

# COUNTERING TERRORISM AND CRIMINAL FINANCING IN NIGERIA: STRATEGIC OPTIONS

LA LUCHA CONTRA LA FINANCIACIÓN DEL TERRORISMO Y LA CRIMINALIDAD EN NIGERIA: OPCIONES ESTRATÉGICAS

A LUTA CONTRA O FINANCIAMENTO DO TERRORISMO E A CRIMINALIDADE NA NIGÉRIA: OPÇÕES ESTRATÉGICAS

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## Abstract

This work analysis Nigeria's effort to counter terrorism and criminal financing (TCF). It shows that criminal and terrorist organizations in fund their operations through an illegal financial infrastructure embedded in the Nigerian financial sector. To counter and deny access to funds that could be used to destabilize the state and compromise the integrity of financial institutions in the country to these malign non-state actors, Nigeria has deployed several strategies. By using qualitative research methodology, and a historical, descriptive, and narrative approach, it was discovered that Nigeria has used both government institutions, such as the Economic and Financial Crimes Commission (EFCC) and the Nigerian Financial Intelligence Unit (NFIU) and legal-cum financial instruments, such as the Terrorism (Prevention) (Amendment) Act (TPAA) and the Anti Money Laundering/Combating Financing of Terrorism (AML/CFT), to disrupt TCF in the country. In its conclusion, the work argues that Nigeria will have to be strategic in its response if it hopes to effectively counter TCF. This strategic response, this work show, will involve the extensive use of technical and financial expertise from international anti-money laundering bodies like the EGMONT Group and the Financial Action Task Force (FATF).

**Keywords:** terrorism and criminal financing; Nigeria; International cooperation.

## Resumen

Este trabajo analiza los esfuerzos de Nigeria para contrarrestar la financiación del terrorismo y la criminalidad. Muestra que las organizaciones criminales y terroristas en el país costean sus operaciones a través de una infraestructura financiera ilegal incrustada en el sector financiero del país. Para contrarrestar y negar el acceso a estos actores no estatales malignos a fondos que podrían usarse para desestabilizar el estado y comprometer la integridad de las instituciones financieras, Nigeria ha implementado varias estrategias. Al utilizar una metodología de investigación cualitativa y un enfoque histórico, descriptivo y narrativo, se descubrió que Nigeria ha utilizado instituciones gubernamentales, como la Comisión de Delitos Económicos y Financieros (EFCC) y la Unidad de Inteligencia Financiera de Nigeria (NFIU), e instrumentos financiero-legales, como la Ley (de Prevención) (Enmienda) del Terrorismo (TPAA) y la Ley contra el Lavado de Dinero/Lucha contra el Financiamiento del Terrorismo (AML/CFT), para interrumpir el flujo de financiación al terrorismo y la criminalidad en el país. En su conclusión, el trabajo argumenta que Nigeria tendrá que ser estratégica en su respuesta si espera contrarrestar efectivamente la financiación del terrorismo y la criminalidad. Esta respuesta estratégica, según evidencia la investigación, implicará el uso extensivo de la experiencia técnica y financiera de organismos internacionales contra el lavado de dinero como el Grupo EGMONT y el Grupo de Acción Financiera Internacional (GAFI).

**Palabras clave:** terrorismo y financiamiento criminal; Nigeria; Cooperación internacional.

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## Resumo

Neste trabalho, são analisados os esforços da Nigéria para diminuir o financiamento do terrorismo e da criminalidade. Mostra-se que as organizações criminosas e terroristas no país bancam suas operações por meio de uma infraestrutura financeira ilegal consolidada no setor financeiro do país. Para barrar e negar o acesso desses atores não estatais malignos a fundos que poderiam ser usados para desestabilizar o estado e comprometer a integridade das instituições financeiras, a Nigéria vem implementando várias estratégias. Ao utilizar uma metodologia de pesquisa qualitativa e uma abordagem histórica, descritiva e narrativa, foi constatado que esse país tem utilizado instituições governamentais, como a Comissão de Delitos Econômicos e Financeiros e a Unidade de Inteligência Financeira da Nigéria, e instrumentos financeiro-legais, como a Lei (de Prevenção) (Emenda) do Terrorismo e a Lei contra a Lavagem de Dinheiro/Luta contra o Financiamento do Terrorismo, para interromper o fluxo de financiamento do terrorismo e da criminalidade no país. Em conclusão, neste trabalho, argumenta-se que a Nigéria terá que ser estratégica em sua resposta se espera frear efetivamente esse financiamento. Essa resposta, segundo a pesquisa, implica o uso extensivo da experiência técnica e financeira de organizações internacionais contra a lavagem de dinheiro como as do Grupo EGMONT e do Grupo de Ação Financeira Internacional.

