

**CONCERNS OVER THE USE OF PROCEEDS FROM
THE EXPLOITATION, TRADE, AND TRAFFICKING OF
NATURAL RESOURCES FOR THE PURPOSES OF
TERRORISM FINANCING**



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BACKGROUND

The present *Trends Alert* was prepared by CTED in accordance with Security Council resolution 2395 (2017), which directs CTED to conduct analytical work on emerging issues, trends and developments and to make its analytical products available throughout the United Nations system.

CTED Trends Alerts aim to provide the Security Council Counter-Terrorism Committee, United Nations agencies, and policymakers with a concise analysis of specific issues, trends and developments, as identified through CTED's engagement with Member States on their implementation of the relevant Security Council resolutions.

INTRODUCTION

The Security Council has continuously expressed concern, including in its resolutions 2195 (2014), 2462 (2019), and 2482 (2019), at the use of the proceeds from the illegal exploitation and trafficking of natural resources by armed groups, terrorist groups and criminal networks supporting them.¹ The Council has encouraged all States to continue efforts to end the illicit trade in natural resources, in particular in the gold sector, and to hold those complicit in the illicit trade accountable as part of broader efforts to ensure that illicit trade in natural resources is not benefiting sanctioned entities, terrorist groups, armed groups or criminal networks.²

The present *Trends Alert* provides a brief summary of several actual and potential uses of revenues generated from the exploitation, trade, and trafficking of natural resources for the purposes of terrorism financing.

Within the framework of the country assessment visits conducted on behalf of the Counter-Terrorism Committee, CTED has noted a disconnect between the level of concern expressed by policymakers and the actual level of proactive investigation and prosecution of cases aimed at establishing possible links between the types of crime in question and terrorism financing. In its updated Global survey of the implementation of Security Council resolution 1373 (2001) and other relevant resolutions by Member States (S/2021/972), CTED notes the risk that terrorist groups will infiltrate and take advantage of gold and other mineral-producing areas in Africa.³

In the context of its 2021 thematic summary assessment of gaps and areas requiring more action to implement key countering the financing of terrorism (CFT) provisions of the relevant Council resolutions, CTED notes that most of the States analysed during the

¹ S/RES/2195 (2014), preamble; S/RES/2462 (2019), preamble.

² S/RES/2482 (2019), para. 14. See also preamble and paras. 13 and 15 (e).

³ CTED, [“Global survey of the implementation of Security Council resolution 1373 \(2001\) and other relevant resolutions by Member States”](#) (2021), para. 175. See also paras. 723 and 728.

reporting period lacked clear legal frameworks, practices, or resources to seek proactively and systematically to establish such linkages and investigate whether the proceeds of relevant organized crime cases were intended (or used) for terrorism financing. The present *Trends Alert* confirms the continuing need for States to develop the necessary procedures and tools and enhance the capacity of the relevant practitioners to detect and deter such links.

THE DATA

The present *Trends Alert* is based on information collected through CTED’s engagement with Member States and data gathered by CTED through its engagement with United Nations partners; international, regional and subregional organizations; civil society organizations (CSOs); and members of the CTED Global Research Network (GRN). It also includes findings from CFT-related events organized or attended by CTED, as well as outcomes of open-source research on terrorism-financing trends and threats, including typology studies conducted by the Financial Action Task Force (FATF) and its Global Network.

It should be noted that, owing to lack of data, there are methodological limitations to achieving a comprehensive understanding of the nature, scope, and dynamics of the linkages that may exist between natural resources-related crimes and terrorism financing. Conscious of the need to better understand the broader issue often referred to as the “crime-terror nexus” and track new developments, CTED is committed to pursuing its efforts and engagements in this area, acting in close cooperation with its partners and Member States, in accordance with the relevant Council resolutions, and under the policy guidance of the Counter-Terrorism Committee.

