



2022



NATIONAL INHERENT RISK ASSESSMENT OF TERRORIST FINANCING IN NIGERIA



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The National (Money Laundering & Terrorist Financing) Risk
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Table of Contents

Table of Contents.....	3
List of Case Studies.....	4
Executive Summary.....	5
Introduction	7
Chapter One: Terrorist Financing Assessment, Methodology and Scope	8
1.1 Methodology.....	8
1.1.1 Terrorist Actors' Capacity in relation to terrorism financing:	9
1.1.2 Global reach (local, regional, national, transnational):	9
1.1.3 Estimated Amount of funds raised in the country annually:	9
1.2 Scope of the Assessment	9
Chapter Two: Nigeria: National Context, Terrorism Financing.....	10
2.1 TF Threats.....	11
2.2 Boko Haram.....	11
2.3 Islamic State in West African Province (ISWAP)	13
2.4 Yan Bindiga And Yan Ta'adda.....	14
2.5. Indigenous People of Biafra (IPOB).....	15
Chapter Three: Inherent Vulnerabilities of TF – Nationally and By Sector.....	17
3.1 Banking Sector	17
3.2 DNFBPs.....	17
3.3 Casinos	18
3.4 Bureaux de change:.....	19
3.5 Use of Cash.....	21
3.6 Use of Non-Profit Organizations (NPOs).....	21
3.7 Virtual Asset Services and Providers (VASPs)	23
Chapter Four: Consequences of TF	24
4.1 Effect of TF on National Economy.....	24
4.2 Effect of TF on the Society	24
4.3 TF Effects on Governance	25

4.4 TF Effect on National Security.....	26
Chapter Five: Counter Terrorism Financing Measures.....	27
Conclusion.....	28
Acronyms	29
Participants	32
Annexes.....	33
Threat Profile for Islamic State West Africa Province (ISWAP).....	33
Threat Profile for Boko Haram.....	33
Threat Profile for Indigenous People of Biafra (IPOB)	33
Threat Profile for Yan Bindiga/Yan Taadda Terrorist Groups	33

List of Case Studies

Case Study 1: Dealers in Rough Gold	18
Case Study 2: Huge deposits of funds in betting wallets.	19
Case Study 3: Use of unlicensed forex dealers in TF.....	20
Case Study 4: Use of Company for Diversion of Funds.....	21
Case Study 5: Use of Faith-Based Organization For TF.	22

Executive Summary

Terrorism¹ and associated Terrorist Financing (TF) pose a direct threat to the security, stability and prosperity of Nigerians, where there have been actual and attempted attacks against the civilian populace, marketplaces, worship centres, security officials and installations, and government and educational facilities.

The Islamic State in West African Province (ISWAP), Boko Haram (BH) and Yan Bindiga and Yan Tadda are the most significant of the terrorist groups identified and are most active in the Northern part of Nigeria, particularly the North West and the North Central, while Indigenous People of Biafra (IPOB) is most active in the South Eastern part of the country. Several mutually reinforcing factors aide the capacity of these terrorist actors to operate in their most active region, including porous borders and difficult terrain, arms and weapons trafficking, presence of illegal mining activities², poverty, unemployment and extreme inequality. The report also observed that groups have continued to exploit gaps around Nigeria's borders with Cameroon, Niger Republic and Chad. These border towns sustain illegal cross-border activities related to Terrorism and Terrorist Financing (TF).

Notwithstanding, Nigeria has continued to implement measures to reduce the terrorist and TF threat. These measures include the Federal Government issuing the National Counter Terrorism Strategy (NACTEST) to combat terrorist activities across the country³. The enacting of CFT laws to strengthen Nigeria's legal system to prosecute terrorists target the activities of terrorist financiers have resulted in the identification and investigation of the several individuals for TF.

Understanding the specific terrorist financing threats posed by these groups is an essential element of developing further counter-measures. Consequently, this 2022 National Inherent Risk Assessment updates the findings in the 2016 AML/CFT National Risk Assessment (NRA). This report has identified areas of terrorist funding through abuse of formal financial sectors not observed in the 2016 NRA and this could be an indication of the growing sophistication of the some of the terrorist group's TF capabilities. TF has been conducted using Bureau De Change (BDCs,) the use of Point of Sale machines (POS), wire transfer and Designated Financial Businesses and Professions (DNFBPs).

Furthermore, the report highlighted the international linkages of the terrorist groups operating in Nigeria. This further provides the groups with sustainable access to funding, logistics, training, as well as recruitment among others. To this end, a CFT strategy (2022 – 2024) and Action Plan/Implementation Roadmap have been developed to address the threat posed by the terrorist groups.

¹ Terrorism is the unlawful use of violence by dissidents in order to intimidate and coerce people to acquiesce to their views or a resort to violence by dissidents to intimidate and force people for political ends.

² National ML/TF Risk Assessment in the Extractive Sector

³ <https://ctc.gov.ng/national-counter-terrorism-strategy-2016/>

The overall TF risk for Nigeria was rated high due to the number of terrorist groups operating, their capacity and capability to raise, move or use terrorist funds with a degree of sophistication.

This assessment was led by the Terrorist Financing Workstream, chaired by the Department of State Services, of the National Inherent Risk Assessment Working Group and included significant contributions from the Central Bank of Nigeria, Corporate Affairs Commission, Defence Intelligence Agency, Economic and Financial Crimes Commission, Federal Ministry of Justice, Nigerian Army Intelligence Corps, Nigeria Customs Service, Nigerian Extractive Industries Initiative, Nigerian Financial Intelligence Unit, Nigeria Immigration Service, Nigeria Police Force, Nigeria Security and Civil Defence Corps, Office of the National Security Adviser and the Special Control Unit Against Money Laundering.

Introduction

Terrorism⁴ is a potent threat currently confronting Nigeria, threatening the security, stability and prosperity of Nigerians. Terrorist acts often revolve around personnel and resources, which usually require funding. Mainstream terrorist groups may have steady funding. However, most groups that engage in terrorism receive considerable clandestine funding. Unless sponsored by donations, terrorists tend to generate funds by engaging in conventional crimes such as bank robberies, kidnapping, syndicated car snatching, human and narcotics trafficking and operating seemingly lawful business ventures, among many others⁵.

TF threat is closely associated with terrorist threat. TF occurs when a person or group of people with the potential to cause harm raise, move, store or use funds and other assets (whether from legitimate or illegitimate sources) for terrorist purposes. TF threat can include domestic or international terrorist organizations and their facilitators, their funds, as well as past, present and future TF activities, and individuals and populations sympathetic to terrorist organizations⁶.

Nigeria's legal system has been strengthened with the enactment of the Terrorism (Prevention and Prohibition) Act, 2022 (TPPA) that expanded terrorism-financing offences to include financing of terrorist acts, financing of a terrorist organisation for any purpose, financing of an individual terrorist for any purpose and financing of the travel of foreign terrorist fighters. The TPPA also provides a framework to implement Targeted Financing Sanctions (TFS) against TF.