**Palavras-chave:** terrorismo e financiamento criminal; Nigéria; Cooperação internacional.

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## Introduction

Every organized illegal activity, be it terrorism, insurgency, militancy, or banditry requires funding. Funds are needed to recruit members, purchase equipment, pay for salaries and intelligence information, logistics, support for cells, and upgrading equipment. Funding is therefore the livewire of all organized illegal or illicit activity. (Levitt and Jacobson, 2005). Terrorist and criminal groups also require funds in order to be able to conduct their operations. In Nigeria, terrorist organizations like Boko Haram (BH) and criminal actors like bandits, cattle-rustlers, pirates, and kidnappers have integrated their illegal financial architecture into the overall financial system of the country. This has enabled such malign non-state actors to have unrestricted access to funds that they have used to procure materiel to launch devastating attacks against the state and to undermine the financial integrity of the country. The effects of terrorism and criminal financing (TCF) are inimical to both global stability and the peaceful existence of any nation. In Nigeria, the country's porous international borders, with multiple official and unofficial entry points, and an unregulated and highly differentiated informal financial and economic sector, made it easier for malign non-state actors to establish foothold in the state (Hoffman, 2015; Falode, 2020). Criminals and terrorists also take undue advantage of the cash-based economy in Nigeria to move resources to finance terrorist and criminal activities. Curbing those sources is, therefore, the most effective and practical way to combat, disrupt and curtail the operations of such malign non-state actors. Fully conscious of the danger that TCF poses to global peace and economy, transnational bodies like the EGMONT group and the Financial Action Task Force (FATF) have been created by developed countries to combat TCF. Nigeria, too, has deployed several strategies like the creation of the Nigerian Financial Intelligence Unit (NFIU) to combat the threats of TCF in the country. This chapter is the analysis of Nigeria's efforts to tackle TCF in the state.

## Conceptual Clarification

The main problem to understand criminal and terrorist financing is its conceptualization due to its elusiveness. Such feature is not unique to financing since the entire concepts of terrorism and organized crime are problematic and always perspective driven (Moten, 2010). Therefore, any discourse on the meaning of terrorist and criminal financing must start from the conceptualization of organized crime and terrorism. For the purpose of this research we shall accept the following definitions: Terrorism is the systemic use of violence by non-state actors to create a climate of fear with the aim of achieving political, social, or religious objectives (Falode, 2018). Terrorism involves the entire activities of planning and executing a terrorist attack; its financing is, consequently, the funding of the activities of a terrorist organization by individuals, state and non-state actors who are either members of the terrorist group or sympathizers (FATF, 2016). For Baffoe (2017) terrorist financing includes the various sources and mechanisms through which licit and illicit means are used by terror groups and their sponsors to raise resources for terror-related activities.

Terrorist financing is to unlawfully, directly or indirectly, provide or collect funds with the intention that they should be used or in knowledge that they are to be used in full or in part to conduct or aid any other person taking active part in the hostilities in a situation of armed conflict, when the purpose of such act by its nature or context is to intimidate a population or to compel a government or an international organization to do or abstain from doing any act (GIABA, 2013, p.7). Ehrenfeld (2005) provides a simpler definition when he states that terrorism financing refers to processing funds to sponsor or facilitate terrorist activity. This definition further tallies with the definition of terrorism financing offered by the Convention for the Suppression of the Financing of Terrorism that sees it as the provision and collection of funds for the purpose of committing terrorist acts (UNODC, 2009).

## **Methodology**

This is a qualitative research study that relied heavily on the use of secondary sources, such as official gazettes, white paper, textbooks, journals, internet materials and financial documents from both local and international anti-money laundering organizations. It involved conducting extensive and critical content analysis of extant literature on terrorism and criminal financing in both Nigeria and the global community. The qualitative methodology used ensured the collection, collation, organization, synthesis, analysis, and interpretation of data on terrorism and criminal financing in Nigeria. Anti-money laundering instruments and mechanisms of local and international financial organizations, such as the Egmont Group, FATF, and NFIU, among others, were extensively analyzed and their roles in tackling terrorism and criminal financing identified. However, the research was limited by the non-availability of accurate, reliable, consistent, and real-time empirical data on the actual flow of funds into the Boko Haram organization. This is not surprising since it is a malign non-state actor and its members deliberately obfuscated its financial transactions to make difficult it for security and financial agencies to track it.

