

(PEPs) - both domestic and foreign. Gold smuggling, from neighbouring countries and onwards to UAE, is also a potential source of illicit revenue for corrupt officials, criminal networks, and terrorist groups, both domestically and in the region.[544]

Togochale

The Togochale (or Tog Wajaale) border point in Jigjiga is a known smuggling hub with cross-border criminal networks engaging in the smuggling of a wide range of goods, including minerals, drugs, cigarettes, electronics, second-hand clothes and livestock. These criminal networks intersect with criminal networks involved in the higher value smuggling of currency, wildlife, and human beings.[545]

Customs officials, following either a tip-off or through

544 "Gold Worth Billions Is Smuggled Out Of Africa". Reuters, 2019, https://www.reuters.com/investigates/special-report/gold-africa-smuggling/.

545 Sahan Foundation and IGAD Security Sector Program. Cross-Border Security Threats in The IGAD Region: A Case Study of The Djibouti-Ethiopia-Somali Tri-Border Area. 2018.

investigation make seizures of said illicit goods in Togochale, and there are frequent media reports of large currency and gold seizures in particular. The frequency and high amounts of the seizures indicate an important flow of gold and currency leaving the country.

Customs officials announced in March 2020 to have seized USD 161,000 of currency that was in illegal circulation in Dire Dawa, Humera, Togochale, and Jijiga.[546] In September 2019 customs officials seized 7 million birr (USD 208,000) worth of gold and illegal foreign currency, seemingly from Saudi riyals. [547]

546 "Ethiopia Seized Smuggled Items Including Ivory Worth Over 31 Million Birr". Borkena, 2020, https://borkena.com/2020/03/04/ethiopia-seized-smuggled-items-including-ivory-worth-over-31-million-birr/.

547 "Ethiopia: Illegal Arms Originating from Yemen Seized in Afar Region". Borkena, 2019, https://borkena.com/2019/09/25/illegal-arms-originating-from-yemen-seized-in-afar-region/

Figure 1 Currency and gold seized on 29th September at Togochale border checkpoint[548]

In April 2019 customs officers seized USD 182,247, SAR 235,375, and AED 110,920 from two individuals attempting to smuggle the currency out of the country.[549] One additional individual was arrested while concealing USD 39,700 in his shoes.[550]

548 "Ethiopia: Illegal Arms Originating from Yemen Seized in Afar Region". Borkena, 2019, https://borkena.com/2019/09/25/illegal-arms-originating-from-yemen-seized-in-afar-region/

549 "Ethiopian Police Captures $182,000 Cash at Somalia Border". New Business Ethiopia, 2019, https://newbusinessethiopia.com/crime/ethiopian-police-captures-182000-cash-at-somalia-border/.

550 "Ethiopian Custom Seizes $39,700 Illegal Cash". New Business Ethiopia, 2019, https://newbusinessethiopia.com/crime/ethiopian-custom-seizes-39700-illegal-cash/

In August 2019 US dollars with a value of 2.7 million birr were seized while being concealed in a yellow jerrycan.[551] In February 2020, customs officials arrested four individuals at Togochale for attempting to smuggle foreign currencies including, US dollars, Euros, pounds, and various Middle Eastern currencies, as well as 7 kilograms of gold, with a total value of approximately 60 million birr (USD 1.746 million).[552]

Bole International Airport

Ethiopian custom officials announced in April 2019 that they had seized large amounts of currency at Bole Airport in the previous seven months, including USD 2,360,334, EUR 332,310, SAR 115, 917, GBP 24,320, and 1.5 million birr. The currency was seized from individuals attempting to smuggle the currency out of the country.

551 "Over 14 Million Birr Worth of Gold, Foreign Currency Seized". Borkena, 2019, https://borkena.com/2019/08/19/over-14-million-birr-worth-of-gold-foreign-currency-seized/.

552 "Police Seize Close To 60 Million Birr Foreign Currencies, Gold". Ethiopian News Agency, 2019, https://www.ena.et/en/?p=5937

During the same time period, custom officials seized several other goods at Bole International airport which were being smuggled out of the country, including khat, minerals, coffee, and honey, with a total estimated value of 90.2 million birr (USD 2.6 million). Approximately 90 million birr worth of goods being smuggled into the country were also seized at the airport, including gold and silver made jewellery, silver-plated items, gold and silver products, mobile apparatus, and shishas.

Additional seizures of note

Oromia Mineral Development Director-General Yirdaw Negash announced in March 2019 that over eight kilograms of gold, with a value of over 10 million birr (USD 291,000) was seized as it was being smuggled out of the country. Negash stated that the smuggling of gold and minerals was prevalent in the region, particularly in

the area of Shakiso, due to its important gold mines.[553]

ARMED, ORGANISED CATTLE RUSTLING

Ethiopia – Sudan border

Violence between herders and militias was reported in December 2019 at the Sudan-Ethiopian border. Local residents are witnessing continuous tensions between Ethiopian armed militias generically known as *shifta*, and Sudanese herders against the backdrop of cattle rustling. One individual was reportedly killed by Ethiopian militia men in Barka Nurein village of El Gureisha locality in El Gedaref on 10 December 2019.[554] On 14th December three Sudanese residents of East El Galabat were kidnapped, reportedly by Ethiopian militia. The killing and kidnappings led to protests in El Gaderef which blocked

553 "Gold Worth 10 Million Birr Seized While Being Smuggled". Ethiopian News Agency, 2019, https://allafrica.com/stories/201903260317.html.

554 "Protests Against Herder Violence Across Darfur, Sudan". Radio Dabanga, 2019, https://www.dabangasudan.org/en/all-news/article/protests-against-herder-violence-across-darfur-sudan.

the El Galabat border, the main border between Sudan and Ethiopia.[555]

Ethiopia – Kenya border

On the Ethiopian side, the towns most affected by cattle rustling along the Kenya-Ethiopia border are Harmer, Teltele and Dilo Woredas. On the Kenyan side, the towns most affected by cattle rustling are Ileret, Dukana and Maikona in North Horr sub-county.[556] Field research performed by Gumba et al. for ENACT in 2017 and the first half of 2018 found that civilians in these border towns had armed themselves in order to defend their livestock and communities due to the absence of interventions by security forces. Individuals in Harmer and Dukana reported that one AK-47 rifle could be bartered for one cow, while one round of ammunition was sold for USD 2. Gumba et

555 "Three Sudanese Kidnapped By Ethiopian Militia". Kichuu, 2019, https://kichuu.com/three-sudanese-kidnapped-by-ethiopian-militia/.

556 Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and the Horn". Enact Research Paper, no. 10, 2019.

al. further found that the criminal organisations engaging in cattle rustling freely shared information between Ethiopia and Kenya, seemingly ignoring the existence of borders.[557]

Further research by Gumba and Turi published in 2019 found that in Marsabit, a county in northern Kenya, one camel could be traded for an AK-47 rifle, three camels for a G3 rifle, and five camels or more could be traded for a machine gun or bazooka. Interviewed pastoralists reportedly stated that they were able to defend themselves with their firearms, but that armed bandits raiding their livestock often overpowered them with more sophisticated weapons.[558] The prevalence of weapons in the region leads to attacks with civilian casualties, such as the attack on 25th August 2019, when two villages were attacked in the Forole and Sabareh border areas of Kenya. Eight individuals were reported to have been killed and nine

557 Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and the Horn". Enact Research Paper, no. 10, 2019.

558 Gumba, Deo, and Guyo Tori. "Cross-Border Arms Trafficking Stokes The Embers of Northern Kenya'S Conflict". Enact Observer, 2019, https://enactafrica.org/enact-observer/cross-border-arms-trafficking-stokes-the-embers-of-northern-kenyas-conflict.

injured, while the assailants stole approximately 500 head of cattle and 1,000 goats from Gabra pastoralists.[559]

Ethiopia- South Sudan border

Cross-border conflict related to cattle rustling has been particularly common among the Nyangatom, the Murle and the Nuer of Ethiopia and South Sudan.[560] One notably deadly raid occurred on 15 April 2016 when Murle from South Sudan crossed the border and attacked 13 villages in the Nuer-inhabited districts of Jikaw and Lare of the Gambella Region in Ethiopia. The raid resulted in over 200 fatalities, and 102 children were abducted.[561]

Despite such costs in human life and property, a 2018 study by the Regional Centre on Small Arms (RECSA)

559 Dado, Salah. "Eight Killed, Nine Injured In Two Separate Marsabit Attacks - Citizentv.Co.Ke". Citizentv, 2020, https://citizentv.co.ke/news/eight-killed-nine-injured-after-attack-in-marsabit-by-suspected-ethiopian-gunmen-270890/.; Gumba, Deo, and Guyo Tori. "Cross-Border Arms Trafficking Stokes The Embers of Northern Kenya'S Conflict". Enact Observer, 2019, https://enactafrica.org/enact-observer/cross-border-arms-trafficking-stokes-the-embers-of-northern-kenyas-conflict.

560 Regional Centre on Small Arms. Regional Report On The Nexus Between Illicit Salw Proliferation And Cattle Rustling Ethiopia, Kenya, Somalia, South Sudan And Uganda. 2018, https://recsasec.org/wp-content/uploads/2018/08/cattle-rustling-pdf.pdf.

561 "Ethiopia: Are We Sure The Attackers Were 'Murle Tribesmen?'". ECADF Ethiopian News - Radio Tamzuj, 2016, https://ecadforum.com/2016/04/21/7-questions-about-the-gambella-raid-in-ethiopia/.

highlighted the nexus between weapons proliferation and the commercialization of cattle rustling, finding that 55% of the South Sudanese respondents considered cattle rustling as a lucrative business given that stolen cattle could be sold for beef as well as across the border into Ethiopia.[562]

FRAUD, FORGERY AND COUNTERFEITING

FRAUDULENT DOCUMENTS

The Immigration and Refugee Board of Canada cited IOM as saying that based on document verification at IOM duty stations, fraudulent travel documents were not prevalent in Ethiopia.[563] Addis Ababa is not a substantial hub for fraudulent documents. A report on Ethiopian labour migration to the Gulf countries and to South Africa by the Forum for Social Studies (FSS)

562 Regional Centre on Small Arms. Regional Report On The Nexus Between Illicit Salw Proliferation And Cattle Rustling Ethiopia, Kenya, Somalia, South Sudan And Uganda. 2018, https://recsasec.org/wp-content/uploads/2018/08/cattle-rustling-pdf.pdf.

563 Immigration and Refugee Board of Canada, Ethiopia: Availability of fraudulent identity documents, state efforts to combat document fraud, 2016, https://www.refworld.org/docid/589444d84.html.

did find issues related to ID cards issued by "thousands of *kebele* within the country", making it difficult for Ethiopia's immigration authority to check the veracity of the ID cards. The FFS report found that fraud of such national ID cards was "rife in the country".[564]

An analysis by the Danish National ID Centre found that despite the relatively widespread fraud in the issuance of Kebele cards, they were difficult to use for identity fraud and personal fraud due to the "substantial level of state surveillance".[565]

FINANCIAL CRIMES

Country Assessment on Money Laundering / Terrorism Financing / Illicit Financial Flows

Anti-Money Laundering / Countering Terrorist

564 Asnake Kefale and Zerihun Mohammed. Ethiopian Labour Migration to the Gulf and South Africa, Forum for Social Studies (FSS), Ethiopia. 2015.

565 Danish National ID Centre. Ethiopian Kebele Cards. 2018, https://www.nidc.dk/-/media/9577738970AF4AF080306BF672B2DB33.pdf.

Financing Framework

An overview of the laws and guidelines on AML / CFT as issued by the Government of Ethiopia is found in Annex C.

Two measures indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

1. The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year:

GENERAL STATISTICS ON STRS /CTRS RECEIVED AND DISSEMINATED	January 2012 – June 2012	July 2012 – June 2013	July 2013 – March 2014
Number of STRS received from Financial Institutions	29	544	490
Number of CTRs received from Financial Institutions	248590	994517	849338
Number of STRs received from DNFBPs	-	-	-
Number of CTRs received from DNFBPs	-	-	-
Number of STRs generated from Supervision	-	40	53
Number of STRs received from other informants	1	4	2

Table 2 ESAAMLG 2015 Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia

No current data or information is available for

Ethiopia, as Ethiopia was removed from the FATF strategic deficiencies list on 18 October 2019 when the FATF review group reviewed the report submitted by Ethiopia. The following data (from MER 2015) is provided to indicate types of STR / CTR activity: [566]

566 ESAAMLG (May 2015) Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia

https://esaamlg.org/reports/Ethiopia_AML-CFT_Assessment.pdf

TST Comprehensive Vulnerability Assessment Report

Table 3 ESAAMLG 2015 Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia

NUMBER OF STRs RECEIVED BY PREDICATE OFFENCE	January 2012 – June 2012	July 2012 – June 2013	July 2013 – March 2014
1. Participation in an organized criminal group and racketeering	-	-	-
2. Terrorism, including terrorist financing	1	1	-
3. Trafficking in human beings and migrant smuggling	-	1	-
4. Sexual exploitation, including sexual exploitation of children	-	-	-
5. Illicit trafficking in narcotics drugs and psychotropic substances	-	-	-
6. Illicit arms trafficking	-	-	-
7. Illicit trafficking in stolen and other goods	-	-	-
8. Corruption and bribery	-	2	-
9. Fraud	-	-	2
10. Counterfeiting Currency	-	-	-
11. Counterfeiting and Piracy of Products	-	-	-
12. Environmental Crime	-	-	-
13. Murder, grievous bodily injury	-	-	-
14. Kidnapping, illegal restraint and hostage –taking	-	-	-
15. Robbery or theft	-	-	-
16. Smuggling (including in relation to customs and excise duties and taxes)	-	-	-
17. Tax crimes (related to direct taxes and indirect taxes)	-	-	-
18. Extortion	-	-	-
19. Forgery	-	-	-
20. Piracy	-	-	-
21. Insider Trading and Market Manipulation	-	-	-
22. Illegal *Hawalla*	28	574	532
23. Foreign Currency Smuggling	1	10	11

2. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures and forfeitures, when these were made.

GENERAL STATISTICS ON STRS /CTRS RECEIVED AND DISSEMINATED	January 2012 – June 2012	July 2012 – June 2013	July 2013 – March 2014
Number of STRs disseminated to Federal Police	4	9	52
Number of STRs disseminated to the Ministry of Justice	1	-	-
Number of STRs disseminated to NISS	1	1	-
Number of STRs disseminated to Federal Ethics and Anti-Corruption Bureau	-	2	-

Table 4 ESAAMLG 2015 Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia

No current data or information is available for Ethiopia, the following comments (from MER 2015) are provided to indicate types of STRs disseminated to other agencies or ministries:[567]

567 ESAAMLG (May 2015) Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia https://esaamlg.org/reports/Ethiopia_AML-CFT_Assessment.pdf

In an earlier assessment published in 2013, it was observed that the FIC had been receiving and analysing CTRs and STRS. As of 30th November 2012, the FIC had received 221 STRs, of which 90 AML/CFT cases have been detected and analysed, with:[568]

- 11 referred to the Crime Investigation Department of the Ethiopian Federal Police,
- 2 referred to the Federal Ethics and Anti-Corruption Commission, and
- 8 referred to the Ethiopian Revenues and Customs Authority (ERCA).

In three high-level cases, the federal state prosecutor had brought charges against the suspected offenders. It was further reported that the FIC had more cases ready to be referred to the police for further criminal investigation, but according to FIC officials, there was a concern that the police

568 Tu'emay Aregawi Desta (Feb 2013) Center on Global Counterterrorism Cooperation The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia - Second Assessment Report https://globalcenter.org/wp-content/uploads/2013/03/13Feb27_EthiopianFIC-SecondAsmntRpt_TAD_Final.pdf

have limited capacity to handle the increasing caseload.[569]

Ethiopia's National Anti-Money Laundering & Combating the Financing of Terrorism Policy highlights that:[570]

- Despite the number of investigations in fraud and corruption cases, the NRA found that very few have associated ML investigations
- the NRA found that despite there having been a number of prosecutions in fraud and corruption cases, very few have associated ML prosecutions
- Most Law Enforcement Agencies (LEA) concentrate on predicate offences and dedicate little or no efforts in pursuing ML aspects or charges
- LEAs, prosecutors, and judiciary do not have adequate specialist knowledge in financial crimes, especially ML and TF; this needs to be a capacity priority

Two further measures are indicative of the use of financial investigations in major criminal investigations:

1. The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators

569 Tu'emay Aregawi Desta (Feb 2013) Center on Global Counterterrorism Cooperation The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia - Second Assessment Report https://globalcenter.org/wp-content/uploads/2013/03/13Feb27_EthiopianFIC-SecondAsmntRpt_TAD_Final.pdf

570 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

No current data or information is available for Ethiopia, and financial investigation cases have been reported to be referred to:

- Crime Investigation Department of the Ethiopian Federal Police,
- Federal Ethics and Anti-Corruption Commission,
- Ethiopian Revenues and Customs Authority (ERCA)

No mention is made however of their capacity or capability, and how many trained specialist financial investigators each unit currently has.

No further details are available for other teams or agencies.

2. The involvement of the FIU in support of major criminal cases to help facilitate financial information from the financial industry - both domestically and internationally

No current data or information is available for Ethiopia; it appeared in several recent communications that the role of financial investigations, and the assistance of the FIU in major

cases was secondary to traditional investigative methods.[571]

As highlighted in the National Anti-Money Laundering & Combating the Financing of Terrorism Policy - LEAs, prosecutors, and judiciary do not have adequate specialist knowledge in financial crimes, especially ML & TF.[572] This needs to be a capacity priority, as well as the role of the FIU as the conduit between financial institutions, international FIUs, and Ethiopian LEAs and prosecutors.

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

A. Use of Legal Enterprises & Real Estate (ML &TF)

The World Bank "Doing Business" report highlights

571 Communication with confidential source 27 March 2020

572 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

that Ethiopia is ranked 159 out of 190 economies, and ranked 168 for setting up a business, indicating that setting up a registered company in Ethiopia is relatively restrictive. Registered companies that are used for the laundering of illicit assets, as is prevalent in neighbouring countries, may therefore not be as high a risk in Ethiopia.[573]

The real estate sector, however, is an area that is potentially a high risk for money laundering. Real estate in Addis Ababa is cited as "booming" because of the demand and supply for real estate assets, the rising population and urbanisation and the existence of a large number of tenants working for donor communities (NGOs) and multinational institutions). The influx of money from the Ethiopian diaspora sent back home as remittances, which is largely poured into the housing and real estate markets is another significant factor.

573 The World Bank, (2020) Doing Business: Uganda, https://www.doingbusiness.org/en/data/exploreeconomies/uganda

Additionally, government policies that are infrastructure and service sector-focused, and corruption is allegedly fuelling fast-rising real estate and related property prices.[574]

The World Bank report "Diagnosing Corruption in Ethiopia" highlights that the public works and construction sector are consistently considered to be one of the three most corrupt of all sectors. Around the world, the land sector is particularly susceptible to corruption. Land is an enormously valuable asset, typically accounting for 30–50 percent of national wealth in developing countries, and so the value of land creates a significant opportunity for corruption on the part of those with the legal authority to assign, revoke, or restrict rights to it.[575]

574 Seid Hassan, Feb 9, 2016, PAMBAZUKA NEWS, Explaining Ethiopia's soaring real estate and property prices https://www.pambazuka.org/governance/explaining-ethiopia's-soaring-real-estate-and-property-prices

575 Janelle Plummer (Editor), 2012, The World Bank, Diagnosing Corruption in Ethiopia - Perceptions, Realities, and the Way Forward for Key Sectors http://documents1.worldbank.org/curated/en/210171468024611636/pdf/699430PUB0Publ067869B09780821395318.pdf

The ability to invest and launder illicit funds through the real estate sector in Ethiopia, is therefore a significant ML (&TF) risk.

B. Use of Alternate Fund Transmission Systems (ML & TF)

The National Anti-Money Laundering & Combating the Financing of Terrorism Policy highlighted the risk from Hawala and other informal transfer systems in Ethiopia.[576] The FIC has produced information on Hawala for guidance.[577]

ILLICIT FINANCIAL FLOWS

It has been estimated that trade misinvoicing in Ethiopia has amounted to approximately 20.94 percent of trade over a 10-year period (2008-2017) equating to an annual average trade gap of USD 1.203 million in trade with all trading partners.

576 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

577 http://www.fic.gov.et/Content/Files/Illegal%20Hawala%20Service.pdf

When put against the 36 major economies then the adjusted figure is an approximate 20.8 percent of trade, with an annual average gap of USD$433 million.[578]

Out of 135 developing economies, Ethiopia was adjudged to have the fourth largest trade gap in 2015[579]

It is important to note that NBE has imposed strict currency and foreign exchange restrictions on Ethiopians and Residents of Ethiopia, who need to surrender all foreign currency in their possession within 45 days of acquisition; passengers are allowed to carry cash of up to ERB 1,000 and a maximum of USD$3,000 (or equivalent) may be brought into / taken out of the country.[580]

578 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

579 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

580 Abdur Rahman Alfa Shaban, 19 Dec 2017, AfricaNews, Ethiopia moves to combat forex trading on the back market, https://www.africanews.com/2017/12/19/ethiopia-moves-to-combat-forex-trading-on-black-market//

The level of capital out flow in Ethiopia is high. The sizes of illicit capital outflows have been rising at alarming rates, attracting the attention, not only of the general public, but also of bilateral and multilateral donor agencies. [581] Ethiopia's capital flight dwarfs the rest of developing countries in Sub-Saharan Africa. This suggests that foreign currency restrictions mean that "hot money" and informal remittance flows may play a significant role in this imbalance, also aligned to trade misinvoicing.

581 Ayele Gelan 2016 05 09, Addis Standard, Rush For The Exits: Why Is Ethiopia's Capital Flight Accelerating? http://addisstandard.com/rush-for-the-exits-why-is-ethiopias-capital-flight-accelerating/

Conclusions

It is now widely acknowledged globally that every strategy against any or all of these major transnational security threats must target the funding of such activities and seek to seize the proceeds from it; making the role of financial investigations in criminal investigations and prosecutions vital.

Ethiopia has made significant steps in enhancing its AML / CFT framework - which is still being developed with regular Technical Compliance Re-Rating exercises and Follow Up Reports (FUR) by ESAAMLG. The last exercise was conducted in 2019 and will continue on a biannual basis.

The goal of enhancing financial inclusion to the large population of Ethiopia through the use of mobile money will undoubtedly benefit the nation, as has been observed in neighbouring countries who have adopted similar strategies.

It is key in developing such platforms to manage the AML / CFT risk. The use of illicit activity on such platforms may be limited by including robust KYC checks, transaction limits, and restricting it to domestic transactions.

It is reported (FUR 2018) that a National Risk Assessment was conducted in 2016.[582] It would be prudent to conduct a new exercise to assess current (and future) risk every 3 to 4 years. This is fundamental in understanding risk and developing a strategy, as well as dedicating resources to mitigating key risks.

Undoubtedly the role of the FIC, with its recent membership of the Egmont Group of Financial Intelligence Units, should broaden as a key financial intelligence conduit to peer organisations outside of Ethiopia, on behalf of

582 ESAAMLG (September 2018) Ethiopia 5th Enhanced Follow-Up Report and Technical Compliance Re-Rating Follow-Up Report https://esaamlg.org/reports/FUR%20Ethiopia-%20September%202018.pdf

law enforcement agencies in Ethiopia, as is permitted and facilitated under Egmont information sharing principles.[583] The observation was made in the most recent FUR (2019) that there was "...absence of basis for spontaneous exchange of information to foreign counterparts and international cooperation.". [584]

There does appear to be a serious capacity issue in the number of trained financial investigators in law enforcement agencies accompanied by a lack of parallel financial investigations in major crime cases. This is something that should be addressed as a priority.

Another priority is the need to increase capacity in training prosecutors and the judiciary on the powerful use of

583 Egmont Group Of Financial Intelligence Units Principles For Information Exchange Between Financial Intelligence Units (July 2013) https://egmontgroup.org/en/filedepot_download/1658/79

584 ESAAMLG (September 2019) Ethiopia 6th Enhanced Follow-Up Report and Technical Compliance Re-Rating Follow-Up Report https://esaamlg.org/reports/FUR%20Ethiopia-%20September%202019.pdf

financial information in investigating and prosecuting major crimes.

The National Anti-Money Laundering & Combating the Financing of Terrorism Policy highlighted the need for a central authority for coordinating asset forfeiture in Ethiopia.[585] This authority was subsequently been established under the office of the Attorney General but will need further assessment to confirm whether it fulfils the necessary requirements.[586]

There also a need for a civil asset forfeiture mechanism, rather than only asset seizure on conviction in criminal cases. This would allow enhanced targeting of criminal assets on a civil basis rather than criminal, as has been shown to be highly effective in other jurisdictions.

With respect to Illicit Financial Flows - Ethiopia was

585 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

586 Author electronic communication with IGAD ISSP, 13 October 2020.

identified as having the 4th largest trade gap in 2015 out of 135 developing economies - an average estimated trade gap of USD 1,203 million annually in trade with all trading partners.

To address the 3 main sources of illicit financial flow - commercial, criminal, corrupt - it is recommended that:

- Trade misinvoicing be made a criminal offence: i.e. criminalising the manipulation of invoice values
- Trade misinvoicing - equip Customs and Revenue authorities with trade pricing databases to facilitate checks on trade misinvoicing
- Beneficial ownership - establish public beneficial ownership registries requiring the true ownership of companies (i.e. individuals) to be identified
- Anti-money laundering - enhance cooperation and coordination between agencies and strengthen AML requirements
- Corruption - publish lists of domestic Politically Exposed Persons (PEPs)

Whilst significant strides have been made in building and developing the AML / CFT framework, the challenge now

is to make it work effectively for Ethiopia to target existing traditional security threats and, with increasing effectiveness, improve in detecting and mitigating such threats, and even deter future threats.

KENYA

TERRORISM

The principal terrorist threat to Kenya remains Al-Shabaab, which has attacked the country repeatedly since 2013. The Islamic State (IS) also aspires to establish a functional presence in Kenya but has so far been unable to stage a successful operation in the country.[587] In 2012, the Kenyan authorities arrested two Iranian nationals on suspicion of planning terrorist attacks in the country using military grade explosives; the two were convicted as charged in 2013.[588] The Iranian Government has denied any involvement in a terrorist plot.

587 See, for example, https://www.news24.com/news24/africa/news/2-held-in-kenya-accused-of-isis-anthrax-attack-plot-20160830-3 and https://nation.africa/kenya/counties/kilifi/malindi-doctor-arrested-over-isis-link-313940

588 https://www.bbc.com/news/world-africa-22425366

AL-SHABAAB IN KENYA

Al-Shabaab's presence in Kenya dates back to the late 2000s, when hundreds of East Africans flocked to Somalia to join first the Islamic Courts Union, then Al-Shabaab in waging 'jihad' against Ethiopian and African Union forces in that country. By 2009, Al-Shabaab's Kenyan cohort had a face, in the person of Ahmed Iman Ali, an Islamist militant from Nairobi, who was subsequently named Al-Shabaab's 'Amir' for Kenya. Al-Shabaab propaganda in Kiswahili, as well as extensive covert recruiting networks, lured a steady flow of young Kenyans to radicalisation and training in Somalia. Some became senior leaders within Al-Shabaab, planning terrorist operations against their own country. Others would return to Kenya in order to engage in the radicalisation, recruitment and the formation of operational cells.

In 2010, the involvement of Kenyan facilitators in the

Kampala suicide bombings pointed to the emergence of Al-Shabaab support networks in the country. At the same time, a spate of cross-border attacks and kidnappings prompted Kenya to retaliate by Launching Operation *Linda Nchi*, securing its border with Somalia and progressively moving deeper into Somalia. In 2012, Kenyan troops, together with their local Somali allies, secured the strategic Somali port town of Kismayo, pushing Al-Shabaab further from the Kenyan border and constricting one of the group's main sources of income.

Al-Shabaab Cross-Border Operations

Al-Shabaab responded with a significant and sustained escalation of violence, staging multiple mass casualty attacks in Nairobi and northern Kenya between 2013 and 2019. Most of these were cross-border raids from Somalia against security forces and civilians in Kenya's border regions. In 2014-15, Al-Shabaab ruthlessly targeted civilians, carrying out mass killings

in Mandera district and Lamu district, as well as a massacre of students at Garissa University. From 2016, such activities subsided, in part because of enhanced Kenyan security presence in border areas, as well as improved ISR (Intelligence, Surveillance, Reconnaissance) capabilities. The killings of several senior Al-Shabaab figures responsible for cross-border activities, probably also contributed to this decline.

Nevertheless, Al-Shabaab remained active along the Kenya-Somali border, repeatedly striking Kenyan security and civilian targets. Suspected Al-Shabaab militants launched an attack on a police post in the Qorof Harar area of Wajir County on the morning (local time) of Saturday, May 16. The post reportedly came under mortar and automatic weapons fire shortly before dawn, forcing police officers to retreat. Although there were no casualties from the incident, local reports claimed that weapons and equipment were looted

from the police station. A nearby communications mast is also reported to have been sabotaged in the attack, a common tactic of Al-Shabaab militants operating along Kenya's porous border with Somalia.

On 19 May 2020, an Al-Shabaab IED targeted a Kenya Police vehicle in Garissa county; the explosion was followed by an exchange of gunfire but no casualty figures reported.[589] On the other hand, Al-Shabaab heavy artillery unit carried out mortar shelling attack against KDF military position located Qarso area in Wajir, North eastern Kenya's region.

On 15 June 2019, 8 Kenyan security officers were reported killed and 5 more injured by an Al-Shabaab IED near Konton in northeastern Kenya.[590] In the five months between December 2019 and April 2020, at least 38 people were killed

589 https://www.garda.com/crisis24/news-alerts/343621/kenya-suspected-al-shabaab-militants-clash-with-security-forces-in-garissa-county-may-19
590 https://www.aa.com.tr/en/africa/8-kenyan-police-officers-killed-in-border-bomb-attack/1505094

in some violent incidents allegedly involving Al-Shabaab in the border counties of Garissa, Lamu, Mandera, and Wajir.[591]

The overall objective of Al-Shabab's cross-border operations appears to be to challenge the Kenyan government's legitimacy in border areas by undermining its capacity to provide security and social services to the population. In one such attack, on 6 December 2019, the jihadists ambushed a bus traveling to Mandera and separated the passengers, sparing locals but executing others, including 8 police officers returning to their duty station.[592] One month later, Al-Shabaab raided a school in Garissa, killing 3 male teachers and abducting a fourth; in response, the Kenyan Teachers Service Commission (TSC) authorized the transfer of 'non-local' teachers out of the region, citing the killings of 42 educators in the zone since

591 https://www.thenewhumanitarian.org/news/2020/06/16/Kenya-Somalia-al-Shabab-conflict-human-rights
592 https://nation.africa/counties/wajir/Several-people-feared-dead-in-Wajir-bus-attack/3444790-5376394-qjq00k/index.html

2014.[593]

Kidnappings

Al-Shabaab's involvement in kidnappings, whether in Somalia or Kenya, has long been opaque and ill-defined. In the past, hostages abducted by militia groups or pirates have often been held in areas under Al-Shabaab control and with the militant group's consent, indicating a degree of tolerance – or in some cases collusion – by the jihadists.

In 2011, Al-Shabaab was accused of a spate of kidnappings in Kenya in which four women were abducted and the husband of one of them killed – charge the militant group denied. In 2012, four aid workers were kidnapped from Dadaab refugee camp and taken to Somalia but rescued by Kenyan and Somali forces three days later; it was unclear whether Al-Shabaab was directly involved. But in November

593 https://www.thenewhumanitarian.org/news/2020/06/16/Kenya-Somalia-al-Shabab-conflict-human-rights

2018, a female Italian aid worker named Sylvia Romano was abducted from Chakama village, some 40km west of the coastal town of Malindi and outside Al-Shabaab's usual area of operations in north-eastern Kenya. Although the attackers were not immediately recognisable as Al-Shabaab, nor did they identify themselves as such, Somali security forces in Jubaland rapidly identified the group and were able to monitor their communications, leaving no doubt that they were Al-Shabaab affiliates. Romano was released in May 2020 – reportedly through the joint efforts of Italian, Turkish and Somali intelligence agencies.[594] Media reports claimed she had been released by Al-Shabaab, but the group declined to take responsibility.

In April 2019, two Cuban doctors working in Kenya's Mandera district were abducted roughly 2 kilometres from the Somali border by gunmen who overpowered their police escort,

594 https://www.bbc.com/news/world-africa-52608614

killing one of the officers.[595] The Governor of Mandera County stated, at the time, that "suspected members of Al-Shabaab" had abducted the doctors.[596] As of February 2020, the Kenyan authorities were able to confirm that the hostages were both alive and safe, but reportedly refused Cuban pressures to pay the ransom demanded by the kidnappers.[597] In May 2020, Somali security officials reported that the two doctors had been spotted in Saakow town (Middle Juba region) in the company of senior Al-Shabaab officials, including a Kenyan-Somali translator. At the time, Al-Shabaab informants claimed to the security services that the hostages would be transferred to Bu'aale town where they would work at Al-Shabaab's medical clinic, primarily treating battlefield casualties.[598] No further

595 https://www.nytimes.com/2019/04/12/world/africa/cuban-doctors-abducted-kenya.html#:~:text=NAIROBI%2C%20Kenya%20%E2%80%94%20Two%20Cuban%20doctors,on%20their%20way%20to%20work.

596 https://oncubanews.com/en/world/six-months-later-whats-happened-to-the-two-cuban-doctors-kidnapped-in-kenya/

597 https://www.garoweonline.com/en/news/world/africa/kenya-rejects-ransom-deal-for-kidnapped-cuban-doctors-with-al-shabaab

598 Interviews with Somali security officials, June 2020.

cross-border kidnappings have been reported since the seizure of the Cuban medical team.

Complex Operations

AS determination to strike deep into Kenya with complex operations conducted by the Amniyaat remained undiminished. In 2018, the Kenyan authorities disrupted an attempt to deliver a large VBIED from Gedo region into Kenya, intercepting the vehicle at Isiolo and killing one of its occupants.

In January 2019, Al-Shabaab succeeded in staging its first major complex operation in Kenya for several years, attacking the Dusit 2 Hotel compound and nearby office blocks with a suicide bomber, small arms, and grenades. A rapid response by the security forces, supported by armed civilians, succeeded in containing the attack and limiting the damage. The Isiolo disruption and the Dusit 2 operation both pointed

to the emergence of a more domestic type of Al-Shabaab terrorism: Kenyan nationals radicalised and recruited in their home country before being sent to Somalia for training and subsequent redeployment to carry out attacks in Kenya.

Another facet of Al-Shabaab's strategy to escalate operations in Kenyan involves the deployment of female recruits, especially ethnic Somali Kenyans, as Amniyaat operatives. In late 2019, approximately 45 female recruits from across Kenya's north-eastern province were taken to Buur Yahaas settlement, about 15 kilometres north east of Buulo Fulaay area in Lower Shabelle region, for a six-month training course that included weapons handling, intelligence, explosives and recruitment techniques. In early March 2020, the trainees graduated and dispersed, with some returning to Kenya while others were dispatched to Gedo region, pending redeployment across the border.[599]

599 Interviews with Somali security officials, March 2020.

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

Al-Shabaab remains a threat in Kenya and is able to frequently launch IED attacks across the Kenya-Somalia border. The greatest concentration of IEDs is been in Kenya's North-eastern Province, along the border with Somalia.

Most, if not all, major IEDs deployed in Kenya from Somalia since 2014 are suspected to have been supplied from Somalia's Gedo region.

- 2013: check on transit of Kampala vests via Kenya
- 2014: Bole Wedding explosives transited Kenya
- 2014: Mombasa VBIED
- 2018: Isiolo VBIED
- 2019: Dusit vest

The head of the AS IED unit of the Kenyan fronts is a

senior officer in the AS Amniyat. He used to report to the late Bashir Qorgab directly. He served as an IED trainer in the AS training camps before joining the Amniyat unit. He reportedly remains active in Kenya at the time of this report.

Trend and pattern analysis – IED Statistics

There are several reasons making it difficult to accurately estimate the number of IED incidents. These include the absence of evidence or witness, the operational context not allowing to conduct post-blast investigation, lack of communication capacities for the units remotely located or collection capabilities, the C-IED secrecy culture and the necessity to maintain operations security (OpSec). Data can therefore vary between sources, and the figures presented here should be considered with caution and only as a general trend indicator, as data has suggested that the number of IED incidents is often underestimated by some organisations.

It appears that the number of IED attacks remained relatively stable in Kenya from 2017 to the beginning of 2020. [See Figure 2]

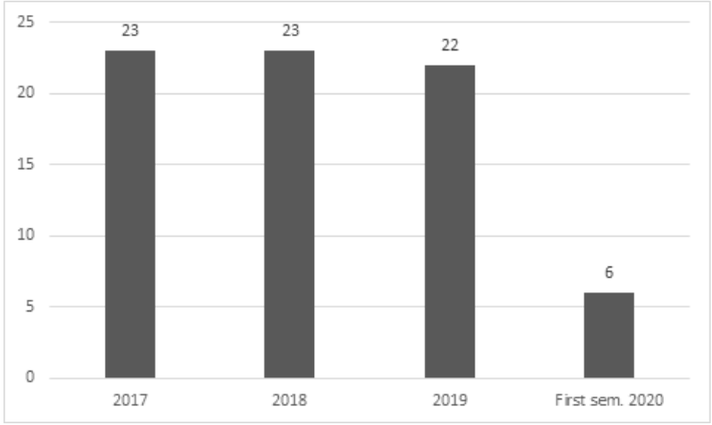


Figure 2 Total number of IED events from 2017 to 2020. [600]

Monthly figures reveal that cross border attacks by Al-Shabaab into Kenya increased in frequency from June to July 2019, when there were between 10 and 19 IED incidents. The UNSC Panel of Export reported[601] that this increased frequency of attacks followed a statement by Al-Shabaab in

600 Source: Sahan data
601 S/2019/858 Annex 1.8

June 2019 in which the group claimed to have mobilized an "army of fighters" from within Kenya's Muslim population.[602] The statement also referred to the closing of the Kenya – Somalia border in Lamu Counties in June.[603] The full statement reads:

> *"Observers also see that the closure of the Kenyan-Somali border will not work to reduce the frequency of attacks, as the Shabaab al-Mujahideen Movement has succeeded in establishing an army of fighters from the Kenyan population itself, who believe in thesame objectives as the Movement and fight for issues they believe to be just, at a time of persistent grievances and assaults by the Kenyan government on the rights of Muslims in the country, and the corruption rampant in the joints of the Kenyan government, in marginalizing Muslims and depriving them of their rights."* [604]

The geographical scope of all June-July 2019 attacks ranged from the most northern border point of Mandera, to the Southern border point of Lamu, a distance spanning nearly

602 Al-Shabaab statement available from https://ent.siteintelgroup.com/Statements/shabaab-claims-two-car-bombings-in-mogadishu-killing-31-boasts-multiple-attacks-in-kenya-in-2-days.html(subscription required).; S/2019/858 Annex 1.8
603 Ibid.
604 Ibid.

700 kilometers.[605]

The most serious attack took place on 14 June 2019 in Konton, Wajir County, when eight Kenyan police officers were

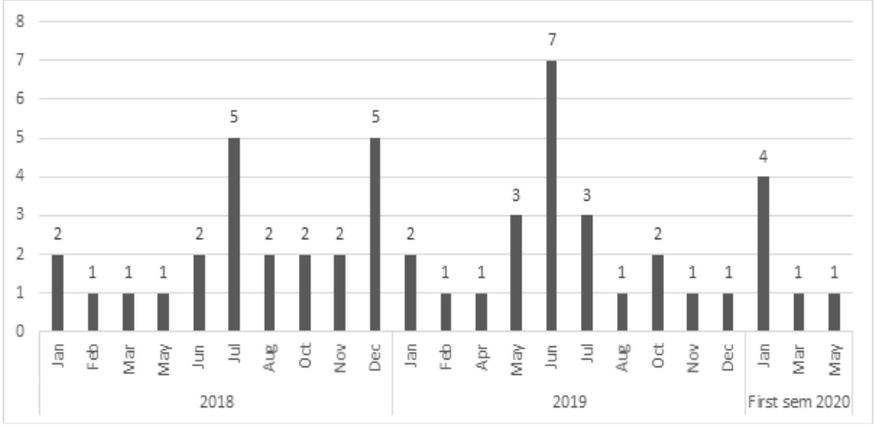


Figure 3 Total number of IED events per month from 2018 to May 2020. [607]

Target

Al-Shabaab targets security forces, teachers, and

605 S/2019/858 Annex 1.8
606 Wasike, Andrew. "8 Kenyan Police Officers Killed In Border Bomb Attack". *AA*, 2019, https://www.aa.com.tr/en/africa/8-kenyan-police-officers-killed-in-border-bomb-attack/1505094.
607 Source: Sahan data

health workers identified by the group as non-locals.[608] Figure 4 shows that the Kenya Defence Forces remain the primary target of IED attacks, followed by other security forces such as the General Service Unit (GSU), a paramilitary wing of the Kenya Police Service, the Kenya Police Anti-Stock Theft Unit (ASTU), the Mararani Rural Border Patrol Unit (*RPBU*), the Kenya Rural Border Police (KBP), and the Kenyan National Police Service (NPS).

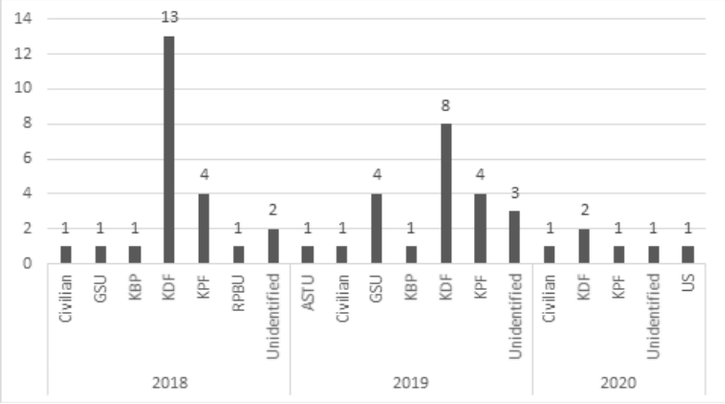


Figure 4 Type of entities targeted by IED from 2018 to May 2020[609]

608 S/2020/949 para 55

609 Source: Sahan data

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Kenya has a high concentration of illegal firearms, which leads to incidents of civilians having superior firepower over security forces. The Kenya National Focal Point (KNFP) on SALW judges that small arms and light weapons have inflamed low-intensity conflicts characterised by frequent incidents of banditry, inter-ethnic clashes, as well as cattle rustling. The KNFP states that illicit small arms are directly responsible for increased human insecurity due to armed violence and its direct impact on human lives, property loss or damage, food insecurity, unemployment, sexual violence, and displacement. The KNFP added that armed violence is not only a cause of underdevelopment, but also a consequence of underdevelopment leading to systemic economic and

horizontal inequalities, limited education opportunities, persistent unemployment and organised crime.[610] A Small Arms Survey Estimated in 2017 that there were 750,000 firearms in civilian possession in Kenya, with only 8,136 of them being registered.[611]

Disarmament efforts

Charles Munyoli from the Kenya National Focal Point (KNFP) stated that the numbers of the small arms survey were contested. Munyoli states that illegal firearms were particularly an issue in areas affected by cattle rustling, as well as in North Eastern Province, and that there are ongoing disarmament efforts in said areas. Rogers Bosire from the KNFP explained that typically in six months of training civilians and sensitization regarding illegal firearms, 40 to 50 firearms were handed in by civilians. Munyoli added that during disarmament efforts, civilians always surrender outdated firearms, which led to the

610 Author interview, KNFP SALW, electronic communication, 14 June 2020
611 Small Arms Survey. Civilian Firearms Holdings. Small Arms Survey, 2017.

KNFP theorising that newer models are being concealed and kept. Bosire added that approximately 50,000 illegal firearms had been destroyed by the KNFP since 2003. Danson Diru, the Director of Operations at the DCI stated that about three quarters of all seized weapons were AK-47s.[612] In 2019 a total of 2,538 weapons were voluntarily surrendered as part of disarmament efforts, compared to 1,070 in 2018 and 436 in 2017. The total of seized illegal weapons in 2019 is 4,858, compared to 3,090 in 2018, and 426 in 2017.[613] A breakdown of the weapons seized over the past three years is found in Table 5.

612 Author interview, DCI headquarters, 27 February 2020
613 Author interview, KNFP SALW, electronic communication, 14 June 2020

Type of firearm	Calibre	Total Number		
		2017	**2018**	**2019**
Shotguns	12 Bore	9	942	1,546
Rifles	.22"	0	1,110	1,212
Pistols	9mm/6.23mm/7.63mm/7.65mm	215	705	482
Air guns	.177"	12	7	894
Webley revolvers	.38" Ordinary	105	191	369
Smith & Wesson revolvers	.38" Special	53	87	283
Ak 47 rifles	7.62x39mm	25	18	37
G3 rifles	7.62x51mm	0	2	1
M 16	5.56mm	1	3	0
MP 5 SMG	9mm	0	1	0
Maverick rifle	12 Bore	0	0	23
Rifle butt stocks	N/A	6	24	11
TOTAL		426	3090	4858

Table 5 breakdown of SALW seized in 2017, 2018, and 2019

Kenya is both a transit route, as well as a destination country for the smuggling and trafficking of firearms. According to the KNF the main trafficking routes of illicit firearms into Kenya are the porous borders of the Kenya – Somalia border which is perceived to be the major trafficking route, followed by the Kenya – Ethiopia and the Kenya – South Sudan borders, as

well as the Kenyan coastline. The Kenya – Tanzania and Kenya – Uganda borders are not known to significantly contribute to trafficking of SALW into the country.

The KNFP says that weapons smuggled into the country by road are usually not found in bulk but are moved in small amounts. Chege added that only few firearms are believed to come in through the port of Mombasa or through the airports. Those ports have modern equipment able to detect firearms.[614]

Firearms are also being smuggled out of the country, which mostly happens in areas affected by cattle rustling, and where ethnic groups straddle borders, such as the Pokot and Karamajong in Kenya and Uganda, or the Sabaot in Ethiopia and Kenya. Individuals belonging to the same ethnic group exchange weapons regardless of national borders. Areas

614 Author interview, DCI headquarters, 27 February 2020

affected by cattle rustling have a high demand for firearms, which does not allow weapons to leave the area, leading to the KNFP to believe that that there is a higher number of weapons flowing in than out.[615] The most prevalent modes of transportation, as identified by the KNFP are: vehicles (private cars, passenger vehicles, and motorcycles), boats (both passengers and fishing boats, commonly observed on the Indian ocean, as well as on Lakes Turkana and Victoria), and on animals such as donkeys and camels. Firearms are usually concealed in other cargo such as sand, charcoal, and cooking fat, as well as on livestock trucks while being transported to urban centres for sale.[616]

SALW marking and tracing

The KNFP noted that Kenya's firearm ammunition production is valuable to Kenya's economy and population. It creates employment opportunities, encourages advancement in

615 Author interview, DCI headquarters, 27 February 2020
616 Author interview, KNFP SALW, electronic communication, 14 June 2020

military science, and improves the utilisation of state resources, because the state no longer imports firearm ammunitions. Ammunition made in Kenya is systematically marked in accordance with UN and international standards.[617]

One hundred percent of firearms used by the Kenya Defence Forces are marked, as well as 98 percent of firearms used by the National Police Service and other law enforcement agencies. So far, 20 percent of licensed civilian firearms are known to be marked.[618]

Kenya is not yet connected to INTERPOL iARMS tracing system.[619]

617 Author interview, KNFP SALW, electronic communication, 14 June 2020
618 Author interview, KNFP SALW, electronic communication, 14 June 2020
619 Author interview, KNFP SALW, electronic communication, 14 June 2020

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

Kenya is facing three types of trafficking of persons and smuggling of migrants. Kenyan nationals looking for employment are being smuggled and trafficked abroad, primarily to the Middle East. Kenya is being used as a transit route for foreign migrants on their way to South Africa as well as the Middle East, and domestic and foreign victims are trafficked and exploited within Kenya.

Kenya reported 142 trafficking-related prosecutions over 2018, including 19 for adult trafficking and eight for child trafficking, leading to 98 convictions.[620] Victor Amugo, a prosecutor at Kilifi Law Courts, Coastal region told Inter Press Service that these numbers could rise if more cases were prosecuted under the anti-trafficking laws, instead of the more lenient migration and labour violation laws, which are

620 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

more often used.[621] Currently, due to poor training of officials, trafficking victims are often treated like criminals and arrested themselves. The Kenyan government is aware of this issue and as was mentioned by DCI official Janet Shako, and as is also highlighted in the United States 2019 TIP report, judicial officials, border guards, police officers and immigration officers are receiving training to be better able to detect, recognize, and respond to instances of human trafficking.[622] According to Wilkister Vera, Kakamega's County Police Commander, law enforcement officers fighting human trafficking are "targeting the entire network of recruiters, places where victims are held before they are moved, transportation, and following the paper trail including work permits and passports".[623]

621 "Human Trafficking – It Came Disguised as the Opportunity of a Lifetime". *Inter Press Service*, 2019, https://reliefweb.int/report/kenya/human-trafficking-it-came-disguised-opportunity-lifetime.

622 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

623 "Human Trafficking – It Came Disguised as The Opportunity of a Lifetime". *Inter Press Service*, 2019, https://reliefweb.int/report/kenya/human-trafficking-it-came-disguised-opportunity-lifetime.

Kenya as a transit route

The Directorate of Criminal Investigations (DCI) reported over ten incidents of human smuggling through its twitter handle in 2019, of which the last two incidents took place in Isiolo County; 18 Ethiopian and six Eritrean nationals were arrested in Merti on 20th April while driving from the Kenyan border town Moyale to Nairobi[624], nine Ethiopian nationals were arrested in Moyale and seven Congolese nationals, of which five were minors, were arrested in Isiolo while travelling from Nairobi to Moyale on 12th July.[625] Police officers discovered fake travel documents, including Kenyan, Somali, and Ethiopian passports during a raid in Eastleigh, Nairobi in March. Police said that two suspects arrested during the raid were believed to be a part of a larger migrant smuggling

624 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1119847663464275968.

625 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1150141071369879552.

network. [626]

Kenya as a transit route to South Africa

The Isiolo-Moyale road, connecting Kenya to Ethiopia is a known route used by migrants transiting through Kenya to reach South Africa. News reports frequently emerge mentioning arrests of foreign nationals, such as the arrest of 22 Ethiopians on Thika Road in Nairobi in May 2019.[627] The influx and arrest of Ethiopian nationals was made apparent in May 2019, when 500 Ethiopians were repatriated after having served prison sentences in Kenya after having been convicted of illegal entry.[628]

The Moyale border is often reported as being known for lax border management, and the possibility to corrupt

626 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1112233239400366080.

627 Ombati, Cyrus. "22 Ethiopians Intercepted for Being in Kenya Illegally". *The Standard*, 2019, https://www.standardmedia.co.ke/article/2001325699/22-ethiopians-intercepted-for-being-in-kenya-illegally.

628 "Saudi Arabia Releases 1,400 Ethiopian Prisoners". *Xinhua*, 2019, http://www.xinhuanet.com/english/2019-05/08/c_138043824.htm.

border officials. In March 2020, The Daily Nation reported as to having "uncovered a human trafficking syndicate involving rogue immigration officials, corrupt police officers and public transport operators facilitating illegal entry of foreigners into Kenya". The price paid by a migrant to be smuggled from Moyale in Ethiopia to Nairobi was cited by Nation as being between KES 30,000 and 50,000 (USD 300 – 500). This price covered the "bribes for police and immigration officials, public transport drivers and fake documentation," and could increase if there was an increase in police checks on the route.[629]

Research by ENACT found that migrants looking to travel from Ethiopia to South Africa had the journey split into two legs: from Ethiopia to Kenya, then from Kenya to South Africa. An Isiolo County official, Rashid Mabole explained that individuals paid USD 1,000 to enter Kenya through Moyale,

629 Komu, Nicholas. "Laxity, Porous Border to Blame for Surge in Illegal Foreigners". *Daily Nation*, 2020, https://www.nation.co.ke/news/Porous-border-fuelling-human-trafficking-/1056-5106244-hl2ysfz/index.html.

where they were being transited through either Isiolo or Nairobi to the Tanzanian border town Namanga.[630] The smuggling fee rose from USD 300 in 2017 due to the increase of police check points, which subsequently rose the amount needed to bribe officials. A government official who requested to remain anonymous told ENACT researchers that corruption in Isiolo made it possible to bribe government officials into producing fake travel documents. There are at least 11 permanent police check points and approximately five temporary ones along a 500km stretch, and according to the official, smugglers pay each individual police officer a USD 10 bribe.[631]

Mabole further explained that migrants pay USD 500 for each national border crossing for the second leg of the

630 Daghar, Mohamed. "Kenya Now A Key Transit Point for South-Bound Migrants". ENACT Africa, 2019, https://enactafrica.org/enact-observer/kenya-now-a-key-transit-point-for-south-bound-migrants.

631 Daghar, Mohamed. "Kenya Now A Key Transit Point for South-Bound Migrants". ENACT Africa, 2019, https://enactafrica.org/enact-observer/kenya-now-a-key-transit-point-for-south-bound-migrants.

trip. This journey goes through Tanzania, Malawi, Zambia, Zimbabwe, to finally reach South Africa.[632] A 2018 UNODC study also reported on land routes from Tanzania through Mozambique to reach South Africa. The study additionally reads that in some cases smugglers prefer to avoid the detection risk associated with land travel, and instead smuggle migrants in boats from Somalia or Kenya to the Southern coasts of Tanzania or even Mozambique.[633]

Kenya as a transit route to the Middle East and Asia

Ethiopian, Rwandese, and Ugandan individuals frequently transit through Nairobi after having received fraudulent employment offers for the Middle East and Asia. These offers are coordinated by recruiters based in Nairobi

632 Daghar, Mohamed. "Kenya Now A Key Transit Point for South-Bound Migrants". ENACT Africa, 2019, https://enactafrica.org/enact-observer/kenya-now-a-key-transit-point-for-south-bound-migrants.

633 United Nations Office on Drugs and Crime. Global Study on Smuggling of Migrants. United Nations, Vienna, 2018.

who possess recruitment networks in Ethiopia and Uganda.[634] A CID official noted that an important number of Burundian nationals were transiting through Kenya as well while travelling to the Middle East.[635]

Kenyans trafficked abroad

Kenyans migrate abroad, both through legal and illegal recruitment agencies, or voluntarily, to Europe, the Unites States, Southeast Asia, and the Middle East – particularly the UAE, Saudi Arabia, Qatar, Kuwait, Lebanon, and Oman. Once arrived at their destinations, individuals are at times forced into domestic servitude, sexual exploitation, or forced manual labour.[636] The Ministry of labour estimates that approximately 130,000 Kenyans are working as domestic workers in the Middle East.[637]

634 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

635 Author interview, DCI headquarters, 27 February 2020

636 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

637 Mutambo, Aggrey. "State Clears Way for Kenyans To Work in Saudi Arabia". *Daily Nation*, 2020, https://www.nation.co.ke/news/State-clears-the-way-for-Kenyans-to-work-in-Saudi/1056-

In an effort to streamline the process of Kenyans leaving for work abroad, and to facilitate the assistance of nationals needing assistance once abroad, the Kenyan government vetted 69 agencies specialised in recruiting Kenyan nationals to work abroad in 2018, while prohibiting hundreds of others from operating in the country. Numerous illegal recruitment agencies remain operative in the country nonetheless.[638] The Government finalised a bilateral labour agreement with the UAE, adding to the previous agreements concluded with Saudi Arabia and Qatar, aimed at protecting the rights of Kenyan workers abroad, and avoiding exploitative labour practices. Officials from the Ministry of Labour are reportedly working in conjunction with the Kenyan embassies in Qatar, Saudi Arabia, and the UAE to assist Kenyan nationals employed in those countries.[639]

4945078-7kotwb/index.html.

638 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

639 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019,

The United States 2019 TIP report reads that Kenyan women are trafficked into commercial sex work in Thailand by Ugandan and Nigerian criminal networks.[640]

The Directorate of Criminal Investigations (DCI) frequently communicates operations via Twitter which resulted in the rescue of several human trafficking victims. In March 2020, 29 Kenyan women aged between 21 and 40 years were rescued in a house in Peyanya area in Dandora. The women had expected to travel for work to various Middle Eastern countries and were unable to do so due to COVID-19 restrictions, after which they had been abandoned by their traffickers. The 29 victims had been recruited by a fraudulent recruitment agency and had their National ID cards and travel documents confiscated.[641] Eleven Kenyan women aged between 23 and 30

https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

640 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

641 "DCI Kenya". Twitter, 2020, https://twitter.com/DCI_Kenya/status/1239155388529942529.; Kaberia, Judie. "Agony of Human Trafficking Victims Trapped in

years were rescued in a room in Ushirika Estate in Eastleigh, Nairobi in February 2020. The women had reportedly been recruited by two foreigners and were going to be trafficked to the Middle East.[642] In May 2019, 22 Kenyan women aged between 21 and 40 years, as well as a 28-year-old male were rescued from a house in Drumville Estate. The victims were reportedly also being trafficked to the Middle East.[643]

Within Kenya

As noted previously, both Kenyan nationals as well as foreigners are trafficked and exploited within the country.

Scores of women from South Asia have been rescued in Kenyan cities following police raids. The women were trafficked into Kenya to work in "Bollywood-style dance

Countries Over Coronavirus". *Capital News*, 2020, https://www.capitalfm.co.ke/news/2020/04/agony-of-human-trafficking-victims-trapped-in-countries-over-coronavirus/.

642 "DCI Kenya". Twitter, 2020, https://twitter.com/DCI_Kenya/status/1231598307954364416.

643 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1127957306405208065.

bars" known as *Mujra* bars where they found themselves being subjected to forced labour as well as sexual exploitation.[644] Three Nepali and two Indian women who were trafficked into Kenya for sexual exploitation were rescued from a bar in Parklands, Nairobi in August 2019.[645] Eleven Nepali women were rescued in April 2019 from a nightclub in Mombasa. The women told DCI officers that they had travelled to Kenya separately on flights through India and Ethiopia and were instructed to tell immigration officials that they were visiting friends or family members in Kenya. Once arrived at the club in Mombasa they had their passports taken and were tasked to dance for long hours while having to hand in their tips to the bar managers. The women said that they were not subjected to sexual exploitation.[646]

644 Bensemra, Zohra. "The South Asian Women Trafficked to Kenya's Bollywood-Style Bars". Aljazeera, 2019, https://www.aljazeera.com/news/2019/08/south-asian-women-trafficked-kenya-bollywood-style-bars-190808085054217.html.

645 Ombati, Paul. "Kenya Gov't Sued Over Nepalese Women Trafficked for Sex". Citizen Digital, 2019, https://citizentv.co.ke/news/kenya-govt-sued-over-nepalese-women-trafficked-for-sex-307203/.

646 Bensemra, Zohra. "The South Asian Women Trafficked to Kenya's Bollywood-Style

Al-Jazeera quotes an anonymous DCI officer explaining the phenomenon: "The raids have helped us understand the modus operandi of traffickers in Kenya who have agents overseas to recruit women for them. They are offered jobs as cultural dancers and given around one month's salary in advance. But when they arrive, their movements are restricted, and they have to do erotic and sexually explicit dancing - and often have to have sex with clients." [647]

Figures from Nepal's National Human Rights Commission (NHRC) show that 20 young women were repatriated from Kenya, and 23 from Tanzania in 2016-17.[648]

Research by Enact in the Kakuma and Dadab refugee

Bars". Aljazeera, 2019, https://www.aljazeera.com/news/2019/08/south-asian-women-trafficked-kenya-bollywood-style-bars-190808085054217.html.

647 Bensemra, Zohra. "The South Asian Women Trafficked to Kenya's Bollywood-Style Bars". Aljazeera, 2019, https://www.aljazeera.com/news/2019/08/south-asian-women-trafficked-kenya-bollywood-style-bars-190808085054217.html.

648 "Trafficking in Persons in Nepal". NHCR Nepal, 2018, http://www.nhrcnepal.org/nhrc_new/doc/newsletter/NHRC_National_Report_TIP_in_Nepal_September_2018.pdf.

camps found that older Somali women had paid smugglers to transport isolated young Somali girls and women from the refugee camps to Nairobi. Once in Nairobi, the girls were initially working as 'tea girls' but were later forced into prostitution. These girls are reportedly being pressured into sexual exploitation out of fear of law enforcement, as they do not possess the necessary documents to live and work in Kenya, as well as the threat from the traffickers of exposing the girls to their community.[649]

Allegations of corruption

The Kenyan government reported on an unknown number of investigations into complicit immigration officials who facilitated acts of human trafficking, although it is not known whether this successfully resulted in prosecution or convictions. A Cabinet-level official was reportedly investigated for having fraudulently signed special sports and cultural work

649 Reitano, Tuesday, and Lucia Bird. *Trafficking in Persons In Conflict Contexts*. Enact, 2019, https://enact-africa.s3.amazonaws.com/site/uploads/2019-06-30-tip-policy-brief-10.pdf.

permits for women to work in *Mujra* bars notorious for their exploitative practices.[650]

Child trafficking

Concerns about child trafficking have increased in recent years, particularly due to a 2018 report by the International Child Protection Conference which revealed alarming rates of child sexual abuse in the country.[651] In March 2020, the DCI opened a Anti-Human Trafficking Child Protection Unit (AHTCPU) in Mombasa, specifically in order to deal with the threat of Child Sexual Exploitation and Abuse. The unit was opened with the support of the British government and builds upon the work done by the Child Protection Unit which opened in Nairobi in 2016. The Nairobi unit reportedly dealt with 52 cases in 2019, made 16 arrests and safeguarded 72

650 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

651 Wanzala, Ouma. "Alarm At Growing Child Abuse Cases". *Daily Nation*, 2018, https://allafrica.com/stories/201811130306.html.; Wanzala, Ouma. "Why Nairobi Children Are Most Prone To Sexual Abuse - Report". *Nairobi News*, 2018, https://allafrica.com/stories/201811130482.html.

children. Out of these safeguarded children, 32 were victims of trafficking from bordering countries which include Uganda, Ethiopia, and Tanzania.[652]

Recent operations involving child trafficking include: the arrest of a German national in May 2020 and the rescue of a 14-year-old minor in Muthangari, Nairobi. The suspect had arrived from Kisumu with the minor, despite the then enforced lockdown of Nairobi on 30th April.[653] In May 2019, 14 underage victims, believed to be Ugandan nationals were rescued from Gikomba area in Nairobi. The children were reportedly being trafficked for child labour.[654]

Child trafficking is also observed on the human smuggling route from Ethiopia to South Africa. Strategies for

652 "UK-Backed Anti-Human Trafficking Child Protection Unit Opened At The Kenyan Coast". *GOV.UK*, 2020, https://www.gov.uk/government/news/uk-backed-anti-human-trafficking-child-protection-unit-opened-at-the-kenyan-coast.

653 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1258098277242810369.

654 "DCI Kenya". Twitter, 2019, https://twitter.com/DCI_Kenya/status/1134120749025939456.

Northern Development (SND), an NGO based in Marsabit and Wajir estimates that up to six children are trafficked into Kenya from Ethiopia each day. These children are at risk of being trafficked for labour, and Elema Tache, the programme manager for SND told the Daily Nation that "in most households in Moyale, Mandera, Wajir and Garissa you will find Ethiopian and Eritrean children working as domestic workers".[655]

In January 2020, new outlets reported on 96 Ugandan girls aged between 14 and 18 having been intercepted at JKIA while travelling to the United Arab Emirates.[656] An official from the CID Transnational Organised Crime Unit (TOCU) noted that law enforcement officers were unable to get statements

655 Komu, Nicholas. "Laxity, Porous Border To Blame For Surge In Illegal Foreigners". *Daily Nation*, 2020, https://www.nation.co.ke/news/Porous-border-fuelling-human-trafficking-/1056-5106244-hl2ysfz/index.html.

656 "96 UAE-Bound Ugandan Girls Intercepted In Nairobi". *Daily Monitor*, 2020, https://www.monitor.co.ug/News/National/96-UAE-bound-Ugandan-girls-intercepted-Nairobi/688334-5419806-irawgtz/index.html.

from the victims, and that they were therefore unable to dismantle the network in charge of smuggling them. All victims were repatriated by to Uganda, showcasing successful cooperation with Ugandan authorities.[657]

Case study: Human trafficking from Burundi

Offence: Trafficking in persons contrary to section 3(1)(d) as read with section 3(5) of the counter trafficking in persons act NO.8/2010.

The case involves two women from Burundi, aged 28 and 30 years who had been recruited in Burundi with a job offer in the Kingdom of Saudi Arabia (KSA). The recruiter had facilitated the travel of the two women from Bujumbura to Kampala. The two reached Kampala on 28th January 2019, where they were received by a Ugandan national who confiscated their passports and had arranged for their travel by road to Nairobi, Kenya. Upon arrival in Nairobi, the two were received by a Kenyan taxi driver – *Francis Njuguna Kagunda* - who greeted them by name and brought them to an estate where a house had been prepared for them. The women were provided with meals and kept in the house for one month. After one month, Francis Kagunda came to pick them up, and brought them to Jomo Kenyatta International Airport (JKIA). The women were handed their passports back at the airport, which contained visas for the KSA, as well as airplane tickets. The three were intercepted at the check-in area and were interrogated by patrol officers at JKIA, who arrested Francis Kagunda, suspecting him of human trafficking. A Kenyan male approached the police officers and attempted to dissuade them from arresting Kagunda, which resulted in his own arrest. This individual was later identified to be *Abdisiad Osman Abdi,* a Kenyan prison officer, and upon exploitation of his mobile phone, photos of the two women's passports were retrieved.

The two women were placed in a safe house run by the NGO HAART after which they were repatriated to Bujumbura. The two suspects, Francis Njuguna Kagunda and Abdisiad Osman Abdi were arraigned before a court of law and the testimonies of all witnesses were taken. The court convicted the two on 7th November 2019, and each was sentenced to 30 years imprisonment, or a fine of KES 30 million (USD 281,900).

657 Author interview, video conference, 11th June 2020

WILD ANIMALS AND WILDLIFE PRODUCTS

Kenya faces both the poaching and trafficking of its wildlife, and the country is also used as a transit hub via its seaports and airports. A TRAFFIC assessment found that the countries of origin for wildlife being trafficked through Kenya include Tanzania (mainly ivory), Mozambique (ivory and rhino horn), Democratic Republic of the Congo (DRC) (mainly ivory), Uganda (ivory, pangolin scales, timber), Zambia (ivory) and South Sudan (ivory).[658]

The KWS noted that ivory shipped through Kenya that entered the country from Uganda, the DRC and South Sudan mainly did so through unconventional routes along Kenya's porous borders. Wildlife products trafficked from Central Africa enter Uganda through the Malaba and Busia border

658 Weru, S. *Wildlife Protection and Trafficking Assessment in Kenya: Drivers and Trends of Transnational Wildlife Crime in Kenya and its Role as a Transit Point for Trafficked Species in East Africa.* TRAFFIC, Cambridge, 2016, http://www.trafficj.org/publication/16_Wildlife_Protection_and_Trafficking_Assessment_Kenya.pdf.

point along the Kenya-Uganda border, whereas illegal ivory from Tanzania generally enters through the Taveta, Tarakea and Lunga Lunga border points, or via Uganda. Ivory from South Sudan enters the country through Lokochogio, onto Eldoret and then JKIA or Mombasa port. These illicit consignments are then trafficked from Kenyan ports to Asia.[659]

The Office Director of Public Prosecution (ODPP) has in conjunction with other concerned government agencies attained a 98 percent conviction rate for IWT-related crimes at the poaching level. The challenge remains to investigate and prosecute at a trafficking level.[660] There has to date only been one conviction for wildlife trafficking, and the key challenges faced by the ODPP have been identified as being: the lack of information on ownership in terms of origin and consignees of intercepted wildlife and other illicit trafficking. Most

659 Author interview, electronic communication, 18th March 2020

660 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports.* 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

intercepted containers involved in trafficking have fictitious companies, addresses, names, and phone numbers behind them, making it difficult to find their origin. The Wildlife Act was recently amended to tackle IWT by extending criminal liability to those who aid and abet import and export, which TRAFFIC notes paves the way for due diligence requirements in this sector.[661]

The KWS states that wildlife crimes could be linked to other organized crimes, such as narcotics trafficking, weapons smuggling, human smuggling, and document counterfeiting. The KWS also notes that wildlife crimes have been cited as a means to finance the more violent and destructive activities of criminal and terrorist organizations because of the major financial benefits derived from relatively minimal time and investment, as well as containing low risks of detection and a

661 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

lack of serious punishment. The KWS additionally stated that the profits made from wildlife trafficking is laundered through legal enterprises, and that illegal wildlife products are used as a currency to 'barter' for small arms and light weapons, narcotics, and to launder narcotics trafficking money.[662]

Gretchen Peters, founder of the Satao project, researched ivory trafficking networks, and found an overlap between ivory and narcotics trafficking while mapping ivory trafficking networks. "I'm not aware of any syndicate trafficking ivory transnationally that is only moving Ivory," stated Peters, speaking of a "a regional ecosystem moving ivory, drugs and guns (…) a matrix of different organisations that collaborate to move illegal goods along the Swahili coast."[663] Wasser et al., through a completely different methodology, also discovered

662 Author interview, electronic communication, 25th March 2020

663 McConnell, Tristan. "'They're Like the Mafia': The Super Gangs Behind Africa's Poaching Crisis". *The Guardian*, 2017, https://www.theguardian.com/environment/2017/aug/19/super-gangs-africa-poaching-crisis.

regional organisations trafficking ivory, and identified three main cartels, one of which was found to be operating out of Mombasa, Kenya.[664]

Ivory

Between 2007 and 2017, Kenya reported 797 ivory seizures to the Elephant Trade Information System (ETIS), which is more than any other African country and third only to China (3,984) and the USA (1,531),[665] making Kenya, and particularly Mombasa port the epicentre of ivory leaving the African continent. Kenya has been noted to be a country that makes diligent reports to ETIS,[666] and the high numbers of reported seizures also indicate the successes of Kenya's law enforcement efforts, as well as reflecting on the high quantities

664 Wasser, Samuel K. et al. "Combating Transnational Organized Crime by Linking Multiple Large Ivory Seizures to The Same Dealer". Science Advances, vol 4, no. 9, 2018, p. eaat0625. American Association For The Advancement Of Science (AAAS), doi:10.1126/sciadv.aat0625.

665 TRAFFIC. *Status of Elephant Populations, Levels of Illegal Killing and the Trade in Ivory: A Report to the CITES Standing Committee - Illegal Trade in Elephant Specimens.* 2018, https://cites.org/sites/default/files/eng/com/sc/70/E-SC70-49-01x-A1.pdf.

666 Milliken et al. *The Elephant Trade Information System (ETIS) and the Illicit Trade in Ivory: A Report to the 18Th Meeting of the Conference of the Parties to CITES*. 2018, https://cites.org/sites/default/files/eng/cop/18/doc/E-CoP18-069-03-R1.pdf.

of ivory that are moving through the country.

In the 2012 to 2014 period, Kenya accounted for 35 percent of the total of large-scale ivory movements (based on seizure data), which declined to 17 percent between 2015 and 2017.[667] Only two seizures were reported in 2017, both of which contained shark fins and were seized in Hong Kong SAR after having been exported from Kenya.[668]

There have been several arrests of foreign individuals carrying ivory bangles at JKIA. A Spanish national travelling from Nairobi to Dar es Salaam, Tanzania was arrested in July 2019 for possession of an ivory bangle weighing 0.025g,[669] and a French national transiting through Nairobi from France to Dzaoudzi Island was arrested in August 2019 for possession of

667 Outhwaite, William, and Leanne Little. *Countering Wildlife Trafficking Through Kenya's Ports - A Rapid Seizures Analysis*. Traffic, 2020.

668 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

669 Rizack, Abdi. "Spanish National Arrested with Ivory Bangle At JKIA". The Star, 2019, https://www.the-star.co.ke/news/2019-08-19-spanish-national-arrested-with-ivory-bangle-at-jkia/.

an ivory bangle weighing 0.85 grams.[670] Both individuals were fined KSh1 million. The two arrests led to Ireland updating its travel advisory to Kenya on 21st August. The Irish department of Foreign Affairs and Trade read: "Possession of ivory in any form is a crime in Kenya and can result in a large fine or imprisonment. This is an offence of strict liability, which means that there is no defence which can be offered".[671]

Poaching

KWS states that poaching is a major concern in lower Imenti Forest, and that four elephants were killed in the first half of 2019. An individual was sentenced on 12th June 2019 for having been found guilty of possession of one elephant tusk weighing 6.5 kgs on 30th April at Gichunge area, North Imenti. The man was reportedly part of a five-man poaching

670 Kimuyu, Hilary. "Frenchwoman Fined Sh1m After Being Arrested with Ivory Bangle At JKIA". Nairobi News, 2019, https://nairobinews.nation.co.ke/news/frenchwoman-fined-sh1-million-after-being-arrested-with-ivory-bangle-at-jkia.

671 Kiberenge, Kenfrey. "Ireland Updates Travel Advisory to Kenya After Double Sh1m JKIA Ivory Fines". Nairobi News, 2019, https://nairobinews.nation.co.ke/news/ireland-updates-travel-advisory-to-kenya-after-double-sh1m-jkia-ivory-fines.

and smuggling ring.[672]

Port of Mombasa and Container Freight Stations

The port of Mombasa, Kenya's and East Africa's biggest seaport is highly vulnerable to wildlife trafficking. Between 2002 and 2017, there were a total of 31 wildlife seizures involving or inferred to involve the port of Mombasa, which included 55 tonnes of ivory.[673] There have been no seizures including ivory at the port of Mombasa since 2016, despite Mombasa once being "most commonly utilised port for ivory trafficking out of Africa."[674] Despite there not being any seizures, an analysis from TRAFFIC estimates that it is

672 Mutethia, Gerald. "Poacher to Pay Sh3m Fine or Face 10-Year Jail Term". The Star, 2019, https://www.the-star.co.ke/counties/eastern/2019-06-13-poacher-to-pay-sh3m-fine-or-face-10-year-jail-term/.

673 Outhwaite, William, and Leanne Little. *Countering Wildlife Trafficking Through Kenya's Ports - A Rapid Seizures Analysis*. Traffic, 2020, https://www.traffic.org/site/assets/files/12726/kenyas-ports-analysis-1.pdf.

674 Wildlife Justice Commission. *Snapshot Analysis Ivory Smuggling: 2015–2019 Concealment, Routes and Transportation Methods*. 2019, https://wildlifejustice.org/wp-content/uploads/2019/09/WJC_Ivory-Smuggling-Snapshot-Analysis_September.pdf.; TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

likely that illegal wildlife is still being trafficked through the port of Mombasa, and that it might not be intercepted.[675]

An INTERPOL report published in 2018 showed that the Mombasa seaport was used not only to smuggle out wildlife and minerals, but that it is also used to import illegal drugs, counterfeit products, and stolen vehicles into the region.[676] Criminal networks exploit pre-existing conditions of informal practices and petty corruption to conceal illicit goods in containers. An October 2019 TRAFFIC workshop found that underdevelopment and poor policing along the Kenyan coast, paired with inefficient operations at container terminals, inland container depots, and private container freight stations (CFSes) led to vulnerabilities at the Mombasa seaport. Satellite ports were identified as being a particularly high risk since

675 Outhwaite, William, and Leanne Little. *Countering Wildlife Trafficking Through Kenya's Ports - A Rapid Seizures Analysis*. Traffic, 2020.

676 INTERPOL. *Overview of Serious and Organized Crime In East Africa*. 2018, https://enact-africa.s3.amazonaws.com/site/uploads/2018-12-12-interpol-east-africa-report.pdf.

they transit cargo from these small ports to the larger port of Mombasa through container terminals.[677]

According to a study published in 2019, CFSes, which provide container cargo storage before inspections by authorities, have undermined the efficiency of the ports of Mombasa for years, citing scanner, cranes, and forklift truck breakdowns causing a backlog of freight trucks. According to freight forwarders, small payments tend to make cargo resistant to inconveniences.[678] When scanners fail, the resulting backlog of freight trucks moving from CFSes through the central business district of Mombasa creates a gridlock that takes over half a day to clear. In such cases, government authorities have at times insisted that the trucks be waved through unchecked in order to reduce traffic. This has, according to an interviewed

677 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

678 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

Trading Association Representative, allowed for the passage of illegal goods into the container terminals.[679] Such incidents are then used to cover up malpractice, as well as incidents of smuggling and petty corruption that the study associates with compromised customs agents and private agents of some CFSes.[680] ENACT cites interviewed port workers saying that smugglers bypass surveillance by falsifying records and picking out specific containers to wave past scanners that could detect illegal goods. This is reportedly pre-arranged with staff of CFSes, where compromised customs officials give the illegal goods a clean bill of health.[681]

On 29th June 2020, a Kenya Revenue Authority (KRA) manager and his wife were arrested and accused of

679 TRAFFIC. *Workshop Proceedings - Countering Wildlife Trafficking Through Kenya's Ports*. 2020, https://www.traffic.org/site/assets/files/12732/kenyas-ports-proceedings-web-final.pdf.

680 Lamarque, Hugh. "Profitable Inefficiency: The Politics of Port Infrastructure in Mombasa, Kenya". *The Journal of Modern African Studies*, vol 57, no. 1, 2019, pp. 85-109. *Cambridge University Press (CUP)*, doi:10.1017/s0022278x18000630.

681 Gumba, Deo. "Will Kenya's Port Expansion Encourage Illicit Profiteering?". *ENACT Africa*, 2019, https://enactafrica.org/enact-observer/will-kenyas-port-expansion-encourage-illicit-profiteering.

having received bribes from clearing and forwarding firms at the Mombasa port in return for releasing cargo or lowering their tax liabilities. Importers of goods usually hire clearing and forwarding firms to pay and obtain document clearance from the KRA. The Ethics and Anti-Corruption Commission (EACC) stated that its detectives had traced 20 clearing and forwarding agents who said that paying the KRA manager to release their cargo had become a normal occurrence.[682]

As mentioned earlier, there have been no reported seizures linked to the port of Mombasa since 2017. Kenyan authorities have tightened restrictions on the licensing of container forwarding and clearing companies.[683] The Kenya Coast Guard Service (KCGS) was launched in November 2018, and the Interior Principal Secretary, Karanja Kibicho

682 "Revealed: KRA Manager's Sh597m Wealth Was Built from Port Bribes". *Daily Nation*, 2020, https://www.nation.co.ke/kenya/news/revealed-kra-manager-s-sh597m-wealth-was-built-from-port-bribes-1341742.

683 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 1, 2020.

stated that the coastguard was put in place to put a halt to illegal trade and criminal activities occurring at sea. Mr Kibicho added that more boats would be added to increase patrols.[684] Analysis by Global Initiative suggests that the trade in illegal wildlife and other illicit goods has moved away from Mombasa due to its increased scrutiny to other container depots.[685]

Cargo from Uganda accounts for slightly over 80 percent of all cargo traffic at the port of Mombasa, and Uganda will use the recently constructed dry port of Naivasha for its cargo.[686] Kenya already constructed or refurbished inland container depots (ICD) in Nairobi, Naivasha, Kisumu and Eldoret. ICDs are sometimes referred to as Inland Port Depots or dry ports because they are inland (away from the

684 Ahmed, Mohamed. "Uhuru Launches Kenya Coast Guard Service for Resource Protection". *Daily Nation*, 2018, https://www.nation.co.ke/news/Uhuru-fights-illegal-trade-with-Kenya-Coast-Guard-Service/1056-4858328-6r2id9z/index.html.

685 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 1, 2020.

686 Mwita, Martin. "State Bows to Pressure, Opens New Talks on Use of Naivasha Dry Port". *The Star*, 2020, https://www.the-star.co.ke/business/kenya/2020-06-10-state-bows-to-pressure-opens-new-talks-on-use-of-naivasha-dry-port/.

sea), intermodal terminals directly connected by road or rail to a seaport and operate as centres for the transhipment of sea cargo to inland destinations. An ICD is reportedly being constructed in Kampala,[687] and DP World opened an Inland Container Terminal (ICT) near Kigali, in Rwanda.[688] Kenya's ICDs are or will shortly be linked directly by rail to the Port of Mombasa through a service called 'Railtainer'. This service will reportedly transport containerized cargo by rail with a Through Bill of Lading (TBL) status therefore allowing containers to be sent by rail directly to a satellite terminal and thus bringing "dry port" facilities to Mombasa and to transit countries.[689] A new regulation introduced in March 2019 requires operators to clear cargo in Nairobi after hauling it by rail from the Mombasa

687 Cannon, Brendon. "Inland Container Depots and The Future of Handling East Africa's Cargo". *Kenya Engineer*, 2018, https://www.kenyaengineer.co.ke/inland-container-depots-future-handling-east-africas-cargo/.

688 Koigi, Bob. "DP World, Rwanda Government Unveils East Africa's First Inland Dry Port Hub". *Africa Business Communities*, 2018, https://africabusinesscommunities.com/news/dp-world-rwanda-government-unveils-east-africas-first-inland-dry-port-hub/.

689 Cannon, Brendon. "Inland Container Depots and The Future of Handling East Africa's Cargo - Kenya Engineer". *Kenya Engineer*, 2018, https://www.kenyaengineer.co.ke/inland-container-depots-future-handling-east-africas-cargo/.

Port. The requirement to ferry inbound cargo directly to the modernised Nairobi Inland Container Depot (ICD) might lead to the closure of container freight stations (CFSes) in Mombasa.[690]

As the volume of cargo in Mombasa and other ports in the region grows however, the need for container freight stations will inevitably grow as well. The construction and opening of inland container depots will lead to new CFSes opening in their vicinity. These new facilities risk spreading the malpractices and transnational organised crime associated with them. It is therefore important to enforce strict controls and regulations avoiding any loopholes that could be used by criminal networks in CFSes that open away from the port of Mombasa.[691]

690 Gumba, Deo. "Will Kenya'S Port Expansion Encourage Illicit Profiteering?". *ENACT Africa*, 2019, https://enactafrica.org/enact-observer/will-kenyas-port-expansion-encourage-illicit-profiteering.

691 Gumba, Deo. "Will Kenya'S Port Expansion Encourage Illicit Profiteering?". *ENACT Africa*, 2019, https://enactafrica.org/enact-observer/will-kenyas-port-expansion-encourage-illicit-profiteering.

Case study: Feisal Mohamed Ali

Feisal Mohamed Ali, also referred to as Feisal Ali Mohamed, or Feisal Shahbal was a businessman linked to a 2014 ivory seizure, and was sentenced to 20 years imprisonment and KES 20 million (USD 188,000) fine after having been found guilty of illegal possession and dealing in ivory in July 2016,[692] and was later acquitted in 2018. Appeal court document listed that the ivory was discovered at Fuji Motors East Africa Ltd in Tudor, Mombasa.[693] Four co-accused suspects and Fuji Motor company were acquitted in the case held in Mombasa.[694]

On 6 June 2014, over two tonnes of ivory were seized from the premises of Fuji Motors in Mombasa. A total of 314 pieces of elephant tusks weighing 2,152.5 kgs were hidden beneath a tarpaulin in a white Mitsubishi truck, its paperwork claiming to be carrying "household equipment".[695] The Mitsubishi truck was hired by a third party. An arrest warrant was issued by the Kenya police in July 2014, and on 16th October 2014, Interpol issued a Red Alert, (Operation Infra Terra). Feisal Ali Mohamed was arrested in Tanzania on 24th December 2014.

Fuji Motors East Africa Ltd

Fuji Motors East Africa Ltd is believed by the KWS to have been a front company that was used as a conduit for illegal wildlife trafficking, and that the premises were merely rented as a space to store elephant tusks prior to shipment to the port of Mombasa. The compound was located along Tom Mboya Avenue in Tudor, Mombasa.

The company records for Fuji Motors East Africa Ltd were retrieved by the Multi-Agency Investigation Team which handled the investigation, of which the Investigating Officer Cpl. John Guyo was based in Mombasa.[696] The company is no longer operational.

The trial and Acquittals

Feisal Mohamed Ali's suspected accomplices were Abdul Halim Sadiq Omar, Salim Ghalib Kara, and Praverz Noor Mohammed, of which their charge sheet is attached in Annex D (strictly confidential), which also details the precise amount of the ivory and the date and location of the seizure. Fuji Motors East Africa Ltd was initially listed as a particular of offence in the trafficking of the elephant tusks by the court.[697]

The four suspected accomplices were acquitted due to lack of evidence, and their precise role in the wildlife trafficking plot could not be ascertained. Ghalib Sadiq Kara was aged 52 years old at the time of arrest in 2014 and was working as a motor vehicle dealer at Fuji Motors East Africa Ltd where he was known to offer parking services for a fee. His mobile phone number was 0722400285. Abdul Halim Sadiq Omar was aged 27 years old at the time of arrest in 2014 and was working as a clearing and forwarding agent at a company known as Muchmore Clearing & Forwarding Company. His mobile phone number was 072580496 and National Identity Card No. 25165223.[698]

No evidence presented in court could link Fuji Motors East Africa Ltd with the alleged offence, and the company was acquitted of all charges early on in the case. Feisal Ali Mohamed merely requested space to load his cargo for shipment and the proprietors of Fuji Motors East Africa Ltd were not aware that elephant tusks would be loaded. The two potential accomplices or witnesses, being the nightguard of the compound and the loader at Fuji Motors were not arrested during the intervention, which the KWS noted possibly led to the acquittal due to insufficient evidence.[699]

692 "Conviction Of Feisal Ali Mohamed For Ivory Trafficking". *Kenya Wildlife Service*, 2016, http://www.kws.go.ke/content/conviction-feisal-ali-mohamed-ivory-trafficking.

693 "Criminal Appeal 87 Of 2016". *Kenya Law*, http://kenyalaw.org/caselaw/cases/view/158158/.

694 "Conviction Of Feisal Ali Mohamed For Ivory Trafficking". *Kenya Wildlife Service*, 2016, http://www.kws.go.ke/content/conviction-feisal-ali-mohamed-ivory-trafficking.

695 McConnell, Tristan. "'They're Like The Mafia': The Super Gangs Behind Africa's Poaching Crisis". *The Guardian*, 2017, https://www.theguardian.com/environment/2017/aug/19/super-gangs-africa-poaching-crisis.

696 Author interview, KWS, electronic communication, 25th March 2020

697 Author interview, KWS, electronic communication, 25th March 2020

698 Author interview, KWS, electronic communication, 25th March 2020

699 Author interview, KWS, electronic communication, 25th March 2020

Case study: Feisal Mohamed Ali

Major evidence in the case, nine motor vehicles that were under police custody, "disappeared" from the police-secured Fuji Motors Ltd compound in December 2014. Magistrate Mochache addressed this tampering in court on 28th December 2018, when she ordered that the ODPP conduct an inquiry, separate and apart from the trial, into the circumstances surrounding the interference with the crime scene. This inquiry reportedly never took place. Chief Inspector Peter Mbua admitted to the court that he had released the officers who were assigned to guard the compound three to four weeks after the initial deployment over manpower concerns as well as over concerns from the property owner, who was uncomfortable with the police presence on the property.[700]

Feisal Ali Mohamed was found guilty of illegal possession and dealing in ivory in July 2016, and according to Senior Principle Magistrate Diana Mochache 120 elephants were killed for the ivory found in his possession, and that their total value was KES 44 millions (USD 414,000)."[701] The KWS issued a statement reading that: "The guilty verdict is a strong message to all networks of poaching gangs, ivory smugglers, financiers, middlemen and shippers that Kenya will not watch as its elephant population is decimated or its territory used as a conduit for traffickers".[702]

"Kenya is moving toward a zero-tolerance approach to wildlife crime and has stepped up anti-poaching efforts by the Kenya Wildlife Service and its conservation partners to reduce elephant poaching over the past several years," said Kaddu Sebunya, President of the African Wildlife Foundation.[703]

Jim Karani, the legal affairs manager at Wildlife Direct stated that one of the key pieces of evidence in the trial was Ali's mobile phone records. "The call logs are what nailed Feisal," adding that "the numbers Ali called in the hours following the raid – and as soon as he arrived in Nairobi at the end of the first leg of his failed flight from justice – was one registered to a man investigators had come across before, in another Mombasa case, involving the Akasha network." Aside from the phone records, and research done by the Satao project allegedly connecting 13 large ivory seizures since 2013 to the Akasha network,[704] there is no concrete evidence linking the Akasha network to ivory trafficking. The KWS states that there is no concrete linkage at the moment, though in some cases there is a connection between wildlife crimes and other organized crimes.[705] The court Exhibit form listing the phone numbers are attached in Annex E (strictly confidential).