KEY DEFINITIONS

THREAT: A person or group of people and their activities with potential to cause harm (e.g., ML/TF/PF, other criminal activities, organized crime group, terrorist)

VULNERABILITIES: Characteristics, traits or other features that can be exploited by threat or may facilitate their activities e.g, open economy, large and mature banking sector, complexity of financial products, client profile, deficient AML/CFT/CPF legislature or inadequate implementation of AML/CFT/CPF requirement.

CONSEQUENCE: Impact or harm of the above on institutions, financial system, the economy and/or society in general.

⁴ Terrorism is the unlawful use of violence by dissidents in order to intimidate and coerce people to acquiesce to their views or a resort to violence by dissidents to intimidate and force people for political ends.

⁵ National Counter Terrorism Strategy

⁶ <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf>

Chapter One: Terrorist Financing Assessment, Methodology and Scope

Terrorists regularly adapt how and where they raise and move funds and other assets in order to circumvent safeguards that jurisdictions have put in place to detect and disrupt this activity⁷. Identifying, assessing and understanding terrorist financing (TF) risk is an essential part of dismantling and disrupting terrorist networks⁸. An understanding of TF risk should also inform national counter-terrorist financing (CFT) strategies and assist in the effective implementation of a risk-based approach (RBA) toward CFT measures⁹.

There are particular challenges in assessing TF risks due to the low value of funds or other assets used in many instances, and the wide variety of sectors misused for TF purposes. In Nigeria, the banking sector, VASPs, DNFBPs, OFIs, insurance, NPOs and capital market sectors are the sectors that were assessed as being particularly vulnerable to TF¹⁰.

The cross-border nature of TF can pose additional challenges for the identification of risk. Three out of the four terrorist groups that are established in Nigeria have either a presence in another country e.g., Boko Haram, are affiliated to other countries e.g., ISWAP or get funds from other countries e.g., IPOB

This report draws inputs from all relevant authorities on TF to assess and evaluate the terrorist groups we have, how the groups operate and ways of raising funds. It also draws extensive experience and lessons learnt in assessing TF risk in order to mitigate the inherent risks.

1.1 Methodology

The McDonell-Nadeau Consultants (MNC) methodology consistent with the FATF guidance¹¹ was used to identify and understand the TF risk in Nigeria.

The MNC methodology analysed both quantitative and qualitative data efficiently, using expert judgement on TF. Threats, vulnerabilities, and consequences were identified and each terrorist group was assessed based on three criteria: Terrorist actors' capacity, scope of global reach, as well as estimated amount of funds raised annually. The assessment rated the extent of TF threats, vulnerabilities and consequences.

⁷ In October 2018, FATF completed work to identify good approaches and tools for disrupting terrorist financing activity based on specific examples provided by 33 jurisdictions from across the Global Network. FATF delegations have disseminated the relevant outcomes to competent authorities.

⁸ GIABA (2021). Anti-Money Laundering and Counter -Terror Financing Measures - Federal Republic of Nigeria. Second Round Mutual Evaluation Report. GIABA. Dakar.

⁹ <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf>

¹⁰ NRA TF workstream profile 2022

¹¹ <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf>

1.1.1 Terrorist Actors' Capacity in relation to terrorism financing: The TF actors' sophistication, network and resources contribute to resilient, sustainable and long-term terrorist financing activities. The actors' group or organization structure, size and complexity, and the diversification of the means to raise funds including:

- i) Actors' capacity, sophistication and resources
- ii) Types and frequency of regulated sectors involved or abused (e.g., from STRs, investigations or other intel sources.)
- iii) Use of cash
- iv) Types and frequency of legal persons involved or abused (e.g., from STRs, investigations or other intel sources)
- v) Types and frequency of legal arrangements involved or abused (e.g., from STRs, investigations or other intel sources) and
- vi) Types and frequency of NPOs abused or involved (e.g., from STRs, investigations or other intel sources)

1.1.2 Global reach (local, regional, national, transnational): The extent to which the terrorist actors have a network of supporters/sympathizers contributing to the resilience of the actors in performing TF activities. The level of integration of TF activities within communities including active participation of communities in TF activities either knowingly or unknowingly.

1.1.3 Estimated Amount of funds raised in the country annually: Estimated value of funds raised in the country by the terrorist financiers to support terrorists, terrorist organizations or terrorist acts. This estimate considers any kind of support including financial and material support, both legitimate funds and proceeds of crime.

1.2 Scope of the Assessment

The assessment relied on data from intelligence, security, law enforcement agencies and the NFIU. Other sources include regulatory and supervisory agencies as well as self-regulatory organizations (SROs). The data include statistics on terror activities by Boko Haram, ISWAP, IPOB, IMN and bandits in the North East, North West, North Central and South East; statistics on armed robbery and drug trafficking within the six geopolitical zones; activities of illegal miners in the North West; and statistics on kidnapping for ransom across the country. In addition, suspicious transactions reports and currency transaction reports related to terrorism financing and general violent crimes in Nigeria were analysed. Furthermore, Open-Source Intelligence, research publications, and journals were consulted.

This assessment covered the years 2019 – 2021 and focused on inherent risks prior to AML/CFT/CPF controls. This will highlight the key risk components (Threat, Vulnerabilities and Consequences) and their interaction.

Chapter Two: Nigeria: National Context, Terrorism Financing

Nigeria is adjudged as the biggest economy in Africa with a nominal GDP of \$440.78 billion in 2021¹² and has the largest population in Africa with over 200 million people. The GIABA Mutual Evaluation Report of 2019, noted that the country has one of the highest TF risks in the world¹³.

Despite the gains of the counter-terrorism efforts of the Nigerian Government particularly in the North East, new threats are emerging in the North West and the North Central States, mostly attributed to incessant farmer-herders clashes, infiltration of criminals and jihadist groups¹⁴. Some attacks in the South Western and Eastern states have also been attributed to some of the terrorist groups traditionally known to be domiciled and operational in the North Eastern states¹⁵.

Some of the drivers of Nigeria's TF risk can be attributed to inherent structural issues. Nigeria also has one of the largest informal sectors in Africa, estimated at about 65% of the GDP and consists of activities that range from agricultural production to mining and quarrying, small-scale building and construction and machine-shop manufacturing¹⁶.

The nexus between the informal economy and TF in Nigeria have been observed in connections between illicit artisanal mining and activities of terrorist groups in the North West geopolitical zone particularly, in Zamfara State¹⁷.

The Nigerian economy is also characterised by a high number of cash transactions. While faith in the Nigerian payment system has improved considerably, as evident in the growth of e-transactions, which was valued at \$482 billion in 2020, and higher by 42% in 2019¹⁸, cash transaction still remains prevalent¹⁹.

Sales and purchase of foreign currency notably the US Dollars in the country occur with limited oversight. A number of Bureau de Changes have been identified in TF relating to the Boko Haram insurgency²⁰. The devastation wrecked by the Boko Haram Insurgency in the North East has also contributed to the high cash transaction volume by Non-Profit Organizations operating in the North East, raising concerns about the risk of such cash being diverted to terrorists inadvertently.

