



Strengthening Efforts to Combat Terrorism Financing and Illicit Financial Flows in the Greater Horn of Africa

BACKGROUND

The Greater Horn of Africa faces complex and dynamic violent extremist threats, most notably from al-Shabaab. Curbing illicit finance is instrumental to disrupting, dismantling, and eventually containing terrorist organizations, serving as a critical counterpart to counterterrorism and countering violent extremism (CVE) interventions. Strong anti-money laundering and countering the financing of terrorism (AML/CFT) regimes present the first line of defense by identifying and reporting suspicious transactions to alert officials of potential terrorist or criminal activity. Financial investigations, forensic accounting, and financial network analysis provide actionable intelligence to national security agencies on the scope, scale, and practical operations of terrorist and criminal groups as well as support the identification of members and associates.

As a regional financial hub and a focus of al-Shabaab activity, Kenya is a critical partner in combatting terrorist financing in the Greater Horn. Tanzania and Uganda are similarly central to efforts to “secure the neighbourhood” from illicit finance, suffering from the active presence of overlapping terrorist recruitment and transnational criminal networks engaged in drug and arms trafficking, human trafficking, poaching, and smuggling of natural resources and illicit goods.

Djibouti’s location at the crossroads of some of the busiest international shipping routes create potential vulnerability to trade mis-invoicing, which is estimated to be the largest component of illicit financial outflows. With a long border with Somalia and one of the fastest growing economies in the world, Ethiopia is also vital player in regional AML/CFT efforts.

The Greater Horn is a cash-intensive region, which reduces visibility into financial flows and presents a challenge to AML/CFT efforts. Further, many non-cash transactions are conducted outside of traditional banking institutions, using alternatives such as hawalas, remittance transfers, and increasingly mobile money platforms. Limited regulatory oversight and low levels of AML/CFT awareness in these sectors hinders overall transparency and accountability. Porous borders and weak international coordination mechanisms further complicate efforts to identify and trace transnational illicit financial flows. Strong national AML/CFT capacities and effective and timely multi-agency cooperation is critical to advancing a comprehensive approach to detecting, curbing, and disrupting terrorism and illicit finance in the Greater Horn.

ABOUT THIS PROJECT

With the support of the U.S. Department of State's Bureau of Counterterrorism and the Government of the Netherlands, the Global Center on Cooperative Security partners with the financial intelligence units (FIUs) in Kenya, Tanzania, and Uganda to bolster AML/CFT efforts, as well as engages Ethiopian and Djiboutian stakeholders to promote regional coordination and cooperation. The two-year project provides capacity development support, technical assistance trainings, guidance on effective and timely information sharing within and across stakeholders, and analysis of barriers to cross-border information sharing and mutual legal assistance in the Greater Horn. The core objectives of the project include:

1. Build capacity of the FIU, financial institutions, and designated non-financial businesses and professions to identify, report, and analyze suspicious activity;
2. Strengthen capacities for efficient communication between financial sectors, FIUs, central banks and regulators, law enforcement, and justice sector actors to support the effective identification, investigation, and prosecution of terrorism financing and illicit finance;

3. Foster enhanced regional coordination, information sharing, and mutual legal assistance across the Greater Horn to enhance the tracing of illicit and terrorist financing activity; and
4. Support the transition of knowledge into institutional implementation through practice-oriented adult learning methodologies and on-the-job training and mentorship.

Through this work, the project supports the adoption of a risk-based approach to CFT that contributes to broader economic justice and financial inclusion aims and helps mitigate the enabling conditions for violent extremist recruitment. Further, the project advances synergies between counterterrorism, CFT, and CVE policies and objectives, including through alignment with national action plans and strategies on CVE.

For further information about this project, please contact Ms. Tracey Durner, Senior Analyst at the Global Center (tdurner@globalcenter.org).

About the Global Center on Cooperative Security

The Global Center works with governments, international organizations, and civil society to develop and implement comprehensive and sustainable responses to complex international security challenges through collaborative policy research, context-sensitive programming, and capacity development. In collaboration with a global network of expert practitioners and partner organizations, the Global Center fosters stronger multilateral partnerships and convenes key stakeholders to support integrated and inclusive security policies across national, regional, and global levels.