The High Court of Mombasa acquitted Feisal Ali Mohamed in August 2016 on grounds that Feisal had been convicted based on a law that had been repealed. Lady Justice Dorah Chepkwony stated that: "The set-out sentence in the new Constitution for possession of wildlife trophies as spelt out in the Constitution is KES1 million (USD 9,400) with a one-year jail sentence. And the accused has already served four years in prison," adding that "I have considered the submissions by both parties and I have satisfied myself that the prosecution failed to prove their case beyond reasonable doubt and that the appellant's conviction was unconstitutional. I therefore proceed to quash the sentence."[706]

700 Morris, Chris. "The Appeal Acquittal Of Feisal Mohamed Ali: A Victory For Rule Of Law, A Process Corrupted, Or Both? (Commentary)". *Mongabay Environmental News*, 2018, https://news.mongabay.com/2018/08/the-appeal-acquittal-of-feisal-mohamed-ali-a-victory-for-rule-of-law-a-process-corrupted-or-both-commentary/.

701 Akwiri, Joseph. "Kenyan Court Jails Ivory Smuggler For 20 Years". *Reuters*, 2016, https://www.reuters.com/article/us-kenya-crime-poaching/kenyan-court-jails-ivory-smuggler-for-20-years-idUSKCN1021YT.

702 "Conviction Of Feisal Ali Mohamed For Ivory Trafficking". *Kenya Wildlife Service*, 2016, http://www.kws.go.ke/content/conviction-feisal-ali-mohamed-ivory-trafficking.

703 "Conviction Of Feisal Mohammed Ali". *African Wildlife Foundation*, 2016, https://www.awf.org/news/conviction-feisal-mohammed-ali.

704 McConnell, Tristan. "'They're Like the Mafia': The Super Gangs Behind Africa's Poaching Crisis". *The Guardian*, 2017, https://www.theguardian.com/environment/2017/aug/19/super-gangs-africa-poaching-crisis.

705 Author interview, KWS, electronic communication, 25th March 2020

706 Bwana, Joackim. "Court Overturns 20-Year Jail Sentence for Faisal Mohamed Convicted for Ivory Trafficking". *The Standard*, 2018, https://www.standardmedia.co.ke/article/2001290592/court-overturns-20-year-jail-sentence-for-faisal-mohamed-convicted-for-ivory-traficking.

DRUGS AND PSYCHOTROPIC SUBSTANCES

Kenya has been targeted as a transit point for drugs, notably heroin moved on Indian Ocean maritime routes.[707] Cocaine has been seized from both air routes and containers. Methamphetamine has been both trafficked to and via Kenya and manufactured in the country.

Heroin

Indications that organised crime groups were targeting Kenya as a major heroin trafficking route first became apparent in 2010, when a seizure of 96kgs of the drug was made from a stash house.[708] Prior to this, annual totals of seized heroin were small. Between 2010 and 2012, more heroin would be seized on the Swahili Coast of eastern Africa, than during the previous two decades.[709]

707 The first interception from a maritime route

708 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

709 UNODC (2013). Transnational Organised Crime in Eastern Africa. Available at: https://www.unodc.org/res/cld/bibliography/transnational-organized-crime-in-eastern-africa-_-a-

The threat posed to Kenya by Indian Ocean maritime routes became clear in 2011, when more than 100kg of heroin was seized as it was landed in Mombasa. In 2014, 377kg of heroin was seized from a steel-hulled vessel, the Al Noor.[710] The Al Noor, a small freighter, was destroyed by the Government of Kenya. An official in Kenya told the report authors that this stance pushed trafficking groups to seek landing points further south, in Tanzania and Northern Mozambique.[711] Despite this, a concern is that traffickers adapt concealment and landing points and routes, with routes currently undetected, as major harbours, small ports, fishing beaches and remote areas can all be targeted.[712] A Kenyan official warned of geographic challenge on both transcontinental and regional routes.[713] The challenge in the coastal region was noted in a 2020 report by

threat-assessment_html/TOC_East_Africa_2013.pdf

710 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

711 ibid

712 Author fieldwork in the Indian Ocean region, 2012-2020

713 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

the US Department of State: "Kenya's geographical location can frustrate supply reduction strategies. Traffickers exploit Kenya's long Indian Ocean coastline and lack of adequate security controls at the port of Mombasa."[714]

While the main landing points for heroin trafficked on Indian Ocean maritime routes have moved south, the drug can be trafficked north to Kenya on regional routes. An increasing trend noted in Kenya, is heroin trafficking from Tanzania via the land border (particularly the crossing points at Lunga Lunga and Namanga). A typical methodology involves one to five kg of heroin transported in public service vehicles as loose cargo.[715] Furthermore, a maritime threat remains. Information supplied by Kenya warns: "The East Coast of Africa has a fairly high dhow routes networks for commercial cargo that connects

714 US Department of State (2020). International Narcotics Control Strategy Report. Available at: https://www.state.gov/wp-content/uploads/2020/06/Tab-1-INCSR-Vol.-I-Final-for-Printing-1-29-20-508-4.pdf

715 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

Kenya, Tanzania mainland, Madagascar and Mozambique and, the Islands namely Pemba, Zanzibar, Comoros. This network provides a preferable routing and means of possible heroin trafficking within the sub region."[716]

Onwards trafficking has been detected on air routes, to a multitude of destinations including points in Asia, Europe and West Africa. Nevertheless, the size of these seizures represents only a fraction of the amount of heroin trafficked to the region, indicating a major route is undetected. Routes within Africa used for heroin trafficking are spreading. While trafficking to West Africa has been ongoing, there has been an increasing geographic spread in arrival points for heroin.[717] The spread of routes across the Continent is a trend that has continued. In 2019, authorities in Kenya noted heroin trafficking on an air route to the region of Central African,

716 ibid

717 UN News (2018). Crime and drugs in West and Central Africa: Security Council highlights 'new alarming trends'. Available at: https://news.un.org/en/story/2018/12/1029011

when seizures were made on a route to Congo.[718] Within the IGAD region, law enforcement have noted the emergence of a preferred route through the international airport at Addis Ababa. Information sent to the report authors noted: "There are quite a number of Kenyans who have been arrested in other destinations and this has been established as their itinerary which is mostly attributed to the Ethiopian airline that has many destinations worldwide at fair air ticket rates." A further driver away from Nairobi's international airport were security measures introduced after a January 2014 incident,[719] that was linked to Al-Shabaab in some open-source reporting.

There are further indications of the impact the major Indian Ocean maritime heroin routes have had on drug supply within Africa. A concern is that countries on the Swahili Coast have become heroin hubs, rather than transit points. An

718 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

719 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

indication of this is reporting of trafficking across Africa to supply local markets. For example, in March 2017, a Ghanaian national was detained after travelling on an air route from Kenya "in possession of 432 grams of heroin (ingested), intended for local consumption".[720]

In 2019, Kenya's Anti-Narcotics Unit warned of a growing consumer market in the country. An indicator from drug seizures was that most of the cases detected were in storage meant for local distribution.[721] This local market is further developing, as there is an increasing trend of heroin use in urban centres in Kenya, which has been attributed to organized crime groups looking for new markets.[722]

720 Dublin Group (2018). Regional situation in West Africa, Brussels, 7 November 2018 (OR. en), 13912/18, p11

721 Kenya (2019). Information collated by the Anti-Narcotics Unit on Significant Seizures

722 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

Cocaine

Trafficking of bulk quantities of cocaine via Kenya has been detected twice. In 2004, around a tonne of cocaine was seized from a speedboat on the coast and a warehouse in Nairobi.[723] This case is particularly concerning, as it shows that cocaine was offloaded and handled in Kenya, rather than seized from a transiting container. In 2016, another large quantity of cocaine was seized. An official in Kenya told the report authors: "Containerized bulky cargo including sugar and cereals has always provided an avenue for concealment of drugs in legitimate commercial cargo and a rip on/rip off dispatch."[724]

723 UNODC Case Law Database (2004). Criminal case No 1365 of 2004. Available at: https://sherloc.unodc.org/cld/case-law-doc/drugcrimetype/ken/criminal_case_no_1365_of_2004.html

724 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

Small quantities of cocaine continue to be trafficked to Kenya, both for consumption and onwards trafficking.[725] Cocaine enters Kenya on air and land routes. The primary route involves a direct flight from South America to Ethiopia, from where cocaine is trafficked overland.[726] The overland route for cocaine trafficked from Ethiopia to Kenya primarily involves entry via the Moyale border crossing, with a typical consignment averaging two to five kgs trafficked in public service vehicles.[727] Payments are typically made in cash, using US dollars, to avoid a financial transmission trail.[728] A secondary cocaine route involves consignments trafficked via postal services.[729] This flow of cocaine to Kenya, via Ethiopia, raises concerns of an increase in poly-drug trafficking.[730]

725 Kenya. Information collated by the Anti-Narcotics Unit on Significant Seizures
726 US Department of State (2020). International Narcotics Control Strategy Report. Available at: https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf
727 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication
728 ibid
729 ibid
730 ibid

Methamphetamine

A methamphetamine threat became notable in Kenya in 2013 when a clandestine laboratory was raided in Nairobi.[731] Manufacture involved crystal methamphetamine, using the precursors ephedrine and pseudoephedrine that were legally imported and then diverted.[732]

There is also methamphetamine trafficking to and via Kenya. The primary route into Kenya is from Uganda. The main exit route is by air to East Asia.[733] Some organised crime groups involved in methamphetamine distribution in Kenya are also involved in dealing cocaine.

731 ibid
732 INCB (2015), Annual Report. Para 331. Available at: https://www.incb.org/documents/Publications/AnnualReports/AR2015/English/AR_2015_E_Chapter_III_Africa.pdf
733 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

Case study: The Akasha Network

The Akashas, a major organized crime family, involved in poly-criminality operated from Kenya. Members of the Akasha Network were arrested in Mombasa, Kenya in 2014, following a US Drug Enforcement Administration operation. In August 2019, the most recent leader of the 'Akasha Organisation', Baktash Akasha was sentenced in the US to 25 years in prison for drugs, weapons and obstruction offenses. Baktash Akasha was described as "once one of the world's most prolific and violent drug traffickers".[734] His younger brother, Ibrahim Akasha, was sentenced to 23 years in prison in the US, in January 2020. He was described as Baktash Akasha's "right hand man", who had engaged in "extreme violence".[735] The Akasha Network had historic ties to heroin trafficking on the Swahili Coast, stretching back at least two decades to the previous generation.[736]

The Akasha Network had interests that extended to southern Africa, with poly-drug trafficking activities. The network was a "sprawling and lucrative international drug-trafficking organization, which distributed multi-ton quantities of narcotics including hashish, ephedrine, methamphetamine, and methaqualone".[737] Suppliers of the Akasha Network boasted of being able to provide hundreds of kilograms of high purity heroin for distribution in the United States. The network was involved in maritime trafficking of large quantities of heroin.[738] The network used the proceeds of their drug trafficking activities to develop further illicit capacities: "The defendants used the proceeds of their methaqualone-related business to pursue other illegal ventures, including efforts to import ephedrine that was produced illegally by Avon Lifesciences in India, so that the Akasha Organization and others could manufacture methamphetamine in Africa."[739]

Violence took place in public areas, including a confrontation at a shopping mall in Kenya during which a political candidate was threatened with a firearm and a murder in a South African street in which more than 30 shots were fired. Other incidents included the kidnap and assault of a rival drug trafficker in Kenya[740]

At the sentencing of Baktash Akasha, American prosecutors alleged that the Akasha family engaged in corruption to protect their criminal enterprise and to thwart the course of justice: "the defendants continued to distribute quantities of narcotics. They used some of the drug proceeds to bribe Kenyan officials— including judges, prosecutors, and law enforcement officers—in an effort to avoid extradition."[741]

In addition to drug trafficking, U.S. law enforcement officers accused the Akashas of involvement in wildlife trafficking: According to a DEA Special Agent: "We know the Akasha family is involved with the ivory trade, we have recorded conversations where they talk about ivory. We had undercover meetings where they talked about being involved in ivory. They're like the mafia in the US, they're multifaceted. These guys are drug and ivory traffickers. And the smuggling routes for ivory are the same as the smuggling routes for drugs." The allegation was denied by a member of the Akasha legal team.[742]

A key witness at Baktash's trial, Vijay Goswami, claimed that the Akasha's were also involved in a gun-running relationship with Somalia's Al-Shabaab. According to Goswami, Baktash revealed to him an arrangement through which Al-Shabaab delivered arms and ammunition to a courier at the Somali-Kenyan border in exchange for cash. "Goswami's testimony was corroborated by Baktash's recorded meeting with an American confidential source."[743]

In terms of local availability of drugs, the removal of Akasha Network briefly disrupted the supply connected to this organised crime group. This disruption was, however, temporary and consumer demand resulted in less formal networks emerging.[744] It is not clear how the removal of the Akasha Network disrupted major transnational routes.

734 United States Attorney's Office, Southern District of New York, August 16, 2019, Former Leader Of Violent Kenyan Organized Crime Family Sentenced To 25 Years In Prison For Narcotics, Weapons, And Obstruction Offenses. Available at: https://www.justice.gov/usao-sdny/pr/former-leader-violent-kenyan-organized-crime-family-sentenced-25-years-prison-narcotics

735 https://www.standardmedia.co.ke/article/2001356114/ibrahim-akasha-handed-23-years-in-jail-for-drug-trafficking

736 There is reporting that the Akasha network had historical involvement in the heroin trade, that stretched back to at least the turn of the Century. Ibrahim Abdalla Akasha, the father of Baktash and Ibrahim Akasha, was murdered in the Netherlands in 2000, reportedly as a result of a feud over a heroin consignment delivered to the country the year before. (Wabala, D., (2005). Kenya: Why Akasha Had to Bite the Bullet in Amsterdam. *Daily Nation*. Available at: https://allafrica.com/stories/200502070376.html)

737United States Attorney's Office, Southern District of New York, August 16, 2019, Former Leader of Violent Kenyan Organized Crime Family Sentenced To 25 Years In Prison For Narcotics, Weapons, And Obstruction Offenses. Available at: https://www.justice.gov/usao-sdny/pr/former-leader-violent-kenyan-organized-crime-family-sentenced-25-years-prison-narcotics

738 Akasha Indictment

739 United States Attorney's Office, Southern District of New York, August 16, 2019, Former Leader of Violent Kenyan Organized Crime Family Sentenced To 25 Years in Prison for Narcotics, Weapons, And Obstruction Offenses. Available at: https://www.justice.gov/usao-sdny/pr/former-leader-violent-kenyan-organized-crime-family-sentenced-25-years-prison-narcotics

740 United States Attorney's Office, Southern District of New York, August 16, 2019, Former Leader of Violent Kenyan Organized Crime Family Sentenced To 25 Years in Prison for Narcotics, Weapons, And Obstruction Offenses. Available at: https://www.justice.gov/usao-sdny/pr/former-leader-violent-kenyan-organized-crime-family-sentenced-25-years-prison-narcotics

741 ibid

742 The Economist (2017). Do dope-smugglers also peddle ivory? The emerging links between two nasty trades. Available at: http://www.economist.com/news/middle-east-and-africa/21716651-emerging-links-between-two-nasty-trades-do-dope-smugglers-also-peddle-ivory

743 Muthoni, K (2019). Akasha Family 'traded guns with Al Shabaab'. Available at: https://www.standardmedia.co.ke/article/2001335508/akasha-family-traded-guns-with-al-shabaab

744 Author interview (2020). Response from the Anti-Narcotics Unit, Kenya. Electronic communication

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

Cash Smuggling

Kenya is a cash-based economy, using the Kenyan Shilling (KES). The Government of Kenya has put in place laws regarding monitoring of large or suspicious cash transactions, especially cross border, however it would seem that these have yet to be fully implemented or enforced, outside of financial institutions.

Mineral and Natural Resource Wealth

The Enough Project noted that Kenya is one of the key destinations for illegal gold from South Sudan - with one trader allegedly smuggling in over 15 kgs per month via Lokichoggio to Nairobi.[745]

745 Enough Project (April 2020) The Criminalisation of South Sudan's Gold Sector https://enoughproject.org/reports/criminalization-south-sudans-gold-sector

In many countries, extractive industries often attract both political and military interest, as well as that of Politically Exposed Persons (PEPs) - both domestic and foreign. Licensing over oil, and other mineral resources, is often opaque, and further complicated through use of registered companies and complex shareholder structures. This may be deliberate to disguise ownership and, aligned with the lack of accountability and governance of the sector, provides significant AML / CFT challenges, both domestically and overseas, especially to the financial sector.

ARMED, ORGANISED CATTLE RUSTLING

Karamoja cluster – Ilemi Triangle

A region that has been particularly affected by cattle rustling is the Karamoja Cluster, which encompasses the border regions of Uganda, Kenya, South Sudan, and Ethiopia.

The cluster is best defined by ethnic groups rather than by geographical locations. The affected groups are mostly pastoralists, with the Karamajong predominantly in Uganda, the Turkana and Pokot in Kenya, the Toposa and Didinga in South Sudan, and the Nyangatom in Ethiopia.[746]

The proliferation of weapons, and more particularly SAWLs has been identified as a major facilitator and enabler for the cattle rustling. Weapons and livestock and deeply intertwined in the region, with several reported instances of weapon prices being set in either cash or in livestock.[747]

Kenya-Ethiopia border

The towns most affected by cattle rustling along the Kenya-Ethiopia border are Harmer, Teltele and Dilo Woredas for the Ethiopian side, and Ileret, Dukana and Maikona in

746 Cline, Lawrence E. "War on The Hoof: Regional Security in Africa And Livestock Conflicts". *Small Wars & Insurgencies*, vol 31, no. 1, 2019, pp. 87-105. *Informa UK Limited*, doi:10.1080/09592318.2020.1672965.

747 Ruto, Pkalya et al. "Conflict in Northern Kenya: A Focus on The Internally Displaced Conflict Victims in Northern Kenya". *ITDG EA*, 2003.

Kenya's North Horr sub-county.[748] Field research performed by Gumba et al. for ENACT in 2017 and the first half of 2018 found that civilians in these border towns had armed themselves in order to defend their livestock and communities due to the absence of interventions by security forces. Individuals in Harmer and Dukana reported that one AK-47 riffle could be bartered for one cow, while one round of ammunition was sold for USD 2. Gumba et al. further found that the criminal organisations engaging in cattle rustling freely shared information between Ethiopia and Kenya, seemingly ignoring the existence of borders.[749]

Further research by Gumba and Turi published in 2019 found that in Marsabit, a County in northern Kenya, one camel could be traded for an AK-47 riffle, three camels for a G3 riffle,

748 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa And the Horn". Enact Research Paper, no. 10, 2019.*

749 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa And the Horn". Enact Research Paper, no. 10, 2019.*

and five camels or more could be traded for a machine gun or bazooka. Interviewed pastoralists reportedly stated that they were able to defend themselves through their firearms, but that armed bandits raiding their livestock often overpowered them with more sophisticated weapons.[750]

The prevalence of weapons in the region contributes to attacks with high civilian casualties, such as the attack on 25th August, when two villages were attacked in the Forole and Sabareh border areas of Kenya. Eight individuals were reported to have been killed and nine to be injured, while assailants stole approximately 500 head of cattle and 1,000 goats from Gabra pastoralists.[751]

750 Gumba, Deo, and Guyo Tori. "Cross-Border Arms Trafficking Stokes The Embers of Northern Kenya'S Conflict". *Enact Observer*, 2019, https://enactafrica.org/enact-observer/cross-border-arms-trafficking-stokes-the-embers-of-northern-kenyas-conflict.

751 Dado, Salah. "Eight Killed, Nine Injured In Two Separate Marsabit Attacks - Citizentv.Co.Ke". Citizentv, 2020, https://citizentv.co.ke/news/eight-killed-nine-injured-after-attack-in-marsabit-by-suspected-ethiopian-gunmen-270890/.; Gumba, Deo, and Guyo Tori. "Cross-Border Arms Trafficking Stokes The Embers of Northern Kenya's Conflict". *Enact Observer*, 2019, https://enactafrica.org/enact-observer/cross-border-arms-trafficking-stokes-the-embers-of-northern-kenyas-conflict.

Kenya – Somalia border

Cattle rustling does not seem to be prevalent along the Kenyan – Somalia border area.

Kenya – Uganda – South Sudan border

The border areas of Karamoja, Pokot, and Turkana face repeated deadly cattle rustling episodes despite governmental efforts to secure the border.[752]

Notable disarmament efforts have been made in the Karamoja region, with the number of illegal weapons dropping from approximately 40,000 to 50,000 in 2001 to approximately 10,000 in 2010.[753] The government of Uganda launched the Karamoja Integrated Disarmament and Development Programme in 2007 in an effort to improve security in the

752 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa And the Horn". Enact Research Paper, no. 10, 2019.*

753 Matthysen, Ken et al. "The Karamoja Cluster of Eastern Africa: Arms Transfers and Their Repercussions on Communal Security Perceptions". *International Peace Information Service Vzw*, 2010.

area.[754]

President Yoweri Museveni and President Uhuru Kenyatta signed the Cross-Border Sustainable Peace and Development deal in Moroto, Uganda on 12th September, of which the aim is to "address chronic vulnerabilities and development challenges in Turkana, West-Pokot of Kenya and Karamoja - Uganda". The initiative is backed by the UNDP who has provided USD 1 million as seed investment.[755] Eliminating the illicit traffic of firearms is one of the listed objectives of the initiative, and leaders from Karamoja have voiced their discontent regarding the lack of firm commitments from the Kenyan governments to disarm the Pokot and the Turkana of Kenya, arguing that implementing the agreement would be

754 National Legislative Bodies / National Authorities, *Uganda: Karamoja Integrated Disarmament and Development Programme (2007)*, January 2007, available at: https://www.refworld.org/docid/5b44c3ee4.html [accessed 16 January 2020]

755 Mukasa Nsubuga, Henry. "UN Supports Uganda-Kenya New Cross-Border Initiative for Sustainable Peace and Development in The Turkana, West-Pokot And Karamoja Regions.". *United Nations in Uganda*, 2019, http://ug.one.un.org/news/un-supports-uganda-kenya-new-cross-border-initiative-sustainable-peace-and-development-turkana.

difficult without cross-border disarmament.[756]

Earlier that year, on 26th January, the state Minister for Karamoja Affairs, Mr Moses Kizige gave a shoot-to-kill order against all Kenyan pastoralists who enter Uganda while armed. Kizige gave the order to Uganda People's Defence Forces (UPDF) in the northern Amudat district, stating that the Ugandan government has disarmed Karamojong warriors, who were now being threatened by armed Pokot and Turkana raiders from Kenya and South Sudan[757].

The endorsement of the IGAD protocol on Transhumance in February 2020, which would allow the seasonal movement of herders and their livestock in search of water and pasture, is a positive step towards the implementation

756 Asiimwe, Dicta. "Disarm Turkana And Pokots, Ugandan Leaders Tell Kenya". *The East African*, 2019, https://www.theeastafrican.co.ke/news/ea/Disarm-Turkana-Pokot/4552908-5282840-owj8gyz/index.html.

757 Ariong, Steven. "Minister Asks UPDF To Shoot Kenyan Rustlers". Daily Monitor, 2019, https://www.monitor.co.ug/News/National/Minister-asks-UPDF-shoot-Kenyan-rustlers--/688334-4976248-63f6p8/index.html.

process.[758] Politicians in Uganda and South Sudan however noted that the free movement of pastoralists needs to be paired with disarmament efforts in Kenya.[759]

Captain Augustine Lokwang Ekitela, Senior Advisor for Security Peace and Borderlands in Turkana County, noted that despite the scale and severity of the phenomenon, and despite the presence of security forces in the affected areas, police forces rarely investigated cattle rustling incidents.[760] There has indeed not yet been an incident of cattle rustling in Kenya that has been brought to trial. Individuals arrested in cattle rustling incidents are done so for possession of illegal firearms or for murder. Lokwang acknowledged that the violence in these incidents was related to the prevalence

758 "IGAD High Level Experts and Committee of Ambassadors Meeting to Endorse the Protocol on Transhumance In The IGAD Region, 27 February 2020". *ICPALD*, 2020, https://icpald.org/coa-transhumance-protocol-meeting/.

759 "Will Kenya Heed IGAD Call to Disarm Its Pastoralists?". *The East African*, 2018, https://www.theeastafrican.co.ke/news/ea/Will-Kenya-heed-Igad-call-to-disarm-its-pastoralists/4552908-4674964-m8xfbf/index.html.

760 Author interview, 21st January 2020

of SAWLs in the region and added that many of the illegal firearms in Northeastern Kenya had been smuggled in from South Sudan, Somalia, and Ethiopia.[761]

FRAUD, FORGERY AND COUNTERFEITING

The National Illicit Trade Observatory was recently rolled out to monitor illicit trade in the country, tracking counterfeit, piracy, substandard goods, non-custom goods, restricted goods, and unexcised goods. The Anti-Counterfeit Agency (ACA) executive director, Elema Halake stated on 10th of June that Kenya was drafting the Intellectual Property Bill 2020, which will deal with registration, custody and enforcement of IP in Kenya.[762]

According to an ACA survey conducted between

761 Author interview, 21st January 2020

762 "Kenya Fights Counterfeits, Illicit Trade". *The East African*, 2020, https://www.theeastafrican.co.ke/business/Kenya-fights-counterfeits-illicit-trade/2560-5580612-6kqjwt/index.html.

October 2019 and February 2020, the sectors that are hit the hardest by counterfeits are the building, mining, and construction sectors, accounting for 23.3 percent of the value of total illicit trade. Energy, electrical, and electronics contribute to 14.67 percent.

The sector with the most governmental revenue loss was food, beverages and non-alcoholic drinks accounting for 23.19 per cent, followed by textile and apparel at 20.09 per cent.[763]

Flora Mutahi, the chairperson of the ACA stated in February 2019 that Kenya was estimates to lose USD 2 billion each year due to the trade in counterfeit products. The five most counterfeited products in the country are reported to be mobile phones, alcohol and beverages, DVDs and CDs, bottled

763 "Kenya Fights Counterfeits, Illicit Trade". *The East African*, 2020, https://www.theeastafrican.co.ke/business/Kenya-fights-counterfeits-illicit-trade/2560-5580612-6kqjwt/index.html.

drinking water, and pharmaceuticals.[764] Data from the ACA reveals that although the country of origin of counterfeited goods cannot always be determined, imports from China are the most commonly detected.[765]

In December 2019, KES 20 million (USD 188,000) worth of counterfeit goods were seized at the Kenya – Tanzania Namanga border. The goods had been imported through the port of Dar es Salaam and were being smuggled to Nairobi and Mombasa. The seized products included schoolbooks, shoes, cosmetic products, and door locks. The Standard reported that the syndicate in charge of smuggling the goods was the same one that was involved in the sale of counterfeit goods in Nyamakima Trade Centre in Nairobi.[766]

764 "Kenya Seizes 85 Mln USD Worth Of Counterfeit Goods In Last 6 Months: Official". *Xinhua*, 2019, http://www.xinhuanet.com/english/2019-02/12/c_137813903.htm.

765 Author Interview, ACA, Electronic Communication, 04th March 2020/

766 Obuya, Brian. "Sh20m Counterfeit Goods Seized In Namanga". *The Standard*, 2019, https://www.standardmedia.co.ke/article/2001348882/sh20m-counterfeit-goods-seized-in-namanga.

The Kenyan ambassador to South Sudan, Chris Mburu, has written a letter to the Kenya Bureau of Standards (Kebs), copying the Kenyan Ministry of Foreign Affairs, which was obtained by The East African in December 2019. The letter revealed that the sale of counterfeit goods from Kenya in South Sudan had created diplomatic tensions between Juba and Nairobi. "The Embassy is in possession of products that have been withdrawn from shelves following backlash from consumers over low standards. Some of the manufacturers have gone through proper certification of their products by the Kenya Industrial Property Institute and Kebs but produce substandard (goods) for this market, in effect counterfeiting their products," wrote Mburu.[767] The ambassador further stated that there were risks of Kenyan products being banned from the country due to the large amount of low-quality goods

767 Okoth, Edwin. "Fake Goods Put Kenya Exports To South Sudan At Risk". The Eastafrican, 2019, https://www.theeastafrican.co.ke/business/Fake-goods-put-Kenya-exports-to-South-Sudan-at-risk/2560-5376950-9a359f/index.html.

being confiscated, of which several are bearing popular Kenyan brand names. The Kenya Association of Manufacturers (KAM) wrote to the Kenyan Anti Counterfeit Agency (ACA) in September that the counterfeit goods were presumed to be manufactured in Uganda, before being smuggled to South Sudan. Over 20 brands have been affected, including 14 detergent, cooking oil and shampoo producers, five engine oil manufacturers - including a multinational brand - as well as several food-additive producers.[768]

Elijah C. Ruttoh, a manager is research and policy at the ACA stated that that there were no known cases of a Kenyan company having been shut down for counterfeiting their own goods. "it is hearsay" said Ruttoh.[769]

Seizures of counterfeit goods made by the ACA

768 Okoth, Edwin. "Fake Goods Put Kenya Exports To South Sudan At Risk". The Eastafrican, 2019, https://www.theeastafrican.co.ke/business/Fake-goods-put-Kenya-exports-to-South-Sudan-at-risk/2560-5376950-9a359f/index.html

769 Author Interview, ACA, 28th February 2020

usually happen following investigations and in coordination with the NIS, Interpol, and other national security forces, or following investigations made by private investigators paid by the manufacturers.[770]

FRAUDULENT DOCUMENTS

Nairobi has long been a hub for both fraudulent passports and documents that are either obtained via corruption or manufactured. The US 2019 Trafficking in Persons Report states that traffickers at times obtain fraudulent documents from complicit officials. A Cabinet-level official was reportedly investigated for having fraudulently signed special sports and cultural work permits for women to work in in "Bollywood-style dance bars" known as *Mujra* bars notorious for their exploitative practices.[771]

770 Author Interview, ACA, 28th February 2020

771 "2019 Trafficking in Persons Report: Kenya". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/kenya/.

The 2018 foiled VBIED case identified a fraudulent document manufacturing network. A UN Security Council paper states that one of the actors in the plot, John Maina Kiarie was known to be a procurer of fake Kenyan IDs, birth certificates, and insurance stickers to residents of the Nairobi neighbourhood of Eastleigh. Another actor was Lydia Nyawira Mburu, who was an employee of a printing house in Nairobi's Central Business District and had been tasked by John Kiarie to manufacture four fake Kenyan national ID cards. A third actor was Francis Macharia Karishu, who was Lydia Mburu's employer at the printing house. [772]

The Kenyan CID frequently shares announcements of arrests made in Nairobi where fraudulent documents are seized. Recent examples include: the seizure of several

[772] S/2018/1002, Annex 2.3: February 2018 foiled VBIED plot in Kenya. *United Nations Security Council*, 2018; Mutuko, Mumbi. "Wanted Al-Shabaab Operative Busted in Kenya", *Kenyans*, 2018, https://www.kenyans.co.ke/news/29572-wanted-al-shabaab-facilitator-francis-macharia-busted-kenya.

authentic ID cards in Huruma Estate in May 2020,[773] an operation in Mfangano trade centre in April 2020 resulted in the seizure of several suspected forgeries which included: four cheque books and stamps for different financial institutions, four certificates of registration of motor vehicles, five birth certificates and one international certificate of vaccination.[774] In February 2020 two Nigerian nationals were arrested for the manufacturing of fake documents to be used in order to obtain Alien Student passes. [775]

[773] "DCI Kenya". *Twitter*, 2020, https://twitter.com/DCI_Kenya/status/1264471200253784075.

[774] "DCI Kenya". *Twitter*, 2020, https://twitter.com/DCI_Kenya/status/1245252713274920960.

[775] "DCI Kenya". *Twitter*, 2020, https://twitter.com/DCI_Kenya/status/1223636821831311362.

Figure 5 Suspected fraudulent documents and tools used to manufacture fraudulent documents seized in Mfangano trade centre, Nairobi[776]

Air routes out of Kenya have highlighted the country to be a major transit country for migrants who are able to afford falsified documents such as passports and visas. These

776 "DCI Kenya". *Twitter*, 2020, https://twitter.com/DCI_Kenya/status/1245252745784971265.

migrants are then able to fly directly and indirectly to Europe. Indirect travel is mainly done through West Africa, South Africa, or the Middle East. Other destinations known to be targeted when travelling by air from Kenya with fraudulent documents are the Americas.[777]

FINANCIAL CRIMES

Anti-Money Laundering / Countering Terrorist Financing Framework

The laws and guidelines on AML/CFT issued by the Government of Kenya are found in Annex F.

Enforcement / Penalties

The Central Bank reported in June 2018 to have fined five banks a total of KES 392 million (USD 4 million) arising from AML / CFT violations.[778] In March 2020 it was reported

777 International Centre for Migration Policy Development (ICMPD). *East African Migration Route Initiative: Gaps and Needs Analysis Project Country Reports*. Brussels, 2008.

778 Central Bank of Kenya, 9 Sept 2018 Investigations Of Banks Related To National

that a further fine of KES 385 million shillings (USD 3.75 million) for violating anti-money laundering laws was imposed on the 5 banks.[779]

State of health

Two measures that are indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

1. The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year.

In the FUR (2017)[780] lack of statistics (Rec. 32) was an area for Non-Compliance (NC) however it was stated that statistics were produced during the evaluation. The Financial Reporting Centre (FRC) does not make information on STRs / CTRs available to the public.

Youth Service Transactions https://www.centralbank.go.ke/uploads/press_releases/104465402_Press%20Release%20-%20Investigations%20of%20Banks%20Related%20to%20National%20Youth%20Service%20Transactions.pdf

779 CGTN Africa March 5, 2020 Kenya fines 5 banks $3.75mn under anti-money laundering laws https://africa.cgtn.com/2020/03/05/kenya-fines-5-banks-3-75mn-under-anti-money-laundering-laws/

780 https://esaamlg.org/reports/Kenya%20R.pdf.

2. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

The Assets Recovery Agency (ARA), reported that it recovered over KES 3 billion from proceeds of corruption and money laundering in the past two years, with at least 700 corruption cases taking place in different parts (of Kenya).[781] However, it is reported that in a significant number of high-profile corruption cases "the wheel of justice appears to turn extremely slowly" and appear to be "stuck in the legal system".[782]

The Ethics and Anti-Corruption Commission (EACC), together with the Office of the Director of Public Prosecutions,

781 COLLINS OMULO Feb 04 2019 Daily Nation Kenya has recovered Sh3bn graft money in 2 years: AG Kihara https://www.nation.co.ke/kenya/news/kenya-has-recovered-sh3bn-graft-money-in-2-years-ag-kihara-135118

782 OLIVER MATHENGE 25 Feb 2020 Inside Kenya's slow wheel of justice on corruption caseshttps://www.the-star.co.ke/news/big-read/2020-02-25-inside-kenyas-slow-wheel-of-justice-on-corruption-cases/

have reported successes in prosecuting corruption cases - notably 2 directors of a Kenyan company (one a Member of Parliament) fraudulently acquiring KES 297 million from the National Cereals and Produce Board.[783] Some of these recovered funds, KES 2 billion (just under USD 19 million), from the fight against corruption, are to be allocated for the fight against the Covid-19 pandemic.[784] In the first 4 months of 2019, EACC recovered 19 corruptly acquired assets worth KES 2,730,571,000 (over USD 27 million),[785] with over 300 criminal cases of corruption currently at court plus around 380 cases for recovery of assets. EACC lists corruption cases, prosecutions, and recovered assets on their website.[786]

783 Simon Marsh 30 June 2020 The Star International cooperation key to hooking big fish https://www-the--star-co-ke.cdn.ampproject.org/c/s/www.the-star.co.ke/amp/opinion/columnists/2020-06-30-international-cooperation-key-to-hooking-big-fish/

784 Simon Marsh 13 April 2020 The Star Putting money recovered from graft to good use against Covid-19 https://www.the-star.co.ke/opinion/columnists/2020-04-13-putting-money-recovered-from-graft-to-good-use-against-covid-19/

785 Simon Marsh 14 May 2019 Basel Institute on Governance USD27 million in stolen assets recovered in 4 months by Kenyan authorities with Basel Institute support https://www.baselgovernance.org/blog/usd27-million-stolen-assets-recovered-4-months-kenyan-authorities-basel-institute-support

786 https://eacc.go.ke/default/achievements/

Two further measures that are indicative of the use of financial investigations in major criminal investigations are:

1. The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators.

As indicated by the FRC website - information is passed to various agencies - Criminal Investigation Department of the National Police Service, Ethics and Anti-Corruption Commission, Kenya Revenue Authority, Asset Recovery Agency.

No further details are available for other teams / agencies. The need for more financial investigators is a key area for capacity building.

2. The involvement of the FIU in support of major criminal cases to help facilitate financial information from the financial industry - both domestically and internationally.

As highlighted above, FRC is involved in passing information to various agencies, but there is no public

information on their involvement in specific cases nor on outcomes from such involvement.

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

A. Kenya's Banks - Ownership & Regional Involvement (ML)

Kenya is recognised as the key financial centre in East Africa and therefore the "health" of its financial institutions and financial sector is key, not just to Kenya but the economy of the East African Community (EAC) as a whole. As covered in Annex F the banking sector has the following breakdown:

- Local Public Commercial Banks[787] (3)
- Local Private Commercial Banks[788] (24)

787 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
788 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf

- Foreign Commercial Banks[789] (15)
- Mortgage Finance Company[790] (1)

A recent report highlighted the ownership of Kenyan banks - a convoluted intertwined network of shareholdings, from one bank to another, invariably held through (anonymous) nominee accounts.[791] According to FATF guidance, use of formal nominee shareholders and directors (where the identity of the nominator is undisclosed) or informal nominee shareholders and directors (such as close associates and family) can obscure beneficial ownership information.[792] Such related holdings across the banking sector can led to anti-competitive practices and monopolisation.

Furthermore, several of Kenya's banks play key

789 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
790 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
791 Juliet Atellah August 16, 2019 The Elephant Who Owns Kenyan Banks? https://www.theelephant.info/data-stories/2019/08/16/who-owns-kenyan-banks/
792 FATF Oct 2014 TRANSPARENCY AND BENEFICIAL OWNERSHIP http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-transparency-beneficial-ownership.pdf

roles in neighbouring economies, either directly, or through subsidiaries, or through shareholdings in local banks. As highlighted in Central Bank of Kenya's Annual Report the following banks operated subsidiaries (as at 31 Dec 2018) in the East Africa Community (EAC) partner states and South Sudan:[793]

Parent Institution (Kenya)	Uganda	Tanzania	Rwanda	Burundi	South Sudan	DRC
KCB Group Holdings Plc	15	14	12	5	10	-
Diamond Trust Bank	38	28	-	4	-	-
Commercial Bank of Africa	2	6	3	-	-	-
Guaranty Trust Bank	8	-	14	-	-	-
Equity Group Holdings Plc	35	15	13	-	5	42
I&M Bank	-	8	14	-	-	-
ABC Bank	4	-	-	-	-	-
NIC Bank	3	5	-	-	-	-

793 CENTRAL BANK OF KENYA ANNUAL REPORT & FINANCIAL STATEMENTS 2017/18 https://www.centralbank.go.ke/uploads/cbk_annual_reports/665458124_Annual%20Report%202917%2018%20low%20resolution.pdf

The Co-operative Bank of Kenya Ltd	-	-	-	-	4	-

Table 6 Central Bank of Kenya report: Subsidiaries in EAC partner states and South Sudan

This expansion into neighbouring countries, whilst helping provide banking products and services into new markets, also brings with it a considerable ML risk, mainly from criminals looking to leverage the bank's own network and establishing accounts in one country, and then using that to open accounts in another country, within the bank group's network (termed an "intra group introduction"). Because the introduction is within the bank, there often is an assumption that Know Your Customer (KYC) and Customer Due Diligence (CDD) have been done to a high standard in the originator branch, whereas that may not be the case, yet the branch opening the new account takes on the risk from the group's customer. From this subsequent account, the criminal may then operate across the group's network and

access international financial system, for money laundering purposes.

This method is frequently employed by Politically Exposed Persons (PEPs), their family members, proxies or front (shell) companies. As highlighted by the UK's Financial Services Authority[794] report:

> *"…we found that some banks were relying on intra-group introductions, even where they could not be satisfied that verification had been carried out to (UK)-equivalent standards or where they knew that underlying CDD information was inaccessible due to legal constraints in the jurisdiction where this information was held. Banks must ensure that they have access to underlying CDD documentation at all times…"*

An additional risk faces some Kenyan banks that have expanded beyond East Africa Community (EAC) partner states by taking shareholdings in financial institutions in other parts of Africa - as highlighted in Central Bank of Kenya's

794 Financial Services Authority (June 2011) Banks' management of high money-laundering risk situations https://www.fca.org.uk/publication/corporate/fsa-aml-final-report.pdf

Annual Report (as at 31 Dec 2018):[795]

Parent Institution (Kenya)	Shareholding	Institution	Country
I&M Bank	50%	Bank One Ltd	Mauritius
Prime Bank Ltd	11.24%	First Merchant Bank	Malawi
Prime Bank Ltd	11.46%	Capital Bank	Botswana
Equity Group Holdings Plc	79%	Pro-Credit Bank	DRC

Table 7 Central Bank of Kenya's Annual Report: Expansion through shareholding

This expansion through shareholding in foreign banking groups also brings an ML risk, although not as direct as establishing operations in other countries, but more through exposure to different AML standards in different jurisdictions which may put the shareholder at a different ML risk.

B. Remittances -Terrorism Financing (TF)

Kenya's remittances from diaspora in cumulative inflows was reported to have totalled USD 2,838 million

795 CENTRAL BANK OF KENYA ANNUAL REPORT & FINANCIAL STATEMENTS 2017/18 https://www.centralbank.go.ke/uploads/cbk_annual_reports/665458124_Annual%20Report%202917%2018%20low%20resolution.pdf

from March 2019 to March 2020, a growth of 4.3 per cent compared to the previous year,[796] making Kenya the 4th largest receiver of remittances in Africa (behind Egypt, Nigeria, and Ghana). The majority of the remittances come from the United States, Britain, Uganda, followed by Tanzania, Canada and Australia.[797]

Remittances can be a high risk - especially for TF - with small sums for support hidden in among the volume of transactions. The National Risk Assessment from a neighbouring country, Uganda, highlighted the role of businesses operated by the Somali community, namely money exchange and remittance companies, which send remittances back to Somalia. These remittances are at risk of being taxed

796 Jackson Okoth April 27, 2020 The Kenyan Wall Street Kenya's March Diaspora remittances defy COVID-19 https://kenyanwallstreet.com/kenyas-march-diaspora-remittances-defy-covid-19/

797 People Daily Dec 3rd, 2019, Kenya's diaspora remittances to hit record high: World Bank https://www.pd.co.ke/business/kenyas-diaspora-remittances-to-hit-record-high-world-bank-15542/

by the terrorist group Al-Shabaab, and a useful source of funding for their domestic terrorist agenda.[798]

Kenya faces a similar risk, with a significant ethnic Somali population, estimated at 2.4 million Somalis in Kenya (out of an overall population of 38.6 million in the country).[799] In 2015, the Kenyan government shut down the accounts of 13 Somali remittance companies suspected of financing terrorism following Al-Shabaab's attack at Garissa University where 148 students were killed.[800]

C. Correspondent Banking / Nesting (ML)

As is covered in the 'Defining Transnational Security Threats' chapter, banks in Kenya rely on correspondent

798 Financial Intelligence Authority Uganda. *Money Laundering And Terrorist Financing National Risk Assessment Report*. 2017, https://www.fia.go.ug/money-laundering-and-terrorism-financing-national-risk-assessment-report.

799 Kim Yi Dionne August 3, 2018 The Washington Post Here's what it means to be Somali in Kenya https://www.washingtonpost.com/news/monkey-cage/wp/2018/08/03/heres-what-it-means-to-be-somali-in-kenya/

800 Mohamed Aden Hassan and Giulia Liberatore, Bildhaan: An International Journal of Somali Studies Volume 15 (2015) Global Remittances: Update on the UK-Somali Corridor https://digitalcommons.macalester.edu/cgi/viewcontent.cgi?article=1168&context=bildhaan

banking relationships with international banks, who are able to process international trade and investment transactions, as well as transactions in foreign currency.

Most banks in Kenya will have direct correspondent banking relationships with international banks to facilitate international transactions, and it is alleged that several South Sudanese banks hold nested accounts with banks in Kenya.[801] This is a significant risk for the banks in Kenya, who may not know the true identity of the beneficial owner, and may be facilitating payments on behalf of corrupt officials or criminals.

As explained in the 'Defining Transnational Security Threats' chapter, banks the risk to Kenyan banks comes from handling transactions in US dollars from nested accounts from South Sudan and elsewhere. US dollar transactions nearly always

801 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

fall under the jurisdiction of the US government, meaning that asset freezes and anti-money laundering laundering measures directed at those doing business in dollars can have great impact, even when those individuals or entities are not in the United States, because banks in New York and around the globe can face the consequences of directing illicit transactions through the U.S. financial system.[802]

This is a significant risk for Kenyan financial institutions banking nested accounts from South Sudan - not knowing the ultimate beneficial owner (UBO) and source wealth / source of funds. Such transactions in USD, on behalf of South Sudanese individuals and entities, place the Kenyan banking sector at risk of penalties and sanctions from the US for potentially facilitating payments associated with illicit acts or designated individuals and entities subject to sanctions.

802 The Sentry (March 2018) Fueling Atrocities: Oil and War in South Sudan https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities_Sentry_March2018_final.pdf

D. Casinos (ML)

The regulator for casinos (both physical and virtual) is the Betting Control and Licensing Board.[803] The new Gaming Act 2019[804] provides for the control and licensing of betting, casinos and other forms of gaming and establishes a National Gaming Authority.[805]

There are an estimated 30 licensed terrestrial casinos in Kenya - 21 in Nairobi, 7 in Mombasa, and 2 in Malindi.[806] No list of regulated establishments is provided by the regulator. The number of virtual casinos operating in Kenya is not known. No list of regulated entities is provided by the regulator. One key issue is licensing and ownership of the casinos: there is no "fit and proper" test for owners or managers as well as no

803 http://bclb.go.ke
804 http://bclb.go.ke/wp-content/uploads/2019/05/REVISED-GAMING-BILL-UPDATED-MAY-2019.doc
805 iGamingBusiness 4 June 2019 Kenya moves to overhaul gambling laws https://www.igamingbusiness.com/news/kenya-moves-overhaul-gambling-laws
806 https://www.worldcasinodirectory.com/kenya

apparent checks on the source of wealth / source of funds for these operators, increasing the risk that the funds used to establish and operate the casinos may be of illicit origin.

Both the Mutual Evaluation (2011),[807] Follow Up Report (2017)[808] and Follow Up Report (2018)[809] highlighted the deficiency in that no measures are in place to prevent criminals being beneficial owners or holding a significant controlling interest in casinos.

It is reported[810] that the high risk presented by casinos in Kenya has been acknowledged by the formation of a Joint Money Laundering Intelligence TaskForce, coordinated by the FRC,[811] between 30 government agencies, banks, and other

807 https://esaamlg.org/reports/Kenya_Mutual_Evaluation_Detail_Report(2).pdf
808 https://esaamlg.org/reports/Kenya%20R.pdf
809 https://esaamlg.org/reports/Progress%20Report%20Kenya-2018.pdf
810 Adjoua ATTA 26/03/2019 Daily Active Government targets casino high-limit cash cages used in money laundering https://dailyactive.info/2019/03/26/government-targets-casino-high-limit-cash-cages-used-in-money-laundering/
811 BRIAN NGUGI 26/03/ 2019 Business Daily Africa Casinos, cars targeted in war on dirty money https://www.businessdailyafrica.com/economy/-cars-targeted-in-war-on-dirty-money/3946234-5042562-99om24/index.html

regulators to look at 3 sectors - casinos, real estate, and luxury vehicles.

Casinos are highly vulnerable to Money Laundering as has been repeatedly recognised by the FATF in various guidance.[812] Licensing to foreign owners from high risk ML jurisdictions without extensive background checks on the individuals, entities, or sources of funds makes this sector a HIGH RISK for ML, both domestic and international.

E. Mobile Money (ML & TF)

One of the objectives of the government of Kenya is an increase in financial inclusion and due to the widespread use of mobile devices, this is most likely to be achieved through the widespread use of mobile payment systems / mobile money - as is also covered in Annex F.

812 FATF, 23 October 2008 FATF Guidance on the Risk-Based Approach for Casinos https://www.fatf-gafi.org/documents/documents/fatfguidanceontherisk-basedapproachforcasinos.html ; FATF March 2009 Vulnerabilities of Casinos and Gaming Sector https://www.fatf-gafi.org/media/fatf/documents/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf/.

Whilst this is a positive step forward for the nation it is not without ML and TF risks. In neighbouring countries, the use of mobile money to move funds in support of TF has been observed as a growing trend, hiding the illicit transactions in the sheer volume of mobile money transactions conducted daily.

F. Cryptocurrency Fraud (ML)

Whilst Kenya is seeking to lead in product innovation in the region through technology, there has been an increasing trend in identity theft as well as cryptocurrency scam and fraud.[813]

An increasing number of cryptocurrency frauds have been reported in recent years in Kenya with some 26.6 million cyber threats occurring in the country between April and June 2019.[814] Part of a trend across East African countries -

813 Conversation with confidential source 9 April 2020

814 DIANA KIMANZI AND ENOCK TOROITICH | October 24th 2019 The Standard Kenya's bid in enhancing cybersecurity in the country https://www.standardmedia.co.ke/article/2001346601/cyber-crime-on-the-rise-survey

allegedly fuelled by aspirations of an emerging middle class to "get rich quick", these are often Ponzi Scheme scams.[815] Cryptocurrency dealers & cryptocurrency exchanges are not currently regulated in Kenya, only registered as a company, and thereby not subject to any AML laws or regulations.

Several recent scams in Kenya highlight the growing problem:

- Velox10 (an alleged Bitcoin scam involving Brazilian foreigners that scammed millions from unsuspecting Kenyans)[816]
- Bitcoin Profit (an alleged Bitcoin scam that claimed to involve a Kenyan billionaire)[817]

815 Ponzi Scheme is an investment fraud that pays existing investors with funds collected from new investors. Ponzi scheme organizers often promise to invest your money and generate high returns with little or no risk. But in many Ponzi schemes, the fraudsters do not invest the money. Instead, they use it to pay those who invested earlier and may keep some for themselves. With little or no legitimate earnings, Ponzi schemes require a constant flow of new money to survive. When it becomes hard to recruit new investors, or when large numbers of existing investors cash out, these schemes tend to collapse https://www.investor.gov/protect-your-investments/fraud/types-fraud/ponzi-scheme

816 David Canellis, 2019/03/05 The Next Web Bitcoin pyramid scheme leaves Kenyans out of pocket after exit scam https://thenextweb.com/hardfork/2019/03/05/bitcoin-pyramid-scheme-kenya-velox/

817 Bitcoin KE 4 March 2020 Kenyan Billionaire Says He is Not Affiliated with 'Bitcoin Profit' Investment Scheme Scam Using His Name to Solicit Funds https://bitcoinke.io/2020/03/bitcoin-profit-investment-scheme/

- Nurucoin (a cryptocurrency scam that cheated 11,000 Kenyans out of KES 2.7 billion (USD 26.6 million) using a locally registered company)[818]
- BEC fraud (a sophisticated type of cyber-enabled crime facilitated by the Internet where fraudsters use hacked email accounts to convince businesses or individuals to make payments that are either bogus or similar to actual payments owed to legitimate companies; 3 Kenyans cheated USD 3,154,118.83 from a Government agency in the US)[819]

Criminals often incorporate multiple companies in Kenya and are multi-banked. Often the victims are asked to open accounts with banks in Kenya to deposit their investments and receive their promised returns. Money has also been observed to be transferred by mobile payments. Banks have been, unwittingly, central to the scam, as well facilitating the fraudsters who were transferring funds domestically

818 Steve Kaaru 8 Jan 2020 CoinGeek Kenya police pursuing alleged fraudster behind $27M crypto scam https://coingeek.com/kenya-police-pursuing-alleged-fraudster-behind-27m-crypto-scam/

819 VINCENT ACHUKA 22 Sept 2019 The East African How Kenyan scammers stole over $3 million from US firms https://www.theeastafrican.co.ke/news/ea/Kenyan-scammers-stole-from-US-firms/4552908-5282734-7oumyx/index.html

between banks (layering) before making transfers offshore or withdrawals by ATM (or by cash from branches if holding premier accounts) after the scam collapsed.

G. Use of Legal Enterprises & Real Estate (ML &TF)

In a large number of cases, the use of company structures is widely noted, often with complex ownership and shareholder structures, many of which are registered in Kenya or neighbouring countries.

The World Bank "Doing Business" report highlights that Kenya is ranked 56 out of 190 economies, it is actually ranked 129 for setting up a business, as it is relatively easy to establish a company in Kenya.[820]

The Mutual Evaluation (2011) identified that the

820 The World Bank, (2020) Doing Business: Kenya, https://www.doingbusiness.org/en/data/exploreeconomies/kenya

Companies Registry was a manual system which may undermine the timely access for investigative authorities.[821] The Follow Up Report (2017) outlined that an electronic system had been implemented with effect from 01st November 2016.[822]

Both Follow Up Report (2017)[823] and Follow Up Report (2018)[824] outline that lawyers, notaries, trust and company service providers (CSPs) were not designated as reporting institutions under POCAMLA - which is a major deficiency that has not been recorded as being resolved.

In a related report, it is alleged that senior South Sudanese officials have purchased flats, villas, and luxury homes in Nairobi, Kenya, mainly in Lavington district and Nyeri Estate, potentially as a way to hide unexplained wealth.[825]

821 https://esaamlg.org/reports/Kenya_Mutual_Evaluation_Detail_Report(2).pdf
822 https://esaamlg.org/reports/Kenya%20R.pdf
823 https://esaamlg.org/reports/Kenya%20R.pdf
824 https://esaamlg.org/reports/Progress%20Report%20Kenya-2018.pdf
825 The Sentry (June 2018) "East Africa's Leverage for Peace: Target Real Estate in Kenya and Uganda Connected to South Sudan's Spoilers" https://thesentry.org/reports/east-africas-leverage-for-peace/

In another report, it is alleged that a USD 43 million arms deals to South Sudan was facilitated through Kenyan registered companies.[826] In a separate deal, 180 armoured vehicles were facilitated through Mombasa, Kenya for South Sudan.[827]

The use of corporate structures to disguise ownership of assets, as well as the ability to invest and launder illicit funds through the real estate sector in Kenya, is a SIGNIFICANT ML (&TF) risk.

H. Use of Alternate Fund Transmission Systems (ML & TF)

It is reported that a significant amount of international cash transfers pass through Kenya, especially from neighbouring Somalia, as well as the Kenyan Somali community. Hawala is reportedly widely used for such transfers.[828]

826 The Sentry (SEPT 2019) The Taking of South Sudan The Tycoons, Brokers, and Multinational Corporations Complicit in Hijacking the World's Newest State https://cdn.thesentry.org/wp-content/uploads/2019/09/TakingOfSouthSudan-Sept2019-TheSentry.pdf

827 The Sentry (Oct 2019) Al-Cardinal South Sudan's Original Oligarch https://thesentry.org/reports/al-cardinal-south-sudan-oligarch/

828 Shetret et al, March 2015 Global Center on Cooperative Security Tracking Progress: Anti-

Case study: The Maalin Group of Companies: a Ponzi Scheme

Between 2010 and 2012, diaspora Somalis increasingly relied on the Hawala money remittance system to send funds to relatives in Somalia. One of the companies established for this purpose was the Maalin Group of Companies, based in Nairobi, Kenya. The remittance system was new to the country at the time, and there were therefore no guidelines or financial protocols in place to regulate those running the system.

Additionally, since this system was primarily rooted in "trust", the company approached many persons of importance, such as Sheikhs, Traditional Elders and well-known members of the community. The company convinced these individuals to invest in the scheme, whereby the money deposited with the company would give them a percentage in returns over a certain period of time. The company was additionally acting as a forex exchange company, receiving foreign currencies from around the world.

Various individuals invested in this company for nearly a decade, having been promised that their return on investment would double their money. Many individuals are known to have invested their lifesavings. Before its collapse, the company had 600 registered members from Somalia, Dubai, Saudi Arabia, the U.S. and Kenya. Among them were 20 Somali MPs and other senior government officials. Investigations revealed that most of the funds came from investors in Saudi Arabia and Dubai.[829]

Investors started enquiring about ways to withdraw their funds from the company, which triggered the shattering of the financial model used by the company, which was revealed to be a Ponzi scheme.[830] The Chief Executive Officer, Abdalla Mohamed Ali, of the company went missing in May 2020, reportedly with an estimated USD 59 million belonging to victims of the scheme. The CEO's vehicle was found at Jomo Kenyatta International Airport (JKIA), leading officials to believe that he has left the country.[831]

Money Laundering and Countering the Financing of Terrorism in East Africa and the Greater Horn of Africa https://www.globalcenter.org/publications/tracking-progress-anti-money-laundering-and-countering-the-financing-of-terrorism-in-east-africa-and-the-greater-horn-of-africa/

829 "About 20 Somali Mps, Senior Government Officials And Somali Diaspora Lose $59M In Nairobi-Based Ponzi Scheme". *Hiiraan*, 2020, https://www.hiiraan.com/news4/2020/Mar/167446/about_20_somali_mps_senior_government_officials_and_somali_diaspora_lose_59m_in_nairobi_based_ponzi_scheme.aspx.

830 Ponzi Scheme is an investment fraud that pays existing investors with funds collected from new investors. Ponzi scheme organizers often promise to invest your money and generate high returns with little or no risk. But in many Ponzi schemes, the fraudsters do not invest the money. Instead, they use it to pay those who invested earlier and may keep some for themselves. With little or no legitimate earnings, Ponzi schemes require a constant flow of new money to survive. When it becomes hard to recruit new investors, or when large numbers of existing investors cash out, these schemes tend to collapse https://www.investor.gov/protect-your-investments/fraud/types-fraud/ponzi-scheme

831 "Maalin CEO Allegedly Disappears With Sh15 Billion Belonging To Investors, CS On

ILLICIT FINANCIAL FLOWS

In an analysis of trade data for 2013 it has been estimated that trade misinvoicing in Kenya has amounted to USD 907million (which represents 23 percent of total trade).[832]

IMPORT misinvoicing accounted for USD 767 million in lost revenue with USD 324 million in uncollected VAT, USD 229 million in uncollected customs duties, and USD 214 million in uncollected corporate income tax revenue. Further analysis identified 5 product types were mainly attributed:

- Used clothing USD 21 million
- Cereals USD 21 million
- Vehicles USD 18 million
- Electrical Machinery USD 17 million

Spot For Aiding His Escape". *Kahawatungu*, 2020, https://www.kahawatungu.com/maalin-ceo-disappears-sh15-billion/.

832 GFI. *Global Financial Integrity Releases New Study On Trade Misinvoicing In Kenya*. 2018, https://gfintegrity.org/press-release/global-financial-integrity-releases-new-study-on-trade-misinvoicing-in-kenya/.

- Mineral Fuels USD 15 million

EXPORT misinvoicing accounted for USD$140 million in lost revenue - mainly attributed to misinvoicing on exports of coffee, tea, and spices.[833]

In a more recent report evaluating trade data from 2008-2017 it was established that, for Kenya:[834]

- The Sum of the Value Gaps Identified in Trade Between Kenya and 36 Advanced Economies in 2008-2017 was an annual average of USD 900 million
- The Total Value Gap Identified Between Kenya and 36 Advanced Economies, in 2008-2017, as a Percent of Total Trade was an annual average of 21.40%
- The Sum of the Value Gap Identified in Trade Between Kenya and all Global Trading Partners, in 2008-2017 was an annual average of USD$2,861 million
- The Total Value Gaps Identified in Trade Between Kenya and all of its Trading Partners, in 2008-2017 as a Percent of Total Trade was of an annual average of 22.62%

833 GFI. *Global Financial Integrity Releases New Study On Trade Misinvoicing In Kenya*. 2018, https://gfintegrity.org/press-release/global-financial-integrity-releases-new-study-on-trade-misinvoicing-in-kenya/.

834 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

It has been suggested that commercial tax evasion, corruption and money laundering of criminal proceeds are the underlying factors for these numbers. It is also suggested that the growth in Kenya's economy and its more advanced services attract legal and illegal activities from neighbouring countries, South Sudan in particular.[835]

An expert report makes a number of recommendations to address commercial, criminal and corrupt sources of illicit financial flow:[836]

- disclosure of ultimate beneficial ownership (human) for company formation and registration, full disclosure of shareholders, and eliminate th ability to register using anonymous corporations
- trade misinvoicing - equip Customs and Revenue authorities with trade pricing databases[837] to facilitate checks on trade

835 Global Financial Integrity. *A Scoping Study Of Illicit Financial Flows Impacting Uganda*. 2018, https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf.
836 Global Financial Integrity. *A Scoping Study Of Illicit Financial Flows Impacting Uganda*. 2018, https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf.
837 GFTrade is a proprietary risk assessment application that enables customs officials to determine if goods are priced outside typical ranges for comparable products by providing officials with real-time price comparisons for goods in the port, using price ranges for a product traded between the same two trading partners throughout the previous year, based on global trade information. The comparisons enable officials to determine pricing anomalies and if further

misinvoicing

- foreign direct investment - ensure that all extractive industry licences are made public
- anti-money laundering - enhance cooperation and coordination between agencies and strengthen AML requirements
- corruption - publish lists of domestic Politically Exposed Persons (PEPs)

Conclusions

Kenya's strategic location as the gateway to Eastern Africa, and its well-developed connections to the rest of the world, makes it an important hub for business and travel in the region. This advantage has ensured Kenya's economic viability, even when facing domestic and global hardships, but also comes with significant downsides. With the growing link between narcotic, human, and wildlife trafficking, money laundering and international terrorism, Kenya has been identified as a vulnerable location.[838]

investigation is warranted. https://gfintegrity.org/gftrade/.
838 Charles Goredema (Editor), 2006, The Institute for Security Studies, Monograph 124:

Kenya is one of the countries on the United States list of money laundering and terrorism financing centres from drug trafficking. The US report further identifies that Kenya is the financial hub of East Africa, its banking and financial sectors are growing in sophistication, and the country is at the forefront of mobile banking. Despite these undeniably positive advancements, Kenya remains vulnerable to money laundering and financial fraud.[839]

The US report further states that Kenya has made strides in implementing an AML framework, but that challenges remain in achieving a comprehensive, effective implementation of AML laws and regulations.

It proposes that an automated system would improve

Money Laundering Experiences,https://issafrica.org/research/monographs/monograph-124-money-laundering-experiences-edited-by-charles-goredema

839 BRIAN NGUGI 1 April 2019 Business Daily Africa US puts Kenya on list of cash laundering hotspots https://www.businessdailyafrica.com/news/US-puts-Kenya-on-list-of-cash-laundering/539546-5050904-jwwmva/index.html

the Kenyan Financial Reporting Centre (FRC)'s efficiency and ability to analyse suspicious transactions. The financial information evidential process has also been identified to be cumbersome and that confidentiality is not well maintained, allowing account holders to be tipped off and to move their assets. The report recommends that law enforcement agencies, and the police in particular, should build sufficient institutional capacity and investigative skills to conduct complex financial investigations independently.[840]

Nations that are classified as havens for money laundering by the US attract scrutiny from global financial institutions, whilst foreign investors are likely to carry out additional checks on payments involving entities from listed jurisdictions.

840 BRIAN NGUGI 1 April 2019 Business Daily Africa US puts Kenya on list of cash laundering hotspots https://www.businessdailyafrica.com/news/US-puts-Kenya-on-list-of-cash-laundering/539546-5050904-jwwmva/index.html

Kenya also faces terrorist threats from several terrorist groups in the region, who are both seeking funding in Kenya for acts of terror domestically or in neighbouring countries or are funded from outside of the country.

It is now widely acknowledged globally that every strategy against any or all of these major transnational security threats must target the funding of such activities and seek to seize the proceeds from it, making the role of financial investigations in criminal investigations and prosecutions vital.

The National Task Force has been convened to participate in a landmark Money Laundering / Terrorist Financing National Risk Assessment (NRA) in 2019, which was due to report back in early 2020. This is fundamental in understanding risk and developing a strategy / dedicating resources to mitigating key risks. The report, if published, was not publicly available.

Criminal groups, both domestic, and international groups, have been adept at using Kenya's relative ease in setting up companies and establishing bank accounts, leveraging Kenya's financial system and connectivity to the global financial system.

The lack of background checks ("fit & proper" tests) and beneficial ownership transparency in establishing companies is a great handicap to stopping abuse of using corporates to hid illicit activity.

The casino sector - especially with its apparent lack of oversight by the regulators from an ML / FT perspective, lack of background checks ("fit & proper" tests), and beneficial ownership transparency of the ownership and management of both physical and virtual casinos, as well as restrictions of involvement of foreign nationals from high risk ML countries - is an obvious ML risk and needs to be addressed as a priority.

The real estate sector has been highlighted as a very high risk for ML & TF - both domestically and also as a "refuge" for illicit money from neighbouring countries - and this should be a priority area of focus.

This is also a significant risk to the integrity of the financial system for banks in Kenya and for banks that transact with or on behalf of South Sudan entities. It is also a risk internationally for financial institutions, especially those that have "nested" correspondent banking relations with South Sudanese financial institutions.

The fact that Kenya's FRC has not yet joined the Egmont Group of Financial Intelligence Units is a major challenge. One of the most significant benefits of doing Egmont is the ability to connect and request, as well as share financial intelligence with 163 other member FIUs – making it a very powerful partnership in fighting major crimes - and a

significant asset to Kenyan law enforcement, as it is increasingly facing transnational security threats. Joining the Egmont Group of Financial Intelligence Units ought to be considered.

Whilst some strides have been made in building and developing the AML / CFT framework, the challenge now is to make it work effectively for Kenya in targeting existing traditional security threats, and to increase its effectiveness, and to improve the detection and mitigation of such threats, and even to deter future threats. It does seem that such advances are defended domestically, and it was reported in February 2019 that "…Central Bank Governor Patrick Njoroge pushed back against a bid by MPs seeking to soften anti-money laundering laws, warning that the proposed amendments would frustrate the war on corruption and cut off Kenya's banking sector from the global financial system…".[841]

[841] Brian Ngugi, Business Daily Africa US puts Kenya on list of cash laundering hotspots, 1 April 2019 https://www.businessdailyafrica.com/news/US-puts-Kenya-on-list-of-cash-laundering/539546-5050904-jwwmva/index.html

SOMALIA

TERRORISM

Somalia is confronted by two primary terrorist threats: *Harakaat Al-Shabaab Al-Mujaahidiin* (commonly known as Al-Shabaab), which is a regional affiliate of Al-Qa'ida, and a local branch of the 'Islamic State' movement, or Da'esh. Although both groups are proponents of Salafi-Jihadi ideology, they are bitter political rivals whose competition for power and influence routinely escalates into violence. In March 2019, for example, Al-Shabaab staged major raids on IS bases in Puntland, seizing stocks of military materiel and causing heavy casualties on both sides. The main victims of both groups, however, are Somali civilians, government officials, members of the security services and AMISOM.

In recent years, Somalia, with the support of AMISOM and partner nations, has made significant progress in combatting these terrorist threats, recovering territories from their control, decapitating their leadership, disrupting their activities and constricting their freedom of action. But as long as both groups remain active and possess committed, capable nuclei, the challenge will remain and much more needs to be done.

AL-SHABAAB

Al-Shabaab has remained active over the past year, both in terms of military operations and also in the expansion of its shadow state. Despite military pressure from Somali security forces (SSF) and AMISOM, and the constant threat of airstrikes, the group's operational tempo has declined only slightly in comparison with the previous year.[842] The group's leadership continues to meet regularly, training is ongoing and

842 Hiraal Institute, *Semi-annual Somalia Security Report*, 16 July 2020.

public orientation sessions for local elders and community leaders have been taking place across much of the country. Government officials have expressed fears that Al-Shabaab's intimidation of community elders could impact the results of indirect parliamentary elections if a one-person one-vote (OPOV) proves impossible to organise in late 2020.

Perhaps most importantly, Al-Shabaab continues to expand its revenue collection system, which now includes taxes and levies on all imports through the port of Mogadishu and other major ports. The financial burden has become so egregious that leading members of the business community have complained, and the federal Minister of Finance has officially acknowledged the problem. Thus, while Al-Shabaab's military strategy and level of activity have remained largely static over the past year, its efforts to build a parallel civil administration have increased significantly.

Leadership and Organisation

Al-Shabaab's command and control structures have been under growing pressure over the past year from the SNA and partner forces, including an intensified campaign of U.S. airstrikes, special forces raids, and a renewed SNA-AMISOM joint operation in Lower Shabelle region to secure strategic bridge towns, restricting access to Mogadishu and its environs. But the movement continues to prove resilient, managing to keep its top leaders secure, sustaining an aggressive operational tempo and conducting extensive training to ensure that it can replenish battlefield losses.

Despite persistent reports of his ill-health, Al-Shabaab's 'Amir' Ahmed Diriiye 'Abu Ubeydah' remains firmly at the helm of the organisation, issuing a statement in March 2020 to reaffirm his leadership. In a show of defiance, on 13 March 2020, Al-Shabaab senior leaders convened a 5-day

forum in the southwestern town of Salagle on the status of the 'Jihad in East Africa',[843] together with key figures from affiliated clans (*Al-Ansaar*) and foreign fighters contingents (*Al-Muhaajiriin*). The number of foreign fighters with Al-Shabaab (not including ethnic Somalis with foreign passports) has fluctuated over time, with the greatest numbers attracted to the group during its confrontations with Ethiopian forces between 2006-2009. Since that time, numbers have generally been estimated in the hundreds, with the largest contingent consisting of East Africans.[844] Smaller numbers from other nationalities, including experienced jihadists from Al-Qaeda and affiliated groups, have at times experienced friction in working with their Somali hosts and either deserted or been killed. Only a handful of foreigners, including U.S. national Jehad Mostafa, are believed to currently hold senior positions

843 Communique from the Consultative Forum Regarding the Jihad in East Africa 23 Rajab 1441 H (18 March 2020)

844 Matt Bryden, CTC Sentinel, p.6

within the organisation.

The most important changes to Al-Shabaab leadership structure in the past year have been the loss of a senior operational commander, Bashir Mohamed Mohamud 'Qoorgaab' (considered by some to be a founding member of the group) and Yusuf Nur Sheikh Hassan 'Jiis', who was reportedly responsible for dealing with humanitarian agencies.[845] Another senior member of the group, Abdulqadir Osman Yarow 'Commandos' was killed in an air strike near Diinsoor in August 2020, but had reportedly been inactive for several years due to ill-health.[846]

Training

Al-Shabaab's ability to sustain a steady operational tempo despite battlefield attrition is due in large part to its

845 https://www.voanews.com/africa/somali-officials-confirm-us-airstrike-killed-senior-al-shabab-leader

846 https://www.caasimada.net/madaxii-jabhadaha-kooxda-al-shabaab-cabdulqaadir-kumaandoos-oo-la-dilay/

persistent investment in training of new fighters and leadership cadres. Jabha training is generally conducted in small groups not exceeding 100 trainees in order to minimise the risk of hostile observation and attack. Specialised groups, such as the Amniyaad, *Mutafaajiraat* and medical personnel are trained in even smaller cohorts, often in safe houses rather than exposed training facilities.

Although details are not available for all Al-Shabaab training activities in Somalia during the reporting period, select information from the month of March 2020 offers some indication as to the scale and frequency of Jabha force generation. During the second week of March, the Al-Shabaab 'governor', Wali Mohamed Nur Abdillahi 'Garweyne', presided over the closing ceremony for 80 new fighters in Gal'ad settlement, near 'Eel Dheer in Galgaduud region. Two weeks later, another cohort of 75 fighters completed their training

at Mintaanya settlement near Bardheere in Gedo region. The ceremony was overseen by 'Wali' Abdirahman 'Abu Mohamed' of Gedo region, as well as Shu'ayb Dheere, the overall Head of Al-Shabaab's military training division, as well as other regional military commanders. In late May, a new Jabha company was reportedly established at a location named Dooyada Ugaarey between Baidoa and Bur Hakaba, nearly 60 km east of Baidoa town.

Based on this information, it seems reasonable to extrapolate that Al-Shabaab are training approximately one company of Jabha troops for each region each month, or nearly three battalions in total. This does not include training for leaders or specialised units. For example, on 16 March 2020, 15 Al-Shabaab Jabha and Amniyaat members completed a year-long medical training at Lakooley settlement located 45km northeast of Eel Adde settlement in Gedo region. The

advanced medical training including casualty evacuation, first aid and basic surgical procedures for battlefield injuries.

Operations

Al-Shabaab's resilience has enabled the group to maintain an operational tempo in 2019-20 comparable to previous years in Somalia. Somalia's Hiraal institute depicts a slight decline in Al-Shabaab attacks during the first half of 2020 vis-à-vis the same period in 2019.[847] But according to the Africa Center for Strategic Studies, Al-Shabaab has consistently engaged in more violent events per year over the past decade than any other militant group in Africa: during the first half of 2020, Al-Shabaab was been involved in approximately 1,500 acts of violence – roughly three times as many as Boko Haram – and could conceivably surpass its most violent year on record (2018).[848]

847 Hiraal Institute, *Semi-annual Somalia Security Report*, 16 July 2020. https://hiraalinstitute.org/wp-content/uploads/2020/07/Semiannual-Somalia-Security-Report.pdf

848 African Center for Strategic Studies, *African Militant Islamist Groups Set Record for Violent Activity,* 21 July 2020 (Data Source: Armed Conflict Location & Event Data Project) https://africacenter.org/spotlight/african-militant-islamist-groups-new-record-violent-activity/

Over the course of 2019-20, Al-Shabaab has publicly reinforced its allegiance to Al-Qaeda, beginning with the attack on the Dusit 2 Hotel.

Complex attack against Madina Hotel, Kismayo[849]

In mid-2019, Jubaland security forces were in a state of high vigilance for possible acts of terrorism. Intelligence reporting over several months had been warning of Al-Shabaab plans to attack hotels, commercial centres and other public spaces where people gather. By early July, the reports had become increasingly precise, warning that a VBIED and a team of *inqimaasi* (suicide infantry) had been deployed to strike possible venues where prominent political and community leaders involved in the electoral process were expected to meet.

Jubaland security forces were alerted to the nature of the threat and stepped up searches of vehicles, houses and suspect individuals with a view to disrupting any terrorist operation. Special security details were deployed to all hotels and other meeting places, which were also instructed to augment their security measures, including installation of CCTV and functioning Emergency Exits.

On the afternoon of 12 July 2019, Kismayo's Madina Hotel (previously known as Asasey Hotel) was bustling with more than 300 guests and visitors, many of them in town in anticipation of the Jubaland State presidential election, scheduled to take place the following month. Friday being a weekend, the hotel terraces and restaurants were more crowded than usual with patrons chatting over tea and coffee before the evening prayer.

849 This case study was shared by the Jubaland authorities for the purposes of learning from and preventing future Al-Shabaab attacks of this nature.

At 1745h, a Toyota Probox, with registration number 5331A, pulled up in front of the hotel and exploded, smashing the front gate. A minute and a half later, 3 heavily armed gunmen in Jubaland police uniforms entered the hotel premises through the breach and began firing on patrons with AK-47s and F1 hand grenades. A firefight ensued between the attackers and the hotel security, including the special security detail, who were largely successful in preventing the Al-Shabaab from penetrating the interior of the hotel, containing the attack within the hotel's courtyard. At approximately 0530 the following morning, after approximately 13 hours, security forces declared the hotel clear: the attackers had lost 2 dead and one injured. They had killed at least 26 hotel guests and wounded 30 more.

Planning and Preparation of the Attack

Subsequent investigations by the Jubaland security services revealed that on 18 December 2017, Al-Shabaab militants had hijacked a vehicle transporting qaad near the town of Hoosingow: a black Mini Pajero belonging to Abdirashid Hassan Sayah. It was then taken to the Al-Shabaab stronghold of Jilib, where the license plate was transferred to the silver Probox used in the Hotel Madina attack. The planning of the operation and preparation of the Probox as a VBIED was supervised by a senior Al-Shabaab commander known as Abdiqaadir 'Dheere'.

On 12 July 2019, the Probox left Jilib with the driver and 4 passengers on board, passing through Janna Abdalla before stopping in the village of Qudus (Goloshumbi), where Abdiqaadir Dheere disembarked. The vehicle then left Qudus at 1100h and proceeded directly to its objective. The team carried with them 3 AK-47s, 900 rounds of ammunition and 15 F1 hand grenades. Because the occupants were all wearing police uniforms, they were able to pass security checkpoints without difficulty.

The vehicle driver, an 18-year-old resident of Kismaayo, stopped briefly near the target in order to allow the passengers to alight. He then proceeded directly to the Madina Hotel where he detonated the VBIED, killing himself instantly. The three inqimaasi entered less than 2 minutes later, moving through the hotel courtyard and into the lower floors of the hotel, shooting guests and they went. Jubaland security details and hotel guards reportedly prevented them from accessing some of the upper floors.

The bodies of the two dead Al-Shabaab fighters were subsequently identified. The third, injured fighter, recovered and co-operated with investigators.

Although the primary objective of the mission was to disrupt preparations for Jubaland's elections and to discredit the authorities, Al-Shabaab also sought to undermine trust in the Jubaland police by dressing its fighters in their uniforms. Other useful intelligence concerning Al-Shabaab's leadership in Jilib and the group's evolving tactics, techniques and procedures has been kept confidential at the request of the authorities.

Although security services in Mogadishu succeeded in detecting and deterring numerous Al-Shabaab operations in 2020, including at least 3 complex attacks, the group nevertheless succeeded in staging a breakout from Mogadishu's central prison on 11 August, killing 5 guards and 15 prisoners, and less than a week later attacked beachfront hotel in August leaving at least 16 people dead and 28 injured. In contrast with previous years, however, Al-Shabaab has failed (as of the time of writing) to stage a major operation against any of Somalia's neighbours or other foreign countries.

Al-Shabaab in Northeast Somalia

Al-Shabaab in Northeast Somalia (ASNE) has distinct origins from the main Al-Shabaab movement and exhibits more localised objectives and membership. In effect, ASNE features a close affiliation with part of the Warsengeli clan, which inhabits the territory in which it operates, and is focused primarily at undermining the authority and stability

of the Puntland government. This has been the source of longstanding structural tension between the core Al-Shabaab leadership and its northern affiliate, including the formation of a breakaway faction that aligned itself with Da'esh rather than Al-Qa'ida.

Leadership and Organisation

According to Somali security officials, ASNE is headed by a 7-member council or *shura* which is intended to broaden its clan profile beyond the Darod/Harti/Warsengeli and in which each member fulfils a specific function. The senior leader is known as 'Rabaani', while the group's former leader, Yasiin Osman Kilwe, is currently described as chief of operations. Other key positions include heads of finance and justice.

ASNE's military strength is estimated at between 450-500 fighters, relatively well trained and equipped, divided into platoons (*fasiilooyin*) of 40-50 men each, deployed in separate

locations. Additionally, about 100 unarmed members of the group, including women and children, are responsible for support functions like water, rations and logistics. Despite the group's Harti clan profile, its rank and file reportedly include significant contingents of Rahanweyn, Hawiye and Oromo. It's senior leadership also includes a number of high ranking Isaaq. A small number of foreign fighters are also reported to join the group each year, mainly traveling from Yemen, but they take pains to disguise their identities and even nationalities.

Each fighter receives $100 per month, with additional allowances for children. ASNE encourages its members to marry, offering $1,500 as a bonus. Most of ASNE's financing is provided by businesses in Boosaaso, both as monthly 'taxation' and in the form of voluntary contributions by prominent business leaders – many of whom previously served with *Al-Itihaad Al-Islaami* in the 1990s.

ASNE resources are sufficient to sustain the fighters, as well as to arms and equip them. For example, on 29 June 2019, 70 sets of battle dress uniforms (BDUs), including camouflage uniforms, combat boots, belts and hats was delivered to the head of ASNE logistics, Jama Hassan Gabayre 'Tible' at 'Eel Daahir, about 95km south of Boosaaso on the main road. The uniforms had been procured in Bur'o and transported via Eerigaabo by a known ASNE courier.[850]

850 Puntland security sources, based on human intelligence, December 2018.

Al-Shabaab also collects revenues from private and commercial vehicles at night-time checkpoints established along the main route between Boosaaso and Garowe. Over time, these roadblocks have become routine, but the intermingling of ASNE with local communities makes it challenging for the security forces to take decisive steps to remove them.

Operations

ASNE's operations are almost exclusively focused on Puntland government targets. However, in recent years, as the group's rivalry with Da'esh has escalated, they have also conducted several attacks against their jihadist competitors. Since ASNE is based in the Galgala highlands, large scale clashes with Puntland security forces are rare, requiring one side or the other to stage a complex, long-range and high-risk operation to attack the other. Instead, most ASNE operations involve small-scale raids or ambushes on the outskirts of Boosaaso, as well as targeted killings. Since the beginning of 2020 the group

has assassinated two Puntland regional governors using IEDs (see below).

In August 2018, Puntland security services learned of an ASNE plot to kill PIA the DPWorld Puntland officer in charge in Boosaaso, Paul Formosa, employing an explosive device[851]. However, the group failed to procure adequate explosives and instead, after some delay, ambushed and killed Mr Formosa with several shots to the head.[852]

ASNE also relies to some extent on supporters in the town of Eerigaabo, which is controlled by the Somaliland administration. Prominent members of the community, including the imam of a local mosque, have provided logistics, transportation, ambulance services and anonymous SIM cards for ASNE fighters. One facilitator, Ahmed Adib, has been imprisoned by the Somaliland authorities since June 2018 on

851 Puntland security official based on electronic communication with AS informant.

852 https://www.bbc.com/news/world-africa-47114779

charges of providing weapons to ASNE.

Figure 6: Hubkii uu Axmed Caddib Shabaab u keenay

The Eerigaabo network has been under close observation by the Somaliland authorities and several have been briefly detained, but as elsewhere, AS links to the local community routinely frustrate government attempts to take decisive action.

Shadow governance

Al-Shabaab's resilience is in large part a reflection of its systematic engagement with Somali communities and the establishment of a shadow system of governance that functions even where there is no permanent Al-Shabaab presence or where formal state institutions exist. Underpinned by a system of inducements and sanctions to ensure compliance, Al-Shabaab appoints clan elders, convenes regular, compulsory 'orientation' sessions for community leaders, mediates inter-communal disputes, collects taxes and regulates social norms.

Over the past year, Al-Shabaab has been especially active in organising '*dawra*' or 'orientation' sessions for community leaders. The purpose of *dawra* is introduce Al-Shabaab doctrine and practice to new members and to reinforce

the ideological commitment of existing members. *Dawra* are generally well-publicised and images displayed on pro-Shabaab media. Participants in recent sessions have included not only clan elders and community leaders, but also Members of Parliament, fuelling speculation that Al-Shabaab intends to exert influence over any forthcoming electoral process.

Dawra also serve as forums for dialogue and decision making between Al-Shabaab and their supporters. For example, on 9 March 2020, 30 businessmen from Dhuusamareeb, 'Eel Dheere, 'Adaado and 'Eelbuur districts (all in Galgaduud region) gathered for a *dawra* session at which they discussed with local Al-Shabaab leaders issues relating to taxation.

Al-Shabaab also deals directly with clan and sub-clans on a range of matters, often as a mediating clan dispute. In April 2020, an Al-Shabaab delegation led by Sheikh Mohamed Sahal "Abu Osama", the governor for Lower Shabelle region

and Sheikh Abdullahi Ma'alin Gedow, Al-Shabaab governor for Bay and Bakool region, held a mediation talks between elders from the Garre (Digil) and Eelay (Mirifle) at Xero Labaad in Qoryooley district, Lower Shabelle region.

The two clans have a long-running dispute over agricultural lands and sharing of two water dams in the contested area. Six people from both clans have been killed in recent years, so Al-Shabaab convened a meeting to address the problem. After hearing both sides, Al-Shabaab reportedly demanded that each clan post a bond of US$3,000, which would be forfeit if hostilities resumed. Both clans paid and the dispute has remained dormant.

Al-Shabaab also engages with clans as a kind of authority, enshrining bilateral agreements in a manner comparable to Somali traditional law or *xeer*. One typical episode began on 19 April 2020, when a delegation from Al-

Shabaab's *Maktabul Musaalixa* (a reconciliation organ of the militant group) led by Sheikh Abdirahman 'Abu Osama', the '*Wali*' for Gedo region, met with traditional leadership from the Talha sub-clan of Marehan at Eel Gaduud settlement, approx. 20 km south of El-Adde town. The purpose of the meeting was to resolve a dispute between Al-Shabaab and the Talha over the payment of taxes. After three days of deliberations, the parties agreed:

- That members of the sub-clan agree to obey Al-Shabaab's Shari'a law;
- The Talha would denounce *murtadiin* (apostates) and refuse to accept their authority, regardless their clan or political affiliation;
- The Talha elders agreed that Al-Shabaab establish an Islamic Shari'a institute to serve areas inhabited by the sub-clan;
- Al-Shabaab's *Da'wa* unit would take charge of religious learning centres;
- The Talha agreed to pay *zakaat* and other taxes to Al-Shabaab.

In exchange for the clan's concessions, Al-Shabaab agreed to release over 20 prisoners from Talha being held on charges of non-compliance with Al-Shabaab taxation. In future, any member of the Talha who refuses to pay tax will be held individually accountable.

As illustrated by the case of the Talha above, the taking of hostages by Al-Shabaab is frequently used to apply pressure to resistant communities. The Sheikh Banaanay community of Berdaale district is infused with a strong Sufi tradition and has long resisted Al-Shabaab demands for taxation and recruits.[853] In December 2019, a team from the *Amniyaad* kidnapped a young, respected Banaanay cleric from the village of Toosweyne, who had been an outspoken critic of the jihadists. Through the mediation of the Leysaan clan at a meeting in Diinsoor, Al-Shabaab demanded 84 new recruits in exchange for the cleric, which the Banaanay community refused. In

853 Only 4 members of the community are known to have joined Al-Shabaab: two were killed in action while two others

March 2020, an Al-Shabaab Jabha unit attacked Toosweyne, seizing 25 elders. The group's demands have now escalated to 120 recruits and US$60,000 in taxes, which the community has so far declined.

Another tactic employs to extend its influence over clans is to appoint "traditional elders" that are loyal to the cause. This may provide the clan with a degree of protection if its territory is largely under Al-Shabaab control, but it may also weaken the clan by creating more than one claimant to the same title.

ISLAMIC STATE (IS) / DA'ESH

The Islamic State group (IS) in Somalia is affiliated to the Islamic State of Iraq and the Levant (ISIL) and primarily operates in the eastern mountainous areas of Puntland region, but has claimed responsibility for several terrorist attacks

throughout the rest of Somalia. IS (Somalia) originated in 2015 as a splinter group of Al-Shabaab's branch in the Galgala highlands of Puntland, led by Sheikh Abdulqaadir Mumin – and elderly returnee from the United Kingdom.

The genesis of Mumin's Da'esh faction appears to have its roots in clan politics rather than ideology. Whereas the AS stronghold in Galgala is hosted by the Warsengeli sub-clan, Mumin is a member of the Majerteen/Ali Saleebaan. Dispatched to Puntland in 2012 by then 'Amir' Ahmed Abid Godane in order to reign in this autonomous and potentially renegade AS faction, Mumin found it difficult to impose his authority on the group's Warsengeli commanders and decided instead to establish a jihadist organisation of his own: Islamic State in Somalia (ISIS). In 2015, he relocated with several dozen followers to his home territory of Qandala, which is inhabited mainly by the Ali Saleebaan, and began to build a new force.

Mumin pledged allegiance to ISIL, but this affiliation was not reciprocated until 2017, when ISIL's international leadership apparently recognised Mumin's faction by referring to it as a 'Somali Governorate' (*Wilayaat As-Soomaal*) in a video.[854] Since then, however, this denomination has not been used consistently and some doubts still exist about the strength of the relationship.[855]

Today, the group is estimated to have between 150 and 275 fighters, mainly from the Ali Saleebaan but also including members of other Majerteen sub-clans and a small number of foreign terrorist fighters (FTFs). In October 2016, the group briefly seized control of the district capital, Qandala, but ceded it to Puntland government forces in December 2016 and now operate mainly in the eastern parts of Bari region, where they

854 Joscelyn, Thomas, and Caleb Weiss. "Islamic State Video Promotes Somali Arm, Incites Attacks During Holidays". FDD's Long War Journal, 2017, https://www.longwarjournal.org/archives/2017/12/islamic-state-video-promotes-somali-arm-incites-attacks-during-holidays.php.

855 Anzalone, Christopher. "Black Banners In Somalia: The State Ofal-Shabaab'S Territorial Insurgency And Thespecter Of The Islamic State". C Tcsentinel, vol 11, no. 3, 2018, p. 16., https://ctc.usma.edu/wp-content/uploads/2018/03/CTC-Sentinel-Vol11Iss3.pdf.

have seized control of some villages and mountainous areas. It has also built clandestine networks of supporters, facilitators and operational cells in and around Mogadishu.