¹² <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

¹³ page 22, para 84, Nigeria MER, 2019

¹⁴ <https://www.crisisgroup.org/africa/west-africa/nigeria/288-violence-nigerias-north-west-rolling-back-mayhem>

¹⁵ <https://www.premiumtimesng.com/news/headlines/535864-owo-church-massacre-likely-carried-out-by-iswap-nigerian-govt.html>

¹⁶ CISLAC Policy Brief on Expanding the Tax Base in the Nigerian Informal Sector

¹⁷ https://mine.nridigital.com/mine_jun21/artisanal_small_scale_mining_terrorism

¹⁸ <https://techpoint.africa/2021/01/14/13-billion-worth-of-transactions-nigeria-had-its-most-cashless-year-yet>

¹⁹ https://www.statista.com/topics/7133/payment-methods-in-nigeria/#topicHeader__wrapper

²⁰ <https://punchng.com/updated-123-companies-33-bdcs-linked-to-terrorism-financing-fg/>

2.1 TF Threats

The overall TF threat assessment is closely linked to the analysis of the general terrorism threat in Nigeria. The threat of terrorism which was predominantly high in the North-East geopolitical region of the country in 2014 and 2015 when terrorist actors held several territories around the Sambisa and Alagarno forests, the town of Bama and the Lake Chad basin. From 2016 - 2018²¹, there was a reduction in this threat due to the pressure of counter-terrorism operations. Accordingly, most of the groups specialized in criminal activities for finances. These included control of markets in occupied areas, cattle rustling, rent for land etc. Nevertheless, after the 2019 general elections, most of the group members started relocating from the North-East theatre to other parts of the country, particularly in the North-West and North-Central where there were pockets of bandit groups.

Furthermore, after the death of some prominent terrorist leaders such as Abubakar Shekau²² and Abu Musab Al-Barnawi, there was a mass exodus of the BH and ISWAP groups to other parts of the country. This exacerbated insecurity and criminal activity, especially kidnapping for ransom and assassinations in the North-West and North-Central parts of the country. Additionally, following the 2019 general elections political disgruntled elements in the South-East began propagating secessionist propaganda that dovetailed into an insurgency.

The widespread banditry and communal violence in northwestern Nigeria have also provided opportunities for resurgence of Jama'atu Ansarul Muslimina Fi Biladis Sudan (Ansaru). In late 2021, Ansaru was reported to have pledged allegiance to al-Qaeda in Islamic Maghreb (AQIM) which formalized their relationship²³. The group has since claimed responsibilities for several attacks in northwestern Nigeria. Overall, it was observed that there is a high risk of terrorist actors being able to raise, move or use terrorist funds in the country.

The NIRA identified several terrorist groups across the country. These include Boko Haram, ISWAP, Ansaru, IMN, IPOB, Yan Bindiga and Yan Ta'adda.

While all the terrorist groups have been proscribed by Nigeria, Boko Haram and ISWAP were designated as international terrorist groups by the UN Security Council.

2.2 Boko Haram

Jama'atu Ahlis Sunna Lidda'awati Wal-Jihad also known as Boko Haram was founded around 2002 in Maiduguri, Borno State by Ustaz Mohammed Yusuf. The original aim of the group was to promote strict Islamic law throughout Borno State. But, its long-term objective eventually, was to create a full Islamic state in Nigeria based on strict Sharia law. Initially, when it started, the group conducted its operations more or less peacefully as a non-violent religious movement, but its radicalization followed a government clampdown in 2009 in which some members were killed including its founder.

²¹ Reference CFR global conflict tracker

²² [Boko Haram's Leader Is Dead: What Are the Humanitarian and Security Implications? | Center for Strategic and International Studies \(csis.org\)](#)

²³ [Briefs - Jamestown: New Alignments Emerge Among Al-Qaeda's West African Affiliates](#)

From 2009 - 2016, the group continued to battle government forces leading to the capture of territories in the North East. Abubakar Shekau, the leader of the BH group was declared the Wali (leader) of the West African province by ISIS in 2014.

This alliance provided the group more opportunities for logistics assistance from ISIS in terms of weapons transfer, provision of experts in IEDs and recruitment of fighters within the Sahel Region. ISIS also provided propaganda expert assistance to boost the group's operational awareness across the globe. With these, the group became emboldened in its activities particularly in raising of funds for the establishment, expansion and maintenance of its Caliphate in Sambisa Forest with logistics command in the Lake Chad Basin and a major training camp at Alagarno Forest. The group also embarked on the establishment and control of markets, collection of taxation, payment of protection fees, selling of cattle and dry fish, mounting of illegal roadblocks and many others.

BH capabilities were demonstrated in the group's deployment of a combination of military-styled assaults against strategic towns and infrastructures coupled with the use of suicide bombings and IEDs, ambushes on troops, extortions and mass abductions. From 2012 – 2014, the group demonstrated high capacity and was able to capture over 16 Local Government Areas in Adamawa, Borno and Yobe states. In these areas where they raised funds through the collection of taxes in furtherance of their activities. This notwithstanding, from 2017 – 2021, there was a progressive downward movement in the activities of the group. The areas captured by the group were recovered and most of the group's leaders were neutralized including the group's leader – Abubakar Shekau who died in 2021. Most of the group's fighters have surrendered with the record of surrendered BH fighters totalling 20,000 as of 2021. The current leader of Boko Haram is a 24-year-old Bakura Modu (a.k.a Sahaba)

The structure of the Boko Haram sect is not clearly defined as it maintains a centralized leadership structure organized with specialized units carrying out specific functions.

Boko Haram's growth and spread are largely supported by increased insecurity within the Sahel region. Notably, the proliferation of small arms and light weapons from Libya provided a good source of weaponry for the group. Al-Qaeda (AQIM) as part of its grand agenda deepened its depth and provided logistics including weapons and training. Pioneer members also find means to connect and establish links with local and regional terrorist groups in order to further their objectives. In 2019, a pioneer member of Boko Haram, Adam Bitri, while undergoing a de-radicalization programme fled from government-provided accommodation in Kaduna State, North-West Nigeria, and later teamed up with kidnapers in Zaria and Birnin Gwari, a hotbed of criminality in the state, to re-establish a link with Boko Haram.

In 2020, Yan Bindiga and Yan Ta'adda groups pledged their allegiance to the leader of Boko Haram in support of the group. Generally, there seems to be an increase in support of such objectives globally by some state and non-state actors. This could partly account for the external support enjoyed by Boko Haram. Given the active alliance existing among terrorist/insurgent groups and the resources at the disposal of the Islamic State, Boko Haram has not hesitated to seek assistance from the network of such terrorist groups.

The Boko Haram terrorist group has a network of supporters, especially external forces characterized by global Islamic jihad and international terror groups such as al Qaeda or its affiliates like al Shabaab or the al Qaeda in the Islamic Maghreb (AQIM) and Islamic State in Iraq and Levant (ISIL). This network of supporters contributed to the transformation of Boko Haram into a major terrorist threat in Nigeria.