OBSERVED TRENDS

The exploitation, trade, and trafficking of natural resources (including precious metals and minerals such as gold, silver, copper and diamonds, as well as timber, charcoal, and wildlife) represent a significant source of profit for criminals and are sometimes used as opportunities to finance terrorist activities and groups. Terrorist engagement in legitimate economies related to natural resources is strategically important for these groups, both to generate regular income and to



further diversify the sources of funding.⁴ In July 2021, FATF noted in its report on money-laundering threats that “there is evidence that armed groups and terrorist organizations do, to varying extents, rely on certain environmental crimes to support and finance their operations”.⁵

Although cash is the predominant method employed to store and move funds by terrorist groups known to have been involved in natural resources crimes and trafficking, mobile money services and formal financial banking systems are also used frequently.⁶

These trends not only compound conflicts and exacerbate instability, but also have an aggravating factor in the regions that are most exposed to climate risks.⁷ In the Horn of Africa, for example, higher frequency of extreme weather events, water shortages and flooding are already having implications for employment and food security, such as limiting the ability of herders and farmers to recover and pushing vulnerable communities into displacement.⁸ The United Nations Secretary-General has raised the concern that environmental degradation enables non-State armed groups to extend their influence and manipulate resources to their advantage, recalling that, currently, the regions that are most vulnerable to climate change are also suffering from the scourge of terrorism.⁹

As competition among communities over diminishing natural resources increases, researchers are also concerned that the convergence of terrorism and crime related to the exploitation of natural resources will act as “risk multipliers” for radicalization, especially in regions with pre-existing conflicts.

The money-laundering and terrorism-financing risks relating to the illegal exploitation of natural resources have been further underscored in recent mutual evaluation reports on the implementation of the relevant FATF Recommendations, which highlight States’ limited understanding of the threats and vulnerabilities posed by the trafficking of natural resources and wildlife crimes, including in the context of national risk assessments (NRA), insufficient anti-money-laundering/countering the financing of terrorism (AML/CFT) regulation of the sectors concerned, and lack of mechanisms for exchanging information with other States regarding the unusual transportation of resources such as gold or precious stones.¹⁰ Assessing the scale and scope of the linkages between the

⁴ Lackey, Chania, “Remarks” (2022) Joint open briefing of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da’esh) and Al-Qaida Sanctions Committee on “ISIL in Africa: Nature of Threat and Responses”.

⁵ <https://www.fatf-gafi.org/media/fatf/documents/reports/Money-Laundering-from-Environmental-Crime.pdf>, p. 8. FATF also noted that environmental crime, particularly mining, is a profitable tool for insurgent groups in conflict with the central government authority and for terrorist organizations operating in resource-rich jurisdictions where there is instability. Public reporting by Governments and NGOs has noted that these groups will engage in environmental crime as a means of raising revenue or as a direct means of value transfer/payment for goods (e.g., guns and drugs).

⁶ See e.g., Final report of the Panel of Experts on Somalia (S/2021/849), Summary.

⁷ [Climate change ‘aggravating factor for terrorism’: UN chief](#) (2021), UN News, with reference to the Security Council debate held in December 2021 on security in the context of terrorism and climate change; International Committee of the Red Cross (ICRC), [“Somalia: Climate change and conflict threaten herders”](#) (2021).

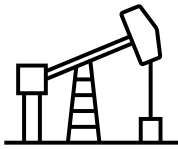
⁸ United Nations High Commissioner for Refugees (UNHCR), [“Somalia: Internal Displacements Monitored by Protection & Return Monitoring Network \(PRMN\)”](#) (2021).

⁹ United Nations Secretary-General, [“Remarks at Security Council debate on Security in the Context of Terrorism and Climate Change](#) (2021).

¹⁰ See e.g., mutual evaluation reports prepared by the respective FATF-style regional bodies (FSRBs) for the [Republic of Benin](#) (2021), the [Republic of Cameroon](#) (2022), the Republic of Congo (2022) [to be published], the [Democratic Republic of the Congo](#) (2021), the [Arab Republic of Egypt](#) (2021), [Guinea-Bissau](#) (2022), the [Republic of Mozambique](#) (2021), [New Zealand](#) (2021), the [Republic of Niger](#)

exploitation of natural resources and terrorism financing across the various types of illicit flows is complex, especially as they vary continuously by regions and across time. The examples considered in the present *Trends Alert* demonstrate how terrorist groups are able to strategically diversify their funding streams into a variety of both illicit and licit activities relating to, inter alia, oil and natural gas, resources used for agriculture and fishing, wildlife, or minerals and precious metals. Some of these examples entail taking control of parts of the local economies upon which communities subsist.