Although Mumin's group has waged a sustained, low-level campaign of terrorist violence against the Puntland authorities, it has never succeeded in staging a major operation or a mass casualty attack and is locally perceived as a nuisance.[856]

Mumin has, however, successfully exploited political tensions between elements of the Ali Saleebaan sub-clan and the Puntland state government in order to retain a secure foothold in Ali Saleebaan territory, obtain recruits from the clan and deter decisive intervention by the Puntland security forces. So far, the administration in Garowe appears to assess that the level of threat posed by Da'esh is outweighed by the risk

856 The only significant Da'esh operations outside Qandala district have been a surprise attack on the Village Hotel in Boosaaso in February 2017 and a suicide bombing in Boosaaso in May the same year, killing 5 people.

that large-scale, kinetic intervention by its security forces could escalate into a more general political and military confrontation with the Ali Saleebaan, inadvertently strengthening the position of the jihadists. Instead, Puntland has confined its actions, with U.S. support, to intelligence collection and disruption operations, including occasional airstrikes against high value targets.

Leadership and Organisation

Like Al-Shabaab, IS leadership structure includes a Consultative Council or 'Shura' comprising the group's 'Amirs' or Heads of the various Bureaux. The Chairman of the Shura, and supreme leader of IS remains Abdulqaadir Mumin, despite his advanced age (estimated between 75-80) and persistent reports of his ill-health. His former deputy, Abdihakim Mohamed Ibrahim 'Dhuqub', was reported killed in a U.S. airstrike between the villages of Hol Anod and Hiriro in April 2019.[857]

857 https://www.voanews.com/africa/airstrike-kills-deputy-leader-somalia

He is believed to have been replaced by Abdirahman Ahmed Fahiye, who was in turn reportedly arrested by Somaliland security services in Laas Aanood in late March 2020.[858] An overview of IS leadership is found in Annex G.

Da'esh's total strength in Somalia is generally at between 160 - 250, including roughly 50 Amniyaat and facilitators (some of them women) in places like Boosaaso and Armo, as well as foreign fighters. Most of the rank and file, like their leader, Abdulqadir Mumin, are from the Majerteen/Ali Saleebaan and are native to the Qandala area, but several identified commanders are from other parts of Somalia and different clans. Ordinary fighters reportedly receive up to US$150 per month. Foreign terrorist fighters (FTFs) are estimated by the Puntland authorities at roughly a dozen, mainly of Arab and East African origin; most of these are assessed to be low-level facilitators for training and logistics who are not closely integrated with

858 https://somaliguardian.com/somaliland-counter-terrorism-forces-arrest-isis-leader-in-somalia/

the main force, remaining close to their base at Buqo.[859] One Saudi national, however, identified as 'Keyf Mas'uud', is believed to serve as a high-level liaison with IS in the Middle East.

IS relies on two main arms suppliers, both members of the Ali Saleebaan, who import their stock from Yemen. The most notorious of the two is Issa Yuluh, a former pirate who has also served as an officer in the Puntland Daraawiish forces. According to local security officials, Yuluh relies principally on agents in Mukalla, Yemen for his supply of arms and ammunition. In April 2020, Yuluh allegedly received a consignment of PKM machine-guns, rocket-propelled grenades (RPGs) and various types of ammunition, valued at US$120,000, which he subsequently transferred to IS in Qandala.[860]

859 Somali security service interview with IS detainee, October 2018.

860 Interviews with Somali security officials, June 2020.

Finances

When he defected from Al-Shabaab, Abdulqadir Mumin reportedly expected financial support from the international IS movement. But Puntland security services report that his failure to hold Qandala town or expand his group's area of territorial control placed strains on the relationship and led to a curtailing of external funding in mid-2018.[861] As a result, IS turned to domestic sources for its revenues --- principally extortion in the name of *zakaat*.

By demanding 0.25% of all business revenues in Boosaaso, IS was reportedly able to raise US$700,000 in 2017, and has continued to expand its tax base as it enlists new businesses and improves its capacity both to monitor revenues and enforce payment. Like Al-Shabaab in Mogadishu, IS also acquired access to Boosaaso port records, including full details of import consignments, the companies to which they belong

861 Somali security service report based on interview with former IS operative, August 2018.

and their value.

Beginning in 2018, business owners in Boosaaso reported receiving text messages from a mobile phone number that was traced to the vicinity of Sheebaab, a locality near Qandala under IS control.[862] The messages all expressed variations on the following:

> *From the Islamic Government especially the State of Somalia, to [Name of Business], we are instructing you to contact the Islamic government within 24hrs. NB: if you fail to obey the order of the Islamic government you will be responsible for the consequences. (Signed) Islamic Government.*

On 7 August 2018, the deputy manager of Golis Telecommunication Company, Abdullahi Mohamed Omar, was allegedly assassinated by IS in order to set an example for the business community. Although some business owners subsequently fled Boosaaso to other towns in Puntland, Somaliland (Somalia) and abroad, where IS does not have a

862 Somali security service interview with local businessman, 21/9/2018.

presence, others have consented to pay the IS tax.

In Mogadishu, IS has long sought to establish clandestine operational networks, both to raise its profile through targeted killings and complex operations in the capital, and also to build a trade-based money laundering network employing sympathetic business leaders. The effectiveness of these teams is questionable, however, since they have not managed to stage any major operations and have instead suffered from a spate of arrests and targeted killings that indicate reciprocal infiltration and sabotage by both groups, possibly involving the Somali security services. IS Deputy Amir Mahad Ma'alim Jajab was assassinated in Mogadishu in October 2018:[863] an act that was attributed both to government agents and to a rival faction within IS, headed by Abdirahman Fahiye. Just days later, the overall leader of IS in southern Somalia, Hassan Fanah, was arrested in Mogadishu, but allegedly released

863 https://apnews.com/aca1d9d34041470ea1a83e35144d9c2c

in exchange for a $100,000 bribe. Sources close to Mumin, however, accused Fahiye of paying out only $50,000 and keeping the balance for himself.

With the IS leadership in Mogadishu either neutralised or compromised, Somali security services began to focus on a Kenyan Somali named Adan Ibrahim a.k.a. Adan Mahamud Hassan as the next in line as IS 'Amir' in Mogadishu[864], together with the appointment of a new Amniyaad commander for Banaadir named Abdirahman Ismail in May 2020.

864 Somali security service interviews with IS informants 2019-20 and material recovered during raids in Qandala by the Puntland authorities, 2018.

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

Somalia is ranked first among African countries in terms of the number of IED attacks. It ranks fourth in the world behind, respectively, Afghanistan, Iraq and Syria.[865] IEDs are the most widely used weapon system by violent and criminal non-state groups operating in Somalia mainly for their efficiency, dramatic and deadly effects. They represent 37% in 2019[866] and 34% in 2020[867] of all Non-State Actors (NSA) activities recorded by AMISOM in Somali territory, followed closely by what AMISOM names "Probing attacks".

Al-Shabaab is believed to have first deployed an IED in 2005: a small explosive charge attached to a Vespa scooter parked

865 Source: Global Improvised-Threat Trends Update – Defense Threat reduction Agency, USA

866 319 IED incidents reported by AMISOM in 2019

867 161 IED events reported by AMISOM from 01 January to 30 June 2020.

near Mogadishu's Sahafi Hotel. 2006 witnessed an increase in their use including an attack by the first Somali suicide bomber against then Somali President Abdillahi Yusuf Ahmed in the town of Baidoa. In 2008, the group demonstrated the capacity to coordinate multiple, simultaneous suicide attacks, striking five targets in Hargeysa and Boosaaso. In 2010, Al-Shabaab conducted its first successful IED attack outside Somalia's borders, simultaneously bombing two restaurants in Kampala, Uganda, where patrons had gathered in large numbers to watch football World Cup finals.

The Al-Shabaab military operations have continued to evolve since its creation towards a hybrid war[868] strategy in which regular war fighting techniques against Somali Security Forces (SSF) and AMISOM installations, guerrilla type actions against convoys and patrols, terrorist attacks against

868 Definition of hybrid warfare by Frank Hoffman: "Any adversary that simultaneously and adaptively employs a fused mix of conventional weapons, irregular tactics, terrorism, and criminal behavior in a battle space to obtain their political objectives" (Source: Hybrid Vs. Compound War. The Janus choice: defining Today's Multifaceted Conflict", Armed Forces Journal, October 2010).

civil and governmental targets have been deployed. These three types of tactics include the use of improvised explosive devices (IEDs).

They have demonstrated for several years already their capacities for adaptation and innovation in the field of IED Tactics, Techniques and Procedures (TTP). They appear to benefit now from a well-established IED operational and logistical organization. They also have a robust human intelligence and infiltration capacity allowing preparation of attacks in addition to other criminals (taxing, blackmail) and terrorist (assassination) activities.

The main difficulty faced by the troops is the advantage provided to non-state actors by the surprise effect, the evolving nature of the techniques, tactics and procedures (TTP) used and the asymmetry of conflicts. Additionally, the control of the conquered territory is challenging for SSF and AMISOM.

AMISOM spokesman Charles Imbiakha stated that "The problem is the level of unpredictability… Today, you secure an area, but you're not very sure that tomorrow it will be secure. And that's why those periodic attacks are still happening in Somalia."[869]

The conduct of C-IED operations and the implementation of effective countermeasures by governmental forces, AMISOM and its partners can oblige non-state actors to adapt their operating methods in some cases.

Objectives of the IED use

IEDs are purposely used as a military tactic to slow down the forces during movements, to fix the troops in their camps, to decrease the morale, to protect AS positions.[870]

869 Source: https://www.thenewhumanitarian.org/feature/2019/11/19/Climate-shocks-Somalia-problems

870 The last reported incident when an IED protecting an AS position exploded was on 20 June 2020 in Deg Warirri, in Lower Shabelle killing 07 SNA Soldiers were killed, and 15 others injured during a security operation.

The troops' harassment with IED and ambush against convoy and installations, aim to control territory by limiting Forces' movement. They reduce their capacity to supply remote armed positions. Also, armed forces convoy and military installations are targeted to recover weapons, ammunition and vehicles. The damages caused by IEDs have also a significant impact on the Forces' vehicle fleet adding additional constraints to their operational and logistic capabilities.

The access limitation imposed by the presence of IEDs on Main Supply Roads (MSR) limits or even prevents access to authorities, SSF, AMISOM and their partners as well as to the civilian population who are not supporting the presence of non-state actors on their land causing population displacement. This can in some cases allows a temporary or permanent territory control.

The harassment method impacts the troops in a less

visible manner. The tactic, when repeated over a long term, can cause a decrease in the morale and motivation of Troops Contributing Countries and Governmental soldiers. They can develop naturally a feeling of being bogged down in the conflict, which is seemingly not a concern of the radicalized AS members. The use of IEDs also constitutes a psychological weapon against civilian forces and populations because of their lethal effects, and the fear that they instil caused by the fact that IEDs can affect anyone who at any time in the normal lives of fellow citizens and without discrimination. Paradoxically, the use of IEDs could be perceived as more legitimate if only the fighting forces were affected.

IEDs are also used as a terror weapon to blackmail and assassinate members of the civil society in the continuation of the AS movement' strategy against the political power in place. The elimination of strongest AS' opponents including

political leaders, clan elders and several high rank officers is part of the Al-Shabaab strategy for many years. IEDs are used to apply political pressure at local, regional, and federal level, including during election period, but also at the international level. High levels of insecurity slow and even deter donors' interest in stabilization and humanitarian projects in Somalia. 34 IED incidents in 2019 and another 9 in 2020 were directly targeting authorities. They include the high-profile AS suicide attack committed on 24 July 2019 inside the Banaadir Regional Administration Centre by a female suicide bomber. The operation was allegedly targeting the UN special envoy to Somalia, James Swan. The mayor of Mogadishu, Mr. Abdirahman Omar Osman and 6 others including two district commissioners and three directors, were killed and many other were wounded.[871] The assassination campaign with IED are also happening in the regions. The Governor of Nugaal

871 Source: https://www.theguardian.com/world/2019/aug/01/mayor-of-mogadishu-dies-as-result-of-al-shabaab-attack-somalia

region, Mr. Abdisalam Hassan Hersi, died from his wounds following a PBIED detonation in Garowe on 29 March 2020[872] and the Governor of Mudug region, Mr. Ahmed Muse Dabakariix, was killed by a SVBIED attack on 17 May 2020[873] in front of his office in Gaalka'yo. Both attacks caused many other casualties and are part of a recent campaign of assassinations in Puntland.[874]

Although Al-Shabaab might claim an attack or not, the real motive could in some cases be linked to an assassination contract executed by the jihadist group due to the failing to pay taxes or for the benefit of another person or group outside the movement according to experts interviewed. The reasons can be multiple including clan, political, real estate or financial dispute. However, it appears that the alleged external

872 Source: https://www.aljazeera.com/news/2020/03/somali-governor-killed-al-shabab-suicide-bomb-attack-200330090409681.html

873 Source: https://www.hiiraan.com/news4/2020/May/178179/suicide_bombing_in_somalia_kills_governor_three_others_in_pu%20ntland_police.aspx?utm_source=hiiraan&utm_medium=SomaliNewsUpdateFront

874 Source: https://www.africa-confidential.com/article-preview/id/12989/Shabaab's_surge

involvement can't be proven and be prosecuted.

Pict 1: AMISOM vehicle hit by an IED showed in an AS propaganda video

Finally, IEDs remain an efficient propaganda tool used by AS to demonstrate his capacities via support media and claims. The most recent example is a video released in February 2019 showing a compilation of catastrophic effects mostly against Ethiopian and Kenyan forces in Somalia [See picture 1].[875] The videos are specifically efficient for the recruitment of new AS members.

875 Source: https://sofrep.com/news/breaking-al-shabaab-releases-video-of-attacks-in-somalia-warning-graphic-content/

Target

AMISOM troops remained the primary target of IED attacks in 2018, as in 2015-2017, closely followed by SNA Forces according to collected data.[876] The AS strategy for targeting the SNA forces continued to increase during 2019. The number of attacks against the national army exceeded those against AMISOM. This shift appears to have continued to grow in the first half of 2020. It was likely favoured by the increased regional presence and engagement of the SNA in the operations against NSA. This trend is accentuated when the attacks against other Somali Security Forces, including the Somali National Police (SNP), Special and regional are added.

In addition to the innocent victims injured or wounded during IED explosions as bystanders, Authorities and civilians continue to be also explicitly targeted by IED incidents. 28%

876 Open source data collected from 2017 until first semester of 2020

in 2019 and 20% in 2020 of all IED incidents reported by AMISOM were against civilian targets. At least 115 IED incidents against civilian targets, and 81 incidents against authorities were recorded from 01 January 2018 to 30 June 2020 *[See Figure 7]*.[877] It represents respectively 10.5% and 7,4% of the 1091 IED events recorded during this period. This distribution of percentages seems to have remained more and less stable since 2016. Deliberate attacks against civilians represented 5% of the total number of IED in 2016 and 10% for the national authorities[878]. Civilians targeted include government employees, journalists[879], religious representatives, businessmen, etc. [See figure 7]. The systematic responsibility for the attacks attributed mainly to Al-Shabaab is sometimes questionable. The origin of the explosions is sometimes

877 Open source data collected from 2017 until first semester of 2020

878 Source: The IED threat in Somalia in 2016 - IED Threat Assessment and C-IED Police Capacity - Security Governance Programme – Sahan Foundation

879 Source: Ismail Sheikh Khalifa, a Kalsan TV journalist, was targeted by a UVIED on 04 December 2018 https://www.amnesty.org/en/latest/news/2020/02/somali-journalists-targeted-for-speaking-out/#:~:text=Nur%20Ismail%20Sheikh%20was%20an,a%20warrant%20in%20November%202018.

suspected to be linked to commercial disputes, especially in the area of the *qaad* (khat) business.

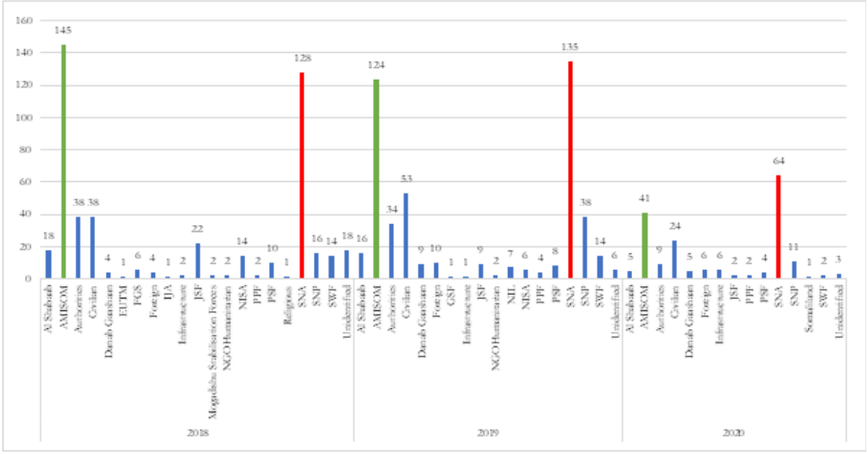


Figure 7 Type of entities targeted by IED from 1 January 2018 to 30 June 2020[880]

880 Source: Sahan data

Case study: Turkey

Foreigners, except for AMISOM, EUTM, US Forces and other partners, appear to not be a primary objective for AS and ISS. However, Turkey has been specifically targeted through a series of indirect fire, suicide attacks, IED and MAIED in Somalia since 2013. Although the AS spokesman, Abdul Aziz Abdul Musab declared that they "do not distinguish between a Turkish, American, Kenyan, Ethiopian, or British soldier" and that "all of them are invaders fighting against the Shari'ah, and it is an obligation to expel them and kill them"[881], Turkish construction companies, engineers, aid workers and the military forces appear to have become a legitimate target for AS due to their increased partnership with the Somali Federal Government (SFG).

At least 8 IED events were reported during the period from May 2019 to June 2020. On 28 December 2019, a truck-laden with explosives killed, depending on the sources, between 60 and 92 people, among them more than 10 police officers and two Turkish contractors. Nearly a 100 of persons were injured. Al-Shabaab' statement indicated that the suicide bomber targeted a Turkish convoy near Afgooye junction in Mogadishu. The AS spokesman, Ali Mohamed Rage, claimed using the classic nationalist and apostasy rhetoric of jihadi culture, that Turkey is "taking all resources of Somalia" and that they "shall always fight … the Turkish who work with the apostate government of Turkey".

The most recent attack was the PBIED detonation on 23 June 2020 against Camp Turksom in Mogadishu where Gorgor troops are trained. As a reminder, several high visibility attacks targeted Turkey in the past including an SVBIED attack against a Turkish convoy on 14 April 2013 between K4 and UNCC building the same day than the deadly Banaadir regional court complex attack, and the VBIED detonation against SYL hotel on 22 January 2015 during Turkish President's visit[882]. Another complex attack happened shortly before the arrival on 3 June 2016[883] of the Turkish President Recep Tayyip Erdogan in Mogadishu on 3 June 2016. However, although the visit of the Turkish President was officially announced on 16 February 2016[884], it is unlikely that AS planned to target the Turkish leader in this specific case because there was no mention of the visit in the AS claim. Finally, one likely scenario suggests that the attack against Daallo Airline (02 February 2016) was allegedly intended to target initially Turkish Airline[885].

In comparison, Chinese citizens have been reportedly targeted only once since 2019 by AS while electrical engineers were travelling between Ex-control and 'Eelasha Biyaha in Mogadishu neighbourhood on 28 January 2019. The two Chinese persons who were injured in the Madina (Asasaey) Hotel complex attack in Kismayo on 12 July 2019 were likely not specifically targeted.

881 Source: https://www.longwarjournal.org/archives/2020/06/shabaab-hits-somali-turkish-bases-with-suicide-bombings.php
882 Source: The IED threat in Somalia in 2016 - IED Threat Assessment and C-IED Police Capacity - Security Governance Programme – Sahan Foundation
883 Source: Report SAHAN-SOM-IED-038-2016
884 Source: http://www.tccb.gov.tr/en/spokesperson/1696/39941/statement-by-presidential-spokesperson-ambassador-ibrahim-kalin.html
885 Source: Report SAHAN-SOM-IED-003-2016

Geographical distribution

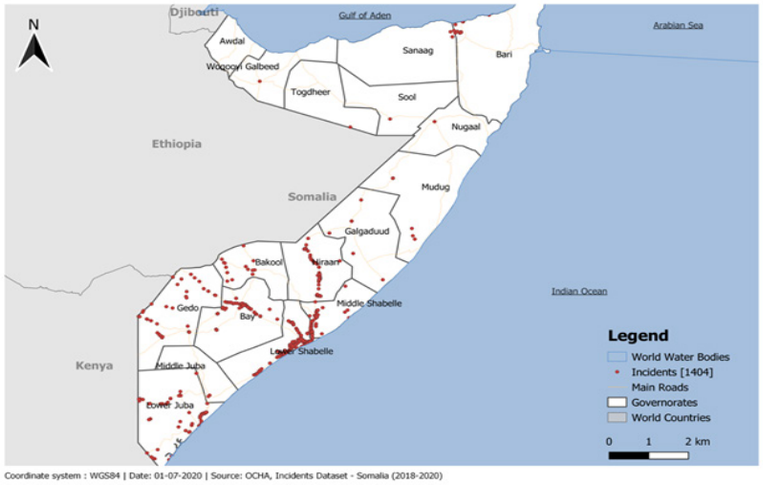
Regional level

Banaadir and Lower Shabelle continue to be in 2018-2020 the regions with the highest number of IED incidents. More than half of all the events took place in both regions similar to the previous year's 2016 and 2017. The reasons for this high activity are directly related with the location of the Somali Capital within the Banaadir region and the presence of numerous AMISOM and SNA forces in both regions [See map 1].

While the number of incidents remained high but stable in the Banaadir region in 2018 and 2019, a slight decrease in activity was observed in 2019 in the Lower Shabelle region (161 vs. 132 incidents). However, the Lower Shabelle region still had the highest number of IED events in 2020 with 64 incidents. Meanwhile, the low number of IEDs (43 incidents)

reported during the first semester of 2020 in the Banaadir area is encouraging.

Hiiraan and Bay regions ranked 3rd and 4th respectively in the total number of annual reported attacks seems to have also benefited from a slight decreasing number of IED attacks between 2018, 2019 and 2020.



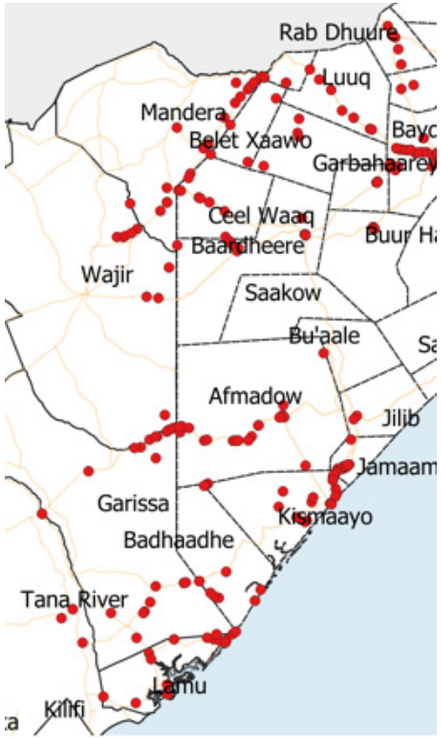
Map 1: Distribution of IED attacks in Somalia by region during the period from January 01, 2018 to June 30, 2020.

Unlike the apparent decrease in activity in the regions mentioned above, the IED activity appears to have increased in Middle Shabelle during the reporting period from January 2018 to 30 June 2020.

Meanwhile, the number of IED events in the Lower Juba region remained stable between 2018 and 2019 (54 vs. 50 incidents). However, the low level of IED activity reported in the first half of 2020 (14 events) also seems promising [See figure 8].

The border area between Somalia and Kenya is the witness of significant IED activity, particularly on the roads [See map 2].

Additional maps showing the distribution of IED attacks by region and year are available in Annex H.



Map 2: IED activity along the Somalia-Kenya border from 2018 to 31 June 2020.

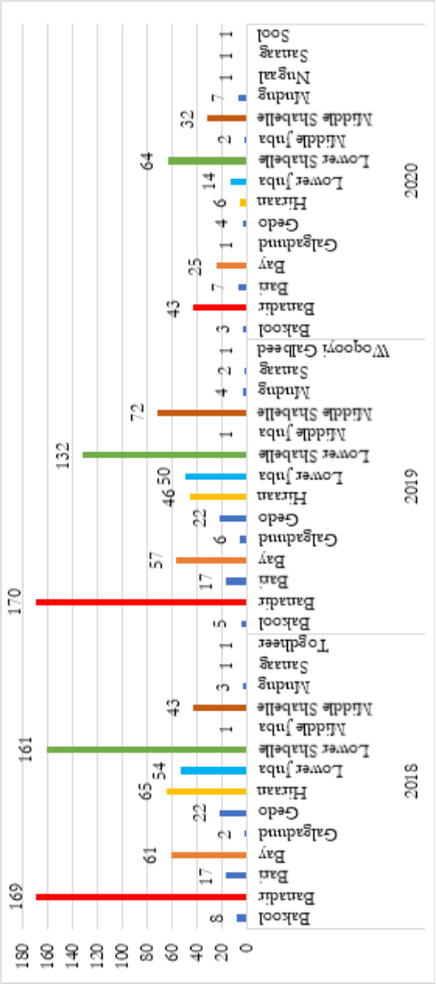
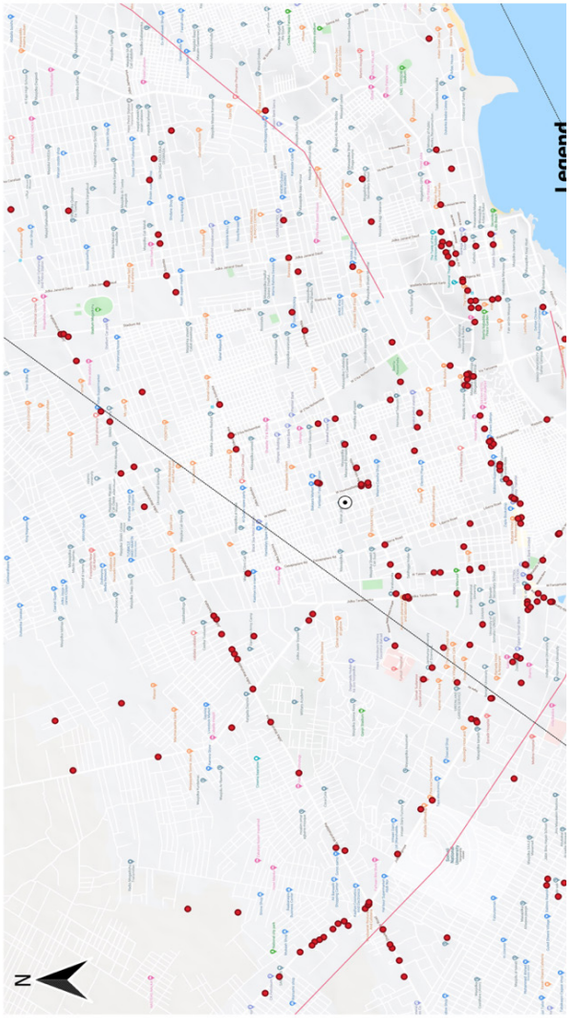


Figure 8 Total IED number per Region

District level

Marka and Afgooye in Lower Shabelle, Jowhar and Bal'ad in Middle Shabelle, Baidoa in Bay are the districts with the highest number of IED events reported in 2018, 2019 and during the first semester of 2020 [See Annex H].

Dayniile and Hodan have been both districts of Mogadishu with the highest number of IED events in 2018, 2019 [See map 3]. The same trend was observed during the first semester of 2020 except for the increased activities in Dharkenley district [See Annex H].



Map 3: Distribution of IED attacks in Mogadishu during the period from January 01, 2018 to June 30, 2020.

Organization of al-Shabaab units producing IEDs

Historically, the al-Shabaab IED department didn't exist during the early years of the Salafi VEG from 2006 to 2010. The attack's efficiency level was equal to hit-or-miss and AS did not have a centralized method of conducting the IED-related operations. After 2010, they developed a base dedicated to IED in a village near K50, known as Aalayasir, a.k.a. Aala-Yaasir, in Lower Shabelle according to witnesses interviewed by the author. The place used to be also an IDP camp until its closure by AS in October 2011.

After the establishment of Aalayasir center, AS leadership reportedly decided to develop an IED department and to start training its fighters. The aim was to synchronize the course curriculum. They reportedly brought together all the technicians to the former German Training Centre in

Mogadishu (GTZ or Xero Jarmal) under the command of Ma'alim Qasim. He was reportedly an Afghan War veteran against the Soviet Union where he received training. Ma'alim Qasim hailed from Afgooye town. After a quick crash course, AS formally established their IED department called *Mutafajiraad*.

The camp seems to have successively moved to Kunturwaarey following the liberation of Afgooye by the Somali Government Forces and AMISOM on 25 May 2012. It was later relocated to Buula Fuulaay in the Bay region. It is yet unconfirmed if this is the same training camp who was bombed by the US Africa Command (AFRICOM) on 4 January 2019. The town was also targeted by a drone strike on 27 March 2019. The camp seems to have been still operational until recently according to reliable sources and until at least the recent airstrikes conducted by the United States forces in

March and May 2020.

The *Mutafajiraad* is the al-Shabaab branch belonging to *Amniyaat* and responsible for anything related to explosive, suicide, urban and complex attacks with its several sub-departments. Mohamed Abdullahi is reportedly the branch commander.

AS who initially did not have extensive experience with the IED production started developing explosives weapons along the years. They began using TNT material with poorly fixed pieces of metal to the more sophisticated devices employed today.

Annex I (strictly confidential) contains information on the organization of Al-Shabaab units producing IEDs.

Al-Shabaab IED-maker training

The training of the AS operators and bomb makers takes a critical part in the IED operational capacity and strategy of the group. The *Mutafajiraad* trains its sub-departments' workers and the members of the end-user units responsible for assembling IED components as described in the chapter above.

Annex J (strictly confidential) contains additional information on Al-Shabaab IED-maker training.

IED distribution to AS End-user unit

Each end user unit reportedly requests components separately according to their needs. The IED components are distributed to AS end-user units after the production process via established smuggling roads and networks. They are usually reportedly transported separately according to the witnesses' statement and analysis of IED discovery events.

The explosive is often transported in plastic drums or buckets. The *Mutafajiraad* is seemingly supported by logistics units for delivering prepared components.

There is no systematic consistency in the smuggling methods used. They include similar methods than those used to transport weapons from Somalia to Kenya such as:

- By paid transporters;
- Via AS network using small cars, motorbikes and donkeys;
- Hidden into container (e.g., 20-litre milk jerrycans), compartments of the vehicle and under transported goods; and
- By women and children.

Origin of IED components

Building IEDs requires access to components available in Somalia and others that are imported legally or illegally. The large number of recurrent IED attacks and recent discoveries show that the supply of components does not seem to be a

problem for the jihadist organization. [886]

Due to their commercial nature and in the absence of national legislation controlling the trading and importation of the IED components, the majority of them can be legally imported in Somalia. Most of them can be made from daily usable hardware material available in the local market (electric cable, batteries, fertilizer[887], medical and cosmetic product, plastic drum, ball bearings, rebar, vehicle alarm, etc.).

Some other components require to be smuggled by various criminal and terrorist networks. It includes commercial detonators, detonating cords and possibly some chemical material entering in the HME composition. However, the smuggling conditions of these components remain to be confirmed. Detonators and TNT can be in some more rare

886 Source: "Al-Shabaab IED-making unit dismantled by NISA In Mogadishu. Bomb-making material recovered" written by Goldberg January 30, 2020

887 Several SAHAN reports, including the "IED Threat in Somalia in 2016" have already demonstrated the legal availability of some possible HME precursors in different Somali regions.

cases available in the black-market, mainly in Mogadishu's Bakaara market at a very expensive price.

Historically, AS reportedly tried to import itself the required IED components, but the failure rate was very high according to key informants. Therefore, the *Mutafajiraad* department decided to use smugglers, usually linked with the Somali piracy network in Puntland who own speed boats and members working for a few leaders. The smugglers can be middlemen who have a financial interest in the transaction. It includes those bringing products from Yemen to Somalia via different routes and those transporting the components to AS.

The smuggling of IED components via the Gulf of Aden and Puntland exists for many years and has been documented on several occasions.[888]

888 Source: IED Threat Assessment in Somalia Interim report Dec 2015 - Feb 2016 - Sahan foundation; Source: S/2017/924 - https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2017_924.pdf; Source: S/2013/413

Somalia, and more specifically the Puntland coast offers multiple landing sites allowing Dhows to beach. The components can also be transferred at sea to smaller fishing boats. Once the shipment reaches Puntland, the components are transported into smaller batches in order to avoid control and detection by Puntland Security Forces (PSF). The main destination of smuggled IED components is reportedly the Galkayo region where the AS collect it from there or sometimes use paid "fixers" from local transporters. Once it arrives in the AS controlled area, the components seem to be transported to different barns and the production workshops, including in Buula Fuulaay area (Bay). Some of the central warehouses are reportedly located in Jilib (Middle Juba), Bu'aale (Middle Juba), Harardheere (Mudug), in Lower and Middle Shabelle.

While the smuggling of commercial detonators and detonating cords is known and was documented on multiple

https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2013_413.pdf

occasions, the reported illegal importation in the past of "TNT" confirmed by numerous key informants was unknown from this report's authors. However, it was suspected due to the industrial quality of the recovered Aluminium-TNT mixture observed between 2012 and 2014 but couldn't be proved. According to informants, its import seems now reduced or even stopped because of the current increased HME production capabilities.

The repeated information received concerning the support in smuggling IED components from International actors couldn't be confirmed and remains under investigation.

To be noted that it also exists a large volume of commercial explosive components transiting legally and illegally via the IGAD countries and by sea to supply the mining industry and quarries in the region. A risk exits that

the explosive material can be easily diverted from its original purpose.

IED Tactical Categorization

Trying to determine shifts in the tactics, techniques and procedures during a specific period of time can be tempting. However, the analysis of AS modus operandi deployed since several years suggests that it can only be considered as temporary. Instead of a tactical evolution, the observed difference appears to be more related to the NSA's ability to choose from a toolbox comprising an arsenal of conventional and asymmetric TTPs. AS operational units are flexible organizations able to temporarily switch from one fighting mode to another one.

Interviewed military operators indicated a decrease in the number of complex attacks against forces in favour of attacks carried out by a smaller number of AS members

responsible for posing one or several IEDs activated by remote-controlled or victim-operated switches. This observation suggests, without being able to be fully confirmed, that attackers might now seek to minimize the exposure of their combatants following the numerous human losses inflicted by the aerial airstrikes and counter-insurgency operations.

Annex L (strictly confidential) contains this report's findings on Al-Shabaab's IED Tactical Categorization.

Complex Operations

The decreased number of complex operations observed since the first semester of 2017 has continued from 2018 to June 2020 [See figure 16]. It includes a dramatic diminution of high-profile attacks against hotel facilities particularly, although they appear to be still a legitimate target for AS.

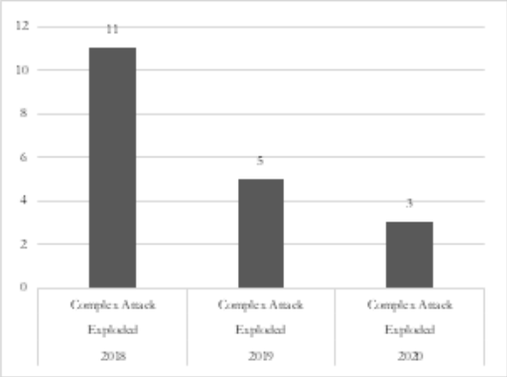


Figure 16: Complex attacks per year from 2018 to June 2020

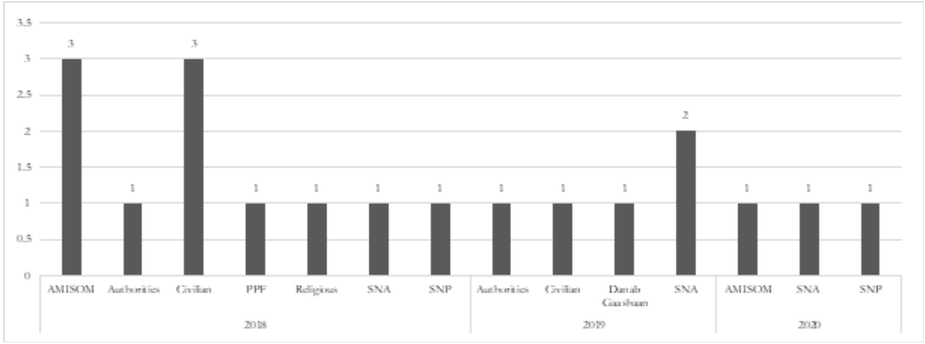
16 of the 19 reported complex operations since 2018 have involved at least one SVBIED. Secondary VBIEDs were used on numerous occasions.

While five complex attacks were recorded in Banaadir area in 2018, only one incident against the Deputy Minister of Labour was reported in 2019 in Mogadishu.

Since 2018, the complex attacks in regions were conducted in majority by *Jabhat's Katiba* attacking African

Union and Somali forces installations [See Figure 17]. One or two SVBIEDs are usually used to support subsequent waves of assault across defensive lines. *Amalyia Inqimaasi* members equipped with explosive belts or vests are also sometimes deployed. Attacks on military and police infrastructure are not only beneficial for propaganda purposes but are also a direct supply source in arms and munitions.

Although SNA FOBs generally hold a lower quantity of arms and munitions than AMISOM, they might continue to be a privileged target of choice due to their increasing presence in the regions, in most cases. The dense vegetation, the type of terrain, the volume of forces, the absence of defensive systems, ability to cut access and reinforcement routes are all factors that seem to be taken into account during the planning phase of complex attacks by AS.



The analysis of the AS propaganda video

Figure 17: Type of entities targeted by Complex Operations from 2018 to June 2020

Pict 12: AS members looting munitions in 'Eel Saliinle FOB

documenting the recent 'Eel Saliini raid[889] on 19 February 2020 revealed a previously unseen change of tactic. It appears according to the images that the *Jabhat* infantry opened fire before the SVBIED detonated from the opposite side of the FOB. It could be interpreted as a way to distract the defending force from the approach of the vehicle in order to enhance the prospect of a clean breach and maximum confusion inside the perimeter. AS are seen after having secured the FOB to calmly pillage weapons, ammunition and vehicles, apparently aware that they are in no danger of imminent counterattack [See picture 12].

Another suggested explanation might be an attempt from AS to force the SNA troops to fight back against the first small arms fires to consume quickly a majority of its, sometimes, limited amount of munitions. The defensive

889 https://mystream.to/watch/3jtxwnid86za; https://www.aljazeera.com/news/2020/02/somalia-al-shabab-fighters-attack-military-bases-200219110346352.html

system with a lower strike-back capability offers less resistance against the subsequent forceful assault waves, including with SVBIED. Somali armed force members who are familiar with this type of complex attack against FOB assessed that overall, the AS firepower attack might appear lower in comparison to previous similar operations.

Trend and pattern analysis

IED statistics

Accurately estimating the number of IED events presented and casualties remains a laborious exercise for several reasons. They include the absence of evidence or witness, the operational context not allowing to conduct post-blast investigation, lack of communication capacities for the units remotely located or collection capabilities, the C-IED secrecy culture and the necessity to maintain operations security (OpSec). Therefore, data can vary between sources, and the confirmation exercise can be challenging. The figures

described in the chapters below should be considered with caution and only as a general trend indicator. The data has demonstrated than the number of IED incidents can be sometimes underestimated by some organizations.

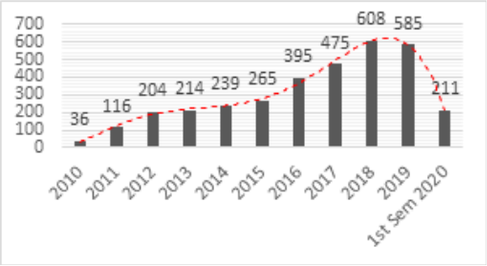


Figure 18 Total number of IED events from 2010 to 2020.

However, it appears that the total number recorded in 2019 marks for the first-time a slight diminution in comparison to the gradual increase since the beginning of their uses in Somalia. A total number of 585 events were recorded in 2019 against a minimum of 608 in 2018. The US AFRICOM and the DETRA agency estimate that between 2,240 and 2,529 people were victims of the explosions of homemade explosive

devices in 2019. The slower pace of IED attacks observed since October 2019 seems to have continued in 2020 with 211 IED events reported during the first semester.

The number of IEDs in 2020 could reach the figures of 2016 or 2017 if this trend is confirmed during the second half of the current year *[See figure 18]*.

Although the variation appears to be modest between 2018 and 2019, the decrease in the frequency of IED attacks can have several reasons. Hypothetically, it can perhaps be explained by the increased use and experience of road search teams and foot patrols who, despite they suffer from many casualties, can successfully detect a larger number of IEDs *[See figure 19]*.

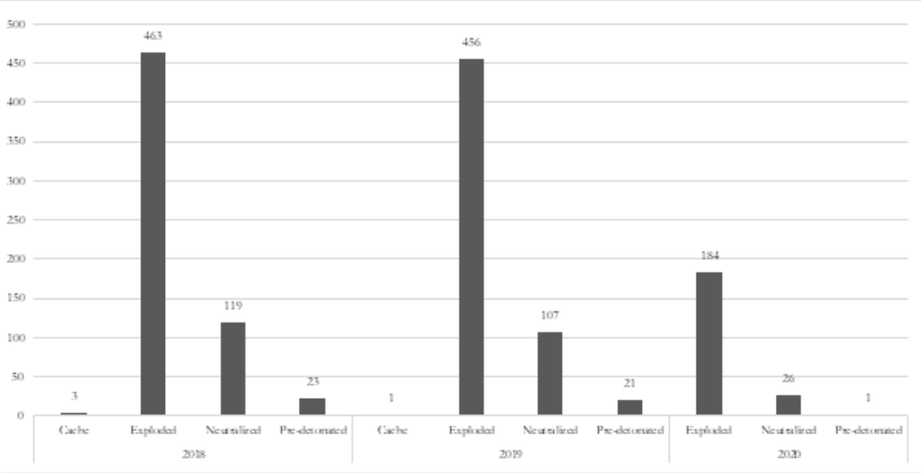


Figure 19 IED Status

The cooperation and coordination with regional and federal forces with AMISOM was also reportedly efficient in some sectors according to key informants. Besides, IEDs have severely impacted the AMISOM armoured vehicle fleet of some contingents, the number of supply convoys in specific sectors has drastically decreased between July 2019 and March 2020. Road conditions have improved with the pavement of certain parts of the MSR, and the amount of logistical supply by air for troops operated by the United Nations Support

Office in Somalia (UNSOS) has increased. The presence of a lower number of targets on the main roads may have enabled a downward variation in the volume of incidents. Finally, the heavy losses within AS caused by an intensified airstrike campaign, possible component' supply difficulties due to forced relocation of AS units and increased SSF operations tempo may have hypothetically also affected the NSA's ability to place IEDs [See figure 20].

The climatic conditions are another factor affecting the IED incident frequency. Heavy rains and flooding can sometimes uncover laid IED components and enable their discovery. However, bad road conditions during rainy seasons can be also an advantage for the attackers because it impedes off road movement and creates a defile or choke point where IED can be laid. The 2019 *Gu* rainfall season (From March to June) was marked by a delayed start in most parts of the country[890] and *Deyr* rains which began earlier than normal had an overall rainfall performance in terms of amount and distribution above average in southern *Somalia* and many parts of central and northern regions[891]. It caused road flooding and movement limitations for both Forces and NSA. AS is also suspected in some cases to voluntarily blocking the river to overflow.

890 Source: https://reliefweb.int/report/somalia/somalia-2019-gu-season-rainfall-update-issued-22052019

891 Source: https://www.fsnau.org/fsnau-in-focus

High profile attacks coinciding with religious celebration or event anniversary is common in jihadist culture. However, there was no substantial change in the number of IED during both Ramadan periods in 2018[892] and 2019[893] similar to 2017. The data analysis also shows that the volume of incidents remained in the annual average, including during the period pre- and post-Ramadan. The last visible variation in IED activity during a Ramadan period was observed in 2014[894] and 2015.

The reasons for the inability of AS to increase the IED attack tempo during Ramadan can be multiple. One obvious is the effort made by the Government and SSF to tighten the security in Mogadishu by improving access control to possible high-profile targets, including Ministries, Airport, hotel and

892 Ramadan 2018: From 16 May to 14 June

893 Ramadan 2019: From 5 May to 03 June

894 Grégory Robin, Offensive de printemps en Somalie (T 497) https://www.defnat.com/bibliotheque/resultats_auteur.php?cenvoi=1&cidaut=4576&cauteur=%27Grégory%20Robin%27

restaurant complexes. To be noted that recent Ramadan periods occurred during the *Gu* rainfall season when movement capacities are more restricted as explained in the chapter above. The restriction of movement for AS is also accentuated during this period with the risk of air strikes carried out by the *United States*.

The results were successful during the 2018 Ramadan period, with no high visibility attacks in Mogadishu. Only 2 SVBIED were reported including one in Afgooye (Lower Shabelle) against a Danab convoy and one in Jamaame (Lower Juba) against a JISA FOB near Sunguuni.

The SSF were less fortunate in 2019 in countering AS infiltration within the Somali Capital with four VBIED detonations in Banaadir during the holy month period. Although those events confirmed one more time AS capacity to exploit weakness and opportunities to conduct their operations, the

apparent security failure should be put into perspective because two of the 4 VBIED explosions were reported as premature without casualties. There was also no complex attack against a high-profile target during the period. A fifth intercepted VBIED exploded in Afgooye district (Lower Shabelle) while being rendered safe by an SNPF EOD team. It was assessed that the objective was likely Mogadishu. Comparatively, 2017 Ramadan witnessed more high-profile attacks and casualties with the complex suicide operation against Posh hotel[895] on 14 June 2017, followed by the SVBIED detonation against the Wadajir District headquarter on 20 June 2017.[896]

895 Source: https://www.reuters.com/article/us-somalia-attack/at-least-19-killed-in-hotel-attack-in-somali-capital-idUSKBN1960GP

896 Source: https://www.aljazeera.com/news/2017/06/deadly-car-bomb-attack-rocks-somalia-mogadishu-170620111009266.html

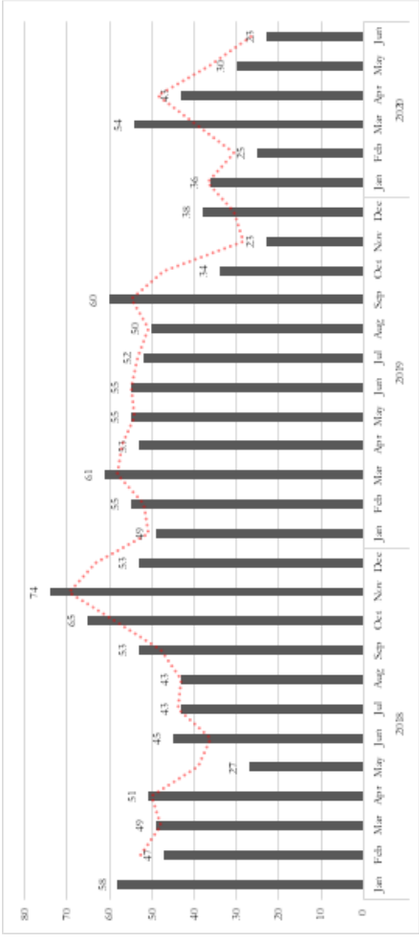


Figure 20 Total number of IED events per month from 2018 to June 2020.

IED Technical Categorization

With a few exceptions, there does not seem to be a fundamental change in the construction of IEDs compared to what has been observed since 2015. The AS have developed and mastered for several years the use of directional anti-vehicle and anti-personnel explosive charges deployed in large quantities against Somali and AMISOM forces.

The observation of the components constituting the improvised explosive devices and their construction seems to demonstrate that the AS continue to benefit from logistic chains and supply of IEDs existing for several years. Although the most efficient and deadlier IED versions (Cylindrical DFC and Claymore-type) are now employed within most of the AMISOM sectors, differences in the tactical design can sometimes exist between regions.

IED Components

Annex N (strictly confidential) contains a detailed overview of IED Components.

Islamic State (IS) affiliated group in Somalia

The Islamic State group's footprint and presence in Mogadishu has reportedly increased since December 2019. Extortion activities specifically targeting business communities were reported. However, the IS's IED activity in Somalia remains anecdotal compared to AS. The responsibility from ISS in four IED attacks in 2018 and three in 2019 were confirmed. More recently ISS has claimed on 14 and 17 May 2020 the responsibility in Arabic language of IED attacks against SSF vehicle near Mogadishu. [897][898]However, its authenticity couldn't be confirmed. Despite several casualties, none of the IED events were considered as high profile. Counter-terrorism

897 Source: https://twitter.com/SimNasr/status/1261033720494129152?s=20

898 Source: https://www.longwarjournal.org/wp-content/uploads/2020/06/98258091_706704936732535_4146061823524732928_n.jpg

operations conducted during Ramadan 2020 when alleged several ISS members were captured might have impacted its capacity to conduct high profile IED attacks. Additionally, the group's capacities might have been also diminished by the successive captures on 9 and 13 May 2020 of IED components in Bossaso (Bari region)[899]. Although, the ISS IED capability appears to be low, they remain a threat who could continue to inflict casualties, and specifically in case of a suicide or complex operations.

899 https://twitter.com/PSFForces/status/1259106104505708544?s=20; https://twitter.com/PSFForces/status/1260617974878294017?s=20

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

As highlighted in the Organized Crime Index 2019, arms trafficking is the most significant crime in Somalia. Sources cite that the significant trade of illegal weapons in Somalia remains highly lucrative and is comprehensively entwined with transnational terrorist groups, drug smuggling, and the conflict in nearby Yemen[900]. The report further suggests that demand for weapons remains unabated, despite various embargoes and other sanctions and that neighbouring Djibouti has emerged as an increasingly important hub for weapons trans-shipment to armed groups in the region, due to its strategic transit location for weapons derived from Houthi-held territory in Yemen, which it then

900 defenceWeb (14th Aug 2018) "The arms trade in the Horn of Africa promoting conflict" https://www.defenceweb.co.za/joint/diplomacy-a-peace/the-arms-trade-in-the-horn-of-africa-promoting-conflict/

ships to northern Somalia.

The Small Arms Survey highlights the proliferation of firearms in Somalia—including among clan militias and al-Shabaab—and the inadequate management of state-held firearms and ammunition continues to threaten human security in the country and undermine formal initiatives to control weapons.[901]

According to the iTrace system developed by Conflict Armament Research, between 1% and 3% of illicit small arms documented in Somalia, and approximately 17% of ammunition seen in 17% Somalia have been manufactured since 2010[902]. A relatively new trend observed in the region is the proliferation of converted imitation firearms, which enables the circulation of illegal handguns at a much lower cost. Major shipments from Turkey have been intercepted in, or on their way to

901 http://www.smallarmssurvey.org/salw/measuring-progress/country-level-case-studies/somalia.html

902 Lipott, Sigrid. "Opaque and Difficult to Quantify". GGA, 2020, https://gga.org/author/sigrid-lipott/.

Djibouti, Libya, Ethiopia, Sudan, and Somalia. In 2017, 25,000 imitation handguns were seized in the port of Kismaayo.[903]

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

Somalia is facing two types of trafficking of persons and smuggling of migrants. Somali nationals looking are being smuggled and trafficked abroad, and domestic and foreign victims are trafficked and exploited within Somalia.

Four transnational routes used by traffickers in Somalia can be identified: a northern route towards Europe through Libya; an eastern route to Europe via Turkey; a southern route to Kenya, Tanzania, or South Africa; and the route from south-central Somalia through Puntland onward to Yemen via the Bab el-Mandeb strait to reach the GCC.[904]

903 Lipott, Sigrid. "Opaque and Difficult to Quantify". GGA, 2020, https://gga.org/author/sigrid-lipott/.

904 "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

The U.S. State Department's 2019 Trafficking in Persons report says that there is anecdotal evidence purporting that Al-Shabaab continues to facilitate human trafficking crimes, using deception, infiltration of madrassas and mosques, and coercion of clan elders, to recruit and subsequently force victims—including children and hailing most heavily from south-central Somalia and Kenya—into sexual slavery, military support roles, direct combat, and marriages to al-Shabaab militants.[905]

According to the U.S. trafficking in persons report, most trafficking routes in the country are run by a combination of Somali, Djiboutian, Eritrean, and North African traffickers. Traffickers are known to mostly use deception when recruiting migrants, although Al-Shabaab often uses coercion or force. Children are noted to be increasingly recruited without their parents' awareness by false promises that they will not need to

905 "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

make any payment until they reach their intended destination. Traffickers and smugglers reportedly take advantage of IDP women and children, particularly from southern or central Somalia, at times luring them with stories of economic success and jobs in Europe or North America.[906] In 2019, Somalia registered 2.6 million IDPs.[907]

Somalia is not a signatory to the Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime, making it an area of concern.[908]

906 "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

907 "Somalia's 2.6M Internally Displaced Citizens in Need of Water, Shelter And Health". IOM, 2019, https://www.iom.int/news/somalias-26m-internally-displaced-citizens-need-water-shelter-and-health.

908 https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12-a&chapter=18&clang=_en

Between January and October 2019 IOM's Displacement Tracking Matrix (DTM) counted 260,073 movements in Somalia, the majority of which came from Ethiopia (72%), followed by Kenya (12%) and Djibouti (8%). 54% of those flows were outgoing, half of which intended to reach Yemen, followed by Ethiopia (33%), Kenya (10%) and Djibouti (6%). The highest number of outgoing flows was observed at Boosaaso (27%), crossing the Red Sea.[909]

IOM reported that 56% of these movements were voluntary and 37% forced (conflict was the primary reason for forced movement) and 8% unknown.[910]

The Eastern route to the Middle East

Somalia, and more particularly Boosaaso in Puntland has a history of being a popular crossing point to Yemen. The

909 Somalia Flow Monitoring. IOM, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_FM_AnnualReport_2019.pdf.

910 Somalia Flow Monitoring. IOM, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_FM_AnnualReport_2019.pdf.

crossing point has had a fluctuating popularity with the areas surrounding Obock in Djibouti. The crossing from Puntland is a long, exposed passage across the Gulf of Aden. In contrast, the Red Sea crossing from Djibouti to western Yemen is shorter and more sheltered.

Boosaaso was the initial major launch point until 2008, and the rise of Djibouti as the preferred launching point may have been in part due to the risks experienced by migrants during their overland journey to Boosaaso. This was highlighted in 2008 when there was a series of bomb attacks in the areas where Ethiopian migrants congregated.[911] The shorter crossing from Djibouti became the main departure point from 2009 to 2013.[912] From 2014, there has been a switch back to Boosaaso, with drivers including abuses on the Red

911 UNODC. The Role of Recruitment Fees and Abusive and Fraudulent Recruitment Practices of Recruitment Agencies In Trafficking In Persons. UNODC, Vienna, 2015, https://www.unodc.org/documents/human-trafficking/2015/15-05035_ebook-_Recruitment_Fees.Agencies.pdf.

912 Akumu, Olivia. "Shifting Tides: The Changing Nature of Mixed Migration Crossings to Yemen". Mixed Migration Centre, 2016, http://www.mixedmigration.org/articles/shifting-tides-the-changing-nature-of-mixed-migration-crossings-to-yemen/.

Sea crossing and upon arrival in western Yemen.[913] IOM FMPs observed an increase of migrants travelling to Yemen in 2016 and 2017[914], with Boosaaso remaining the main departure area. In 2019 Boosaaso counted for 62% of all arrivals in Yemen, the vast majority of which were Ethiopian nationals.[915]

Between January and October 2019 IOM's Displacement Tracking Matrix (DTM) counted 260,073 movements in Somalia, 54% of which were outgoing flows. Half of the outgoing flows concerned individuals intending to reach Yemen, and the highest number of outgoing flows was observed at Boosaaso (27%).[916]

IOM reported that 56% of these movements were

913 Akumu, O. (2016). Shifting Tides: The changing nature of mixed migration crossings to Yemen. Mixed Migration Centre. Available at: http://www.mixedmigration.org/articles/shifting-tides-the-changing-nature-of-mixed-migration-crossings-to-yemen/

914 IOM. Mixed Migration in The Horn of Africa and in The Arab Peninsula. 2017, https://reliefweb.int/sites/reliefweb.int/files/resources/Regional%20Report%20for%20the%20period%20June-December%202017%283%29.pdf.

915 "Migrant Arrivals and Yemeni Returns from Saudi Arabia in 2019". IOM - Flow Monitoring, 2019, https://migration.iom.int/reports/yemen-%E2%80%94-flow-monitoring-points-migrant-arrivals-and-yemeni-returns-saudi-arabia-2019.

916 Somalia Flow Monitoring. IOM, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_FM_AnnualReport_2019.pdf.

voluntary and 37% forced (conflict was the primary reason for forced movement) and 8% unknown.[917]

The peak of movement last year occurred in April 2019, when Flow Monitoring points (FMPs) counted 32,933 movements of Ethiopian, Somali, and Djiboutian migrants in Somalia. This was a 41% increase to the previous month and the increase in flows from the seaport of Boosaaso to Yemen is believed to be due to the "perceived reduction in border controls and coast guard operations during Ramadan and the conclusion of the anti-smuggling and anti-trafficking operation conducted by the Government of Puntland".[918] Nearly all migrants crossing into Yemen from Boosaaso were Ethiopian nationals (mostly from the Oromia and Tigray regions), while a small minority was Somali.[919]

917 Somalia Flow Monitoring. IOM, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_FM_AnnualReport_2019.pdf.

918 "Somalia — Border Point Flow Monitoring (April 2019)". IOM - Flow Monitoring, 2019, https://migration.iom.int/reports/somalia-%E2%80%94-border-point-flow-monitoring-april-2019.

919 Somalia Flow Monitoring. IOM, 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/Somalia_FM_AnnualReport_2019.

Boosaaso gained in popularity in the first months of 2020, counting for 71% of arrivals in Yemen in February, with departure points in Djibouti counting for the remaining 29%. This has been a stark increase to the same period in 2019, when departure points in Somalia accounted for just less than 50%, and Djibouti for just over 50% of arrivals into Yemen.[920]

Interviews with migrants in 2017 indicated that the price paid to a smuggler to travel from Wajaale to Boosaaso and on to Yemen laid between USD 300 and USD 450, depending on the agreement and external factors such as the time of the year, delays, number of migrants on the boat, etc.[921]

The maritime routes from Puntland to Yemen are run by local smugglers, and the use of Mareero raises the issue of

pdf.

920 Mixed Migration. Quarterly Mixed Migration Update: East Africa & Yemen. 2019, http://www.mixedmigration.org/wp-content/uploads/2020/01/qmmu-eay-q4-2019.pdf.

921 Tinti, Peter. Migrant Smuggling Paths from The Horn of Africa To Yemen And Saudi Arabia. 2017, https://issafrica.s3.amazonaws.com/site/uploads/aitwr-7.pdf.

cooperation of corrupt officials.

Somaliland (Somalia) maritime route

Laas 'Aanood has become a hub for Ethiopians wishing to cross the Red Sea to Yemen. Media reports have documented incidents of detainment and torture for ransom of migrants. After having the ransom paid by family members, migrants said to have been brought to Boosaaso to cross the Red Sea.[922]

Routes to Somalia

Puntland and Somalia continue to receive both refugees from Yemen, as well as Somali and Ethiopian returnees. Puntland officials documented to have assisted approximately 7,500 migrants and Somali returnees coming primarily from Yemen, Saudi Arabia, and Ethiopia in 2018.[923] IOM and UNHCR stated to have assisted approximately 5,087

922 "Migrants Cross Yemen War Zone to Find Work in Saudi Arabia". AP NEWS, 2020, https://apnews.com/9e317dcc046103015226f1bbedb8d0e7.

923 "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

Somalis to return home from Yemen since 2017, with boats often taking them to the Port of Berbera in Somaliland.[115]

There is no information available on the financial aspects of these operations, or whether the profits from such activities are within Somalia or offshore.

Somaliland (Somalia)

The United States 2019 Trafficking in persons report says that in Somaliland, some women act as recruiters and intermediaries who transport victims to Puntland, Djibouti, and Ethiopia for the purposes of domestic servitude or sex trafficking.[924]

924 "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

WILD ANIMALS AND WILDLIFE PRODUCTS

Somaliland (Somalia)

The most commonly smuggled animal out of Somaliland is the cheetah. The port of Berbera in Somaliland is widely seen as a common transit point for the trafficking of wildlife species and their parts. Conservation authorities recorded 47 cases involving cheetahs being smuggled through Berbera to the Middle East between 2011 and 2017, but the numbers are believed to be much higher.[925]

According to a Somaliland official familiar with the issue, over 1,100 exotic animals were seized by authorities between 2015 and 2018, while many more are believed to have died while being trafficked. Authorities interviewed in 2018 believed that over half of all trafficked endangered species

925 Hasan, Yusuf. "Somaliland: Cheetah Cubs Poachers and Smugglers Convicted". Somaliland Sun, 2018, http://www.somalilandsun.com/somaliland-cheetah-cubs-poachers-and-smugglers-convicted/.

and their parts passing through Somaliland originated from Ethiopia and Kenya, often via the mountainous region near Hariirad. Species such as eagles, antelopes, dik-diks, tortoises, and certain birds however are believed to be sourced from within Somaliland. The seized wildlife was usually on its way to the Middle East, of which the transit was organised by Yemeni nationals. The most commonly poached and trafficked animal was stated to be the cheetah, which is often captured in Northern Kenya, Ethiopia, or parts of Somaliland.[926]

Once the animal has been captured and put to sleep, they are transported in vegetable trucks while covered in banana leaves. Tortoises are captured in Ethiopia, in Somaliland's Awdal region, as well as near the city of Gabiley, before being trafficked to Yemen.[927]

926 Sahan Foundation and IGAD Security Sector Program (ISSP). Cross-Border Security Threats in The IGAD Region: A Case Study of The Djibouti-Ethiopia-Somali Tri-Border Area. 2018.

927 Sahan Foundation and IGAD Security Sector Program (ISSP). Cross-Border Security Threats in The IGAD Region: A Case Study of The Djibouti-Ethiopia-Somali Tri-Border Area. 2018.

Lughaye, Zeyla' and 'Eel Sheikh have been identified as common wildlife smuggling hubs in western Somaliland, as well as the towns of Xiis and Maydh in Sanaag region. The animals are usually sold together with goats and sheep to feed them during their transit.[928] As of 2018, the prices for big cats were approximately: USD 20,000 for large lions and leopards, while smaller specimens could fetch between USD 16,000 and 18,000 each.[929]

Authorities in Somaliland rescued five cheetah cubs in the town of Hariirad in Salal region in July 2020[930], and reported to have rescued 29 cheetah cubs on 20th July 2019.[931]

928 Sahan Foundation and IGAD Security Sector Program (ISSP). Cross-Border Security Threats in The IGAD Region: A Case Study Of The Djibouti-Ethiopia-Somali Tri-Border Area. 2018.

929 Sahan Foundation and IGAD Security Sector Program (ISSP). Cross-Border Security Threats in The IGAD Region: A Case Study Of The Djibouti-Ethiopia-Somali Tri-Border Area. 2018.

930 "5 Cheetah Cubs Rescued from Illegal Wildlife Trade In Somaliland". Horn Diplomat, 2020, https://www.horndiplomat.com/2020/07/20/5-cheetah-cubs-rescued-from-illegal-wildlife-trade-in-somaliland/.

931 "29 Cheetah Cubs Rescued from Wildlife Smuggling Trade". News24, 2019, https://www.news24.com/Green/News/pics-29-cheetah-cubs-rescued-from-wildlife-smuggling-trade-20190720.

The court of Hargeisa made its first conviction for the smuggling of cheetah cubs in August 2018. Six cheetah cubs aged between 3 and 7 months were rescued on 5 August in El Sheikh near Berbera.[932]

DRUGS AND PSYCHOTROPIC SUBSTANCES

There is limited information on drug trafficking and use in Somalia. The majority of anecdotal accounts concern heroin trafficking. A proliferation of maritime trafficking routes across the Indian Ocean during the past decade make these accounts plausible. There is some documentation, as well as anecdotal accounts, of non-medical use of prescription drugs.[933]

932 Hasan, Yusuf. "Somaliland: Cheetah Cubs Poachers and Smugglers Convicted". Somaliland Sun, 2018, http://www.somalilandsun.com/somaliland-cheetah-cubs-poachers-and-smugglers-convicted/.

933 Information gathered by the author indicated these were prescription medicines, but the possibility these were fraudulent drugs should not be ruled out.

The author has received a number of anecdotal accounts that heroin has been trafficked to Somalia, may be present in Mogadishu and has been landed or transferred off the Gulf of Aden coast. This includes trafficking aboard vessels that hold fishing licences. It has not yet been possible to corroborate these reports, but they are noted here as a threat to monitor. There has been some reporting in open source of heroin being landed at multiple points in Somalia.[934] The UNSC Panel of Experts reported on a 2014 case that may have shown a link between a vessel trafficking heroin and Al-Shabaab. It is, however, important to note that the report did not find "conclusive evidence" of links between Al-Shabaab and heroin traffickers.[935] The 2014 case concerned the MV *Amin Darya*, a small freighter that was intercepted in Kenya with heroin onboard. The vessel had travelled via Somalia,

934 Gastrow, P., Haysom, S., Shaw, M. (2018) The heroin coast: A political economy along the eastern African seaboard. Global Initiative Against Transnational Organized Crime. Available at: https://globalinitiative.net/the-heroin-coast-a-political-economy-along-the-eastern-african-seaboard/ p7

935 S/2015/801, Annex 4.4

anchoring off Hobyo (at the time not a major Al-Shabaab base) for 10 days, where it "took on supplies as well as gunmen – possibly affiliated with Al-Shabaab - who later disembarked". Investigative work on the case did highlight the role of a person operating from the UAE. The report noted: "A businessman in Dubai, also possibly with links to Al-Shabaab, was in continual contact with the traffickers."[936] This latter point regarding the 'businessman in Dubai' is of particular interest, due to the possibility of a member of the financial network being identified.

A survey of drug use found self-reporting of the use of psychoactive tablets, which include benzodiazepines such as the anti-anxiety and anti-insomnia medicine diazepam (Valium).[937] Anecdotal accounts indicate Valium is taken by some to reduce the stimulant effects of khat. There is not

936 S/2015/801, Annex 4.4

937 Elbert et al., (2007). The Consumption of Khat and Other Drugs in Somali Combatants: A Cross-Sectional Study. PLOS Medicine. Available at: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC2121109/

open source information available of the licit or illicit routes on which Valium is moved into Somalia. There are further anecdotal accounts of non-medical use of prescription drugs. This includes non-medical use of the stimulant ephedrine, purchased from pharmacies. Ephedrine is obtained from the herb Ephedra, which grows in desert and semi-arid regions including Somalia. Traditional uses of Ephedra as a stimulant include the treatment of asthma.[938] There are anecdotal accounts of ATS use by drivers in Mogadishu, though the type is not clear. Fieldwork would be useful to understand whether ephedrine is trafficked or moved on licit routes to Somalia, how it is obtained for non-medical use and who is consuming it. A priority is to identify the ATS and the source of these drugs.

A suspension on khat transport introduced in

938 Al-Snafi, (2017). Therapeutic importance of ephedra alata and ephedra foliata-a review. Indo American Journal of Pharmaceutical Science. Available at: https://www.researchgate.net/publication/314525370_THERAPEUTIC_IMPORTANCE_OF_EPHEDRA_ALATA_AND_EPHEDRA_FOLIATA-A_REVIEW

March 2020 in an attempt to reduce the threat of Covid-19 transmission, has resulted in the growth of maritime trafficking routes from Kenya. There are some accounts of khat users turning to illegal drugs, but the type is not clear.[939] A potential driver to some users seeking other substances is a significant rise in the cost of khat. In the period following the ban the trafficked leaves were five times more expensive in Mogadishu than the usual price of khat.[940] There has been some trafficking on air routes. The most notable development is the use of maritime routes from Kenya. These maritime routes run from the Lamu area to Kismayo, as well as onwards to Mogadishu and 'Eel 'Adde beach to the north of the capital.[941] A threat associated with these maritime trafficking routes from Kenya is the possibility that hard drugs could be trafficked alongside the khat.

939 Harper, M., Hassan, B., (2020). Somalia's Coronavirus khat ban leaves chewers in a stew. BBC Online. Available at: www.bbc.co.uk/news/amp/world-africa-52629112

940 ibid

941 Global Initiative (2020). Risk Bulletin: Civil Society Observatory of Illicit Economies in Eastern and Southern Africa.

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

Use of Cash - Currency

Cash is widely used in Somalia, both US dollars and Somali shilling (SOS) - however this is fast being replaced by mobile money. There are no credit card facilities in Somalia, and travellers are advised to take hard currency (i.e. USD).[942]

As mentioned in US INCSR (2016) report, Somalia, with its long land borders and extensive coastline, the smuggling of currency and goods into and out of the country remains common, due mainly to customs and border security officials' lack of capacity to control points of entry. There are, reportedly, few if any checks on currency smuggling across borders.[943]

942 https://www.gov.uk/foreign-travel-advice/somalia/money

943 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and

ENVIRONMENTAL CRIMES

TOXIC WASTE

Somalia's waters have been used as a toxic waste dumping zone since the early 1990s. Nick Nuttall, a spokesperson for the United Nations Environment Program (UNEP), told Al Jazeera that many different types of hazardous waste had been found: "There is uranium radioactive waste, lead, and heavy metals like cadmium and mercury. There is also industrial waste, and there are hospital wastes, chemical wastes –you name it"[944] An Italian journalist, Ilaria Alpi, and her cameraman, Miram Hrovatin, were shot dead in the vicinity of Mogadishu in 1994 while investigating hazardous waste dumping in Somalia.[945]

Following the Tsunami of 2004, approximately 40

Financial Crimes Country Database" (June 2016) https://2009-2017.state.gov/documents/organization/258726.pdf

944 Leonard, E, and G Ramsay. "Somalia: Multilateral, International, And Transnational Repercussions of Conflict - New Directions In Terrorism Studies". Bloomsbury, Globalisations of The Conflict In Somalia, 2013.

945 Mukerjee, Madhusree. "Poisoned Shipments: Are Strange, Illicit Sinkings Making the Mediterranean Toxic?". Scientific American, 2010, https://www.scientificamerican.com/article/poisoned-shipments-criminal-waste-disposal/.

rustic tanks washed up on the shores of Puntland. Some of

Figure 22 Workers with protective suits encasing the tanks in fiberglass, 2006

the containers were cracked open, and residents reported on millions of dead fish washing up on the shores.[946] A German aid organisation, Caritas was brought to the tanks, and noted that the containers were unlabelled and had been carefully wielded shut. Knocking on the containers indicated that they were filled with liquid. Caritas hired Andreas Bernstorff, who

946 "Toxic Somalie: L'autre Piraterie". Première Ligne Et ARTE France, 2010.

had previously been the head of Greenpeace, to fill the tanks' liquid, and presumably toxic content into other containers. This plan was abandoned, and workers wearing protective suits instead encased the tanks in fiberglass mats.[947] Physicist Massimo Scalia of the University of Rome, La Sapienza, chaired two Italian parliamentary commissions on illegal waste disposal. Scalia's comity investigated the dumping of Italian toxic waste in Somali waters, and Scalia attested that "My committee heard from Somalis who said many people in that area had symptoms of poisoning and some died." Deaths of local people, and internal haemorrhages consistent with radiation poisoning, paired with the death of marine life confirms the presence of radioactive waste in the ocean.[948]

947 Traufetter, Geralt. "Toxic-Waste Ship "Probo Koala": Profits for Europe, Industrial Slop For Africa". Spiegel International, 2006, https://www.spiegel.de/international/spiegel/toxic-waste-ship-probo-koala-profits-for-europe-industrial-slop-for-africa-a-437842.html.

948 UN: Nuclear Waste Being Released on Somalia's Shores After Tsunami. *VOA*, 2009, https://www.voanews.com/archive/un-nuclear-waste-being-released-somalias-shores-after-tsunami.

ILLEGAL FISHING

Illegal fishing by foreign vessels has been a pervasive issue for Somalia, it negatively impacts marine ecosystems, and poses a significant threat to the livelihoods of coastal fishing communities. Somalia has the longest coastline in Africa (3,330km) and an exclusive economic zone (EEZ) of 1,165,500 Km2,[949] but the country has a low capacity to enforce maritime laws and does not possess a navy, leaving its shores undefended. In 2017 the UN Resolution 2383 expressed "serious concerns" regarding Illegal, Unreported and Unregulated (IUU) fishing in Somalia's EEZ, stating that "IUU fishing accounts for millions of dollars in lost revenue for Somalia each year, and can contribute to destabilization among coastal communities."[950] A Study published in December 2019 found that foreign fleets

949 "Somalia: National Report 2018". *Indian Ocean Tuna Commission*, 2018, http://www.iotc.org/fr/documents/SC/21/NR24.

950 United Nations Security Council Resolution 2383, "*The Situation in Somalia*," S/RES/2383, 2017, http://unscr.com/en/resolutions/2383.

fishing off Somali shores spent over 90 percent of their time within the prohibited zone.[951]

Research by Secure Fisheries, a project of the NGO One Earth Future, published in January 2020 found three distinct periods of fisheries conflict in Somali waters: conflict between domestic and foreign fishers (1998–2000), conflict driven by piracy in Somali waters, which drove foreign fishing fleets away (2007–2010), and conflict resulting from the return of foreign fishing fleets after piracy waned (2014–2015). It is important to note that not all foreign fleets currently fishing in Somali waters are doing so illegally, yet complains may come in from local fishers, who cannot tell whether a trawler possesses a permit or not. The fishing permits themselves have been contested as well, and the Secure Fisheries study reported on claims of corrupt licensing. The study detected five significant

951 Belhabib, Dyhia et al. "Catching Industrial Fishing Incursions into Inshore Waters of Africa From Space". *Fish and Fisheries*, vol 21, no. 2, 2019, pp. 379-392. Wiley, doi:10.1111/faf.12436.

causes of fisheries conflict: the presence of foreign fishers (whether illegal or legal), territorial disputes, illegal fishing, weak governance, and piracy. Declining of fish stocks was not a cause of conflict, contrarily to many other cases around the world.[952]

PIRACY

There was a slight resurgence in piracy off the coast of Somalia from 2016 through 2019, with a limited number of unsuccessful attacks against large transiting vessels. Some smaller vessels have been briefly taken, though it is not clear if hostage taking for ransom was the driving factor in all cases. The previous ransom model is no longer providing a revenue source to pirates, so groups will have to turn to other activities. This creates a threat of involvement in organised crime. At least one former pirate has trafficked weapons to Al-Shabaab

952 Devlin, Colleen et al. *Rough Seas, The Causes and Consequences of Fisheries Conflict in Somali Waters*. One Earth Future, Secure Fisheries, 2020.

and the Islamic State. A further issue is former pirates seeking security contracts, building links with officials.

The major factor in attack failure has been a significant percentage of larger vessels adhering to Best Maritime Practice (BMP), which responds to piracy and security threats. There has been a lot of discussion that if the piracy threat diminishes, vessels will stop adhering to BMP. What is missed here is that there is an ongoing terror threat, from groups in Yemen, and security teams can mitigate the threat of some attacks carried out from small boats. Therefore, anti-terror measures onboard large transiting vessels will likely prevent a return to the old piracy model but may push a different target profile/ financial model or more attacks in the Somali basin. If attacks shift from holding hostages with significant ransom value, the threat to seafarers who may be more at risk of abuses should not be forgotten.

Peak and decline

Piracy off the coast of Somalia increased from 2008, reaching a peak in 2011: "Pirate attacks in the Gulf of Aden and Indian Ocean surged in 2008 and by January 2011 over 700 hostages and 30 vessels were being held by Somali pirates."[953] Pirate attacks by Somali groups were concentrated in the Gulf of Aden, but spread across much of the Indian Ocean as mother ships were used to increase range.[954] Naval operations in the Gulf of Aden were likely to be a factor in the spread to new areas: "88. One important change in 2010 has been a 50 percent decline in attacks in the Gulf of Aden, due to a combination of naval operations, the adoption of best practices by the shipping industry and probably also to the increased use of private maritime security companies for

953 "EU Naval Force Operation Commander Reinforces Need for Vigilance at Sea as Chemical Tanker Attacked By Suspected Somali Pirates". *Eunavfor*, 2016, https://eunavfor.eu/eu-naval-force-operation-commander-reinforces-need-for-vigilance-at-sea-as-chemical-tanker-attacked-by-suspected-somali-pirates/.

954 "UNOSAT Global Report on Maritime Piracy - A Geospatial Analysis 1995-2013". *UNITAR*, https://www.unitar.org/learning-solutions/publications/unosat-global-report-maritime-piracy-geospatial-analysis-1995-2013.

armed protection on commercial and private vessels. Attacks and hijackings, however, have increased significantly in areas where naval forces have less or no patrol capacity, such as the Red Sea and the wider Indian Ocean. Pirate attacks have been recorded as far away as the coast of Oman (Arabian Sea) to the north, Ilha Magaruque in the Mozambique Channel to the south and Minicoy Island (India) to the east."[955]

Resurgence: Recent Incidents where Large Commercial Vessels, in Transit, were Attacked by Pirate Action Groups

The resurgence of piracy started in October 2016, following a break of more than two years, when a chemical tanker, the CPO Korea, was attacked 500km east of Somalia. Several rounds of ammunition were fired between the six armed assailants, who were in a fast-moving skiff, and the armed security team on board CPO Korea. The suspected pirates

955 S/2012/544 - Security Council Report

broke away after the CPO Korea successfully implemented self-protection measures by increasing speed, altering course, and rigging fire hoses.[956]

2017

In 2017, there were three piracy incidents where vessels were boarded. Of note is the significant levels of violence, with one case involving pirates and attempting to drive the crew out of the citadel by starting a fire, while an RPG was fired in another case.

On 8th April, the Lebanese-owned OS 35, Tuvalu-flagged cargo vessel was hijacked by pirates. Chinese forces took three pirates captive, including Abdikarim Salah Mohamed, also known as Aw Koombe, the leader of the hijackers, who was also the leader of the group that had hijacked the *Aris 13* and

956 "EU Naval Force Operation Commander Reinforces Need For Vigilance At Sea As Chemical Tanker Attacked By Suspected Somali Pirates". *EU Naval Force*, 2016, https://eunavfor.eu/eu-naval-force-operation-commander-reinforces-need-for-vigilance-at-sea-as-chemical-tanker-attacked-by-suspected-somali-pirates/.

was based out of the town of Alula. The Chinese navy turned Abdikarim Mohamed over to Puntland authorities where he was placed at Boosaaso Central Prison.[957]

The two other incidents that were listed as being piracy-related in 2017, are of particular importance due to the taking of hostages.[958] The incidents concerned the brief seizure of regional vessels, during which hostages were taken. Pirate involvement in the Aris case was confirmed as Aw Koombe was part of the attack group.[959] The Aris 13, a United Arab Emirates-owned vessel fuel tanker en route from Djibouti to Mogadishu, was hijacked by pirates on 13th March in the gap between Socotra and the Somalia mainland, marking the first hijacking of an international merchant vessel off the coast of Somalia since 2012. A firefight occurred on 16th March, and the

957 S/2017/924 F. Resurgence of piracy – Security Council Report

958 S/2017/924 F. Resurgence of piracy – Security Council Report

959 S/2017/924, para 92 - Security Council Report

tanker was released following negotiations among the pirates, local elders, and Puntland authorities.[960] On 01st April, *Al Kausar*, an Indian-owned, Indian-flagged dhow travelling from Dubai to Kismaayo, was also hijacked in the Socotra gap. All 10 Indian crew members were taken hostage and subsequently freed by Somali security forces on 12th April.[961] On 03rd April, *Salama 1*, a Pakistani-owned cargo vessel was hijacked off the coast of central Somalia and an unknown number of crew members were taken hostage.[962]

2018

A chemical tanker, the Motor Tanker Leopard Sun was attacked by two skiffs nearly 300km of the Somali coast on 23rd February. The attack was significant, it went on for 20 minutes and there was a substantial response from the onboard security team/Best Maritime Practice (BMP4). A key point is that this

960 S/2017/924 F. Resurgence of piracy – Security Council Report
961 S/2017/924 F. Resurgence of piracy – Security Council Report
962 S/2017/924 F. Resurgence of piracy – Security Council Report

vessel would likely have been boarded if it was not complying with BMP. The Singapore flagged 50,000 metric tonne chemical tanker was travelling from Sohar, Sultanate of Oman to Cape Town, South Africa when the incident occurred. The skiffs approached the MT Leopard Sun and fired upon her, after which the on-board Private Armed Security Team returned fire with warning shot, leading the skiffs to turn away after 20 minutes. EU NAVFOR noted that the ship, crew, and security team "demonstrated a very high standard of self-protection protocols in line with BMP4," adding that the "reporting of the incident to UKMTO/ EU NAVFOR MSCHOA was exemplary in both speed and detail, including the damage to the ship from gunfire from the skiffs."[963]

Additional attacks took place in 2018, which were also

963 "EU NAVFOR Confirms MT Leopard Sun Attacked 160 Nautical Miles Off The Central Coast Of Somalia.". *EU Naval Force*, 2018, https://eunavfor.eu/eu-navfor-confirms-mt-leopard-sun-attacked-160-nautical-miles-off-the-central-coast-of-somalia/.

thwarted due to the implementation of BMP.[964]

2019

Once concerning incident took place in 2019, during which a dhow was boarded and then used as a mothership. The incident began on 19th April, when five assailants captured a Yemeni dhow off the Somali coast. The suspected pirates navigated the coast, where they visited a basecamp and reinforced their crew with additional members.[965] There are unconfirmed reports that the Yemeni crew was offloaded at the camp. On 21st April, the pirates attacked a fishing vessel, the Korean flagged *Adria* 518km off the Somali coast with the Yemeni dhow acting as mothership. FV Adria started to conduct evasive manoeuvres and increased its speed. The Spanish flagged fishing vessel *Txori Argi* was in the vicinity of FV Adria and proceeded to assist the ship which was continued

964 "Pirate Attack Averted Off The East Coast Of Somalia". *EU Naval Force*, 2018, https://eunavfor.eu/pirate-attack-averted-off-the-east-coast-of-somalia/.

965 "Piracy Attack Deterred Off The Coast Of Somalia". *EU Naval Force*, 2019, https://eunavfor.eu/piracy-attack-deterred-off-the-coast-of-somalia/.

to be chased by skiffs. After approximately one hour, both vessels were approached by the skiffs and were fired upon with what is believed to be a rocket propelled grenade. The PAST on board of both the Adria and Txori Argo responded, causing the skiffs to retreat. A third fishing vessel, FV *Shin Shuen* reported to have been approached by two skiffs on the same day, which retreated when the PAST on board revealed their weapons.[966]

2020

On 17th May 2020, an incident in the Gulf of Aden, within 100km of the coast of Yemen, south east of Mukalla was widely reported to be a piracy incident.[967] The incident is being officially recorded as an attack,[968] and the tactics used indicate that this was terrorism related.

966 "Piracy Attack Deterred Off The Coast Of Somalia". *EU Naval Force*, 2019, https://eunavfor.eu/piracy-attack-deterred-off-the-coast-of-somalia/.

967 "Pirates Attack Tanker Stolt Apal Off Yemen, Ship's Manager Says". *Reuters*, 2020, https://www.reuters.com/article/us-gulf-shipping-attack/pirates-attack-tanker-stolt-apal-off-yemen-ships-manager-says-idUSKBN22T0QC.

968 "Recent Incidents". *United Kingdom Maritime Trade Operations*, 2020, https://www.ukmto.org/indian-ocean/recent-incidents.

Best Maritime Practices

Commercial vessels began employing private armed security personnel (PASP) following the kidnap-for-ransom model in Somali waters in 2010. Before PAST, ship operators' main methods to combat piracy were naval operations, and adherence to the operational measures outlined in the shipping industry's Best Management Practices for Protection against Somalia Based Piracy, Version 4 (BMP4).[969] BMP has been an important factor in reducing piracy. The number of attacks are now limited, but they have been aggressive, and pirates have boarded where security teams were not present. The first PASP teams were made up of qualified protection personnel from British and American contractors and became an integral factor in the deterrence of piracy of the Somali coast.[970] Since the piracy threat has declined, the issue of the

969 Devlin, Colleen et al. *Rough Seas, The Causes And Consequences Of Fisheries Conflict In Somali Waters*. One Earth Future, Secure Fisheries, 2020.

970 Devlin, Colleen et al. *Rough Seas, The Causes and Consequences of Fisheries Conflict in Somali*

drop in quality of onboard teams has been raised. When the piracy and maritime terror attack threat re-emerged in 2016, Gerry Northwood, a former Royal Navy captain, at British maritime security firm MAST told Reuters that after a period of relative calm some shipping firms were underestimating the threat and using poorly trained and equipped security teams, "more used to calm waters than the genuine risk of attack"[971] Secure Fisheries noted that the decline in the training of armed guards placed on vessels navigating the Gulf of Aden and Indian Ocean increased the risk for Somali fishers, as these poorly trained guards might mistake Somali fishers for pirates.[972] A similar point was raised by Andrew Murdoch, writing about the Use of the law of piracy to deal with violent Inter-vessel incidents at sea, arguing that: '"fishermen off

Waters. One Earth Future, Secure Fisheries, 2020.

971 Saul, Jonathan. "Ships More at Risk After First Somali Pirate Attack in Years - Officials". *Reuters*, 2016, https://af.reuters.com/article/topNews/idAFKBN1332B1.

972 Devlin, Colleen et al. *Rough Seas, The Causes and Consequences of Fisheries Conflict in Somali Waters*. One Earth Future, Secure Fisheries, 2020, https://securefisheries.org/rough-seas-fisheries-conflict-somali-waters.

the coast of Somalia are occasionally mistaken for pirates as they usually carry firearms and use the same type of vessels. If poorly trained guards are employed the risk of force being used unlawfully increases."[973]

Terror Threats keep security teams onboard transiting vessels

Major threats have emerged from Yemen in recent years, including two attempts to bring an IED or IEDs onboard a commercial vessel as well as a series of attacks utilising missiles, explosive drone boats and suicide attackers. Vessels have been threatened along the length of the Gulf of Aden and into the Red Sea, and attacks in the Red Sea have involved Houthis, using drone boats and missiles.

Attacks that are likely al Qaeda or Al Qaeda in the Arabian Peninsula linked, have involved manned skiffs carrying

973 Symmons, Clive Ralph, and Andrew Murdoch. *Selected Contemporary Issues in The Law of The Sea*. Martinus Nijhoff Publishers, 2011, p. 164.

explosives and been launched from southern Yemen. Al Qaeda has historically threatened vessels in the Gulf of Aden and neighbouring ports. Attacks include the bombing of the USS Cole in Aden in 2000, killing 17 sailors and injuring another 37. In 2002, Al-Qaida rammed another suicide IED boat into the tanker Limburg, killing a crew member and spilling an estimated 90,000 barrels of crude oil. The persistence of Al Qaeda is notable – the attack against the USS Cole followed a previous attempt against the USS Sullivans, where the overloaded IED boat sank.

A new tactic became apparent in 2016, when there was an attempt to board a tanker using explosives. The liquid natural gas tanker, MV *Galicia Spirit* was attacked on 25th October, which as stated by a Security council report "demonstrates the vulnerability of commercial shipping to small vessel attacks while close to the coast of Yemen." There

was an unsuccessful attempt made to board the vessel using an IED of approximately 20-70 kg of high explosive.[974]

In 2017, an attempted attack against the Marshall Islands-flagged tanker MV Muskie was assessed as being "very similar in modus operandi to that against the Spanish-flagged MV Galicia Spirit"[975]

Onboard security teams can take action against these manned skiffs carrying explosives and using small arms, preventing boarding or seeking to prevent the skiff from making contact with the hull. The threat of terror attacks will require owners of large transiting vessels to use security teams, giving piracy on the old ransom model less chance of resurfacing.