Boko Haram funding is derived from both external and local sources. One of the group's external sources of funding is from foreign sympathizers and members. For instance, in 2020, the Federal Court of Appeals in the United Arab Emirates (UAE) sentenced six (6) Nigerians for transferring \$782,000 from Dubai to Boko Haram in Nigeria. Two of the convicts were sentenced to life imprisonment, while four others were sentenced to ten years imprisonment. Boko Haram also received support from international affiliated terror groups, including IS and AQIM.

Generally, local funding is derived from ransom payments, arms trade, donations from sympathizers, trade in dried fish, proceeds from seized farms and livestock as well as human and drug trafficking. Notably, the recently banned Tramadol in Nigeria has been a source of funds for Boko Haram as the illicit substance attracts high patronage, even beyond Nigeria. As such, the group traffic illicit drug easily for cash or weapon exchange. For instance, 2 arrested Boko Haram kingpins who headed the Tramadol trafficking ring had frequented the Zinder market in the Niger Republic for their nefarious activities. They specifically trafficked Tramadol from Lagos, Nigeria to Libya, where they exchanged their drug consignment for weapons.

The estimated annual revenue for the group during the period of the report cannot be ascertained due to insufficient data. However, from the record of law enforcement agencies, ransom payments to Boko Haram and its affiliates in the North West by victims of kidnappings were estimated at about \$19 million within the reviewing period (2019 – 2021).

2.3 *Islamic State in West African Province (ISWAP)*

ISWAP is a splinter group of Boko Haram established in 2016 following the pronouncement of Abu Musab Al-Barnawi as the new Wali of the West African Province by ISIS. It has its territorial base on the banks and islands of Lake Chad after dislodging and taking over some of Boko Haram's assets and absorbing some of its fighters in the areas. Consequently, ISWAP became the dominant terrorist group in the axis. It eventually seized the Sambisa Forest from the Boko Haram faction as the area provides good cover and protection to its fighters from military airstrikes, which its strongholds in the Lake Chad area are prone to. ISWAP has a stronger governance structure that includes community engagement and the leverage of local dynamics, with some support from the IS. This makes it more strategic with a wider resource base and more resilient than Boko Haram in fulfilling its Islamic Caliphate agenda.

The terrorist group has the capacity to raise funds using criminal means as well as coerce support from the local population, especially in remote communities. To this end, the group is able to recruit and sustain the use of spies to acquire information on security forces operations in the North East theatre. This has no doubt sustained their capacity for abductions, ambushes and IED attacks on targets of choice, particularly military objectives. ISWAP's effective use of spies suggests their capacity to possess reliable intelligence about their targets' vulnerability, especially hard targets. The group's operational sophistication could be judged from their ability to disguise as friendly forces with the use of captured logistics such as vehicles bearing the latest Nigerian army markings and camouflage.

The group's networks of supporters include external terrorist formations like Ansar Dine, AQIM, and ISIS. To this end, ISWAP relies on the Islamic State's elaborate network of contacts and routes cutting across West and North Africa (Libya-Algeria-Mali-Niger-Chad-Nigeria) to facilitate the movements of fighters and weapons. ISWAP has a link with the Islamic State in the Greater Sahel (ISGS), an affiliate of ISIS. The ISGS operates in the Liptako-Gourma region of the Sahel at the joint border of Mali, Niger and Burkina Faso. Increasing connections with ISWAP and other ISIS affiliates in the Sahel region have been established in relation to common tactics and targets²⁴.

The terror group relies on a cash economy which is a major factor sustaining their nefarious activities. To this end, funding is derived through kidnapping for ransom, cattle rustling, extortion, protection levies, illegal money transmission to businesses and individuals, drugs and human trafficking. Porous borders and conflicts in West Africa and the Sahel have also eased the movement of funds, terrorist elements and arms within the region and into Nigeria. By implication, it also enabled cross-border crimes such as smuggling, drugs and human trafficking which likewise supports the finance base of the terrorist group. Terrorist actors are able to turn vulnerable populations in North Eastern Nigeria particularly those around islands in Lake Chad into a source of economic support. To this end, illegal levies are imposed on traders, farmers and other business ventures in communities under its control. Illegal taxation is being extorted from the community as a major finance base of the group. The foregoing, in addition to other supports from affiliate external terror groups and local sponsors/sympathizers, have continued to boost the terrorists' financial capacity, sophistication and resources thereby sustaining its activities.

2.4 Yan Bindiga And Yan Ta'adda

Yan Bindiga and Yan Ta'adda are bandits which were declared Terrorist Groups on 25th November 2021, by the order of the Federal High Court Abuja. The groups' activities started several years ago as the farmer-herder conflict in some of the North Western states such as Zamfara, Katsina, Kebbi, Kaduna and Sokoto states. The situation metamorphous into criminal acts of cattle rustling, kidnapping for ransom and other forms of armed banditry around 2015. Most recently the threat has spread beyond the North-West to some parts of the North-Central and South-West states. The group also has a regional network and collaborative efforts with other groups such as Islamic State in the Greater Sahara (ISGS), Boko Haram (BH), Jama'at Nasr al-Islam wal Muslimin (JNIM) and Al-Qaeda in the Islamic Maghreb (AQIM) in carrying out major attacks aimed at raising terrorist financing within the bandit's areas of influence..

The groups recorded a steady increase in the number of attacks over the years with a corresponding increase in reported casualties. The increasing number of attacks carried out by the group reinforces the group's sophistication and capacity. In 2021, a total of 2,883 attacks were carried out by the groups, of which 51 were attacks on troops, while others were carried out on communities and commuters.

²⁴ [Examining Extremism: Islamic State in the Greater Sahara | Center for Strategic and International Studies \(csis.org\)](https://www.csis.org/analysis/examining-extremism-islamic-state-greater-sahel)

The attacks resulted in the loss of lives, displacement of residents of communities, loss of military weapons and equipment, disruption of the educational system, and rape of women and children, among others. The group continue to strengthen their capabilities using its links with terrorist organizations in the Sahel and the northeast theatre to acquire weapons using funds raised through kidnapping activities. This has emboldened the group to confront security forces and capture weapons from small-sized forces. Reports from intelligence and LEAs indicate that the Yan Bindiga and Yan Ta'adda gangs have the financial capacity and connections to procure a large number of weapons which were used in a number of attacks, including gun battles with troops at several areas in the North-West and North-Central regions.

Law enforcement sources showed that an estimate of N91million was raised by a few communities in one State in the North-West and presented to the group as protection fees in the last quarter of 2021 alone. 2019 and 2021, another law enforcement source documented ransom payments including levies/taxes imposed on communities totalling N364million.

In 2020, 'Yan Bindiga and Yan Ta'adda groups pledged their allegiance to the leader of Boko Haram Abubakar Shekau. As a result of this, the group changed their strategy by adopting Boko Haram method of kidnapping students. Several boarding schools and tertiary institutions in the North-West and some parts of North-Central regions, notably Niger State, have been attacked by kidnapping huge numbers of students.

The groups engage in kidnapping for ransom as well as the imposition of illegal taxes and levies on traders, farmers and other business ventures in local communities under its control. These have boosted the terrorist's capacity, sophistication and resources, thereby sustaining its activities. Recently, in November 2021, an operator of a filling station in Tsafe LGA and the owner of a bakery in Gusau, Zamfara State, were both arrested for providing logistics to the terrorist group. A similar arrest was made in June 2021 of a supplier of logistics to the terrorist group in Damari Forest, around Birni Gwari and Giwa LGAs in Kaduna state.