Oil and natural gas



In the Syrian Arab Republic and Iraq, ISIL was able to generate considerable income from the production of, and trade in oil and natural gas in areas that it controlled predominantly in 2014 and 2015.¹¹ Despite ISIL's loss of control over territories in this region and the consequent drastic reduction in its access to oil and natural gas fields, FATF has noted funds being generated through extortion of oil networks in eastern Syrian Arab Republic as late as 2021.¹² Cash reserves accumulated through the earlier exploitation and trade may still be available to the terrorist group.¹³

Because of the skills and resources required to exploit oil and gas, it is difficult for terrorist groups to produce and refine oil unless a considerable amount of territory is controlled. However, Al-Qaida in the Arabian Peninsula (AQAP) continues to attempt to establish control over ports along the Gulf of Aden, and oil and gas infrastructure facilities.¹⁴ In their 2021 report to the President of the Security Council, the members of the Panel of Experts on Yemen noted that the Houthi terrorist group (*cf.* Security Council's resolution 2624 (2022)) were closer to taking control over important oil and gas wells.¹⁵

(2021), the [Federal Republic of Nigeria](#) (2021), the [Republic of Sierra Leone](#) (2020), the [Republic of South Africa](#) (2021), and the [United Republic of Tanzania](#) (2021).

¹¹ See Chair's summary of the assessment by the Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526 (2004) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and the Taliban and associated individuals and entities on the impact of the measures imposed in Security Council resolution 2199 (2015), submitted pursuant to para. 30 of resolution 2199 (2015), (S/2015/739), para. 5. As an example, in May 2022, the Paris Court of Appeal confirmed the indictment of a French multinational company for complicity in crimes against humanity committed by ISIL (it had previously confirmed the charges of financing of a terrorist organization) for making payments and trading raw materials, including oil, to ISIL and other local armed groups ([Paris Court of Appeal confirms charges against French multinational Lafarge for complicity in crimes against humanity committed by ISIL](#) (2022), Doughty Street Chambers).

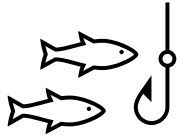
¹² FATF, "[FATF Public Statement on the Financing of ISIL, Al Qaeda and Affiliates](#)" (2021).

¹³ E.g. in April 2021, a sum equivalent to \$1.7 million in buried U.S. dollar and Iraqi dinar bank notes, as well as gold and silver, were seized in Mosul (S/2021/655, para. 65).

¹⁴ Twenty-ninth report of the Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526 (2004) and 2253 (2015), (S/2022/83), para. 43.

¹⁵ Final report of the Panel of Experts on Yemen (S/2021/79), table 4.1. Council resolution 2624 (2022) subsequently called the Houthi a terrorist group and added the group as an entity to the Yemen sanctions list.

Natural resources used for agriculture and fishing



In the Lake Chad Basin region, where the economy is largely based on agriculture and fishing, further examples of the linkages include cattle rustling and livestock raids which have represented a source of financing for Boko Haram.¹⁶ There is also growing evidence that the Islamic State West Africa Province (ISWAP) has been able to impose taxation and extortion of businesses relating to fisheries.¹⁷ The Task Force on Money-Laundering in Central Africa (GABAC) published a typology report on terrorism financing in Central Africa which identified recurring cases of livestock theft by Boko Haram and increased risks of illegal trafficking of fish products in the Lake Chad Basin.¹⁸ Terrorists active in the Lake Chad Basin region have also been reported to profit from trade in smoked fish and red pepper or to extort communities involved in farming and fishing activities.¹⁹

In its 2021 report to the Chair of the Security Council (S/2021/849), the United Nations Panel of Experts on Somalia assessed that Al-Shabaab generated funds through, inter alia, a range of illicit taxation on agriculture (farms and farming produce) and livestock (primarily cattle, camels and goats).