974 S/2018/193 para 37 - Security Council Report
975 *S/2018/68, para 47* - Security Council Report

Involvement with Organised Crime and Links with Al-Shabaab and the Islamic State

Isse Yulux has been listed in UNSC reports as a weapons trafficker, and his involvement in illegal fishing was detailed in the security council report S/2013/413. annexes 1.7: *"More specifically, detailed information was provided to the Monitoring Group concerning an agreement concluded in March 2013 between 'Isse Yulux' and two associates of Dhuqub, namely Abdikarim Ahmed Ibrahim and Ahmed Mohamed Omar, both from the Ismael Ali sub-clan. The arrangement specified the 'Isse Yulux' would provide 30 per cent of ransom payments to ASNE. For example, considering the 15 million USD payment for the release of the MT Smyrni and MV Royal Grace, respectively on 9 and 11 March 2013, Dhuqub's group should have received a share of about 4.5 million USD."*

"This network operates between the coastal towns of Qandala and Hafun in northeast Puntland, an area that is a

known hub for piracy and arms smuggling. 6. The two principal ringleaders of the illicit fishing and security operations in this area are pirate leaders Isse Mohamud Yusuf 'Yulux' and Mohammed Musa Sa'iid 'Aargoosto'. Both men are from the Darod/Majerteen/Ali Saleebaan clan of Sheikh Abdulqadir Mumin, who is the ideological leader of Al-Shabaab Northeast, and both men originally come from Qandala in the province of Bari, where Puntland authorities seized a major weapons cache in October 2012 (see annex 6.1 for more specific details on this case). 7. Aargoosto recruits unemployed youth, including former pirates, for the private security operations, sourcing manpower from his strongholds of Qandala, Alula and Hafun at US$50 a head per voyage. 4 Yulux acts as an investor and broker in the illegal fishing enterprises, which are coordinated by Shahdoon Ali Yare, a former fisheries and ports Minister from Puntland acting as a principal broker for Iranian businessmen and issuing fraudulent Puntland fishing licenses.

Yulux also uses his offshore piracy network to interdict fishing vessels that are not protected by private security operations and has released a vessel on Yare's orders on at least one occasion."[976]

Launch points in the Lower Shabelle were also used during recent incidents. In 2017, pirates who were arrested after attacking ships off the coast of South-Central Somalia were traced to a launching point in the town of Merka.[977] Al-Shabaab briefly re-took control of Merka in 2016 in a high profile move, but there has not been reporting of a nexus with pirates who later operated from the area.

Threat to Hostages

The treatment of hostages is of concern, particularly those working for companies where ransoms are not paid. UNSC Resolution 2500 (2019), adopted by the Security Council

976 S/2013/413 – Security Council Report

977 S/2018/1002 F. Maritime piracy – Security Council Report

on 4 December 2019 refers to Iranian hostages remaining in Somalia: "Remaining concerned that three Iranian seafarers from the FV *Siraj* remain as hostages inside Somalia in appalling conditions, and welcoming the work of International Seafarers Welfare and Assistance Network (ISWAN), the Maritime Piracy Humanitarian Response Programme (MPHRP), and the CGPCS Piracy Survivors Family Fund (PSFF) in providing support to victims of piracy and their families, and recognizing the need to continue supporting these initiatives and contributions to funds."[978]

978 S/RES/2500, (2019); The three Iranian hostages were released in August 2020: https://www.reuters.com/article/us-somalia-piracy-idUSKBN25G1KA

FRAUD, FORGERY AND COUNTERFEITING

FRAUDULENT DOCUMENTS

The Somali passport is particularly limiting among the countries where visa free travel is possible. Fraudulent documents and passports have been particularly notable on air routes from Somalia, especially to Turkey. There are two major models which are visible from Mogadishu to Turkey: one concerning study visas, and the other business visas.[979]

Fraudulent study visas undermine the credibility of institutions and risk leading to crackdowns that impact genuine students. Interviewees in Mogadishu of Expertise France described a scheme for which Somalis could be flown to Turkey by paying smugglers USD 7,000. The first step entailed buying a fake diploma from Mogadishu University at Bakaara

979 "Somalia". *Travel Freedom*, https://www.travelfreedom.io/passport/somalia.

market. The smugglers would then validate the diploma with the help of contacts at the Ministry of Education and provide an invitation letter from a Turkish university through contacts in Turkey. Once all the necessary documents were obtained and forged, the smuggler would apply for a student visa at the Turkish embassy in Mogadishu and buy a plane ticket.[980]

The second model involves smugglers co-opting Somali nationals travelling to Turkey for business and tasking them to apply for visas for their family members. The migrants then travel using the documents of said family members if the resemblance is strong enough, and in other cases the smugglers organise for the passports to be replaced with a picture of their smuggled 'client'. According to Expertise France smugglers typically charge USD 5,000 for this service. Expertise France additionally mentions the case of managers of international

980 Expertise France. *Somalia Country Statement: Addressing Migrant Smuggling and Human Trafficking in East Africa.* 2017, https://www.expertisefrance.fr/documents/20182/234347/AMMi+-+Country+Report+-+Somalia.pdf/1779e55a-791d-42fa-ba0a-949739bf9c08.

companies travelling from Mogadishu to Turkey of being tasked by smugglers to apply for visas on behalf of a migrant posing as their assistant or secretary.[981]

The 'renting' of passports with visas to Somalis is observed in networks in the UAE and other countries. If the smuggling is successful, the migrant must return the passport to the smuggler, who attempts to use it for additional transactions. The fraudulent use of Ethiopian and Djiboutian passports with visas has been observed amongst Somali nationals travelling to the UAE.[982]

981 Expertise France. *Somalia Country Statement: Addressing Migrant Smuggling and Human Trafficking in East Africa.* 2017, https://www.expertisefrance.fr/documents/20182/234347/AMMi+-+Country+Report+-+Somalia.pdf/1779e55a-791d-42fa-ba0a-949739bf9c08.

982 Abdi, Cawo M. *Elusive Jannah: The Somali Diaspora and A Borderless Muslim Identity.* University of Minnesota Press, 2015.

FINANCIAL CRIMES

Anti-Money Laundering / Countering Terrorist Financing Framework

The US INCSR 2016 report on money laundering includes Somalia as one of the major money laundering centres (it has not been included in subsequent annual assessments from 2017-2020) with the following comments:[983]

- Somalia's financial system is informal, operating mostly outside of government oversight, either via the black market or unsupervised money remittance firms (hawaladars).
- Remittances - an estimated USD 1.3 billion in remittances is sent to Somalia every year, primarily by the Somali diaspora that fled the country during two decades of conflict. That amount is roughly one quarter of Somalia's gross domestic product, eclipsing all international aid to the country (projected at about USD 1 billion in 2015). Most remittances are routed through financial centres in the Gulf. The World Bank estimates that 40 percent of all Somalis depend on remittances for their basic needs.
- Cash Smuggling - with long land borders and extensive

983 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and Financial Crimes Country Database" (June 2016) https://2009-2017.state.gov/documents/organization/258726.pdf

coastline, the smuggling of currency and goods into and out of Somalia remains common, due mainly to customs and border security officials' lack of capacity to control points of entry.

- Piracy - UN Security Council reports piracy has declined significantly, with no large commercial vessels hijacked or held for ransom by Somali pirates in the last two years, resulting in a decrease of ransom payments.

Resolution 2036 (2012) Adopted by the Security Council at its 6718th meeting, on 22 February 2012 - Charcoal Export Ban.[984] A conservative estimate suggests that Al-Shabaab receives at least $10 million each year from the illicit charcoal trade.[985] Dubai, United Arab Emirates, continues to be the primary export destination as well as a hub for criminal networks that violate the charcoal ban with near impunity.

The International Monetary Fund (IMF) in recently approving arrangements,[986] under the Extended Credit Facility

984 https://undocs.org/S/RES/2036(2012)

985 UNSC S/2017/924 Letter dated 2 November 2017 from the Chair of the Security Council Committee pursuant to resolutions 751 (1992) and 1907 (2009) concerning Somalia and Eritrea addressed to the President of the Security Council https://undocs.org/S/2017/924

986 International Monetary Fund (March 25,2020) IMF Executive Board Approves 3-Year

(ECF) and the Extended Fund Facility (EFF), supporting the government's implementation of its National Development Plan to build greater economic resilience, promote higher and more inclusive growth, and reduce poverty, also included specific provisions regarding the Anti Money Laundering (AML) and Countering Financing of Terrorism (CFT), namely: reinforce the supervisory framework and improve AML-CFT compliance. Further progress in strengthening regulatory and supervisory standards will contribute to continued financial stability. These efforts will include the expansion of supervision to the whole financial sector, especially the mobile money sector. The program will support improvements in AML/CFT capacity, including the deepening of capacity of the Financial Reporting Centre, and enhancing inter-agency cooperation through the National Anti-Money Laundering Committee.

- An overview of the laws and guidelines issued by the

ECF and EFF Arrangements for Somalia https://www.imf.org/en/News/Articles/2020/03/25/pr20105-somalia-imf-executive-board-approves-3-year-ecf-and-eff-arrangements

Government of Somalia on AML/CFT is found in Annex Q.

- Two measures that are indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:
- The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year.

Suspicious Transaction Report Received

In accordance with Article 14 of AML/CFT Act, 2016, the reporting entities defined in Article 4 (1), (Financial Institutions, such as Banks and Money Transfer Businesses (Hawaalas)) should report suspicious transaction report to the Financial Reporting Center (FRC). The table below illustrates the reported STRs during the stated reporting period.

	January	February	March	April	May	June	July	August	September	October	November	December
STR 2018											0	0
STR 2019	3	0	1	0	0	0	4	0	1	0	-	-
STR 2020	13	20	2	-	-	-	-	-	-	-	-	-

For Somalia for the last 3 years (2018-2020) the number of suspicious transactions, as received by the FRC are:[987] The number of Transaction Reports (LCTR), as received by the FRC are:[988]

987 https://frc.gov.so/str-received/
988 https://frc.gov.so/lctr-received/

Large Cash Transaction Report Received

In accordance with Article 14 of AML/CFT Act, 2016, the reporting entities defined in Article 4 (1), (Financial Institutions, such as Banks and Money Transfer Businesses (Hawaalas)) should report large cash transaction report to the Financial Reporting Center (FRC). The table below illustrates the reported LCTRs during the stated reporting period.

	January	February	March	April	May	June	July	August	September	October	November	December
LCTR 2018											6	7
LCTR 2019	8	7	17	6	7	7	19	9	19	14	-	-
LCTR 2020	26	26	20	-	-	-	-	-	-	-	-	-

The number of Nil Reports, as received by the FRC are:[989] The FRC requires financial institutions and money

NIL Report Received

In accordance with Article 23 (1) of AML/CFT Act, 2016, the reporting entities defined in Article 4 (1), (Financial Institutions, such as Banks and Money Transfer Businesses (Hawaalas)) should file a nil report to the Financial Reporting Center (FRC) to meet the reporting obligations under Article 14 of AML/CFT Act, 2016. The table below illustrates the reported NRs during the stated reporting period.

	January	February	March	April	May	June	July	August	September	October	November	December
NIL 2018											3	4
NIL 2019	4	3	9	4	4	5	1	3	6	7	-	-
NIL 2020	1	1	6	-	-	-	-	-	-	-	-	-

transfer businesses to report STRs and LCTRs every 15 days.

989 https://frc.gov.so/nil-report-received/

If there is nothing to report, then a Nil Report is required to be filed every 15/30 days.[990]

The availability and transparency of STR/LCTR data on the FRC website is a significant achievement in demonstrating that the AML / CFT is operationally working. This is vital in changing the culture of established organisations, hawalas in particular, that may not have been used to reporting to central authority. This is a model of good practice, to be commended.

1. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

2. There is no publicly available evidence the government has ever prosecuted a money laundering or terrorist financing case.

3. Two further measures that are indicative of the use of financial investigations in major criminal investigations are:

990 Conversation with confidential source 6 May 2020

4. The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators.

5. While there is no specific data available for Somalia, financial investigators from various law enforcement agencies have been trained by international agencies. These financial investigators, after having received their training are seconded to FRC to facilitate multi-agency collaboration on major investigations.[991] This is a model of good practice, to be commended.

6. The involvement of the FIU in support of major criminal cases to help facilitate financial information from the financial industry - both domestically and internationally

This would be the next evolution of the use of financial information in supporting investigations by law enforcement, both domestically and internationally. It is anticipated that Egmont membership will help FRC facilitate enhanced relationships with other FIUs and that, through the use of Egmont Secure Web, a secure platform for FIUs to send and receive confidential financial information requests, that Somalia FRC will be well placed to facilitate information

991 Conversation with confidential source 6 May 2020

requests outside of Somalia's borders. This will hopefully enhance the reputation and capabilities of Somalia FRC.

The FRC has put in place a number of models of good practice that are highlighted below:

- Regular meetings of the National Anti-Money Laundering Committee (NAMLC) - a multi-agency steering committee defining AML / CFT strategy[992], as defined under Anti Money Laundering and Countering the Financing of Terrorism Act 2016

- Bilateral Memorandum of Understanding (MOU) with key domestic agencies within Somalia - Attorney General and Police Commissioner[993] - to facilitate secondments of investigators and prosecutors on financial investigations[994]

- MOUs with financial intelligence units (FIU) of neighbouring countries to facilitate information exchange[995]

- Conducting a National Risk Assessment[996] by end of 2020 - to help understand systematically the nature and scale of

992 https://frc.gov.so/the-federal-republic-of-somalia-meeting-of-the-somali-national-anti-money-laundering-committee-namlc-22-june-2019/
993 https://www.facebook.com/somaliafrc/photos/pcb.2514091752159101/2514091162159160/?type=3&theater
994 https://frc.gov.so/national-mou/
995 https://frc.gov.so/international-mou/
996 https://frc.gov.so/major-achievements-of-the-aml-cft-regime-in-somalia/

money laundering / terrorist financing in Somalia

- Regular meetings with financial institutions and money transfer businesses- National Compliance Forum (NCF)[997] - reinforcing AML/CFT reporting requirements & the adaptation of recently introduced procedures

- Use of goAML[998] - an integrated online software solution specifically designed by the United Nations Office on Drugs and Crime (UNODC) for use by FIUs for reporting entities and competent authorities to electronically report (STRs / LCTRs / Nil Reports) to a common database accessible to the Financial Reporting Center (FRC) for analysis and permits dissemination to Law Enforcement Agencies and Competent authorities. The reports are fully populated with all the information needed for analysis beginning from full customer details to transactional details for multiple time frames.

In sum, the government of Somalia, and the Somali FRC in particular, have made significant advances since becoming operational and has put in place a significant number of models of good practice that could serve as models to neighbouring countries as well, to foster better coordination and information facilitation in the fight against AML / CFT.

997 https://www.facebook.com/somaliafrc/
998 https://frc.gov.so/goaml/

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

Somalia has been subject to sanctions and monitoring since resolution 733(1992) dated 20 Jan 1992; the committee established to oversee the embargo and future sanctions being established on 24 April 1992 under resolution 751(1992), which include several measures:[999]

- Arms Embargo
- Arms Embargo (Targeted ban – individuals and entities)
- Travel Ban
- Assets Freeze
- Charcoal Ban
- Improvised Explosive Devices (IED) Components Ban

A brief fact sheet on the work and reports of the United Nations 751 Somalia Sanctions Committee (1992) is

999 United Nations Security Council Committee pursuant to resolution 751 (1992) concerning Somalia https://www.un.org/securitycouncil/sanctions/751

available.[1000]

In addition, the United States (US) has applied its own sanctions, under Executive Orders 13536[1001] (April 12, 2010) and 13620[1002] (July 20, 2012). An updated list of authorities and sanctions can be located on the Somalia sanctions page of Office of Foreign Asset Control (OFAC)[1003]. A list of those designated individuals and entities can be found on the OFAC website under the 'Specially Designated Nationals and Blocked Persons List (SDN) Lists.'[1004]

As Somalia widely uses the US dollar - it is key for those transacting with Somalia to understand the list of prohibited

1000 Fact Sheet On The 751 Somalia Sanctions Committee (1992) (9 June 2020) https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/somalia-sanctions-fact-sheet.pdf

1001 Executive Order 13536 (April 12, 2010) Blocking Property of Certain Persons Contributing to the Conflict in Somalia https://www.treasury.gov/resource-center/sanctions/Documents/13536.pdf

1002 Executive Order 13620 (July 20, 2012) Taking Additional Steps to Address the National Emergency With Respect to Somalia https://www.treasury.gov/resource-center/sanctions/Programs/Documents/13620.pdf

1003 https://www.treasury.gov/resource-center/sanctions/Programs/pages/somalia.aspx

1004 https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx

relationships and transactions to avoid breaching both UN and US sanctions. Similar facial sanctions regimes against designated individuals and entities exist in other countries i.e. UK.[1005]

A. Terrorist Financing

pAs outlined earlier, from the US INCSR report, one of the chief challenges for the government of Somalia is the threat from terrorism, chiefly presented by Al-Shabaab.[1006] The means of financing for this group have evolved significantly over time, underscoring Al-Shabaab's resilience and adaptability. In a research report (2012) written by a Ugandan Police Officer, it was suggested that Al-Shabaab was receiving funds from a variety of sources:[1007]

1005 Financial sanctions, Somalia (Last updated 19 March 2018) CONSOLIDATED LIST OF FINANCIAL SANCTIONS TARGETS IN THE UK Asset Freeze Targets https://www.gov.uk/government/publications/financial-sanctions-somalia

1006 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and Financial Crimes Country Database" (June 2016) https://2009-2017.state.gov/documents/organization/258726.pdf

1007 LTC Kambere G, UPDF, Combatting Terrorism Exchange Volume 2, No. 3 2012, https://globalecco.org/documents/10180/605826/CTXVol2No3.pdf/15d0400a-87ed-473f-96d3-17f7ab86226d

- state sponsorship from neighbouring countries sympathetic with financing Salafi jihadists,
- charities, notably in Kuwait, UAE, Saudi Arabia,
- Somali businesses in the Gulf states, Europe, US, Australia, New Zealand, Malaysia, and Singapore,
- Somali diaspora, with over 1 million Somalis in Europe, the Middle East, and North America, many of whom send remittances back to family in Somalia,
- wealthy financiers from the Gulf and US,
- Somali refugees in Kenya, notably in the Dadaab refugee camp in Northern Kenya, as well as those living in the Eastleigh suburb of Nairobi,
- the lucrative charcoal trade between Somalia and Gulf states,
- looting Non-Governmental Organisations (NGOs) supplies,
- kidnapping and ransoming aid workers

It was also suggested that use of mobile money, as well as fund transfers using global remittance agencies into Kenya, where there is a strong Somali presence, were key funding channels.

A 2014 Royal United Services Institute report asserted that "often Al-Shabaab's relationship with its fighters and the population it controls is a financial, not ideological relationship, and thus restricting and depleting the group's finances may help break that relationship."

The UN Monitoring Group on Somalia (& Eritrea) report (Oct 2018) outlined in some detail the domestic financing activities that "generate more than enough revenue to sustain its insurgency", employing an advanced taxation system across much of central and southern Somalia.[1008] At one checkpoint alone, it was estimated that Al-Shabaab generate approximately USD 10 million per year in taxing vehicles and goods. The comment is made that their "financial operations, including collecting of revenue and payment of members are facilitated by the services provided by poorly regulated

1008 UNSC Report on Somalia of the Monitoring Group on Somalia and Eritrea S/2018/1002 (9 Nov 2018) https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2018_1002.pdf

domestic telecommunications and financial entities."

The report further outlined that Al-Shabaab divides its taxation system into 4 distinct revenue streams, through tightly controlled collection systems, namely:

- registration and taxation of transiting vehicles ("*gadiid*"),
- taxation of transported goods ("*badeeco*"),
- taxation of farms and agricultural produce ("*dalag*"),
- taxation of livestock sales ("*xoolo*").

Additionally, revenues and transfers are conducted:

- in both US dollars and Somali shillings,
- using cash, mobile money, hawala money transfer, and bank accounts within Somalia
- use of the EVC Plus mobile money system[1009] to transfer funds to its financial hubs in the Middle East

Interviews with former members outline a well organised system, with numbered receipts and invoices issued, a series of finance officers in each region, reporting

1009 provided by Hormuud Telecom Somalia

to a head finance officer, who underwent a 6-month financial administration training course, prior to taking responsibility for the region.

Review of ledgers (Sept 2017 to March 2018) of Al-Shabaab accounts highlighted several key issues of concern: [1010]

- Most entries marked "EVC" were for amounts less than USD 10,000.
- Several entries showed "EVC" transactions greater than USD 10,000 - which, according to Somalia's AML / CFT laws should have been reported to the FIU and more investigation should have been conducted on identity of the sender.
- Limits on EVC transactions are reportedly USD 300 for a single transaction, and a maximum of 3 transactions per day. However, the Monitoring Group found that these limits could be raised by applying to the Hormuud Telecom office, who could raise limits to USD 10,000 – USD 100,000 per SIM card, on request.
- It is also possible that the transactions marked "EVC"

1010 UNSC Report on Somalia of the Monitoring Group on Somalia and Eritrea S/2018/1002 (9 Nov 2018) https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2018_1002.pdf

could have been transfers between accounts with Salaam Bank linked to Hormuud mobile, which do not have the same limit thresholds.

In a more recent UN Monitoring Group report[1011] (Nov 2019), in addition to the assessment made in the 2018 report on financing streams, outlined a newer development in that Al-Shabaab had been able to infiltrate Mogadishu's port institutions, as well as commercial shipping agents in the city. From this they are able to access cargo manifests, and contact business owners to demand import taxation paid to Al-Shabaab. The report cites one example, whereby on the importation of a quantity of construction materials into Somalia, Al-Shabaab demanded USD 70,000 in import duties from the local agent, who made the transfer using local banking transfer system.

The report also cites the use of the Kenyan mobile money system, M-PESA, to make payments to cells within

1011 UNSC Report on Somalia Panel of Experts on Somalia. S/2019/858 (1 Nov 2019) https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/S_2019_858_E.pdf

Kenya and Tanzania; and cited that use of M-PESA is preferred over that of hawala, as it is less closely monitored for small payments.

In 2020, the UN Monitoring Group reported that Al-Shabaab had expanded beyond traditional methods of taxation through coercion and confirms the infiltration of the formal banking system. Al-Shabaab is stated to use domestic financial institutions, bank accounts, and electronic mobile money services enabling them to safely store and transfer generated revenues. The group was also found to run a significant budgetary surplus and that "Al-Shabaab is investing surplus funds in various enterprises, including small to medium-sized businesses within Bakara market in Mogadishu." [1012]

A separate report published by the U.S.-based Council

1012 UNSC Report on Somalia of the Monitoring Group on Somalia and Eritrea S/2020/949 (29 September 2020) https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/S_2020_949.pdf

on Foreign Relations alleged in 2020 that Al-Shabaab, in addition to the above, also make revenue through:[1013]

- piracy
- kidnapping (and ransom)
- extortion of local farmers, businesses, aid groups
- checkpoint taxation on charcoal (despite the UN ban on Somali charcoal exports since 2012)
- smuggling contraband sugar across the border into Kenya

A recently published report brought allegations that a Somali telecommunications company is paying Al-Shabaab up to USD 3 million a year, allowing the telco to operate in areas that are controlled by Al-Shabaab, as well as allegedly funding Al-Shabaab to attack masts of competing telecoms, notably Kenya's Safaricom, along the Somali/Kenyan border area. Eight attacks on masts have been reported, putting local communities and security personnel into a communication

1013 Felter C, Masters J, Aly Sergie M (Jan 10, 2020) Council on Foreign Relations "Al-Shabab" https://www.cfr.org/backgrounder/al-shabab

blackout. Furthermore, it is alleged that the Somali telco are permitting Al-Shabaab to use its mobile money platform to perform daily financial transactions, including collecting zakat.[1014]

There are additional risks for Somalia to continue as a conduit for such terrorist funds, especially as the US dollar is widely used, and the US have designated Al-Shabaab as a Foreign Terrorist Organization (FTO),[1015] which stipulates that it is unlawful for a person in the United States or subject to the jurisdiction of the United States to knowingly provide "material support or resources" [1016] to a designated FTO. If such funds for Al-Shabaab were found to be moving to or through Somalia, there is a risk that the US could make the case

1014 Menya W, Sept 8, 2019, Daily Nation "Somali telco behind mast attacks, report says" https://www.nation.co.ke/kenya/news/somali-telco-behind-mast-attacks-report-says-201588

1015 https://www.state.gov/foreign-terrorist-organizations/

1016 The term "material support or resources" is defined in 18 U.S.C. § 2339A(b)(1) as " any property, tangible or intangible, or service, including currency or monetary instruments or financial securities, financial services…" https://www.state.gov/foreign-terrorist-organizations/

for enhanced financial sanctions against Somalia, which would have a significant negative effect on the fledgling economy.

B. Remittances

One credible source told an international media outlet that over 2 million Somalis living in the diaspora send approximately USD 1.4 billion back home every year. Remittances contribute 23 percent of Somalia's gross domestic product and surpass any amount of aid given to the country.[1017]

Other sources suggest remittances from Somalis abroad are estimated at between USD 1.3 – 2 billion annually, possibly much more, with approximately 40 percent of households estimated to receive these funds directly. This study suggests that funding for conflict (terrorism) may no longer come from

1017 Abdi Latif Dahir (Dec 22, 2016) Quartz Africa "Somalis abroad are rebuilding their war-torn country through selfless giving" https://qz.com/africa/848447/gift-remitting-somalis-in-the-diaspora-send-1-4-billion-in-cash-remittances-every-year/

remittances from the diaspora.[1018]

De-risking of money service businesses (MSBs) by major banks in 2012-2013 caused a significant impact on remittances and money transfers to Somalia from the diaspora.[1019] Whilst banking relationships through banks that have a presence in neighbouring countries (i.e. Djibouti) can facilitate international payments, as well as Money Transfer Businesses, it is the growth in mobile money that has opened up international transfers.

C. Use of Alternate Fund Transmission Systems

Somalia has taken the step to try and licence hawalas and other money transfer business (MTB) - which is a positive

1018 Majid N et al, LSE (April 7, 2020) How Will Remittances Affect the Somali COVID-19 Response? https://blogs.lse.ac.uk/crp/2020/04/07/remittances-affect-the-somali-covid-19-response/

1019 Hassan, Mohamed Aden and Liberatore, Giulia (2016) "Global Remittances: Update on the UK-Somali Corridor," *Bildhaan: An International Journal of Somali Studies*: Vol. 15 , Article 8.

Available at: https://digitalcommons.macalester.edu/bildhaan/vol15/iss1/8

move - however will take time to change attitudes regarding record keeping and suspicious transaction reporting.[1020]

D. Doing Business

Somalia's strategic location and operational environment offer tremendous potential. The absence however of a clearly defined legal system, poor infrastructure, abundant red tape, and scarce energy makes operating difficult. Corruption is also a growing problem undermining private-sector activity.[1021]

The World Bank Group Doing Business Report for Somalia 2020 indicates that it is ranked as 190 out of 190 as a place to setup a company and do business i.e. potentially a very challenging environment.[1022]

1020 Conversation with confidential source 6 May 2020

1021 Organised Crime Index, "Somalia", https://ocindex.net/country/somalia.; See also: "Somalia Corruption Report" (May 2016) GAN Integrity https://www.ganintegrity.com/portal/country-profiles/somalia/.

"Overview of corruption and anti-corruption in Somalia" (July 2012) Transparency International https://www.transparency.org/files/content/corruptionqas/337_Overview_of_corruption_and_anti-corruption_in_Somalia.pdf/

1022 Economy Profile of Eritrea Doing Business 2020 Indicators https://www.doingbusiness.org/en/data/exploreeconomies/somalia

ILLICIT FINANCIAL FLOWS

Somalia has not submitted any trade data, making analysis on illicit financial flows, both inflows and outflows, possible.

Conclusions

The risk of money laundering through Somalia is considered relatively low, however the widespread use of the US dollar can be attractive to criminals, along with other factors.

Somalia is vulnerable to terrorist financing - as has been highlighted earlier. Key in the fight against CFT (and AML) has been the inauguration of the FRC in Nov 2018 and it has put in place a significant number of best practices to evidence its AML / CFT framework and operational capabilities:

- multi agency steering committee (NAMLC) defining AML / CFT strategy,
- establishing MOUs with key domestic agencies within Somalia to facilitate secondments of investigators and prosecutors on financial investigations
- establishing MOUs with financial intelligence units (FIU) of neighbouring countries to facilitate information exchange
- conducting a National Risk Assessment by end of 2020 - to help understand systematically the nature and scale of money laundering / terrorist financing in Somalia
- regular meetings with financial institutions and money transfer businesses- National Compliance Forum (NCF) - reinforcing AML/CFT reporting requirements & the adaptation of recently introduced procedures
- use of goAML - an integrated online software solution to allow financial institutions to report STR / LCTR / Nil reports electronically
- availability and transparency of STR / LCTR data on the FRC website

These developments are key in meeting international donors' expectations of governance in the financial sector and will hopefully "pave the way" to eventually establishing

correspondent banking relationships with international banks and payments systems for some of Somalia's financial institutions.

Its informal cash-based economy, limited regulatory structure, underground remittances, and prevalent use of money or value transfer services, such as hawala, as well as the proximity to regions where terrorist and criminal organisations operate make Somalia vulnerable to money laundering and related activities.

Somalia has put in place a number of laws and directives that provide a framework to use during the investigation of financial flows under AML / CFT processes, and the announcement of an FATF Mutual Evaluation (2024) will allow a full assessment of its AML / CFT laws, adoption and the effectiveness of its processes and procedures.

The application by the Somali FIU for membership in the Egmont Group is a significant step forward, and it is hoped that its membership will be accepted, as it will help foster better international and regional cooperation.

It is expected that law enforcement expertise in financial investigations and targeting financial crimes is minimal, although some training by international agencies has been actioned. This needs to be an area of focus in future.

It is expected that the Somali judicial system lacks both experience and expertise in prosecuting and hearing cases involving financial crimes. This also needs to be an area of focus in future.

The widespread adoption of mobile money is commendable however there are considerable risks in the mobile money system; several sources cited in this report

have highlighted its vulnerability to money laundering and terrorism financing, mainly from weak "know-your-customer" compliance, in line with global banking standards, as few SIM cards and mobile money accounts are registered with a valid form of identification. As also highlighted, thresholds can be adjusted, on request, that appear to defeat AML / CFT transaction monitoring requirements.

SUDAN

TERRORISM

While there have not been terrorist attacks within Sudan in recent years, the country has been a place of transit and refuge for members of terrorist groups. In 2019, the Civilian-Led Transitional Government (CLTG) acknowledged that "extremists" linked to ISIS" were present in the country and made preparations to return between 16 and 20 suspects to their countries of origin. The arrested persons were of different nationalities, including six Egyptians, one Tunisian, and six individuals from Chad and Nigeria.[1023]

The Sudanese authorities patrol their borders with Chad and Libya to prevent the transnational movement of foreign terrorist fighters, but the vast scale of the challenge

1023 https://www.state.gov/reports/country-reports-on-terrorism-2019/sudan/

and grave limitations on domestic CT capacity make this an exceptionally difficult task.

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

Sudan does not currently face active IED threats. However, the availability of IED components and precursors, including explosive remnants of war, means that the potential for use of IEDs by violent extremist groups in Sudan cannot be ruled out in future. The ongoing political transition involves a climate of competition and uncertainty that some groups may opportunistically seize to make known their demands or grievances through violence. The Sudanese authorities may therefore wish to consider a robust preventive strategy to discourage the use of IEDs.

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Sudan manufactures its own weapons through its Defence Industries System (previously called the Military Industry Corporation (MIC) up until January 2020), which is reported to have eight main production categories: ammunition, conventional weapons, armoured vehicles and main battle tanks, gear, outfits, and equipment, electronics, aviation, marine, and vehicles.[1024] Sudan is also routinely cited as country of transit for weapons on their way to Ethiopia.[1025]

In January 2019, following several seizures of firearms

1024 "'Sudan's Military Industry Expanding': Small Arms Survey". *Radio Dabanga*, 2014, https://www.dabangasudan.org/en/all-news/article/sudan-s-military-industry-expanding-small-arms-survey.

1025 "Ethiopia: Illegal Arms Originating From Yemen Seized In Afar Region". *Borkena*, 2019, https://borkena.com/2019/09/25/illegal-arms-originating-from-yemen-seized-in-afar-region/.; Lewis, David, and Dawit Endeshaw. "Twin Attacks Threaten New Ethiopian Government's Reforms". *Reuters*, 2019, https://www.reuters.com/article/us-ethiopia-security-attacks-insight/twin-attacks-threaten-new-ethiopian-governments-reforms-idUSKCN1TS0OA.

which had reportedly been smuggled into Ethiopia from Sudan, the Ethiopian Minister of Foreign Affairs stated that the Ethiopian Government had contacted Sudanese authorities in order to enhance border controls, urging Sudanese officials to "take into account how this uncontrolled arms trafficking would affect the stability and security of Ethiopia." The Minister added that the Government had "informed the [Sudanese officials] that they should tighten their border control in their part to deter smuggling. We have clearly informed them that, otherwise, this will eventually lead to the cutting or impacting of diplomatic ties or relations."[1026]

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

Sudan is strategically located, cutting across Northern,

1026 "Ethiopia Blames Sudan For Failing To Prevent Border Arms Smuggling". *Sudan Tribune*, 2019, https://www.sudantribune.com/spip.php?article67015.; "Ethiopia Warns Sudan Over Illegal Arms Smuggling". *Tesfanews*, 2019, https://www.tesfanews.net/ethiopia-sudan-deter-smuggling-illegal-arms/.

Central, and Eastern Africa, making it an important trafficking transit point, including for networks involved in the trafficking of persons and the smuggling of migrants.

The Ministry of Interior Affairs reported to have investigated 150 trafficking cases in 2018, involving an unknown number of suspects. A total of 30 cases led to prosecution, and 45 individuals were convicted under the 2014 Anti-Trafficking law. The UN reported that the Anti-Trafficking Court of Kassala state prosecuted 40 trafficking cases involving 80 suspects. A total of 54 individuals involved in 24 cases were convicted under the 2014 Anti-Trafficking law, of which 31 were Eritrean nationals.[1027]

Both Sudanese nationals and foreigners fall victim to traffickers in the country. Sudanese nationals also fall victim

1027 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

to traffickers abroad.[1028] Migrants, unaccompanied minors, and refugees from East Africa are highly vulnerable to forced labour, sexual exploitation and gender-based violence, and trafficking in Sudan. IOM and UNHCR noted an increase in the abduction, involuntary movement and detention, as well as torture for ransom and the trafficking into slavery, and slavery-like practices in Sudan in 2017. [1029]

Particular protection risks faced by migrants and refugees were stated by IOM and UNHCR:[1030]

- Abduction and kidnappings: especially along the Eritrea/Sudan border, in and around refugee camps, as well as in cities in the east of the country and in Khartoum.[1031]

1028 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1029 *Migrant Crisis Operational Framework: Sudan 2017 2019*. IOM, Khartoum, 2017, https://www.iom.int/sites/default/files/our_work/DOE/MCOF/MCOF-SUDAN-2017-2019_5.5mb.pdf.

1030 *Joint UNHCR-IOM Strategy to Address Human Trafficking, Kidnappings And Smuggling Of Persons In Sudan*. UNHCR - IOM, 2017, https://sudan.iom.int/sites/default/files/docs/FINAL%20Joint%20Anti-trafficking%20smuggling%20strategy%20UNHCR_IOM.pdf.; *Migrant Crisis Operational Framework: Sudan 2017 2019*. IOM, Khartoum, 2017, https://www.iom.int/sites/default/files/our_work/DOE/MCOF/MCOF-SUDAN-2017-2019_5.5mb.pdf.

1031 Ibid.

- Trafficking of human beings and trafficking in organs: re-occurring reports concerning exploitation and abuse occurring en route indicate that some victims have their organs removed as bodies are found with missing organs and are left to die.[1032]

- Violation of the right to life and protection against torture: there are frequent reports in the country of physical abuse by traffickers which sometimes results in permanent disability. Sexual violence is commonly reported by migrants who have used the services of smugglers. The rape of men, although less common, has also been reported.[1033]

In August 2018 a rescue mission by INTERPOL and various Sudanese national law enforcement agencies rescued 94 trafficking victims, including 85 minors. The individuals were rescued from criminal networks involved in illegal migration, child labour and exploitation, as well as forced begging. The victims originated from Chad, the Democratic Republic of Congo, Eritrea, Niger, Sudan and South Sudan. The diversity of the victims further reveals the importance of Sudan as

1032 Ibid.; More on organ removal is found in the text box 'Reports of organ trafficking' in the REGIONAL PERSPECTIVE ON TRANSNATIONAL SECURITY THREATS chapter, under "Land routes to Sudan and Libya" in the Smuggling and Trafficking of Human Beings section.

1033 Ibid.

a country of origin, transit, as well as destination for the trafficking and smuggling of people. INTERPOL's Executive Director of Police Services, Tim Morris states that: "The diversity of nationalities amongst those rescued shows how human trafficking and people smuggling is a truly transnational problem which requires a coordinated international response in which police and stakeholders share information and best practices".[1034]

During the August 2018 mission police also seized USD 20,000, which was reportedly the ransom money obtained from the kidnapping of a migrant who was amongst those rescued during the operation. The operation was held at various sites, including the national airport of Khartoum and open-air gold mines in the Eastern part of the city.[1035]

1034 "Human Trafficking: 100 Victims Rescued in Sudan". INTERPOL, 2018, https://www.interpol.int/en/News-and-Events/News/2018/Human-trafficking-100-victims-rescued-in-Sudan.

1035 "Human Trafficking: 100 Victims Rescued in Sudan". INTERPOL, 2018, https://www.interpol.int/en/News-and-Events/News/2018/Human-trafficking-100-victims-rescued-in-

In 2019, Eritrean nationals composed the majority of individuals trafficked in Sudan, particularly in the Eastern part of the country, where traffickers consistently target refugees and asylum-seekers.[1036] Somali or South Sudanese nationals who initially pay smugglers to enter Sudan are at risk of falling victim to traffickers and being coerced into forced labour or of being sex trafficked.[1037]

In September 2019 the Rapid Support Forces (RSF) stated to have arrested 13 human traffickers from various nationalities as well as 120 illegal migrants on the Libyan border, including 54 Sudanese nationals, 36 Ethiopian nationals, 24 Libyan nationals, and 6 Chadian nationals.

Out of the arrested human traffickers, eight were of

Sudan.

1036 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1037 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

Sudanese nationality, while five were Libyan, and 18 four-wheel drive vehicles were seized during the operation. The RSF stated to have released nine Sudanese families who were had been abducted for ransom by foreign human traffickers, according to a statement seen by the Sudan Tribune.[1038]

The roundup and arrest of Eritrean and Ethiopian nationals in Khartoum by security forces in December 2019 reveals the criminalisation of migrants and refugees. Media houses reported that the migrants had to pay fines ranging from 50,000 to 100,000 Sudanese pounds ($1,100-2,200) in order to bail themselves out of detention.[1039]

Khartoum

Both migrants and refugees are attracted to Khartoum, as it offers economic opportunities, and the capital has

1038 "Sudan Arrests 13 Human Traffickers on Libyan Border". *Sudan Tribune*, 2019, https://www.sudantribune.com/spip.php?article68194.

1039 el-Gizouli, Magdi et al. "Xenophobia Threatens to Undermine Sudan's Revolution". *Al Jazeera*, 2019, https://www.aljazeera.com/indepth/opinion/xenophobia-threatens-undermine-sudan-revolution-191228092525666.html.

become both a destination point as well as a transit hub for the trafficking of people and the smuggling of migrants. IOM stated that cases of migrant smuggling from Ethiopia directly to Khartoum were common.[1040] Recent estimations indicate that there are approximately 30,000 irregular African migrants and refugees in Khartoum.[1041]

Ethiopian women who fall victim to traffickers are often compelled to work as domestic workers in private homes in Khartoum, and the US department of State reported on increasingly sophisticated transnational criminal networks which force some Ethiopian women into prostitution through forms of coercion such as debt manipulation.[1042]

Child trafficking and child labour

1040 *Migrant Crisis Operational Framework: Sudan 2017 2019*. IOM, Khartoum, 2017, https://www.iom.int/sites/default/files/our_work/DOE/MCOF/MCOF-SUDAN-2017-2019_5.5mb.pdf.

1041 "Inside the EU'S Flawed $200 Million Migration Deal with Sudan". *The New Humanitarian*, 2018, https://www.thenewhumanitarian.org/special-report/2018/01/30/inside-eu-s-flawed-200-million-migration-deal-sudan.

1042 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

There are reports of children – Sudanese as well as from Central and Western Africa – being trafficked to Khartoum and forced to beg, to work in public transportation, or forced into sex trafficking.[1043]

As highlighted by the INTERPOL rescue missions, minors are at risk of falling victim to exploitation and human traffickers. There are reports of children, both foreign and national, working in gold mines in the country,[1044] as well as children working in agriculture, both of which include hazardous work. A study commissioned by the League of Arab States (LAS) and the Arab Council for Childhood Development (ACCD) found a rise in the recruitment of refugee children in armed conflicts in Yemen, Syria and Iraq. The study found the second highest rate of child employment

1043 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1044 2018 List of Goods Produced by Child Labor or Forced Labor U.S. Department of Labor, 2018, https://www.dol.gov/sites/default/files/documents/ilab/ListofGoods.pdf.

in Sudan with 19.2 percent, with the highest rate being 34.8 percent in Yemen.[1045]

2011: Sudan to Saudi Arabia and Yemen

The maritime route from Sudan to Saudi Arabia and Yemen and the many people drowning along the way became visible in July 2011 after a vessel caught fire and sank, drowning nearly 200 individuals. The Niles reported on a route running from Khartoum to Suakin, quoting the head of a trafficking ring, Ali Hussein, known for having smuggled hundreds of Sudanese and Chadians across the Red Sea. Hussein charged 1,100 Sudanese pounds, slightly over US$410 for the 700-kilometre passage to the shores of Yemen. According to The Niles, the movement of migrants from Khartoum to Suakin is facilitated by corruption and the involvement of police officials. Once migrants had reached

1045 International Labour Organization. Conflict and Mass Displacement Increase Child Labour. 2019, https://www.ilo.org/beirut/media-centre/news/WCMS_677550/lang--en/index.htm.

Suakin, near port Sudan, a second smuggler would come to transport the migrants by car to a camp. A trafficker called Abdulrahman al-Ameen was charged with a fine and sentenced to two months imprisonment for harbouring migrants illegally in Suakin.[1046] The nearest settlement to the launching point is Tokar, according to a BBC report stating that the boat that sank in July 2011 had "set sail from Sudan's Red Sea State, about 150km (about 90 miles) south of Port Sudan, near the border with Eritrea."[1047]

The maritime crossing into Saudi Arabia was planned in Port Sudan, according to a Sudanese Media Centre (SMC) report on the July 2011 drowning.[1048] The Media Centre reported that the boat that sank in July 2011 was owned by

1046 Salih, Zeinab. "Destination Gulf: The Deadly Price of Sudan's Human Trafficking". *The Niles*, 2011, https://www.theniles.org/en/articles/society/1059/.

1047 "Boat sinks off Sudan 'killing 197 migrants". *BBC News*, 2011, https://www.bbc.com/news/world-africa-14039801.

1048 "Nearly 200 Migrants Feared Drowned Off Sudan As Boat Burns". *The New York Times*, 2011, https://www.nytimes.com/2011/07/06/world/africa/06sudan.html.

four Yemenis, who had been arrested in Port Sudan state.[1049] According to The Niles: "For every nationality of would-be migrants to the Gulf States, a gang of compatriots is on hand to smuggle them from Suakin." The route was operated by Somali, Nigerian, Eritrean and Ethiopian nationals. It was used to transport individuals from Chad, Somalia, Nigeria, Eritrea, and Ethiopia. Each nationality ran their own smuggling network, and typically owned the boats, cars, and motorbikes used to transport the migrants to the camp and launching points without security checks.[1050]

Migrants interviewed by the media report of poor living conditions in the camp near Suakin spoke of being chained, and of severe overcrowding on the boats making the crossing. These reports indicate that 'Smuggling with

1049 "Boat sinks off Sudan 'killing 197 migrants". *BBC News*, 2011, https://www.bbc.com/news/world-africa-14039801.

1050 Salih, Zeinab. "Destination Gulf: The Deadly Price of Sudan's Human Trafficking". *The Niles*, 2011, https://www.theniles.org/en/articles/society/1059/.

Aggravated Circumstances' took place on the route.[1051]

The SMC reported that the boat sinking incident in July 2011 was caused by a fire onboard. No investigation committee has been formed to determine the cause of the sinking.[1052] A senior official at Sudan's Ministry of Information, Rabbie Abdellatti, told the BBC he believed that most or all of those on board were Somalis.[1053] The SMC report indicated that those onboard also included Eritreans, Ethiopians and Sudanese, and that the route had been ongoing, stating that: "A second attempt to smuggle 247 migrants, mostly from Chad, Nigeria, Somalia and Eritrea, was also uncovered in the same state."[1054]

1051 Salih, Zeinab. "Destination Gulf: The Deadly Price of Sudan's Human Trafficking". *The Niles*, 2011, https://www.theniles.org/en/articles/society/1059/.

1052 Salih, Zeinab. "Destination Gulf: The Deadly Price of Sudan's Human Trafficking". *The Niles*, 2011, https://www.theniles.org/en/articles/society/1059/.

1053 "Boat sinks off Sudan 'killing 197 migrants". *BBC News*, 2011, https://www.bbc.com/news/world-africa-14039801.

1054 "Red Sea Boat Sinking Leaves '197 People Dead'". *Al Jazeera*, 2011, https://www.aljazeera.com/news/africa/2011/07/201175215452751288.html.

Route to Libya

Findings from the Mixed Migration Centre and the Overseas Development Institute (ODI) suggest that there are two main routes from Sudan to Libya: the first one going through Dongola in the north-central region, and the second going through El Fasher[1055] in western Darfur, in the southwestern region. Most migrants reported on having transited through Khartoum (79%), followed by El Fasher (15%). Earlier in their journey, the main point of entry and transit for Eritreans is Kassala (87%), and the second most transited city is Gedaref (14%).[1056]

A small minority of the interviewed non-Sudanese migrants (4.6%) also transited through Egypt before reaching Libya, and some transited through Chad (2.9%).[1057]

1055 ODI. *Darfuri Migration from Sudan to Europe*. 2018, https://www.odi.org/sites/odi.org.uk/files/resource-documents/12385.pdf.

1056 Mixed Migration Centre. *MMC North Africa 4Mi Snapshot – February 2020*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/03/091_snapshot_NA.pdf.

1057 Mixed Migration Centre. *MMC North Africa 4Mi Snapshot – February 2020*. 2020, http://

Approximately 60 percent of the Eritrean, Ethiopian, and Somali respondents of the Mixed Migration survey stated that they did not use the services of a smuggler to cross Sudan before reaching Libya. The survey notes that this could be due to the respondents being unwilling to disclose their interaction with smugglers because the findings are in stark contrast with the high percentage of West African migrants resorting to the services of smugglers.[1058]

Eastern Sudan

Sudan is hub for the north-eastern route for migrants from Eritrea, Ethiopia, and Somalia. The United States Department of State reported that due to the restrictions imposed on foreigners to travel within the country, individuals often resorted to the services of smugglers to move from Eastern Sudan to Khartoum, which increases their risk of

www.mixedmigration.org/wp-content/uploads/2020/03/091_snapshot_NA.pdf.

1058 Mixed Migration Centre. *MMC North Africa 4Mi Snapshot – February 2020*. 2020, http://www.mixedmigration.org/wp-content/uploads/2020/03/091_snapshot_NA.pdf.

being trafficked.[1059] Victims of human trafficking on this route have been described as being "either abducted as they enter Eastern Sudan or are taken by force from areas in and around Shagarab refugee camp in Gedarif state where the new arrivals are hosted."[1060] Individuals attempting to leave the refugee camp context for Khartoum, or to exit the country completely often fall victim to traffickers on the way to the capital.

Figure 23 The first route described by Colonel Hassan, from The New Arab[1061] With the starting point on the lower right being Metema in Ethiopia, then Galabat in Sudan, passing through Al Fao, the city of Al-Bageir, to then cross the Soba Bridge to Khartoum

1059 "2019 Trafficking In Persons Report: Sudan". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1060 *Migrant Crisis Operational Framework: Sudan 2017 2019*. IOM, Khartoum, 2017, https://www.iom.int/sites/default/files/our_work/DOE/MCOF/MCOF-SUDAN-2017-2019_5.5mb.pdf.

1061 "الاتجار بالبشر في القرن الأفريقي .... يقطع العبودية مي رمي بالخطوط". *The New Arab*, 2020, https://youtu.be/4taAFGkVjYI.

Colonel Abdul-Shakur Hassan described a smuggling route from Ethiopia to Khartoum to The New Arab, which is monitored by Sudanese security forces. The route described by Colonel Hassan concerns migrants from Ethiopia, Eritrea, and Somalia, and starts in the Ethiopian city of Metema. From Metema, migrants walk to the border town of Galabat, where they are made to gather and stay in straw houses. Once enough migrants have gathered and have paid for the next leg of the trip, they are transported in pick-up truck vehicles. Migrants interviewed by The New Arab describe conditions of overloading, and of fellow migrants falling out of the vehicle during a police chase. The smugglers drive the migrants through the mountainous area of Al Fao, between the states of Al Jazirah (Gezira) and Al-Qadarif (Gedaref), to bring them to the city of Al-Bageir which borders Khartoum. Khartoum is then entered through the Soba Bridge.[1062]

1062 "ويديف - موطرخاب رّمت ةيدوبعلا بورد ...يقيرفألا نرقلا يف رشبلا قرتاجت روصو". *The New Arab*, 2020, https://www.alaraby.co.uk/%D8%AA%D8%AC%D8%A7%

Figure 24 The second route described by Colonel Hassan, from The New Arab The map shows Eritrea and the cite of Keren on the right, while the routes start from Kassala (on the top) and Gedaref (in the bottom)

Colonel Abdul-Shakur Hassan also described a second route to The New Arab, which starts from the various UNHCR refugee camps in the Gedaref and Kassala states, such as Um Gargour and the Shagareb camps. According to Colonel Hassan, smugglers transport individuals from the camps via motorbikes, after which they are moved as a group

D8%B1%D8%A9-%D8%A7%D9%84%D8%A8%D8%B4%D8%B1-%D9%81%D9%8A-%D8%A7%D9%84%D9%82%D8%B1%D9%86-%D8%A7%D9%84%D8%A3%D9%81%D8%B1%D9%8A%D9%82%D9%8A-%D8%AF%D8%B1%D9%88%D8%A8-%D8%A7%D9%84%D8%B9%D8%A8%D9%88%D8%AF%D9%8A%D8%A9-%D8%AA%D9%85%D8%B1%D9%91-%D8%A8%D8%A7%D9%84%D8%AE%D8%B1%D8%B7%D9%88%D9%85.

in pick-up trucks from Kassala and Gedaref, where they drive through the Butana Plain east of Al Jazirah state, to reach areas in the East Nile of Khartoum. The Colonel added that once in the East Nile, migrants are requested to pay for their journey and housing, and that if they were unable to do so, they were kidnapped and tortured until they would. Colonel Hassan told The New Arab that the network in charge of smuggling migrants on these routes was known for transporting 20 to 30 migrants at the same time, and that the network was particularly active in transporting young women as well as underage girls to Gulf countries. Khartoum was noted to mostly be a transit city, and that victims were seen to be travelling with fraudulent documents.[1063]

1063 ويديف - موطخراب رّمت ةيدوبعلا بورد ...يقيرفألا نرقلا في رشبلا قراجت" روصو". *The New Arab*, 2020, https://www.alaraby.co.uk/%D8%AA%D8%AC%D8%A7%D8%B1%D8%A9-%D8%A7%D9%84%D8%A8%D8%B4%D8%B1-%D9%81%D9%8A-%D8%A7%D9%84%D9%82%D8%B1%D9%86-%D8%A7%D9%84%D8%A3%D9%81%D8%B1%D9%8A%D9%82%D9%8A-%D8%AF%D8%B1%D9%88%D8%A8-%D8%A7%D9%84%D8%B9%D8%A8%D9%88%D8%AF%D9%8A%D8%A9-%D8%AA%D9%85%D8%B1%D9%91-%D8%A8%D8%A7%D9%84%D8%AE%D8%B1%D8%B7%D9%88%D9%85.

Figure 24 The second route described by Colonel Hassan, from The New Arab[1064] The map shows Eritrea and the cite of Keren on the right, while the routes start from Kassala (on the top) and Gedaref (in the bottom)

Figure 25 The second route described by Colonel Hassan, from The New Arab, showing the routes from Kassala and Gedaref going to Khartoum[1065]

1064 "الاتجار بالبشر في القرن الأفريقي .... طريق العبودية يمر بالخرطوم". *The New Arab*, 2020, https://youtu.be/4taAFGkVjYI.

1065 "الاتجار بالبشر في القرن الأفريقي .... طريق العبودية يمر بالخرطوم". *The New Arab*, 2020, https://youtu.be/4taAFGkVjYI.

Case study: Migrant smuggling from Eritrea

Case study shared by Michael Weldemichael from the Eritrean National Security and Police Forces and Training Centre[1066]

In 2018 police forces received a tip-off that a smuggler was planning on moving eight youths (five men and three women) from Asmara into Sudan. The smuggler was a part of a network that had an agent in Sudan, who made agreements with relatives of the migrants living abroad. The role of the agent in Sudan was to receive migrants from neighbouring countries, and to smuggle them until the next border, where they would be handed over to different agents. The agreement was reportedly that the migrants' relatives would pay between 60,000 and 70,000 nakfa (USD 4,000-5,000) once the migrants had reached Sudan. The relatives abroad gave the Sudanese agent the names, mobile phone numbers, and addresses of each migrant. The Sudanese agent sent these details to the smuggler in Eritrea.

The Eritrean smuggler's assignment was to collect the migrants from Asmara and transport them to Alebu, a village in western Eritrea, approximately 60 kilometres north of Tessenei, and 70 kilometres east of Sudan. The group travelled by minibus, and the driver was reportedly aware that the journey concerned the smuggling of migrants and agreed to be paid 15,000 nakfa (USD 1,000). The migrants leaving Asmara said they were going to a wedding in Tessenei, which is approximately 60 km from Alebu, and the Eritrean smuggler had prepared documents for the minibus, which allowed the group to pass several checkpoints without any difficulties. The group had left Asmara at 8 a.m., took a short break in Barentu five hours later, and arrived in Alebu shortly after sunset. The plan was that after having arrived in Alebu, the migrants would be handed over to a third smuggler who would transport the migrants to Kassala, the Sudanese border town, a journey that would take place partly on camel back and on foot.

Eritrean law enforcement had been made aware of the smuggling plot ahead of time and could therefore interfere before the hand-over in Alebu. Police forces had received intelligence that the smugglers were not armed and chose instead to intercept the smugglers during the hand-over, in order to break the chain and to arrest several smugglers. During the hand-over, the eight migrants and the Eritrean agents descended from the minibus on a bridge in Alebu, where they were welcomed by the third trafficker. Eritrean police forces intercepted the group, and arrested the eight migrants, the two smugglers, and the driver.

A retrospective investigation by Eritrean authorities showed that both smugglers had performed two previous trips, transporting a total of 25 individuals. According to several returnees interviewed by Eritrean security forces, migrants travelling with these smugglers had been trafficked into severe exploitation in both the transit and destination countries. Investigations found that the smugglers had been keeping significant funds which they collected from victims and their relatives in a commercial bank, in an account that was in the name of the smuggler's relatives. Several physical assets such as vehicles were also found.

Both arrested traffickers were convicted for the transporting and harbouring of migrants for the purpose of trafficking in persons. One was sentenced for 10 years, and the other for 12 years imprisonment, due to a previous conviction for the smuggling of migrants. The driver of the minibus was prosecuted for being an accomplice for the attempted smuggling of migrants. The case has not yet been closed, as police forces are still investigating the network, and attempting to locate and arrest the agent in Sudan and other associates.

1066 Author interview, Eritrean National Security and Police Forces and Training Centre, electronic communication, 11th June 2020

Libya

A survey done by the Mixed Migration Centre published in December 2019 found that approximately 10 percent of all migrants travelling from Africa to Europe through Libya had been detained, while five percent reported on having been kidnapped. Out of all interviewed detained migrants, 84 percent had been detained in Libya, while 16 percent had been detained in other countries, particularly Niger and Sudan. The study found that individuals originating from East Africa were more often detained than individuals from North, Central, and West Africa. Migrants originating from Sudan, Eritrea, Ethiopia, and Somalia disproportionally experienced detention.[1067] These findings are consistent with research from Tinti et al. published in 2016, who reported that migrants from Sudan, Eritrea, Ethiopia, and Somalia were disproportionally

1067 Mixed Migration Centre. What Makes Refugees and Migrants Vulnerable to Detention in Libya? A Microlevel Study of The Determinants of Detention. MMC Research Report, 2019.

targeted for detention centres in Libya.[1068]

Experts reported Libyan officials held 427 Sudanese in Libyan detention centres where they were vulnerable to forced labour and other forms of abuse.[1069]

In January 2020 several families protested in front of the Emirati embassy in Khartoum. The protesters said that their relatives had travelled to the United Arab Emirates after having been recruited to work for a security services company as guards, but that they had instead been transferred to the Ras Lanuf oil terminal in Libya. The Sudanese Ministry of Foreign affairs said it was investigating the case,[1070] and that several men had been flown back to the UAE following protests in Khartoum.[1071] On 28 January 50 men landed in

1068 Tinti et al. Migrant, Refugee, Smuggler, Saviour. Oxford University Press, 2016.

1069 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1070 "Sudan Investigating Transfer of Guards from UAE To Libyan Oil Port - Ministry". *Reuters*, 2020, https://www.reuters.com/article/uk-sudan-politics-emirates/sudan-investigating-transfer-of-guards-from-uae-to-libyan-oil-port-ministry-idUKKBN1ZR2X2.

1071 "Sudan Investigating Transfer of Guards from UAE To Libyan Oil Port - Ministry".

Khartoum, telling the Sudan Tribune that they had been hired by a security firm called Black Shield, and that they had spent three months in the Emirati desert for military training before being unknowingly sent to Libya.[1072] Men interviewed by the Guardian said that after their training they had been brought by bus to the airport, where they boarded a military plan, after being told they were traveling to Sweihan, in the eastern Emirates. The men learned they had arrived in Benghazi, Libya instead when they saw writing on the walls upon their arrival.[1073] Contradicting the men who returned to Khartoum, Sudanese information minister Faisal Mohamed Salih told reporters that the men "went to the UAE and there they were offered two different contracts, one contract as a security guard in the UAE and [another] contract as security guards in petrol fields in

Reuters, 2020, https://www.reuters.com/article/uk-sudan-politics-emirates/sudan-investigating-transfer-of-guards-from-uae-to-libyan-oil-port-ministry-idUKKBN1ZR2X2.

1072 "UAE Security Firm Repatriates Sudanese Youth from Libya After Protests". *Sudan Tribune*, 2020, https://www.sudantribune.com/spip.php?article68910.

1073 Ahmed, Kaamil. "Sudan Accused of Failing Men Who Say They Were Duped into Working in Libya". *The Guardian*, 2020, https://www.theguardian.com/global-development/2020/jan/31/sudan-accused-of-failing-men-who-say-they-were-duped-into-working-in-libya.

Libya."[1074] Black Shield denied allegations that it had deceived its employees about the nature of their employment.[1075]

The 2019 US TIP report states that inspectors of the Ministry of Labour were responsible for providing oversight on recruitment agencies, but that no investigations of sanctions on fraudulent recruiters were reported. A Lack of training and guidance from the ministry was blamed on the inspector's inability to enforce existing laws.[1076]

Case study: East Nile police intervention

The below is a case study shared by NCB Khartoum, and the Sudan Police Criminal Investigation Department.[1077]

Police forces received intelligence that human trafficking victims were being held in East Nile, Khartoum. The prosecution office issued procedures and the house was raided, rescuing ten foreign minors. The ten victims were between 9 and 17 years old and originated from neighbouring countries. Three Sudanese nationals were arrested during the raid. One vehicle was seized, which was reportedly used to transport the victims.

The case was reported in July 2019 under the Human Trafficking Act, articles 7 and 8. Article 7 stating the criminalized acts, recruitment, harbouring, transferring, operating and detaining, and Article 8 stating the punishment. Police arrested a fourth individual, leading to four accused: *AA*, aged 70 years old, *MA*, aged 25 years old, *H*, aged 45 years old, and *AAA*, aged 18 years old.

The accused were taken into custody and investigations indicated that the victims had been held for ransom in exchange for release. It was also revealed that the vehicle belonged to a man called AOI, who is the husband of the accused MA, and who was also arrested and confessed to being part of the plot. All accused were sentenced in October 2019.

1074 Ahmed, Kaamil. "Sudan Accused of Failing Men Who Say They Were Duped into Working in Libya". *The Guardian*, 2020, https://www.theguardian.com/global-development/2020/jan/31/sudan-accused-of-failing-men-who-say-they-were-duped-into-working-in-libya.

1075 "UAE Security Firm Repatriates Sudanese Youth from Libya After Protests". *Sudan Tribune*, 2020, https://www.sudantribune.com/spip.php?article68910.

1076 "2019 Trafficking in Persons Report: Sudan". United States Department Of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/sudan/.

1077 Author interview, NCB Khartoum and Sudan Police Criminal Investigation Department, electronic communication, 11th June 2020

DRUGS AND PSYCHOTROPIC SUBSTANCES

Sudan is impacted by the ATS Captagon, with a laboratory seized in the country. The trafficking of the opioid Tramadol has also been ongoing. A more recent development is the seizure of large quantities of heroin from a maritime route. The emergence of a transnational drug threat in Sudan has been noted over the past decade, with as trafficking and use have increased.[1078]

A notable development is the discovery of an ATS manufacturing facility in Sudan. A Captagon facility was seized in 2015, with the capability to manufacture 3,000 pills an hour. At the site, precursors were also seized.[1079] Images of the laboratory showed a compact tablet making machine. The three people convicted in connection with the laboratory were a Palestinian holding a Jordanian passport, a Bulgarian and a

1078 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020

1079 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.

Syrian.[1080] This highlights the role foreign chemists can have in the manufacture of ATS. Images from the seizure show what appears to be a modern pill processing machine.[1081]The compact nature of the machine means an organised crime group can operate a considerable illicit pill manufacturing operation from a small area.

The primary routes for Captagon trafficking are on air (Khartoum) and maritime routes (Port Sudan), the direction of which is not clear.[1082] Large seizures have been made from containers. International cooperation has been key in a number of major cases. In 2014, more than 14 million pills, totalling two and a half tonnes, was seized from a container in Port Sudan, with the assistance of Lebanon.[1083] The main user market is in Khartoum and "other big cities in Sudan where

1080 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.

1081 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020

1082 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.

1083 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020

narcotics are manufactured and created".[1084] Captagon pills are primarily consumed by youth (both male and female) and the cost per pill is approximately 300 SDG.[1085]

There is some methamphetamine use in Sudan. Methamphetamine is trafficked to Sudan from West Africa, via Ethiopia.[1086]

There are indications that Tramadol is trafficked to Sudan on multiple routes. Law enforcement in Sudan note that organized crime groups involved in trafficking Tramadol to Sudan are from Egypt and West Africa.[1087] This correlates with the main known routes for Tramadol to enter the Continent, through major (container handling) harbours in the West and North Africa. Bulk trafficking on routes to Sudan has taken place. In at least one case a seizure totalling nearly 10

1084 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1085 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1086 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1087 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.

million pills was made at the dry port of Wad Medani. Illicit manufacture of Tramadol has not been detected in Sudan.[1088] Tramadol has also been trafficked into Sudan in smaller quantities. On the western border, 119,000 pills were seized from a fuel truck.[1089]Open-source reporting indicates how overland traffickers operate along routes from West Africa and the threat posed to communities in border areas: "Traffickers use unpoliced borders to avoid controls, or resort to bribing customs officials. Not surprisingly, therefore, suppliers of small vendors and resellers are primarily found at border areas, such as the north-west and far north of Cameroon (along its Nigerian borders); at the Congo-Cameroon border; or in the Lake Chad region and Chad-Sudan border".[1090] There is considerable non-medical Tramadol use in Sudan. Tramadol is "widely used by youth", with a cost of approximately 250

1088 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1089 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020
1090 Ebo'o, A., (2018). Central Africa: The scourge of tramadol abuse. Enact Africa. Available at: https://enactafrica.org/enact-observer/the-scourge-of-tramadol-abuse

SDG.[1091]

Sudan has also started to see indications of a major heroin trafficking route, associated with maritime tracks on the Red Sea. In June 2018, more than 475kg of heroin was seized from a large skiff near the border of Egypt and Sudan. Images show the heroin wrapped in yellow plastic packaging, that were stowed in a fish hold and under the bow in sacks.[1092] This followed a seizure of 47kg of heroin in May 2018 in Port Sudan. Despite the proximity in time frame, images show significant differences in the packaging.[1093] Heroin has also been trafficked to Sudan on air and land routes. A number of seizures have been made at the airport in Khartoum. A seizure was also made at a land port.[1094] Heroin addicts are both male and female. Consumption is typically a dose or two a day, with

1091 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1092 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020
1093 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020
1094 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.

each costing approximately 17,000 – 20,000 SDG.[1095]

Cocaine trafficking via Sudan has been visible since 2016. The route involves smuggling from Brazil to Sudan, for trafficking to Egypt and Israel, and from there to Europe. Nationalities involved have been Brazilians, Egyptians and Sudanese.[1096]

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

Mining and Gold Smuggling

Sudan is rich in mineral deposits, namely gold, chrome, copper, iron, manganese, asbestos, gypsum, mica, limestone, marble, and uranium.[1097]

1095 Author Interview, NCB Khartoum and Sudanese Anti Narcotic Unit, Electronic Communication, 23 June 2020.
1096 Eastern Africa Police Chiefs Cooperation Organization (EAPCCO) Electronic Document, Viewed on 06 July 2020
1097 US Library of Congress, Country Studies - Sudan - Mining http://countrystudies.us/sudan/60.htm

After South Sudan seceded from Sudan in 2011, the government lost its main source of foreign currency earning potential from oil production, which was centred in South Sudan. The focus is now on gold mining, which is one of the key foreign exchange revenue sources. In 2018, an estimated 93 tonnes of gold were produced in Sudan, making it Africa's third-largest gold-producing nation.[1098]

Much of Sudan's gold production, an estimated 85-90 percent, is extracted by artisanal mining, which is estimated to employ over 1 million artisanal workers. The Geological Research Authority of Sudan estimates that 50-100kgs are sent to Khartoum every week for black market sales. It is estimated that 75 percent of Sudan's gold gets smuggled out of the country, with an estimated USD 4.5 billion being smuggled from Sudan to the UAE between 2010-2014.[1099]

1098 Mining Technology 10 Jan 2020 Sudan's new policy allows private traders to export gold https://www.mining-technology.com/news/sudan-new-gold-policy/

1099 Sudan Democracy First Group, 15th November 2017, The Politics of Mining and Trading of Gold in Sudan: Challenges of Corruption

Previously, only Sudan's central bank could buy and export gold, as well as establish centres to purchase the precious metal from small-scale miners. A new regulation was installed to address the widespread smuggling of gold allowing private traders to export 70 percent of their gold. This regulation should also attract foreign currency into the country's treasury and fund government programmes.[1100]

A report identified the top leadership of the National Congress Party (NCP) as owning more than 164 companies, who have pick of Government contracts, where hegemony, nepotism and corruption are cited as key factors.[1101] In 2012, 77 percent of the gold from Sudan was sold via an arm of the Sudanese Government, the Sudan Financial Services

and Lack of Transparency https://democracyfirstgroup.org/the-politics-of-mining-and-trading-of-gold-in-sudan-challenges-of-corruption-and-lack-of-transparency/

1100 Mining Technology 10 Jan 2020 Sudan's new policy allows private traders to export gold https://www.mining-technology.com/news/sudan-new-gold-policy/

1101 Sudan Democracy First Group, 15th November 2017, The Politics of Mining and Trading of Gold in Sudan: Challenges of Corruption and Lack of Transparency https://democracyfirstgroup.org/the-politics-of-mining-and-trading-of-gold-in-sudan-challenges-of-corruption-and-lack-of-transparency/

Company (SFS), to a refiner in Dubai, while being described as "scrap gold" to avoid due diligence and duties. Gold mining and illegal land appropriation has been cited as a factor in a number of conflicts around the country: Jebel Amir, South Kordofan, Blue Nile, and Darfur.

The recent Global Financial Integrity analysis of trade volume gap found significant discrepancies in the quantity and value of gold exported between Sudan and its trading partners, namely:[1102]

- between 2012-2018, the Central Bank of Sudan reported 205,446kgs of gold exports, whereas the country's trading partners reported 404,732kgs of gold imports – which represents a volume gap of 199,286kgs
- correspondingly, the trade gap equals nearly USD 4.1billion, with the Central Bank of Sudan reporting exports of USD 8.6 billion, whilst its trading partners reported imports valued at USD 12.7 billion

1102 Global Financial Integrity, May 2020, Analyzing Trade, Oil and Gold: Recommendations to Support Trade Integrity in Sudan https://secureservercdn.net/45.40.149.159/34n.8bd.myftpupload.com/wp-content/uploads/2020/05/Sudan-Policy-Brief-FINAL.pdf

ARMED, ORGANISED CATTLE RUSTLING

Ethiopia – Sudan border

Violence between herders and militias was reported in December 2019 at the Sudan-Ethiopian border. Local residents are witnessing continuous tensions between Ethiopian armed militias generically known as *shifta*, and Sudanese herders against the backdrop of cattle rustling. One individual was reportedly killed by Ethiopian militia men in Barka Nurein village of El Gureisha locality in El Gedaref on 10 December 2019.[1103] On 14th December three Sudanese residents of East El Galabat were kidnapped, reportedly by Ethiopian militia. The killing and kidnappings led to protests in El Gaderef which blocked the El Galabat border, the main border between Sudan and Ethiopia.[1104]

1103 "Protests Against Herder Violence Across Darfur, Sudan". Radio Dabanga, 2019, https://www.dabangasudan.org/en/all-news/article/protests-against-herder-violence-across-darfur-sudan.

1104 "Three Sudanese Kidnapped By Ethiopian Militia". Kichuu, 2019, https://kichuu.com/three-sudanese-kidnapped-by-ethiopian-

FRAUD, FORGERY AND COUNTERFEITING

FRAUDULENT DOCUMENTS

Sudan has been a notable hub for fraudulent documents, with significant advertising from organised crime groups on social media. Syrians have been especially targeted with Facebook advertisements for Sudanese passports. One key player was frequently using aliases such as "the Shark", referring to the former President's brother. It seemed that the sale of these documents to leave Sudan amounted to profiting from refugees. The documents tended to be used on air routes to leave Sudan from Khartoum and were then disposed of with Syrians claiming refugee status.[1105] BBC News reported on Sudanese passports being sold to individuals who were able

militia/.

1105 Suleiman, Abdulmoniem, and Klaas van Dijken. "Passports for Sale: How Sudan Profits from Syrians". News Deeply, 2018, https://www.newsdeeply.com/refugees/articles/2018/02/01/passports-for-sale-how-sudan-profits-from-syrians.

to be physically passed-off as a Sudanese national.[1106]

FINANCIAL CRIMES

Country Assessment on Money Laundering / Terrorism Financing / Illicit Financial Flows

Anti-Money Laundering / Countering Terrorist Financing Framework

An overview of the laws and guidelines issued by the Government of Sudan on AML/CFT is found in Annex R.

Two measures indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

1. The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year.

- There is no current data available for Sudan, however the legacy figures published in FUR in April 2016 show:[1107] 2013 - 21 reports (9 from banks / 11 from law enforcement

1106 "Undercover Video of Human Organ Traders - BBC News". Youtube, 2017, https://www.youtube.com/watch?v=JFf8SZO3e_M.

1107 MENAFATF 26 April 2016 Third Follow-Up Report for Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

/ 1 from currency exchange)

- 2014 - 81 reports (30 from banks / 16 from law enforcement / 5 from currency exchange / 30 from monitoring & supervisory agencies)
- 2015 -101 reports (31 from banks / 49 from law enforcement / 7 from currency exchange / 3 from monitoring & supervisory agencies / 11 other)

Of these reports the following actions were taken:

- 2013 - 18 dismissed / 3 refereed to Public Prosecutor
- 2014 - 60 dismissed / 20 refereed to Public Prosecutor / 1 FT
- 2015 - 9 under investigation (as at April 2016) / 38 dismissed / 53 referred to Public Prosecutor / 1 FT

2. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

There is no current data available for Sudan, however previous figures published in FUR in April 2016 outline the number of reports submitted to the Public Prosecution

regarding ML/ FT cases and their legal status in 2015.[1108]

- 49 - under investigation
- 2 - removed
- 2 - dismissed
- 5 - referred to court

The report further states that Sudanese authorities have utilised confiscation provisions under the law in various types of major criminal cases in 2013 to 2015:

- illicit trafficking in narcotic drugs
- illicit arms trafficking
- illicit trafficking in stolen goods
- corruption & bribery
- counterfeiting currency
- environmental crimes
- smuggling
- human trafficking

1108 MENAFATF 26 April 2016 Third Follow-Up Report for Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

A. Use of Legal Enterprises & Real Estate (ML &TF)

It has been reported that only 10 percent of people in Sudan have bank accounts,[1109] making cash the predominant mode of payment. The UK Foreign Office[1110] advise that non-Sudanese debit and credit cards cannot be used at banks and ATMs.

There are 37 banks in the country, of which 5 are state-owned specialised banks, jointly or wholly operated with the government; 23 are commercial banks, jointly or wholly operated with the government; and a further 9 commercial banks are wholly owned foreign banks which include the following:[1111]

1109 UN News 30 Jan 2020 How mobile money is rebuilding lives in Sudan https://news.un.org/en/story/2020/01/1056302

1110 UK Foreign Office Foreign travel advice Sudan https://www.gov.uk/foreign-travel-advice/sudan/money

1111 AFRICAN BUSINESS MAGAZINE 29 OCT 2018 Sudan: Lifeline for the banking sector https://africanbusinessmagazine.com/african-banker/sudan-lifeline-for-the-banking-sector

Abu Dhabi National Bank

- Qatar National Bank
- National Bank of Egypt (Khartoum)
- Aljazeera Sudanese Jordanian Bank
- Sudanese Egyptian Bank
- Saudi Sudanese Bank
- Byblos Bank (Africa).

Due to previous sanctions much of the international transactions from Sudan have been routed via financial institutions in Kuwait, Qata The Sentry, July 2015, Country Brief - Sudan https://thesentry.org/reports/sudan/ r, UAE to the international financial system; several reports[1112] have highlighted the involvement of Politically Exposed Persons (PEPs) and corrupt influences[1113] in the Sudanese financial sector, and the potential processing

1112 The Sentry, Feb 2020, Loan Wolves - Debt Scams Threaten Sudan's Democratic Transition and Fragile Economy https://thesentry.org/reports/loan-wolves/

1113 Sudan Democracy First Group, Dec 2018, Banking System in Sudan https://democracyfirstgroup.org/wp-content/uploads/2019/05/Sudan-Banking-System-Final-English-FINAL-4.12.2018-1.pdf

of illicit funds originating from Sudan. It is also alleged that groups from the military and national intelligence services are entrenched within a number of Sudanese banks.[1114]

Lack of strong regulatory oversight and enforcement of AML / CFT requirements on the financial institutions undermines the integrity of the financial system and can allow it to be used for money laundering / terrorist financing.

B. Correspondent Banking / Nesting (ML)

As highlighted earlier, sanctions have forced direct correspondent banking relationships with many international banks to be stopped. The lifting of sanction conditions in 2020 against 157 Sudanese firms will allow banks to attempt to re-establish direct correspondent banking relationships. As covered in the 'Defining Transnational Security Threats' chapter, there are two types of correspondent banking arrangement - traditional and nested. It will be key to demonstrate that

1114 The Sentry, July 2015, Country Brief - Sudan https://thesentry.org/reports/sudan/

Sudanese banks are performing the requisite KYC / CDD checks on their account holders as this will be expected by the international banks processing the transactions.

C. OC Index 2019

Sudan scores ranks 6th (out of 54 African countries) in the 2019 Organised Crime Index; the involvement of state embedded actors, political corruption, established criminal networks and pro-government militias scored very highly.[1115]

D. Use of Land & Real Estate (ML)

Land misappropriation has been a key area of conflict in Sudan. It is alleged in a report that the political elite of the former regime have accumulated large estates in Sudan, some funded by overseas loans from state sponsors.[1116]

A report on land use writes that the lack of transparency

1115 https://ocindex.net/country/sudan

1116 The Sentry, July 2015, Country Brief - Sudan https://thesentry.org/reports/sudan/

on land use and allocation, as well as corruption in larger scale investments and agricultural projects, has caused significant issues and conflict regarding ownership and allocation in Sudan. Economic elites have allegedly illicitly shaped land laws and land acquisition, purchasing land at low prices, and exploiting rural communities.[1117] It has been further claimed that such land has then been leased or transferred, mainly to foreign buyers under foreign direct investment deals, that provide much needed foreign currency. It is recorded that Sudan is among the global "hotspots" for large scale land acquisitions. Between 2004-2013, it is reported that Sudan transferred 4 million hectares to private investors, mostly foreign investors. In 2009, the land distribution by country was Saudi Arabia (17%), Qatar (6%), UAE (5%), Egypt (1%), Other Arab Countries (4%), Non-Arab Countries (4%), Local

1117 Sudan Democracy First Group, Sept 2016, Land Use, Ownership and Land Allocation in Sudan https://democracyfirstgroup.org/land-use-ownership-and-allocation-in-sudan-the-challenge-of-corruption-and-lack-of-transparency/

Investment (36%), unclassified (27%).[1118]

It is further alleged that regime elites have acquired personal property holdings in UAE, Ethiopia, Malaysia, China, Turkey, European countries, the UK, and the US.[1119]

A recent report into the acquisition of real estate across Africa, in particular the cities such as Nairobi, Kampala, Windhoek, Cape Town, and Johannesburg, used as a "safe haven" for looted funds, illustrated several methods used by Politically Exposed Persons (PEPs), or usually through their family members, shell companies, or trusts, to evade sanctions restrictions. The following are "red flags" observed from such purchases:[1120]

- Buyer is a PEP
- Buyer resides outside the jurisdiction of the real estate

1118 Sudan Democracy First Group, Sept 2016, Land Use, Ownership and Land Allocation in Sudan https://democracyfirstgroup.org/land-use-ownership-and-allocation-in-sudan-the-challenge-of-corruption-and-lack-of-transparency/

1119 The Sentry, July 2015, Country Brief - Sudan https://thesentry.org/reports/sudan/

1120 The Sentry, July 2020, Looted Funds Used to Buy African Real Estate https://thesentry.org/reports/looted-funds/

- Buyer is a trust company or shell corporation
- Buyer is under UN, EU or US sanctions
- Price of the real estate is inconsistent with buyer's apparent income

E. Use of Legal Enterprises & FTZ (ML)

As has been highlighted in several reports cited in this paper - the exploitation of natural resources such as mining and land has been achieved by using corporations, with complex ownership and shareholder structures, many of which are registered in Sudan or neighbouring countries.

A separate report highlights the trend of the use of "virtual companies" in the wake of the oil boom in 2000 to 2011; such companies have few identifiers and their ultimate beneficial ownership may not be clear, however they were granted access to bank funds. Termed "political influence shell companies", such companies are believed to be controlled by the political elite and used to gain access to funds, especially

foreign exchange.[1121]

The World Bank "Doing Business" report highlights that although Sudan is ranked 171 out of 190 economies, setting up a business in Sudan is relatively straight forward.[1122]

As highlighted earlier, Sudan is a cash-based economy, using the Sudanese Pound (SDG) with the official exchange rate to United States Dollar (USD)$1 to Sudan Pound (SSP) 55.0000 (buying) 55.2750 (selling)[1123]; however, due to foreign exchange shortages, there is a thriving parallel market in currency and the unofficial ("black market") exchange rate for US Dollars varied between SDG 113 (selling) and SDG 111.5 (buying) (as at 4 Mar 2020).[1124]

1121 Sudan Democracy First Group, Dec 2018, Banking System in Sudan https://democracyfirstgroup.org/wp-content/uploads/2019/05/Sudan-Banking-System-Final-English-FINAL-4.12.2018-1.pdf

1122 The World Bank, (2020) Doing Business: Sudan, https://www.doingbusiness.org/en/data/exploreeconomies/sudan

1123 https://cbos.gov.sd/en/exchange-rates

1124 Dabanga March 4 2020 Sudan Minister announces 'unprecedented wage hike' https://www.dabangasudan.org/en/all-news/article/sudan-minister-announces-unprecedented-rise-of-wages

The Government of Sudan has put in place laws regarding monitoring of large or suspicious cash transactions, especially cross border, it does seem that periodic checks are made at various key locations, principally Khartoum International Airport and Port Sudan; data for disclosures for the period July 2014 - Feb 2015 shows a number of disclosures as well as currency seizures.[1125] There is no publicly available recent information.

Sudan has established several Free Trade Zones (FTZ) at various locations throughout the country- near Port Sudan (on the Red Sea coast), near Khartoum, and near the Sudanese-Ethiopian border.[1126] The Sudanese Company for Free Zones and Duty-Free Shops is one of the largest companies operating in the Sudan; and its shares are traded on the Khartoum Stock

1125 MENAFATF 26 April 2016 Third Follow-Up Report for Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

1126 Sudanese Free Zones and Markets Co Ltd, https://www.sudanfreezone.com/en/our-companies/

Exchange.[1127] In its stated "Advantages and Facilities in the Free Zones Law" it outlines the following benefits to investors using FTZs:[1128]

- The right to full ownership of foreign investors
- Full freedom to transfer capital and profits
- Free foreign exchange
- Complete exemption from personal income tax for foreigners
- Business tax exemption
- Free goods imported or exported to non-local areas are exempt from customs duties
- Benefit from the preferential advantage enjoyed by Sudan in COMESA.

Such free trade zones (FTZs)- as well as a being a showpiece in promoting economic growth and investment

1127 Sudanese Free Zones and Markets Co Ltd, https://www.sudanfreezone.com/en/about_pages/about-us/

1128 Sudanese Free Zones and Markets Co Ltd https://www.sudanfreezone.com/en/areas/free-zone/

"Free trade zones are being used to traffic counterfeit goods", OECD, 15/03/2018, http://www.oecd.org/newsroom/free-trade-zones-are-being-used-to-traffic-counterfeit-goods.htm

- may also bring risk, due to minimal oversight afforded to Government agencies, that have been o "Free trade zones are being used to traffic counterfeit goods", OECD, 15/03/2018, http://www.oecd.org/newsroom/free-trade-zones-are-being-used-to-traffic-counterfeit-goods.htm bserved in other free trade zones (FTZ):

- the use of FTZ to traffic counterfeit & illicit goods[1129]
- the use of FTZ to move illicit weapons[1130] - the trade of illegal weapons in and around the Gulf of Aden remains highly lucrative and is comprehensively entwined with transnational terrorist groups, drug smuggling, and the conflict in nearby territories
- companies registered and operating within the FTZ are not subject to the same Government scrutiny as those registered in the rest of the country and thereby may be open to use by criminals or for illicit activity
- the use of FTZ for money laundering, using Trade Based Money Laundering (TBML),[1131] as identified by the Financial Action Task Force (FATF). TBML is one of the

1129 "Free trade zones are being used to traffic counterfeit goods", OECD, 15/03/2018, http://www.oecd.org/newsroom/free-trade-zones-are-being-used-to-traffic-counterfeit-goods.htm

1130 EXXAfrica THE ARMS TRADE IN THE HORN OF AFRICA, Aug 2018 https://africabusiness.com/2018/09/03/djibouti-5/

1131 Money Laundering vulnerabilities of Free Trade Zones , FATF, March 2010, pp19-26 https://www.fatf-gafi.org/media/fatf/documents/reports/ML%20vulnerabilities%20of%20Free%20Trade%20Zones.pdf

main methods to launder the proceeds of crime. TBML schemes include:

a. falsification of the quantity, of a shipment including multiple invoicing of goods in order to justify the transfer of value from one jurisdiction to another.

b. purchase of high-value goods using the proceeds of crime, followed by the shipment and re-sale of goods overseas;

c. transfer of funds which purport to be related to trade, or to the purchase of goods that are ultimately never shipped or received (also known as "phantom shipments");

d. falsifying the number and/or value of goods being shipped to be higher or lower than the corresponding payment, allowing for the transfer or receipt of the value of proceeds of crime (also known as over or under-invoicing);

e. using the proceeds of crime to purchase goods for legitimate re-sale, with payment for goods made to drug traffickers/distributors by legitimate business owners

TBML schemes often include a number of complex layers including cash, front companies, currency exchange, and the purchase and shipment of goods with illicit proceeds.

F. Remittances/ Wire Transfers

The imposition of financial sanctions resulted in the refusal of foreign correspondent banks to process transfers to and from Sudan, which raised the cost of remittances and tightening the foreign exchange market.[1132]

Remittance data by country of origin shows main inflows from Saudi Arabia, South Sudan, United Arab Emirates, Chad, Qatar, Kuwait, and the United States.[1133]

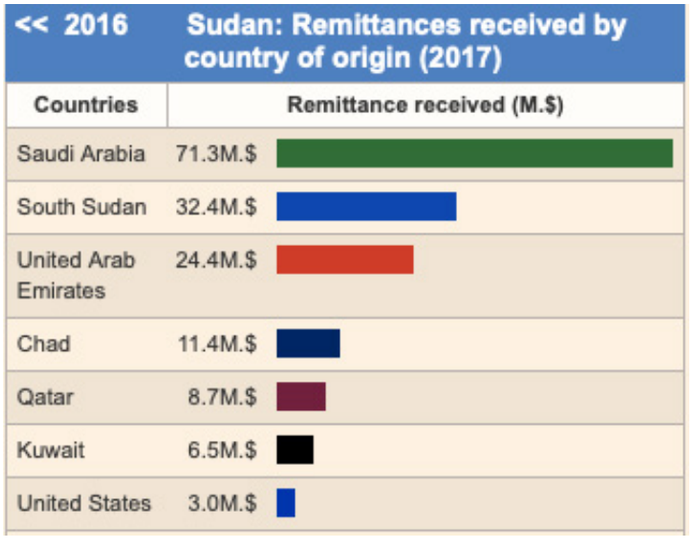
Remittance data by country of destination shows that the main outflows are to Nigeria, Egypt, Ethiopia, Kenya, China, India, and Uganda.[1134] The outflows to Nigeria, estimated at USD 234m (2016), are of note, as this may be linked to illicit activity concerning the proceeds of Transnational Security

1132 Remittances in Sudan https://www.unescwa.org/sites/www.unescwa.org/files/page_attachments/remittances_in_sudan.pdf

1133 "Sudan - Migrant Remittance 2017". Countryeconomy.Com, https://countryeconomy.com/demography/migration/remittance/sudan.

1134 "Sudan - Migrant Remittance 2017". Countryeconomy.Com, https://countryeconomy.com/demography/migration/remittance/sudan.

Threats.



<< 2016	Sudan: Remittances received by country of origin (2017)
Countries	Remittance received (M.$)
Saudi Arabia	71.3M.$
South Sudan	32.4M.$
United Arab Emirates	24.4M.$
Chad	11.4M.$
Qatar	8.7M.$
Kuwait	6.5M.$
United States	3.0M.$

Table 10 Data from Countryeconomy.com

G. Use of Alternate Fund Transmission Systems / Hawala (ML & TF)

There are a number of registered remittance agencies, as well as banks, in Sudan providing remittance services. The key is the availability or licence to transact in foreign currency. It is likely that, due to the restrictive effect of sanctions on

<< 2016 Sudan: Remittances sent by country of destination (2017)	
Countries	Remittance sent (M.$)
Nigeria	234.0M.$
Egypt	64.6M.$
Ethiopia	31.5M.$
Kenya	6.8M.$
China	6.5M.$
India	4.9M.$
Uganda	3.5M.$

Table 11 Data from Countryeconomy.com

financial transactions with a large section of the international financial system, the use of hawala has grown. The withdrawal of sanctions across a significant sector of Sudan's businesses, including banks, may improve the use of the formal system with the resumption of remittance services, if it is more cost effective and more efficient.

A report estimated that hawala transactions in

"…Pakistan, the Philippines, **Sudan** and Egypt…could represent double or triple the amount of official remittance figures."[1135]

A World Bank / IMF report estimated that hawala in Sudan accounted for over 55 percent of private remittances between 1981-2000.[1136]

H. Terrorist Financing (TF)

Sudan remains on the American State Sponsors of Terrorism List (SSTL)[1137] and, whilst subject to sanctions, has been associated with other jurisdictions on that list, namely Syria, and the Democratic People's Republic of Korea (DPRK).[1138]

1135 E. C. Schaeffer, 2008, The Journal of Private Enterprise 24(1), 2008, 95-117 Remittances and Reputations in Hawala Money-Transfer Systems: Self-Enforcing Exchange on an International Scale https://ideas.repec.org/a/jpe/journl/597.html

1136 THE WORLD BANK / INTERNATIONAL MONETARY FUND 21 March 2003 Informal Funds Transfer Systems: An Analysis of the Informal Hawala System http://documents1.worldbank.org/curated/pt/410351468765856277/pdf/multi0page.pdf

1137 US State Department BUREAU OF COUNTERTERRORISM State Sponsors of Terrorism https://www.state.gov/state-sponsors-of-terrorism/

1138 Aljazeera 7 June 2018 Sudan severs defence ties with North Korea https://www.aljazeera.com/news/2018/06/sudan-severs-defence-ties-north-korea-180607065811805.html.; Associated Press, 12 Mar 2019, The Guardian North Korea sanctions: UN investigating possible violations in about 20 countries https://www.theguardian.com/world/2019/mar/12/north-korea-sanctions-un-investigating-possible-violations-in-about-20-countries.