2.5. Indigenous People of Biafra (IPOB)

The Indigenous People of Biafra (IPOB) is a secessionist movement based in the South East and some parts of South-South Nigeria with the aim of restoring the defunct Biafra nation. IPOB was established in London in 2015 by Mazi Nnamdi Kanu, a dual citizen of Nigeria and Britain. IPOB was proscribed by the Federal Government and declared as a terrorist organization in September 2017. The group became very active in the United Kingdom due to the followership it enjoyed from some individuals of South-East and South-South extraction in the diaspora. Their mode of operation is to attack government institutions, functionaries and individuals perceived to be loyal to the government.

The group has the capacity to exploit gaps in security to deploy violence and coercion to advance its secessionist objectives, particularly in the South-East/South-South Zone. This is evident in the spate of attacks on soft and hard targets especially hit-and-run offensives on security formations and operatives. IPOB uses propaganda machinery particularly its unlicensed Radio Biafra and the social

media which have been strong subversive mechanisms to reach, coerce or influence target populations. These are aimed at supporting the group's armed struggle for a Biafran State. IPOB is known to have links with some diaspora Biafra sympathizers/supporters located across the globe which form a significant part of their financial base.

IPOB has been conscripting criminal elements into ESN for the deployment of high-calibre weapons for coordinated attacks on high-value targets. IPOB also challenged Nigeria's national security with the establishment of the Biafra Security Service (BSS) tasked with intelligence gathering.

The group's broadcasts on Radio Biafra have highly provocative narratives fused with misinformation, hate speech and disdain for the Nigerian Authorities. The group has also used its propaganda machinery to garner financial support and continuously canvassed for the release of Nnamdi Kanu and other members in custody. In addition, IPOB has used its propaganda mechanism and militant elements to enforce unlawful sit-at-home orders imposed across the South East Zone during which innocent persons are being killed and property destroyed in their attempts to sustain the illegal directive.

IPOB has members and sympathizers in several countries. These include Brazil, Britain, China, Germany, India, Indonesia, Ireland, Italy and Malaysia. Others are Norway, Russia, South Africa, Senegal, Spain, Sweden, Thailand, Turkey, Ukraine and the United States of America. While Nigeria is seeking international support to designate IPOB as a terrorist organization, the non-designation by foreign countries, particularly the United States of America, has continued to enhance the ability of the group to raise funds overseas.

IPOB's major source of funding is contributions from diaspora members and sympathizers which are made through dedicated online platforms and overseas-based bank accounts. Other sources of funding include levies, voluntary donations by local members and sympathizers as well as proceeds from sales of souvenirs and BSS enrolment forms. The group's financial support network continued to boost its capacity and sophistication in furthering its activities, particularly in form recruitment and propaganda operations. As at the time of this report, there were no reliable reports of amounts that could be traced directly to the IPOB terrorist group.

Chapter Three: Inherent Vulnerabilities of TF – Nationally and By Sector

The findings of this report indicate that TF in Nigeria is generally associated with the use of cash. This notwithstanding, field information flowing from law enforcement investigation as well as financial data have revealed constant interactions between the use of cash by terrorist actors and financial institutions, Bureau de Change, Fintech Firms and Designated Non-Financial Businesses and Professions (DNFBPs).

The inherent vulnerabilities of each sector were assessed by the extent to which products and services offered are found in domestic investigations or STRs in relation to TF.

3.1 Banking Sector

Current accounts products associated with Bureau De Change and NPOs/NGOs corporate customers have been observed to be connected with TF activities. The use of bank accounts in the movement of TF funds has featured prominently in both intelligence and investigations related to TF. Financial data have also shown that the illegal currency exchangers commingle transactions in their personal accounts as well as entity accounts held and controlled by them with that of their BDC activities. In a particular investigation, almost all the individuals profiled on suspicion of having links to TF maintain at least, one bank account.

Illegal currency exchangers primarily conduct their financial transactions through bank accounts. The number of individuals engaged in illegal currency exchange business is very high as revealed by a recent TF investigation involving a large number of these exchangers. This has recently been brought to the attention of regulators and law enforcement agencies.

Transactions through agent banking products, mainly Point of Sale (POS) payments and ATM payments have also been linked to TF. In a bid to deepen financial inclusion, the last two years have witnessed a tremendous increase in money transfers involving the use of Point-of-Sale machines (POS). For instance, in 2021 Nigeria recorded a total POS transaction of N6.43 trillion²⁵. These POS machines are issued by deposit money banks and Fintech Firms. It is observed continuous rise in the transaction volume of the fintech platforms however, the narration of the transactions is obscured which raises concerns. Fintech POS conceals the identity of the sender of the funds at the recipient point, thereby posing a vulnerability. More so, investigations have revealed that the POS operators have been used by kidnappers and their associates to move ransom collected from relatives of victims²⁶.

3.2 DNFBPs

DNFBPs that are featured in TF investigations include gold dealers, car dealers and real estate agents. In a particular TF investigation involving illegal money exchangers, their transactions were seen to be linked with dealers in rough gold. In four instances, the illegal money exchangers also doubled as gold

²⁵ NIBBS–PLC.com.ng

²⁶ Law enforcement data 2019 - 2021

dealers. Further analysis of financial intelligence linked financial transactions between illegal money exchangers and dealers in rough gold operating in and around North West & North Central parts of the country which have witnessed the highest cases of banditry.

Case Study 1: Dealers in Rough Gold

A joint TF investigation between 2019 and 2021 established a link between a convicted terrorist financier currently serving a life jail term in the UAE and a dealer in rough gold from artisanal mining in North West & North Central Nigeria. Within a three-year period, about N560million was seen to have moved between the convicted terrorist financier and the rough gold dealer. The gold dealer's financial footprint placed him in states with the highest cases of banditry and cases of banditry and kidnap for ransom in the North West & North Central parts of the country. The rough gold dealer is presently facing a trial bordering on the financing of terrorism.

3.3 Casinos

Between 2019 – 2021, a total of 19 STRs were filed on Casino, Lottery and Pool Betting. In one instance, an STR filed by a lottery and pool betting company indicated the payment of ransom into the wallet of an individual by a relative of a kidnap victim.

Lottery, Sports and Pools betting in Nigeria are largely online and land-based while Casino operations services in Nigeria are largely Slot machines and table Games like roulette, and poker tables. Most online casinos are basically lottery and pool betting sites which means fraudsters and money launderers can easily create multiple fake online profiles to launder funds and steal the identities of genuine players. The betting wallets and Casino Chips can also be used by fraudsters and money launderers²⁷. Major players in the casino sector in Nigeria are often domiciled within international hotels, which avail them of a customer base from residents in the hotel. However, a significant number of their clients are regular walk-in customers. Stand-alone casino customers are mostly regular walk-in customers.