Revenue from timber, cocoa and coffee has also been linked to terrorism financing. In 2020, the United Nations Group of Experts on the Democratic Republic of the Congo reported that some cultivation, harvest, sale and smuggling of cocoa was linked to the Allied Democratic Forces (ADF).²⁰ The ADF, whose affiliation to ISIL has raised the group's local profile, has also reportedly generated profit from taxation on illegal timber production in Eringeti.²¹ ADF collaborators also stated to the Group of Experts that ADF leaders forced Congolese farmers to pay monthly taxes of \$10 to \$25 per acre per farmer, or part of their harvest.²² There are also reports of *Jemaah Islamiyah* militants in Borneo and the western island of Sumatra, Indonesia, attempting to establish palm oil plantations as a stable financing source of revenue for its operations.²³

Policymakers have outlined the role that water can play as a source or an intensifier of conflict as competition increases over scarce water resources, including for fishing and agriculture. In conflict zones or fragile settings, the consequences of water shortages or

¹⁶ Petrich, Katherine [“Cows, Charcoal, and Cocaine: Al-Shabaab’s Criminal Activities in the Horn of Africa”](#) (2022), *The Linkages between Organized Crime and Terrorism, Studies in Conflict & Terrorism*.

¹⁷ Tabi Mbang, Etienne, [“Raising funds for terrorist purposes through exploitation of natural resources”](#) (2021), Joint special meeting of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da’esh) and Al-Qaida Sanctions Committee on the latest terrorism-financing trends and threats, as well as the implementation of Security Council resolution 2462 (2019).

¹⁸ Task Force on Money Laundering in Central Africa (GABAC), [“The financing of terrorism in Central Africa”](#) (2017).

¹⁹ Samuel, Malik [“Economics of terrorism in Lake Chad Basin”](#) (2019), Institute for Security Studies.

²⁰ Midterm report of the Group of Experts on the Democratic Republic of the Congo, (S/2020/1283), see Summary.

²¹ Daghar, Mohamed; Chelin Richard; Haji Mohamed, [“Expansion of the Allied Democratic Forces should worry East Africa”](#) (2022), Institute for Security Studies.

²² Final report of the Group of Experts on the Democratic Republic of the Congo (S/2020/482), para. 41.

²³ See e.g., <https://www.benarnews.org/english/news/indonesian/militant-plantations-07122019151753.html>.

severe water pollution resulting from the loss of aquatic ecosystems such as fisheries can lead to conflicts between different water user groups and may be used as a tool by terrorist groups to delegitimize government institutions. In Iraq and the Syrian Arab Republic, for example, ISIL has exploited water shortages and taken control of water infrastructure to impose its will on communities.²⁴ Access to coastal facilities, can also be strategic for terrorist groups seeking opportunities to take control of maritime assets.

Wildlife trade



Wildlife trafficking (which is among the most lucrative criminal activities worldwide) has been reported as a source of funding for terrorist organizations such as Boko Haram, Al-Shabaab, the Lord’s Resistance Army, and others.²⁵ More recently, researchers and analysts appear to be taking a more cautious approach as to the scale of these linkages.²⁶ However, they seem to agree that while this might not have been a primary source of financing for these groups, some instances have indeed occurred.



In the above-mentioned typology report, GABAC raised concerns over the potential linkages between terrorism financing and environmental crime, including the sale and exchange of protected species such as elephant tusks.²⁷ Although evidence linking terrorist activity to illegal wildlife trade remains limited, CTED has addressed some examples under investigation by national authorities,

²⁴ [Climate change “aggravating factor for terrorism”: UN chief](#) (2021), UN News, with reference to the Security Council debate of December 2021 on security in the context of terrorism and climate change.

²⁵ See e.g., the analysis of the United States Institute of Peace: <https://www.usip.org/events/wildlife-poaching-and-trafficking-combating-source-terrorist-funding> ; National Geographic, “How Killing Elephants Finances Terror in Africa” (2015): <https://www.nationalgeographic.com/tracking-ivory/article.html>. See also the record of the Hearing before the Subcommittee on Terrorism, Non-Proliferation and Trade of the Committee on Foreign Affairs of the U.S. House of Representatives, April 2015: <https://www.govinfo.gov/content/pkg/CHRG-114hhrg94308/html/CHRG-114hhrg94308.htm>.