On 19th October 2020 however, US President Donald Trump announced that Sudan was about to be removed from the SSTL after 27 years. President trump tweeted that Sudan was to pay USD 335 million to the United States as compensation to "US terror victims and families".[1139] The deal would allow Sudan to access foreign investment, debt relief, as well as military aid, and would allow the country to re-enter the global economy. The removal of the US terrorist designation would also facilitate regional security cooperation and coordination between Sudan and the international community.[1140]

In other assessments it has been outlined that some al-Qaida (AQ) inspired groups, and the Lord's Resistance Army (LRA), notably in Darfur, had been operating and fund raising in Sudan.[1141] The Government of Sudan has taken steps

1139 "Trump Set To Remove Sudan From State Sponsors Of Terrorism List". *BBC News*, 2020, https://www.bbc.com/news/world-africa-54609375.

1140 "'It'S A New Day': Sudan Exults In Move To Take It Off List Of Terror States". *Nytimes.Com*, 2020, https://www.nytimes.com/2020/10/20/world/africa/Sudan-terror-list.html.

1141 The Sentry, April 2019, Sudan's Anti-Corruption Whitewash https://thesentry.org/

to limit the activities of these elements, and has worked to disrupt foreign fighters' use of Sudan as a logistics base and transit point for terrorists going to Mali, Syria, Somalia and Afghanistan.

- The most recent UN Security Council Panel of Experts report highlighted financing models of armed groups in Sudan:[1142]
- Sudan Liberation Army (SLA) - imposing taxes on residents of the camps for internally displaced persons in Darfur and imposing taxes in Jebel Marra; organising and taxing artisanal gold mining
- Militias / Armed Groups - operating in Darfur and engaging in kidnapping for ransom, human trafficking, smuggling of weapons and drugs, castle rustling (carried out in association with local criminal groups in Chad and Libya), and providing protection and safe passage for migrant traffickers. Smuggling of cars, paid by Sudanese car dealers to protect convoys of cars from Libya to Chad and Sudan, is lucrative with groups paying LYD3000 (USD 2100) per car.

reports/sudans-anti-corruption-whitewash/

1142 United Nations Security Council Final Report of the Panel of Experts on the Sudan S/2020/36 14 Jan 2020 https://www.securitycouncilreport.org/un-documents/document/s-2020-36.php

ILLICIT FINANCIAL FLOWS

Sudan was not included in the "Trade-Related Illicit Financial Flows in 135 Developing Countries" assessment process, however a separate report specifically on Sudan has been produced by Global Financial Integrity, and the findings of this report are outlined as being:[1143]

- Of the 374 bilateral trade relationships between Sudan and 70 of its trading partners examined between 2012-2018, which had a total reported value of USD 65.0 billion (as reported by Sudan), GFI identified an estimated USD 30.9 billion in value gaps.
    - These estimated value gaps were equal to nearly 50 percent of Sudan's total trade during this period with the 70 trading partners.
    - The estimated revenue loss related to the value gaps for this period could potentially be as much as USD 5.7 billion.
    - Ethiopia was among the top ten trading countries with Sudan with the highest value gaps as a percentage of total trade with Sudan in all seven of the years studied, while Japan was among the top ten in six of the seven years examined.

1143 Global Financial Integrity 31 May 2020 Sudan and Trade Integrity https://gfintegrity.org/report/sudan-and-trade-integrity/

Although petroleum exports have decreased since the secession of South Sudan in 2011, oil is still one of Sudan's primary generators of foreign currency. Post-secession, crude oil exports account for 11 to 64 percent of Sudan's exports each year and Sudan was the world's 42nd largest producer of crude oil in 2018.

- Over the seven-year period 2012-2018, Sudan reported exports of 62.3 million barrels, while the country's trading partners reported imports of 112.2 million barrels; which represents a volume gap of 49.9 million barrels and equivalent to 80.1 percent of Sudan's declared export volume.
- In terms of value, Sudan reported exports valued at USD 4.8 billion during the seven-year period, while in comparison its trading partners reported imports of USD 8.9 billion; a value gap of USD 4.1 billion and equal to 85.4 percent of Sudan's declared exports by value

Gold production has become an area of focus, with the decline in oil revenues post-secession. Sudan subsequently increased its gold production by 141 percent between 2012-

2017 and by 2018 Sudan became the twelfth largest producer of gold in the world.

- Between 2012-2018, the Central Bank of Sudan reported 205,446 kilogrammes of gold exports, whereas the country's trading partners reported 404,732 kilogrammes of gold imports, creating a volume gap of 199,286 kilogrammes (200 tonnes) of gold, equivalent to 97 percent of Sudan's declared gold exports by volume.
- Correspondingly, the total value gap equalled nearly USD 4.1 billion, with the Central Bank of Sudan reporting gold exports of USD 8.6 billion and its trading partners reporting gold imports from Sudan valued at USD 12.7 billion; the value gap is equal to 47.7 percent of Sudan's reported gold exports by value.

Conclusions

Sudan has a strategic location[1144] in the heart of the African continent. Its borders are connected to seven African and Arab countries: Egypt, Libya, Chad, the Central African Republic, South Sudan, the Federal Republic of Ethiopia and Eritrea, and the Red Sea separates Saudi Arabia from Sudan. It

1144 Sudanese Free Zones and Markets Co Ltd, https://www.sudanfreezone.com/en/about_pages/about-us/

has been described as a "crossroads" between different groups and regions - between Sub-Saharan Africa and North Africa, between West Africa and East Africa, between Sub-Saharan Africa and the Gulf countries.[1145] This has led to Sudan being a key centre for the movement of goods, people, and funds - both legal and illicitly.

With a largely unbanked population, cash is currently predominant, though the expansion of mobile money may well change that, as has been observed in other IGAD Member States (i.e. Kenya, Somalia). Illicit cash, in large quantities from illicit activities, needs to be converted into useable forms (laundering), and an understanding of this risk, in a Sudanese context, needs to be fully explored and such findings made available to financial institutions, law enforcement, and border officials, both domestically and to neighbouring countries in order to develop countermeasures.

1145 Author Interview, Financial investigation NGO Source, 8 April 2020

The restrictions of sanctions have forced those wishing to transfer money to fund alternative methods, partners and routes. The role of alternative fund transmission methods (such as Hawala) has not been extensively studied but is likely to have grown. Many banks have been forced to seek partnerships with banks in Gulf countries to access the global financial system. These factors still present a significant AML / CFT risk due to a lack of transparency.

As highlighted earlier in this report, remittances by originator country and country of destination, outflows to Nigeria are either an anomaly or would need to be investigated further by concerned national agencies in order to understand the underlying factors, and to determine whether or not this is linked to any illicit activity.

The role of real estate as a ML vector, domestically and overseas, has been highlighted. The role of illicit land grabs

and onward sale to foreign buyers as a revenue stream for foreign currency should also be reviewed.

Sudan's AML / CFT laws that were enacted and drawn on global standards and best practice, have been assessed by Mutual Evaluation and are now part of an ongoing assessment process to continue to address deficiencies, their adoption and the effectiveness of its processes and procedures.

As has been highlighted, various lucrative sectors such as oil and mining appear to have been dominated by locally registered companies that have associations with domestic Politically Exposed Persons (PEPs), as well as militias and political elite. Artisanal gold mining in particular is occurring on a huge scale in the Sahel region,[1146] and Sudan is the 3rd largest producer in Africa (behind South Africa and Ghana).

1146 Hélène RENAUX 4 Dec 2018 France 24 Sudan's gold rush driven by high-risk, unregulated mining https://www.france24.com/en/20181204-focus-sudan-unregulated-gold-rush-high-risk-artisanal-mining-africa

Much of Sudan's gold is smuggled out of the country illicitly, due to significant corruption,[1147] and the lack of transparency and oversight have led to significant health and environmental issues.[1148]

It has also been alleged that the domestic banks are influenced or controlled by Politically Exposed Persons (PEPs) or their proxies. This may permit such institutions to be used to leverage access to scarce foreign currency, as well as use of the financial system to transfer illicit funds into the regional and global banking system, something that AML / CFT policies and procedures are designed to prohibit.

At the core of global AML / CFT policies and procedures is the requirement to properly identify and manage

1147 Sudan Democracy First Group 15 Nov 2017 The Politics of Mining and Trading of Gold in Sudan: Challenges of Corruption and Lack of Transparency https://democracyfirstgroup.org/the-politics-of-mining-and-trading-of-gold-in-sudan-challenges-of-corruption-and-lack-of-transparency/

1148 Sudan Democracy First Group 24 June 2018 Cyanide Plants in South Kordofan State: Human Life is a Price for Gold Extraction https://democracyfirstgroup.org/cyanide-plants-in-south-kordofan-state-human-life-is-a-price-for-gold-extraction/

accounts involving Politically Exposed Persons (PEPs) - see FATF guidance on Recommendation 12 and 22.[1149] It is not clear that such requirements are being implemented or enforced in Sudan.

Whilst the Sudanese FIU is operating and has established itself, as well as securing Egmont membership, there have been several reports recommending that its powers should be further enhanced, to strengthen its investigative abilities, and ability to take cases directly to the prosecution division, rather than through law enforcement.[1150]

The need for transparency in Beneficial Ownership (BO) in company formation and for financial institutions in conducting their KYC / CDD checks under AML / CFT

1149 Financial Action Task Force (June 2013) FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22) https://www.fatf-gafi.org/documents/documents/peps-r12-r22.html

1150 The Sentry, April 2019, Sudan's Anti-Corruption Whitewash https://thesentry.org/reports/sudans-anti-corruption-whitewash/

requirements is key.

The role of the FTZs and losses of revenue from illicit financial flows (such as Trade Based Money Laundering) are areas whereby Sudan could recover significant sources of foreign currency revenue, which would help fund many national programmes. It is alleged that huge (illicit) profits have been taken out of Sudan into businesses in Dubai, Turkey, Malaysia, with major investments into luxury real estate (i.e. Palm Island, Dubai).[1151]

It is expected that Sudanese law enforcement expertise in financial investigations and targeting financial crimes could be increased, with more financial investigators trained and more financial investigations being run in parallel in major cases.

1151 Author interview, Financial investigation NGO source, 8 April 2020

It is expected that Sudanese judicial system, whilst demonstrating some cases have been prosecuted successfully, could be increased with additional capacity in both experience and expertise in prosecuting and hearing cases involving financial crimes.

SOUTH SUDAN

TERRORISM

There is currently no evidence that terrorist cells are operating out of South Sudan. Because of weak border controls, however, it is possible that extremist cells enter and exit or seek refuge in the country.

There have been sporadic reports of arrests of suspected Islamist fundamentalists, such as the arrest of 76 suspected members of Al-Shabaab attempting to cross from South Sudan into Sudan through Northern Bahr el Ghazal state in 2015.[1152] Two years later, in May 2017, three Kenyan nationals and one Somali national were reportedly arrested in

1152 "South Sudan Arrests 76 Suspected Islamist Fighters". Sudan Tribune, 2015, (At least the month needs to be mentioned)https://www.sudantribune.com/spip.php?article56825. "South Sudan Arrests 76 Suspected Islamist Fighters". Sudan Tribune, 2015, https://www.sudantribune.com/spip.php?article56825.

South Sudan while traveling to join the Islamic State in Libya. The four individuals stated that they had been smuggled by the 'Magafe Network'.[1153]

The US Department of State assessed that the Lord's Resistance Army (LRA) had a 'fairly constant presence' in the country in the past, but since late 2017 has moved its operations mostly into northern DRC and eastern CAR.[1154]

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

There is not a high risk of IEDs in South Sudan, but the vast quantities of land mines and Explosive Remnants of War (ERW) make it a potential country of origin for illicit trafficking in explosive materials. As of late 2019, the United

1153 European Institute of Peace (2018). *The Islamic State in East Africa*. Brussels: European Institute of Peace.

1154 "South Sudan 2019 Crime & Safety Report". *OSAC*, 2019, https://www.osac.gov/Country/SouthSudan/Content/Detail/Report/6d7e240b-2b5a-445f-88bf-15f4aeb196eb.

Nations Mine Action Service reported more than one million explosive items destroyed and anticipated that clearance of remaining hazardous areas would take approximately another 5 years.[1155]

SMUGGLING AND TRAFFICKING

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

South Sudan faces two types of trafficking of persons and smuggling of migrants: nationals and foreigners are trafficked and exploited within the country, and South Sudanese nationals are trafficked abroad. The South Sudan National Police Service (SSNPS) noted that the human rights violations associated with human trafficking and smuggling is a concern for South Sudan. Both Human trafficking and the smuggling

1155 https://unmiss.unmissions.org/unmas-demolishes-its-one-millionth-explosive-item-south-sudan-%E2%80%93-100kg-bomb

of migrants impacts peace and security in South Sudan, first because illegal border crossings may result in border insecurity. Secondly, because forced labour or forced marriage is a human rights violation. Finally, because corruption is an implicit part of human trafficking and smuggling, and corruption undermines the authority of law enforcement agencies and impedes their ability to detect and combat illegal activity.[1156]

According to the SSNPS, the most commonly identified forms of human smuggling in South Sudan is illegal entry or border crossing into South Sudan via unmanned border posts, travelling with fraudulent documents for the purpose of entering South Sudan, and bribing border post officials to assist in border crossing.[1157]

The three main trafficking routes in South Sudan are the South Sudan – Uganda border of Nimule, the South Sudan

1156 Author interview, South Sudan National Police Service (SSNPS), electronic communication, 19th June 2020

1157 Author interview, South Sudan National Police Service (SSNPS), electronic communication, 19th June 2020

– Kenya border of Napadal, and the South Sudan – Sudan Aweil via Majok – Nyinthiu border (northern Bahr El Ghazal/ Aweil to Sudan).[1158]

There is no breakdown of statistics in terms of the gender, age group and nationality of people who have been trafficked or smuggled in the country, although the SSNPS reported that between 2017 and 2019, approximately 80 individuals were repatriated to their countries of origin from South Sudan, the majority of which were Somali nationals.

South Sudan has established a rudimentary legislative framework for tackling smuggling and trafficking in human beings, but it remains incomplete. South Sudan is not a signatory to the *Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children*, supplemented the United Nations Convention against Transnational Organized Crime,

1158 As identified by the South Sudan National Police Service (SSNPS), electronic communication, 19th June 2020

making it an area of concern.[1159] Applicable legal definitions and instruments include:[1160]

People trafficking: The *South Sudan Penal Code Act 2008* defines trafficking in persons under Article 282: "Whoever procures, entice or leads away, even with his or her consent, any persons for sale or immoral purposes to be carried outside Southern Sudan, commits an offence, and upon conviction, shall be sentenced to imprisonment for a term not exceeding seven years, or with a fine, or with both".

This definition does not meet the requirement for successful prosecution of TIP cases, and the SSNPS stated that prosecutors must therefore incorporate several other sections sanctioning related acts such as abduction, child prostitution, forced labour, kidnapping, forced marriage, detention for purpose of sexual exploitation, as well as other legislations

1159 https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12-a&chapter=18&clang=_en

1160 Author interview, South Sudan National Police Service (SSNPS), electronic communication, 19th June 2020

such as Child Act, Labour Act, etc. The Ministry of Interior formed a taskforce on anti-trafficking and human smuggling in early 2020 with a mandate to review legal aspects on TIPs/SOMs and to adopt international legal frameworks on TIPs/SOMs such as the Palermo protocols or the United Nations Convention on Transnational Organized Crime (UNTOC) and other regional frameworks.

Human smuggling: the smuggling of migrants has been defined in the 2011 Immigration Act as illegal border crossing or facilitating someone to cross borders of the Republic of South Sudan without following legal/official requirements.

Smuggling with aggravated circumstances: there is no specific definition for smuggling with aggravated circumstances in South Sudan, it has been regarded as smuggling in general.

Human Trafficking and Smuggling in South Sudan

Both South Sudanese nationals and foreigners recruit individuals from neighbouring countries, particularly Eritrea, Ethiopia, Kenya, Uganda, and Somalia, with fraudulent offers of employment in South Sudan in sectors such as hospitality and construction.[1161] The victims are then forced to work in abusive circumstances, with little to no pay, or are subjected to sex trafficking. The United States Department of State 2019 Trafficking in Persons Report noted that some traffickers operate in organised networks within the country and across borders.[1162] The State department has noted that internally displaced people and refugees, including orphaned children are especially at risk of trafficking and other forms of exploitation within South Sudan and neighbouring

1161 "2019 Trafficking in Persons Report: South Sudan". United States Department of State, 2019, https://ss.usembassy.gov/trafficking-in-persons-report-2019-south-sudan/.

1162 "2019 Trafficking in Persons Report: South Sudan". United States Department of State, 2019, https://ss.usembassy.gov/trafficking-in-persons-report-2019-south-sudan/.

countries. Unaccompanied minors are particularly vulnerable to abduction for sex or labour trafficking.[1163]

Uganda border

In an interview with *The Independent*, the Ugandan Amuru Resident District Commissioner, Agnes Linda Auma, said that in early April, 35 individuals of unknown nationality had been intercepted entering Uganda from South Sudan without clearance. The individuals stated that they had found themselves unable to exit South Sudan, and they had paid truck drivers to smuggle them across the border. Auma, the Resident District Commissioner, explained that witnesses allege that the drivers had been entering and exiting South Sudan through the Elegu border, and that they would return with several people on board, without specifying the number of times this was observed. The Resident District Commissioner added that individuals were also illegally entering Uganda from South

1163 "2019 Trafficking in Persons Report: South Sudan". United States Department of State, 2019, https://ss.usembassy.gov/trafficking-in-persons-report-2019-south-sudan/.

Sudan through the River Unyama in Attiak sub county, the Horyal sugar plantation, and 28 additionally identified porous spots.[1164]

Route to Libya and Libya

Libya is the main departure point for African migrants attempting to reach Europe by sea. East African migrants transiting through South Sudan to reach Europe via North Africa are vulnerable to getting sold into forced labour or of being sexually trafficked, which particularly affects women and girls.[1165]

In September 2019 migrants in Tripoli told Radio Tamazuj that 11 South Sudanese migrants were being detained in the Tajoura, Ain Zara and Janzour detention centres in Libya. The interviewed migrants had been detained in the Tajoura

1164 "Truck Drivers on The Spot for Smuggling in People from South Sudan". *The Independent Uganda*, 2020, https://www.independent.co.ug/truck-drivers-on-the-spot-for-smuggling-in-people-from-south-sudan/.

1165 "2019 Trafficking in Persons Report: South Sudan". United States Department of State, 2019, https://ss.usembassy.gov/trafficking-in-persons-report-2019-south-sudan/.

detention centre for over a year. The South Sudanese Ministry of Foreign Affairs spokesperson, Mawien Makol Ariik, stated that the ministry had not received any official reports of South Sudanese nationals being detained in Libya. In July 2019 several migrants told Radio Tamazuj that nine South Sudanese nationals were amongst the victims of the air strike that hit the Tajoura detention centre.[1166]

Case study: route to Libya[1167]

In 2017 a network of human traffickers with operations in refugee camps in Uganda and Juba was dismantled. Three Somali nationals were arrested: Aydarus Abdullahi Nahar, Abdirahman Mohamud Socdal and Libal Abdullahi Hussen. The offenders were attempting to smuggle one underage boy and four girls to Libya through Sudan. The boy was intercepted at South Sudan's northern border with Sudan while the girls were intercepted in Juba. South Sudanese officials sent the boy back to his family in a Ugandan refugee camp, while the girls were brought back to their families in Mogadishu by IOM.

Because they originated from Somalia, the suspects were linked to the group involved in the trafficking of 74 individuals identified by Operation Usalama III and IV. The three suspects were extradited to Somalia and tried there because judges in South Sudan were on strike.

1166 "11 South Sudanese Migrants in Detention Centers in Libya". *Radio Tamazuj*, 2019, https://radiotamazuj.org/en/news/article/11-south-sudanese-migrants-in-detention-centers-in-libya.; "9 South Sudanese killed in airstrike in Libya". *Radio Tamazuj*, 2019, https://radiotamazuj.org/en/news/article/9-south-sudanese-killed-in-airstrike-in-libya.

1167 Author interview, South Sudan National Police Service, electronic communication, 11th June 2020.

Criminal justice

The SSNPS was not able to share how many traffickers have been arrested, whether cells/networks have been disbanded, or how many trafficking cases were investigated and prosecuted. CDR and EVC data from cell phones are not systematically collected, and according to the SSNPS, there is no clear pattern of communication or financial transfers emerging from investigations into trafficking networks.[1168]

According to the US TIP report, the Government has made few efforts to proactively identify and protect trafficking victims and continues to indiscriminately arrest and imprison individuals for prostitution violations, including child sex trafficking victims, without screening for indicators of trafficking.[1169] These observations are reiterated in a separate

1168 No further information. Author interview, South Sudan National Police Service (SSNPS), electronic communication, 19th June 2020

1169 US Embassy in South Sudan (June 2019) Trafficking in Persons Report 2019 – South Sudan https://ss.usembassy.gov/trafficking-in-persons-report-2019-south-sudan/

report funded by the European Union.[1170]

Significant profits are generated from the use of forced labour and people, mainly women and girls, being trafficked for sex, both domestically and regionally. Little is known, however, about the money flows connected with this illicit activity, but it is expected to follow similar paths/methods as other types of crimes described in this report.

WILD ANIMALS AND WILDLIFE PRODUCTS

South Sudan faces both the poaching and trafficking of its wildlife. The country is also used as a transit hub because of its porous borders and insecure airport.

1170 Expertise France (Sept 2017) South Sudan Country Statement: Addressing Migrant Smuggling and Human Trafficking in East Africa https://www.expertisefrance.fr/documents/20182/234347/AMMi+-+Country+Report+-+South+Sudan.pdf/a166862c-d442-4ed5-9c76-72e8a5bbce30

IVORY

South Sudan has been identified as a transit hub for ivory. Interviews with law enforcement officials and rangers, published in 2017 by the Enough Project showed how the country was used as a transit route to transport ivory out of the adjoining Garamba National Park in neighbouring DRC, where organised poaching and trafficking by armed non-State actors occurs.[1171] In the same year, the Wildlife Conservation Society (WCS) reported that that due to the conflict in the country "poaching and commercial wildlife trafficking are increasing, as well as illegal mining, timber harvesting and charcoal production."[1172]

1171 Cakaj, Ledio, and Sasha Lezhnev. Deadly Profits: Illegal Wildlife Trafficking Through Uganda And South Sudan. The Enough Project, 2017, https://enoughproject.org/wp-content/uploads/2017/07/DeadlyProfits_July2017_Enough_final_web-1.pdf.

1172 "South Sudan Wildlife Surviving Civil War, But Poaching And Trafficking Threats Increase". WCS Newsroom, 2017, https://newsroom.wcs.org/News-Releases/articleType/ArticleView/articleId/10089/South-Sudan-Wildlife-Surviving-Civil-War-but-Poaching-and-Trafficking-Threats-Increase.aspx.

A total of 11 ivory seizures weighing a total of 622 kilogrammes were made at Juba International Airport between June 2016 and December 2018, demonstrating that the airport is being used as a transit point for ivory exiting the country. No seizures were made prior to 2016, probably because Juba International Airport did not yet possess a sniffer dog.[1173] The South Sudan National Wildlife Service and the WCS established a Canine (Sniffer Dog) Wildlife Anti-trafficking Unit, among other anti-trafficking measures, which has reportedly had a substantially disruptive influence on trafficking networks. The largest seizure occurred in June 2016 when 512 kilogrammes of ivory tusks, reportedly mostly from Tanzanian elephants, were seized at Juba International Airport in transit from Uganda to Malaysia.[1174] It seems like following this important seizure, and heightened security in Juba International Airport, the

1173 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1174 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

offending network changed their routes or modus operandi, as such quantities haven't been seized in Juba since.

Ivory and other wildlife is trafficked by road into Uganda[1175], as well as into Ethiopia and Sudan. [1176]

In January 2019, the Ugandan Revenue Authority (URA) seized pieces of ivory weighing 3,299 kilogrammes, and pangolin scales weighing 423.7 kilogrammes that had been smuggled from South Sudan. Three Vietnamese nationals were arrested and the URA issued a wanted poster for 18 other Vietnamese nationals allegedly involved in the trafficking plot.[1177]

1175 Cakaj, Ledio, and Sasha Lezhnev. Deadly Profits: Illegal Wildlife Trafficking Through Uganda And South Sudan. The Enough Project, 2017, https://enoughproject.org/wp-content/uploads/2017/07/DeadlyProfits_July2017_Enough_final_web-1.pdf.

1176 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1177 "Vietnamese Nationals Charged Over Illegal Ivory, Pangolin Scales". East African Business Week, 2019, https://www.busiweek.com/vietnamese-nationals-charged-over-illegal-ivory-pangolin-scales/.; Quy, Nguyen. "Uganda Hunts 18 Vietnamese For Trafficking Ivory, Pangolin Scales". Vnexpress International, 2019, https://e.vnexpress.net/news/news/uganda-hunts-18-vietnamese-for-trafficking-ivory-pangolin-scales-3879010.html; "Two Suspected Ivory Smugglers Intercepted At Entebbe Airport". Daily Monitor, 2019, https://www.monitor.co.ug/News/National/Two-suspected-ivory-smugglers-intercepted-Entebbe-Airport/688334-5007344-13wvuo4/.

PANGOLIN

There are three species of pangolin across South Sudan. There has been only one study to date, published in 2019, specifically investigating pangolin hunting or trade in South Sudan, although white-bellied pangolin (*Phataginus tricuspis*) and Temminck's ground pangolin (*Smutsia temminckii*) are reportedly consumed by half of the ethnic groups of South Sudan.[1178]

Heinrich et al.'s study on pangolin published in 2016 used the CITES Trade Database which did not report international trade of pangolins from Sudan between 1977 and 2014, nor in South Sudan since its independence in 2011.[1179] Between 2010 and 2015, pangolin seizures were reported in all countries bordering South Sudan, except Sudan, but no

1178 UNEP. South Sudan. First State of Environment and Outlook Report 2018. Nairobi, 2018.

1179 Heinrich, Sarah et al. "Where Did All the Pangolins Go? International CITES Trade in Pangolin Species". Global Ecology and Conservation, vol 8, 2016, pp. 241-253. Elsevier BV, doi:10.1016/j.gecco.2016.09.007.

seizure was reported in South Sudan itself.[1180] Daniel Ingram, a wildlife conservationist at University College London, led a study for the African Journal of Ecology published in 2019, which shows that the trafficking of pangolins takes place in and through South Sudan. Ingram and his team published proof of seizures that took place over a span of five years, from January 2014 until May 2019.[1181]

On 14 January 2014, rangers of the Lantoto National Park confiscated two live Temminck's ground pangolins from a suspected bushmeat trafficker.[1182] On 24 May 2016, a sniffer dog detected 10 kilogrammes of frozen pangolin meat in the luggage of a Chinese national at Juba International Airport. The Chinese man was travelling with

1180 Heinrich, Wittmann et al. "The global trafficking of pangolins: A comprehensive summary of seizures and trafficking routes from 2010–2015." TRAFFIC, 2017.

1181 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1182 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

the meat from Paloich oil field in northern South Sudan using an oil company flight.[1183] The suspect was only briefly detained and was released with a warning. It is unclear whether he was ever presented before a court and charged,[1184] highlighting the fragility of the judicial system during the 2013 – 2019 conflict and the difficulties faced in effectively prosecuting wildlife crime suspects.[1185]

On 15 June 2016, the K9 anti-trafficking sniffer dog unit of the South Sudan Wildlife Service and the WCS led a joint operation that resulted in the confiscation of pangolin meat from a hotel in Juba.[1186]

In March 2018, several rings made out of pangolin

1183 Patinkin, Jason. "South Sudan's Oil Fields Are Becoming A Wildlife Trafficking Hotspot". Quartz Africa, 2016, https://qz.com/africa/695830/south-sudans-oil-fields-are-becoming-a-wildlife-trafficking-hotspot/.

1184 "Suspected Chinese Wildlife Trafficker Freed In South Sudan". Radio Tamazuj, 2016, https://radiotamazuj.org/en/news/article/suspected-chinese-wildlife-trafficker-freed-in-south-sudan.

1185 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1186 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

scales (together with rings made of tortoise shell and cow horn) were seized from a market in Juba. It was not reported out of which pangolin species they were derived, nor where the pangolin was poached. Paul Awol, co-author of the African Journal of Ecology study notes that in addition to widespread appreciation for the specific taste of pangolin, in certain parts of South Sudan, pangolin scales are also believed to bring luck and provide protection against poisons and witchcraft.[1187]

Between January and May 2019, the South Sudan Wildlife Service and the Wildlife Conservation Society made three seizures involving pangolins. In January, an individual at the Jebel checkpoint was identified following a tip-off from community members in a refugee camp. The individual, who was carrying a bag of pangolin scales and was travelling to Juba, was able to escape before authorities could arrest him

1187 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

and left behind the scales. One dead pangolin was seized on 5 May in Juba, and three live pangolins were seized on 8 May in Juba as well, all four were Temminck's ground pangolins coming from the Southern National Park area in western South Sudan.[1188]

One seizure has been reported so far in 2020: two pangolins were smuggled into Uganda from South Sudan's Nimule National Park in February 2020. On 15 February a South Sudanese police officer and one other South Sudanese were arrested by Ugandan security forces over illegal possession of two pangolins at the Elegu border post. The officer was attached to the Immigration department at Nimule border post, and the two were attempting to sell the pangolin to a Ugandan national for UGX 30 million (USD 8,000).[1189]

1188 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1189 "S Sudan Wants Its Pangolins Back". Eye Radio, 2020, https://eyeradio.org/s-sudan-wants-its-pangolins-back/.; Okethwengu, Benedict. "Two S. Sudan Security Officials Arrested Over Sale Pangolin". New Vision, 2020, https://www.newvision.co.ug/news/1515190/sudan-security-officials-arrested-sales-pangolin.

Routes

The study by Ingram et al. did not uncover precise trafficking routes of pangolin in and out of South Sudan. The seizures point towards Juba and Juba International Airport as hubs, and Ingram et al. argue that it is reasonable to assume that pangolins are, like other wildlife products, trafficked by road across the country's borders with Uganda, DRC, Ethiopia, and other neighbouring countries due to the porous borders.[1190]

DRUGS AND PSYCHOTROPIC SUBSTANCES

There is very little information on the threat transnational drug trafficking poses to South Sudan. South Sudan is not a signatory of any of the United Nations International Drug Control Conventions.[1191] Information

1190 Ingram, Daniel J. et al. "First Records of Pangolin Trafficking in South Sudan". African Journal of Ecology, vol 58, no. 1, 2019, pp. 133-137. Wiley, doi:10.1111/aje.12678.

1191 UN International Drug Control Conventions. Available at: https://www.unodc.org/middleeastandnorthafrica/en/publications/international-drug-control-conventions.html

provided by South Sudan shows a need for training on drug detection and identification.

There are indications that South Sudan is being targeted as a transit point for cocaine and as both a transit and destination for heroin. In 2019, security forces seized cocaine trafficked by bus from Uganda.[1192] Heroin seized in South Sudan was identified as being for consumption.[1193] In a small number of recent cases, heroin and cocaine seized in other parts of the IGAD region have been linked to a trafficking route that includes Juba.[1194] A key concern in South Sudan is a lack of capacity to screen for drugs, including at the country's main international airport, where the Anti-Narcotics Unit (ANU) has highlighted the need for better screening, both in

1192 Author interview, electronic communication, South Sudan Anti-Narcotics Unit (2020).

1193 Ibid

1194 Kiage, N. (2019). Heroin smuggled from Juba impounded by detectives at JKIA. Nairobi News/Nation. Available at: https://nairobinews.nation.co.ke/news/heroin-smuggled-from-juba-impounded-by-detectives-at-jkia Mghenyi, C. (2019) Suspects nabbed with Sh11m cocaine linked to international ring. Standard. Available at: https://www.the-star.co.ke/counties/coast/2019-08-07-suspects-nabbed-with-sh11m-cocaine-linked-to-international-ring/

terms of technology and training of security personnel.[1195]

There is some trafficking of substances that share their names with prescription drugs, on a route from Uganda to South Sudan.[1196] Nevertheless, from the information available it is not clear if these are fraudulently produced substances or if this concerns non-medical use of prescription medicine. A further concern among officials in South Sudan is that security personnel do not have the training to detect substances such as Tramadol and the ATS Captagon.[1197]

In addition to routes from Uganda, officials are also concerned about overland trafficking from Kenya.[1198] Use of overland routes from Uganda and air routes are an ongoing threat. In 2014, the then Deputy Inspector-General of Police gave an interview stating that most drugs were trafficked into

1195 Author interview, electronic communication, South Sudan Anti-Narcotics Unit (2020).

1196 Ibid

1197 Ibid

1198 Ibid

South Sudan either through the Ugandan border or Juba International Airport. There was some visibility on overland routes, but it was not clear which drugs were trafficked. Points of concern were listed as the border towns of Kaya and Nimule, and the road to Torit.[1199] A concern in the region is that if security is tightened at other international airports, traffickers may seek to target Juba International Airport.[1200] Direct passenger flights beyond the IGAD region and Rwanda are limited, to a small number of connections to North Africa and the Middle East.[1201]

1199 Francis, O. (2014). War-torn S. Sudan sees drugs as major threat. Available at: https://www.aa.com.tr/en/world/war-torn-s-sudan-sees-drugs-as-major-threat/147666

1200 Author interview, electronic communication, Uganda, Police Force Anti-Narcotics Unit (2020).

1201 Cairo and Dubai

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS.

Oil

South Sudan is one of the most oil-dependent countries in the world, with oil accounting for almost the totality of exports, and more than 40 percent of its gross domestic product (GDP).[1202] South Sudan has the third-largest oil reserves in sub-Saharan Africa, estimated at 3.5 billion barrels, with much of the reserves still unexplored.[1203]

The largest multinational oil consortium in South Sudan – Dar Petroleum - is led by Chinese state-owned oil company, China National Petroleum Corporation (41%), and

1202 - The World Bank (Oct 2019) The World Bank In South Sudan https://www.worldbank.org/en/country/southsudan/overview

1203 Xinhua (16 Sept 2019) South Sudan ink mineral exploration deal with U.S., Canadian mining firms http://www.xinhuanet.com/english/2019-09/16/c_138396422.htm

Malaysia's state-owned oil company, Petronas (40%), with another Chinese state-owned oil company, Sinopec (6%) and an Egyptian owned oil company, MOG Energy (5%), as well as the South Sudanese state-owned Nile Petroleum Corporation (Nilepet) (8%).[1204]

Dar Petroleum currently produces around 185,000 barrels per day from two oil blocks in Upper Nile state—one in Paloich and another in nearby Adar— this is around 80 percent of the total oil produced daily in South Sudan. Following an August 2019 discovery of new oil deposits, it is predicted that the company will raise output to about 200,000 barrels per day by 2020.[1205]

The oilfields, especially in Upper Nile, are vitally important and present a dilemma for the government, as it is necessary to keep oil revenue flowing, however foreign

1204 The Sentry (Sept 2019) The Taking of South Sudan https://thesentry.org/reports/taking-south-sudan/

1205 The Sentry (Sept 2019) The Taking of South Sudan https://thesentry.org/reports/taking-south-sudan/

commercial interests control much of the oilfields.

A number of allegations surround Dar Petroleum and Nilepet, and their respective roles in supplying oil and petroleum to various militias during the conflicts. It is also alleged that oil revenue was used to fund purchases of arms, outside of the Government procurement and accountability process.[1206]

The significant revenues generated from oil, has attracted both political and military interest, as well as that of Politically Exposed Persons (PEPs) - both domestic and foreign. As has been briefly highlighted, control over oil resources and revenue has been conducted through use of registered companies and complex shareholder structures. This may be deliberate to disguise ownership and, aligned with the lack of accountability and governance of the sector,

1206 The Sentry (Sept 2019) The Taking of South Sudan https://thesentry.org/reports/taking-south-sudan/

provides significant AML / CFT challenges, both domestically and overseas, especially to the financial sector.

For example, the National Depot Petroleum Development Company (NDPD) lists a militia commander accused of forcibly recruiting thousands of child soldiers, Lieutenant General David Yau Yau, as a 25 percent shareholder, together with two British businessmen, who are also allegedly involved in 13 companies in South Sudan in banking, insurance, logistics, construction, and oil, including being the largest shareholders in National Credit Bank.[1207]

Mining and Gold Smuggling

South Sudan is rich in mineral deposits[1208] – gold, iron ore, gypsum, silver, talc, nickel, mica, limestone, lead, tin, copper, diamond, bauxite, to name a few; 11 states (out of 32) having mineral-rich deposits, the newest country in the world

1207 The Sentry (Sept 2019) The Taking of South Sudan https://thesentry.org/reports/taking-south-sudan/

1208 Ministry of Mining, South Sudan http://mom-goss.org

map is looking to attract foreign direct investment to develop its mining sector that will eventually improve its GDP.[1209]

A recent report warns that the next source of conflict in South Sudan could emerge from the unregulated mining sector; like the oil industry, it runs the risk of being captured by politically connected locals and foreigners through weak transparency and accountability frameworks, leaving it vulnerable to exploitation.[1210] The report makes several allegations about irregularities involving family members of PEPs and mining licenses. Details of the active mining exploration licences can be found at the South Sudan Mining Cadastre Portal.[1211]

1209 African Review of Business and Technology (23 April 2019) Gold rush: Minerals up for grabs in South Sudan http://www.africanreview.com/construction-a-mining/quarrying/gold-rush-minerals-up-for-grabs-in-south-sudan

1210 The Sentry (April 2020) "Untapped and Unprepared: Dirty Deals Threaten South Sudan's Mining Sector" https://thesentry.org/reports/untapped-unprepared/

1211 http://portals.flexicadastre.com/southsudan/

The IMF has reported that the Government of South Sudan has no data on gold mining from artisanal and small-scale gold mining (ASM). The Customs Department's explanation for this lacuna is that gold mining is informal and is conducted on a small scale. Although small and informal, it is believed that the metal is extracted from remote areas, which are not monitored due to security concerns. Residents extract the commodity in small quantities and sell it in neighbouring countries, such as Kenya and Uganda.[1212]

It is estimated that in Eastern Equatoria alone there are over 60,000 ASM miners working at 80 different locations. Much of the mining occurs without authorisation. ASM miners are directed to sell at Government approved authorities at a fixed rate (SSP3,000 per gram); on the black market the price is between SSP5,400 - SSP7,000 per gram. Foreign

1212 International Monetary Fund (Jan 2020) Republic of South Sudan : Technical Assistance Report-Report on External Sector Statistics Mission https://www.imf.org/en/Publications/CR/Issues/2020/01/17/Republic-of-South-Sudan-Technical-Assistance-Report-Report-on-External-Sector-Statistics-48957

traders - mainly Chinese, Kenyans, Somalis, Ugandans - can make significant profits by smuggling the gold out of South Sudan and sell at highly competitive prices in Dubai, Kampala, Khartoum, or Nairobi. Allegedly, much of the gold exits through 4 main routes:[1213]

- to Dubai via Juba
- to Nairobi via Lokichoggio
- to Kampala via Lira, Juba, or Nimule
- to Khartoum

Estimates of the amount gold mined and smuggled out of the country vary between 15kgs per month by 1 trader (to Nairobi) to 1 to 2 tonnes per month.[1214]

South Sudan's incomplete regulatory framework allows gold extracted from neighbouring conflict areas (i.e.

1213 Enough Project (April 2020) "The Criminalisation of South Sudan's Gold Sector" https://enoughproject.org/wp-content/uploads/CriminalizationSouthSudansGoldSector-EnoughProject-April2020.pdf

1214 Enough Project (April 2020) "The Criminalisation of South Sudan's Gold Sector" https://enoughproject.org/wp-content/uploads/CriminalizationSouthSudansGoldSector-EnoughProject-April2020.pdf

Democratic Republic of Congo) to enter the supply chain via South Sudan. Traders may try to hide the origins of the gold by obtaining gold buying licences in South Sudan and claiming it is locally mined gold.[1215] Limited regulation in the UAE means informally mined gold can be legally imported, tax-free; gold can be imported to Dubai with little documentation.[1216]

The significant revenues generated from mining, especially gold, have attracted both political and military interest, as well as that of Politically Exposed Persons (PEPs) - both domestic and foreign. As has been briefly highlighted, control over mining resources and revenue has been conducted through use of registered companies and complex shareholder structures. This may be deliberate to disguise ownership and, aligned with the lack of accountability and governance of

1215 Enough Project (April 2020) "The Criminalisation of South Sudan's Gold Sector" https://enoughproject.org/wp-content/uploads/CriminalizationSouthSudansGoldSector-EnoughProject-April2020.pdf

1216 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

the sector, provides significant AML / CFT challenges, both domestically and overseas, especially to the financial sector.

Teak

Teak is a major source of potential revenue for South Sudan, which is both underexploited and subject to illegal harvesting. According to the Ministry of Environment and Forestry, teak exports currently bring the country between USD 1 and 2 million a year,[1217] but the United Nations Environment Program (UNEP) estimated in 2007 that teak, if sustainably harvested, could generate up to USD 50 million a year in export revenue for South Sudan.

Environmental researchers have identified Vietnamese syndicates involved in sourcing illegal teak from South Sudan and smuggling it into Uganda[1218].The arrest of two Vietnamese nationals who had smuggled ivory and pangolin scales hidden

1217 Toby, Hellen. "Amid Upheaval in South Sudan, The Country's Teak Forests Fall". Reuters, 2019, https://de.reuters.com/article/us-southsudan-forest-environment/amid-upheaval-in-south-sudan-the-countrys-teak-forests-fall-idUSKCN1Q20C0.

1218 Author interview, NRCN, Electronic Communication, 27 May 2020

in timber from South Sudan suggest a link between the smuggling of timber and illegal wildlife.

ENVIRONMENTAL CRIMES

TOXIC WASTE

Reports have been surfacing since 2014 about foreign oil companies in South Sudan being responsible for oil spills and fires, with no meaningful clean-up efforts.

In 2017, the German NGO "Sign of Hope" analysed 96 hair samples collected from individuals in four locations surrounding oil fields in the Melut Basin, in Thar Jath in Unity State, which lays in the northeastern part of the country. The results showed that the hair samples contained high traces of lead and barium, of which Koch was the worst affected area,

lying 22.5km from an oil field[1219].Although the hair samples do not prove frequent consumption of both metals, the toxicologist who performed the analysis, Fritz Pragst, told DW that he believed the heavy metals made their way from the oil fields into the drinking water[1220].Rueskamp et al. studied the groundwater near the oil fields of Thar Jath, Mala, and Unity and found instances of high salt contamination in water wells. Residents of the Thar Jath region had complained about the water having an odd taste since 2007, and there were rising reports of gastrointestinal diseases as well as livestock deaths. The contamination was concluded to be caused by the seepage of salt-contaminated water from the water ponds and drilling mud pits produced by the oilfields operating in the area[1221].A

1219 Pragst, Fritz et al. "High Concentrations of Lead and Barium in Hair of The Rural Population Caused by Water Pollution in the Thar Jath Oilfields in South Sudan". Forensic Science International, vol 274, 2017, pp. 99-106. Elsevier BV, doi:10.1016/j.forsciint.2016.12.022., https://www.sciencedirect.com/science/article/pii/S0379073816305540.

1220 Pelz, Daniel. "NGO Blames Water Pollution In S.Sudan On Oil Company". DW, 2017, https://www.dw.com/en/ngo-blames-water-pollution-in-ssudan-on-oil-company/a-38906882.

1221 Rueskamp, Hella et al. "Effect of Oil Exploration and Production on The Salinity of a Marginally Permeable Aquifer System In The Thar Jath-, Mala- And Unity Oilfields, Southern Sudan". Zentralblatt Für Geologie Und Paläontologie, Teil I, vol 2014, no. 1, 2014, pp. 95-115. Schweizerbart, doi:10.1127/zgpi/2014/0095-0115.

Map of the area is found in Figure 26.[1222]

The oil field in Thar Jath is run by several companies, of which the main shareholder is the Malaysian oil and gas company Petronas[1223].Sign of Hope ran a second study in 2018 and estimated that 600,000 individuals living near oil fields in the north of the country were affected by heavy metal pollution. Microbiologist Bior Bior from the Nile Institute for Environmental Health in capital Juba conducted research in the Dar Petroleum Operation Company's oil field. Bior found that individuals living near the oil field reported a variety of symptoms, including skin issues, diarrheal diseases, as well as sexual dysfunctions. Bior told DW that: "It is evident that people and their animals who are exposed to these

1222 Pragst, Fritz et al. "High Concentrations of Lead and Barium in Hair of The Rural Population Caused by Water Pollution in the Thar Jath Oilfields in South Sudan". Forensic Science International, vol 274, 2017, pp. 99-106. Elsevier BV, doi:10.1016/j.forsciint.2016.12.022., https://www.sciencedirect.com/science/article/pii/S0379073816305540.

1223 Pelz, Daniel. "NGO Blames Water Pollution in S.Sudan on Oil Company". DW, 2017, https://www.dw.com/en/ngo-blames-water-pollution-in-ssudan-on-oil-company/a-38906882.

contaminants are made sick."[1224] The Dar blend crude oil produced in the Melut Basin is acidic in nature and contains heavy metals, which makes the discharge of water produced during the extraction process dangerous for humans, as well as causing serious environmental damage.[1225]

The soil and rivers of the savannah grassland of Paloich area, located in the Melut Basin contain a signature of oil pollution. The soils close to oil extraction sites and rivers downstream from oil processing plants in the savannah grasslands of the Paloich area, located in the Melut Basin contain an oil pollution signature.[1226]

1224 Pelz, Daniel. "600,000 People in South Sudan Said To Be At Risk From Contaminated Drinking Water". DW, 2018, https://www.dw.com/en/600000-people-in-south-sudan-said-to-be-at-risk-from-contaminated-drinking-water/a-43442030.

1225 Dou, Lirong et al. "Unusual High Acidity Oils from The Great Palogue Field, Melut Basin, Sudan". Organic Geochemistry, vol 39, no. 2, 2008, pp. 210-231. Elsevier BV, doi:10.1016/j.orggeochem.2007.09.001.

1226 Legge, Loro Emmanuel Ladu, and Lu Zhibo. "The Environmental and Social Impacts of Oil Exploration and Production on Melut Basin Of South Sudan". International Journal of Scientific and Research Publications (IJSRP), vol 8, no. 10, 2018. International Journal Of Scientific And Research Publications (IJSRP), doi:10.29322/ijsrp.8.10.2018.p8226.

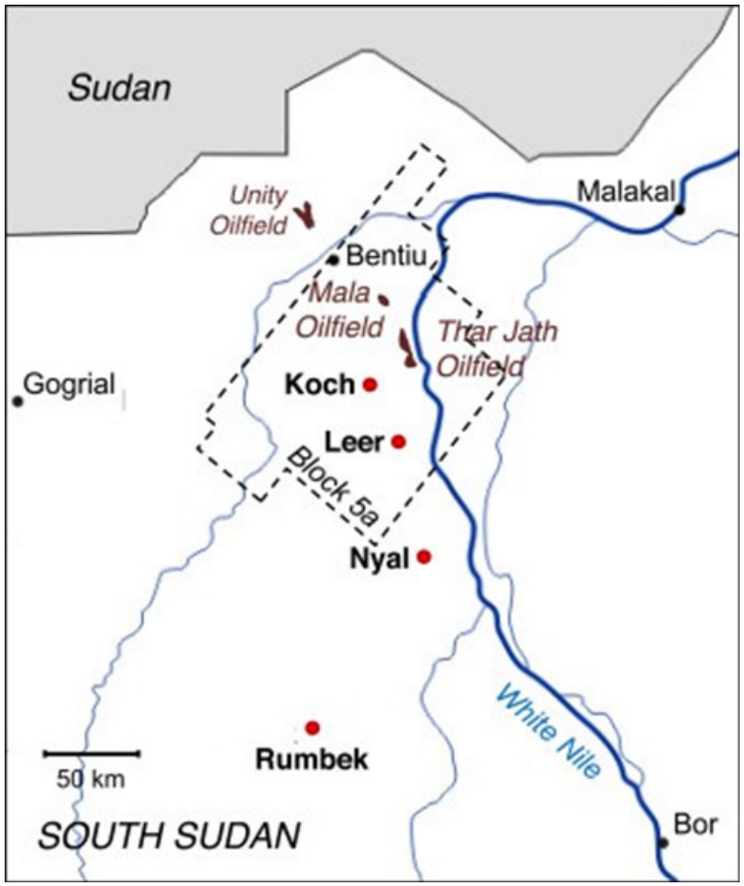


Figure 26 Map of Unity Oilfield

Leakage from the pipelines along the transportation lines leading to Port Sudan suggest that the pipelines are currently not being adequately maintained or monitored.[1227] Petroleum Minister Awou Daniel Chuang told the press on 7 October 2019 that 2,000 barrels of oil had leaked two weeks before from a pipeline in Unity Oil Fields, adding that that the pipeline was run by the Greater Pioneer Operating Company, which is a consortium of foreign companies, including Chinese, Malaysian, and Indian oil companies, as well as South Sudanese companies. The pipeline had reportedly not been used in the past five years, due to production being halted, and is believed to have corroded after having been filled with water. Chuang stated that 400 square meters had been affected by the spill, and local officials told AFP that the main river had been heavily polluted, affecting a total of three counties: Gwit East

1227 Legge, Loro Emmanuel Ladu, and Lu Zhibo. "The Environmental and Social Impacts of Oil Exploration and Production on Melut Basin of South Sudan". International Journal of Scientific and Research Publications (IJSRP), vol 8, no. 10, 2018. International Journal Of Scientific And Research Publications (IJSRP), doi:10.29322/ijsrp.8.10.2018.p8226.

Rubkona, Budang, and Bentiu.[1228]

MP for Ruweng State, Ayen Mijok Kiir posted images on her Facebook page (Figure 27 and 28) showing an oil spill, writing that the accident took place on 25th September in Miading - Panakuach Payam area of Aliiny County, Ruweng State, which lies East of Lalubo.[1229]

Figure 27 Figure 3 Image reportedly from Miading - Panakuach Ruweng State

1228 "S.Sudan Warns Of More Oil Spills After Pipeline Rupture ". France 24, 2019, https://www.france24.com/en/20191007-s-sudan-warns-of-more-oil-spills-after-pipeline-rupture.

1229 Mijok Kiir, Ayen. Facebook, 2019, https://www.facebook.com/ayen.majok.50/posts/483653632188938.

Figure 28 Image reportedly from Miading - Ruweng State

Research by Zwijnenburg for Bellingcat scanned the area using satellite imagery and found an oil spill along the B58 road between Heglig and Bentiu, close to Lalubo. A time-lapse of the satellite imagery shows that the spill started between 8 September and 15 September.[1230]

High resolution images from Google Earth below show the spill with trucks on site, as well as a wall and ditch surrounding the area, presumably showing clean-up efforts. [Figures 29 to 31]

1230 Zwijnenburg, Wim. "Black Gold Burning: In Search Of South Sudan'S Oil Pollution". Bellingcat, 2020, https://www.bellingcat.com/news/africa/2020/01/23/black-gold-burning-in-search-of-south-sudans-oil-pollution/.

Figure 30 measuring the size of the alleged spill, Imagery date 01/11/2019 located at 9°36'50.1"N 29°37'36.8"E Google Earth

Figure 31 measuring the size of the alleged spill, Imagery date 01/11/2019 located at 9°36'50.1"N 29°37'36.8"E Google Earth

Figure 30 measuring the size of the alleged spill, Imagery date 01/11/2019 located at 9°36'50.1"N 29°37'36.8"E Google Earth

Media reports emerged in November 2019 of an additional spill in Budang County, in Northern Liech State. A local resident, Gatkouth Ruach was interviewed by Voice of America and stated that he had been forced to relocate, together with over 2,000 other individuals, following a pipeline spill on 7 November. Ruach stated that those living in the area of the spill saw their village being flooded with crude oil and were moved to either 'Laloba' or to a place called 'Thirty Mile'. According to Ruach, villagers were suffering from diarrheal diseases, and the stream of petrol had flowed into a river, where children who bathed suffered skin rashes. The State Health Minister Kur Yai Nop denied that villagers had been evacuated, stating that the only individuals who were in the area were oil company staff. The pipeline is owned by Greater Nile Pioneer Operating Company, which is Chinese-owned. Nop stated that the area had been cleaned before major damage could occur,

and that the water supply had not been contaminated.[1231]

Sign of Hope published a report on 25th February 2020, writing that: "South Sudan's main export oil pipeline is dilapidated. That is why it keeps on experiencing ruptures. These, in turn, are causing massive oil spills". The report urges the consortium responsible for the pipeline to "immediately shut down the dilapidated pipeline, to remove and to properly dispose of the oil spilled and the ensuing wastes."[1232]

Oil spills are at risk of catching fire, particularly so during bush fire season. Zwijnenberg confirmed such a burning oil spill using satellite imagery, which took place on 21 December 2019 at the Unity Oil Fields in Northern Liech State.[1233] On 13 January 2020, oil ponds of the oil facility of El

1231 Memo, Lasuba. "South Sudan Villagers Relocated After Oil Leak". Voice Of America, 2019, https://www.voanews.com/africa/south-sudan-villagers-relocated-after-oil-leak.

1232 "NGO Urges Shutdown Of 'Dilapidated' South Sudan Oil Pipeline". *News24*, 2020, https://www.news24.com/Africa/News/ngo-urges-shutdown-of-dilapidated-south-sudan-oil-pipeline-20200225.

1233 Zwijnenburg, Wim. "Black Gold Burning: In Search Of South Sudan's Oil Pollution". Bellingcat, 2020, https://www.bellingcat.com/news/africa/2020/01/23/black-gold-burning-in-search-of-south-sudans-oil-pollution/.

Toor/Anthony in Ruweng state took fire.[1234]

The government of South Sudan announced a tender in January 2020 for a comprehensive environmental audit of all the country's producing oilfields,[1235] which will be important in improving the management of the sector, enforcing controls and curbing environment damage. However, South Sudan's ability to hold foreign companies accountable for environmental crimes would be significantly enhanced if it were to cooperate with the appropriate authorities in other jurisdictions where such companies are based, operate or maintain assets. The establishment of IGAD's planned Criminal Information Sharing platform would be an important step in this direction.

1234 "BREAKING: Oil Spill Sparks Deadly Fire in Ruweng State". Hot In Juba, 2020, https://hotinjuba.com/oil-spill-sparks-deadly-fire-in-ruweng-state-photos/.

1235 "South Sudan Tenders Environmental Study Following "Years of Neglect" Of Its Oil Sector". *Worldoil.Com*, 2020, https://www.worldoil.com/news/2020/1/9/south-sudan-tenders-environmental-study-following-years-of-neglect-of-its-oil-sector.

FRAUD, FORGERY AND COUNTERFEITING

South Sudan does not track or seize counterfeit goods. In 2019 there were no known prosecution of IPR violations and there are no estimates available for traffic of counterfeit goods.[1236]

In April 2020 the Uganda National Drug Authority shared a list of counterfeit hand sanitisers that had been exported to South Sudan. The Food and Drug Control Authority of South Sudan issued a statement warning business owners against the substandard goods, and the secretary-general of the Authority, Dr Mawien Atem, revealed that it was unknown how the goods had entered the country.[1237]

There are sporadic reports of counterfeit currency being found in South Sudan. In January 2020 a South Sudanese

1236 "2019 Investment Climate Statements: South Sudan". *United States Department of State*, 2019, https://www.state.gov/reports/2019-investment-climate-statements/south-sudan/.

1237 "Don't Buy These Sanitizers". *Eye Radio*, 2020, https://eyeradio.org/dont-buy-these-sanitizers/.

national was arrested while crossing the Malaba border point from Kenya to Uganda. The individual was reportedly travelling to South Sudan and was found to be in the possession of materials used to produce counterfeit currency.[1238]

FINANCIAL CRIMES

Country Assessment on Money Laundering / Terrorism Financing / Illicit Financial Flows

Anti-Money Laundering / Countering Terrorist Financing Framework

The Transnational Security Threats (TSTs) outlined in this report have one thing in common, money. Organised Crime Groups (OCGs), and those fomenting terrorism, need access to financial resources to cover the costs of their operations, and a way to clean and transfer their profits across borders[1239]. Many

1238 "S.Sudanese National Arrested At Malaba With Fake Dollars". *The Observer*, 2020, https://observer.ug/news/headlines/63308-s-sudanese-national-arrested-at-malaba-with-fake-dollars.

1239 Channing Mavrellis, April 2017, Global Financial Integrity, The Business of Transnational Crime https://gfintegrity.org/

governments are now realising the importance of financial investigations, to identify and document the movement of money during the course of criminal activity. The link between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited can provide vital information about, and proof of, criminal activity[1240].

This section examines the existing approach in the country towards use of financial investigations in criminal & terrorist investigations, as well as the status of the Anti-Money Laundering (AML) / Countering the Financing of Terrorism (CFT) framework, as the effectiveness of this influences how criminals (& terrorists) seek and move financial support.

Since gaining independence from Sudan on 9 July 2011, the Government has issued laws and guidelines on AML

business-transnational-crime/

1240 Financial Action Task Force, June 2012 Operational Issues Financial Investigations Guidance https://www.fatf-gafi.org/media/fatf/documents/reports/Operational%20Issues_Financial%20investigations%20Guidance.pdf

/ CFT which are found in Annex S.

State of health

Two measures that are indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

1. The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year.

There is no publicly available information on the number of STRs of CTRs that were filed in South Sudan.

2. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

There is no publicly available evidence the government has ever prosecuted a money laundering or terrorist financing case.

Two further measures that are indicative of the use of

financial investigations in major criminal investigations are:

1. The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators.

Due to a lack of publicly available information, it is impossible to determine the extent of law enforcement measures taken to combat money laundering and terrorist financing in South Sudan.[1241]

2. The involvement of the FIU in support of major criminal cases to help facilitate financial information from the financial industry - both domestically and internationally.

There is no publicly available information for South Sudan.

A recent report on the banking systems in South Sudan highlighted that although the country's AML / CFT has been put in place, following international best practice, many local banks may not fully put into practice the AML / CFT rules and

1241 Information related to AML/CFT was deemed too sensitive to be shared by the authorities contacted for this report.

requirements, which may be not fully enforced, thereby leaving gaps for criminals to exploit and leverage.[1242]

ANTI-MONEY LAUNDERING / COUNTERING TERRORIST RISKS

A. State of Play of The Banking Sector

One article (2017) cites that 51 percent of the population live below the poverty line,[1243] and accordingly only 1 percent of households have access to a bank account - some 110,000 people (out of a population of 11 million).[1244] As a result, without a widespread customer base, most banks are ostensibly open to help facilitate foreign exchange, money transfers and remittances.[1245]

1242 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

1243 Global Security (2017) "South Sudan - Economy" https://www.globalsecurity.org/military/world/war/south-sudan-economy.htm

1244 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

1245 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

The vast majority of banks in South Sudan started operations in the period 2011-2013,[1246] many of them being allegedly established by high profile figures, with some 14 of the local banks are either owned, controlled or influenced by such figures, who may gain preferential access to scarce foreign exchange to move funds out of the country.[1247] Such access may be of great interest to criminal groups.

The joint banks often have Kenyan, Sudanese, Ethiopian, and Ugandan investors, partnered with South Sudanese owners. It is alleged that half of the joint banks are partially owned or controlled by high profile figures.[1248]

The foreign banks are mainly from Kenya, Ethiopia, Togo, and Qatar, offering multi-currency accounts, as

1246 https://bankofsouthsudan.org/banking-supervision/banking-supervision-2/

1247 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

1248 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

well as connectivity to the global banking sector through correspondent banking relationships.

As has been observed in other jurisdictions, where there is a lack of a strong regulatory oversight and enforcement of AML / CFT requirements on the financial institutions, it may undermine the integrity of the financial system and can allow it to be used for money laundering and terrorist financing.

B. Correspondent Banking / Nesting

As is covered in the 'Defining Transnational Security Threats' chapter, banks in South Sudan rely on correspondent banking relationships with international banks, who are able to process international trade and investment transactions, as well as transactions in foreign currency. Nested corresponding banking allows banks who are unable to obtain a correspondent relationship to open an account with another bank, who have a correspondent banking relationship with an international

bank, and thereby gain access to the international financial system. The alleged use of South Sudanese banks (both local and joint) of holding nested accounts in both Kenya and Uganda[1249] poses a significant risk and prevents foreign investment and may also lead to withdrawal of correspondent banking facilities or, worse, financial sanctions.

Of note, as stated in the chapter on 'Defining Transnational Security Threats', Transaction in US dollars, especially those facilitated by international banks through correspondent banking, present a high risk as nearly all U.S. dollar-denominated transactions will pass, even if for only a split second, through banks in New York. When that happens, the U.S. government has jurisdiction over the transactions, meaning that it can freeze assets and conduct anti-money laundering measures, even against entities who are not in

1249 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

the United States. [1250] This has been the basis for significant penalties, even sanctions, if the US determines that a particular institution or jurisdiction has been allowing ML or TF through its banking system, which is either using US dollars or is linked to the US banking system, through correspondent banking.

C. Sanctions

In 2014, Executive Order 13664 was issued[1251] and implemented by the US Office of Foreign Assets Control (OFAC)[1252] in relation to South Sudan, to block the property and interests of property of persons determined to be responsible or complicit in activities, directly or indirectly, which were amongst others, threatening the peace of South Sudan, violating human rights, or obstructing international peacekeeping assistance.

1250 The Sentry (March 2018) Fueling Atrocities: Oil and War in South Sudan https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities_Sentry_March2018_final.pdf

1251 Federal Register Vol. 79 No. 66 April 7, 2014 Executive Order 13664—Blocking Property of Certain Persons with Respect to South Sudan https://www.treasury.gov/resource-center/sanctions/Programs/Documents/south_sudan_eo.pdf

1252 United States Department of the Treasury, Office of Foreign Asset Control (Jan 2015) SOUTH SUDAN SANCTIONS PROGRAM https://www.treasury.gov/resource-center/sanctions/Programs/Documents/southsudan.pdf

The names of those persons and entities designated pursuant to E.O. 13664, whose property and interests in property are therefore blocked, are published in the Federal Register and incorporated into OFAC's Specially Designated Nationals and Blocked Persons List (SDN List) with the OFAC identifier "[SOUTH SUDAN]." [1253]

In 2017, the US Treasury Financial Crimes Enforcement Network (FinCEN) issued advisory FIN-2017-A004 September 6, 2017 to alert U.S. financial institutions about potential risks from use of the U.S. financial system to move or hide proceeds, especially in US dollars, specifically focused on the following activities and mechanisms: [1254]

- **Use of shell companies**. - use of an incorporated company with no independent operations, no significant assets, no ongoing business activities nor employees, used by persons wishing to obscure Beneficial Ownership (BO), using a "hide in plain sight" approach, to leverage global trade and

1253 https://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx

1254 United States Treasury Financial Crimes Enforcement Network, September 6, 2017 FIN-2017-A004 Advisory on Political Corruption Risks in South Sudan https://www.fincen.gov/resources/advisories/fincen-advisory-fin-2017-a004

commerce infrastructure to appear legitimate[1255]

- **Abuse of government contracting, particularly involving natural resources**. lack of transparency on government contracts to businesses—particularly in the natural resource (oil and gas) sector
- **Use of international financial system and real estate.** The funds accumulated through corruption are moved to accounts outside of South Sudan, to other countries, and used to purchase real estate (among other things) in third countries.

The UN Panel of Experts Established Pursuant to Resolution 1874 (2009) reported its concerns regarding the military attaché office at the embassy of the Democratic People's Republic of Korea (DPRK) in Kampala and their attempts to generate military cooperation projects in third countries, such as South Sudan, which would violate the provisions of resolution 2270 (2016).[1256]

1255 Financial Action Task Force, July 2018, Concealment of Beneficial Ownership, https://www.fatf-gafi.org/publications/methodsandtrends/documents/concealment-beneficial-ownership.html

1256 UNSC, 'Report of the Panel of Experts Established Pursuant to Resolution 1874 (2009)', 27 February 2017, S/2017/150, para 122 https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2017_150.pdf

South Sudan scores ranks 4th (out of 54 African countries) in the 2019 Organised Crime Index[1257]; the involvement of corruption, weak governance and financing of armed groups scored very highly.

D. Use of Legal Enterprises & Real Estate

As has been highlighted in several reports cited in this paper - the exploitation of natural resources (oil, mining) has been achieved by using corporations, with complex ownership and shareholder structures, many of which are registered in South Sudan or neighbouring countries.

The World Bank "Doing Business" report highlights that although South Sudan is ranked 185 out of 190 economies, actually setting up a business in South Sudan is relatively straight forward. [1258] The ease of setting up a company in South Sudan was confirmed by a source, even for foreigners, although it is

1257 https://ocindex.net/country/south_sudan

1258 The World Bank, (2020) Doing Business: South Sudan, https://www.doingbusiness.org/en/data/exploreeconomies/south-sudan#

easier if partnered with a South Sudanese national.[1259]

The key is access to foreign currency and the ability to move money out of South Sudan, which involves either the use of the domestic banking system and its connectivity to the global banking system, via correspondent banking, or by maintaining accounts in the other financial centres in the regional, i.e. Uganda or, more likely, Kenya.

E. Use of Cash

South Sudan is a cash-based economy, using the South Sudanese Pound (SSP) with the official exchange rate[1260] to United States Dollar (USD) 1 to South Sudan Pounds (SSP) 160.54 (Buying) -165.34 (Selling); however, due to foreign exchange shortages, there is a thriving black market in currency and the unofficial ("black market") exchange rate varies between 1 US Dollar to SSP 270 - 330 SSP.[1261]

1259 Author interview with confidential source 8 April 2020

1260 https://bankofsouthsudan.org/currency-operations/exchange-rates/

1261 Danga D M (Feb 2020) The Insider "South Sudanese Pound soars in value against the US dollar" https://www.theinsider-

The UK Foreign Office advisory states that credit and debit cards are accepted in some shops and supermarkets, however it is better to bring large denomination US Dollars (clean, unblemished notes dated 2009 onwards) and change them at supermarkets or hotels. This highlights that the use of US currency is widely accepted.[1262]

Whilst the Government of South Sudan has put in place laws regarding monitoring of large or suspicious cash transactions, especially cross border, it would seem that these have yet to be implemented or enforced.

F. Use of Alternate Fund Transmission Systems

There are a number of registered remittance agencies, as well as banks, in South Sudan providing remittance services, as is detailed in Annex S. The key is the availability or licence

ss.com/south-sudanese-pound-soars-in-value-against-the-us-dollar/

1262 UK Foreign and Commonwealth Office "Travel Advice: South Sudan" https://www.gov.uk/foreign-travel-advice/south-sudan/money

to transact in foreign currency.

A related report on the financial system of South Sudan highlights that South Sudanese diaspora send money back to relatives, but that they send funds via remittances to accounts in Uganda and Kenya, more easily accessible and not subject to restrictions that may be invoked on foreign currency in South Sudan.[1263]

There is little indication, to date, that alternate fund transmission systems, such as hawala, are widely used in South Sudan.

1263 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

Conclusions

South Sudan has been described as a "money laundering paradise" - due to its ease of being able to setup company structures, ease to obtain banking facilities, and the lack of banking supervision, especially in AML / CFT.[1264] This means that criminal groups can actively exploit the South Sudanese financial system, both for the domestic component of TSTs involving South Sudan, but also regionally, especially through financial institutions, with accounts in neighbouring countries' banks.

Whilst South Sudan, having enacted AML / CFT laws that draw on global standards and best practice, there is little evidence that they have been implemented or enforced. South Sudan is yet to undergo a Mutual Evaluation to assess its AML / CFT laws, adoption and effectiveness of its processes and procedures.

1264 Conversation with confidential source on 8 April 2020

This is a significant risk to the integrity of the financial system - for domestic banks in South Sudan, regionally, for banks in neighbouring countries that have operations in South Sudan, particularly Kenya, Uganda, Ethiopia, or that transact with or on behalf of South Sudan entities, as well as internationally for financial institutions, especially those that have correspondent banking relations with South Sudanese financial institution, either directly or indirectly.

It has also been alleged that over half the domestic banks are influenced or controlled by significant persons or their proxies. This may permit such institutions to be used to leverage access to scarce foreign currency, as well as use of the financial system to transfer illicit funds into the regional and global banking system, something that AML / CFT policies and procedures are designed to prohibit.

At the core of global AML / CFT policies and

procedures is the requirement to properly identify and manage accounts involving Politically Exposed Persons (PEPs) - see FATF guidance on Recommendation 12 and 22.[1265] It is not clear that such requirements are being implemented or enforced in South Sudan.

This is a block to both foreign investment and aid programmes that could benefit South Sudan. Further escalations or failure to mitigate may result in penalties, further sanctions, or loss of access to USD. It may also mean that international financial institutions are required to further de-risk their involvement when engaging with South Sudanese banks and entities. A similar exercise in Sudan between 2012-2015 allegedly resulted in the restriction of half of its correspondent banking relationships.[1266]

1265 Financial Action Task Force (June 2013) FATF Guidance: Politically Exposed Persons (Recommendations 12 and 22) https://www.fatf-gafi.org/documents/documents/peps-r12-r22.html

1266 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

It is not known to what extent the South Sudanese FIU is operating, and their roles and responsibilities are unclear. Clarifying the state of the FIU is a prerequisite to Egmont membership, which would help the nation improve its regional and international cooperation in researching financial crimes.

South Sudanese law enforcement does not have the experience or expertise to conduct financial investigations, as such focus on financial crimes is minimal.

The South Sudanese judicial system lacks the experience and expertise to comprehensively prosecute financial crimes.

UGANDA

TERRORISM

Uganda has long struggled with domestic and transnational terror groups, notably the Lord's Resistance Army (LRA) and the Allied Democratic Forces (ADF), both of which represent strands of armed religious extremism. Robust action by the Ugandan authorities and its international partners has prevented either group from establishing a meaningful presence on Ugandan soil for more than a decade: the ADF was expelled to the Democratic Republic of Congo (DRC) almost immediately after its founding in 1995, and the LRA also withdrew to northern DRC under the terms of a 2006 peace agreement. A joint operation between the Ugandan and U.S. governments to pursue remnants of the LRA was

stood down in 2017 on the grounds that the group no longer posed an active threat.[1267] However, the ADF, still maintains an operational presence in the eastern DRC and is therefore perceived as a potential menace to Ugandan security. Since May 2019, Ugandan concerns have been further sharpened by the emergence of links between the ADF and the so-called Islamic State (IS).

The ADF was originally an amalgam of distinct groups with diverse grievances and has adroitly survived by espousing a wide spectrum of causes "ranging from Salafi-Jihadi to secular-nationalist, ethno-nationalist, and secessionist, with each aimed at different audiences and employed for different purposes."[1268] In 2014, the United Nations Group of Experts on the DRC

1267 A few dozen members of the LRA reportedly remain active between northern DRC and the Central African Republic (CAR) https://www.foxnews.com/world/viral-vanish-what-happened-to-joseph-kony and https://africanarguments.org/2020/03/10/joseph-kony-lra-rebels-threat-selling-honey/

1268 https://africacenter.org/spotlight/the-ever-adaptive-allied-democratic-forces-insurgency/

first reported that Arabic-speaking foreigners had "conducted military training courses and operations with [the] ADF" for at least several months, but could not find any evidence of links to Al-Shabaab or Al-Qa'ida.[1269] Since roughly the same time, as the group came under intense military pressure from the UN Mission in the DRC (MONUSCO) and the Congolese army, Salafi-Jihadism has increasingly come to dominate the group's ideological orientation and narratives.

The ADF's founding leader, Jamil Mukulu, was forced to flee the group in 2015 and was subsequently apprehended by the Ugandan authorities. Under a new leader, Musa Makulu, individual members of the group began to swear allegiance to IS on social media as early as 2016, although no formal relationship between the two groups was known to exist.[1270]

1269 *Final report of the Group of Experts on the Democratic Republic of the Congo*, United Nations Security Council (UNSC S/2014/42), 22 January 2014, p.20. https://www.undocs.org/S/2014/42

1270 https://africanarguments.org/2019/07/31/eastern-drc-most-active-rebel-group-just-got-a-little-more-dangerous-adf/

In 2016 and 2017, propaganda videos released by the ADF employed the Arabic name *Madinat Tawheed wal Muwahideen* ("City of Monotheism and Monotheists") and featured a flag similar to those used by IS and Boko Haram.[1271]

In October 2019, the DRC military launched a major offensive in North Kivu province and in March 2020 announced that the ADF had been cleared from its last stronghold.[1272] However, the group has since been active between Ituri and North Kivu, carrying out a number of attacks against government forces and civilians through late June 2020.[1273] Uganda, therefore, continues to consider the ADF a real and present transnational terrorist threat.

1271 Ibid.

1272 https://www.aljazeera.com/blogs/africa/2020/02/adf-rebels-cleared-stronghold-beni-dr-congo-army-200228101158114.html

1273 ACLED data.

AL-SHABAAB

Al-Shabaab is a Somalia-based terror group that maintains an active presence across much of the IGAD region and has staged attacks on all of Somalia's immediate neighbours, including Uganda. In 2010, Al-Shabaab carried out two near simultaneous suicide bombings against restaurants hosting screenings of the football World Cup, killing 74 people. A third IED was found undetonated in another location.[1274] Subsequent investigations revealed that the attacks had been planned and prepared in Somalia, with the support of facilitators in Kenya and Uganda.

The Ugandan People's Defence Forces (UPDF) have been deployed in Somalia since 2007 under the aegis of the African Union Mission in Somalia. Primarily responsible for Sector 1, which includes the nation's capital, Mogadishu, the

1274 https://www.bbc.com/news/world-africa-36386735

UPDF have been on the front lines in the battle against Al-Shabaab for over a decade; it is largely for this reason that Uganda has been, and remains, under threat of terrorist violence from Al-Shabaab.

Uganda was also the first country to bear the brunt of Al-Shabaab's aspirations to expand its reach beyond Somalia and to become a truly regional jihadist group. The terrorist cell that conducted the 2010 bombings included a number of Ugandan nationals who had been trained and indoctrinated in Somalia by Al-Shabaab. One of the suicide bombers recorded a video message before his departure from Somalia expounding on Al-Shabaab's transnational ambitions. Until Al-Shabaab is decisively degraded and, ultimately, defeated, Uganda will need to maintain a high state of vigilance against Al-Shabaab operations originating both from Somalia, and potentially from within its own borders.

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

Small Arms and Light Weapons (SALW) mostly enter Uganda through its porous borders with South Sudan, the Democratic Republic of Congo, Turkana in Kenya, and the waters of Lake Albert, Victoria.

Identifying trends of SALW trafficking along Uganda's borders is complex due to the porosity of the borders coupled with a lack of capacity for law enforcement to monitor and detect instances of trafficking. Traffickers continuously change methods in reaction to law enforcement, and the use of women, children, and boda-boda motorcycle drivers has been observed in the trafficking of both SALW and ammunition. Road and water and two of the most commonly used modes of transport. An officer from the Ugandan National Focal

Point (NFP) on SALW noted that during the period of active conflict in South Sudan, ammunition was readily available for sale in the South Sudanese border region. A notable challenge is the unity of communities that span border regions and that cross the border frequently, making it difficult to monitor and detect the flow of illicit SALW.[1275]

Organised criminal groups, rebel militias, and pastoral communities have been identified as the main actors in SALW trafficking. The Ugandan NFP on SALW stated that there had been few recent studies to estimate the number of firearms illegally held by civilians in the country. The only available numbers are estimates from the Small Arms Survey published in 2018 that there were nearly 310,000 unregistered firearms in civilian possession in the country.[1276] The NFP on SALW

1275 Author interview, Uganda NFP/SALW, Electronic communication, 19th May 2020.

1276 "Civilian Firearms Holdings, 2017". *Small Arms Survey*, 2018, http://www.smallarmssurvey.org/fileadmin/docs/Weapons_and_Markets/Tools/Firearms_holdings/SAS-BP-Civilian-held-firearms-annexe.pdf.

noted that the country needed to undertake a study on the new trends in SALW proliferation in order to perform an in-depth analysis regarding the proliferation of firearms in civilian populations. The NFP pointed out that national studies on SALW proliferation had never been funded in Uganda.[1277]

Uganda does not manufacture firearms, and 98 percent of all police weapons have been marked by RECSA as well as 96 percent of all military firearms. Uganda is also connected to INTERPOL's iARMS tracing system.[1278]

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

As highlighted in the most recent US State Department Trafficking in Persons report, the Government of Uganda does not fully meet the minimum standards for the elimination of

1277 Author interview, Uganda NFP/SALW, Electronic communication, 19th May 2020.
1278 Author interview, Uganda NFP/SALW, Electronic communication, 19th May 2020.

trafficking but is making significant efforts to do so.[1279] Uganda is facing two types of trafficking of persons and smuggling of migrants. Ugandan nationals looking for employments are being smuggled and trafficked abroad, primarily to the Middle East, and domestic and foreign victims are trafficked and exploited within Uganda.[1280] Traffickers subject Ugandan migrant workers to forced labour and sex trafficking in the UAE, Saudi Arabia, Oman, Qatar, Kuwait, Iraq, Iran, Egypt, Turkey, Algeria, Malaysia, Thailand, Bahrain, and China.[1281]

The Uganda Police Force (UPF) said that human trafficking and the smuggling of migrants affect peace and security in Uganda by psychologically, economically, and socially impacting youth. The Government spends money arresting

1279 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.
1280 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.
1281 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

perpetrators, prosecuting the accused, and rehabilitating victims, and some victims are trafficked into the DRC where they are forced to join rebel groups.

According to the UPF, the most common methods of people trafficking in Uganda are labour exploitation, both for transnational and internal human trafficking, kidnappings and human sacrifices in internal human trafficking, and commercial sex exploitation for both internal and external human trafficking.[1282]

The top three routes of people trafficking in Uganda, as identified by the UPF Anti-Human Trafficking unit are: [1283]

1. From Karamoja, Kampala, Mukono, Wakiso, Jinja, Iganga and Mbale to foreign countries for labour and sexual exploitation via Nairobi through the Eastern border of

1282 Author interview, Uganda police force TIP unit, Electronic communication, 12th May 2020.

1283 Author interview, Uganda police force TIP unit, Electronic communication, 12th May 2020.

Uganda or through Entebbe International Airport.

2. From Rwanda, Burundi and the DRC to Uganda through the South Western Uganda border to parts of Western and Central sub regions of Uganda for labour and sexual exploitation.
3. From Eritrea and Somalia to Uganda through Kenya for labour and sexual exploitation.

Legal definitions in Uganda are:

- People trafficking: the Prevention of Trafficking in Persons (PTIP) Act 2009 defines trafficking in persons.
- Human smuggling: there is no clear definition for human smuggling Uganda.
- Smuggling with aggravated circumstances: there is no specific definition for smuggling with aggravated circumstances in Uganda.

Uganda breaks down statistics of people who have been trafficked by gender and age. There is no breakdown of statistics in terms the gender, age group or nationality of people who have been smuggled.

Child trafficking

The government reported on having identified at least 214 victims of human trafficking in 2018, of which 45 were children. Out of these, 27 were victims of forced labour, and 18 were victims of sex trafficking. Of the identified victims, 182 were from abroad, 32 victims were internal, and most of the internal victims were children.[1284]

Most victims of child trafficking in Uganda are internal, and many of the children come from the Karamoja area. These children are exploited into forced begging or sex trafficking in brothels, particularly in Kampala and other big cities.[1285] Some children from DRC, Rwanda, Burundi, Kenya,

1284 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

1285 "Child Trafficking Is Big Business in Karamoja". *PML Daily*, 2018, https://www.pmldaily.com/features/2018/09/child-trafficking-is-big-business-in-karamoja.html.; "Anti-Trafficking Efforts Face Resistance in Uganda's Karamoja Region". *Global Press Journal*, 2020, https://globalpressjournal.com/africa/uganda/anti-trafficking-efforts-face-resistance-ugandas-karamoja-region/.; International Programme on the Elimination of Child Labour (IPEC). *Rapid Assessment Report in Trafficking of Children Into Worst Forms Of Child Labour, Including Child Soldiers In Uganda.* 2007.

Tanzania, and South Sudan are forced into agricultural labour and sex trafficking in Uganda.[1286]

Within Uganda

The overwhelming majority of foreign victims trafficked within Uganda are nationals from bordering countries, such as Burundi and South Sudan, or from regions that are affected by political instability and conflict. Uganda is plays host to one of the largest refugee populations on the African continent,[1287] and it appears that refugee camp populations are more vulnerable to trafficking.[1288]

The role of recruitment agencies

Recruitment agencies have an important role in facilitating the travel of individuals in Uganda wishing to go abroad for employment reasons. Recruitment agencies are

1286 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

1287 Momodu, Sulaiman. "Uganda Stands Out in Refugees Hospitality". *Africa Renewal*, vol 32, no. 3, 2019, pp. 18-19. *United Nations Publications*, doi:10.18356/38215ab0-en.

1288 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.

also known for fraudulent practices, and for facilitating the trafficking of Ugandan nationals. Migrants willingly travel with the assistance of recruitment agencies, usually for work in the service industry, domestic help, or to work in construction or agriculture.[1289] Upon arrival, however, migrants can find themselves trapped and subjected to forced labour and human rights abuses. Data from the Uganda Police Force (UPF) suggests that transnational human trafficking from Uganda has been rising since 2016, with recruiters and recruitment agencies playing a crucial role as facilitators.[1290] The role of recruitment agencies points towards complex networks with structured activities, aimed at high-volume trafficking, which is a stark evolution from the small informal structures seen in the

1289 "Stranded in The Middle East: Uganda Must Do More to Prevent Trafficking". *Heinrich Böll Stiftung*, 2019, https://za.boell.org/en/2018/10/10/stranded-middle-east-uganda-must-do-more-prevent-trafficking#note8.

1290 *Annual Crime Report 2018*. Uganda Police Force, 2018, http://www.upf.go.ug/wp-content/uploads/2019/05/annual-crime-report-2018..pdf?x45801.

past, consisting of individuals or family groups.[1291]

The UPF noted that the increase in reported cases and reported victims of human trafficking is in part due to the increased efforts of the police force to counter human trafficking.[1292]

The government of Uganda is aware of the risks linked with recruitment agencies and reported that over 90 percent of all registered trafficking victims had been trafficked through unlicensed labour agencies. Licenced labour agencies would have been involved in several of the cases as well. The government reported on having investigated 234 individuals and companies for trafficking-related and illegal recruitment

1291 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.; "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/; Olukya, Godfrey. "Interpol Warns Ugandan Migrant Workers". *The Africa Report*, 2016, https://www.theafricareport.com/1195/interpol-warns-ugandan-migrant-workers/#ixzz5ZOUBhty6.

1292 *Annual Crime Report 2018*. Uganda Police Force, 2018, http://www.upf.go.ug/wp-content/uploads/2019/05/annual-crime-report-2018..pdf?x45801.

offenses in 2018, and 76 individuals were prosecuted.[1293]

The Ministry of Gender, Labour, and Social Development (MGLSD) contracted private companies to conduct training for Ugandan nationals before their departure to various Middle Eastern countries through licensed recruitment agencies. The weeklong training, paid for by the recruitment agency, includes instruction on contract appreciation, understanding the country's bilateral agreements, how to contact help, and the rights of migrant workers.[1294] A list of 106 licensed recruitment agencies was published on various governmental websites allowing aspiring migrant workers to easily find licensed agencies.[1295] This is a significant rise in licensed recruitment agencies, as there were only 46 licensed

1293 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.
1294 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.
1295 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

agencies in 2013,[1296] and an unknown number of unlicensed agencies continue to operate. In 2018 three agencies had their license revoked and seven had their license suspended.[1297]

Even with this progress the US 2019 Trafficking in Persons report stated that several steps still needed to be taken in order to ensure the safety of Ugandan nationals, notably that: "Corruption reportedly inhibited oversight of labour recruitment firms, however, as did insufficient staffing and funding, and loopholes in the law."[1298] A recurring issue seems to be the opacity of recruitment agencies and allegations concerning their ownership. Global Initiative cites a police officer interviewed in November 2019, who alleged that many agencies were owned by "powerful individuals in government",

1296 Uganda Police Force. *List of Licensed Private Recruitment Companies Licensed by The Ministry of Gender, Labour and Social Development as of 20th September 2018*. 2018, http://www.upf.go.ug/list-of-licensed-private-recruitment-companies-licenced-by-the-ministry-of-gender-labour-and-social-development-as-at-20th-september-2018/.
1297 *Annual Crime Report 2018*. Uganda Police Force, 2018, http://www.upf.go.ug/wp-content/uploads/2019/05/annual-crime-report-2018..pdf?x45801.
1298 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

who often kept their identities hidden.[1299]

In September 2019, two key suspects who had been charged with five counts of human trafficking, forgery and obtaining money by false pretence. The men were released on bail even though there was substantial evidence that they had forged signatures and created false documents, so that it appeared they were endorsed by the Ministry of Gender, Labour and Social Development. The two individuals, Benon Kunywana, and Godfrey Kyalimpa, were the managers of the recruitment firm Middle East Consultants.[1300]

Allegations of corruption

According to the 2019 Trafficking in Persons report,

1299 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.; "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/; Olukya, Godfrey. "Interpol Warns Ugandan Migrant Workers". *The Africa Report*, 2016, https://www.theafricareport.com/1195/interpol-warns-ugandan-migrant-workers/#ixzz5ZOUBhty6.

1300 "Human Trafficking: Middle East Consultants Bosses Granted Bail". *The Observer*-, 2019, https://observer.ug/news/headlines/61999-human-trafficking-middle-east-consultants-bosses-granted-bail#comment-40280.

Uganda investigated security officers at Malabe, the border point with Kenya, and at Entebbe International Airport, as well as officials of the Civil Aviation Authority and Ground Handling Companies at Entebbe Airport for trafficking crimes in 2018. The Ugandan government did not provide further details because the cases have not been resolved.[1301]

The government launched the External Employment Management System (EEMS) in 2019 in order to streamline the process of linking aspiring migrant workers to employment opportunities. The online platform allowed licensed recruitment agencies to advertise pre-vetted employment opportunities abroad, which would avoid Ugandan nationals falling victim to fraudulent offers.[1302] The EEMS however was suspended in

1301 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.; see also: "Massive Bribery, Extortion At Uganda's Entebbe International Airport |". *Dispatch*, 2019, https://www.dispatch.ug/2018/04/18/massive-bribery-extortion-ugandas-entebbe-international-airport/.

1302 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

May 2019, together with the licensing of new external labour recruitment agencies. The system had reportedly been hacked in January 2019, and media reports spoke of allegations of abuse, including of ministry officials collaborating with external labour exporters to traffic underage girls to the Middle East, which led to the EEMS suspension.[1303]

The Middle East

The government lifted the 2016 ban on Ugandans seeking employment abroad in May 2017, with the exception of Oman, due to the ongoing reports of trafficking and abuse. The MGLSD encourages workers to only seek employment in countries that have signed a bilateral agreement with Uganda, which include Saudi Arabia and Jordan, with which the agreements were signed in 2015 and 2016.[1304] The private

1303 "Government Suspends Licensing of New External Labour Exporters". *Daily Monitor*, 2019, https://www.monitor.co.ug/News/National/Government-suspends-licensing-new-external-labour-exporters/688334-5113894-lme64hz/index.html.; "Red Flag As Bigirimana Orders Labour Export Firms Vetting". *PML Daily*, 2019, https://www.pmldaily.com/news/2019/06/red-flag-as-bigirimana-orders-labour-export-firms-vetting.html.

1304 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

Uganda Association for External Recruitment Agencies (UAERA) estimated in January 2019 that there were over 140,000 Ugandan nationals living and working in the Middle East. Mr Andrew Tumwine Kameraho, the Chairman of UAERA, said that USD 500 million was remitted to Uganda by migrant workers from the Middle East in 2018, out of a total of USD 1.21 billion.[1305]

Many Ugandans travel to the Middle East through Kenya. One repatriated woman told the Daily Monitor in 2016 that she had been smuggled together with a group of women from Kampala through Mbale, to Lwakaka from where she entered Kenya by crossing the river by foot. Once in Kenya, the group was put onto a bus that drove them to Nairobi. Women entering Kenya through official border posts do so through

1305 "Uganda Has Over 140,000 Labour Workers in Middle East". *Eagle Online*, 2019, https://eagle.co.ug/2019/01/12/uganda-has-over-140000-labour-workers-in-middle-east.html.; Barigaba, Julius. "Uganda's Labour Export Now Earns It $1.2 Billion". *The East African*, 2019, https://www.theeastafrican.co.ke/business/Uganda-labour-export-now-earns-it--1-2-billion-/2560-4955048-cvdmj8z/index.html.

the Busia, Mbale and Lwakhakha border posts. The women are then made to board flights at Jomo Kenyatta International Airport (JKIA), where frequent arrests of Ugandan nationals are made.[1306]

In January 2020, news outlets reported that 96 Ugandan girls aged between 14 and 18 were intercepted at JKIA while travelling to the United Arab Emirates. Mr Paul Kalikwan, the Busia Deputy Resident District Commissioner stated that the girls had been rescued from human trafficking through a collaborative effort with Kenyan authorities. The women were repatriated to Uganda.[1307] This operation demonstrates the success of the agreement between the governments of Uganda and Kenya to share information on trafficking activities and

1306 "How Ugandan Girls Are Trafficked to Middle East Through Kenya". *Daily Monitor*, 2017, https://www.monitor.co.ug/News/National/How-girls-are-trafficked-to-Middle-East-through-Kenya/688334-3509272-nd1yhr/index.html.; Masaba, Simon. *New Vision*, 2018, https://www.newvision.co.ug/news/1482424/girls-women-trafficked-daily-police.