²⁷ gamblingafrica.com/Nigeria/

Between 2019 – 2021, the FIU received a total of 19 STRs filed on Casino, Lottery and sports betting (These are mainly STRs filed by banks on their customers who are either Casino, Lottery or Sports/pool betting operators) According to data available, the FIU only received 7 STRs from a betting company within the time under review. The reports were linked to funds deposits in a betting wallet. It basically dealt with huge deposits of funds in betting wallets within a short period of time and onward transfer of funds to bank accounts linked to the betting wallet. In one situation, one of the customers deposited huge sums of funds totalling N8,000,000.00 (Eight Million Naira) into his betting wallets in tranches and went ahead to place different bets with the deposits. In another situation, a bank customer sent about N12, 200,000 (Twelve Million Two Hundred Thousand Naira) to a betting agent via bank transfer and also the betting agent deposited about N5,000,000 (Five Million Naira) into the account of the bank customer via bank transfer in tranches over a short period of time

3.4 Bureaux de change:

These are incorporated entities licensed by the CBN to operate as BDCs. In addition to the existence of these licensed BDCs there exist some illegal currency exchangers that account for a significant volume of the market. It has also been observed that some of these licensed operators set up entities that are not licensed, for the purpose of carrying out illegal foreign exchange trading to take advantage of the significant spread between the official market rates and the black-market rate. As of 2021, there were a total of 5,689²⁸ licensed BDC operators and many illegal money exchangers.

Illegal money exchangers have been featured in several TF investigations. Within a three-year period beginning from 2019, about 19 companies linked to these illegal money exchangers have used their companies to comingle funds considered to be linked to TF. Illegal money exchangers are not under any form of regulations and as such, they implement any preventive measures. The activities of the illegal money exchangers provide a channel for moving illegally obtained funds for TF.

In addition, a thriving type of transaction that bears all the characteristics of Hawala has also emerged. An illegal currency exchanger mops up funds (both cash and bank transfers) in local currency using a network of 'agents and offers to buy hard currencies (USD, Dirham & CFA) usually outside Nigeria. Once the foreign currency sellers confirm deposits in their local bank accounts, they in turn wire the

²⁸ <https://www.cbn.gov.ng/supervision/Inst-BDC.asp>

foreign currency to any part of the world dominated by the currency exchangers. The exchangers may also instruct that cash be handed over to any person so nominated. In this system, there is hardly any cross-border movement of funds or transactions trail which makes it extremely difficult for authorities to detect criminalities embedded in this system, including terrorist financing.

Case Study 3: Use of unlicensed forex dealers in TF

The nature of the BDC operations and the existence of unlicensed forex dealer in the black markets, makes the sector highly vulnerable to TF. Though there were a few reported cases of BDCs found in investigations by security agencies in relation to TF, in one instance, an unlicensed forex dealer featured in an investigation involving a terrorism financing network of Islamic State of West Africa Province (ISWAP). Investigation established that a syndicate group sources financial support from other foreign terrorist group across the globe to finance the operations of Boko Haram and ISWAP group at the Lake Chad region. The monies from their foreign counterpart were usually sent through an unlicensed forex dealer, from where it is given to a member of the syndicate group. About thirty-five million Naira (N35m) in cash was collected by members of the syndicate. Three members of the group were arrested and arraigned on seven (7) count charges at a Federal High Court (FHC), in Abuja. The case was still ongoing.

In another instance, information from a counterpart FIU in one of the Middle-Eastern states showed suspicious transaction reports were filed by on a Nigerian owned company (eg BDC) operating in that country. The company was reported to have brought in huge cash amounting to about \$43m to the exchange houses for effecting transfers to three destination countries for purchase of different commodities including solar chemicals, solar panels and fertilizers - known items that are highly demanded by Boko Haram/ISWAP in their enclaves. The report indicated that the funds originated from Nigeria but without any trace or documentation. The promoter of the company is currently serving a 10-year jail sentence in that foreign country having been convicted of facilitating transactions and procurement for Boko Haram/ISWAP. His associates in Nigeria have been identified and investigated and their trials in court are due to commence soon.

3.5 Use of Cash

The larger percentage of transactions linked to terrorist financing is initially carried out in cash which are sourced from both legitimate and illegitimate activities. However, cash collected is usually placed into the financial system directly through bank deposits and indirectly through POS transactions and transactions with DNFBPs

3.6 Use of Non-Profit Organizations (NPOs)

The 2022 National NPOs Risk Assessment identified NPOs at risk of TF abuse as those operating in terrorist prone areas and engaged in humanitarian activities, service provision and faith based activities. The Nature of abuse highlighted in the report include movement of large sums of cash in high risk locations, use of illegal forex dealers to perform currency exchange, the use of multiple vendors. Overall, the inherent TF risk of NPOs in Nigeria is rated as High.

Case Study 4: Use of Company for Diversion of Funds

In the year 2019, the NFIU received STR involving an NGO that paid a total sum of N166,000,000.00 (One Hundred and Sixty-Six Million Naira only) to a vendor company and its director.

- In a period of one and half years, the company received total inflows of N99,000,000.00 from five (5) different NGOs operating in the North East.
- The Director of the Company received the sum of N67,000,000.00 (Sixty-seven Million Naira only)
- The account of the vendor company (GGG limited) was dormant for over 10 years. The account had no financial activity prior to the inflows.
- The account of the Director was also dormant for five (5) years.
- A profile of the Directors of the company showed that they were mid-aged thirties.

A European country recently banned the activities of a faith-based charity organization in that country on an accusation of financing terrorism - after many years of monitoring and investigation of the NPO. The charity organization was reported to have funded the activities of terrorist organizations in the Middle East and the Horn of Africa.

In April 2021, Abu Dawud (Not real name), who holds dual citizenship of Nigeria and another West African country was seen to have received a wire transfer of \$37,573.20 from the affiliate of the banned organization operating from one of the countries in the Middle East. Abu Dawud is the head of the local branch of the charity organization in Nigeria.

FIU information exchanges revealed that a representative of the banned NPO who resides in the European country had attempted to wire funds directly to Abu Dawud in Nigeria on four different occasions but the transactions were blocked.

The representative then wired the funds to the middle eastern affiliate, from where the fund was wired to Abu Dawud in Nigeria.

Further analysis revealed that Abu Dawud had earlier received funds in local currency of about N190,745,347.37 from different companies operating in Nigeria. The companies were all identified to be affiliated to money exchangers – an indication that Abu Dawud may have received funds routed through money exchangers (unlicensed BDC operators) from similar sources. This evidenced a well-organized network moving potential TF funds aimed at avoiding detection by international financial organizations.

The individual identified in Nigeria as well as associated entities are currently being investigated by the law enforcement agency.

STRs analysed with regards to the other sectors like capital markets sector and Insurance Sector did not reveal any cases related to terrorism financing, though the country is facing an insurgency in the North East, banditry and kidnapping in the North West and Illegal bunkering in the South-South. Nevertheless, most of these crimes involve the use of cash and are laundered through other sectors like real estate, vehicles and hotels.