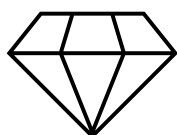
²⁶ See e.g., <https://news.mongabay.com/2022/02/links-between-terrorism-and-the-ivory-trade-overblown-study-says/> (February 2022) and sources cited therein. The FATF Report on Money-Laundering and the Illegal Wildlife Trade (June 2020) does not address the links between Illegal Wildlife Trade (IWT) and terrorism financing, stating that “current evidence suggests that this is not yet a widespread typology” (<https://www.fatf-gafi.org/media/fatf/documents/Money-laundering-and-illegal-wildlife-trade.pdf>).

²⁷ GABAC, “[The financing of terrorism in Central Africa](#)” (2017).

within the framework of recent country assessments, including poaching, smuggling of wild fauna and flora and misappropriated of funds related to national parks.

It is clear that more work needs to be done to enhance the understanding of these trends and the extent of linkages to terrorism and its financing. For example, a recent report of the International Criminal Police Organization (INTERPOL) suggests that illegal gold miners' settlements in forested areas, particularly in Central Africa, can foster the development of poaching of protected species, and other environmental crimes.²⁸

Minerals and precious metals



Member States have reported the mining of gold and other precious metals as an increasingly important source of terrorism financing for global affiliates of ISIL and Al-Qaida in Africa, and noted that rare earth metals were also being excavated to support regional terrorist groups.²⁹

Within the framework of recent assessments, CTED has discussed with national authorities potential risks relating to instances where linkages have been established between gold mining and terrorism financing. A typology report of the Intergovernmental Action Group against Money-Laundering in West Africa (GIABA) on money-laundering and terrorism-financing links to the extractive industry noted that Al-Qaida had used rough diamonds from West Africa to finance its activities since the 1990s.³⁰ More globally, gold has become attractive to terrorist groups owing to its stable value and relative portability, combined with inherent industry vulnerabilities relating to the cash-intensive nature of the gold trade and limited AML/CFT oversight.³¹

In Latin America, risk assessments of the gold sector have underlined its vulnerability to terrorism financing, particularly in Colombia and Peru.³² A report by FATF and the Asia/Pacific Group on Money Laundering (APG) described a case study of a terrorist group in Colombia whose modus operandi consisted of taking control of territories where gold mines were located by extorting and coercing the owners to transfer the ownership titles of the land. Part of the gold produced illegally by the terrorist group was sold to legal businesses through cash transactions with a view to concealing its provenance. The

²⁸ INTERPOL, “Analytical report: Illegal gold mining in Central Africa” (2021), p. 34.

²⁹ See e.g., Twenty-ninth report of the Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526 (2004) and 2253 (2015) concerning ISIL (Da'esh), Al-Qaida and the Taliban and associated individuals and entities, February 2022 (S/2022/83).

³⁰ GIABA (2018) “Typology report on money laundering and terrorist financing linkages to the extractive industry”, para.25.

³¹ FATF and Asia/Pacific Group of Money Laundering (APG), [“Money laundering and terrorist financing risks and vulnerabilities associated with gold”](#) (2015).

³² For Colombia, see of the International Monetary Fund (IMF) (2018) and Colombia’s “Report on measures Peru conducted a [“Sectorial Assessment of the ML/TF risks of the mining sector”](#) (2017). See also discussions of the Joint special meeting of the Counter-Terrorism Committee, the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning ISIL (Da'esh) Al-Qaida and associated individuals, groups, undertakings and entities; and the Security Council Committee established pursuant to resolution 1988 (2011) on “The nexus between international terrorism and organized crime” (26 April 2019).

profits were then used to buy equipment, munitions, medicines, and other supplies needed to continue with the group’s terrorist activities.³³

ISIL affiliates with an established presence in Africa have exploited the goldmining business not only by extorting gold miners working in unregistered mines but also by engaging smugglers to move the gold from remote mining sites to trade points, and even using existing smuggling routes to sell gold at international trading hubs.³⁴ Illegal mining operations are profitable and attractive as gold is sold at a lower price than the legal gold market.