1307 "96 UAE-Bound Ugandan Girls Intercepted in Nairobi". *Daily Monitor*, 2020, https://www.monitor.co.ug/News/National/96-UAE-bound-Ugandan-girls-intercepted-Nairobi/688334-5419806-irawgtz/index.html.

to facilitate the repatriations of potential trafficking victims intercepted in Kenya instead of them being prosecuted for migration violations.[1308]

The Uganda Police Force Anti-Human Trafficking unit noted that illegal labour agencies recruited individuals in the country through the use of agents, the use of licensed labour recruitment companies, word of mouth in the community, sharing stories of success from accomplished migrants, religious leaders, and local council leaders. An officer from the unit said that there was no awareness of the Kafala system[1309] among those seeking work in the Middle East.

Criminal Justice

Uganda reported 286 trafficking-related investigations

1308 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

1309 "Under the Kafala system a migrant worker's immigration status is legally bound to an individual employer or sponsor (kafeel) for their contract period. The migrant worker cannot enter the country, transfer employment nor leave the country for any reason without first obtaining explicit written permission from the kafeel." https://www.ilo.org/dyn/migpractice/docs/132/PB2.pdf.

over 2018, and 63 prosecutions under the anti-trafficking act, as well as 34 prosecutions for fraudulent recruitment in the US 2019 Trafficking in Persons report. Six traffickers were convicted. Out of those, two were sentenced to two years' imprisonment, one to 14 months imprisonment, two to community service, and one was fined. No prosecutions were reported on traffickers who exploit children through forced begging, or child sex trafficking.[1310] The authorities intercepted a total of 599 Ugandan travellers, 477 females and 122 males, attempting to depart to countries which officials assessed as high risk for trafficking or for which travellers were unable to adequately explain the purpose of their travel -- a significant increase from 2017. Of these, 141 were foreign victims, including 111 Burundian nationals.[1311]

1310 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.
1311 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

The government established a trafficking-specific desk at the Director of Public Prosecutions' office. The desk is responsible only for prosecuting trafficking crimes. The Ministry of Internal Affairs reported that 303 officials having been trained on the Anti-Trafficking Act as well as other laws related to fraudulent labour recruitment.[1312] Despite these efforts, the United States 2019 Trafficking in Persons report stated that many immigration and police officials lacked a clear understanding of labour, migration and trafficking law, that were in many cases misclassified, and that victims were encouraged to accept financial compensation from traffickers in exchange for dropping their cases. Several cases could not be prosecuted by the courts and were dismissed, either because the investigations were incomplete of because the evidence was not admissible. The U.S. Trafficking in Persons report argues that this is due to law enforcement officials not conducting

1312 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

prosecution-led investigations and did not coordinate with the DPP. Transnational cases in particular were noted as especially difficult to investigate.[1313] There is no breakdown of statistics in terms the gender, age group and nationality of people who have been trafficked.

CDR and EVC data from cell phones is rarely collected, and according to the UPF there is no clear pattern of communication and financial transfers emerging from investigations into trafficking networks.

Human trafficking is one of the major criminal activities affecting Uganda - both the trafficking of Ugandan nationals domestically and internationally, as well as the trafficking of nationals from neighbouring countries into and through Uganda. Undoubtedly this is generating significant profits for the traffickers, as well as significant misery for the victims.

1313 "2019 Trafficking in Persons Report: Uganda". United States Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/uganda/.

There is no evidence that financial investigations into human trafficking cases are conducted, however financial institutions can play a key role in monitoring for suspicious transaction activity or both victims (paying recruitment fees or moving overseas) and traffickers (funnel accounts or illicit agencies using financial services).

WILD ANIMALS AND WILDLIFE PRODUCTS

Uganda faces both the poaching and trafficking of its wildlife, and the country is also used as a transit hub via its porous borders and airport. It is estimated that Uganda loses UGX 2 billion annually in wildlife offences, from commercial poaching to hunting[1314].

TRAFFIC differentiates between two types of poaching in Uganda. First, there is poaching for basic

1314 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

requirements like obtaining protein for food. These crimes are usually perpetrated on an individual basis, without an organized network. Secondly, there is poaching for economic benefits, which is usually associated with a more organized network.[1315]

The typical structure of the poaching and trafficking chain is described as consisting of at least five organisational levels,[1316] illustrated in Figure 32

1315 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.

1316 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.; Milliken, T et al. *Report On The Elephant Trade Information System (ETIS), Seventeenth Meeting Of The Conference Of The Parties Johannesburg (South Africa), 24 September – 5 October 2016 (Cop17 Doc. 57.6 (Rev. 1) Annex)*. 2016.; Weru, S. *Wildlife Protection And Trafficking Assessment In Kenya: Drivers And Trends Of Transnational Wildlife Crime In Kenya And Its Role As A Transit Point For Trafficked Species In East Africa*. TRAFFIC, Cambridge, 2016, http://www.trafficj.org/publication/16_Wildlife_Protection_and_Trafficking_Assessment_Kenya.pdf.

Figure 32 TRAFFIC organisational levels of poaching and trafficking chain

Level 1: local poachers, in most cases recruited from local communities living in the vicinity of protected areas. In some cases, the poachers come from other regions, and the presence of refugee and internally displaced people can also play a prominent role in poaching episodes.
Level 2: local middlemen, who are responsible for providing the logistic, financial and organisational support to the local poachers. They usually receive a major share of the generated revenue as compared to the poachers on the ground.
Level 3: local transporters, who are a part of a transportation network usually organised by the local middlemen which involves the use of trucks or other vehicles to transport the illegal items hidden in between other goods, or by using secret compartments.
Level 4: urban middlemen, who prepare the illegally obtained wildlife products for shipping to the desired destination. These middlemen usually use residential houses or storehouses where they can consolidate the shipment and organize the export.
Level 5: exporters, in Uganda these individuals lead the organised transnational crime network, providing the high-level planning, organisation, and intelligence. The exporters set in place and maintain trading links and play a key role in the corruption and collusion process necessary to support the transactions.
Level 6: kingpins, who finance the poaching network and use corrupt connections in the public and private sector to move the contraband across county and country borders. The kingpin is usually located in the destination country and is often involved in and finances various types of criminal activities with no particular focus on wildlife crime.[1317]

1317 Weru, S. *Wildlife Protection and Trafficking Assessment In Kenya: Drivers And Trends Of Transnational Wildlife Crime In Kenya And Its Role As A Transit Point For Trafficked Species In East Africa.* TRAFFIC, Cambridge, 2016, http://www.trafficj.org/publication/16_Wildlife_Protection_and_Trafficking_Assessment_Kenya.pdf.

The Natural Resource Conservation Network (NRCN) considers wildlife traffickers active in Uganda to be primarily "businesspeople", operating seemingly legitimate businesses in order to conceal their wildlife trafficking activities. This is the same at all stages of the trafficking route. Information from Uganda Wildlife Authority (UWA) and the NRCN highlights the involvement of several international syndicates - one involving Vietnamese nationals, one involving a West African syndicate, one involving South Sudanese nationals, one involving Guinean nationals.[1318]

Regarding reports that non-State armed groups and terror groups profit off illegal wildlife trade, NRCN intelligence sources confirmed that two rebel groups are actively relying on wildlife trade to fund their activities. One of such groups is active in the DRC, while the other is active in CAR. One member of the CAR group was arrested during an operation in

1318 Author interview, NRCN, Electronic Communication, 27 May 2020

2019, enabling the government to confirm their involvement.[1319]

RHINO HORN

There are no known rhino horn poaching areas in Uganda, but the NRCN confirms that there are Uganda based traffickers who import rhino horn from other countries. Foreign traffickers are reportedly involved at the facilitation and storage level.

According to the NRCN, the traffickers moving rhino horn out of Uganda are usually Chinese nationals. The primary trafficking routes use official border crossings, and the NRCN confirmed that there is reliance on persons in official positions, for documentation or freedom of movement.[1320]

1319 Author interview, NRCN, Electronic Communication, 27 May 2020
1320 Author interview, NRCN, Electronic Communication, 27 May 2020

IVORY

Uganda is usually described as a transit country rather than a source country for illegal ivory.[1321] Ivory trafficking in Uganda most frequently starts from level 3 up to level 4 or 5, as there does not seem to be important ivory poaching in the country at the present, and most arrests and prosecution concern transporters, middlemen, or organisers of shipments to destination countries.[1322]

Ivory is believed to be primarily smuggled into Uganda through so-called "ant trade": the movement of small quantities across the border by individuals on foot, by bicycle or motorbike, in private cars, buses or small trucks.[1323]

1321 UNODC. *World Wildlife Crime Report: Trafficking in Protected Species*. 2016, https://www.unodc.org/documents/data-and-analysis/wildlife/World_Wildlife_Crime_Report_2016_final.pdf.; Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.
1322 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.
1323 Runhovde, S. R., "Merely a transit country? Examining the role of Uganda in the transnational illegal ivory trade", *Trends in Organized Crime*, 2017, https://phs.brage.unit.no/phs-xmlui/bitstream/handle/11250/2427085/merely_a_transit_country.pdf?sequence=1.

Seven big ivory seizures (i.e. over 500kgs) were recorded in Uganda from 2013 to March 2016. All but one seizure took place at Entebbe International Airport. These large seizures in Uganda point towards the existence of criminal organisations driving the poaching, because only with such organisations can the whole set of arrangements, planning, and intelligence be financially sustained.[1324] The presence of a powerful trans-national criminal syndicate in Uganda is suspected, with foreign nationals coordinating the collection, consolidation, storage, and shipment of ivory and other high value wildlife products.[1325]

The NRCN confirms that there are consolidation points for ivory and other high-value wildlife products in Kampala as well as in other hubs but considers its current

1324 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.
1325 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.

dataset insufficient to properly define the networks that move ivory from the poaching areas to the consolidation points. Foreign traffickers reportedly become involved at the consolidation point.

As a result of improved control and enforcement in Ugandan cities, the NRCN has observed that ivory has been stockpiled in the DRC before being trafficked into Uganda since 2019. There is evidence of terrestrial smuggling routes for ivory in Tanzania and Kenya, and that ivory might be transported to Uganda by road, also due to increased controls at airports in these countries.[1326]

The NRCN states that most ivory seized in transit containers in Uganda originated from the DRC and South Sudan, while the destination countries are in East Asia. Trafficking routes reportedly make use of official border crossings. The

1326 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.

Garamba National Park in the DRC was previously seen as an important source of ivory found in Uganda, and the ivory came in either via South Sudan, or via Arua on the Uganda-DRC border. From there, the ivory was transported to Kampala.[1327] According to the NRCN, this route is still operational as of 2020, although not on a large scale.

PANGOLINS

Pangolin scales (followed by hippo teeth) have been the most seized wildlife item in Uganda since 2004. Media, the Ugandan NGOs, NRCN and UWA report twenty seizures of pangolins scales between 2012 and 2016, which revealed an important demand for the African Pangolin.[1328] Due to recent

1327 Titeca, K. *Out of Garamba, into Uganda. Poaching and Trade of Ivory in Garamba National Park and LRA-Affected Areas in Congo*. University of Antwerp: Institute of development policy and management, 2013.

1328 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.

reports associating ivory smuggling with pangolin scales,[1329] pangolin is seen as mostly transiting through Uganda, like ivory, before being shipped to southeast and south Asian countries. The NRCN notes however that pangolin is not only trafficked through Uganda as a transit country, but that the mammal is also poached within the country. [1330]

There have been major policy developments affecting pangolins in Uganda in recent years. All four pangolin species found in the country were included on the list of protected species by the new Wildlife Act 2019. The initiative was started in 2017 and the bill was assented by the President of Uganda in 2019. The main driver behind the new act was according to the NRCN that the deterrent penalties for the trafficking of pangolins and other wildlife species were deemed insufficient

1329 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.; UNODC. *World Wildlife Crime Report: Trafficking In Protected Species*. 2016, https://www.unodc.org/documents/data-and-analysis/wildlife/World_Wildlife_Crime_Report_2016_final.pdf.

1330 Author interview, NRCN, Electronic Communication, 27 May 2020

in the previous Wildlife Act. In 2016 CITES moved all pangolin species from Appendix II to Appendix I, which led to various stakeholders in the country to band together in addressing capacity gaps (which include detecting, intercepting, and prosecuting wildlife trafficking cases) amongst criminal justice entities. These efforts have led to an increase in sentences awarded to pangolin traffickers in the past years. The NRCN notes that this does not call for a decrease in capacity building efforts due to the sophisticated nature of this trade.[1331]

Routes and methods

According to the NRCN, as of May 2020 pangolin poaching and trafficking were on the rise in the country and had been increasing for several years despite the CITES 2016 uplift. Pangolins poached outside of Uganda are reportedly sourced from the DRC, South Sudan, and CAR, which is supported by a number of arrests and seizures performed by the NRCN.

1331 Author interview, NRCN, Electronic Communication, 27 May 2020

Pangolin smuggled from abroad is either concealed in larger shipments such as those carrying timber, or they are smuggled in through 'ant trade' after which they are stockpiled within Uganda for repackaging and onward shipment. Shipments of Pangolins seized in Asia from containers have been large – often totalling more than a tonne, indicating that there are well organised consolidation points in the country, but the NRCN notes that intelligence in this area is insufficient to permit detailed analysis. [1332]

The main routes used for pangolin trafficking have been identified by the NRCN as: the Uganda – Tanzania Mutuluka border, the Uganda-Kenya Malaba and Busia borders, the Uganda – DRC West Nile borders of Vura, Lia, Odramachako as well as the Bunagana and Bwera borders, and the Uganda – South Sudan Elegu border. Violence against law enforcement

1332 Author interview, NRCN, Electronic Communication, 27 May 2020

has not been noted on overland trafficking routes. [1333]

Within Uganda, the NRCN states that traffickers transport pangolin scales while concealing them within other legal consignments frequently encountered on the road, such as lorries carrying matoke (East African Highland bananas), or bags of charcoal and other luggage transported on motorcycles, buses and lorries. The NRCN observed notable changes in concealment methods used to trafficking pangolin in and through Uganda since the CITES uplift in 2016. The driver behind these changes is believed to be the improvement in detection techniques utilised by government agencies. [1334]

Regarding the trafficking of pangolin out of Uganda, the NRCN notes that the end destination has always been Asia, but that traffickers change the transit countries to more inconspicuous ones in order to avoid detection. The main exit

1333 Author interview, NRCN, Electronic Communication, 27 May 2020
1334 Author interview, NRCN, Electronic Communication, 27 May 2020

route is reportedly by air, as well as container shipping when pangolins are concealed within logs. The trafficking routes therefore use official borders. [1335]

It should be noted that pangolin are also poached in Uganda for local bush meat consumption, particularly for Chinese restaurants in Uganda. [1336]

Organised criminal networks

Transnational pangolin trafficking networks have contacts within the local organised crime groups. These local contacts collect and stock the pangolin, while others repackage and prepare for shipments. Some of the local contacts are transporters, however most act as middlemen who buy pangolins off poachers. According to the NRCN, most trafficking syndicates are connected to one another but work in smaller, separate groups depending on the nature of the

1335 Author interview, NRCN, Electronic Communication, 27 May 2020
1336 Author interview, NRCN, Electronic Communication, 27 May 2020

transaction. [1337]

Information from the NRCN suggests that a live pangolin is bought for between UGX 5 million and 30 million (USD 1,300-8000), depending on its size. The buying price for pangolin scales range between UGX 50,000 and 266,000 (USD 13 – 71). [1338]

At a transnational level there are three known organised criminal networks involved in pangolin trafficking in Uganda. The NRCN states that the criminal networks at a local level are not always as well established, and that their number is estimated to lie between 30 and 50. [1339]

There reportedly is evidence of crossover with other organised crime activities of trafficking networks operating on routes from Uganda to Kenya, as well as of trafficking

1337 Author interview, NRCN, Electronic Communication, 27 May 2020
1338 Author interview, NRCN, Electronic Communication, 27 May 2020
1339 Author interview, NRCN, Electronic Communication, 27 May 2020

networks operating within Uganda, and trafficking networks moving Pangolin out of Uganda.

According to the NRCN, West African nationals are highly involved in wildlife trafficking in the country, and the complexity of these networks makes it at times difficult to ascertain the origin country of illegal wildlife goods. West African networks reportedly have agents and partners in the country of origin of the wildlife goods, in the countries of transit, as well as in West Africa. [1340]

Chinese and Vietnamese Syndicates

Information from NRCN identified that in some high-profile cases the financial aspects were investigated - identifying large USD payments from Uganda and UAE to Vietnam, using money transfer agencies in Uganda. They were also able to identify logistical companies and associated businesses used as

1340 Author interview, NRCN, Electronic Communication, 27 May 2020

fronts for illegal wildlife trafficking.[1341]

In a 2017 report, the Enough Foundation highlights that, along with South Sudan, Uganda is a critical waypoint for elephant tusks, pangolin scales, hippo teeth and other wildlife in demand by Asian consumers.[1342] The wildlife going through Uganda and South Sudan is largely illegally poached at alarming rates from Garamba National Park in the DRC. The Enough Foundation report cites that Uganda was increasingly observed as an international wildlife trafficking hub by CITES in 2016 and included in the one of ten countries worldwide linked to ivory trade flows.

Of note is the role of Asian diaspora (Vietnamese, Chinese) in illicit activity, notably illegal wildlife and timber trafficking. Often a company will be registered in Uganda (i.e.

1341 Author interview, NRCN, Electronic Communication, 27 May 2020
1342 Enough Foundation July 2017 Deadly Profits: Illegal Wildlife Trafficking through Uganda and South Sudan https://enoughproject.org/reports/deadly-profits-illegal-wildlife-trafficking

cashew nuts, timber, furniture), and then be used to conduct both legitimate business and to serve as a cover for illicit trade. It is also used as front for bringing in further nationals from the foreign country concerned, supporting their visa applications. Often, once in the country, the national would report the loss of their passport (and obtain another passport) to allow the perpetrators use of multiple passports at border control to evade detection by border officials.[1343]

One of the report recommendations is the need to "follow the money", using financial intelligence units and financial institutions to look for information on suspicious payments from illicit wildlife trafficking, and the subsequent use of powerful money laundering legislation.[1344]

1343 Conversation with Western Diplomat, 7 April 2020
1344 Enough Foundation July 2017 Deadly Profits: Illegal Wildlife Trafficking through Uganda and South Sudan https://enoughproject.org/reports/deadly-profits-illegal-wildlife-trafficking

Case study: Chinese and Vietnamese syndicates

The arrest of 37 Chinese nationals near Kampala in March 2020 illustrates the versatility of Chinese syndicates operating in the region. The accused were defrauding Chinese nationals in mainland China through illegally obtained Ugandan SIM cards. Simultaneously, they were also engaged in illegal wildlife trade. The 37 Chinese nationals appeared before the Buganda Magistrates Court on 27th March and were charged with four counts under Uganda's Computer Misuse Act (CMA) 2011. They are accused of abetment of unauthorised use of computer services, unlawfully procuring SIM cards, and of possession of suspected stolen property. A separate charge sheet is directed at three of the 37, who are accused of the offense of conducting business without a trading licence. Additionally, five of the 37 are accused of unlawful possession of wildlife protected species.

The syndicate was active in Kireka, Kira Municipality in Wakiso district, where police forces found 1,895 Airtel and 223 MTN SIM cards, several suspected stolen computer motherboards, over 2000 cell phones, a suspected stolen electricity meter, six tortoises, pangolin scales, and fish maws. Several suspects were conducting business in Uganda without valid work permits.[1345] CID spokesperson Charles Twine told NTV News that the group was stealing motherboards which were repackages and exported to China. The cell phones and SIM cards are believed to have been used for financial crimes on the Chinese WeChat application, because all cell phones were connected to WeChat and the cybercrimes unit found evidence of financial transactions targeting Chinese nationals. [1346]

Figure 33 Makeshift control room of Chinese syndicate in Kireka, Wakiso district[1347]

1345 Ahebwe, Conrad. "SENT TO JAIL! 37 Chinese Nationals Charged Over Sim Card and Mobile Money Fraud, Illegally Trading in Uganda". *PML Daily*, 2020, https://www.pmldaily.com/news/2020/03/37-chinese-nationals-charged-with-illegally-trading-in-uganda-remanded.html.; NTVUganda. "Uganda Police Bust Chinese Gang with Over 2,000 Stolen Cell Phones". *Youtube*, 2020, https://www.youtube.com/watch?v=uPrE45Reu_w.; Masaba, Simon. "37 Chinese Charged with Phone Tapping". *New Vision*, 2020, https://www.newvision.co.ug/news/1517312/chinese-charged-phone-tapping.;

1346 NTVUganda. "Uganda Police Bust Chinese Gang with Over 2,000 Stolen Cell Phones". *Youtube*, 2020, https://www.youtube.com/watch?v=uPrE45Reu_w.; Masaba, Simon.

1347 NTVUganda. "Uganda Police Bust Chinese Gang with Over 2,000 Stolen Cell Phones". Youtube, 2020, https://www.youtube.com/watch?v=uPrE45Reu_w.

Case study: Chinese and Vietnamese syndicates

On 24th January 2019 the Ugandan Revenue Authority seized hundreds of pieces of ivory weighing 3,299 kilogrammes valued at UGX 9.7 billion (USD 2.3 million), and thousands of pangolin scales weighing 423.7 kilogrammes valued at UGX 4.7 billion (USD 1.26 million) in Namboole, Kampala. Two Vietnamese nationals were arrested: Dhan Yon Chiew aka Pham Van Chieu and Nguyen Son Dong. The illegal wildlife was discovered by the Uganda Revenue Authority (URA) as they scanned three six-meter containers carrying timber logs as they crossed the border from South Sudan into Uganda using a mobile Non-Intrusive Inspection scanner. The URA team tailed the cargo to an ICD in Namboole where they made the seizure and arrests. According to the charge sheet, the suspects had concealed ivory and pangolin scales in nine moulds of paraffin wax embedded inside wooden cases disguised as logs, as they loaded the goods in a container on a truck with the registration number KBN 619/ZD 598 at Namboole en route to Vietnam.[1348]

URA spokesman Vincent Seruma told the AFP news agency that the traffickers were part of a "very dangerous racket" which takes advantage of conflicts in eastern and central Africa to poach endangered species, and that the URA believed that the ivory and pangolin scales had been packaged at a consolidation point in the DRC. "We believe they planned to bribe their way to their final destination, so we are investigating the shipping agent and other contractors," the URA stated. [1349]

The Uganda Wildlife Authority (UWA) Executive Director Sam Mwandha stated on 6 February that the UWA will prosecute the two Vietnamese nationals, saying that: "We shall use this case to show our resolve to stamp out this illegal trade. While URA handles the case in regard to possession of prohibited products, we will handle it from a different angle." The UWA's statement reads that a DNA analysis is planned to establish the source of the ivory.[1350]

The two suspects appeared before the Anti-Corruption Court Grade One Magistrate Sarah Namusobya Mutebi on 7 February, where they were charged with being found with exhibits worth UGX 13 billion (USD 3.48 million). Each were granted a cash bail of UGX 15 million (USD 4,000). The UWA expressed reservations over the release, saying it might affect investigations since the co-accused were still at large.[1351]

1348 "Vietnamese Nationals Charged Over Illegal Ivory, Pangolin Scales". *East African Business Week*, 2019, https://www.busiweek.com/vietnamese-nationals-charged-over-illegal-ivory-pangolin-scales/.; "Uganda Revenue Authority". *Twitter*, 2019, https://twitter.com/URAuganda/status/1090975251620659200.

1349 "Uganda Seizes 750 Pieces of Ivory Being Smuggled from South Sudan". Al Jazeera, 2019, https://www.aljazeera.com/news/africa/2019/01/uganda-seizes-750-pieces-ivory-smuggled-sudan-190131195921122.html

1350 "Uganda Wildlife Authority to Prosecute Vietnamese Found in Possession of Wildlife Species". Uganda Wildlife Authority, 2019, https://www.ugandawildlife.org/park-home-knp/uganda-wildlife-authority-to-prosecute-vietnamese-found-in-possession-of-wildlife-species.; "Vietnamese Nationals Charged Over Illegal Ivory, Pangolin Scales". East African Business Week, 2019, https://www.busiweek.com/vietnamese-nationals-charged-over-illegal-ivory-pangolin-scales/.

1351 "Uganda Seizes 750 Pieces of Ivory Being Smuggled from South Sudan". *Al Jazeera*, 2019, https://www.aljazeera.com/news/africa/2019/01/uganda-seizes-750-pieces-ivory-smuggled-sudan-190131195921122.html.; "POACHING: UWA Expresses Reservations Over Release Of Vietnamese". *The Independent*, 2020, https://www.independent.co.ug/poaching-uwa-expresses-reservations-over-release-of-vietnamese/.

Case study: Chinese and Vietnamese syndicates

On 8 February, the URA published photographs of 18 suspects, saying that they were wanted in connection with an ongoing investigation of the case of smuggling and possession of prohibited goods (ivory and pangolin scales) concealed in timber. The suspects were identified as: Thai Xuan Phuong, Dinh Van Quan (alias Tony), Din Van Chung, Vo Quoc Trinh, Thai Xuan Tuan, Do Trong Ha (alias Hoang Ha), Tran Van Cao, Vu Van Huan (alias Jimmy), Trinh Trung Dung, Le Viet Quyen, Ha Chan Chinh, Le Dinh Quan, Nguyen Van Linh, Nguyen Van Thanh, Pham Trong Phuc, Nguyen Van Pha, Nguyen Van Viet, and Hoang Van Hau.[1352]

Figure 34 URA Wanted Notice

The URA tweeted that this Vietnamese syndicate had been operating in Uganda for the past three years from a warehouse in Kyebando, a suburb of Kampala, and a house in Bugolobi, also in Kampala. Two other houses in Kololo with links to the syndicate were raided and two women were arrested, believed to have been involved in prostitution.[1353] One arrested suspect, Nguyen Son Dong was the Director of the registered business Wisdom Theta Limited[1354], pointing to the possible use of front companies.

On 21 February a third Vietnamese national who was not on the wanted list, Phung Thi Lier was remanded over possessing prohibited goods and wildlife products without a wildlife use right.[1355] On 2 March, Ugandan authorities intercepted two of the wanted suspects, Nguyen Van Thanh and Dinh Van Chung at Entebbe International Airport and offloaded them from a Qatar airways plane.[1356]

1352 Quy, Nguyen. "Uganda Hunts 18 Vietnamese For Trafficking Ivory, Pangolin Scales". *Vnexpress International*, 2019, https://e.vnexpress.net/news/news/uganda-hunts-18-vietnamese-for-trafficking-ivory-pangolin-scales-3879010.html; "Two Suspected Ivory Smugglers Intercepted At Entebbe Airport". *Daily Monitor*, 2019, https://www.monitor.co.ug/News/National/Two-suspected-ivory-smugglers-intercepted-Entebbe-Airport/688334-5007344-13wvuo4/.

1353 "Uganda Revenue Authority". Twitter, 2019, https://twitter.com/URAuganda/status/1102173966171545600.

1354 "POACHING: UWA Expresses Reservations Over Release Of Vietnamese". The Independent, 2020, https://www.independent.co.ug/poaching-uwa-expresses-reservations-over-release-of-vietnamese/.

1355 "Vietnamese Nationals Charged Over Illegal Ivory, Pangolin Scales". East African Business Week, 2019, https://www.busiweek.com/vietnamese-nationals-charged-over-illegal-ivory-pangolin-scales/.

1356 "Two Suspected Ivory Smugglers Intercepted At Entebbe Airport". Daily Monitor, 2019, https://www.monitor.co.ug/News/National/Two-suspected-ivory-smugglers-intercepted-Entebbe-Airport/688334-5007344-13wvuo4/.

TEAK

When asked about the involvement of Vietnamese cells in the sourcing of illegal teak from South Sudan, the NRCN confirmed that there is evidence **of foreign cells trafficking illegal teak, and that they are also linked to ivory and rhino horn trafficking. The NRCN stated that these foreign cells buy** illegal teak, non-restricted species, and ivory from South Sudan, reportedly through the involvement of local army generals. The foreigners are given security assurances and the illegal goods are concealed in timber and brought to Uganda. The NRCN referred to the Vietnamese syndicate mentioned above, mentioning a "known cell" operating out of in Kyebando, a suburb of Kampala. The timber, ivory and other goods are then smuggled out of Uganda disguised as timber exports under companies that are registered in Uganda. The NRCN confirmed that there had been indication in

investigated cases, that fraudulent paperwork had been used to hide the harvest and export points. This reportedly happens from the second stage of documentation onwards.[1357]

1357 Author interview, NRCN, Electronic Communication, 27 May 2020

Case study: Moazuh Kromah

Moazuh Kromah (alias Ayoub, Ayuba, and Kampala Man), together with Amara Cherif (alias Bamba Issiaka, Mansur Mohamed Surur, alias Mansour), Abdi Hussein Ahmed (alias Abu Khadin) was charged in front of a New York South District court on 12th June 2019 in an indictment for participating in a conspiracy to traffic in rhino horns and elephant ivory, valued at more than USD 7 million. In addition, Kromah, Cherif, and Surur were charged with conspiracy to commit money laundering, and Surur and Ahmed were charged with participating in a conspiracy to distribute and possess with intent to distribute more than 10 kilogrammes of heroin. Kromah, a Liberian national, was arrested in Uganda on 12 June and expelled to the United States, Cherif, a Guinean national, was arrested in Senegal on 7 June and his extradition to the United States is being considered by Senegalese authorities. Surur and Ahmed are both Kenyan nationals, Ahmed remains listed as a fugitive,[1358] while Surur was arrested in Mombasa on 29th July 2020. Surur was among 47 Kenyans stranded in Yemen and who were returning to Kenya on a chartered flight, and he was arrested at Moi International Airport.[1359]

Kromah, Cherif, Surur, and Ahmed were members of a transnational criminal enterprise based in Uganda and surrounding countries. From at least December 2012, until May 2019 the enterprise conspired to transport, distribute, sell, and smuggle at least approximately 190 kilogrammes of rhino horns and at least approximately 10 tonnes of elephant ivory from or with the facilitation of various African countries to buyers located in the United States and Southeast Asia.[1360] According to a United States Government investigator, ivory was shipped in containers from Mombasa, Kenya, and Pemba, northern Mozambique, and rhino horn was shipped by air from Entebbe, Uganda, and Nairobi, Kenya.[1361]

The investigation and arrests were made possible thanks to an unprecedented joint investigation between the U.S. Fish and Wildlife, the U.S. Drug Enforcement Administration (DEA), the UWA, and the NRCN.

According to the U.S. Department of Justice, the defendants would typically agree to export the rhino horn and ivory for delivery to foreign buyers and conceal the illegal wildlife amongst other goods. The defendants received and deposited payments from foreign customers that were sent in the form of international wire transfers, some which were sent through U.S. financial institutions, and paid in cash.[1362]

1358 "Members of African Criminal Enterprise Charged with Large-Scale Trafficking of Rhinoceros Horns and Elephant Ivory and Heroin Distribution". *The United States Attorney's Office Southern District Of New York*, 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns.

1359 "Wanted US Fugitive Arrested at Mombasa Airport". *Daily Nation*, 2020, https://www.nation.co.ke/kenya/counties/mombasa/wanted-us-fugitive-arrested-at-mombasa-airport--1907790.

1360 "Members of African Criminal Enterprise Charged with Large-Scale Trafficking of Rhinoceros Horns and Elephant Ivory and Heroin Distribution". *The United States Attorney's Office Southern District Of New York*, 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns.

1361 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.

1362 "Members of African Criminal Enterprise Charged with Large-Scale Trafficking of Rhinoceros Horns and Elephant Ivory and Heroin Distribution". *The United States Attorney's Office Southern District Of New York*, 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns.

Case study: Moazuh Kromah

U.S. Secretary of the Interior David Bernhardt, stated that wildlife trafficking is "often intertwined with other major types of criminal activity including conspiracy, smuggling, money laundering and narcotics – all of which are included in the indictment today."[1363] The DEA Special Agent in Charge Christopher T. Tersigni also underlined the versatility of criminal syndicates involved in wildlife crime: "DEA's global investigations with our foreign counterparts often involve transnational criminal networks involved in a wide array of unlawful acts – from drug trafficking to conspiring to commit acts of terror to international money laundering to human trafficking."[1364]

Kromah had been arrested before in Uganda in 2017, together with two Guinean nationals, Kourouma Bangaly, and Mohamed Kourouma, for being found with 437 pieces of ivory weighing 1.3 tonnes.[1365] The NRCN and UWA, who made the arrest, described Kromah at the time as "the centre of a vast ring of organized crime criminals […] connected to at least four other major criminal syndicates in Africa […] supplying rhino horn and ivory to the biggest wildlife criminal syndicates worldwide."[1366] The case never progressed through Ugandan courts, and according to a Ugandan investigator interviewed by Global Initiative, the INTERPOL document referring to Kromah was found in the house where he was arrested.[1367]

Documentary evidence found at that time indicated financial transactions between Kromah and Vixay Keosavang.[1368] Keosavang, a Lao national, is believed to be the leader of the Xaysavang Network, an international wildlife trafficking syndicate, smuggling illegally taken wildlife from countries in Africa and Asia into Laos, to then export them into China and Vietnam. The U.S. Department of State is currently offering a reward of up to USD 1 million for information leading to the dismantling of the Xaysavang Network.[1369]

Criminal Justice

Prosecution of wildlife crime in Uganda is the responsibility of the Directorate of Public Prosecution (DPP).

1363 "Members of African Criminal Enterprise Charged with Large-Scale Trafficking of Rhinoceros Horns and Elephant Ivory and Heroin Distribution". The United States Attorney's Office Southern District Of New York, 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns.

1364 "Members of African Criminal Enterprise Charged with Large-Scale Trafficking of Rhinoceros Horns and Elephant Ivory and Heroin Distribution". The United States Attorney's Office Southern District Of New York, 2019, https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns.

1365 Ndagire, Berry. "Uganda – Liberian And Guineans Sent for Trial Over Ivory Smuggling". *Daily Monitor*, 2017, https://africasustainableconservation.com/2017/07/16/uganda-liberian-and-guineans-sent-for-trial-over-ivory-smuggling/.

1366 Morris, Chris. "Moazu Kromah and the Case of The West African Ivory Cartel". *International Policy Digest*, 2019, https://intpolicydigest.org/2019/08/24/moazu-kromah-and-the-case-of-the-west-african-ivory-cartel/.

1367 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 3, 2020.

1368 Morris, Chris. "Moazu Kromah and the Case of the West African Ivory Cartel". *International Policy Digest*, 2019, https://intpolicydigest.org/2019/08/24/moazu-kromah-and-the-case-of-the-west-african-ivory-cartel/.

1369 "Xaysavang Network". *United States Department of State*, https://www.state.gov/inl-rewards-program/transnational-organized-crime-rewards-program/xaysavang-network/.

The main instrument/tool used to address crime by the DPP is the Penal Code Act. The Act, however, has very few provisions pertaining specifically to wildlife crimes, and the Wildlife Act has been identified as a more appropriate legislative tool. TRAFFIC argued in 2018 that one of the limits of the Wildlife Act is the weakness of sanctions and penalties.[1370] These weak penalties have been partially addressed by the new Wildlife Act of 2019.[1371]

In 2017 the Standard, Utility and Wildlife Court was created in order to address the backlog of wildlife cases amongst others, allowing quickening the pace of the judiciary process of wildlife trafficking cases.

According to the NRCN, a total of 110 wildlife

1370 Rossi, A. *Uganda Wildlife Trafficking Assessment. TRAFFIC Report*. TRAFFIC International, 2018, https://www.traffic.org/site/assets/files/8460/uganda_wildlife_assessment.pdf.

1371 "New Wildlife Act 2019 Sets Tough Terms for Encroachers". *Daily Monitor*, 2019, https://www.monitor.co.ug/artsculture/Travel/New-Wildlife-Act-2019-sets-tough-terms-encroachers/691238-5202854-3xr4uh/index.html.

trafficking-related operations were carried out in Uganda in 2019, resulting in a total of 195 arrests. Arrests are classified into six levels, in which the poaching and trafficking network are structured according to TRAFFIC classification, as seen in Figure 32. These levels range from low-level (level 1) poachers to kingpins (level 6). In 2019, over half (55%) of those arrested were categorized as local middlemen, followed by poachers (15%), urban middlemen (14%), and exporters (5%). There have been no Kingpin-level arrests (See Table 12). Kingpins are described as those who finance criminal networks, and those who link corrupt connections in both the public and private sector. These kingpins are usually, but not always, located in the destination country, while the poachers and middlemen are recruited locally. It is notable that the NRCN did arrest one kingpin in 2019, but this concerned the re-arrest of an individual who had first been arrested in 2017, and who had continued trafficking activities while on bail. The NRCN did

not report this arrest in 2019 in order to avoid duplicating its records. [1372]

Year	Operations	Number of arrests per Tier						Grand Total
		1	2	3	4	5	6	
Jan – Dec 2019	110	31	110	26	26	2	0	195

Table 12 NRCN 2019 Operations

Prosecution

All 110 wildlife trafficking-related cases of 2019, concerning 195 individuals, were registered for prosecution. Out of these 110 cases, 47 percent were concluded as of December 2019, 53 percent were pending and carried over to 2020. One case concerning three individuals was closed, leaving 192 accused.

Out of the remaining 192 accused, 90 were convicted, including 7 suspects who received cautions. Four suspects absconded, 44 were still on trial as of December 2019, and 54

1372 Author interview, NRCN, Electronic Communication, 27 May 2020

were pending trial.

The NRCN noted that some cases were delayed due to a backlog in courts. The conviction rate for all cases concluded in 2019 was 97.3 percent – that is, 109 convictions out of 112 prosecutions (these numbers include ten cases of which the arrests were made during previous years). Out of the 109 convictions, 50 suspects received custodial-only sentences with a fine alternative, and eight were cautioned. Three suspects were acquitted of their crimes. [1373]

Financial investigations

Ugandan authorities have investigated and analysed telegraphic transfers between 2015 and 2019 for one syndicate under investigation and found that money was being transferred in USD between institutions in Kampala and the UAE, and various agencies in Vietnam. Authorities were unable to estimate the total amount of money or profit that was made

1373 Author interview, NRCN, Electronic Communication, 27 May 2020

by the syndicate but stated to have discovered USD 512,884 from one financial institution.[1374]

According to the NRCN, a common means of transferring money for wildlife trafficking syndicates are money transfer agencies where small amounts are sent over a period of time, a tactic which is commonly referred to as the "smurfing method". [1375]

Information regarding international payments, especially in USD, can permit agencies outside of Uganda to use their money laundering laws to arrest & prosecute major illegal wildlife traffickers.

In one case, the members of a transnational criminal enterprise based in Uganda and surrounding countries engaged in the large-scale trafficking and smuggling of rhinoceros

1374 Author interview, NRCN, Electronic Communication, 27 May 2020
1375 Author interview, NRCN, Electronic Communication, 27 May 2020

horns and elephant ivory, was prosecuted in the US.[1376] It was estimated to have involved the illegal poaching of more than approximately 35 rhinoceros and more than approximately 100 elephants. In total, the estimated average retail value of the rhinoceros horn involved in the conspiracy was at least USD 3.4 million, and the estimated average retail value of the elephant ivory involved in the conspiracy was approximately USD 4 million. The defendants received and deposited payments from foreign customers that were sent in the form of international wire transfers, some which were sent through U.S. financial institutions, and paid in cash.

Also notable are the typologies produced by ESAAMLG in 2016 as a basis for training of financial institutions and law enforcement in investigating the finances behind illicit wildlife

1376 Department of Justice, U.S. Attorney's Office, Southern District of New York, June 13, 2019, Members Of African Criminal Enterprise Charged With Large-Scale Trafficking Of Rhinoceros Horns And Elephant Ivory And Heroin Distribution https://www.justice.gov/usao-sdny/pr/members-african-criminal-enterprise-charged-large-scale-trafficking-rhinoceros-horns

trafficking.[1377]

DRUGS AND PSYCHOTROPIC SUBSTANCES

Heroin is an increasing threat in Uganda. Trafficking routes are diverse, including overland and air routes to both enter and leave Uganda. Cocaine is assessed as a decreasing threat by Ugandan law enforcement. Cocaine enters Uganda on both air and land routes, but national law enforcement assess it is a drug for onwards shipment to established consumer markets.[1378]

Uganda has been impacted by heroin trafficked on the major maritime route across the Indian Ocean. A 2020

1377 ESAAMLG June 2016 A SPECIAL TYPOLOGIES PROJECT REPORT ON POACHING, ILLEGAL TRADE IN WILDLIFE AND WILDLIFE PRODUCTS AND ASSOCIATED MONEY LAUNDERING IN THE ESAAMLG REGION https://esaamlg.org/reports/TYPOLOGIES-REPORT-ON-THE-WILDLIFE-CRIMES-AND-RELATED-ML..pdf

1378 Author interview (Uganda Police Force Anti-Narcotics Unit). Electronic communication

report noted: "Enhanced enforcement efforts undertaken by Kenyan authorities in recent years has made it common for ocean going dhows transporting heroin into East Africa to bypass Kenya in favour of less protected Tanzanian and Mozambican shores, with subsequent land transport to Kenya or neighbouring Uganda."[1379]

Law enforcement in Uganda have noted a rise of heroin trafficking since 2012.[1380] This correlates with awareness of the increase in heroin trafficking on Indian Ocean routes.[1381] The main heroin route into Uganda is outlined as an overland track from Mozambique and Tanzania, through the Mutukula border crossing. Another route utilizes Lake Victoria.[1382] There are threats an overland truck route from Kenya could be used:

1379 US Dept of State (2020). International Narcotics Control Strategy Report., p177. Available at: https://www.state.gov/wp-content/uploads/2020/06/Tab-1-INCSR-Vol.-I-Final-for-Printing-1-29-20-508-4.pdf

1380 Author interview (2020) Uganda Police Force Anti-Narcotics Unit. Electronic communication

1381 ibid

1382 ibid

"We are not detecting significant influx of heroin movements on the Uganda Kenya border, we suspect that heroin is smuggled in the containers that originate from Mombasa and we do not have capacity to have the containers checked. We rely on customs to do it but we have also noted that their seizures are small."[1383]

An indirect air route used to move heroin from Mozambique via Uganda has been noted in an open source report: "In a typical air trafficking transaction to Uganda, a courier from Maputo takes a flight to Addis Ababa and hands over parcels/baggage or items containing drugs to a waiting passenger ready to take a flight to Entebbe, from where he departs to another destination."[1384]

The main heroin routes out of Uganda are identified

1383 ibid

1384 Gastrow, P., Haysom, S., Shaw, M. (2018). The Heroin Coast: A political economy along the eastern African seaboard. ENACT., p31. Available at: https://globalinitiative.net/wp-content/uploads/2018/07/2018-06-27-research-paper-heroin-coast-pdf.pdf

by law enforcement as being via Entebbe airport and postal couriers.[1385] Air routes used to move heroin out of Uganda show that four destination clusters are targeted. Seizure data from 2019 shows interceptions of heroin on routes to West Africa, Europe, India and China. Quantities ranged from 1.93kg to 63.9kg. The largest case was involved heroin disguised as coffee, trafficked by a Dutch national on a route to Italy, transiting Dubai. On the route to West Africa, a Sierra Leonean trafficker was arrested on a passenger route to Sierra Leone, and a Ugandan was arrested regarding an air cargo shipment to Liberia. Routes to Europe involved a Dutch trafficker and a European/Burundian smuggler. Smugglers on the route to India were Ugandan. On the track to China, Chinese smugglers were intercepted on passenger routes and a Ugandan national in relation to a cargo shipment.[1386] Heroin

1385 Author interview (2020) Uganda Police Force Anti-Narcotics Unit. Electronic communication

1386 Uganda (2020). LIST OF NARCOTIC DRUGS SEIZURES 2019-2020.

quantities intercepted in fast parcels in 2019 ranged from 500g to 10kg. Destinations were in Europe (two parcels intended for Greece were intercepted, one of an address in the Netherlands and one destined for the UK) and two for Canada.[1387]

A secondary route that is gaining prominence is an overland route into the DRC, via the Mpondwe border.[1388] Scenarios include traffickers seeking to avoid Entebbe Airport. This overland exit to the DRC raises questions about onwards routes, including whether they turn back into the IGAD region.

There are indications of heroin supply routes for local user communities in the north-west of Tanzania, close to the border with Uganda. This case is mentioned here due to the proximity to the border of Uganda of a fieldwork site in the Tanzanian town of Bukoba. Heroin for local consumption

1387 ibid

1388 Author interview (Uganda Police Force Anti-Narcotics Unit). Electronic communication

(heavily adulterated, sold as a 'pinch' in a small plastic wrapper) has been documented in Bukoba. A 2020 report noted that this heroin is allegedly sourced from supplies cut and repackaged in the central Tanzanian city of Dodoma. There are also anecdotal accounts of trafficking heroin for local use in Tanzania via the Greater Lakes region, with street sale pieces of this drug referred to as a 'Burundi pinch'. This heroin "gets its name from its alleged source – a previously unknown overland heroin supply route entering Tanzania from the west via the Great Lakes countries of Uganda, Rwanda and Burundi".[1389] These accounts raise questions of the scale of the local heroin market developing in the region. The main heroin users in Uganda are assessed as being urban, unemployed youth, from informal settlements. There are an estimated 500,000 heroin users in Uganda.[1390]

1389 Eligh, J. (2020). A shallow flood: The diffusion of heroin in eastern and southern Africa., p23. Available at: https://globalinitiative.net/wp-content/uploads/2020/05/A-Shallow-Flood-The-Diffusion-of-Heroin-in-Eastern-and-Southern-Africa-GITOC.pdf

1390 Author interview (2020) Uganda Police Force Anti-Narcotics Unit. Electronic

Cocaine is assessed by Ugandan law enforcement as a decreasing threat, with small quantities trafficked into the country for onwards shipment to Europe. The main cocaine route is by air from the Brazilian city of Sao Paulo, via Addis Ababa. A new development is that part of the route is made overland: "We have also observed that there is a new emerging air route of cocaine from Sao Pao to Addis Ababa, then to Juba where drugs are offloaded and transported to south to Kampala and Kigali using road."[1391] Onwards trafficking is assessed as using air routes to Belgium and Italy, with smugglers swallowing the drug.[1392]

In response to a questionnaire, the authorities indicated that little financial investigation has been conducted into drug trafficking cases.

communication

1391 ibid

1392 ibid

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

GOLD

Uganda is a resource-rich country. Gold was the second highest foreign exchange earner over the 2016/2017 financial year.[1393] In 2016, Uganda collected natural resource revenues that totalled 15 percent of its GDP, a significantly higher percentage than the world average of 1.9 percent.[1394]

In many countries, extractive industries often attract both political and military interests, as well as that of Politically

1393 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

1394 Global Financial Integrity, "Trade-Related Illicit Financial Flows in 135 Developing Countries: 2008-2017" March 2020 https://gfintegrity.org/report/trade-related-illicit-financial-flows-in-135-developing-countries-2008-2017/

Exposed Persons (PEPs) - both domestic and foreign. Licensing over oil, which has recently been discovered in Uganda, and other mineral resources is often opaque, and further complicated through use of registered companies and complex shareholder structures. This may be deliberate in order to disguise ownership. Along with the lack of accountability and governance in the sector, this opacity provides significant AML/CFT challenges, both domestically and overseas, especially to the financial sector.

Foreign traders, mainly Chinese, Kenyans, Somalis and Ugandans, make significant profits smuggling gold out of South Sudan and sell at highly competitive prices in Dubai, Kampala, Khartoum and Nairobi. Allegedly, much of the gold exits South Sudan through four main routes,[1395] one of which is to Kampala via Lira, Juba, or Nimule.

1395 Enough Project (April 2020) "The Criminalisation of South Sudan's Gold Sector" https://enoughproject.org/wp-content/uploads/CriminalizationSouthSudansGoldSector-EnoughProject-April2020.pdf

The loose regulatory framework allows gold extracted from neighbouring conflict areas, notably Democratic Republic of Congo (DRC) (a major gold producer but one whose official exports amount to a fraction of its estimated production) to be smuggled into neighbouring Uganda and Rwanda. There, it enters the global supply chain, either labelled as locally produced gold or smuggled onwards. Various Uganda-based traders have been sanctioned for handling gold smuggled out of DRC.[1396]

In 2016, the UAE reported gold imports from 46 African countries, of which 25 reported exports to the UAE; but the UAE reported it had imported a total of $7.4 billion worth of gold from them. For the other 21 countries that declared their gold exports to UAE, there is a discrepancy of $3.9 billion more in declared gold imports – about 67

1396 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

tonnes – from those countries than those countries said they exported[1397]. In 2016, the UAE recorded large gold imports from Togo (12,030 kg), Uganda (9,994 kg), Rwanda (4,882kg) which produces little, whereas it imported only 620kg from DRC (a major gold producing country). This, trade economists say, is a red flag for possible illicit activity.

The significant revenues generated from mining, especially gold, have attracted both political and military interest, as well as that of both domestic and foreign Politically Exposed Persons (PEPs). Gold smuggling, from neighbouring countries (DRC and South Sudan) and onwards to UAE, is also a potential source of illicit revenue for corrupt officials, criminal networks, and terrorist groups, both domestically and in the region.[1398]

1397 Reuters, Gold worth billions smuggled out of Africa, April 24, 2019 https://www.reuters.com/investigates/special-report/gold-africa-smuggling/

1398 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

The Police Mineral Protection Unit reportedly intercepted 93kgs of gold worth nearly UGX 18.5 billion (USD 5 million) at Entebbe International Airport on 17 June 2020. New Vision reports that the gold was smuggled into the country from Tanzania through the Mutukula border by road, and belonged to Amit Rajnikant Gandecha, a gold dealer based in Tanzania. Documents seen by New Vision indicate that Gandecha had been exporting gold through Entebbe International Airport to the United Arab Emirates for some time. According to one of Gandecha's export permits issued by the Tanzanian government, the previously exported gold originated from Geita, in northeastern Tanzania. From Geita, the gold is moved to the Buloba and Mutukula border post, where New Vision reports that he works with individuals belonging to the revenue authorities to "have his product cross the border. Here, sources say, he under-declares the amount of his gold." According to sources interviewed by New Vision,

Gandecha worked with various security officials at Entebbe airport allowing his gold to pass through the security checks, after which the gold was generally smuggled out in hand luggage.[1399]

A 2017 a UN Security Council report named Kampala as the main transit hub for gold smuggled out of the DRC, stressing the need for improvement of rules and procedures "allowing airlines, the DRC, as well as transit and recipient countries to more efficiently tackle smuggling by the way of hand-carry gold."[1400]

CASH

Uganda is a cash-based economy, the Ugandan Shilling (UGX) is the national currency. Whilst the Government of

1399 *New Vision*, 2020, https://www.newvision.co.ug/news/1521251/93kg-smuggled-gold-intercepted-entebbe.

1400 S/2017/672 – Security Council Report

Uganda has put in place laws regarding monitoring of large or suspicious cash transactions, especially cross border, it would seem that these have yet to be implemented or enforced. The National Risk Assessment highlights the porosity of Uganda's borders that help facilitate cash smuggling between neighbouring countries. [1401]

ARMED, ORGANISED CATTLE RUSTLING

Karamoja cluster: Kenya – Uganda – South Sudan border

Pastoral communities possess illegal firearms and are involved in the trafficking of small arms and light weapons to facilitate and defend themselves against incidents of cattle rustling. The border areas of Karamoja, Pokot, and

1401 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

Turkana face repeated deadly cattle rustling episodes despite governmental efforts to secure the border.[1402]

According to local leaders from the Dodoth community of Kaabong district in northern Uganda, cited in a news article, there have been over a dozen raids between October and December 2019 alone. These raids led to over 4,000 herds of cattle being stolen. Major Telesphor Turyamumanya, the spokesperson of the Uganda People's Defence Force, stated that several of these raids had been performed by Turkana ethnic groups who had crossed over from Kenya, but that Ugandan Karamoja clans were also involved. The major added that military posts had been raided and firearms had been reported missing.[1403]

1402 *Gumba, Deo et al. "Vanishing Herds, Cattle Rustling in East Africa and The Horn". Enact Research Paper, no. 10, 2019.*

1403 Barigaba, Julius. "Fresh Cattle Raids Threaten Uganda, Kenya Peace Pact". The East African, 2019, https://www.theeastafrican.co.ke/news/ea/Fresh-cattle-raids-threaten-Uganda-Kenya-peace-pact/4552908-5401064-xwnxka/index.html.

Notable disarmament efforts have been made in the Karamoja region, with the number of illegal weapons dropping from approximately 40,000 to 50,000 in 2001 to approximately 10,000 in 2010.[1404] The government of Uganda launched the Karamoja Integrated Disarmament and Development Programme in 2007 in an effort to improve security in the area.[1405]

President Yoweri Museveni and President Uhuru Kenyatta signed the Cross-Border Sustainable Peace and Development deal in Moroto, Uganda on 12th September 2019, of which the aim is to "address chronic vulnerabilities and development challenges in Turkana, West-Pokot of Kenya and Karamoja - Uganda". The initiative is backed by the UNDP,

1404 Matthysen, Ken et al. "The Karamoja Cluster of Eastern Africa: Arms Transfers and Their Repercussions On Communal Security Perceptions". *International Peace Information Service Vzw*, 2010.

1405 National Legislative Bodies / National Authorities, *Uganda: Karamoja Integrated Disarmament and Development Programme (2007)*, January 2007, available at: https://www.refworld.org/docid/5b44c3ee4.html [accessed 16 January 2020]

which has provided USD 1 million as seed investment.[1406] Eliminating the illicit traffic of firearms is one of the listed objectives of the initiative, and leaders from Karamoja have voiced their discontent regarding the lack of firm commitments from the Kenyan governments to disarm the Pokot and the Turkana of Kenya, arguing that implementing the agreement would be difficult without cross-border disarmament.[1407]

The Ugandan National Focal Point on SALW notes that there is a need for a regional policy of disarmament, and that there needs to be a comprehensive disarmament programme which introduces development initiatives by offering alternative livelihoods to communities depending on their cattle.

1406 Mukasa Nsubuga, Henry. "UN Supports Uganda-Kenya New Cross-Border Initiative for Sustainable Peace and Development in The Turkana, West-Pokot And Karamoja Regions.". *United Nations in Uganda*, 2019, http://ug.one.un.org/news/un-supports-uganda-kenya-new-cross-border-initiative-sustainable-peace-and-development-turkana.

1407 Asiimwe, Dicta. "Disarm Turkana And Pokots, Ugandan Leaders Tell Kenya". *The East African*, 2019, https://www.theeastafrican.co.ke/news/ea/Disarm-Turkana-Pokot/4552908-5282840-owj8gyz/index.html.

FRAUD, FORGERY AND COUNTERFEITING

Medicines

The National Drug Authority (NDA)estimates that 10 percent of the drug regimens in Uganda are substandard or counterfeit. According to NDA Board Chairman Dr Medard Bitekyerezo, the counterfeit medicines enter the country through porous borders, across Lake Victoria, and are at times smuggled into the country disguised as other products. Dr Bitekyerezo added that most of these products are believed to originate from neighbouring countries such as Kenya and the Democratic Republic of Congo.[1408] This is in line with estimates from the WHO, which say that about 1 in 10 medicines in developing countries are substandard or falsified.[1409] The

1408 The Independent. "10 Percent of Drug Regimens in Uganda Have Counterfeits - NDA". *The Independent*, 2019, https://www.independent.co.ug/10-percent-of-drug-regimens-in-uganda-have-counterfeits-nda/.

1409 WHO, *WHO Global Surveillance and Monitoring System for Substandard and Falsified Medical*

Uganda National Bureau of Standards (UNBS) report for 2017 and 2018 states that 54 percent of goods on the market were counterfeit or substandard. The report states that UGX 33 million (USD 8,800) of substandard goods was blocked from being imported into the country, but Mr Ben Manyindo, the UNBS executive director stated that: "Over half of the 54 per cent sub-standard products are locally made."[1410] The UNBS estimate on counterfeited goods includes pharmaceuticals, and the percentage varies greatly with the estimate provided by the NDA, which raises doubts on the capability of stakeholders to understand and counter the issue.

The NDA board chairman, Medard Biteyareko announced in January 2020 that the Authority had launched several operations aimed towards the smuggling and selling of

Products. 2017, http://www.who.int/medicines/regulation/ssffc/publications/gsms-report-sf/en/.

1410 Wandera, Derrick. "54% Of Goods on Market Fake – UNBS". *Daily Monitor*, 2018, https://www.monitor.co.ug/News/National/54-percent-goods-market-fake-UNBS/688334-4691218-13t4kedz/index.html.

counterfeit drugs. Biteyareko also announced the construction of a modern laboratory that will test all incoming medicines into the country.[1411] The NDA's operations between July and November 2019 led to the closure of 1,526 drug outlets (including clinics, veterinary drug stores, and pharmacies) and the seizure of approximately UGX 850 million (USD 228,000). The operations led to the closure of drug outlets, but the NDA does not state what happened to the vendors themselves, as only nine arrests were made in relation to the seven operations during the July-November timeframe, and it is not known whether any of the suspects were successfully prosecuted.[1412] Global Initiative notes that most vendors are not aware that their goods are counterfeited, and do not know their origin. Even when the vendors are complicit, it is most likely that they are low-level operators that lack knowledge regarding the

1411 Amamukirori, Betty. "New Year Resolutions: What Your Leaders Are Planning". *New Vision*, 2020, https://www.newvision.co.ug/news/1512819/resolutions-leaders-planning.

1412 "Enforcement Operation Improves Compliance Levels". *National Drug Authority*, 2019, https://www.nda.or.ug/enforcement-operation-improves-compliance-levels/.

smuggling networks and import supply chains of counterfeited medicines, which would limit the value of their arrests.[1413]

The counterfeit drugs found in East Africa and in Uganda are primarily produced in India, followed by China and Thailand.[1414] The apparent prevalence of counterfeit drugs from India is paired with the fact that most of the genuine pharmaceuticals and medical equipment are imported into Uganda from India.[1415] In Uganda, counterfeit medicines are often marketed as being produced in Europe or India, which are trusted places of origin for pharmaceutical products. The bulk of the fraudulent packaging is believed to be made in China, even if the product itself was produced in India or Thailand. This is reportedly due to the ability of Chinese

1413 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 4, 2020.

1414 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern and Southern Africa". *Risk Bulletin*, no. 4, 2020.

1415 "Uganda Imports of Pharmaceutical Products - 1994-2018 Data". *Trading Economics*, https://tradingeconomics.com/uganda/imports/pharmaceutical-products.; "Uganda Imports From India - 1994-2018 Data | 2020 Forecast". *Trading Economics*, https://tradingeconomics.com/uganda/imports/india.

packaging manufacturers to quickly alter their designs as a reaction to genuine pharmaceutical companies changing their packaging in attempts to differentiate the genuine products from counterfeits.[1416]

Cigarettes

British American Tobacco Plc's Ugandan unit estimates that approximately one in five cigarettes smoked in Uganda is counterfeit. According to the Managing Director Mathu Kiunjuri, this illicit trade costs the Ugandan government at least UGX 30 billion (USD 8.2 million) in revenue annually. Some of the counterfeit cigarettes are marked as made in South Sudan, Kenya, or Uganda. Many are unmarked.[1417]

FRAUDULENT DOCUMENTS

Kampala is a known hub where smugglers use

1416 Global Initiative. "Civil Society Observatory of Illicit Economies in Eastern And Southern Africa". *Risk Bulletin*, no. 4, 2020.

1417 Ojambo, Fred. "One in Five Cigarettes in Uganda May Be Counterfeit". *Bloomberg Quint*, 2020, https://www.bloombergquint.com/business/one-in-five-cigarettes-in-uganda-are-counterfeit-bat-says.

fraudulent manufactured travel documents, or papers obtained through corruption. The problem of passport and national ID card fraud has been documented at length over the past decade. In 2014, the former Minister of Internal Affairs was quoted in The Daily Monitor saying that even Uganda's diplomatic passports were "being abused by criminals".[1418] The country has struggled to remove corruption from the system, despite the introduction of an online immigration system.[1419]

There are occasional reports of fraudulent manufacturing centres being shut down, such as the operation in January 2018 in Muzanganda Plaza, Kampala which led to the seizure of fake and fraudulent birth certificates, vaccination certificates, passports, work permits, student passes, certificates of residence, immigration stamps and seals, and visa stickers to

1418 Canada: Immigration and Refugee Board of Canada. *Uganda: Prevalence of Fraudulent Documents, Including Identity Cards and Passports*. 2016, https://www.refworld.org/docid/577b71c34.html.

1419 "Corrupt Officials Beat Online Process at Immigration". *New Vision*, 2020, https://www.newvision.co.ug/new_vision/news/1513267/corrupt-officials-beat-online-process-immigration.

several countries.[1420]

The use of forged inter-state passes by travellers was noted as one of the main challenges at the Mbale Uganda-Kenyan border.[1421]

FINANCIAL CRIMES

Country Assessment on Money Laundering / Terrorism Financing / Illicit Financial Flows

Anti-Money Laundering / Countering Terrorist Financing Framework

An overview of the laws and guidelines issued by the Government of Uganda on AML/CFT is found in Annex T.

1420 "Police Raid Fake Documents Processing Centre". *Daily Monitor*, 2018, https://www.monitor.co.ug/News/National/Police-fake-documents-processing-hub-immigration-/688334-4275052-7juyuvz/index.html.

1421 Northern Corridor Transport and Transit Co-ordination Authority. *Survey of Mombasa – Kampala Transit Section*. 2014.

Two measures indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

1. The number of Suspicious Transaction Reports (STRs) and the number of Cash Transactions Reports (CTRs) filed in each fiscal year.

Table of STRs Received By Category of Accountable Persons

	Category	Q1	Q2	Q3	Q4	Totals	Percentage
1	Commercial Banks	83	87	94	191	**455**	85%
2	Forex Bureaus	2	16	24	27	**69**	13%
3	Credit Institutions	-	-	1	3	**4**	0.7%
4	Telecom Companies	-	-	1	2	**3**	0.55%
5	Asset Management Company	-	-	1	2	**3**	0.55%
6	Microfinance Deposit Taking Institutions	-	-	0	1	**1**	0.2%
	Total	85	103	121	226	535	100%

2. This information is found in the Table of STRs Received by Category of Accountable Persons for FY2018/2019[1422] below and the Table of Cumulative STRs since inception of FIA (2014-2019).[1423]

1422 FIA (September, 2019) ANNUAL REPORT FOR THE FINANCIAL YEAR 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

1423 FIA (September, 2019) Annual Report For The Financial Year 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

The Financial Intelligence Authority (FIA) reported that it had received on average 145 large cash transactions (LCTs), consisting of an average of 4.76 million transactions, from at least 35 accountable persons in every quarter of the FY2018/2019.[1424]

FIA reported that it had received 81 cross-border declarations of currency, which had not passed through the formal financial system, and were filed by URA (Uganda Revenue Authority). Of these declarations, 74 were for entry and seven were for exit. All declarations were from Entebbe International Airport.[1425]

1424 FIA (September, 2019) Annual Report For The Financial Year 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

1425 FIA (September, 2019) Annual Report For The Financial Year 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

Table of Cumulative STRs since inception of FIA:

	FY 2014/15	FY 2015/16	FY 2016/17	FY 2017/18	FY 2018/19	Totals
Disseminated	32	49	39	75	79	**263**
Closed	60	119	41	87	77	**384**
Work in progress	118	135	287	273	379	**1192**
Total	**210**	**303**	**367**	**435**	**535**	**1,853**

3. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid, and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

One case of note is the first ever money laundering conviction in Uganda, the case of Uganda vs Serwamba David Musoke and 6 Others.[1426] The case involved a bank employee and others defrauding the bank (Equity Bank Uganda Ltd) between March and April 2015. In May 2017, seven of the conspirators were convicted for embezzlement, causing financial loss, forgery, conspiracy to defraud and money

1426 https://ulii.org/ug/judgment/hc-criminal-division/2017/100

laundering. They were sentenced to prison terms of between five to 12 years. The recovered properties were confiscated and forfeited to the complainant bank. The accused were also ordered to compensate the complainant bank in an amount of USD 1,250,000,000, which is under appeal. This landmark case blazed a trail for Uganda, making way for the prosecution of cases of money laundering and allowing for the recovery of stolen assets.[1427]

Since the first money laundering case in Uganda, three money laundering cases have been successfully concluded and about five are still in the courts.

1427 Tom Walugembe, 27 May 2020, Basel Institute's International Centre for Asset Recovery, "Breaking new ground: prosecuting the first money laundering case in Uganda" https://www.baselgovernance.org/blog/breaking-new-ground-prosecuting-first-money-laundering-case-uganda

Money laundering cases are handled by a specialised department of the Office of the Director of Public Prosecution. Specialised lower courts have been created for cases involving financial investigations, whereby both prosecutors and judges have been trained to understand such types of case. This training, however, has not yet reached the higher courts.[1428]

Information regarding several cases in which the use of AML legislation is noted are available through the Ugandan Legal Information Institute (ULII) online service.[1429]

1428 Conversation with confidential source on 27 April 2020

1429 https://ulii.org/search/ulii/Money%20Laundering?f%5B0%5D=bundle%3Ajudgment

Two further measures that are indicative of the use of financial investigations in major criminal investigations are:

1. The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators

In Uganda, specialist financial investigations carried out by:[1430]

- the economic and anti-corruption division of Police CID that deals with ML cases,
- the URA has 3 investigators specialised in AML, and
- the Directorate of Special Investigations under IG deals with corruption and ML cases.

No further details are available for other teams / agencies.

The need for more financial investigators is a key area for capacity building.[1431]

2. The involvement of the FIU in support of major

1430 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

1431 Conversation with confidential source on 27 April 2020

criminal cases to help facilitate financial information from the financial industry - both domestically and internationally.

Table of Number of Intelligence Reports Disseminated.

	Entity	Q4	Q3	Q2	Q1	Total	%	Nature
1	IG	-	3	04	01	**08**	08%	Corruption
2	Police CID	20	8	16	03	**47**	47%	Fraud/ML
3	Police CT	2	2	01	-	**05**	05%	Terrorism Financing
4	URA	7	5	20	03	**35**	35%	Tax Evasion
5	ISO & CMI	-	2	01	-	**03**	03%	Fraud, Espionage
6	DPP	-	-	01	01	**02**	02%	ML & TF.
	Total	**29**	**20**	**43**	**08**	**100**	100%	

For Uganda - the table of the number of intelligence reports disseminated to law enforcement agencies from FIA shows 100 total reports in FY2018/2019, an increase from 82 in FY2017/2018.[1432]

A cursory review of the AML / CFT measures in place shows the existence of a good framework, and the work of

1432 FIA (September, 2019) Annual Report For The Financial Year 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

the FIA, in a short space of 6 years, as well as the Office of the Director of Public Prosecution, has started to demonstrate an increase in operational effectiveness in utilising the AML / CFT framework to target major criminals in Uganda. The FIA plays an increasingly valuable role, being the key link between the financial industry and law enforcement to facilitate financial information requests. The FIA's deployment of goAML to facilitate timely and paperless information sharing on suspicious account and transaction activity will also help expedite timely and accurate reporting, which is crucial. In addition, the FIA's recent acceptance to join the Egmont Group will now enable it to request and share financial investigative information via peer FIUs around the world, which will be a key asset to law enforcement agencies investigating transnational security threats. It is observed that there is a need to increase capacity in training financial investigators as well as the judiciary on the powerful use of financial information

in investigating and prosecuting major crimes. There is also a need for a civil asset forfeiture mechanism, rather than only asset seizure on conviction in criminal cases; this would allow enhanced targeting of criminal assets on a civil basis rather than criminal, as has been shown to be highly effective in other jurisdictions.

Anti-Money Laundering / Countering Terrorist Risks

A. State of Play of The Banking Sector

A FINSCOPE (2018) survey found that although most Ugandan adults still use cash to pay for goods and services such as groceries, medical treatment and school fees, 58 percent (10.6 million) of Ugandan adults have used digital payment services.[1433]

The Bank of Uganda has announced its National

1433 https://fsduganda.or.ug/wp-content/uploads/2018/10/FinScope-Uganda-Survey-Report-2018.pdf

Financial Inclusion Strategy (NFIS) with a stated aim "to increase the percentage of adult population (16 years+) formally financially included from 58 percent […] to at least 80 percent by 2022". [1434]

The increase in use of mobile money service providers is in line with the findings of the National Risk Assessment (2018), which rates it as HIGH risk, especially for TF, as will be discussed further below.[1435]

The survey further highlights that:[1436]

- 84 percent (15.6 million) of adult Ugandans have a valid document to prove their identity
- 15 percent (2.9 million) of adults have the required documentation that will be accepted as proof of residence[1437]

1434 https://www.bou.or.ug/bou/bouwebsite/FinancialInclusion/

1435 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

1436 https://fsduganda.or.ug/wp-content/uploads/2018/10/FinScope-Uganda-Survey-Report-2018.pdf

1437 An individual regarded to have proof of residence with one of the following (valid) documents: utility bill, telephone / mobile phone bill, lease / rental agreement (e.g. for vehicle or house), subscription (e.g. satellite TV), title deed

- Only 14 percent (2.6 million) of adults have the documentation to prove both identity and residential address - a key requirement under Know Your Customer (KYC)

These findings present a further challenge to effectively counter AML / CFT, as it is operationally challenging for authorised persons to verify clients. Even though many Ugandans have a primary identity document, the ability to check and verify addresses will require changes to be made in other agencies and systems.

B. National Risk Assessment (2018)

The nationwide assessment has provided significant insights into the ML / TF risks:[1438]

- domestic ML threats were identified as being: corruption, fraud (including an increase in cryptocurrency scams, and tax evasion
- international ML threats were identified as being the smuggling of gold, timber and diamonds, illicit wildlife trafficking, drug trafficking, and human trafficking

1438 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

- Sectoral ML threats were identified as being real estate, money lenders, money for value transfers, and forex exchange
- TF threats were identified as being mainly external from groups operating within the region

C. Remittances (TF)

In 2018, Uganda was the one of the largest recipients of remittances, according to data from the World Bank, as cited by a media report.[1439] The country was the second and sixth largest to receive remittances in eastern and sub-Saharan Africa. Uganda received remittances worth USD 1.2b in 2018. The Bank of Uganda indicated that half of Uganda's remittances currently come from the Middle East, where the country is estimated to have at least 150,000 workers.

Remittances can be a risk - especially for Terrorism Financing- with small sums for support hidden in among

1439 Christine Kasemiire, JULY 11 2019, Daily Monitor, Uganda among largest recipients of remittances in sub-Saharan Africa, https://www.monitor.co.ug/Business/Finance/finance-World-Bank-remittances-Uganda-sub-Saharan-Africa/688608-5190884-pr9xmp/index.html

the volume of transactions. This is noted in the National Risk Assessment which highlights the role of businesses operated by the Somali community in Uganda, namely Somali money exchange and remittance companies. When sending remittances back to Somalia, the money is taxed by terrorist group Al-Shabaab and used as a source of funding for their domestic terrorist agenda.[1440]

D. Correspondent Banking / Nesting (ML)

As covered in the charter on 'Defining Transnational Security Threats' , banks in Uganda rely on correspondent banking relationships with international banks who are able to process international trade and investment transactions, as well as transactions in foreign currency.

Most banks in Uganda will have direct correspondent banking relationships with international banks to facilitate

1440 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

international transactions, and it is alleged that several South Sudanese banks hold nested accounts with banks in Uganda.[1441] This is a significant risk for the banks in Uganda, who may not know the true identity of the beneficial owner, and may be facilitating payments on behalf of corrupt officials or criminals.

As explained in the 'Defining Transnational Security Threats' chapter, the risk to Ugandan banks comes from handling transactions in US dollars from nested accounts from South Sudan and elsewhere. US dollar transactions nearly always fall under the jurisdiction of the US government, meaning that asset freezes and anti-money laundering measures directed at those doing business in dollars can have great impact, even when those individuals or entities are not in the United States, because banks in New York and around the globe can face the

1441 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

consequences of directing illicit transactions through the U.S. financial system.[1442]

This is a significant risk for Ugandan financial institutions banking nested accounts from South Sudan - not knowing the ultimate beneficial owner (UBO) and source wealth / source of funds. Such transactions in USD, on behalf of South Sudanese individuals and entities, place the Ugandan banking sector at risk of penalties and sanctions from the US for potentially facilitating payments associated with illicit acts or designated individuals and entities subject to sanctions.

E. Casinos (ML)

There are 12 terrestrial and one online casino licensed in Uganda. It is alleged that there are a number of illegal casinos in and around the city, often in "popup" fashion (open and shut down in a short period of time).[1443] The gambling

1442 The Sentry (March 2018) Fueling Atrocities: Oil and War in South Sudan https://cdn.thesentry.org/wp-content/uploads/2018/03/FuelingAtrocities_Sentry_March2018_final.pdf

1443 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20

industry in Uganda has surged in growth in the last two decades, with tax revenue reportedly growing from UGX 0.24 billion (2002/2003) to UGX 11.1 billion (2013/2014).[1444]

One key issue is licensing and ownership of the casinos. Right now, there is no "fit and proper" test for owners or managers. It is reported that all casinos are owned and operated by foreigners from high risk ML jurisdictions, such as China, Israel, or Russia, and that there are few checks on source of wealth, and source of funds for these operators. This increases the risk that the funds used to establish and operate the casinos may be of illicit origin.[1445]

Casinos are highly vulnerable to Money Laundering as has been repeatedly recognised by the FATF in various

Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

1444 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

1445 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

guidance.[1446] Licensing to foreign owners from high risk ML jurisdictions without extensive background checks on the individuals, entities or source of funds makes this sector a HIGH RISK for ML, both domestic and international.

F. Mobile Money (ML and TF)

One of the objectives of the Bank of Uganda is an increase in financial inclusion to at least 80 percent by 2022. Due to the widespread use of mobile devices, this is most likely to be achieved through the widespread use of mobile payment systems, as has been seen in several neighbouring countries (i.e. M-Pesa in Kenya).

Whilst this is a positive step forward for the nation, it is not without ML and TF risks. As highlighted in the National Risk Assessment, daily transaction thresholds are

1446 FATF, 23 October 2008 FATF Guidance on the Risk-Based Approach for Casinos https://www.fatf-gafi.org/documents/documents/fatfguidanceontherisk-basedapproachforcasinos.html.; FATF March 2009 Vulnerabilities of Casinos and Gaming Sector https://www.fatf-gafi.org/media/fatf/documents/reports/Vulnerabilities%20of%20Casinos%20and%20Gaming%20Sector.pdf

relatively high (UGX 4 to 5 million), and customers can hold multiple SIM cards (and mobile money accounts) with the same or different mobile money operators (in one case onto 50 SIM cards), thereby allowing the customer to make a large number of transactions through the mobile money network. In neighbouring countries, the use of mobile money to move funds in support of TF has been observed as a growing trend, hiding the illicit transactions in the sheer volume of mobile money transactions conducted daily.[1447]

G. Cryptocurrency Fraud (ML)

An increasing number of cryptocurrency frauds have been reported in recent years in Uganda, which is part of a trend observed across East African countries and is allegedly fuelled by aspirations of an emerging middle class wanting to "get rich quick". These cryptocurrency schemes are often Ponzi

1447 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

Scheme scams.[1448] Cryptocurrency dealers and cryptocurrency exchanges are not currently regulated in Uganda, they are only registered as a company, and thereby not subject to any AML laws or regulations.[1449]

Two recent scams in Uganda - Dunamiscoins[1450] (an alleged UGX 10 billion cryptocurrency scam involving foreigners & Ugandans) and Global Cryptocurrencies[1451] (an alleged multibillion UGX cryptocurrency scam involving Ugandans) - highlight how pervasive and damaging such scams are. Often the victims are asked to open accounts with banks in

1448 Ponzi Scheme is an investment fraud that pays existing investors with funds collected from new investors. Ponzi scheme organizers often promise to invest your money and generate high returns with little or no risk. But in many Ponzi schemes, the fraudsters do not invest the money. Instead, they use it to pay those who invested earlier and may keep some for themselves. With little or no legitimate earnings, Ponzi schemes require a constant flow of new money to survive. When it becomes hard to recruit new investors, or when large numbers of existing investors cash out, these schemes tend to collapse https://www.investor.gov/protect-your-investments/fraud/types-fraud/ponzi-scheme

1449 Conversation with confidential source 28 April 2020

1450 PAUL MURUNGI, DECEMBER 9 2019 Daily Monitor Clients lose Shs10b in cryptocurrency scam https://www.monitor.co.ug/News/National/Clients-lose-Shs10b-cryptocurrency-scam-Samson-Lwanga/688334-5379464-ubkywn/index.html

1451 BitcoinKE, December 10, 2019 Thousands of Ugandans, Including a Senior Army Officer, Lose Billions in the Global Cryptocurrencies Limited Scam https://bitcoinke.io/2019/12/thousands-of-ugandans-lose-billions-in-crypto-scam/

Uganda to deposit their investments and receive their promised returns. Banks have been, unwittingly, central to the scam, as well facilitating the fraudsters transferring funds offshore after the scam collapsed.

H. Use of Legal Enterprises and Real Estate (ML and TF)

The exploitation of natural resources (oil, mining) has been achieved by using corporations, with complex ownership and shareholder structures, many of which are registered in Uganda or neighbouring countries.

The World Bank "Doing Business" report highlights that Uganda is ranked 116 out of 190 economies, and it is ranked 169 for setting up a business.[1452]

The Global Financial Integrity (GFI) report outlines that laws governing corporations in Uganda are generally weak:

1452 The World Bank, (2020) Doing Business: Uganda, https://www.doingbusiness.org/en/data/exploreeconomies/uganda

they do not require the official identification of the beneficial owners or companies or complete identity of shareholders in a company. This lack of transparency allows corrupt and criminal elements to utilise companies effectively as an umbrella, shielding their activities from view or regulatory scrutiny. This has been well used, especially by foreigners, to establish front companies in Uganda for illicit purposes or co-mingling of illicit business with normal business activity (i.e. furniture or timber exports as a cover for ivory smuggling to Asia.)[1453]

The National Risk Assessment highlights the use of real estate as a preferred method of laundering money. It also indicates that one terrorist group - the Allied Democratic Front (ADF) - uses the real estate business in Uganda as a source of TF.[1454]

1453 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

1454 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

In a related report, it is alleged that South Sudanese officials have purchased flats, villas, and luxury homes in Uganda, potentially as a way to hide unexplained wealth.[1455]

The use of corporate structures to disguise ownership of assets, as well as the ability to invest and launder illicit funds through the real estate sector in Uganda, is a significant ML (&TF) risk.

ILLICIT FINANCIAL FLOWS

It has been estimated that trade misinvoicing in Uganda has amounted to approximately 18 percent of trade over a 10-year period (2006-2015), that is10 percent of total trade for outflows and 8 percent of total trade for inflows.[1456]

1455 The Sentry (June 2018) "East Africa's Leverage for Peace: Target Real Estate in Kenya and Uganda Connected to South Sudan's Spoilers" https://thesentry.org/reports/east-africas-leverage-for-peace/

1456 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

In US dollar terms, over and under invoicing of imports may have cost USD 4.9 billion (2006-2015) whilst over and under invoicing of exports may have cost USD 1.7 billion.

It has been suggested that commercial tax evasion, corruption and money laundering of criminal proceeds are the underlying factors. It is also suggested that the growth in Uganda's economy and its more advanced services attract legal and illegal activities from neighbouring countries, in particular South Sudan.[1457]

The 2018 Global Financial Integrity report makes a number of recommendations to address three sources of illicit financial flow: commercial, criminal, corrupt:[1458]

- disclosure of ultimate beneficial ownership (human) for

1457 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

1458 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

company formation and registration, full disclosure of shareholders, and eliminate the ability to register using anonymous corporations in Uganda

- trade misinvoicing - equip Customs and Revenue authorities with trade pricing databases to facilitate checks on trade misinvoicing
- foreign direct investment - ensure that all extractive industry licences are made public
- anti-money laundering - enhance cooperation and coordination between agencies and strengthen AML requirements
- corruption - publish lists of Politically Exposed Persons (PEPs)

Conclusions

Uganda – 'the pearl of Africa' - is situated at the heart of the African continent in the Nile Basin, with a long shoreline on Lake Victoria.[1459] It is a vital, historic transit point between West and East Africa. The strategic location also makes Uganda vulnerable to trafficking in drugs, wildlife, humans, arms and

1459 Hugo McEwen, 20 Oct 2016 The Telegraph Discover the wonders of Uganda – 'the pearl of Africa' https://www.telegraph.co.uk/films/queen-of-katwe/uganda-top-sights/

more.

Uganda has been highlighted as a major transit point for illicit wildlife (cited as one of top 10 nations involved in the trade), human trafficking (both domestic and international), drug trafficking (as a key transit point between West and East Africa, and through its international airport), and arms trafficking (due to conflicts in neighbouring countries).

Uganda faces terrorist threats from several terrorist groups in the region, who engage in funding activities in Uganda, as well as some being funded from outside the country, for acts of terror targeting both domestic targets and targets in neighbouring countries.

It is now widely acknowledged globally that every strategy against any or all of these major transnational security threats must target the funding of such activities and seize the

proceeds from it; making the role of financial investigations in criminal investigations and prosecutions of the utmost importance.

Uganda has enacted AML / CFT laws that draw on global standards and best practice, and have been striving to implement and enforce them, mainly through the efforts of the Ugandan Financial Intelligence Authority (FIA), which has achieved remarkable progress in the 6 years since it became operational. There is however still much to be done domestically and internationally.

Uganda is still one of 18 nations on the Financial Action Task Force (FATF) "grey" list of monitored jurisdictions and still subject to Follow Up Reports following on from its Mutual Evaluation by ESAAMLG in 2016 (with the next Mutual Evaluation scheduled for 2023 or 2024).

Uganda has used its AML / CFT laws in seeking prosecutions with great success, this provides a model, both for other domestic agencies, and peer agencies across the region. In this respect, Uganda is ahead of many of its peer countries. There is, however, much to be done in training the judiciary on the use of financial evidence in court proceedings and commensurate sentencing. Asset seizure is also an area that needs much work; it has also been suggested that a civil asset forfeiture framework be developed to allow expeditious actions against criminal assets, before they are removed or disposed of, which often happens in cases stuck in the criminal process.

The FIA conducted a landmark Money Laundering / Terrorist Financing National Risk Assessment (NRA) in 2016 to July 2017. Published in September 2018, the assessment identified many of the major risks from criminal activity

affecting Uganda. This exercise is to be repeated in 2020 or 2021. This is fundamental in understanding risk and developing a strategy, and in dedicating resources to mitigating key risks. It is a good model for peer countries to consider running their own exercise.

The FIA has also been active in training accountable persons and associated institutions. It is anticipated that continued training, as well as the broad adoption of goAML,[1460] as the reporting platform will enhance the reporting of suspicious transactions and large currency transfers, providing FIA and law enforcement agencies with a rich source of financial intelligence, from which to base investigations and prosecutions.

There appears to be a serious capacity issue in the

1460 An integrated and modular online software solution, specifically designed by the United Nations Office on Drugs and Crime (UNODC), for use by Financial Intelligence Units (FIUs) throughout the world

number of trained financial investigators in law enforcement agencies accompanied by a lack of parallel financial investigations in major crime cases. This is something that should be addressed as a priority.

Criminal groups, domestic, but increasingly, international groups, have been adept at leveraging Uganda's relative ease in setting up companies and establishing bank accounts, leveraging Uganda's financial system and connectivity to the global financial system.

The lack of background checks ("fit & proper" tests) and beneficial ownership transparency in establishing companies is a great handicap to stopping abuse of using corporates to hid illicit activity.

As has been highlighted, various lucrative sectors (i.e. oil, mining, timber) appear to have been dominated by locally

registered companies that have associations with Politically Exposed Persons (PEPs) - both domestic and foreign.

The casino sector - especially with its involvement of foreign nationals from high risk ML countries - is an obvious ML risk and needs to be addressed as a priority.

The real estate sector has been highlighted as a high risk for ML & TF - both domestically and also as a "refuge" for illicit money from neighbouring countries - and this should be an area of priority focus.

Another significant risk to the integrity of the financial system for banks in Uganda concerns those that transact with or on behalf of South Sudanese entities, as well as international financial institutions, especially those that have "nested" correspondent banking relations with South Sudanese financial institutions.

The recent accession of the Ugandan FIA to the Egmont Group of Financial Intelligence Units now allows the FIA to connect and request, as well as share financial intelligence with 163 other member FIUs, which is a very powerful partnership in fighting major crimes, and a significant asset to Ugandan law enforcement, especially increasingly facing transnational security threats.

Whilst significant strides have been made in building and developing the AML / CFT framework, the challenge now is to make it work effectively for Uganda to target existing traditional security threats and, with increasing effectiveness, improve in detecting and mitigating such threats, and even deter future threats.

RECOMMENDATIONS

Despite their multifarious nature, contemporary transnational security threats in the IGAD region share a fundamental common characteristic: they are perpetrated by cross border networks that are relatively 'flat', decentralised, multipolar and highly adaptive. It is this networked aspect of TSTs that is most instructive for Member States in terms of how best to understand and counter them. Specifically, it calls for IGAD to adopt a concerted, collective response informed by the following principles:

1. **"It takes a network to fight a network":** IGAD Member States should establish agile institutional and operational relationships between security services that enable closer, timelier and more flexible co-operation both within the region and with extra-regional actors.

2. **Co-operative network analysis:** enhanced intelligence sharing focused on "identifying the critical nodes in the criminal organizations and determining where operations can achieve the greatest effect."[1461]
3. **'Whole of government' approach:** at the national level, governments need make better use of the full spectrum of available instruments of national power, promoting awareness of interagency capabilities and resources (e.g. intelligence, police, prosecutors, financial intelligence units, border management services, diplomacy) as well as interagency coordination and cooperation at different levels of government.
4. **Emphasise successful criminal justice outcomes:** effective mitigation of TSTs is closely associated with successful prosecution of key actors in their respective networks. This requires reinforcement of mutual

1461 https://www.rand.org/pubs/research_reports/RR1481.html

legal assistance between IGAD countries, including harmonisation of protocols for handling and admissibility of evidence, criminal intelligence sharing and joint operations. Financial investigations should be an integral part of this approach.

5. **Reinforce Existing Frameworks, Policies and Instruments:** IGAD already possesses a variety of means to counter transnational security threats including international treaties, multilateral arrangements and national authorities. Many of these, however, remain underutilised, poorly resourced or inactive. IGAD should consider taking an inventory of available means and assign priorities for political, technical and financial investment. Where regional strategies exist IGAD should revisit and update these strategies; where they do not exist, IGAD is strongly urged to develop regional strategies to provide an overarching framework for cooperating between Member

States.

6. **Optimise External Partnerships:** all IGAD Member States are members of INTERPOL, AFRIPOL and CISSA, but do not necessarily take full advantages of the opportunities that membership provides. IGAD should assess ways to assist Member States in obtaining optimal value from these partnerships as well as the potential benefits of joining the EITI and the Egmont Group of Financial Intelligence Units. IGAD should also explore the possibility of applying for observer status with the FATF.
7. **Criminal Information Sharing Platform:** IGAD is urged to take forward its planning for establishment of a Criminal Information Sharing Platform (CISP), building upon INTERPOL's I24/7 system, to facilitate coordination and cooperation on TSTs.

TERRORISM

In a region affected by transnational complex terrorist threats, counter terrorism efforts cannot be contingent on the efforts of a single nation or single organization alone: it requires coordinated and integrated transnational and national responses that involve not only governments, but also, as far as possible, civil society, community leaders, religious leaders and the private sector. IGAD Security Sector Programme (ISSP) was originally established to help promote regional cooperation on counter terrorism and has contributed to significant progress in this regard; it is therefore recommended that ISSP continue to play a central role in supporting regional counterterrorism efforts.

- IGAD, through ISSP, should develop a regional strategy to counter terrorism and continue to assist Member States to develop and to harmonise clearly defined policies,

strategies, legal frameworks and operational capabilities in countering terrorism. This should include:

- Offer training to promote cooperation within and between Member States, emphasising best practices in contemporary national and regional cooperation such as comprehensive, 'whole of government' / interagency approaches that encompass stakeholders from the security services, criminal justice, immigration, customs, finance and other relevant branches of government.
- Develop new tools to facilitate cooperation on counter terrorism between Member States, including a fusion centre, database and training materials.
- Facilitate regional and international forums, workshops, seminars and expert meetings to encourage the sharing of information, experience and best practices.