3.7 Virtual Asset Services and Providers (VASPs)

A report published in 2021 by one of the top global cryptocurrency exchangers indicates that about 0.05% of global illicit cryptocurrency activities are linked to TF. While the report also listed the terrorist organizations that were linked to TF transactions: Hamas, Saudi-led Jihadi activist movement, AlQaeda and ISIS; there was no direct link to Africa. Similarly, a report by Chainalysis state that, between July 2019 and June 2020, illicit activities accounted for about 1.4% of the \$16 billion worth of cryptocurrencies which were sent and received in Africa. Most of these illicit activities were linked to scams but terrorism and proliferation financing were not identified.

However, there were slight changes the following year as the July 2020–June 21 Chainalysis report showed that less than 0.1% of over \$1.6 billion sent and received in Africa was linked to terrorism financing. Approximately, 6% of the VA-related reports submitted to the NFIU within the period under consideration were about Terrorism Financing, no other Nigerian Authority has reported TF-related VA transactions.

Chapter Four: Consequences of TF

The consideration of the potential consequences for many TF will aid the jurisdiction in identifying the appropriate resources to dedicate to combating identified risks and the types of mitigating measures to put into place²⁹.

Terrorism and associated Terrorist Financing (TF) have significant consequence to the security, stability and prosperity of Nigerians. Unfortunately, there continue to be actual and attempted attacks against the civilian populace, marketplaces, worship centres, security officials and installations, and government and educational facilities. Specific areas affected by TF in Nigeria's economy were identified during the risk assessment exercise:

4.1 Effect of TF on National Economy

The NIRA confirmed that the TF threat is significant in Nigeria, particularly within the informal financial sector. The increasing activities of terrorism across the country underscore the prevalence of TF. This is as terrorists engage in criminal activities, including kidnapping for ransom, looting specific rural markets and villages, as well as illegal taxation of communities, particularly some parts in the NE, NW and NC zones. For instance, statistics revealed that in the last three (3) years, 15,307 banditry and kidnapping attacks occurred, while 411 and 204 terrorist attacks were recorded in 2019 and 2021, respectively, resulting in the death of over 1693 civilians. This no doubt affected the national economy as it has affected business and investment activities. A state like Borno has lost over \$9.5 billion³⁰ in the last three (3) years on the reintegration of Internally Displaced Persons (IDPs).

Investors avoid doing investments where ML/TF is significant, which ultimately can harm the FDI trends of the country. Accordingly, these threats have waded off foreign investors because most of the expatriates are being kidnapped, some killed in the last few years. The situation has worsened trade investment and contributed to reducing revenue inflows.

4.2 Effect of TF on the Society

The Global Terrorism Index (GTI) ranked Nigeria as the 6th most impacted country with respect to terrorism, out of 163 countries³¹ affected worldwide. The impact of human loss can be combined with the casualties of civilians and LEAs ranging from bomb blasts, suicide attacks, sectarian violence etc. All these losses are directly linked to the TF element, and most of these casualties have taken place in high-risk areas.

The increasing threat of terrorism and terrorism financing continue to stretch the diversity of Nigeria with over 250 ethnic groups. Several terrorist groups try to impose certain divides among the population. In the NE, the BHT started by increased attacks on non-Muslims and destruction of Christian worship centres until around 2014, when they began attacking everybody, including Muslims and Christians alike.

²⁹ <https://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-Financing-Risk-Assessment-Guidance.pdf>

³⁰ Borno State Ministry of Rehabilitation Reconstruction and Resettlement

³¹ 2022 Global Terrorism Index

The Indigenous People of Biafra (IPOB) sustained attacks on security agencies and Northern business investments in the SE region in acclaimed revenge for Northern hostility to South Easterners across the country. These violent and criminal activities continue to widen the divide as several gullible individuals invest in such divisive narratives to create animosities among the Nigerian people.

These have affected peaceful co-existence and weakened the potential of our diversity; unfortunately, in the last three years, 1693 lives have been lost to violent and extremist attacks by criminals.

So far, over 2.6 million persons have been displaced in Nigeria³². Over 45% are unemployed, while some of the criminal elements like those operating in the NW have continued to attack educational institutions and kidnap school children, thereby discouraging children from going to school and has increased the percentage of school dropouts to 60%. It is estimated that 10.5 million children are no longer going to school³³ in Nigeria. Thus, the environment has provided criminal elements opportunities for mobilisation, recruitment, and domination of several ungoverned spaces, particularly in the country's NE, NW, NC and SE zones.

The increasing threat of terrorism and terrorism financing has also affected the health sector. This is because funds that would have been invested in the development of the health sector are being channelled to rehabilitation and reintegration of IDPs in specific zones such as NE, NW and NC zones.

The threat has also affected tourists who avoid travelling and visiting public places due to safety concerns. The fear of travelling has also affected business and trade; roads are unsafe, train lanes are being attacked, and recently the Kaduna State international airport was attacked by bandits. This menace could portray Nigeria as an unsafe country.

4.3 TF Effects on Governance

The high level of TF contributes to deterioration and destabilises the enforcement of law and order in the country. This has created a corrupt and violent political culture in the country. Several schools of thought have opined that certain politicians exploit predicate offences such as kidnapping for ransom, illegal mining and illegal oil bunkering to sponsor elections. Research by Institute for Security Studies (ISS)³⁴ stated that there is a "collaboration between politically connected Nigerians and foreign nationals in illegal gold mining which drives rural banditry and violent local conflicts in some parts of Nigeria." Research also confirmed that some arrested criminals in the past were on the payrolls of some prominent politicians³⁵. Recently, a State Government declared a Federal Legislator wanted for contracting a cult group to disrupt a primary election process of a political party in the State³⁶.

³² National Commission for Refugees Migrants and Internally Displaced Persons Offices (NCFR) statistics

³³ <http://www.bbc.com/news/world-africa-40715305>

³⁴ <https://reliefweb.int/report/nigeria/how-illegal-mining-driving-local-conflicts-nigeria>

³⁵ <http://saharareporters.com/2021/08/27/nigerian-politicians-order-release-crime-suspects-through-phone-calls-%E2%80%93-former-department>

³⁶ https://www.researchgate.net/publication/346442438_ELECTION_WARS_IN_NIGERIA_THE_CASE_OF_RIVERS_STATE

Furthermore, the implications of ML/TF activities saturated the conduct of electioneering activities in Nigeria³⁷. During the 2015 and 2019 General Elections, the EU Monitoring Team observed an electoral process characterised by fraudulent use of political thugs and security forces to perpetrate ballot box snatching and victimisation of voters and vote-buying. Thus, the government system established at the state level is under the watchlist of the EFCC due to flagrant abuse of due process and gross corruption; hence out of the 36 states of the Federation, less than 20 have duly elected Local Govt functionaries. This has affected the county's democratic practice among the committee of Nations.

ML and TF are heinous crimes and are more penetrative in weak, vulnerable and developing political systems. The vulnerability and structural weaknesses in governance and public institutions make it prone to exploitation by criminals.