In Burkina Faso, Mali, and Niger, the gold rush is offering a new source of funding for terrorist groups, particularly in the Liptako-Gourma region, as the groups seek financing opportunities that are sustainable to finance their long-term activities, easily accessible, and available at the lowest risks of detection and disruption.³⁵ The Islamic State in the Greater Sahara (ISGS) and *Jama’at Nusrat al Islam wal Muslimeen* (JNIM) are reportedly fighting in the Gourma sector of Mali, in part for control of gold extraction areas³⁶ where the groups impose illegal taxation on small-scale gold miners for protection or to collect *zakat* (a form of wealth tax for observant Muslims). Affected regions include Kidal, to the north of Mali (involving JNIM fraction groups such as Ansar Edine); Bongou and Soum in Burkina Faso (involving groups such as *Ansar ul Islam*); and Kombongou in Niger (areas that have also suffered a number of terrorist attacks). The local communities are particularly vulnerable as they live in isolated areas with a limited law enforcement presence.



In the Democratic Republic of the Congo, there have been reports that the ADF has been involved in the illegal exploitation of gold mines near Bialose village, accelerated its expansion into the gold-rich Irumu territory of Ituri Province, and benefitted from exporting other minerals such as wolframite, coltan and cassiterite.³⁷ In 2021, a number of INTERPOL-United Nations Security Council Special Notices alerted global police forces about individuals and entities that are subject to sanctions imposed by the Security Council for offences related, but not limited to illegal gold mining, including in the

³³ FATF and Asia/Pacific Group of Money Laundering (APG), [“Money laundering and terrorist financing risks and vulnerabilities associated with gold” \(2015\)](#). Case study 10, p. 16.

³⁴ [“Getting a grip /on Central Sahel’s Gold Rush”](#) (2019), International Crisis Group.

³⁵ Lackey, Chania, [“Remarks”](#) (2022) Joint open briefing of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da’esh) and Al-Qaida Sanctions Committee on “ISIL in Africa: Nature of Threat and Responses”.

³⁶ Twenty-ninth report of the Analytical Support and Sanctions Monitoring Team pursuant to resolutions 1526 (2004) and 2253 (2015) (S/2022/83), para. 25.

³⁷ Daghar, Mohamed; Chelin Richard; Haji Mohamed, [“Expansion of the Allied Democratic Forces should worry East Africa”](#) (2022), Institute for Security Studies.

Democratic Republic of the Congo. However, no valid INTERPOL Notices or Diffusions for offences relating to the illegal gold trade or mining were issued by States of the Central African region or requested by other States against Central African nationals.³⁸

Trading of gold and precious metals is often made in cash and moved back through a variety of means, including smuggling via cash couriers or via hawala, value transfer services, or potentially through virtual currencies cashed out in mobile money.³⁹ A firearms operation (Operation KAFO II) coordinated jointly by INTERPOL and the United Nations Office on Drugs and Crime (UNODC) in late 2020 in the Sahel noted a terrorism-financing trend following the seizure of more than 40,000 sticks of dynamite and detonator cords, which were believed to be intended for illegal gold mining for armed terrorist groups in the Sahel.⁴⁰

In Mozambique, Cabo Delgado serves as a key economic corridor for the region, bringing the growing risk that the presence of ISIL associates, notably Islamic State Central Africa Province (ISCAP), have significant implications for illicit activities in the area, including the trade in gold and other precious metals or stones.⁴¹ However, these trends vary considerably by region and subregion. For example, whereas in West Africa the linkages between illegal gold mining through criminal networks and terrorist groups are growing clearer, these linkages are not as evident (although by no means absent) in Southern and Central Africa.⁴² The Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) is conducting a typology project on “Illicit dealings in gold, diamond and rubies and associated money-laundering/terrorism financing in the ESAAMLG region”, which is intended to strengthen understanding of whether illicit dealing in precious stones was used to launder proceeds of crime or finance terrorism.

Cases of the production, taxation and extortion of charcoal represent a further instance of the use of natural resources as revenue by terrorist organizations, including Al-Shabaab in Somalia (although the extent of the group’s current involvement in the charcoal trade is unclear). Other terrorist and armed groups in Africa (including in Central African Republic, Democratic Republic of the Congo, Mali, and Sudan) have generated revenue from the illegal or unregulated charcoal trade.⁴³

³⁸ INTERPOL, [“Analytical Report: Illegal gold mining in Central Africa”](#) (2021), p. 28.