- Building on its successful pilot project in 2017, IGAD

should assist Member States in meeting their reporting requirements to the United Nations Security Council Committee on Al-Qaeda and Da'esh (established pursuant to resolutions 1267(1999), 1989(2011) and 2253(2015)), as well as the Committee on Somalia (established pursuant to resolution 751(1992)) which encompasses Al-Shabaab.

- IGAD should offer a liaison support function between Member States, as well as between Member States and International Organizations in order to reinforce regional networks of cooperation against transnational terrorism in the IGAD region.
- IGAD Member States are urged to involve FIUs in terrorism cases and to invest in capacity building to increase and enhance their capabilities to support such investigations.
- Cooperation between National Focal Points and the Regional Counter-Terrorism Centre of Excellence

(CTCoE)[1462] could be enhanced.

MANUFACTURE AND USE OF IMPROVISED EXPLOSIVE DEVICES

Although primarily concentrated in Somalia and Northern Kenya, the threat of IED attacks against other IGAD Member States remains real, as long as Al-Shabaab and Da'esh continue to recruit and train nationals from those countries. Moreover, IED precursors and components are sometimes sourced within the region or transit neighbouring countries. It is therefore recommended that IGAD develop a regional strategy to counter the IED threat that includes the following elements:

- A joint reporting system to keep Member States informed

1462 "UNODC Partners with Eastern Africa Police Chiefs to Support Regional Counter-Terrorism Centre Of Excellence". *United Nations: Office on Drugs and Crime*, 2020, https://www.unodc.org/unodc/en/frontpage/2020/June/unodc-partners-with-eastern-africa-police-chiefs-to-support-regional-counter-terrorism-centre-of-excellence.html.

about the evolving nature of the IED threat, including innovations in IED design and TTPs;

- More systematic battlefield/military evidence collection – where possible to a degree that would satisfy judicial standards;
- Augmentation of national and regional forensics capacities for IED exploitation;
- Expanded training of prosecutors and judicial officials in IED manufacture and use, as well as sensitive site exploitation (SSE) in support of criminal prosecutions in IED-related cases;
- Increased monitoring of the main precursors used in the HME manufacturing process and of IED components in line with UN Security Council Resolution 2498 (2019).

SMUGGLING AND TRAFFICKING

SMALL ARMS AND LIGHT WEAPONS

The continuation of SALW disarmament efforts in the region is encouraging, but SALW Focal Points contacted by the team put forward the following recommendations for further improvement:

- IGAD should revisit and update a regional strategy to counter the proliferation of SALW as well as strengthen the operational capacity of National Focal Points on SALW to improve information sharing and to promote full implementation of the Nairobi Protocol on SALW;
- Expand SALW management frameworks to include the trafficking of ammunition;
- Member States are also encouraged to make systematic use of the INTERPOL Illicit Firearms Records and Tracing

Management System (iARMS);

- The Arms Trade Treaty (ATT, 2013) establishes common standards for the international arms trade and targets a reduction in the trade of illicit arms, complementing other arms control instruments such as the Nairobi Protocol. The ATT encourages states to "designate competent national authorities in order to have an effective and transparent national control system regulating the transfer of conventional arms",[1463] although State parties are allowed to exclude "commercially sensitive or national security information".[1464] Adoption of the ATT could potentially benefit all IGAD Member States and facilitate information sharing between them, but so far only Djibouti has acceded to the Treaty.
- The process of marking government and civilian licensed firearms should be expedited in states where only partial

1463 United Nations (2013). The Arms Trade Treaty (Art. 5, 5)
1464 United Nations (2013). The Arms Trade Treaty (Art. 5, 5)

registration has been achieved order to improve the identification of illicit firearms.

- Introduce comprehensive national disarmament measures which are guided by the Best Practice Guidelines and include the participation of local elders, women representatives, administrators, and law enforcement in a joint non-coercive effort to establish peace and improve the management of SALW in circulation.
- Engage community leaders to assist in curbing illicit firearm trafficking through the identification of traffickers, trafficking routes, as well as firearm markets.
- Where possible, investigations into illicit SALW should include a financial investigative component to establish the link between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited, as it can provide vital information about, and proof of,

terrorist or criminal activity.[1465]

SMUGGLING AND TRAFFICKING OF HUMAN BEINGS

Four (4) IGAD Member States have ratified the UN protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children, supplementing the United Nations Convention against Transnational Organized Crime by resolution A/RES/55/25: Djibouti, Ethiopia, Kenya, and Sudan. Uganda is a signatory of the resolution.[1466] It is therefore recommended that Uganda ratify the resolution and that the remaining Member States sign and ratify. Meanwhile, IGAD should develop a regional strategy to counter the trafficking of human beings, and it is also recommended that IGAD operationalise applicable legal frameworks (including the Protocol) in the following ways:

1465 Financial Action Task Force, July 2019, Terrorist Financing https://www.fatf-gafi.org/publications/fatfgeneral/documents/terroristfinancing.html

1466 United Nations General Assembly. *55/383*. 2000, p. 54, https://treaties.un.org/doc/source/docs/A_55_383-E.pdf.

- Harmonise legal definitions of smuggling, aggravated smuggling and trafficking in persons and also, as far as possible, the responsibilities of relevant law enforcement actors and the penalties for each charge.
- Reinforce co-operation, through IGAD, with INTERPOL under the auspices of Project FLYAWAY.
- Extend INTERPOL's I-24/7 system beyond the NCB of Member States to stakeholder agencies, including posts in remote and border areas.
- Put in place bilateral (or possibly multilateral) agreements with destination countries on the protection rights for smuggled and trafficked citizens from IGAD Member States, including provisions to prevent the double victimisation of trafficking victims, who are often arrested and criminalised themselves.
- Privilege the financial dimension of investigations into Trafficking in Persons (TIP) / Smuggling of Migrants

(SOM) investigations, to establish links between the origins of the money, recipients, when the money is received and where it is stored or deposited, with a view to providing evidence of criminal activity for prosecution in line with FATF best practice guidelines.[1467]

- Promote public awareness of:
  - Migrants' and workers' rights to help prevent nationals of IGAD Member States from falling victim to human trafficking and exploitation abroad.[1468]
  - Alert citizens to the hazards of exploitation that occur in their own countries, including the use of fraudulent 'employment agencies' as a cover for human trafficking to foreign countries.[1469]

1467 Financial Action Task Force, July 2018, Financial Flows from Human Trafficking , https://www.fatf-gafi.org/publications/methodsandtrends/documents/human-trafficking.html

1468 An example of good practice is the awareness-raising campaign launched by the Federal Government of Somalia on human trafficking called "Telling the Truth" which were aimed at engaging returnees and trafficking survivors to tell their stories at universities and through dialogue with community leaders. See "2019 Trafficking in Persons Report: Somalia" US Department of State, 2019, https://www.state.gov/reports/2019-trafficking-in-persons-report-2/somalia/

1469 Author interview, Transnational Organised Crime Unit (TOCU), Electronic communication, 11th June 2020

- The need for members of the public to cooperate with authorities in identifying smuggling and trafficking activities.[1470]

WILD ANIMALS AND WILDLIFE PRODUCTS

Suspects tried for ivory trafficking are usually prosecuted for a single seizure under applicable IWT legislation. Best practices identified in this assessment would enable Member States to indict suspects on multiple charges and/or for multiple cases. Cooperation with private sector actors will also improve the efficiency of wildlife trafficking detection systems. It is recommended that IGAD develop a regional strategy to counter the trafficking of wild animals and wildlife products. Specific recommendations include the following:

- Establish national/regional inter-agency collaboration

1470 As noted by NCB Khartoum. NCB Khartoum additionally noted that there was a lack of sufficient budget to adequately tackle the issue and to assist Sudan in fighting this emerging organised crime and observed a lack of cooperation between the countries of interest.

and coordination mechanisms, such as the National Environmental Security Task Forces (NESTs), promoted by Interpol.[1471] To date, the only IGAD Member States which have implemented this approach are Kenya, Sudan and Uganda.

- Increase detection capacity for illegal wildlife products at smuggling entry and exit points. Security measures at sea and airports need maintenance and constant technological updates, and law enforcement agencies need to improve the security at the main ports through interventions at satellite ports.
- Increase the awareness of stakeholders such as shipping companies, customs officials, and container freight station operators into the methods used by trafficking

1471 "A National Environmental Security Task Force (NEST) brings together police, customs, environmental agencies, prosecutors, non-governmental organizations and intergovernmental partners to focus environmental crime fighting efforts on the networks and crimes that particularly affect a country." Interpol, https://www.interpol.int/Crimes/Environmental-crime/Our-response-to-environmental-crime#pt-1.

networks.

- Allow DNA sampling close to the time of seizure would enable investigators to assess the origin of the ivory, and to strengthen criminal justice cases. Methods such as DNA analysis, such as suggested by Wasser et al. would allow multiple ivory seizures to be linked, thereby increasing the severity of the offense.[1472]
- Investigations into international syndicates can generate prosecutions under a wide array of offenses, including customs and immigration violations.[1473]
- Involve FIUs and/or other financial investigative capacities in IWT cases to establish links between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited, which can provide vital information

1472 Wasser, Samuel K. et al. "*Combating Transnational Organized Crime by Linking Multiple Large Ivory Seizures to The Same Dealer*". Science Advances, vol 4, no. 9, 2018, p. eaat0625. American Association For The Advancement Of Science (AAAS), doi:10.1126/sciadv.aat0625.

1473 EIA, *'Exposing the Hydra': The growing role of Vietnamese syndicates in ivory trafficking*, 2018, https://reports.eia-international.org/exposingthehydra/.

about, and proof of, criminal activity.[1474] The involvement of FIUs is also key to facilitating financial information exchange, both domestically and internationally.

DRUGS AND PSYCHOTROPIC SUBSTANCES

Despite the increased threat of drug trafficking to and through the IUGAD region, gaps in official reporting from Member States highlight a need for thorough recording of information and sharing in a timely manner. Recording of all available information – seizure data, retail and wholesale prices, use – is necessary to understand developing threats. It is recommended that IGAD develop a regional strategy to counter the trafficking of drugs and psychotropic substances.

- IGAD countries should re-commit to completion and submission of Annual Report Questionnaires (ARQs) to

1474 Financial Action Task Force, June 2020, Money Laundering and the Illegal Wildlife Trade, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html

UNODC in order to establish a clearer picture of drug trafficking and use in the sub-region. Alternatively, ISSP could be mandated to collect the information on behalf of Member States.

- Somalia and South Sudan should accede to the 1998 United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, which covers the trafficking of precursors.
- Member States should consider enhancement of drug detection capabilities at major transit hubs (ports and airports) as well as suspected satellite hubs.
- Counter terrorism agencies, especially those responsible for sensitive site exploitation (SSE), should be sensitised to the possible involvement of psychotropic substances, notably Tramadol, in suicide attacks.
- 7FIUs and/or other financial investigative capacities should be involved in drug trafficking cases as a matter of

routine to establish links between the origins of the money, beneficiaries, when the money is received and where it is stored or deposited, which can provide vital information about, and proof of, criminal activity.[1475] The involvement of FIUs is also key to facilitating financial information exchange, both domestically and internationally.

SMUGGLING OF GOODS (TIMBER, PRECIOUS STONES, CHARCOAL, CURRENCY AND OTHER SIGNIFICANT GOODS) ACROSS NATIONAL BORDERS

Lack of transparency and uneven reporting makes it extremely difficult to conduct a reliable assessment of this sector. Consequently, smuggling offences are generally under-reported, enabling related criminal activities including environmental crimes and money-laundering. Specific

1475 Financial Action Task Force, June 2020, Money Laundering and the Illegal Wildlife Trade, https://www.fatf-gafi.org/publications/methodsandtrends/documents/money-laundering-wildlife-trade.html

recommendations include:

- IGAD Member States should consider joining or aligning themselves with the Extractive Industries Transparency Initiative (EITI), which serves as a tool for countries to improve the management of their oil, gas and mining sectors. At present, only Ethiopia is a member of the EITI.
- Greater transparency is needed in the development of authorised channels for sale of gold deposits, to allow better control of gold trading, better understanding of gold revenues, and enhanced revenues on exports.

ARMED, ORGANISED CATTLE RUSTLING

Endorsement of the IGAD Protocol on Transhumance in February 2020, which would allow the seasonal movement of herders and their livestock in search of water and pasture, is an important positive step, but cannot be disassociated from the threat of armed, organised cattle rustling.[1476] Specific recommendations include the following:

- Violence in cattle rustling incidents is closely associated with the prevalence of SALW. Efforts to curb armed, organised cattle rustling are should therefore be coordinated with measures to enable the free movement of pastoralists and localised disarmament initiatives.
- Investigate and tackle incidents of cattle rustling in areas that are badly affected with the aim of identifying and analysing key nodes in transnational networks.

1476 "IGAD High Level Experts and Committee of Ambassadors Meeting to Endorse the Protocol on Transhumance in The IGAD Region, 27 February 2020". *ICPALD*, 2020, https://icpald.org/coa-transhumance-protocol-meeting/.

- Monitor the trafficking and prices of SALW as a key indicator in predicting new spikes in violence associated with cattle rustling.

FRAUD, FORGERY AND COUNTERFEITING

Fraud, forgery and counterfeiting cover a wide range of criminal activities that generally exploit weak regulatory frameworks, lack of awareness and underinvestment in specialised criminal justice capabilities. Given the potential economic costs, damage to industry and intellectual property rights, impact on public health and contribution to an enabling environment for other forms of TOC and terrorism, IGAD Member States are encouraged to invest more in capacity building to counter these threats. However, the scope of the challenges and scarcity of public resources necessitate rigorous prioritisation by IGAD countries and the region as a whole. Specific recommendations based on the findings of this

assessment include the following:

- IGAD should be capacitated to support improved recognition of, and cooperation between, Member States on the trafficking of counterfeited or forged goods, given the significant income loss this TST brings to Member States.
- IGAD should be supported to continue its efforts to develop a regional regulatory framework to coordinate and harmonize regional efforts in tackling the problems of illegal flow of Sub-standard, Falsely Labelled, Falsified and Counterfeit (SSFFC) medical products.
- IGAD Member States are urged to implement INTERPOL 2178 (2014), especially on the matter of setting Passenger Information Units in compliance with requirements relating to Advance Passenger Information (API) and Passenger Name Records (PNR).[1477] Fraudulent documents have

1477 Author interview, Interpol NCB Nairobi, Electronic communication, 02 June 2020.

proved to be used by terrorist fighters, and resolution 2178 is important in that regard.[1478]

- IGAD Member States are strongly encouraged to continue to report all stolen and lost documents to INTERPOL, to ensure that the data submitted to the SLTD database are accurate, regularly updated, and deleted in accordance with the policies and procedures in force.

1478 "Noting with appreciation the efforts of INTERPOL to address the threat posed by foreign terrorist fighters, including through global law enforcement information sharing enabled by the use of its secure communications network, databases, and system of advisory notices, procedures to track stolen, forged identity papers and travel documents, and INTERPOL's counter-terrorism fora and foreign terrorist fighter programme,"

"13. Encourages Interpol to intensify its efforts with respect to the foreign terrorist fighter threat and to recommend or put in place additional resources to support and encourage national, regional and international measures to monitor and prevent the transit of foreign terrorist fighters, such as expanding the use of INTERPOL Special Notices to include foreign terrorist fighters;"

"14. Calls upon States to help build the capacity of States to address the threat posed by foreign terrorist fighters, including to prevent and interdict foreign terrorist fighter travel across land and maritime borders, in particular the States neighbouring zones of armed conflict where there are foreign terrorist fighters, and welcomes and encourages bilateral assistance by Member States to help build such national capacity;"

FINANCIAL CRIMES

Criminal syndicates are currently benefitting from the lack of implementation of Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) frameworks in IGAD Member States. AML/CFT investigations allow authorities to link ostensibly legal activities to criminal offences and also enables authorities to go higher up the chain to identify key facilitators, financiers, benefactors, and organisers of criminal networks. Specific recommendations include the following:

Anti-Money Laundering / Countering Terrorist Financing Framework

- IGAD Member States should continue to demonstrate that good AML / CFT procedures are not only legally in place, but that they are being enacted and implemented.
- Member States should prioritise capacity building in

financial investigations within its law enforcement agencies as well as its prosecutors and judiciary in order to be able to fully utilise financial information and evidence under powerful AML/CFT laws.

- Member States without specialist financial investigations teams should establish them at the earliest possible opportunity.
- Additional training for financial investigators and prosecutors is essential to ensure that financial investigations are conducted in all major TST cases, and that prosecutors consider use of ML/FT charges, as permitted under the laws.
- Joint Investigation Teams (JITs) and multi-disciplinary agencies are recommended to work together investigating major cases and involving the FIU in financial investigations makes it possible to leverage information from the financial industry. The FIU can be resourced to be able to

comprehensively analyse suspicious activity reports made by financial institutions to look for intelligence and activities that may support a criminal investigation. The FIU can then share such information expeditiously with specialist financial teams in key law enforcement agencies.

- Countries where the FIU is not fully operationalised should seek support from its neighbours who have established well-functioning FIUs. Countries where the FIU is not yet member of the Egmont Group of Financial Intelligence Units[1479] should seek membership[1480] as a priority, sponsored by other IGAD member states, as this facilities the use of Egmont Secure Web, to share & request financial information and intelligence via a secure information exchange platform from peer FIUs[1481] and a potential "game changer".

1479 https://egmontgroup.org/en
1480 https://egmontgroup.org/en/content/membership
1481 Egmont Group Of Financial Intelligence Units Principles For Information Exchange Between Financial Intelligence Units https://egmontgroup.org/en/filedepot_download/1658/79

- Money laundering, when used as additional charges in suitable criminal cases, can be used to advise the court of the size and scale of the financial gain made by the suspect and network, while also making application for the seizure of assets and profits from criminal activities when subjected to a conviction.
- Member states should seek to improve transparency on their Company Registers to allow searches on ultimate beneficial ownership (UBO) of companies incorporated or operating in their territory.

ILLICIT FINANCIAL FLOWS

Member States particularly affected by the issue of Illicit Financial Flows in trade should consider the following recommendations to address the three main sources (commercial, criminal, corrupt) of illicit financial flow:

- Trade misinvoicing to be designated a criminal offence (i.e.

criminalising the manipulation of invoice values).

- Trade misinvoicing verification: equip Customs and Revenue authorities with trade pricing databases to facilitate checks on trade misinvoicing (i.e. GFTrade). [1482]
- Beneficial ownership - establish public beneficial ownership registries requiring the true ownership of companies (i.e. individuals) to be identified.
- Anti-money laundering: enhance cooperation and coordination between agencies and strengthen AML requirements.
- Corruption: publish lists of domestic Politically Exposed Persons (PEPs)
- Countries that have conducted a Money Laundering / Terrorist Financing National Risk Assessment exercise

1482 GFTrade is a proprietary risk assessment application that enables customs officials to determine if goods are priced outside typical ranges for comparable products by providing officials with real-time price comparisons for goods in the port, using price ranges for a product traded between the same two trading partners throughout the previous year, based on global trade information. The comparisons enable officials to determine pricing anomalies and if further investigation is warranted. https://gfintegrity.org/gftrade/.

should implement their findings and countries with an outdated assessment should conduct an updated one to better understand current risks and align resourcing to combat threats identified as ML/TF risks.

ANNEXES

ANNEX A - GENERIC SCHEMATIC FOR NETWORK ANALYSIS

LEADERSHIP	IDEOLOGY	PERSONNEL	WEAPONS	TRAINING	LOGISTICS	COMMUNICATION	INTELLIGENCE	SAFE HAVENS	FREEDOM OF MOVEMENT	FINANCE
Sources of Authority	Unifying Vision	Personal Attitudes	Procurement	Training Facilities	Material Acquisition	Media/ Tools	HUMINT	Physical Location	Popular Support	Legal Enterprises
Personal Qualities	Message/ Propaganda	Recruit Selection	R&D	Sanctuary	Transportation	Function/ Intent	Collection/ Recon TTP	Human Geography	Safe Houses	Charitable Activity
Vision/ Goal/ Objectives	Receptive Audiences	Indoctrination	Manufacturing	Senior Trainers	Distribution/ Storage	Procedures/ Tradecraft	Technical Collection	Government Control	Criminal Support	Front Companies
Span/ Level of Control	Legitimacy	Use/ Assignment	Distribution/ Storage	Access to Resources	Recruit/Move	Couriers	Process/ Analyse	Terrain	OPSEC & Deception	Criminal Activity
Structure and Role	Skilled PR Campaign	Members/ Supporters	Usage/TTP		Key Personnel	Technical Expertise	Production/Dissemination	Access to Resources	Forged Identities	Financial Facilitation
Decision Process	Medium/Tools	Sustainment					Security/CI	Virtual Location	Corruption	Sponsors/ Donors
							Infiltration/Penetration	Key Personnel	Organic/ Commercial Transport	Couriers
									Key Personnel	Key Personnel

ANNEX B - ANTI-MONEY LAUNDERING AND COUNTERING TERRORISM FRAMEWORK

DJIBOUTI

Anti-Money Laundering / Countering Terrorist Financing Framework

The **US INCSR 2016** report[1] on money laundering assesses the following:

Djibouti is one of the most stable countries in the Horn of Africa. Djibouti aspires to be a regional financial hub, touting its

a. currency[2], the Djibouti Franc, which is pegged to the United States Dollar (USD) at a fixed exchange rate, and
b. lack of foreign exchange controls as key characteristics of the monetary system.

Djibouti hosts no offshore banks, although its banking laws explicitly permits offshore institutions. In 2018, Banque Centrale reported[3] that the financial sector comprised:

- 8 retail banks[4],
- 3 Islamic banks[5],
- 2 currency exchange bureaus[6],

1 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "Money Laundering and Financial Crimes Country Database" (June 2016) https://www.state.gov/documents/organization/258726.pdf

2 Since 13 Feb 1973 the Djibouti France (DJF) has been pegged at 178 DJF to 1 United States Dollar (USD) https://banque-centrale.dj/index.php/bref-historique/

3 http://banque-centrale.dj/index.php/etablissements-bancaires/

4 Banque de Dépôt et Crédit de Djibouti, Banque Of Africa Mer Rouge, Banque pour le Commerce et l'Industrie Mer Rouge, Commercial Bank of Djibouti, Cooperative & Agricultural Credit International Bank, Exim Bank of Djibouti, International Investment Bank, Silk Road International Bank

5 East Africa Bank, Saba African Bank, Salaam African Bank

6 Atulkumar K. Mehta, Dilip Corporation

- 7 transfer & exchange[7], and
- 9 funds transfer institutions (including international fund transfer providers)[8]

The government enacted its AML law in 2002, supplemented by additional laws and guidelines in 2011:

Money Laundering Laws

- Law 196 / AN / 02 / 4th L[9] issued on Sept 15, 2002 on money laundering, confiscation and cooperation international proceeds of crime;
- Law 112 / AN / 11 / 6th L[10] issued on May 25, 2011 supplementing on money laundering, confiscation and international cooperation in the proceeds of crime

Countering the Financing of Terrorism

- Law n ° 110 / AN / 11 / 6th L[11] issued on May 25, 2011 relating to the fight against the financing of terrorism
- Law No. 111 / AN / 11 / 6th L[12] issued on relating to the fight against terrorism and other serious crimes (hostage taking, diversion of any aircraft / vessel, trafficking in persons & smuggling of migrants, trafficking in firearms, crimes against property)

7 Ahmed Taha Haidar, Al Zoureki SARL, AMAL EXPRESS SARL, Dahabshiil EURL, FastPay Exchange, Irmaan International Exchange, Osob Money Transfert & Exchange SARL

8 Daar Al Tawakul SARL, Hodan Global Express, Houssein Mohamed Haidar, Kaah Express EURL La Poste de Djibouti, MoneyGram, Mustaqbal SARL, Travelex Money Transfer (TMT), Western Unio

9 https://www.srf.dj/wp-content/uploads/2017/07/Loi-n°196AN024ème-L.pdf

10 https://www.srf.dj/wp-content/uploads/2017/07/Loi-112-complétant-loi196-sur-le-blanchiment-dargent.pdf

11 https://www.srf.dj/wp-content/uploads/2017/07/Loi-110-conre-le-financement-terrorisme.pdf

12 https://www.srf.dj/wp-content/uploads/2017/07/Loi-111-contre-terrorisme-et-autres-infractions-graves.pdf

The four laws have two main objectives[13]:

- The implementation of measures to prevent and deter the commission of the crime of money laundering and the financing of terrorist activities and to ensure the suppression of these offences by facilitating investigations and prosecutions.
- Protect the national financial system against its use for money laundering and terrorist financing and fight organized crime.
- The main measures recommended by these laws are:
- Client identification, transaction monitoring, document storage and communication, compliance program and exchange conditions and transfer of funds;
- Monitoring physical border transport of cash;
- The creation of a financial information service.

The AML / CFT laws apply to a number of sectors:[14]

- Financial Institutions
- Financial Auxiliaries (Money & Fund Exchange)
- Insurance Companies
- Investment Companies
- Intermediaries in Property
- Notaries
- Accountants
- Auctioneers
- Casino and Gaming Establishments

The Government of Djibouti recognises its banking sector is vulnerable to money laundering and requires monitoring by the Central Bank's SERVICE DE RENSEIGNEMENTS FINANCIERS (SRF)[15], Djibouti's financial

13 https://srf.dj/les-lois/

14 https://srf.dj/

15 https://srf.dj/

intelligence unit, which:

- is a full member of the regional Financial Action Task Force (FATF) - the global standard setter for anti-money laundering (AML) and countering terrorist financing (CTF) - body for Middle East North Africa ("MENAFATF") (since March 2018)[16]; it has yet to undergo a Mutual Evaluation to assess the implementation of FATF recommendations - this is necessary to help Djibouti understand gaps in its approach and benchmark against its peers.
- made a detailed presentation on the AML/CFT system in the Republic and the measures taken to combat money laundering and terrorist financing at the 29th Plenary of MENAFATF[17] on April 2019.
- is not yet a member of Egmont Group of Financial Intelligence Units (as at 2 April 2020)[18]; membership would give SRF access to working groups on best practice as well as enhanced confidential information exchange with other FIUs through Egmont Secure Web[19]
- has ratified a cooperation agreement with the Financial Intelligence Authority of Uganda and the Financial Information Unit of Sudan[20].
- is building capacity through knowledge sharing in various workshops and trainings[21]

16 http://www.menafatf.org/information-center/djibouti-joins-menafatf-member

17 Outcomes of the 29th MENAFATF Plenary Meeting on Combating Money Laundering and the Financing of Terrorism, Amman, the Hashemite Kingdom of Jordan, 23-25 April 2019, http://www.menafatf.org/information-center/outcomes-29th-menafatf-plenary-meeting-combating-money-laundering-and-financing

18 https://egmontgroup.org/en/membership/list

19 EGMONT GROUP OF FINANCIAL INTELLIGENCE UNITS PRINCIPLES FOR INFORMATION EXCHANGE BETWEEN FINANCIAL INTELLIGENCE UNITS https://egmontgroup.org/en/document-library/8

20 https://www.srf.dj/wp-content/uploads/2017/07/Loi-110-conre-le-financement-terrorisme.pdf

21 Countering Illicit Financial Flows in Djibouti, (29-30 Dec 2018) https://www.globalcenter.org/events/countering-illicit-financial-flows-in-djibouti-lutter-contre-les-flux-financiers-illicites-a-djibouti/

- in 2018 received ICT support from COMESA[22] intended to enhance the efficiency of the analytical work done by the FIU, as well as the quality of the intelligence disseminated to Law Enforcement Agencies

Djibouti, as a jurisdiction is:

- not on the FATF list of Jurisdictions under Increased Monitoring (as at 21 Feb 2020)[23]
- not included in the list[24] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- not included in the list[25] of major centres of narcotics-related money laundering, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- not included in the Basel AML Index 2019[26] country ranking and review of money laundering and terrorist financing risks around the world

Two measures that are indicative of the "state of health" of the effectiveness of the AML / CFT frameworks are:

22 COMESA "Djibouti receives ICT equipment worth over $ 110,000 to fight Financial Crimes" (May 2018) https://www.eac.int/press-releases/154-peace-security/1098-djibouti-receives-ict-equipment-worth-over-$-110,000-to-fight-financial-crimes

23 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions

24 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf

25 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

26 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf

1. The number of Suspicious Transaction Reports (STRs) or equivalent and the number of Cash Transactions Reports (CTRs) or equivalent filed in each fiscal year

For Djibouti for the last 5 years (2015-2020) the numbers are: Not Available

2. The number of criminal prosecutions in which Money Laundering (ML) or Terrorist Financing (FT) charges were laid and the outcomes of such prosecutions; this should also include applications for asset seizures / forfeitures, where made.

For Djibouti for the last 5 years (2015-2020) the numbers are: Not Available

Two further measures that are indicative of the use of financial investigations in major criminal investigations

The number of law enforcement agencies that have specialist financial investigations teams of specialist financial investigators

For Djibouti for the last 5 years (2015-2020) the numbers are: Not Available

The involvement of the FIU in support of major criminal cases to help facilitate financial information from the financial industry - both domestically and internationally

For Djibouti for the last 5 years (2015-2020) the numbers are: Not Available

ANNEXE B.1 - INTRODUCTION SUR LES DÉLITS FINANCIERS

Introduction

Le rapport de 2017 de Global Financial Integrity[27] «Transnational Crime and the Developing World» estime l'activité de la criminalité transnationale de 1,6 à 2,2 billions de dollars par an; l'étude évalue 11 catégories de délits: le trafic de drogues, d'armes, d'êtres humains, d'organes humains et de biens culturels; la contrefaçon, la criminalité illégale liée à la faune, la pêche illégale, l'exploitation forestière illégale, l'exploitation minière illégale et le vol de pétrole brut.

Table X1. La valeur au Détail de la Criminalité Transnationale

Criminalité Transnationale	Valeur Annuelle Estimée US $
Trafic de Drogue	426 à 652 milliards de dollars
Trafic d'Armes Légères et de Petit Calibre	1,7 milliard à 3,5 milliards de dollars
Traite des Etres Humains	150,2 milliards de dollars
Trafic d'Organes	840 millions à 1,7 milliard de dollars
Trafic de Biens Culturels	1,2 milliard à 1,6 milliard de dollars
La Contrefaçon	923 milliards de dollars à 1,13 billion de dollars
Commerce illégal d'espèces sauvages	5 à 23 milliards de dollars
Pêche Illégale, non Déclarée et non Réglementée (INN/IUU)	15,5 milliards à 36,4 milliards de dollars
Exploitation Illégale des Forêts	52 à 157 milliards de dollars
Exploitation Minière Illégale	12 à 48 milliards de dollars
Vol de pétrole brut	5,2 à 11,9 milliards de dollars
Total	1,6 billion de dollars à 2,2 billions de dollars

Ces profits importants sont utilisés pour financer de nouvelles activités illicites, des sociétés corrompues, des dommages aux communautés, ainsi que le financement d'un mode de vie criminel.

27 https://gfintegrity.org/report/transnational-crime-and-the-developing-world/

Les gouvernements réalisent maintenant que pour lutter efficacement contre la criminalité transnationale, il reste beaucoup à faire pour identifier les aspects financiers des opérations criminelles, pour comprendre les réseaux (pour le renseignement), suivre les paiements (pour les preuves) et identifier les actifs (pour la saisie et la confiscation).

Le recours aux enquêtes financières est essentiel de deux manières :

1. **Les forces de l'ordre** devraient mener une enquête financière parallèle, dans tous les cas majeurs, à l'enquête criminelle physique (témoins, preuves physiques et médico-légales, etc.) pour évaluer (i) si des paiements ont été impliqués et comment ils ont été effectués? (ii) la situation financière propre des suspects - comptes bancaires, cartes de paiement ou paiements mobiles, propriété des actifs (maisons, véhicules, bateaux, etc.), association avec des entreprises (administrateur, actionnaire, etc.), (iii) information indiquant si les victimes ont payé de l›argent aux suspects & comment et quand ? (iv) si des paiements ont été effectués à des tiers pour obtenir de l›aide et comment et quand?

Souvent - à partir du suivi et du contrôle des paiements entre les parties suspectes - les forces de l'ordre peuvent se faire une image du réseau - avant même que des mesures d'arrestation ne soient prises.

Les forces de l'ordre ont généralement le pouvoir de contraindre les institutions financières à fournir des informations à l'appui des enquêtes, mais, dans la plupart des pays, il est un spécialiste **Cellule de Renseignement Financier (CRF)** qui coordonne les demandes d'information entre les forces de l'ordre et les institutions financières.

2. **Les institutions financières** sont soumises à de puissantes directives mondiales de lutte contre le blanchiment d'argent (AML) que la plupart des juridictions ont désormais incorporées dans les lois nationales. En vertu de ces exigences, les institutions financières ont le devoir de protéger le système

financier contre toute utilisation abusive par des criminels et de blanchir (nettoyer) leurs fonds illicites par le biais de systèmes bancaires et d'autres systèmes de paiement. La plupart des institutions financières ont investi beaucoup de dépenses dans le personnel et les systèmes pour gérer ce risque grâce à des procédures détaillées pour vérifier les antécédents des clients, la source de leurs fonds et leur activité. Si une institution financière trouve quelque chose de suspect, elle DOIT signaler son soupçon à la cellule de renseignement financier (CRF).

Les institutions financières mènent donc quotidiennement des enquêtes sur des activités potentiellement suspectes.

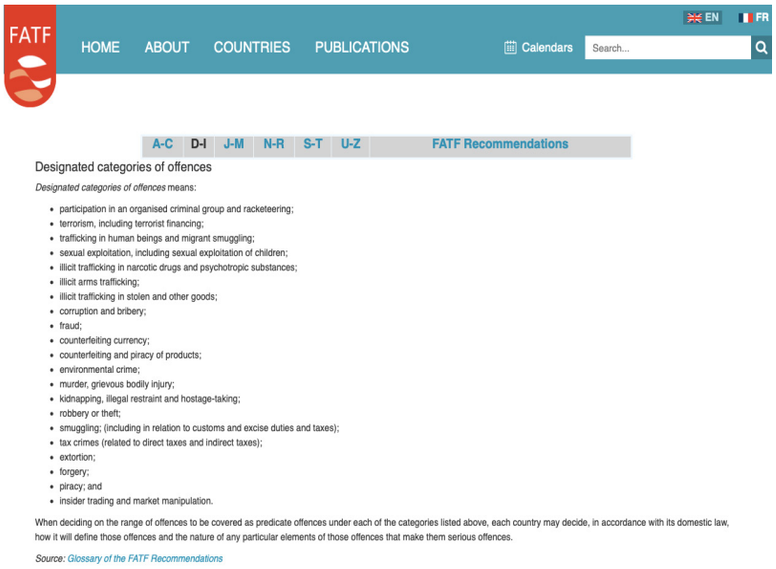
Au cours des 5 dernières années - la reconnaissance du pouvoir des enquêtes financières sur les crimes majeurs a gagné un soutien important:

- UNSC 2331 (2016)[28] a reconnu que le gain financier était l›une des principales raisons de la traite des êtres humains et a indiqué que l›analyse financière devrait être un élément clé de la compréhension de la traite des êtres humains et du financement du terrorisme.
- Groupe d'Action Financière (GAFI) - définit les directives mondiales sur la AML - que tous les pays membres sont tenus de suivre et de mettre en œuvre - ils ont commencé à publier des orientations pour encourager des enquêtes financières parallèles (Recommandation 30[29]) dans les affaires associées à 21 types d'affaires pénales[30] («catégories d'infractions désignées»).

28 S / RES / 2331 (2016) https://www.undocs.org/S/RES/2331%20(2016)

29 Recommandations du Groupe d'action financière financière https://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html

30 Catégories d'infractions désignées par le Groupe d'action financière financière https://www.fatf-gafi.org/glossary/di/



Dans les cas où les forces de l'ordre mènent des enquêtes financières - et utilisent les informations financières des banques via la Cellule de renseignement financier (CRF) - il peut y avoir des résultats très puissants.

Cette vidéo du Canada[31] - dans le cadre d'une opération appelée Projet Protéger contre la traite des êtres humains - montre comment les institutions financières, en collaboration avec les forces de l'ordre, peuvent conduire à l'arrestation de trafiquants - sur la base d'informations financières

Cette vidéo de Winrock International[32] montre comment les institutions

31 https://www.youtube.com/watch?v=t3MUFtIThvU
32 https://www.youtube.com/watch?v=-jDrww8iiHA

financières (et les enquêtes financières) peuvent cartographier les réseaux criminels (dans ce cas, la traite des êtres humains) sur la base d'informations financières (et commerciales) - très puissantes.

Pour être efficace dans les enquêtes financières, plusieurs éléments constitutifs doivent être en place

Lois

1. Des lois sont-elles en place pour autoriser les enquêtes financières par les forces de l'ordre? y compris la saisie d›avoir?
2. Sont les lois en place en ce qui concerne le blanchiment d'argent contre des institutions financières à suivre?

Équipes Spécialisées et Formation

3. Des équipes d'enquête financière spécialisés ont-elles été mises en place dans les principaux organismes chargés de l'application des lois?
4. Des équipes spécialisées dans les enquêtes financières, les procureurs et les magistrats / juges ont-ils été formés à l'utilisation des preuves financières dans les procédures judiciaires?

AML / CFT

5. Existe- t- il une cellule de renseignement financier (CRF) active et dotée de ressources suffisantes?
6. Est l'unité du renseignement financier (CRF) impliqué dans les grandes enquêtes de cas en tant que partenaire à obtenir et à analyser l' information financière?
7. Sont des institutions financières en utilisant le cadre AML / CFT pour signaler toute activité suspecte? combien de rapports d›activités suspectes (SAR) /

Poursuites renforcées

8. Des preuves financières sont-elles utilisées dans toute procédure judiciaire - comme preuves supplémentaires?
9. Les accusations de blanchiment d'argent ou de financement du terrorisme sont-elles utilisées comme charges supplémentaires dans les cas majeurs?
10. Des avoirs sont-ils confisqués pendant ou après une procédure judiciaire?

L'évaluation suivante est basée sur des informations accessibles au public et des informations provenant de sources informées, en examinant les facteurs décrits ci-dessus, ainsi qu'en décrivant certains risques et menaces.

ANNEXE B.2 - CADRE DE LUTTE CONTRE LE BLANCHIMENT D'ARGENT ET LE FINANCEMENT DU TERRORISME

Le Rapport **US INCSR 2016**[33] sur le blanchiment d'argent évalue les éléments suivants:

- Djibouti est l'un des pays les plus stables de la Corne de l'Afrique
- Djibouti aspire à être un centre financier régional, vantant sa:

(i) monnaie[34], le franc djiboutien, indexé sur le dollar des États-Unis (USD) à taux de change fixe, et
(ii) le manque de contrôle des changes en tant que caractéristiques clés du système monétaire.

- Djibouti n'héberge aucune banque offshore, bien que ses lois bancaires autorisent explicitement les institutions offshores.
- En 2018, la Banque Centrale a annoncé [35]que le secteur financier comprenait
- 8 banques de détail[36],
- 3 banques islamiques[37],
- 2 bureaux de change[38],
- 7 transferts et échanges[39], et

33 Bureau du Département d'État des États-Unis pour les stupéfiants internationaux et les affaires répressives «Base de données par pays sur le blanchiment d'argent et les délits financiers» (juin 2016) https://www.state.gov/documents/organization/258726.pdf

34 Depuis le 13 février 1973, Djibouti France (DJF) est indexé à 178 DJF pour 1 dollar des États-Unis (USD) https://banque-centrale.dj/index.php/bref-historique/

35 http://banque-centrale.dj/index.php/etablissements-bancaires/

36 Banque de D é pô t et Crédit de Djibouti , Banque de l› Afrique Mer Rouge , Banque pour le Commerce et l ‹ Industrie Mer Rouge , Commercial Bank of Djibouti, Cooperative & Agricultural Credit International Bank, Exim Bank of Djibouti, International Investment Bank, Silk Road International Bank

37 East Africa Bank, Saba African Bank , Salaam African Bank

38 Atulkumar K. Mehta , Dilip Corporation

39 Ahmed Taha Haidar , Al Zoureki SARL , AMAL EXPRESS SARL, Dahabshiil

- 9 institutions de transfert de fonds (y compris les prestataires internationaux de transfert de fonds[40]

Le gouvernement a promulgué sa loi LAB en 2002, complétée par des lois et directives supplémentaires en 2011

Lois sur le blanchiment d'argent

- Loi 196 / AN / 02 / 4ème L[41] publié le 15 septembre 2002 sur le blanchiment d'argent, la confiscation et la coopération des produits du crime international ;
- Loi 112 / AN / 11 / 6ème L[42] publié le 25 mai 2011 complétant le blanchiment d' argent, la confiscation et la coopération internationale en matière de produits du crime

Lutter contre le financement du terrorisme

- Loi n ° 110 / AN / 11 / 6ème L[43] publié le 25 mai 2011 relatif à la lutte contre le financement du terrorisme
- Loi n ° 111 / AN / 11 / 6ème L[44] publié sur la lutte contre le terrorisme et d'autres délits graves (prise d'otages, détournement de tout aéronef / navire, trafic de personnes et trafic de migrants, trafic d'armes à feu, crimes contre les biens)

EURL , FastPay Exchange, Irmaan International Exchange, Osob Money Transfert & Exchange SARL

40 Daar Al Tawakul SARL, Hodan Global Express , Houssein Mohamed Haidar , Kaah Express EURL La Poste de Djibouti , MoneyGram , Mustaqbal SARL , Travelex Money Transfer (TMT), Western Union

41 https://www.srf.dj/wp-content/uploads/2017/07/Loi-n ° 196AN024è me-L.pdf

42 https://www.srf.dj/wp-content/uploads/2017/07/Loi-112-complé tant-loi196-sur-le-blanchiment-dargent.pdf

43 https://www.srf.dj/wp-content/uploads/2017/07/Loi-110-conre-le-financement-terrorisme.pdf

44 https://www.srf.dj/wp-content/uploads/2017/07/Loi-111-contre-terrorisme-et-autres-infractions-graves.pdf

Les quatre lois ont deux objectifs principaux :[45]

- La mise en œuvre de mesures visant à prévenir et à décourager la commission du délit de blanchiment de capitaux et le financement d'activités terroristes et à assurer la répression de ces infractions en facilitant les enquêtes et les poursuites.
- Protéger le système financier national contre son utilisation pour le blanchiment d'argent et le financement du terrorisme et lutter contre le crime organisé.

Les principales mesures recommandées par ces lois sont:

- Identification des clients, suivi des transactions, stockage et communication des documents, programme de conformité et conditions d'échange et transfert de fonds;
- Surveillance du transport physique des espèces aux frontières;
- La création d'un service d'information financière.

Les lois AML / CFT s'appliquent à un certain nombre de secteurs :[46]

- Institutions financières
- Auxiliaires financiers (échange d'argent et de fonds)
- Compagnies d'assurances
- Sociétés d'investissement
- Intermédiaires immobiliers
- Notaires
- Comptables
- Encanteurs
- Casino et établissements de jeux

45 https://srf.dj/les-lois/

46 https://srf.dj/

Le gouvernement de Djibouti reconnaît que son secteur bancaire est vulnérable au blanchiment d'argent et doit être contrôlé par le SERVICE DE RENSEIGNEMENTS FINANCIERS (SRF)[47] de la banque centrale, l'unité de renseignement financier de Djibouti, qui :

- est membre à part entière du Groupe d'action financière régionale (GAFI) - l'organisme mondial de normalisation pour la lutte contre le blanchiment de capitaux (AML) et la lutte contre le financement du terrorisme (FCT) - organisme pour le Moyen-Orient et l'Afrique du Nord (« MENAFATF ") (depuis mars 2018)[48] ; il n'a pas encore subi d'évaluation mutuelle pour évaluer la mise en œuvre des recommandations du GAFI - cela est nécessaire pour aider Djibouti à comprendre les lacunes de son approche et à se comparer à ses pairs.
- fait une présentation détaillée sur le système de AML / CFT dans la République et les mesures prises pour lutter contre le blanchiment d'argent et le financement du terrorisme lors de la 29ème Plénière du MENAFATF[49] en avril 2019.
- n'est pas encore membre d'Egmont Group of Financial Intelligence Units (au 2 avril 2020[50] ; l'adhésion donnerait à la SRF un accès aux groupes de travail sur les meilleures pratiques ainsi qu'un meilleur échange d'informations confidentielles avec d'autres CRF via Egmont Secure Web[51]
- a ratifié un accord de coopération avec la Financial Intelligence Authority of Uganda et la Financial Information Unit of Sudan[52].
- renforce les capacités grâce au partage des connaissances dans divers ateliers et formations[53]
- en 2018, a reçu le soutien TIC du COMESA[54] visant à améliorer l' efficacité du travail d'analyse effectué par la CRF, ainsi que la qualité des renseignements diffusés aux services répressifs.

47 https://srf.dj

48 http://www.menafatf.org/information-center/djibouti-joins-menafatf-member

49 Résultats de la 29e réunion plénière de la MENAFATF sur la lutte contre le blanchiment d'argent et le financement du terrorisme, Amman, Royaume hachémite de Jordanie, 23-25 avril 2019, http://www.menafatf.org/information-center/outcome- 29ème réunion-plénière-menafatf-lutte contre le blanchiment d'argent et le financement

50 https://egmontgroup.org/en/membership/list

51 GROUPE EGMONT D'UNITÉS D'INTELLIGENCE FINANCIÈRE PRINCIPES D'ÉCHANGE D'INFORMATIONS ENTRE UNITÉS D'INTELLIGENCE FINANCIÈRE https://egmontgroup.org/en/document-library/8

Djibouti, en tant que juridiction, est:

- ne figure pas sur la liste du GAFI des juridictions sous surveillance accrue (au 21 février 2020)[55].
- non inclus dans la liste[56] des principaux pays de transit de drogues ou des principaux pays producteurs de drogues illicites , comme indiqué dans le rapport annuel de la stratégie internationale de lutte contre les stupéfiants du Département d'État américain pour les stupéfiants internationaux et l'application des lois.
- non inclus dans la liste[57] des principaux centres de blanchiment

52 https://www.srf.dj/wp-content/uploads/2017/07/Loi-110-conre-le-financement-terrorisme.pdf

53 Lutter contre les flux financiers illicites à Djibouti, (29-30 décembre 2018) https://www.globalcenter.org/events/countering-illicit-financial-flows-in-djibouti-lutter-contre-les-flux-financiers -illicites-a-djibouti /

54 COMESA «Djibouti reçoit un équipement TIC d'une valeur de plus de 110 000 $ pour lutter contre les délits financiers» (mai 2018) https://www.eac.int/press-releases/154-peace-security/1098-djibouti-receives-ict- un équipement qui vaut la peine - 110 000 $ pour lutter contre les délits financiers

55 Juridictions à haut risque et autres juridictions surveillées http://www.fatf-gafi.org/countries/#other-monitored-jurisictions

56 Rapport sur la stratégie internationale de contrôle des stupéfiants Volume I Contrôle des drogues et des produits chimiques Mars 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for -Impression-2-25-20-508.pdf

57 Rapport sur la stratégie internationale de lutte contre les stupéfiants Volume II Blanchiment d'argent mars 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-

d'argent liés aux stupéfiants , tels qu'identifiés dans le rapport annuel de la stratégie internationale de contrôle des stupéfiants du Bureau du Département d'État américain pour les stupéfiants internationaux et l'application des lois.

- non inclus dans l' indice Bâle AML 2019[58] Classement par pays et examen des risques de blanchiment de capitaux et de financement du terrorisme dans le monde

Deux mesures qui indiquent «l'état de santé» de l'efficacité des cadres de AML /C FT sont:

1. Le nombre de déclarations de transactions suspectes (DOS) ou équivalent et le nombre de déclarations de transactions en espèces (CTR) ou équivalents déposés au cours de chaque exercice
2. Pour Djibouti depuis 5 ans (2015-2020) les chiffres sont: Non disponible
3. Le nombre de poursuites pénales pour lesquelles des accusations de blanchiment de capitaux (ML) ou de financement du terrorisme (FT) ont été portées et les résultats de ces poursuites; cela devrait également inclure les demandes de saisie / confiscation d›avoir, le cas échéant.

Pour Djibouti depuis 5 ans (2015-2020) les chiffres sont: Non disponible.

INCSR-Vol-2-508.pdf

58 Basel AML Index 2019 Un classement par pays et un examen des risques de blanchiment de capitaux et de financement du terrorisme dans le monde août 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index% 202019.pdf

Deux autres mesures qui indiquent l'utilisation d'enquêtes financières dans les grandes enquêtes criminelles

Le nombre d'organismes chargés de l'application des lois qui disposent d'équipes d'enquêtes financières spécialisées d'enquêteurs financiers spécialisés

Pour Djibouti depuis 5 ans (2015-2020) les chiffres sont: Non disponible.

La participation de la CRF à l'appui des principales affaires criminelles pour faciliter la communication d'informations financières provenant du secteur financier - tant au niveau national qu'international.

Pour Djibouti depuis 5 ans (2015-2020) les chiffres sont: Non disponible

ANNEX C - LAWS AND GUIDELINES ON AML / CFT ISSUED BY THE GOVERNMENT OF ETHIOPIA

Proclamation on Prevention and Suppression of Money Laundering and the Financing of Terrorism - Proclamation No 657/2009[59]

- enacted 16 Dec 2009
- outlines key definitions and terminology, including accountable person, money laundering, proceeds of crime, property, suspicious transaction
- identification of customers
- freezing, seizure and confiscation of assets
- penal provisions - money laundering, unexplained property, financing of terrorism, other offences
- outlines the duties and roles of the Financial Intelligence Center - to be established by regulation

This has been further supplemented / replaced by the following

Financial Intelligence Centre Establishment Council of Ministers Regulation - Regulation 171/2009[60]

- enacted 12 Feb 2010
- establishes the Financial Intelligence Centre (FIC) as an autonomous government office, funded by the Government, acting in consultation with the National Bank of Ethiopia
- outlines objectives of FIC and powers & duties
- outlines Board of Directors to supervise FIC and ensure proper functioning
- outlines annual reporting of FIC

Suppression of Money Laundering and Terrorism - Proclamation 780/2013[61]

59 https://nbebank.com/wp-content/uploads/2019/04/money-laoundary.pdf
60 http://www.fic.gov.et/Content/Files/FIC%20Denb%20171.pdf
61 http://www.fic.gov.et/Content/Files/780_Eth_pro.pdf

- enacted 4 Feb 2013 (replacing Proclamation 657 / 2009)
- outlines key definitions and terminology, including: financial institution, designated non-financial businesses and professions, terrorism, politically exposed person, beneficial owner, etc
- outlines prevention of money laundering and financing terrorism including cross border transportation of cash and bearer negotiable instruments, identification of customers, enhanced & simplified due diligence, wire transfers, record-keeping, internal prevention programs,
- outlines detection of money laundering and financing of terrorism including role of FIC, relationship of FIC with foreign counterparts, reporting of suspicions,
- outlines investigations
- outlines criminal offences and penalties including money laundering, financing of terrorism, confiscation, freezing & seizing
- outlines international cooperation

Council of Ministers Regulation to Provide for Procedure for the Freezing of Terrorist's Assets - Regulation 306/2014[62]

- enacted 24 Jan 2014
- defines accountable person, designated person
- provides for FIC to issue lists of designated or convicted persons
- outlines procedures governing freezing of assets for designated persons
- outlines reporting obligations for accountable persons
- outlines FIC authority to request information from accountable persons & others
- outlines communication with United Nations
- authorises FIC to collaborate with other competent authorities,

62 http://www.fic.gov.et/en/docs.html

both domestic and international, regarding the freezing or seizing of assets

The **National Bank of Ethiopia** is the Central Bank of the Federal Democratic Republic of Ethiopia[63], responsible for maintaining price and exchange rate stability, fostering a sound financial system and undertaking such other functions as are conducive to the economic growth of Ethiopia, including managing the country's exchange rate policy and administrating the international reserves through setting limits on gold / foreign exchange; it also licenses, regulates and supervises banks, insurance companies and other financial institutions in the country, including:

Banks[64] - 18 banks of which 16 were private and 2 state owned[65]
Insurance[66] - 17 insurance companies, of which 16 were private owned[67]
Microfinance Institutions[68] - 38 micro-finance institutions (MFIs)[69]
Capital Goods Finance Companies[70] - 5

Financial Inclusion

In 2017, the percentage of Ethiopian adults holding an account with a

63 https://nbebank.com
64 https://nbebank.com/banks/
65 NATIONAL BANK OF ETHIOPIA (2020) Quarterly Bulletin Volume 36, No. 2 Second Quarter 2019/20 https://nbebank.com/wp-content/uploads/2020/02/Second-Quarter-Report-2019-20.pdf
66 https://nbebank.com/insurers/
67 NATIONAL BANK OF ETHIOPIA (2020) Quarterly Bulletin Volume 36, No. 2 Second Quarter 2019/20 https://nbebank.com/wp-content/uploads/2020/02/Second-Quarter-Report-2019-20.pdf
68 https://nbebank.com/microfinance-institutions/
69 NATIONAL BANK OF ETHIOPIA (2020) Quarterly Bulletin Volume 36, No. 2 Second Quarter 2019/20 https://nbebank.com/wp-content/uploads/2020/02/Second-Quarter-Report-2019-20.pdf
70 https://nbebank.com/capital-goods-finance-companies/

financial institution rose to 35%, however still lags behind its neighbours i.e. Kenya, where over 80% use mobile payments for utility bills. Most Ethiopians rely on cash, with 99% adults paying utility bills using cash.[71].

The National Bank of Ethiopia (NBE) has laid out an ambitious plan to boost National Financial Inclusion Strategy[72] by 2020; one of the strategies is to boost the availability and adoption of mobile money to its population of over 100 million.

Mobile Money

In April 2020, NBE issued regulations allowing non-financial services companies to offer a number of services that are core to standard mobile money platforms, with an additional option to collaborate with local banks to offer more advanced services. NBE also set out transaction and balance limits reflective of the client KYC data and risk level[73]. Provision of such services will be restricted to locally owned non-financial institutions[74]. It is estimated that there are 45 million mobile subscribers in Ethiopia and Ethiopia's leading mobile money service M-Birr already serves 2 million Ethiopians; it is hoped that by opening the market Ethiopia will join Africa's rapid adoption of mobile money services[75]. Current regulations restrict the service to domestic

71 MENGISTU BESSIR, World Bank Blogs, June 18, 2018 Financial inclusion in Ethiopia: 10 takeaways from the latest Findex https://blogs.worldbank.org/africacan/financial-inclusion-in-ethiopia-10-takeaways-from-findex-2017
72 National Bank of Ethiopia, April 2017, National Financial Inclusion Strategy https://nbebank.com/wp-content/uploads/pdf/useful-links/ethiopian-national-financial-Inclusion-strategy.pdf
73 Donkin C, Mobile World Live, 1 April 2020 Ethiopia opens mobile money to newcomers https://www.mobileworldlive.com/money/news-money/ethiopia-opens-mobile-money-option-to-newcomers/
74 VOA April 2, 2020 Ethiopia Opens Up Mobile Money Services to Local Non-Financial Firms https://www.voanews.com/africa/ethiopia-opens-mobile-money-services-local-non-financial-firms
75 Samuel Getachew, Quartz Africa, April 2, 2020 Ethiopia is opening up its mobile money market to new players https://qz.com/africa/1831449/ethiopia-opens-ups-mobile-money-to-

transactions only; cross border mobile money is prohibited[76].

Currency and Forex Restrictions

NBE has imposed strict currency and foreign exchange restrictions on Ethiopians and Residents of Ethiopia, who need to surrender all foreign currency in their possession within 45 days of acquisition; passengers are allowed to carry cash of upto ERB 1,000 and a maximum of USD$3,000 (or equivalent) may be brought into / taken out of the country[77].

Remittances

International Organisation for Migration (IOM) report[78] (2017) cites that as such as 78% of total remittances into Ethiopia be sent through informal channels, and that International Monetary Fund (IMF) figures place the total value of remittances into Ethiopia at USD$3 to 3.5 billion (2014/2015), based on NBE estimated of USD$3.7 billion (2015) or 7.4% of GDP. The World Bank estimates a far lower USD$624 million (2014), the difference being "cash transfers" from private individuals, which NBE estimates at USD$2.7 billion (2014/2015), four times the World Bank estimate. The main sending countries, from Ethiopians around the world, are Kingdom of Saudi Arabia (KSA), South Africa, UAE, Oman, Lebanon, Qatar, Bahrain, and Yemen. Due to lack of the relatively high cost of remittances, most of the Ethiopian diaspora choose informal channels of money transfer. Informal remittances are those that do not pass through the officially regulated businesses including

new-players/

76 Margarete Biallas, John Ngahu, IFC, IFC MOBILE MONEY SCOPING COUNTRY REPORT: ETHIOPIA https://www.ifc.org/wps/wcm/connect/Ethiopia+Market+Scoping+Report.pdf

77 Abdur Rahman Alfa Shaban, 19 Dec 2017, AfricaNews, Ethiopia moves to combat forex trading on the back market, https://www.africanews.com/2017/12/19/ethiopia-moves-to-combat-forex-trading-on-black-market//

78 Leon Isaacs, August 2017, International Organization for Migration (IOM) https://www.iom.int/sites/default/files/press_release/file/iom-ethiopia-executive-summary-21.pdf

hand carrying foreign currency, giving foreign currency to someone travelling to Ethiopia, using an unregulated money transfer operator (Hawala), or sending physical goods. However, the government has made considerable strides in recent years to encourage the flow of formal remittances[79].

International money transfers are provided **MoneyGram**[80] (through local financial institutions), **Western Union**[81] (through local financial institutions), **Ria Financial**[82] (through local agents) and **Dahabshiil**[83] (through local agents).

The **Financial Intelligence Centre** (FIC)[84] is Ethiopia's independent, administrative Financial Intelligence Unit (FIU), which began operations on 12 Feb 2010, has the following objectives[85]:

- being able to control & suppress Money Laundering and Financing of Terrorism through setting compliance framework that enables international and national obligations and laws to be properly effected and respected.
- increasing the capacity of providing quality and timely financial intelligence to protect the Nation's financial and commercial system from such crimes and contribute its beset in the process ensuring its security.

79 Xpress Money August 14th, 2018 Remittances, Writing Ethiopia's Success Story https://www.xpressmoney.com/blog/industry/remittances-writing-ethiopias-success-story/

80 https://www.moneygram.com/mgo/us/en/locations

81 https://www.westernunion.com/gb/en/agent-locator.html

82 https://www.riamoneytransfer.com/gb/en/ria-locator

83 https://www.dahabshiil.com/agents

84 http://www.fic.gov.et/en/about.html

85 MUHEREZA KYAMUTETERA APRIL 22, 2020 The CEO East Africa Magazine "Meet Sydney Asubo, Uganda's chief hunter of money launderers and terrorism financiers" https://www.ceo.co.ug/meet-sydney-asubo-ugandas-chief-hunter-of-money-launderers-and-terrorism-financiers/

These are achieved through the following primary functions[86]:

- to collect, store, analyse, and disseminate financial intelligence and information on money laundering, the financing of terrorism, and other related offences;
- to investigate allegations of money laundering, the financing of terrorism, and other related offences and refer cases to the relevant authorities, including police and the state prosecutor;
- to ensure compliance by and conduct inspections and supervision of accountable
- persons with the requirements of the AML law;
- to enhance public awareness about money laundering and terrorist financing; and
- to collaborate with other government agencies and the financial intelligence units (FIUs) of other countries in sharing information or technical assistance based on treaties or other legal authority.

It was reported[87] that, in collaboration with the Information Network Security Agency (INSA)[88],the FIC has developed, tested, and installed its own software capable of receiving STRs and CTRs online, as well as analysing cases and disseminating reports. Reporting entities use the software to submit their STRs / CTRs electronically. Furthermore, INSA has provided basic infrastructure, technical training, and maintenance services to the FIC, NBE,

86 TU'EMAY AREGAWI DESTA (Feb 2013) Center on Global Counterterrorism Cooperation The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia - Second Assessment Report https://globalcenter.org/wp-content/uploads/2013/03/13Feb27_EthiopianFIC-SecondAsmntRpt_TAD_Final.pdf

87 TU'EMAY AREGAWI DESTA (Feb 2013) Center on Global Counterterrorism Cooperation The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia - Second Assessment Report https://globalcenter.org/wp-content/uploads/2013/03/13Feb27_EthiopianFIC-SecondAsmntRpt_TAD_Final.pdf

88 INSA is the public agency responsible for the protection, maintenance, and development of applied software and network security

and reporting agencies. INSA has conducted a study to upgrade the software to make it fully comprehensive and compliant with international standards, covering all aspects of AML/CFT reporting, analysis, dissemination, and data management systems. The FIC has designed and implemented a procedural manual for reporting on and disseminating STRs and CTRs and has referred cases for criminal or administrative investigations[89].

The FIC has issued guidelines and directives on the following:

Financial Anti-Money Laundering and Countering the Financing of Terrorism Compliance - Directive No. 01/2014[90]:

- enacted Jan 2014
- defines account, beneficiary, cross border transaction, domestic transaction, Enhanced Due Diligence, financial institution, high risk categories (both customer risk factors, geographic risk factors, product risk factors), Politically Exposed Persons (PEPs), shell banks, simplified CDD, suspicious transaction
- outlines the requirement for Internal Policies, Controls, and Procedures, Board governance, testing for adequacy, cooperation with competent authorities
- outlines Know Your Customer (KYC) and client identification procedures (both natural persons, legal persons or arrangements)
- outlines Customer Due Diligence (CDD) measures, including Enhanced Customer Due Diligence, determination of PEPs, correspondent banking, wire transfers
- lists predicate offences under Identification of Proceeds of

89 TU'EMAY AREGAWI DESTA (Feb 2013) Center on Global Counterterrorism Cooperation The Anti-Money Laundering and Countering Terrorist Financing Regime in Ethiopia - Second Assessment Report https://globalcenter.org/wp-content/uploads/2013/03/13Feb27_EthiopianFIC-SecondAsmntRpt_TAD_Final.pdf

90 http://www.fic.gov.et/Content/Files/FI%20CDD%202014.pdf

Crime
- outlines monitoring and reporting of cash and suspicious transactions including suspicious transaction "red flags"
- prescribes a threshold of ETB300,000 (or USD15,000 or equivalent) for reporting cash transactions
- outlines employee awareness and training
- outlines record keeping

Designated Non-Financial Business and Professions Anti Money Laundering and Countering the Financing of Terrorism Compliance - Directive No. 02/2016[91]

- enacted 27 April 2016
- defines account, beneficiary, cross border transaction, domestic transaction, Enhanced Due Diligence, financial institution, high risk categories (both customer risk factors, geographic risk factors, product risk factors), Politically Exposed Persons (PEPs) & immediate family members & close associates, shell banks, simplified CDD, suspicious transaction
- applies to
- real estate agents, developers and brokers involved in real estate transactions,
- miners and dealers in precious stones and metals,
- lawyers, notaries, other legal professionals and accountants,
- trust service providers
- outlines the requirement for Internal Policies, Controls, and Procedures, Board or senior management governance, testing for adequacy, cooperation with competent authorities
- outlines Know Your Customer (KYC) and client identification procedures (both natural persons, legal persons or arrangements)

91 http://www.fic.gov.et/Content/Files/DNFBPs'%20directive.pdf

- outlines Customer Due Diligence (CDD) measures, including Enhanced Customer Due Diligence, determination of PEPs, correspondent banking, wire transfers
- lists predicate offences under Identification of Proceeds of Crime
- outlines monitoring and reporting of cash and suspicious transactions including suspicious transaction "red flags" for lawyers, for accountants, for real estate agents, for dealers in precious stones and metals, for notaries, and general suspicious activity
- prescribes a threshold of ETB300,000 (or USD15,000 or equivalent) for reporting cash transactions, either as a single transaction or series of transactions in 24 hrs
- outlines employee awareness and training
- outlines record keeping

Suspicious Transaction Detection and Reporting Guidelines for Financial Institutions - Directive No. 02/2019[92]

- enacted April 2019
- definitions, including virtual currency, money mules, TBML,
- outlines identifying suspicious transactions,
- provides examples of red flag indicators for
- account opening
- cash transactions
- cross border wire transactions
- insurance companies
- TBML, including under invoicing of goods and services, over invoicing of goods, falsified invoicing on goods, fictitious / phantom invoicing
- tax evasion, hawala, goods and currency smuggling, human trafficking, corruption, fraud

92 http://www.fic.gov.et/Content/Files/STR-Guideline.pdf

OVERALL

Ethiopia, as a jurisdiction is:

- is NOT included on the **FATF list of Jurisdictions under Increased Monitoring** (as at 21 Feb 2020)[93]
- NOT included in the list[94] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for **International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report** - but it is included in a case study on drugs trafficking as a transportation hub - through its main international airport in Addis Ababa.
- NOT included in the list[95] of major centres of narcotics-related money laundering, as identified in the annual **US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report**
- NOT included in the **Basel AML Index 2019**[96] country ranking and review of money laundering and terrorist financing risks around the world

93 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions

94 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf

95 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

96 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf

Ethiopia was INCLUDED in the 2016 **US INCSR** report[97] on money laundering as a "Monitored Jurisdiction", however has NOT been included in subsequent reports[98].

Ethiopia has ratified the **United Nations Convention against Transnational Organized Crime**[99] (w.e.f 23 July 2007), which commits states to taking a series of measures against transnational organized crime, including the creation of domestic criminal offences (participation in an organized criminal group, money laundering, corruption and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities.

Ethiopia is a MEMBER of FATF[100] regional body ESAAMLG[101] since Sept 2013.

Ethiopia has undergone a Mutual Evaluation[102] (ME) of its Anti Money Laundering (AML) and Combatting Terrorist Financing (CFT) legislation and procedures in 2015, with Follow-Up Reports (FUR) in Sept 2018 and

97 US Department of State, 2016 International Narcotics Control Strategy Report (INCSR), Countries and Jurisdictions Table https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253369.htm

98 US Department of State, International Narcotics Control Strategy Reports https://www.state.gov/international-narcotics-control-strategy-reports/

99 United Nations Convention against Transnational Organized Crime, Status of Treaties, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en

100 Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog and inter-governmental body that sets international standards adopted by 200 countries and jurisdictions http://www.fatf-gafi.org

101 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation https://www.esaamlg.org/index.php/countries

102 https://www.esaamlg.org/index.php/Countries/readmore_members/Ethiopia

Sept 2019.

Ethiopia was REMOVED from the FATF's "Jurisdictions with Strategic Deficiencies" list[103] (w.e.f. 18 Oct 2019), having agreed an action plan with FATF in February 2017;

Ethiopia was INCLUDED (w.e.f 13 Feb 2019) on the EU Commission list[104] of third countries with weak anti-money laundering and terrorist financing regimes; following progress made, the Commission has REMOVED 6 countries from the EU list[105] (w.e.f 7 May 2020) including **Ethiopia**

In **Ethiopia**'s **Mutual Evaluation Report**[106] (May 2015) it was reported that to coordinate policy on AML / CFT, the National Committee for AML / CFT had been established 6 years previously, chaired by the Minister of Finance and Economic Development.

In **Ethiopia**'s **Mutual Evaluation Report** (May 2015) it was reported[107] that a National Risk Assessment was being conducted. This was completed in 2016 and assessed[108] ML risk as MEDIUM and TF risk a MEDIUM-HIGH. This would be very important in helping understanding AML / CFT risks to Ethiopia and developing a coordinated response to mitigate such risks.

Ethiopia's **Anti-Money Laundering and Countering the Financing of**

103 https://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-october-2019.html

104 https://ec.europa.eu/commission/presscorner/detail/en/IP_19_781

105 https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_821

106 ESAAMLG (May 2015) Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia https://esaamlg.org/reports/Ethiopia_AML-CFT_Assessment.pdf

107 ESAAMLG (May 2015) Mutual Evaluation Report - The Federal Democratic Republic of Ethiopia https://esaamlg.org/reports/Ethiopia_AML-CFT_Assessment.pdf

108 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

Terrorism Council has officially launched its operations[109] in May 2019; the Council is composed of members from Foreign Affairs, Finance, Revenues, Mines and Energy, Urban Development and Construction, Trade and Industry as well as Transport ministries, in addition to senior representatives from National Bank of Ethiopia (NBE), Federal Police, National Intelligence Security Service (NISS), Federal Ethics and Anti-Corruption Commission (FEACC) and other institutions

Ethiopia's **National Anti-Money Laundering & Combating the Financing of Terrorism Policy**[110] highlights **the major ML / FT threats:**

- corruption
- tax fraud / evasion
- human trafficking and migrant smuggling
- goods smuggling (contraband)
- hawala
- fraud

Ethiopia's **Financial Intelligence Center** (FIC) is a member of the Egmont Group of Financial Intelligence Units[111] w.e.f 3 July 2019. This is a significant achievement. It also means that international information requests with peer FIUs can be conducted through Egmont Secure Web[112].

Ethiopia's FIC

109 African Press Agency 30 May 2019 Ethiopia launches operations to control money laundering ,terrorism http://apanews.net/en/news/ethiopia-launches-operations-to-control-money-laundering-terrorism

110 National Anti-Money Laundering & Combating the Financing of Terrorism Policy (undated) http://www.fic.gov.et/Content/Files/NAML-Policy.pdf

111 https://egmontgroup.org/en/content/ethiopia-ethiopian-financial-intelligence-centre

112 Bob Koigi, Africa Business Communities, 31 July 2019, Ethiopia, Uganda join Egmont Group's financial intelligence network https://africabusinesscommunities.com/news/ethiopia-uganda-join-egmont-groups-financial-intelligence-network/

- have established MOUs / partnerships with key Government agencies[113]
- have signed 12 MOUs with foreign FIUs for information exchange[114] (although with Egmont membership information exchange can be facilitated through the Egmont Secure Web)
- meet with compliance managers from financial institutions every quarter to provide feedback on ML trends and techniques; have not yet started providing feedback with DNFBPs[115]

113 ESAAMLG (September 2019) Ethiopia 6th Enhanced Follow-Up Report and Technical Compliance Re-Rating Follow-Up Report https://esaamlg.org/reports/FUR%20Ethiopia-%20September%202019.pdf

114 ESAAMLG (September 2019) Ethiopia 6th Enhanced Follow-Up Report and Technical Compliance Re-Rating Follow-Up Report https://esaamlg.org/reports/FUR%20Ethiopia-%20September%202019.pdf

115 ESAAMLG (September 2019) Ethiopia 6th Enhanced Follow-Up Report and Technical Compliance Re-Rating Follow-Up Report https://esaamlg.org/reports/FUR%20Ethiopia-%20September%202019.pdf

ANNEX F LAWS AND GUIDELINES ON AML/CFT ISSUED BY THE GOVERNMENT OF KENYA

Anti Money Laundering / Countering Terrorist Financing Framework

Proceeds of Crime and Anti Money Laundering Act (POCAMLA) 2009[116]

- enacted 31 Dec 2009 (commenced 28 June 2010)
- defines financial institutions, designated non-financial businesses or professions, money laundering, proceeds of crime, property, reporting institutions
- establishes the offence of money laundering
- establishes the Financial Reporting Centre (FRC) as a body corporate, and outlines its functions and powers
- outlines anti money laundering (AML) publications of a reporting institution, including obligations to monitor and report suspected money laundering activity, verify customer identity, establish and maintain customer records, establish and maintain internal reporting procedures,
- establishes the Anti-Money Laundering Advisory Board (AML Board)
- established the Assets Recovery Agency as a semi-autonomous body under the office of the Attorney-General
- outlines proceedings on criminal forfeiture, dealing with proceeds of crime, confiscation orders, restraint orders, realisation of property
- outlines proceedings on civil forfeiture, recovery & presentation of property, forfeiture of property
- outlines use of production orders and search warrants
- outlines international assistance in investigations and proceedings

This has been further supplemented / enhanced by the following:

116 http://kenyalaw.org/kl/fileadmin/pdfdownloads/bills/2009/200913.pdf

Proceeds of Crime and Anti Money Laundering Act (POCAMLA) 2009 [Rev 2012][117]
Proceeds of Crime and Anti Money Laundering Act (POCAMLA) 2009 [Rev 2016][118]
Proceeds of Crime and Anti Money Laundering (Amendment) Act No. 3 of 2017[119]
Proceeds of Crime and Anti Money Laundering Act (POCAMLA) 2009 [Rev 2018][120]
Proceeds of Crime and Anti Money Laundering Act (POCAMLA) 2009 [Rev 2019][121]

A further component of the AML legislation is the POCAMLR (2013):

Proceeds of Crime and Anti-Money Laundering Regulations (POCAMLR) 2013[122]
enacted March 2013

- defines beneficial owner, know your customer (KYC), Money Laundering Reporting Officer (MLRO), money or value transfer services, shell bank
- outlines further roles & responsibilities for the Financial

117 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/10-proceeds-of-crime-and-anti-money-laundering-act-2012.html
118 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/34-proceeds-of-crime-and-anti-money-laundering-act-2009-revised-2016.html
119 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/31-the-proceeds-of-crime-and-anti-money-laundering-amendment-act-2017.html
120 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/60-proceeds-of-crime-and-anti-money-laundering-act-9-of-2009-revised-2018.html
121 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/67-proceeds-of-crime-and-anti-money-laundering-act-9-of-2009-revised-2019.html
122 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/11-proceeds-of-crime-and-anti-money-laundering-regulations-2013.html

Reporting Centre (FRC)
- outlines obligations of reporting institutions: use of new technologies, reporting of cross border transactions of USD$10,000 (or equivalency), need to appoint an MLRO, anonymous or fictitious accounts, customer due diligence (CDD), information on natural & legal persons, partnerships, trusts, introducers, establishment of ultimate beneficiaries, Politically Exposed Persons (PEPs), correspondent banking, prohibition on dealings with shell banks, wire transfers, legitimacy of source of funds (SoF)
- outlines reporting requirements: reporting of suspicious activity (within 7 days of activity), reporting of cash transactions of USD$10,000 (or equivalency) (weekly), filling an annual compliance report (by 31 Jan)
- authorises the FRC to issue directives and guidelines

In the efforts in combatting the financing of terrorism (CFT),

The Prevention of Terrorism Act (POTA) 2012[123]

- enacted 24 Oct 2012
- defines financial institution, property, terrorist act, terrorist group, terrorist property,
- the offence of commission of a terrorist act and the following actions related to the commission of terrorist act: collection or provision of services, possession / dealing / controlling of property, soliciting & giving support, harbouring, provision of weapons, recruiting & training & related offences
- investigation of offences: powers of arrest, remand, powers to gather information (including interception of communications), power to seize property

123 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/12-prevention-of-terrorism-act-2012.html

- duty to disclose information relating to property of terrorist groups to FRC

This has been further supplemented by

The Prevention of Terrorism (Implementation of the United Nations Security Council Resolutions on Suppression of Terrorism) Regulations (POTR) 2013[124]

- enacted 12 Nov 2013
- defines designated entity, domestic list, reporting institution, sanctions list, terrorism financing
- establishes the Counter Financing of Terrorism Inter-Ministerial Committee and outlines its functions and powers
- outlines actions to be taken on receipt sanctions lists
- outlines the compilation of a domestic list
- requires reporting institutions to monitor for activity associated with designated entities on sanctions and domestic lists

The **Central Bank of Kenya** (CBK) is the central bank of the Republic of Kenya[125], responsible for the formulation and implementation of monetary policy, issuing currency, as well as regulating & supervising financial institutions, including[126]:

- Local Public[127] Commercial Banks[128] (3)

124 http://www.frc.go.ke/downloads/send/2-acts-and-regulations/13-prevention-of-terrorism-regulations-2013.html
125 https://www.centralbank.go.ke
126 https://www.centralbank.go.ke/uploads/cbk_annual_reports/665458124_Annual%20Report%202917%2018%20low%20resolution.pdf.
127 Public = defined as the majority shareholding is owned by Kenyan Government
128 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf

- Local Private[129] Commercial Banks[130] (24) -
- Foreign[131] Commercial Banks[132] (15)
- Mortgage Finance Company[133] (1)
- Forex Bureaus[134] (70) - with 106 outlets around Kenya
- Microfinance Banks[135] (13)
- Credit Reference Bureau[136] (3)
- Money Remittance Providers[137] (19)
- Non-Operating Bank Holding Companies (8)
- Representatives Offices of Foreign Banks[138] (9)

The CBK has issued a number of banking circulars on AML / CFT

- **Banking Circular No.7 of 2012 Suspicious Transaction Reports (STRs)[139]**
- **Banking Circular No.8 of 2012 Suspicious Transaction**

129 Private = defined as the controlling shareholders are domiciled in Kenya
130 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
131 Foreign = defined as over 50% foreign ownership (12 are local subsidiaries of foreign banks; 3 are local branches of foreign banks)
132 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
133 https://www.centralbank.go.ke/wp-content/uploads/2020/02/Directory-of-Commercial-Banks-Mortgage-Finance-Institutions-NOHC-Feb-2020.pdf
134 https://www.centralbank.go.ke/wp-content/uploads/2020/01/Directory-of-Licenced-FXBs.pdf
135 https://www.centralbank.go.ke/wp-content/uploads/2020/01/Directory-of-Licenced-Microfinance-Banks.pdf
136 https://www.centralbank.go.ke/wp-content/uploads/2016/06/Directory-of-Licenced-CRBs-.pdf
137 https://www.centralbank.go.ke/wp-content/uploads/2020/01/Directory-of-Licenced-Money-Remittance-Providers-.pdf
138 https://www.centralbank.go.ke/wp-content/uploads/2020/01/Directory-of-Authorised-Representative-Offices-.pdf
139 https://www.centralbank.go.ke/uploads/banking_circulars/751425116_Banking%20Circular%20No%207%20of%202012%20-%20Suspicious%20Transaction%20Reports.pdf

Reports (STRs)[140]

- **Banking Circular No 2 of 2014 - Implementation of the UN Security Council Resolutions on Central African Republic**[141]
- **Banking Circular No 5 of 2014 - Implementation of the UN Security Council Resolutions on Central African Republic**[142]
- **Banking Circular No 2 of 2015 - Implementation of the UN Security Council Resolutions on Sudan**[143]
- **Banking Circular No.12 of 2015 Compliance with the Anti Money laundering (AML) and Countering the Financing of Terrorism Laws, Regulations and Prudential Guidelines**[144]
- **Banking Circular No 1 of 2016 - Additional Guidelines on Large Cash Transactions**[145]
- **Banking Circular No. 4 of 2017 - Implementation of the UN Security Council Resolutions on South Sudan**[146]

140 https://www.centralbank.go.ke/uploads/banking_circulars/182954044_Banking%20Circular%20No%208%20of%202012%20-%20Suspicious%20Transaction%20Reports%20(STRs).pdf

141 https://www.centralbank.go.ke/uploads/banking_circulars/732590154_Banking%20Circular%20No%202%20of%202014%20-%20Implementation%20of%20the%20UN%20Security%20Council%20Resolutions%20on%20Central%20African%20Republic.pdf

142 https://www.centralbank.go.ke/uploads/banking_circulars/1507144427_Banking%20Circular%20No%205%20of%202014%20-%20Implementation%20of%20the%20UN%20Security%20Council%20Resolutions%20on%20Central%20African%20Republic.pdf

143 https://www.centralbank.go.ke/uploads/banking_circulars/841432260_Banking%20Circular%20No%202%20of%202015%20-%20Implementation%20of%20the%20UN%20Security%20Council%20Resolutions%20on%20Sudan.pdf

144 https://www.centralbank.go.ke/uploads/banking_circulars/1255260049_Banking%20Circular%20No%2012%20of%202015%20-%20Compliance%20with%20the%20AML-CFT%20Law.pdf

145 https://www.centralbank.go.ke/uploads/banking_circulars/1458058789_Banking%20Circular%20No%201%20of%202016%20-%20Additional%20Guidelines%20on%20Large%20Cash%20Transactions.pdf

146 https://www.centralbank.go.ke/uploads/banking_circulars/113446462_Banking%20

- **Banking Circular No. 2 of 2018 - Guidance Note on Money Laundering Risk Assessment**[147]
- Guidance Note on Money Laundering Risk Assessment[148]
- Banking Circular No. 2 of 2019 - Independent Review of AML-CFT Compliance Program[149]

Remittances

It is reported[150] that Kenya's remittances from diaspora in cumulative inflows in the 12 months to March 2020 totalled USD 2,838 million, a growth of 4.3 per cent, with the majority coming from the United States and Britain. Uganda is the third biggest source of remittances[151] to Kenya with an estimated KES 19 billion, closely followed by Tanzania, Canada and Australia. Kenya is the 4th largest receiver of remittances in Africa (behind Egypt, Nigeria, and Ghana).

Remittances are now Kenya's leading source of foreign exchange (forex), ahead of tourism and agricultural exports such as tea, coffee and horticulture,

Circular%20No%20%204%20%20of%202017%20-%20Commercial%20Banks%20and%20Mortgage%20Finance%20Companies%20(2).pdf

147 https://www.centralbank.go.ke/uploads/banking_circulars/985992065_Banking%20Circular%20No.%202%20of%202018%20-%20Guidance%20Note%20on%20Money%20Laundering%20Risk%20Assessment.pdf

148 https://www.centralbank.go.ke/uploads/banking_circulars/985992065_Banking%20Circular%20No.%202%20of%202018%20-%20Guidance%20Note%20on%20Money%20Laundering%20Risk%20Assessment.pdf

149 https://www.centralbank.go.ke/uploads/banking_circulars/16622614_Banking%20Circular%20No.%202%20of%202019%20-%20Independent%20Review%20of%20AML-CFT%20Compliance%20Program.pdf

150 Jackson Okoth April 27, 2020 The Kenyan Wall Street Kenya's March Diaspora remittances defy COVID-19 https://kenyanwallstreet.com/kenyas-march-diaspora-remittances-defy-covid-19/

151 People Daily Dec 3rd, 2019, Kenya's diaspora remittances to hit record high: World Bank https://www.pd.co.ke/business/kenyas-diaspora-remittances-to-hit-record-high-world-bank-15542/

helping to stabilise the Kenyan Shilling (KES).

The Central Bank of Kenya conducts a survey[152] on remittance inflows every month through formal channels that include commercial banks and other authorised international remittances service providers in Kenya.

Local banks have entered partnerships with remittance service providers that allow them to handle larger volumes of inflows. International money transfers are provided **MoneyGram**[153] (through licensed banks and forex bureaus) , **Western Union**[154] (through licensed banks and forex bureaux), **Ria Financial**[155] (through branches) and **Dahabshiil**[156] (through agents). The expansion of the popular M-Pesa service beyond Kenya's borders is also helping, with direct cash transfers on mobile making it easier for the millions who actively use mobile money to receive money instantly from relative abroad.[157]

Cash / Financial Inclusion / Mobile Money

Kenyan has been a predominately cash based economy and cash is still the most frequent payment mode in many areas of usage[158]: Monthly bills (67% pay in cash), School Fees (66% pay in cash), Daily expenses (98% in cash), Sending / giving money in Kenya (51% in cash), Receiving money in Kenya

152 https://www.centralbank.go.ke/diaspora-remittances/
153 https://www.moneygram.com/mgo/us/en/locations
154 https://www.westernunion.com/gb/en/agent-locator.html
155 https://www.riamoneytransfer.com/us/en/ria-locator
156 https://www.dahabshiil.com/agents
157 CHARLES MWANIKI JULY 8, 2019 Business Daily Africa Kenya diaspora remittances top in East Africa https://www.businessdailyafrica.com/datahub/Kenya-diaspora-remittances-top-in-East-Africa/3815418-5187522-vyrsde/index.html
158 Bitcoin KE August 12, 2019 The State of Financial Inclusion in Kenya – July 2019 Financial Inclusion Report by FSD Kenya https://bitcoinke.io/2019/08/the-state-of-financial-inclusion-in-kenya-july-2019-report-fsd-kenya/

(52% in cash)

With a strategy for greater financial inclusion, providing greater access to financial products & services to more people, Kenyan is leading the continent with 82.9% of the adult population now having access to at least one financial product[159]. The main facilitator of this is the phenomenal growth of mobile phone service providers, and through them associated mobile financial service providers.

Growth in Digital Financial Inclusion over the period 2007-2018 (CBK)[160]:

	2007	2018
Mobile subscribers (millions)	11.34	49.5
Active Mobile Money Agents	1,582	223,931
Avg value of transactions (daily) (KES millions)	126.67	12,666.7
Value of transactions annual (KES billions)	3.8	367.77

Currently, the main **Mobile Phone Financial Services** (MFS) providers in Kenya are:

- Safaricom (M-PESA)
- Airtel (Airtel Money)
- Telkom (T-Kash)
- Finserve Africa Ltd (Equitel)

159 Tom Collins, 22/09/2019 New African Magazine Kenya top performer for financial inclusion in Africa https://newafricanmagazine.com/19898/
160 CENTRAL BANK OF KENYA ANNUAL REPORT & FINANCIAL STATEMENTS 2017/18 https://www.centralbank.go.ke/uploads/cbk_annual_reports/665458124_Annual%20Report%202917%2018%20low%20resolution.pdf

- Mobile Pay Ltd (Tangaza)

With the growing emergence of mobile money service providers, the Central Bank of Kenya (CBK) has issued the following AML guidelines for the sector:

Anti-Money Laundering Guidelines for the Provision of Mobile Payment Services 2013[161]

- enacted Oct 1, 2013
- defines "mobile payment service provider", "payee", "payer", "payment account", "payment instrument", ""points of service", "proceeds of crime"
- mobile payment service providers must put in place transaction or payment account limits, with investigations carried out for
- any account exceeding a daily turnover of KES 100,000
- any personal account transacting more than KES 300,000 per week
- mobile payment service providers must conduct identity checks on account holders
- mobile payment service providers must put in place money laundering systems and controls, submit a monthly report to the Central Bank

The **Financial Reporting Centre** (FRC) Kenya's independent Financial Intelligence Unit (FIU), which began operations on 12 April 2012, has the following objectives[162]:

to assist in the identification of the proceeds of crime and combatting money laundering

161 https://www.centralbank.go.ke/images/docs/NPS/Regulations%20and%20Guidelines/Guidelines%20-%20Mobile%20money%20AML%20Guidelines.pdf

162 http://www.frc.go.ke/about-frc/mandate.html

make information collected by FRC available to investigating authorities and supervisory bodies to facilitate the administration and enforcement of the laws of Kenya
ensure compliance with international standards and best practice in anti money laundering measures
exchange information on money laundering activities and related offences with similar bodies in other countries

The FRC is governed and advised by the **Anti Money Laundering Board**[163] (AML Board).

The FRC outlines some of the categories of reporting institutions as defined by POCAMLA including Financial Institutions and Designated Non-Financial Businesses and Professions (DNFBPs) and the regulators that regulate them[164]:

Central Bank of Kenya

- Commercial Banks and Mortgage Finance Institutions
- Microfinance Institutions
- Foreign Exchange Bureaus
- Money Remittance Service Providers

Capital Markets Authority

- Approved Institutions
- Stockbrokers
- Investment Banks
- Fund Managers
- Investment Advisors

163 http://www.frc.go.ke/about-frc/aml-board.html

164 http://www.frc.go.ke/registration/reporting-institutions.html

Insurance Regulatory Authority

- Insurance Brokers
- Insurance Providers
- Insurance Agents

Betting Control and Licensing Board

- Casinos (including Internet Casinos)

NGO Coordination Board

- Non-Governmental Organisations
- Institute of Certified Public Accountants of Kenya
- Accountants (sole practitioners or partners in professional firms)

Estate Agents Registration Board

- Estate Agents

Retirement Benefits Authority

- Administrators
- Fund Managers
- Custodians

Unregulated - FRC will deal with these reporting institutions directly:

- Motor Vehicle Dealerships
- Real Estate
- Dealers in Precious Metals
- Dealers in Precious Stones

The FRC have issued guidelines on the following

Reporting Cash Transactions

- Cash Transaction Reporting Guide[165]
- Cash Transaction Reporting Template (July 2016)[166]

Reporting Suspicious Transactions

- Suspicious Transaction Reporting Guide[167]
- Suspicious Transaction Reporting Template (updated July 2018)[168]
- Guidance to Reporting Institutions on Suspicious Transaction and Activity Reporting[169] (May 2017) - with sector specific indicators

Annual Compliance

- FRC Circular No.1 of 2019- Filing Annual Compliance Report 2019 (16 Dec 2019)[170]
- Annual Compliance Report Template (2019)[171]

Sanctions Lists

165 http://frc.go.ke/downloads/send/3-templates-and-guides/3-ctr-reporting-guide.html
166 http://frc.go.ke/downloads/send/3-templates-and-guides/6-ctr-template.html
167 http://frc.go.ke/downloads/send/3-templates-and-guides/4-str-reporting-guide.html
168 http://frc.go.ke/downloads/send/3-templates-and-guides/40-str-template-v2-jul-2018.html
169 http://frc.go.ke/downloads/send/6-for-your-information/35-guidance-to-reporting-institutions-on-suspicious-transaction-and-activity-reporting.html
170 http://frc.go.ke/downloads/send/6-for-your-information/61-frc-circular-no-1-of-2019.html
171 http://frc.go.ke/downloads/send/6-for-your-information/62-annual-compliance-report-template-2019.html

- UNSC 1267 Sanctions List[172]
- UNSC 1373 Sanctions List[173]

Kenya, as a jurisdiction is:

- NOT included on the **FATF list of Jurisdictions under Increased Monitoring** (as at 21 Feb 2020)[174];
- IS INCLUDED in the list[175] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for **International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report -** *Kenya is a significant transit country for a variety of illicit drugs, including heroin and cocaine, and domestic drug consumption is growing within the country. Precursor chemicals used to produce methamphetamine and other illicit drugs continue to transit Kenya. Cannabis and miraa (khat) are grown domestically for both local use and export.*
- IS INCLUDED in the list[176] of major centres of narcotics-related money laundering, as identified in the annual **US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report -** *Kenya remains vulnerable to money laundering, financial fraud, and terrorism financing. It is the financial hub of East Africa and is at the forefront of mobile banking. Money laundering occurs in the formal and informal sectors, deriving from domestic and foreign*

172 http://www.frc.go.ke/reporting/2016-11-18-07-27-13/unsc-1267-list.html
173 http://www.frc.go.ke/reporting/2016-11-18-07-27-13/unsc-1373-list.html
174 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions
175 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf
176 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

criminal operations. Criminal activities include transnational organized crime, cybercrime, corruption, smuggling, trade invoice manipulation, illicit trade in drugs and counterfeit goods, trade in illegal timber and charcoal, and wildlife trafficking.