4.4 TF Effect on National Security

The general security situation of the country has had enormous economic implications and costs. This includes the costs of funding the security of high-risk borders and addressing internal security risks for FDI. The period under review is characterized by a high rate of TF activities. The Islamic State in West African Province (ISWAP) and the Boko Haram Terrorist (BHT) activities dominated the NE, while attacks by Ansaru terrorist/Boko Haram groups characterize the NW and NC. In contrast, violent successionist group activities are predominant in the SE and some parts of the SS zones. In addition, militant and cultist activities are prevalent in the SS and SW zones. These challenges continued to threaten national security and the economic development and growth of the country.

The increased rate of drug trafficking across the country also fuels the aforementioned abnormalities³⁸. Areas like NW and NE recorded about 48% of total drug consumption in Nigeria for the period under review. In addition, over 19,359 drug traffickers were arrested between 2019 to 2021³⁹. This figure accounts for why criminal elements continue to thrive in Nigeria. Meanwhile, the size of Nigeria's border also contributes to National security challenges. Nigeria has over eighty (80) official borders with customs and immigration services in place. However, there are other leakages through which criminal elements continue to traffic small arms and light weapons (SALW) and other illicit goods.

The country's security forces also reported that the increasing threat of banditry activities in the NW and NC is due to porous borders in areas such as Sokoto, Kebbi, and Katsina, where illegal weapons are being smuggled into the country. These ungoverned spaces within the border areas have also negatively affected the country as products such as rice and other banned foreign commodities continue to find their way into the local market across the country, discouraging local production and creating unemployment.

³⁷ <https://guardian.ng/news/2019-elections-eu-scores-nigeria-below-par/>, <https://www.iri.org/resources/iri-ndi-release-nigeria-international-election-observation-mission-final-report/>

³⁸ <https://guardian.ng/opinion/drug-abuse-trafficking-and-crime-control/>

³⁹ NDLEA Statistics NIRA 2022

Chapter Five: Counter Terrorism Financing Measures

The Federal Government issued the NACTEST to provide a strategy to stakeholder agencies for the coordination of operations geared towards combatting terrorist activities across the country. Part of the strategy includes the establishment of Military Theatre of Operations in the north east as well as the Multinational Joint Task Force (MNJTF).

The country also established the Nigeria Financial Intelligence Unit (NFIU) as an autonomous body whose function include supporting security, intelligence and law enforcement agencies with financial intelligence to detect and disrupt terrorist financing.

The Federal Government enacted CFT laws and regulations to strengthen Nigeria's legal framework to prosecute arrested terrorists. A specialized prosecution team was put in place to speedily dispense TF-related cases. Similarly, AML/CFT regulations have been reviewed to enhance compliance and provide more proportionate and dissuasive administrative sanctions.

Additional measures were also taken to reduce the vulnerability of the financial sector through the engagement of the industry to create more awareness and strengthen processes for AML/CFT compliance. Supervision of the industry was enhanced through increased targeted risk-based examination.

The supervisors of the financial, DNFBPs, and NPOs sectors have continued to monitor operators' compliance with control measures such as the cash movement declaration regime and outreach engagement with NGOs operating in the insurgency-affected North East.

Law enforcement action targeting the activities of terrorist financiers including illegal money exchangers have resulted in the identification and investigation of individuals some of whom are currently being prosecuted.

Conclusion

Keeping our financial system from becoming an enabler of terrorist financing continues to be the priority of Nigerian Government. Nigeria's response to terrorism threats posed by Boko Haram and other terrorist groups is that of whole-of-government approach, to include effective coordination between and among Supervisory, law enforcement, and the private sector, as well as with our foreign partners. This includes regularly updating our understanding of TF risk and staying ahead of technological changes and shifts in payments and transactions that create new vulnerabilities that terrorists may exploit.

Acronyms

AML - Anti-Money Laundering

BDC - Bureau De Change

BO - Beneficiary Ownership

CAC - Corporate Affairs Commission

CBN – Central Bank of Nigeria.

CDD - Customer Due Diligent.

CFT – Combating Financing Terrorism.

CMO – Capital Market Operators

CWC – Chemical Weapon Convention.

DNFBP – Designated Non- Financial Business and Professions.

DIA – Defense Intelligence Agency

DSS - Department of State Service

FATF - Financial Action Task Force

FI - Financial Institution.

FIU - Financial Intelligence Unit

FMOJ (DPP) - Federal Ministry Justices Directorate of Public Prosecution

FTZ - Free Trade Zone

FX - Forex Change

GDP - Gross Domestic Product

HOSSP – Hawala and other Similar Service Providers

ICT – Information, Communication and Technology

IMN - Islamic Movement in Nigeria

IMTO - International Money Transfer Operator

ISWAP - Islamic State West Africa Province

JCPOA - Joint Comprehensive Plan of Action

LEA – Law Enforcement Agency

LTD - Limited

MFA - Ministry of Foreign Affairs

ML – Money Laundering.
MNC – McDonell- Nadeau Consultants
MSX - Malta Stock Exchange
MVTs - Money or Value Transfer Services
NCS - Nigeria Custom Services
NFIU – Nigerian Financial Intelligence Unit.
NIMASA – Nigeria Maritime Regulatory Authority.
NIRA - National Inherent Risk Assessment
NIS - Nigeria Immigration service
NNRA - Nigerian Nuclear Regulatory Authority.
NPOs - Non-Profit Organizations
NSA - National Security Adviser.
OFAC - Office of Foreign Asset Control
OFIs - Other Financial Institutions
ONSA - Offices of the National Security Adviser
PF - Proliferation Financing.
RPG – Rocket Propelled Grenades
PLC - Public Limited Company
SAR - Suspicious Activity Report
SCUML - Special Control Unit Against Money Laundering
SEC - Security Exchange Commissions
SROs – Self Regulatory Organizations
STR - Suspicious Transaction Report
TCSP – Trust or Company Service Providers
TF – Terrorism Financing.
TFS - Targeted Financial Sanction.
UAE - United Arab Emirate
UK - United Kingdom
UNSCR – United Nation Security Council Resolution.

US - United States

USD - United State Dollar

VA - Virtual Assets

VASPs – Virtual Assets Service Providers

Participants

The following agencies were part of the TF workstream which were carefully handpicked based on their mandate of operations:

- Office of the National Security Adviser (ONSA)
- Federal Ministry Justices Directorate of Public Prosecution (FMOJ-DPP)
- Nigeria Police Force (NPF)
- Department of State Service (DSS)
- Defence Intelligence Agency (DIA)
- Nigeria Custom Services (NCS)
- Nigeria Immigration service (NIS)
- Economic and Financial Crimes Commission (EFCC)
- Nigeria Security and Civil Defence Corps (NSCDC)
- Central Bank of Nigeria (CBN)
- Corporate Affairs Commission (CAC)
- National Insurance Commission (NAICOM)
- National Association of Insurance Commissioners (NAIC)
- Nigeria Extractive Industries Transparency Initiative (NEITI)
- Nigerian Nuclear Regulatory Authority (NNRA)
- Nigerian Financial Unit (NFIU)

Annexes

Threat Profile for Islamic State West Africa Province (ISWAP)

Threat Profile for Boko Haram

Threat Profile for Indigenous People of Biafra (IPOB)

Threat Profile for Yan Bindiga/Yan Taadda Terrorist Groups