³⁹ Lackey, Chania, [“Remarks”](#) (2022) Joint open briefing of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da’esh) and Al-Qaida Sanctions Committee on “ISIL in Africa: Nature of Threat and Responses”. See also Hunter Marcena, [“Pulling at golden webs: Combating criminal consortia in the African artisanal and small-scale gold mining and trade sector”](#) (2019).

⁴⁰ INTERPOL and UNODC [“International operation disrupts supply of firearms to terrorists”](#) (2020).

⁴¹ International Crisis Group [“Stemming the insurrection in Mozambique’s Cabo Delgado”](#) (2021).

⁴² Global Initiative Against Transnational Crime, [“Insurgency, illicit markets and corruption: The Cabo Delgado conflict and its regional implications”](#) (2022).

⁴³ RHIPTO, INTERPOL, and Global Initiative Against Transnational Organized Crime, [“World Atlas of Illicit Flows”](#) (2018).

MAIN CHALLENGES

Identifying potential terrorism-financing risks related to environmental crimes in money-laundering/terrorism-financing national risk assessments (NRAs)

When conducting or updating money-laundering/terrorism financing national risk assessments (NRAs), Member States tend to analyse some types of environmental crimes as predicate offences for money-laundering, but few collect information on the scope and scale of the use of proceeds from exploitation, trade, and trafficking of natural resources for the purposes of terrorism financing. As noted above, States and regions are affected by this phenomenon to varying degrees. However, since natural resources are widely used in complex international supply chains (e.g., the formal banking sector is used in the trade of gold and precious stones which are sourced from high-risk regions, refined by foreign companies, and sold on international markets; or in the trading of minerals which are used in electronic equipment such as mobile phones and computers), States that do not have domestic natural resource industries should nevertheless consider these risks in their NRAs.⁴⁴

Conducting parallel investigations

Limited parallel investigations regarding the real or intended use of the proceeds from natural-resources-related crimes hinder States' understanding of the financial flows and of how they may benefit terrorist groups. Joint investigations can make it possible to identify linkages across supply chains in order to tackle the criminal or terrorist networks behind the operation, not just the individuals involved at the source. In this context, there is a need to increase capacity and expertise to investigate cases with potential terrorism-financing linkages, including by improving national expertise across government agencies and authorities. Deterrence and disruption efforts require that inter-agency cooperation be enhanced by improving control systems at borders and by strengthening coordination with the relevant authorities to identify possible connections with terrorism financing. National authorities should strengthen information-sharing and develop an evidence base of relevant investigations to build a shared understanding of this type of linkage.

⁴⁴ FATF, “[Money Laundering from Environmental Crime](#)” (2021). See also research on Preventing violent extremism in Senegal: Threats related to gold mining, Institute for Security Studies, December 2021: <https://issafrica.org/fr/recherches/rapport-sur-lafrique-de-louest/prevenir-lextremisme-violent-au-senegal-les-menaces-liees-a-lexploitation-aurifere>

Gaps in regulating relevant sectors/dealers

Terrorist engagement in legitimate economies relating to natural resources poses an important challenge for authorities seeking to link the proceeds of licit activities with terrorism. Regulation and licensing of the trade in natural resources (e.g., small-scale miners and mines) could enable the relevant authorities to oversee actors operating in these sectors and make extortion more difficult and less attractive to terrorist groups.⁴⁵ Furthermore, lack of awareness or understanding of terrorism-financing risks among relevant professionals limits their ability to notice any “red flags” and alert the competent authorities accordingly. Some sectors could be considered for risk-based AML/CFT regulation and supervision as reporting entities.