- IS INCLUDED in the **Basel AML Index 2019**[177] country ranking and review of money laundering and terrorist financing risks around the world - Kenya has a score of 7.33 - the 7th highest risk of ML (out of 125 countries)
- Acceded the **United Nations Convention against Transnational Organized Crime**[178] (w.e.f 16 June 2004), which commits states to taking a series of measures against transnational organized crime, including the creation of domestic criminal offences (participation in an organized criminal group, money laundering, corruption and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities.
- Kenya is a member of FATF[179] regional body ESAAMLG.[180]
- Kenya has undergone a Mutual Evaluation[181] of its Anti Money Laundering (AML) and Combatting Terrorist Financing (CFT) legislation and procedures in Sept 2011, with a follow-up report

177 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/basel-aml-index/public-ranking
178 United Nations Convention against Transnational Organized Crime, Status of Treaties, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en
179 Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog and inter-governmental body that sets international standards adopted by 200 countries and jurisdictions http://www.fatf-gafi.org
180 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation https://www.esaamlg.org/index.php/countries
181 https://www.esaamlg.org/index.php/Countries/readmore_members/Kenya

in July 2017[182] and July 2018[183].There are still a number of serious discrepancies reported.

- Kenya's **Financial Reporting Centre** is NOT A MEMBER of the Egmont Group of Financial Intelligence Units[184]. This is a significant gap. It was reported that Kenya was taking steps to become a member of Egmont in mid 2015 with South Africa and Mauritius as sponsors - however it appears that this was never completed[185].
- It has been reported[186] that Kenya will conduct a **Money Laundering / Terrorist Financing National Risk Assessment** (NRA) in 2019; a Task Force has been established[187] - coordinated by the FRC - drawing in a number of stakeholders to better understand the trends and threats posed by Money Laundering and Terrorist Financing in Kenya. The Task Force, established for 1 year, has a timeline to draft the NRA by 31 Jan 2020, provide a final report by 28 Feb 2020, and a national strategy developed by 31 March 2020. Status of the report is unknown. Such exercises are crucial in understanding and formulating a strategy to counter the greatest ML / TF risks.

Kenya's FRC disseminates reports to and shares intelligence:

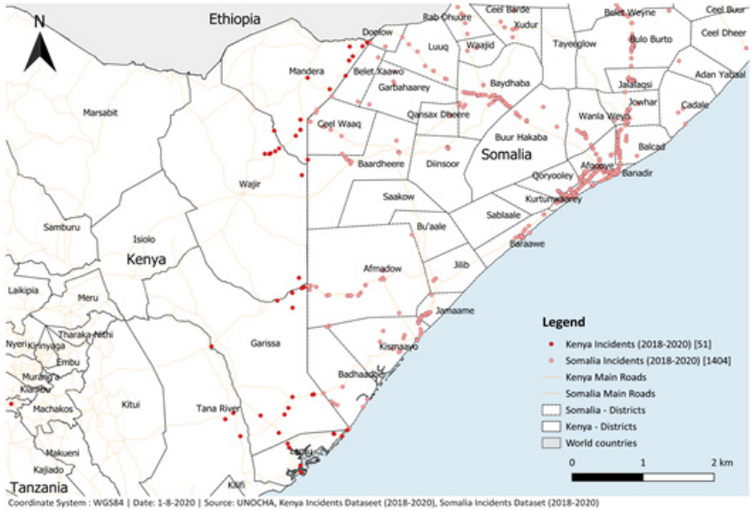
182 https://esaamlg.org/reports/Kenya%20R.pdf
183 https://esaamlg.org/reports/Progress%20Report%20Kenya-2018.pdf
184 https://egmontgroup.org/en/membership/list
185 Shetret et al, March 2015 Global Center on Cooperative Security Tracking Progress: Anti-Money Laundering and Countering the Financing of Terrorism in East Africa and the Greater Horn of Africa https://www.globalcenter.org/publications/tracking-progress-anti-money-laundering-and-countering-the-financing-of-terrorism-in-east-africa-and-the-greater-horn-of-africa/
186 MWC Legal 2019 04 15 Task Force on the National Risk Assessment (NRA) on Money Laundering and Terrorism Financing https://mwc.legal/task-force-on-the-national-risk-assessment-nra-on-money-laundering-and-terrorism-financing/
187 The Kenya Gazette Vol. CXXI—No. 34, 22 March 2019 https://africacheck.org/wp-content/uploads/2019/04/Gazette-Notice-Exchequer-Issues-Feb28-2019.pdf

- with the **National Police Service**[188] particularly on crimes relating to terrorism, fraud, money laundering, corruption
- with **Ethics and Anti-Corruption Commission**[189] particularly on crimes relating corruption
- with **Kenya Revenue Authority**[190] particularly on crimes relating to tax evasion, money laundering
- with the **Assets Recovery Agency**[191], which is created by the Proceeds of Crime and Anti-Money Laundering Act as a semi-autonomous body under the office of the Attorney-General.
- no public information is available on up to date Mutual Legal Assistance Treaties (MLATs) or Memorandum of Understanding (MOUs) with foreign FIUs for information exchange

188 http://www.frc.go.ke/national-police-service.html
189 http://www.frc.go.ke/ethics-anti-corruption-commission.html
190 http://www.frc.go.ke/kenya-revenue-authority.html
191 http://www.frc.go.ke/assets-recovery-agency.html

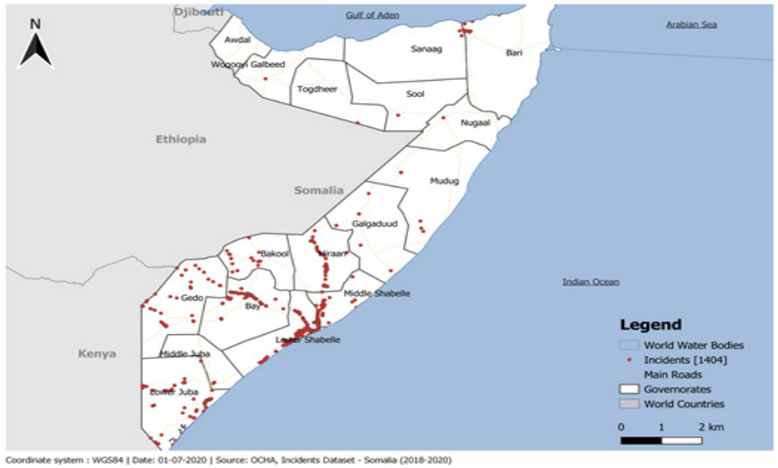
ANNEX H – DISTRIBUTION OF IED ATTACKS IN SOMALIA AND KENYA

Incidents overview 2018-2020 in Kenya and Somalia



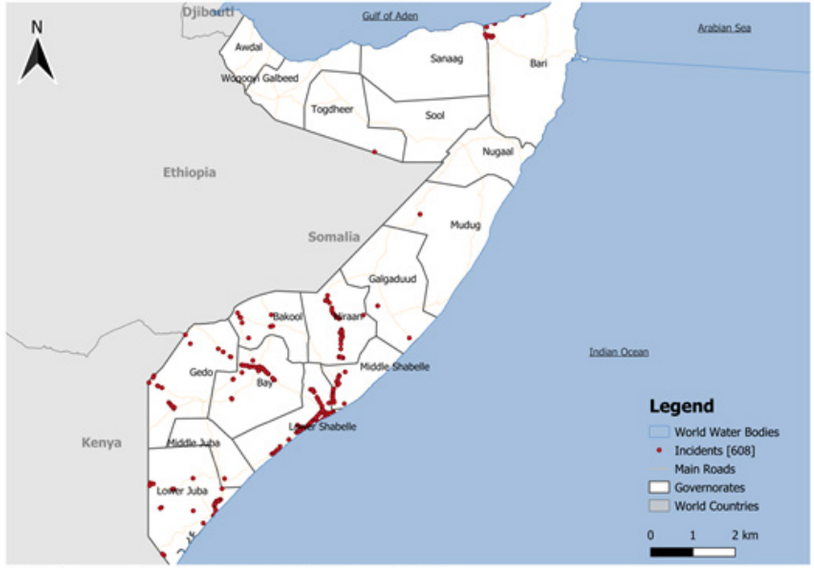
Coordinate System : WGS84 | Date: 1-8-2020 | Source: UNOCHA, Kenya Incidents Dataseet (2018-2020), Somalia Incidents Dataset (2018-2020)

Incidents overview 2018-2020 in Somalia



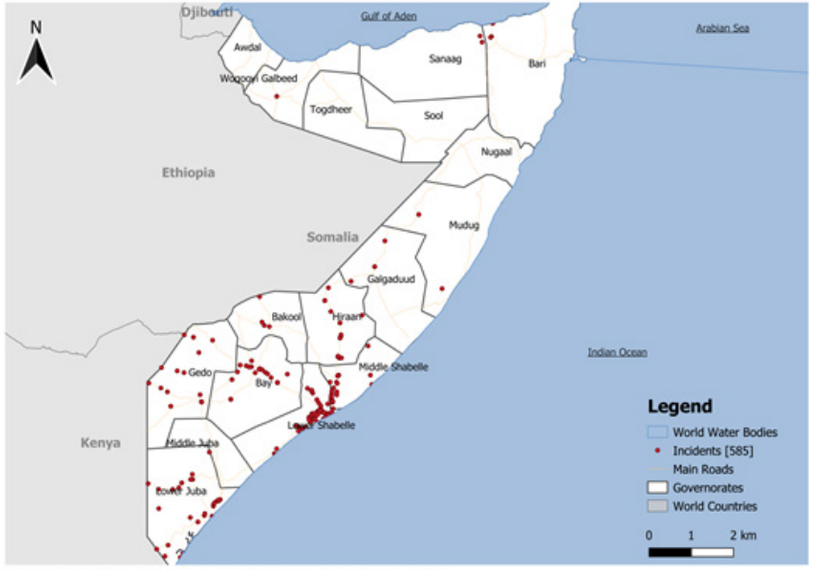
Coordinate system : WGS84 | Date: 01-07-2020 | Source: OCHA, Incidents Dataset - Somalia (2018-2020)

Incidents Overview 2018 in Somalia



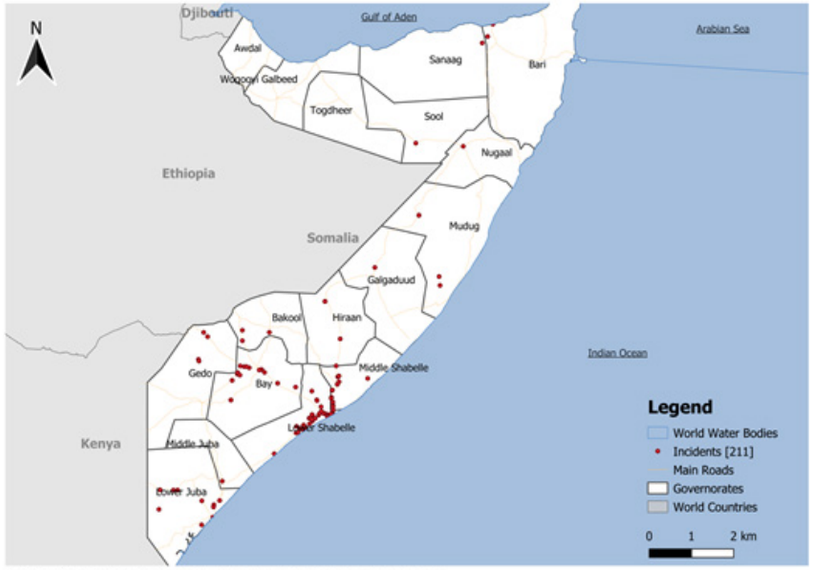
Coordinate system : WGS84 | Date: 01-07-2020 | Source: OCHA, Incidents Dataset - Somalia (2018)

Incidents Overview 2019 in Somalia



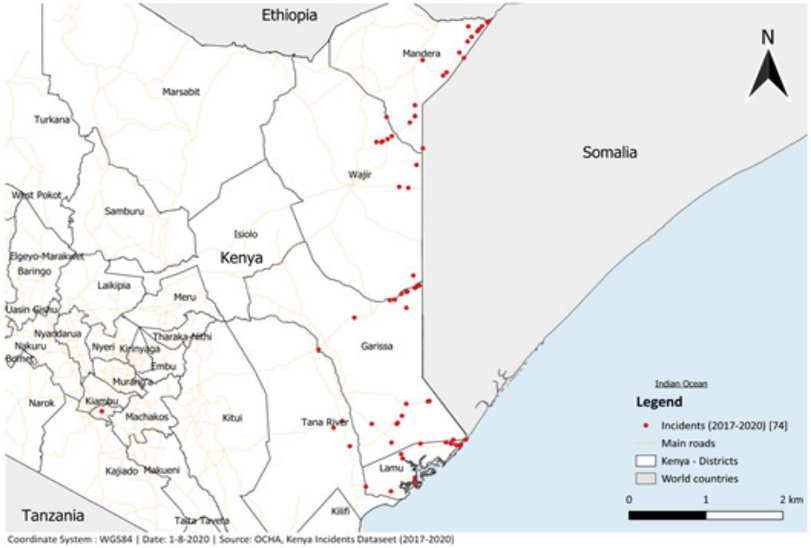
Coordinate system : WGS84 | Date: 01-07-2020 | Source: OCHA, Incidents Dataset - Somalia (2019)

Incidents Overview 2020 in Somalia



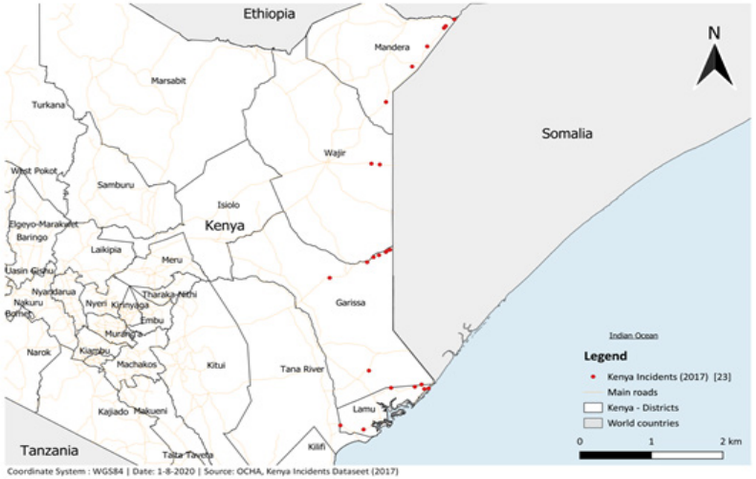
Coordinate system : WGS84 | Date: 01-07-2020 | Source: OCHA, Incidents Dataset - Somalia (2020)

Incidents Overview 2017-2020 in Kenya



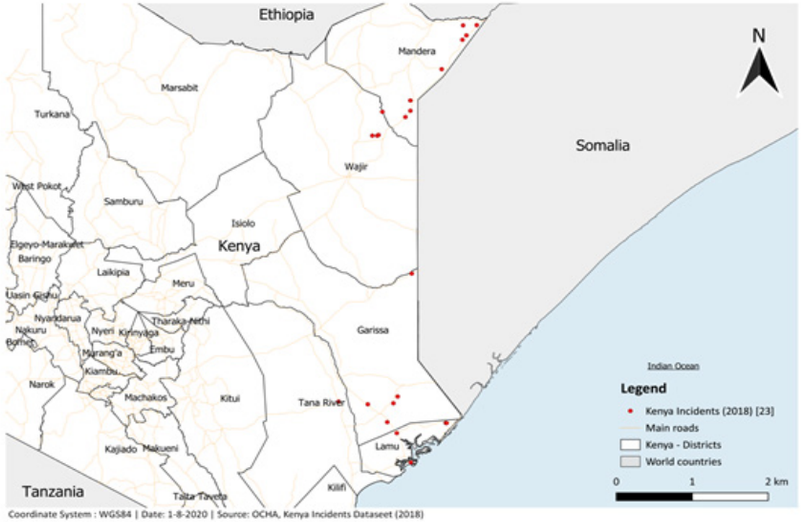
Coordinate System : WGS84 | Date: 1-8-2020 | Source: OCHA, Kenya Incidents Dataset (2017-2020)

Incidents Overview 2017 in Kenya



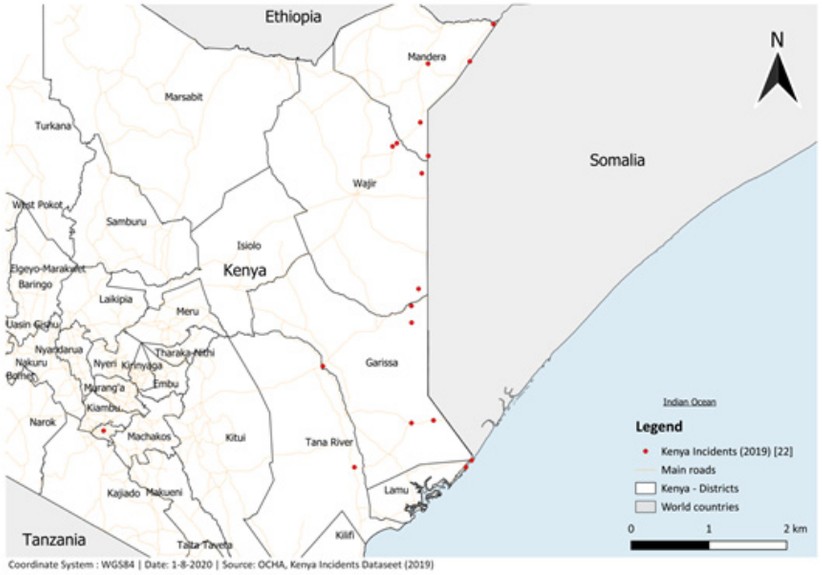
Coordinate System : WGS84 | Date: 1-8-2020 | Source: OCHA, Kenya Incidents Dataset (2017)

Incidents Overview 2018 in Kenya

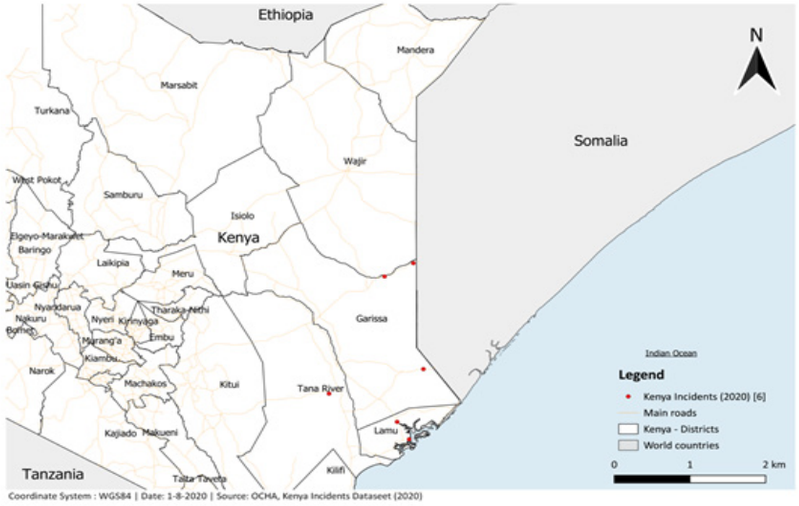


Coordinate System : WGS84 | Date: 1-8-2020 | Source: OCHA, Kenya Incidents Dataset (2018)

Incidents Overview 2019 in Kenya



Incidents Overview 2020 in Kenya



ANNEX Q - LAWS AND GUIDELINES ISSUED BY THE GOVERNMENT OF SOMALIA ON AML/CFT

The Government of Somalia has issued the following laws and guidelines on AML / CFT

The **Anti Money Laundering and Countering the Financing of Terrorism Act 2016**[192] including:

- Key Definitions
- Money Laundering and Terrorism Financing Offences
- Prevention of Money Laundering and Terrorism Financing
- Customer Due Diligence
- Prohibited Accounts / Relationships
- Politically Exposed Persons - both domestic and foreign
- Transaction Monitoring - transactions or series of transaction breaching the USD$10,000 or equivalent threshold
- Currency reporting at borders - import / export of USD$10,000 or equivalent in cash or bearer instruments
- Wire transfers - identifying the originator for transfers equal or above USD$1,000
- Formation and responsibilities of the Financial Reporting Centre (FRC)
- Establishment of the National Anti-Money Laundering and Countering the Financing of Terrorism Committee (NAMLC)[193]
- Civil and Criminal Penalties
- Seizure and Confiscation Orders
- International Cooperation - including requests for mutual legal assistance

Comment: This is modelled on international standards of best practice and provides a good foundation for the AML / CFT framework and operations

192 https://frc.gov.so/aml-cft-law/
193 https://frc.gov.so/about-namlc/

This has been further supplemented by the following regulations and guidance:

Anti-Money Laundering & Countering the Financing of Terrorism Governance and Compliance Regulations (Oct 2019)[194] - outlines the structure of AML / CFT framework in Somalia, notably the role and authority of the nominated Government agencies, as well as compliance requirements, reporting, record keeping, and enforcement mechanisms.

Anti-Money Laundering & Countering the Financing of Terrorism (AML/CFT) Regulation 2019 for Financial Institutions (Oct 2019)[195] - this regulation applies to all Financial Institutions i.e. Banks, Money Transfer Businesses, Mobile Money, and other financial institutions. This document comprehensively sets out the requirements of an AML / CFT programme that financial institutions must implement. Again, it is based on international standards of best practice and amends the earlier 2016 laws after consultation with various stakeholders.

Regulation on Money Transfer Business Operations (Oct 2016)[196] - sets out the requirements for risk management, internal controls (including AML/CFT) , record keeping, agent management, which apply to any natural or legal person conducting money transfer business permitted under their license

Regulations for Money Transfer Business on Customer Registration (Oct 2016)[197] - detailed guidance for money transfer businesses, other

194 https://frc.gov.so/wp-content/uploads/2019/10/Governance-and-Compliance-Regulation.pdf

195 MoF/AML-CFT/REG/01 https://centralbank.gov.so/wp-content/uploads/2019/11/AML_CFT-Regulation-for-Financial-Institutions_signed-by-the-Minister.pdf

196 CBS/NBS/REG/03 https://centralbank.gov.so/wp-content/uploads/2020/02/Operations-Regulation.pdf

197 CBS/NBS/REG/04 https://centralbank.gov.so/wp-content/uploads/2020/02/Customer-Identification-Regulation.pdf

than banks, on customer identification and registration, as well as record keeping.

- recording and verification of customer information for natural persons and beneficial owners
- recording and verification of customer information for legal persons, business entities and non-profit organisations
- different levels of verification & criteria - simple / regular / enhanced - for natural persons
- different levels of verification & criteria - regular / enhanced - for legal persons, business entities and non-profit organisations

Mobile Money Regulations 2019[198] - with the significant development of mobile money as a key payment method in Somalia these regulations were issued to provide a framework for the licensing, regulation, and supervision of mobile money services. Article 33 outlines the requirement for Mobile Money service providers to comply with all AML / CFT requirements, including reporting of suspicious transactions to FRC.

The **Central Bank of Somalia**[199] is responsible for formulating monetary policy to achieve price and financial stability; it also provides payment, clearing and settlement systems; formulates and implements foreign exchange policies; manages foreign exchange reserves; issuing of currency; and is the banker for, adviser to and fiscal agent of the Government regulating lending and deposit interest rates and managing inflation.Somalia has its own currency - the Somali Shilling[200] - however much of the economy continues to use the US dollar (USD).

198 CBS/NBS/REG/06 https://centralbank.gov.so/wp-content/uploads/2019/08/Mobile-Money-Regulation-2019.pdf

199 https://centralbank.gov.so

200 https://centralbank.gov.so/somali-currency/

List of Licensed and Operational Banks:[201]

- Amal Bank
- Amana Bank
- Dahabshiil International Bank
- Daryeel Bank
- International Bank of Somalia
- My Bank
- Premier Bank
- Salaam Somali Bank

List of Licensed but not yet Operational Banks:[202]

- Galaxy International Bank
- Bushra Business Bank
- Idman Community Bank

List of Licensed Money Remittance Providers (Hawalas):[203]

- Amaana Express Money Transfer
- Amal Express Money Transfer
- Bakaal Money Transfer
- Dahabshiil Money Transfer
- GlobalEX Money Transfer
- Hodan Global Money Transfer
- Horyaal Online Money Transfer
- Iftin Express Money Transfer
- Juba Express Money Transfer
- Kaah Express Money Transfer
- Taaj Money Transfer

201 https://frc.gov.so/bank-institution/
202 https://centralbank.gov.so/licensed-banks/
203 https://frc.gov.so/mbts-hawalas/

- Tawakal Express Money Transfer

Western Union operates in Somalia[204] providing international money transfers; neither **MoneyGram**[205] nor **Ria Money Transfers**[206] operate directly in Somalia.
The mobile money market is booming in Somalia.

Approximately 155 million transactions, worth $2.7 billion or 36% of gross domestic product (GDP), are recorded every month[207] - in both US dollars and Somali shillings (especially for transactions under USD$100).

Nine out of 10 Somalis, above the age of 16, own a mobile phone[208]; and 7 out of 10 Somalis use mobile money services regularly[209]

Only about 15 percent of the population has a bank account, mobile money has helped to expand financial inclusion.Most common is to pay bills, for purchases between $2 and $300, pay for items like water, electricity and charcoal, groceries, durable goods and livestock. Approximately 40 percent use mobile money to pay their children's school fees; also frequently used to send money to friends and family[210].

204 https://locations.westernunion.com/search/somalia/banaadir/mogadishu
205 http://global.moneygram.com/en/en-locator
206 https://www.riamoneytransfer.com/gb/en/countries
207 THILASONI BENJAMIN MUSUKU, World Bank Blogs (Sept 13, 2018) "Protecting Somalia's growing mobile money consumers" https://blogs.worldbank.org/africacan/protecting-somalias-growing-mobile-money-consumers
208 Victor Owuor, The East African (Oct 25, 2018) "Yes, mobile money has taken root in Somalia, but not without some risk" https://www.theeastafrican.co.ke/business/Mobile-money-has-taken-root-in-Somalia/2560-4822066-udya4kz/index.html
209 THILASONI BENJAMIN MUSUKU, World Bank Blogs (Sept 13, 2018) "Protecting Somalia's growing mobile money consumers" https://blogs.worldbank.org/africacan/protecting-somalias-growing-mobile-money-consumers
210 Victor Owuor, The East African (Oct 25, 2018) "Yes, mobile money has taken root in Somalia, but not without some risk" https://www.theeastafrican.co.ke/business/Mobile-money-has-taken-root-in-Somalia/2560-4822066-udya4kz/index.html

The penetration rate of mobile money in each zone is dominated by one mobile money service (Hormuud's EVC Plus in South Central, Golis' Sahal in Puntland and Telesom's Zaad in Somaliland)[211]

Mobile money service providers are able to offer mobile money between users as a "free" service (without transaction charges or taxes); their business model is based on indirect revenue generated from other services — airtime.

With most shops accepting mobile money, it now offers much more flexibility and avoids carrying cash and thereby minimising the risk of security incidents.

However, there are considerable risks in the mobile money system. It is vulnerable to money laundering and terrorism financing as there has been weak "know-your-customer" compliance, in line with global banking standards, as few SIM cards and mobile money accounts are registered using a valid form of identification. Ultimately, this results in limited accountability and traceability[212].

Somalia, as a jurisdiction is:

- NOT a party to the UN Convention against Transnational Organized Crime on September 25, 2014[213]
- appointed a full member of FATF Regional Body MENA

211 World Bank / Alati Consulting (April 2017) Mobile Money in Somalia Household Survey and Market Analysis https://mfw4a.org/sites/default/files/resources/Mobile_Money_in_Somalia_-_WBank.pdf

212 Victor Owuor, The East African (Oct 25, 2018) "Yes, mobile money has taken root in Somalia, but not without some risk" https://www.theeastafrican.co.ke/business/Mobile-money-has-taken-root-in-Somalia/2560-4822066-udya4kz/index.html

213 United Nations Convention against Transnational Organized Crime (as at 22-04-2020) https://treaties.un.org/pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en#EndDec which includes articles on-Criminalisation of the laundering of proceeds of crime and measures to combat money-laundering.

FATF(w.e.f. 1 Oct 2018)[214] having been a member since Nov 2014; it is scheduled to undergo a Mutual Evaluation of its AML / CFT framework in March 2024[215]

- NOT yet a member of Egmont Group of Financial Intelligence Units[216] but has submitted membership application in 2019 and awaiting the result of that (delayed due to Covid-19)
- NOT included on the FATF list of Jurisdictions under Increased Monitoring (as at 21 Feb 2020)[217]
- NOT included in the list[218] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- NOT included in the list[219] of major centres of narcotics-related money laundering, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- NOT included in the Basel AML Index 2019[220] country ranking and review of money laundering and terrorist financing risks around the world.

214 MENAFATF (1 Oct 2018) Somalia joins MENAFATF as a member http://www.menafatf.org/information-center/somalia-joins-menafatf-member

215 Conversation with confidential source 6 May 2020

216 https://egmontgroup.org/en/membership/list

217 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions

218 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf

219 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

220 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf

ANNEX R - LAWS AND GUIDELINES ISSUED BY THE GOVERNMENT OF SUDAN ON AML/CFT

The Central Bank of Sudan outlines[221] that the Government of Sudan has issued the following laws and guidelines on Anti Money Laundering (AML) / Countering the Financing of Terrorism (CFT):

The Criminal Act (1991)[222]

Counter Terrorism Act (2001)[223]

The Money Laundering and Terrorism Financing Bill (2010)[224]

- enacted in 2010
- defines "financial institutions" and "non-financial Institutions"
- establishes Control and Supervision Bodies & outlines their respective roles
- outlines obligations of the financial and non-financial Institutions
- establishes the Financial Intelligence Unit (FIU) and roles & responsibilities
- establishes Administrative Committee and roles, funding, responsibilities
- defines the offences of Money Laundering and Terrorism Financing
- outlines disposal of confiscated money
- outlines declaration of currency

221 Sudan Efforts on Anti-Money Laundering and Combating the Financing of Terrorism Report https://cbos.gov.sd/en/node/17514

222 http://www.pclrs.com/downloads/bills/Criminal%20Law/Criminal%20Act%201991%20English.pdf

223 http://www.pclrs.com/downloads/bills/Criminal%20Law/Anti%20Terorism%20Act%20Arabic.pdf

224 The Money Laundering and Terrorism Financing Bill 2009 https://cbos.gov.sd/en/content/anti-money-laundering-financing-terrorism-act#

Sudan was placed on the Financial Action Task Force (FATF)'s list of noncompliant jurisdictions in February 2010 for having strategic weaknesses in their AML/CFT measures[225].

Subsequently the Mutual Evaluation of Sudan by MENAFATF in Nov 2012 identified significant deficiencies[226], including no mechanism to implement the United Nations (UN) terrorism sanctions outlined in UN Security Council Resolutions (UNSCRs) 1267[227] and 1373[228].

In June 2014, in retaining Sudan on the "List of jurisdictions which have strategic AML/CFT deficiencies", the FATF cited[229] the following deficiencies

d. adequately criminalising money laundering and terrorist financing;
e. implementing adequate procedures for identifying and freezing terrorist assets;
f. ensuring a fully operational and effectively functioning Financial Intelligence Unit (FIU);
g. improving customer due diligence measures;
h. ensuring that financial institutions are aware of and comply with their obligations to file suspicious transaction reports

225 The Sentry, April 2019, Sudan's Anti-Corruption Whitewash https://cdn.thesentry.org/wp-content/uploads/2019/04/SudansAnticorruptionWhitewash_TheSentry_April2019.pdf

226 Middle East and North Africa Financial Action Task Force, 28 Nov 2012, Mutual Evaluation Report Anti-Money Laundering and Combating the Financing of Terrorism - Sudan http://menafatf.org/sites/default/files/MER_Sudan_English.pdf

227 S/RES/1267 (1999) Establishes Security Council Committee; imposes limited air embargo and financial embargo on the Taliban https://www.un.org/securitycouncil/s/res/1267-%281999%29

228 S/RES/1373 (2001) Threats to international peace and security caused by terrorist acts https://undocs.org/S/RES/1373(2001)

229 FATF, 24 June 2014 High Risk and Non Cooperative Jurisdictions https://www.fatf-gafi.org/publications/high-riskandnon-cooperativejurisdictions/documents/fatf-compliance-june-2014.html

in relation to money laundering and terrorist financing; and

i. ensuring that appropriate laws and procedures are in place with regard to international co-operation and mutual legal assistance.

The Money Laundering and Finance of Terrorism (Combatting) Act (2014)[230]

- enacted 19 June 2014
- amended AML/CFT Law of 2010
- expanded the definition of predicate offences / crimes
- criminalised FT
- identified key obligations of CDD measures for both financial and non-financial - outlining DNFBPs
- further outlined STR submission to FIU
- modified the FIU status to being independent
- determined the authority to issue guidance for UNSCR 1267 and 1373

This is further supplemented by the following

Combatting Human Trafficking Act (No. 2 / 2014)[231]

- enacted 3 March 2014
- establishes The National Commission on Combating Human

230 Middle East and North Africa Financial Action Task Force, April 2016, Mutual Evaluation Report 3rd Follow-Up Report Anti-Money Laundering and Combating the Financing of Terrorism - Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

231 http://www.pclrs.com/downloads/unhcr---human-trafficking-act-2014---english-translation.doc

Trafficking and outlines its powers and responsibilities
- defines the crime of human trafficking
- includes offences of covering up the perpetrators and / or the money gained
- includes financial provisions - procedures for disposition of monies gained from the crime and confiscation of the monies earned from any Human Trafficking crimes

Central Bank of Sudan Circular 8/2014 Regulatory and Supervisory Requirements for the Institutions under the Supervision of the Central Bank of Sudan[232]

- enacted 9 Sept 2014 (replacing circular No.2/2014)
- further defines terms including "beneficial owner" "Politically Exposed Person"
- institutions to perform a biannual ML/TF risk assessment
- outlines customer risk factors / geographic risk factors / product & services risk factors / service & product delivery risk factors
- outlines enhanced Customer Due Diligence (CDD), Customer Identification, Beneficial Ownership (BO), Enhanced Due Diligence (EDD) requirements
- outlines additional responsibilities regarding Correspondent Banking and Wire Transfers, reporting Suspicious Transactions
- expands need for record keeping and internal control systems

As the result of these new measures, in Oct 2015, the FATF removed[233] Sudan from the list of jurisdictions subject to close monitoring:

232 https://cbos.gov.sd/en/node/4557

233 FATF, 23 Oct 2015, Improving Global AML/CFT Compliance: on-going process http://www.fatf-gafi.org/publications/high-risk-and-other-monitored-jurisdictions/documents/fatf-compliance-october-2015.html

> *The FATF welcomes Sudan's significant progress in improving its AML/CFT regime and notes that Sudan has established the legal and regulatory framework to meet its commitments in its action plan regarding the strategic deficiencies that the FATF had identified in February 2010. Sudan is therefore no longer subject to the FATF's monitoring process under its on-going global AML/CFT compliance process. Sudan will work with MENAFATF as it continues to address the full range of AML/CFT issues identified in its mutual evaluation report.*

In the most recent International Monetary Fund (IMF) (2020) report[234], AML / CFT is one of the key issues identified:

> *While sanctions have now been revoked, most correspondent banks have been reluctant to re-establish relationships with Sudanese banks, reflecting concerns with ML/TF risks, AML/CFT deficiencies.… Equity injections into several banks resulted in the authorities owning stakes in 15 of the 37 banks, and restructuring has been lagging.*
>
> *At the same time, work is underway to address deficiencies in the AML/CFT framework through operationalising risk-based AML/CFT supervision, strengthening the capacity of the Financial Intelligence Unit, and improving the efficacy of AML/CFT supervisory actions…*

The **Central Bank of Sudan**[235] has the following specified responsibilities:

234 International Monetary Fund March 10, 2020 STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION https://www.imf.org/en/Publications/CR/Issues/2020/03/10/Sudan-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-Executive-49254

235 https://cbos.gov.sd/en/about-cbos/main-objects-bank

- Issue & manage the currency of Sudan
- Manage monetary and financing policies to achieve the national objectives of the national economy;
- Supervise banking business to promote and develop and raise the efficiency thereof, in such way, as may achieve the balanced economic and social development;
- Maintain economic stability and the stability of the Sudanese Pound (SDG);
- Act as the bank of the Government, as an advisor and agent thereof, in the monetary and financial affairs;
- abide, in the discharge of its duties, by the ordinances of the Islamic Sharia.

The Central Bank of Sudan outlines details of:

- Bank System Structure (in Arabic)[236]
- Operating Banks in Sudan[237]
- Authorised Exchange Bureaus[238]

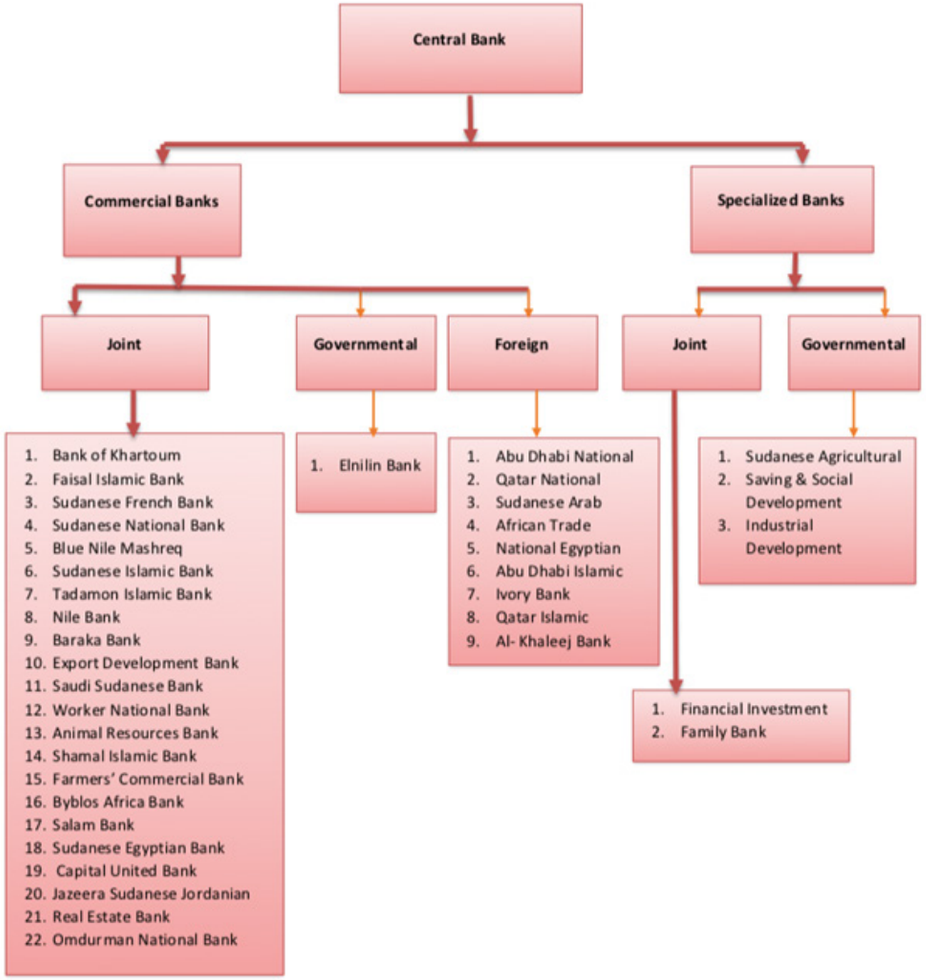
A recent report[239] highlighted that the banking sector in Sudan is comprised of 37 banks, of which 5 are state-owned specialised banks, jointly or wholly operated with the government; 23 are commercial banks, jointly or wholly operated with the government; a further 9 commercial banks are wholly owned foreign banks or representative offices of foreign banks.

236 https://cbos.gov.sd/sites/default/files/Banking_system_new_april2020.pdf

237 https://cbos.gov.sd/en/content/operating-banks-sudan

238 https://cbos.gov.sd/en/content/authorized-exchange-bureaus

239 Sudan Democracy First Group, Dec 2018, Banking System in Sudan https://democracyfirstgroup.org/wp-content/uploads/2019/05/Sudan-Banking-System-Final-English-FINAL-4.12.2018-1.pdf



All are required to operate and adhere to the Islamic Shari'ah rules on banking[240], notably since the secession of South Sudan in June 2011.

The Bank of Khartoum has international branches in both Bahrain and the United Arab Emirates, through which it has been able to establish correspondent banking relationships through which its corporate clients have the capacity to transfer funds globally[241].

A number of banking scandals, involving both domestic and foreign PEPs in the banking sector, often involving access to scarce foreign currency, highlight the need for a strengthened regulatory framework to prevent corruption, deter political and outside influence on the banking system, and enhanced AML / CFT policies and procedures to deter criminals and terrorists from using the financial system, as well as enhancing Sudan's international reputation[242].

Sanctions

Sudan has been the subject of sanctions since 1993.

The United States placed Sudan on the "State Sponsors of Terrorism" list[243] w.e.f 12 August 1993, which imposed the following:

- restrictions on U.S. foreign assistance;

240 Sudan Democracy First Group, Dec 2018, Banking System in Sudan https://democracyfirstgroup.org/wp-content/uploads/2019/05/Sudan-Banking-System-Final-English-FINAL-4.12.2018-1.pdf

241 JOHAN BURGER 14 MAY 2018 How Made It In Africa, The financial services sector in Sudan https://www.howwemadeitinafrica.com/the-financial-services-sector-in-sudan/61452/

242 Sudan Democracy First Group, Dec 2018, Banking System in Sudan https://democracyfirstgroup.org/wp-content/uploads/2019/05/Sudan-Banking-System-Final-English-FINAL-4.12.2018-1.pdf

243 US State Department, Bureau of Counter Terrorism, State Sponsors of Terrorism https://www.state.gov/state-sponsors-of-terrorism/

- a ban on defence exports and sales;
- certain controls over exports of dual use items; and
- miscellaneous financial and other restrictions

On November 3, 1997, the US issued Executive Order 13067, "Blocking Sudanese Government Property and Prohibiting Transactions with Sudan" followed, on July 1, 1998, by OFAC issuing the Sudanese Sanctions Regulations, 31 CFR part 538 (SSR), to implement E.O. 13067[244].

In Jan 2004, the European Union implemented Council Regulation (EC) No. 131/2004[245] prohibiting the supply of technical, financial and other assistance related to military activities, with exemptions, directly or indirectly to any person, entity or body in, or for use in Sudan.

In July 2005, the European Union implemented Council Regulation (EC) No. 1184/2005[246] imposing certain specific restrictive measures directed against certain persons impeding the peace process and breaking international law in the conflict in the Darfur region in Sudan

In March 2005, the United Nations Security Council (UNSC) implemented resolution 1591 (2005)[247], concerning the Sudan, convening a committee of experts to assess imposition of an arms embargo, travel ban, asset freeze measures, focused on developments in Darfur and the region; its most recent assessment report[248] for Mar to Dec 2019 has been published in Jan 2020.

244 US Federal Register, 29 June 2018, Removal of the Sudanese Sanctions Regulations and Amendment of the Terrorism List Government Sanctions Regulations https://www.federalregister.gov/documents/2018/06/29/2018-14084/removal-of-the-sudanese-sanctions-regulations-and-amendment-of-the-terrorism-list-government

245 http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2004:021:0001:0004:EN:PDF

246 https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2005:193:0009:0016:EN:PDF

247 United Nations Security Council Committee established pursuant to resolution 1591 (2005) concerning the Sudan https://www.un.org/securitycouncil/sanctions/1591

248 United Nations Security Council 14 Jan 2020 Final report of the Panel of Experts on the

On April 26, 2006, the US President issued Executive Order 13400, regarding the conflict in Sudan's Darfur and ordered the blocking of property of certain persons connected to the conflict. On May 28, 2009, OFAC issued the Darfur Sanctions Regulations, 31 CFR part 546 (DSR), to implement E.O. 13400[249].

On January 13, 2017, the US President issued Executive Order 13761, "Recognizing Positive Actions by the Government of Sudan and Providing for the Revocation of Certain Sudan-Related Sanctions" effective July 12, 2017, sections 1 and 2 of E.O. 13067 be revoked, and E.O. 13412 be revoked in its entirety, provided that certain criteria were met[250]. The review period was extended by E.O. 13804 on 11 July 2017[251].

On October 12, 2017, pursuant to E.O. 13761, as amended by E.O. 13804, sections 1 and 2 of E.O. 13067 were revoked and E.O. 13412 was revoked in its entirety[252]. Whilst U.S. sanctions on trade and financial flows were revoked in October 2017, Sudan remains on the state sponsors of terrorism

Sudan S/2020/36 https://undocs.org/S/2020/36

249 US Federal Register, 29 June 2018, Removal of the Sudanese Sanctions Regulations and Amendment of the Terrorism List Government Sanctions Regulations https://www.federalregister.gov/documents/2018/06/29/2018-14084/removal-of-the-sudanese-sanctions-regulations-and-amendment-of-the-terrorism-list-government

250 US Federal Register, 29 June 2018, Removal of the Sudanese Sanctions Regulations and Amendment of the Terrorism List Government Sanctions Regulations https://www.federalregister.gov/documents/2018/06/29/2018-14084/removal-of-the-sudanese-sanctions-regulations-and-amendment-of-the-terrorism-list-government

251 US Federal Register, 29 June 2018, Removal of the Sudanese Sanctions Regulations and Amendment of the Terrorism List Government Sanctions Regulations https://www.federalregister.gov/documents/2018/06/29/2018-14084/removal-of-the-sudanese-sanctions-regulations-and-amendment-of-the-terrorism-list-government

252 US Federal Register, 29 June 2018, Removal of the Sudanese Sanctions Regulations and Amendment of the Terrorism List Government Sanctions Regulations https://www.federalregister.gov/documents/2018/06/29/2018-14084/removal-of-the-sudanese-sanctions-regulations-and-amendment-of-the-terrorism-list-government

list (SSTL), which effectively discourages external investment and blocks progress to debt relief[253].

Sudan's economy has been severely impacted through 20 years of sanctions, it is estimated Sudan's total loss due to the sanctions at around US$500bn, with an indirect loss estimated at about US$4bn annually, as well as freezing of US$7m belonging to the banking sector in Sudan[254].

Businesses have been unable to conduct US dollar transactions, correspondent banking relationships, that connect Sudanese banks and businesses to the rest of the financial world, have been severely impacted. It is reported that Sudanese firms conducting international business have had to use Euros or channel business in Dirhams through the United Arab Emirates, which can be more onerous and expensive[255]. The lifting of sanction conditions in 2020 against 157 Sudanese firms will allow banks in Sudan to start to undertake international transactions and even potentially issue US credit cards[256].

Mobile Money

Fewer than 10 per cent of people in Sudan have bank accounts, those that do face limits on the amount of cash they can withdraw, which makes life difficult for business owners who need to pay suppliers. Mobile money, transferred through phones, is a way around this dilemma[257].

253 International Monetary Fund March 10, 2020 STAFF REPORT FOR THE 2019 ARTICLE IV CONSULTATION https://www.imf.org/en/Publications/CR/Issues/2020/03/10/Sudan-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-Executive-49254

254 JOHAN BURGER 14 MAY 2018 How Made It In Africa, The financial services sector in Sudan https://www.howwemadeitinafrica.com/the-financial-services-sector-in-sudan/61452/

255 Werr, P, Reuters 2019 Feb 8, Residual U.S. sanctions keep Sudan's economy in chokehold https://af.reuters.com/article/idAFKCN1PX0LG-OZATP

256 TheNewArab 17 March 2020 US lifts sanctions on 157 Sudanese firms after two year wait https://english.alaraby.co.uk/english/news/2020/3/17/us-lifts-sanctions-on-157-sudanese-firms

257 UN News 30 Jan 2020 How mobile money is rebuilding lives in Sudan https://news.

In 2014, Bank of Khartoum, in partnership with Zain Group, launched the country's first ever mobile Mobile Financial Service called 'Hassa'[258]. It is planned that this coverage can reach 95% of the populated areas. Zain customers can use Hassa Shops or Bank of Khartoum ATMs to deposit cash and make withdrawals directly from their mobile accounts[259].

In 2018, it was assessed that there were 72.01 mobile subscriptions registered for every 100 people in 2018[260].

In addition to Zain Mobile and MTN there are currently two other mobile platform providers, Canar Telecom and Sudatel[261]; their respective ability to offer mobile payments is not disclosed.

In 2020, International Organization for Migration (IOM), partnered with Africa's largest mobile operator MTN, to enable returning Sudanese migrants to use its mobile money service MoMo to re-establish their livelihoods in the country[262].

un.org/en/story/2020/01/1056302

258 Zain 13 Aug 2014 Zain launches 'Hassa', Sudan's first Mobile Financial Service with Bank of Khartoum https://www.zain.com/en/press/zain-launches-hassa-sudans-first-mobile-financial/

259 AFRICAN BUSINESS MAGAZINE 29 OCT 2018 Sudan: Lifeline for the banking sector https://africanbusinessmagazine.com/african-banker/sudan-lifeline-for-the-banking-sector/

260 S O'Dea 27 Feb 2020 Statista Number of mobile cellular subscriptions per 100 inhabitants in Sudan from 2000 to 2018 https://www.statista.com/statistics/510615/mobile-cellular-subscriptions-per-100-inhabitants-in-sudan/

261 Ibraheem Kasujee 20 Feb 2019, analysis mason, Sudan telecoms market report 2019 https://www.analysysmason.com/research/content/country-reports/sudan-country-report-rdrk0/

262 ReliefWeb, 17 Jan 2020, Migrant Returnees Turn to Mobile Money in Sudan https://reliefweb.int/report/sudan/migrant-returnees-turn-mobile-money-sudan

Remittances / Wire Transfers

The imposition of financial sanctions resulted in the refusal of the foreign correspondent banks to process transfers to and from Sudan, raising the cost of remittances and tightening the foreign exchange market[263].

Data on migrant remittances - Sudan (2010-2017)

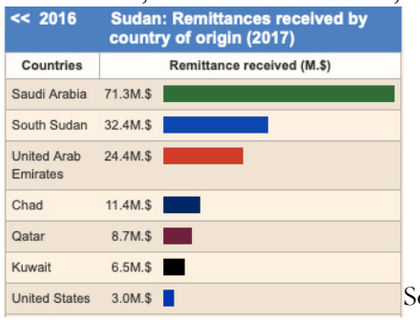
Sudan - Migrant remittance					
Date	Remittance balance (M.$)	Remittance received (%GDP)	Remittance received (M.$)	Remittance sent (%GDP)	Remittance sent (M.$)
2017	-175.8	0.14%	177.2	0.29%	353.0
2016	-164.6	0.28%	153.4	0.57%	318.0
2015	-162.9	0.23%	151.4	0.48%	314.3
2014	18.9	0.56%	342.8	0.53%	323.9
2013	110.6	0.80%	424.4	0.59%	313.8
2012	561.2	2.30%	1,126.1	1.15%	564.9
2011	-105.4	0.67%	441.9	0.82%	547.3
2010	602.1	1.67%	1,100.1	0.76%	498.0

Source: countryeconomy.com[264]

263 Remittances in Sudan https://www.unescwa.org/sites/www.unescwa.org/files/page_attachments/remittances_in_sudan.pdf

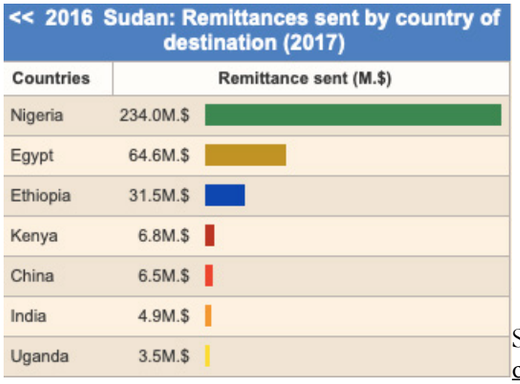
264 https://countryeconomy.com/demography/migration/remittance/sudan

Remittance data by country of origin shows main inflows from Saudi Arabia, South Sudan, United Arab Emirates, Chad, Qatar, Kuwait, United States.



Source: countryeconomy.com[265]

Remittance data by country of destination, the main outflows are to Nigeria, Egypt, Ethiopia, Kenya, China, India, Uganda. The outflows to Nigeria, estimated at USD$ 234m (2016), are of note, as this may be linked to illicit activity concerning the proceeds of Transnational Security Threats.



Source: countryeconomy.com[266]

265 https://countryeconomy.com/demography/migration/remittance/sudan

266 https://countryeconomy.com/demography/migration/remittance/sudan

Both **Western Union**[267] and **Dahabshiil**[268] provide international money transfers to agents in Sudan.

Neither **MoneyGram**[269] nor **Ria Financial**[270] currently indicate that they do not provide services to Sudan.

Sudan, as a jurisdiction is:

- not included on the Financial Action Task Force (FATF) list of **Jurisdictions under Increased Monitoring** (as at 21 Feb 2020)[271]; Sudan was previously include on this list but, due to significant progress made in addressing the strategic AML/CFT deficiencies earlier identified by the FATF, and development of an action plan to further continue addressing deficiencies it was removed (w.e.f 23 Oct 2015)[272]
- not included in the list[273] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs **International Narcotics Control Strategy Report (INCSR)**
- not included in the list[274] of major centres of narcotics-

267 https://www.westernunion.com/gb/en/agent-locator.html -Khartoum, Sudan
268 https://www.dahabshiil.com/agents - Khartoum, Sudan
269 https://www.moneygram.com/mgo/us/en/locations
270 https://www.riamoneytransfer.com/gb/en
271 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions
272 FATF, 23 October 2015, Outcomes of the FATF Plenary meeting, Paris, 21-23 October 2015, https://www.fatf-gafi.org/publications/fatfgeneral/documents/outcomes-plenary-october-2015.html
273 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf
274 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

related money laundering, as identified in the annual US State Department Bureau for **INCSR**
- not included in the **Basel AML Index 2019**[275] country ranking and review of money laundering and terrorist financing risks around the world
- Sudan was included in the 2016 US **INCSR** report[276] on money laundering as a "Monitored Jurisdiction", however has not been included in subsequent reports[277].
- Sudan signed (15 Dec 2000) and ratified (10 Dec 2004) the **United Nations Convention against Transnational Organized Crime**[278], which commits states to taking a series of measures against transnational organized crime, including the creation of domestic criminal offences (participation in an organized criminal group, money laundering, corruption and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities.
- Sudan is a member of FATF[279] regional body **Middle East and**

275 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf
276 US Department of State, 2016 International Narcotics Control Strategy Report (INCSR), Countries and Jurisdictions Table https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253369.htm
277 US Department of State, International Narcotics Control Strategy Reports https://www.state.gov/international-narcotics-control-strategy-reports/
278 United Nations Convention against Transnational Organized Crime, Status of Treaties, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en
279 Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog and inter-governmental body that sets international standards adopted by 200 countries and jurisdictions http://www.fatf-gafi.org

North Africa Financial Action Task Force (MENAFATF)[280]. Sudan's Anti Money Laundering (AML) and Combatting Terrorist Financing (CFT) legislation and procedures have been assessed against global standards under the Mutual Evaluation (ME)[281] process on 28 Nov 2012; a Follow Up Report (FUR)[282] was conducted on 26 April 2016.

- Sudan's **Financial Intelligence Unit** is a member of the **Egmont Group of Financial Intelligence Units**[283] (w.e.f. 5 July 2017).This means it is able to interact with other financial intelligence units around the globe, especially using Egmont Secure Web, to send & receive restricted financial information for investigations, following Egmont Group of Financial Intelligence Units Principles for Information Exchange between Financial Intelligence Units[284]
- Sudan's Financial Intelligence Unit has put in place 5 Memorandum of Understanding (MOU) with domestic competent authorities and 9 MOUs with foreign counterpart entities[285].

280 Middle East and North Africa FATF Style Regional Body (MENAFATF) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation http://www.menafatf.org/about/members-observers/members

281 MENAFATF 28 Nov 2012 Mutual Evaluation Report of the Republic of Sudan http://menafatf.org/information-center/menafatf-publications/mutual-evaluation-report-republic-sudan

282 MENAFATF 26 April 2016 Third Follow-Up Report for Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

283 https://egmontgroup.org/en/content/sudan-financial-information-unit

284 Egmont Group of Financial Intelligence Units 28 Oct 2013 Egmont Group of Financial Intelligence Units Principles for Information Exchange between Financial Intelligence Units https://egmontgroup.org/en/filedepot_download/1658/79

285 MENAFATF 26 April 2016 Third Follow-Up Report for Sudan http://menafatf.org/information-center/menafatf-publications/third-follow-report-sudan

ANNEX 5 - LAWS AND GUIDELINES ISSUED BY THE GOVERNMENT OF SOUTH SUDAN ON AML/CFT

The Government of South Sudan has issued the following laws and guidelines on AML / CFT

Anti-Money Laundering and Counter Terrorism Financing Act, Act No.29 (2012)[286]

- enacted on 5 June 2012
- contains key definitions and terminology, including lists of predicate offences
- establishes the Financial Intelligence Unit (FIU) and outlines it power and duties, and its funding
- establishes the National Multi-Disciplinary Committee on Anti Money Laundering
- defines the offence of Money Laundering and penalties
- outlines customer verification
- outlines record keeping
- outlines suspicious transaction reporting
- outlines internal reporting
- establishes obligation to report physical cross border transportation of cash or bearer negotiable instruments
- outlines disposal of confiscated money, property, assets seized or confiscated

This is further supplemented by the following

Bank of South Sudan Circular DCB/BOD/1/2017 Guidelines for Reporting Large Cash Transactions[287]

- enacted 17 March 2017
- provides banks and non-bank financial institutions with guidelines for reporting large cash transactions, including

286 https://www.wto.org/english/thewto_e/acc_e/ssd_e/wtaccssd6_leg_3.pdf

287

withdrawals, deposits or foreign exchange transactions
- outlines reporting to Bank of South Sudan (BSS) on
- single cash transactions greater than USD$10,000 or equivalent, or aggregate of transactions in a single day, or aggregate of a series of transactions over a short period that exceed the threshold

Bank of South Sudan Circular DSR/SD/1/2017 Customer Due Diligence and Guidelines for Know Your Customer (KYC) for Banks[288]

- enacted 11 April 2017
- prescribes minimum standards for registering identity of person, natural or legal entity opening an account in the bank or using the bank for financial activities
- sets out key elements of KYC programmes, to include policies and
- customer acceptance policy
- customer identification
- ongoing monitoring of high-risk accounts
- risk management
- outlines the risk of doing business with corrupt Politically Exposed Persons (PEPs)
- outlines the need for ongoing monitoring of accounts and transactions
- outlines weekly reporting to Bank of South Sudan (BSS) on
- cash transactions greater than USD$10,000 or equivalent
- non-cash transactions greater than USD$20,000 or equivalent
- foreign currency transactions greater than USD$10,000 or equivalent
- all transactions between the same ordering and receiving customers sum of which exceeds the above amounts

288 https://bankofsouthsudan.org/cir/2017/CircularDCB-2-2017.pdf

Bank of South Sudan Anti-Money Laundering Policy Manual[289]

- enacted 12 December 2017
- formulated by the Bank of South Sudan to provide best practice to Bank's staff on AML/ CFT
- manual covers following key areas:
- design of AML / CFT policy
- need to cooperate with competent authorities
- customer due diligence
- monitoring and responding to suspicious transactions
- reporting requirements
- record keeping
- AML/CFT employee training programs
- appendices defining and listing financial and designated non-financial businesses (DNFB) and professions; money laundering red flags and other resource material

As at April 2020, the following financial institutions were operating in South Sudan include 3 types of banks[290]:

289 https://bankofsouthsudan.org/reg/2017/BankofSouthSudanAMLPolicy.pdf
290 https://bankofsouthsudan.org/banking-supervision/banking-supervision/

Type	Name of Commercial Bank
National (12) - with over 75% South Sudanese control	African National Bank Agricultural Bank Buffalo Commercial Bank Eden Commercial Bank Ivory Bank Kush Bank PLC Liberty Commercial Bank Mountains Trade and Development Bank Nile Commercial Bank Royal Express Bank Ebony National Bank St Theresa Rural Development Bank
Joint Venture (11) - with having less than 75% South Sudanese or foreign control	Afriland First Bank (Cameroon) Cooperative Bank of South Sudan (Kenya) International Commercial Bank National Credit Bank Opportunity Bank Southern Rock Bank People's Bank Plc Phoenix Commercial Bank Regent African Bank South Sudan Commercial Bank Alpha Commercial Bank

Type	Name of Commercial Bank
Foreign (7) - with over 75% foreign control	Charter One Bank Commercial Bank of Ethiopia (Ethiopia) Ecobank South Sudan Ltd (Togo) Equity Bank South Sudan Ltd (Kenya) KCB Bank South Sudan Ltd (Kenya) Qatar National Bank (Qatar) Stanbic Bank Kenya Ltd (Kenya)

A recent report[291] highlighted that most licensed banks in South Sudan have a foreign owner[292], and that some 14 banks are partially owned or controlled by a Politically Exposed Person (PEP)[293], either directly or through relatives and associates, receiving preferential access to foreign exchange[294].

There are also 24 forex bureau[295] registered and licensed with Bank of South Sudan. As South Sudan relies heavily on imported goods from Kenya, Sudan and Uganda, it is often hampered by lack of foreign exchange, and there are often calls for a more "fair and transparent release of dollars into the market[296]".

291 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

292 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

293 Politically Exposed Person - defined as " a foreign individual entrusted with prominent public functions, including heads of state or government, senior politicians, senior government, judicial or military officials, senior executives of state owned corporations or agencies" in Anti Money Laundering and Counter Terrorism Financing Act, Act No.29 (2012) https://www.wto.org/english/thewto_e/acc_e/ssd_e/wtaccssd6_leg_3.pdf

294 Ferullo, M (Oct 2018) The Sentry "Banking on War" https://cdn.thesentry.org/wp-content/uploads/2018/10/BankingonWar_TheSentry_Oct2018-1web.pdf

295 https://bankofsouthsudan.org/banking-supervision/banking-supervision-2/

296 The East African, 16 Dec 2019 "South Sudan traders look to Central Bank to stem forex losses" https://www.theeastafrican.co.ke/business/South-Sudan-traders-look-to-Central-Bank-to-stem-forex-losses/2560-5387398-2p7lt3z/index.html

Both **MoneyGram**[297] and **Western Union**[298] are presented in South Sudan, providing international money transfers. **Dahabshiil**[299] provide international money transfers to agents in South Sudan in the main centres (Juba, Wau, Bor, Aweil, Konyo).

In 2015, **US INCSR report**[300] highlighted that of the licensed banks *"many operate only in the foreign exchange area, providing access to foreign currency (subject to the allocations from the central bank) and international payments, and offering local currency current accounts. Without the foreign currency allocations, their survival is questionable."*

In 2019, **Bank of South Sudan** directed all commercial banks to suspend transaction in Kenyan currency until October, as demanded by its Kenyan counterpart, in a bid to curb illicit financial flows and counterfeit[301]. This highlights the interoperability between South Sudanese and Kenyan financial systems.

In 2020, it was reported[302] that the president of South Sudan dismissed its central bank governor for the third time in three years; this highlights a very unsteady way forward for banking supervision and regulation, including AML / CFT

297 https://www.moneygram.com/mgo/us/en/locations - Juba, South Sudan

298 https://www.westernunion.com/gb/en/agent-locator.html -Juba, South Sudan

299 https://www.dahabshiil.com/agents - South Sudan

300 United States Department of State Bureau for International Narcotics and Law Enforcement Affairs "INCSR 2015 Volume II Country Database - Money Laundering and Financial Crimes Country Database" https://2009-2017.state.gov/documents/organization/239329.pdf

301 Xinhua (July 2019) "South Sudan's central bank orders banks to suspend transactions in Kenyan currency" http://www.xinhuanet.com/english/2019-07/01/c_138189710.htm

302 Hardie. D (Jan 2020) Central Banking "South Sudan's president fires third central bank governor in three years" https://www.centralbanking.com/central-banks/governance/4684596/south-sudans-president-fires-third-central-bank-governor-in-three-years

South Sudan, as a jurisdiction is:

- not on the FATF list of Jurisdictions under Increased Monitoring (as at 21 Feb 2020)[303]; this is somewhat anachronous with the "state of play" of its AML / CFT framework which, although based on the high international standards on Know Your Customer (KYC) and Customer Due Diligence (CDD), reporting of suspicious transactions, and cash transactions, few steps have been taken to enable or enforce implementation of the requirements.
- not included in the list[304] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- not included in the list[305] of major centres of narcotics-related money laundering, as identified in the annual US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report
- not included in the Basel AML Index 2019[306] country ranking and review of money laundering and terrorist financing risks around the world

303 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions

304 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf

305 International Narcotics Control Strategy Report Volume II Money Laundering March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

306 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf

- South Sudan was included in the 2016 US INCSR report[307] on money laundering as a "Monitored Jurisdiction", however has not been included in subsequent reports[308].
- South Sudan does not appear to have signed or ratified the United Nations Convention against Transnational Organized Crime[309], which commits states to taking a series of measures against transnational organized crime, including the creation of domestic criminal offences (participation in an organized criminal group, money laundering, corruption and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities.
- South Sudan is not yet a member of any FATF[310] regional body - neither MENAFATF[311] nor ESAAMLG[312]. This means that its Anti Money Laundering (AML) and Combatting Terrorist Financing (CFT) legislation and procedures have not yet been

307 US Department of State, 2016 International Narcotics Control Strategy Report (INCSR), Countries and Jurisdictions Table https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253369.htm

308 US Department of State, International Narcotics Control Strategy Reports https://www.state.gov/international-narcotics-control-strategy-reports/

309 United Nations Convention against Transnational Organized Crime, Status of Treaties, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en

310 Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog and inter-governmental body that sets international standards adopted by 200 countries and jurisdictions http://www.fatf-gafi.org

311 Middle East and North Africa FATF Style Regional Body (MENAFATF) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation http://www.menafatf.org/about/members-observers/members

312 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation https://www.esaamlg.org/index.php/countries

assessed against global standards under the Mutual Evaluation process.

- South Sudan's **Financial Intelligence Unit** is not yet a member of the Egmont Group of Financial Intelligence Units.This means that its operational capabilities have yet to be assessed and its ability to interact with other financial intelligence units is restricted.It is unclear whether South Sudan's **Financial Intelligence Unit** has capacity to fulfill its role and charter[313] - allegedly the least popular job within the Central Bank[314]
- The central bank function is performed by the **Bank of South Sudan**[315] - responsible for monitoring monetary policies and ensuring price stability and a stable exchange rate.
- One estimate outlines that oil provides 73% of the South Sudanese government's revenues[316], and is subject to fluctuations in the global oil market. Oil is priced in US dollars and is the chief source of foreign exchange for the country.
- The official exchange rate[317] is United States Dollar (USD)$1 to South Sudan Pounds (SSP) 160.54 (Buying) -165.34 (Selling), however the unofficial ("black market") exchange rate varies between 1 US Dollar to SSP 270 - 330 SSP[318].

313 Conversation with confidential source 21 April 2020

314 Conversation with confidential source 8 April 2020

315 https://bankofsouthsudan.org

316 Reed, E (Feb 2020) Energy Voice "South Sudan sizes up its decline challenge" https://www.energyvoice.com/oilandgas/africa/225275/south-sudan-sizes-up-its-decline-challenge/

317 https://bankofsouthsudan.org/currency-operations/exchange-rates/

318 Danga D M (Feb 2020) The Insider "South Sudanese Pound soars in value against the US dollar" https://www.theinsider-ss.com/south-sudanese-pound-soars-in-value-against-the-us-dollar/

ANNEX T - LAWS AND GUIDELINES ISSUED BY THE GOVERNMENT OF UGANDA ON AML/CFT

The Government of Uganda has issued the following laws and guidelines on AML / CFT:

Anti-Money Laundering Act 2013[319]

- enacted 1 Nov 2013 (the law was drafted in 2001 but not enacted until 2013[320])
- criminalises money laundering
- contains key definitions and terminology, including crime, beneficial ownership and politically exposed person
- outlines money laundering prevention measures, including identification of clients, record-keeping, reporting cash and monetary transactions, reporting suspicious transactions
- establishes the Financial Intelligence Authority (FIA) and outlines it power and duties, and its funding
- establishes the Financial Intelligence Authority Board
- outlines the seizure, freezing and forfeiture of assets in relation to money laundering, including Production Orders, Search Warrants, Monitoring Orders, Restraining Orders, Confiscation & Realisation
- international cooperation
- offences and penalties

This has been further supplemented by the following

319 https://www.fia.go.ug/sites/default/files/2019-12/Anti-Money%20Laundering%20-ACT-2013.pdf

320 Fridays with Fintelekt featuring Sydney Asubo (Executive Director Uganda FIA) (5 June 2020) https://www.youtube.com/watch?time_continue=8&v=WLQV_7FuevQ&feature=emb_logo

The Anti Money Laundering Regulations 2015[321]

- enacted 24 Dec 2015
- established the requirement for a register for accountable persons
- established the requirement for Money Laundering Control Officer (MLCO)
- established the requirement for AML / CFT risk assessment
- details customer due diligence and customer identity verification
- details procedures for dealing with politically exposed persons (PEPs)
- details procedures for dealing with money, value, wire transfer services
- reporting and record keeping requirements

The Anti Money Laundering (Amendment) Act 2017[322]

- enacted 26 May 2017
- amends the Anti-Money Laundering Act, 2013,
- to harmonise the definitions used in the Act;
- to provide for the carrying out of risk assessments by accountable persons;
- to provide for the identification of customers and clients of accountable persons;
- to provide for procedures relating to suspicious transactions;
- to harmonise the record keeping requirements and exchange of information obligations with international practice

321 https://www.fia.go.ug/sites/default/files/2019-12/The-Anti-Money-Laundering-Regulations-2015.pdf

322 https://www.fia.go.ug/sites/default/files/2019-12/Anti-Money%20Laundering%20%28Amendment%29%20%20Act%202017.pdf

The Anti Money Laundering (Exchange of Information) Regulations 2018[323]

- enacted 24 Sept 2018
- enables FIA to exchange information on suspected or confirmed money laundering, financing of terrorism, any criminal activity, with foreign counterpart agencies

Large Cash Transaction Guidelines 2015[324]

- enacted March 09, 2015
- accountable persons are required to file Large Cash and/or Monetary Transactions above UGX 20,000,000 (Twenty million shillings) to FIA

Guidelines on Identifying Suspicious Transactions 2016[325]

- enacted 28 April 2016
- providing indicators to accountable persons for the identification of suspicious transactions.

In the efforts in combatting the financing of terrorism (CFT),

The Anti-Terrorism Act 2002[326] defined:

- the offence of terrorism & related offences

323 https://www.fia.go.ug/sites/default/files/2019-12/The%20Anti-Money%20Laundering%20%28Exchange%20of%20Information%29%20Regulations%202018.pdf
324 https://www.fia.go.ug/sites/default/files/guidelines/files/FIA%20CTR%20Guidelines%20March%209%2C%202015.pdf
325 https://www.fia.go.ug/sites/default/files/guidelines/files/Suspicious%20Transactions%20Guidelines%202016.pdf
326 https://www.fia.go.ug/sites/default/files/2019-12/Anti-Terrorism%20Act%2C%202002.pdf

- terrorist organisations
- financial assistance for terrorist organisations, including contributions towards acts of terrorism and resources of terrorism organisations, assisting in retention or control of terrorism funds
- investigations into terrorist activities

This has been further supplemented by

The Anti-Terrorism (Amendment) Act 2015[327]

- enacted 19 June 2015
- to harmonise the definition of "funds" with that contained in the International Convention For the Suppression of the Financing of Terrorism, 1999; to amend the definitions of "terrorism" and "acts of terrorism" to include the international aspects envisaged by the Convention

The Anti-Terrorism Regulations 2015[328]

- enacted 24 Dec 2015
- declaration of terrorist organisations
- designation of individuals as suspected terrorists
- declaration of persons and organisations under the United Nations Security Council resolutions
- notification of designated persons and organisations to Financial Intelligence Authority and freezing or seizing of funds or property
- dealings in frozen or seized funds or property

327 https://www.fia.go.ug/sites/default/files/2019-12/Anti-Terrorism%20%28Amendment%29%20Act-2015.pdf
328 https://www.fia.go.ug/sites/default/files/2019-12/Anti-Terrorism%20Regulations%2C%202015.pdf

The Anti-Terrorism Regulations 2016[329]

- enacted 14 Oct 2016
- declaration of terrorist organisations
- designation of individuals as suspected terrorists
- declaration of persons and organisations under the United Nations Security Council resolutions
- notification of designated persons and organisations to Financial Intelligence Authority and freezing or seizing of funds or property
- dealings in frozen or seized funds or property

The Anti-Terrorism Amendment Act 2017[330]

- enacted 26 May 2017
- further amend the definitions of "terrorism" and "acts of terrorism"; to include the revised international aspects envisaged by the International Convention for the Suppression of the Financing of Terrorism.

Additionally, in respect of the growing emergence of mobile money service providers

Mobile Money Guidelines 2013[331]

- enacted Oct 1, 2013

329 https://www.fia.go.ug/sites/default/files/2019-12/The%20Anti-Terrorism%20Regulations%202016.pdf

330 https://www.fia.go.ug/sites/default/files/2019-12/The%20Anti-Terrorism%20%28Amendment%29%20Act%202017.pdf

331 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/acts/other_acts_regulations/Mobile-Money-Guidelines-2013.pdf

- defines "mobile money", "mobile banking", "mobile financial services"
- mobile money is a financial service provided by supervised and licensed institutions in partnership with mobile money service providers
- mobile money service providers must put in place measures to prevent money laundering and terrorist financing including Know Your Customer (KYC) & Customer Due Diligence (CDD), limits set for frequency, volume and value of transactions; suspicious transactions and large cash transactions reported to the partnering licensed institution

The **Bank of Uganda** is the Central Bank of the Republic of Uganda[332], responsible for the formulation and implementation of monetary policy as well as regulating & supervising financial institutions; it supervises banks and some non-bank institutions in the country,[333] including:

- Commercial Banks[334] of which the top 4 banks control 55% of banking assets in Uganda and 87% of the commercial banks are subsidiaries of foreign owned banks[335]
- Credit Institutions[336]
- Forex Bureaux[337]

332 https://www.bou.or.ug/bou/bouwebsite/BOU-HOME/

333 https://www.bou.or.ug/bou/bouwebsite/Supervision/supervisedinstitutions.html

334 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/LICENSED-COMMERCIAL-BANKS-AS-AT-JUNE-15.pdf

335 Global Financial Integrity, Sept 2018, "A Scoping Study of Illicit Financial Flows Impacting Uganda" https://www.gfintegrity.org/wp-content/uploads/2018/10/Uganda-Report-2018_12.20.18.pdf

336 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/LICENSED-CREDIT-INSTITUTIONS-AS-AT-JUNE-15.pdf

337 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_

- Money Remitters[338]
- Microfinance Deposit-taking Institutions[339]
- Mobile Money Service Providers (MMSPS)[340]

Institutions/Supervised_Institutions/2020/Forex-Bureaus.pdf

338 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/Money-Remittance-Businesses.pdf

339 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/LICENSED-MICROFINANCE-DEPOSIT.pdf

340 https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/LIST-OF-MOBILE-MONEY-SERVICE-PROVIDERS.pdf

Type	Name of Licensed Entity
LICENSED COMMERCIAL BANKS (25) (AS AT JUNE 15, 2020)	ABC Capital Bank Uganda Limited Absa Bank Uganda Limited Afriland First Bank Uganda Limited Bank of Africa Uganda Limited Bank of Baroda Uganda Limited Bank of India Uganda Limited Cairo International Bank Limited Centenary Rural Development Bank Limited Citibank Uganda Limited dfcu Bank Limited Diamond Trust Bank Uganda Limited Ecobank Uganda Limited Equity Bank Uganda Limited Exim Bank Uganda Limited Finance Trust Bank Uganda Limited Guaranty Trust Bank Uganda Limited Housing Finance Bank Uganda Limited KCB Bank Uganda Limited NCBA Bank Uganda Limited Opportunity Bank Uganda Limited Orient Bank Limited Stanbic Bank Uganda Limited Standard Chartered Bank Uganda Limited Tropical Bank Limited United Bank for Africa Uganda Limited
LICENSED CREDIT INSTITUTIONS (4) (AS AT JUNE 15, 2020)	BRAC Uganda Bank Limited Mercantile Credit Bank Limited Post Bank Uganda Limited Top Finance Bank Uganda Limited

Type	Name of Licensed Entity
LICENSED FOREX BUREAUS (207) (AS AT MARCH 10, 2020)	See List at https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervised_Institutions/2020/Forex-Bureaus.pdf
LICENSED MONEY REMITTERS (78) (AS AT MARCH 10, 2020)	See List at https://www.bou.or.ug/bou/bouwebsite/bouwebsitecontent/Supervision/Supervised_Institutions/Supervision/financial_institutions/2020/Money-Remittance-Businesses.pdf
LICENSED MICROFINANCE DEPOSIT-TAKING INSTITUTIONS (MDIs) (5) (AS AT JUNE 15, 2020)	EFC Uganda Limited (MDI) FINCA Uganda Limited (MDI) PRIDE Microfinance Limited (MDI) UGAFODE Microfinance Limited (MDI) YAKO Microfinance Limited (MDI)
LIST OF MOBILE MONEY SERVICE PROVIDERS (MMSPs) (7) (AS AT JUNE 15, 2020)	Africell Money Airtel Money Ezee Money M-Cash Micropay M-Sente MTN Mobile Money

Other Financial Institutions in Uganda which are not supervised by the Bank of Uganda:

- Insurance Companies
- Insurance Brokers
- Leasing Companies

- Development Banks

International money transfers are provided **MoneyGram**[341] (through local licensed money remitters) and **Western Union**[342] (through licensed banks and forex bureaux) and **Dahabshiil**[343] (through agents).

The **Financial Intelligence Authority** (FIA)[344] is Uganda's independent, administrative Financial Intelligence Unit (FIU), which began operations on 1 July 2014, has the following objectives[345]:

- enhance the identification of crime and the combatting of money laundering,
- ensure compliance with AML / CFT laws
- enhance public awareness relating to ML / FT
- make available information to competent authorities to facilitate the enforcement of the laws of Uganda
- international cooperation and information exchange to combat ML/FT
- conduct due diligence on entities entering into public-private partnerships with the government or one of its agencies

The FIA is governed by the **Financial Intelligence Board**[346], a policy making organ of the Authority.

341 https://www.moneygram.com/mgo/us/en/locations
342 https://www.westernunion.com/gb/en/agent-locator.html
343 https://www.dahabshiil.com/agents
344 https://www.fia.go.ug
345 MUHEREZA KYAMUTETERA APRIL 22, 2020 The CEO East Africa Magazine "Meet Sydney Asubo, Uganda's chief hunter of money launderers and terrorism financiers" https://www.ceo.co.ug/meet-sydney-asubo-ugandas-chief-hunter-of-money-launderers-and-terrorism-financiers/
346 https://www.fia.go.ug/board-members

The FIA monitors 15 categories of accountable persons[347], including:

- Financial institution, as defined in the Financial Institutions Act
- Brokers, Dealers or Investment Advisors licensed under Capital Markets Act
- Insurance companies licensed under the Insurance Act
- Casinos (including internet casinos)
- Real estate agents
- Dealers in precious metals & gems
- Trust and company service providers
- Registrars of Companies
- Registrar of Land
- The Uganda Investment Authority
- All licensing authorities in Uganda
- Advocates as defined in the Advocates Act, Notaries licensed and certified under the Notaries Public Act, Accountants as defined in the Accountants Act, and other independent legal professionals and accountants
- A board of executors or a trust company or any other person that invests, keeps in safe custody, controls, or administers trust property within the meaning of the Trustees Act
- Non-governmental organisations, churches and other charitable organisations
- Any other person who conducts financial activity in both the formal and informal sector, as defined in the guidelines.

FIA has implemented the **goAML** system, an integrated and modular online software solution, specifically designed by the United Nations Office on Drugs and Crime (UNODC), for use by Financial Intelligence Units (FIUs)

347 FIA 22nd August 2014 GUIDELINES TO ALL ACCOUNTABLE PERSONS UNDER THE ANTI MONEY LAUNDERING ACT,2013 https://www.fia.go.ug/sites/default/files/2019-10/FIA%20Guidelines%20to%20Accountable%20Persons.pdf

throughout the world.

Data (STR / LCTR) is sent electronically by financial institutions (and others) to a common database accessible to Financial Intelligence Authority (FIA). goAML processes and analyses reports on suspicious transactions or cash transactions of any kind. The system also permits electronic data collection from accountable persons and competent authorities and electronic dissemination to Law Enforcement Agencies and competent authorities[348].

Uganda, as a jurisdiction is:

- is included on the **FATF list of Jurisdictions under Increased Monitoring** (as at 21 Feb 2020)[349]; Uganda has implemented a 2-year plan to demonstrate their effectiveness in investigating and prosecuting money laundering cases and terrorism financing cases[350].
- not included in the list[351] of major drug-transit or major illicit drug producing countries, as identified in the annual US State Department Bureau for **International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report**
- not included in the list[352] of major centres of narcotics-

348 https://www.fia.go.ug/goAML

349 High-risk and other monitored jurisdictions http://www.fatf-gafi.org/countries/#other-monitored-jurisdictions

350 MUHEREZA KYAMUTETERA APRIL 22, 2020 The CEO East Africa Magazine "Meet Sydney Asubo, Uganda's chief hunter of money launderers and terrorism financiers" https://www.ceo.co.ug/meet-sydney-asubo-ugandas-chief-hunter-of-money-launderers-and-terrorism-financiers/

351 International Narcotics Control Strategy Report Volume I Drug and Chemical Control March 2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-1-INCSR-Vol.-I-Final-for-Printing-2-25-20-508.pdf

352 International Narcotics Control Strategy Report Volume II Money Laundering March

related money laundering, as identified in the annual **US State Department Bureau for International Narcotics and Law Enforcement Affairs International Narcotics Control Strategy Report**

- not included in the **Basel AML Index 2019**[353] country ranking and review of money laundering and terrorist financing risks around the world
- Uganda was included in the 2016 **US INCSR** report[354] on money laundering as a "Monitored Jurisdiction", however has not been included in subsequent reports[355].
- Uganda has ratified the **United Nations Convention against Transnational Organized Crime**[356] (w.e.f 9 March 2005), which commits states to taking a series of measures against transnational organized crime, including the creation of domestic criminal offences (participation in an organized criminal group, money laundering, corruption and obstruction of justice); the adoption of new and sweeping frameworks for extradition, mutual legal assistance and law enforcement cooperation; and the promotion of training and technical assistance for building or upgrading the necessary capacity of national authorities.

2020 https://www.state.gov/wp-content/uploads/2020/03/Tab-2-INCSR-Vol-2-508.pdf

353 Basel AML Index 2019 A country ranking and review of money laundering and terrorist financing risks around the world Aug 2019 https://www.baselgovernance.org/sites/default/files/2019-08/Basel%20AML%20Index%202019.pdf

354 US Department of State, 2016 International Narcotics Control Strategy Report (INCSR), Countries and Jurisdictions Table https://2009-2017.state.gov/j/inl/rls/nrcrpt/2016/vol2/253369.htm

355 US Department of State, International Narcotics Control Strategy Reports https://www.state.gov/international-narcotics-control-strategy-reports/

356 United Nations Convention against Transnational Organized Crime, Status of Treaties, https://treaties.un.org/Pages/ViewDetails.aspx?src=TREATY&mtdsg_no=XVIII-12&chapter=18&clang=_en

- Uganda is a member of FATF[357] regional body ESAAMLG[358].
- Uganda has undergone a Mutual Evaluation[359] of its Anti Money Laundering (AML) and Combatting Terrorist Financing (CFT) legislation and procedures in 2016, with a follow-up report in Sept 2018; the next Mutual Evaluation is scheduled for 2023 or 2024[360].
- Uganda's **Financial Intelligence Authority** (FIA) is a member of the Egmont Group of Financial Intelligence Units[361] w.e.f 3 July 2019. This is a significant achievement. It also means that international information requests with peer FIUs can be conducted through Egmont Secure Web. It is reported that within 1 month of Egmont membership, FIA received some 56 requests for information[362] - a huge increase from the previous methods.
- Uganda's FIA coordinated a **Money Laundering / Terrorist Financing National Risk Assessment** (NRA) in 2016 to July 2017, across a large number of Government agencies and stakeholders, using the World Bank methodology. The report was subsequently published in Sept 2018[363]. This assessment has provided significant insights into the ML / TF risks, namely:

357 Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog and inter-governmental body that sets international standards adopted by 200 countries and jurisdictions http://www.fatf-gafi.org

358 Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is a Regional Body subscribing to global standards to combat money laundering and financing of terrorism and proliferation https://www.esaamlg.org/index.php/countries

359 https://www.esaamlg.org/index.php/Countries/readmore_members/Uganda

360 MUHEREZA KYAMUTETERA APRIL 22, 2020 The CEO East Africa Magazine "Meet Sydney Asubo, Uganda's chief hunter of money launderers and terrorism financiers" https://www.ceo.co.ug/meet-sydney-asubo-ugandas-chief-hunter-of-money-launderers-and-terrorism-financiers/

361 https://egmontgroup.org/en/content/uganda-financial-intelligence-authority

362 Conversation with confidential source dated 28 April 2020

363 https://www.fia.go.ug/sites/default/files/2019-12/Money%20Laundering%20And%20Terrorist%20Financing%20National%20Risk%20Assessment%20Report_1.pdf

- domestic ML threats: corruption, fraud (including an increase in cryptocurrency scams, tax evasion
- international ML threats: smuggling gold / timber diamonds, illicit wildlife trafficking, drug trafficking, human trafficking
- sectoral ML threat: real estate, money lenders / money for value transfers / forex exchange
- TF threats: mainly external from groups operating within the region

Uganda's FIA have established:

- partnerships with key Government agencies[364]
- 19 MOUs with foreign FIUs for information exchange[365] (although with Egmont membership information exchange can be facilitated through the Egmont Secure Web)

364 https://www.fia.go.ug

365 FIA (September, 2019) ANNUAL REPORT FOR THE FINANCIAL YEAR 2018 - 2019 https://www.fia.go.ug/sites/default/files/2019-11/FIA%20ANNUAL%20REPORT%202018%20-%202019.pdf

DISCLAIMER

The Assessment Report and this book was conducted and produced with the financial support from the European Union Trust Fund (EUTF) through the Austrian Development Agency (ADA) under the IPPSHAR Program. The contents and findings of the report do not reflect the views of the partners.

IGAD Security Sector Program (IGAD SSP) of the Intergovernmental Authority on Development (IGAD) was established pursuant to the regional peace and security strategy to address the Emerging, Evolving and Existing Transnational Security Threats (EEE-TSTs).

The overall objective of IGAD SSP is to promote and strengthen regional and national capacities to better predict, prevent and counter TSTs and thereby contribute to regional peace and stability in the IGAD region.

IGAD SSP strives to enhance and enable member states' security sector capacities to address common threats, thus, engendering sustainable economic development. It has the following three Strategic Priority areas:

1. Strengthening regional cooperation and coordination;

2. Enhance member states' and IGAD's institutional and human capacities; and

3. Promote and support the signing, ratification and domestication of relevant regional and international instruments