Insufficient cooperation with relevant environmental agencies

In some States, environmental agencies are the lead bodies for tackling crimes relating to the illegal exploitation and trafficking of natural resources. However, these agencies are often not trained to conduct financial investigations to better detect and investigate the illegal actors higher in the chain (which can be key to understanding the nature and scale of the linkages). National and regional cooperation should therefore be strengthened by building networks of practitioners and establishing channels for intelligence-sharing (including relevant environmental agencies, customs and FIUs) to identify illicit financial flows from the trade of natural resources that finance terrorist activity.⁴⁶

Insufficient tools, including digital technologies, that enable the relevant authorities to understand supply chains and detect emerging threats

New technologies are essential to enhancing overall AML/CFT compliance in ways that are more accurate, timely and comprehensive.⁴⁷ In the case of natural resources-related crimes, digital technologies can also help trace crime across supply chains (e.g., using satellite imagery and remote sensors to detect and map illegal patterns of vulnerable sectors such as gold, charcoal and cocoa), thereby improving the understanding of the threat.

⁴⁵ Lackey, Chania, [“Remarks”](#) (2022) Joint open briefing of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da’esh) and Al-Qaida Sanctions Committee on “ISIL in Africa: Nature of Threat and Responses”.

⁴⁶ FATF [“Money Laundering from Environmental Crime”](#) (2021).

⁴⁷ FATF [“Opportunities and Challenges of New Technologies for AML/CFT”](#) (2021).

Building and sustaining public/private partnerships (PPPs)

Even though Member States broadly recognize the importance of public/private partnerships (PPPs), only a limited number of PPPs have been established to prevent and detect terrorism financing especially in unregulated markets. Governments could benefit from extending partnerships beyond the conventional list of partners, including non-financial businesses and professions such as logging, fishing and mining companies, and other stakeholders across the industry's supply chain involved in distribution and consumption. Partnerships with the private sector also present opportunities to promote the meaningful involvement of civil society aimed at ensuring that such partnerships do not infringe upon financial inclusion and civic space.⁴⁸



In building such partnerships, Governments should also strengthen their coordination with civil society and academia in order to better understand the linkages and increase local ownership of responses to the threat. Some of the regions most vulnerable to terrorism have strategic natural resources such as metals and minerals that are key to achieving the goals of the 2015 Paris Agreement on climate change.⁴⁹ Managing the exploitation of these precious resources together with local communities will become increasingly important. In order to successfully disrupt the networks behind these crimes, securitized responses should be complemented by governmental programmes that incorporate good governance, employment opportunities for youth, respect for human rights, and gender-responsive policies.⁵⁰

CONCLUSION

Despite the challenges involved in ascertaining the precise amounts of proceeds generated from natural resources-related exploitation and crimes used for terrorism-financing purposes, evidence indicates that they are sufficient to provide regular revenues to some terrorist groups. While many examples of exploitation or taxation involve control by terrorist groups over the territories, the present *Trends Alert* sheds light on how the trade in natural resources often spills across borders and its proceeds may infiltrate the financial systems of countries not directly affected by the presence of

⁴⁸ Global Counterterrorism Forum (GCTF) "[Good Practices Memorandum for the Implementation of CFT measures while safeguarding civic space](#)" (2021).

⁴⁹ World Bank, "[Minerals for climate action: The Mineral Intensity of the Clean Energy Transition](#)" (2020).

⁵⁰ Tabi Mbang, Etienne, "[Raising funds for terrorist purposes through exploitation of natural resources](#)" (2021), Joint special meeting of the Counter-Terrorism Committee and the 1267/1989/2253 ISIL (Da'esh) and Al-Qaida Sanctions Committee on the latest terrorism-financing trends and threats, as well as the implementation of Security Council resolution 2462 (2019).

terrorist groups in their territories. A deeper understanding of the nature and scope of these interconnections and their implications in country- and/or region-specific circumstances is key to adopting appropriate and effective policies and responses.

Against this backdrop, CTED has enhanced its analysis of the linkages by, *inter alia*, addressing them within the framework of the country assessment visits conducted on behalf of the Counter-Terrorism Committee and through its stocktaking tools, consistent with Council resolutions 2462 (2019) and 2482 (2019). CTED will continue to monitor trends and developments in terrorism-financing risks and responses, acting in cooperation with all relevant partners and stakeholders (including the FATF and its Global Network) with a view to identifying good practices and making recommendations for strengthening Member States' capacity in this area.