## **Boko Haram in Nigeria: A Conspectus**

Boko Haram (BH), an extremist Sunni Salafist group that uses terrorism to achieve its political objectives, took violence to an unheard-of level in Nigeria since it achieved independence in 1960. The group, whose main aim is the creation of an Islamic caliphate in Nigeria and the wider sub-region, launched a deadly asymmetric campaign starting in 2010 (Falode, 2016). Boko Haram was a little-known religious sect that started in Yobe State in the 1990s. It was then led by a religious scholar known as Mohammed Yusuf. With the death of Yusuf at the hands of Nigeria's security forces in 2009, Abubakar Shekau, his lieutenant, took over the rein of BH. From 2010 till his death in 2021, Shekau launched a series of devastating campaigns that included the use of various formats of suicide bombings, mass kidnappings, targeted assassinations, and kinetic assaults against the Nigerian state and neighboring West African countries like Chad, Cameroon, and Niger. Also, these campaigns allowed BH to establish its rump caliphate in the three northeastern states of Borno, Yobe and Adamawa between 2014 and 2016 (Falode, 2019). A major factor that has been identified as being very crucial to the longevity and survival of BH, despite the combined counter-terrorism (CT) and counterinsurgency (COIN) operations launched against it by Nigeria and the Multi-National Joint Task Force (MNJTF), has been the group's unfettered access to funding and materiel (Campbell, 2020). The extent of the group's sources of income was revealed in Nigeria when the full financial details of BH were disclosed after the arrest of six money launderers in the

United Arab Emirates in 2020. (IAGCI, 2021, p.24). The subsequent section in this research will analyze BH's various sources of funding.

### **Historical Perspective of Criminal and Terrorism Financing in Nigeria**

It is more convenient to begin the discourse on the history of terrorism and criminal financing at the attainment of the Nigerian independence in 1960. Prior to the independence various groups employed violence in pressing home their demands but they were not as coordinated as modern-day organizations. Thus, funding of such activities or groups was low-keyed. The Adaka Boro insurrection can be rightly classified as the first act of terror and organized crime in Nigeria (Ajibola, 2015). Adaka Boro formed the Niger Delta Volunteer Service (NDVS) in 1966 (Nwajiaku-Dahou, 2012). Its members blew up pipelines, sabotaged oil facilities in their region, and attacked police stations. The logistics and financing required to conduct those coordinated attacks were provided by members of his ethnic extraction who were sympathetic to his cause and helped him obtain funds through illegal activities like looting (Nwajiaku-Dahou, 2012). In 1983, a radical Muslim sect (Maitasine) was formed in Kano (Falode, 2019). It recruited a large number of foot soldiers and coordinated attacks on government facilities and all those perceived to be infidels, including Christians, schools, and government personnel. The funding of this group was believed to have come largely from non-state sympathizers and from charity (Elaigwu, 2003). After such decade of terror what ensued was a period of ethnic and religious crisis, mostly in the northern and middle belt of the country, and militancy in the Niger Delta. Niger Delta militants engaged in various criminal ventures like kidnapping for ransom and oil-bunkering to fund their various operations between 2006-2009 (Falode, 2019). The Boko Haram group became a threat to the Nigerian state as from 2010 with the launch of various and multiple attacks against the state (Falode, 2016). Since then, the group has relied on various sources of funds, both licit and illicit, to bankroll its various operations. These include kidnapping for ransom, cattle-rustling, protection fees, robbery and mass abductions, and donations from sympathizers (Attah, 2019).

### **Typology of Terrorism and Criminal Financing (TCF) in Nigeria**

Organized criminal groups become transnational when they conduct criminal activities across national borders with the collaboration of international syndicates (Falode, 2021). The common types of trans-border and domestic criminal activities by groups and networks are drug and human trafficking –especially women and children–, smuggling of firearms, kidnapping, armed robbery, oil bunkering, piracy, and banditry. They also launder money, run prostitution chattels and gamble rings, and manage corrupt legitimate businesses in different parts of the world. Nigerians are sometimes arrested for trans-border and international criminal activities in different parts of the world. In fact, the United States Department of State (USDS) believed that the Nigerian criminal network was well organized, sophisticated, and active in over 60 countries in the world (Guitta & Simcox, 2014). Investigations by the United Nations Office on Drugs and Crime (UNODC) in 2013 uncovered classes where Nigerian criminals trained new recruits in using credit cards, banking, and insurance funds. They also discovered phony Nigerian companies that existed only to reply to credit inquiries and provide reference and employment confirmation. These different types of criminal activities are mostly self-financed and disappear once the take-off funds are provided. Below, we discuss the various sources of funding for terrorist and criminal groups in Nigeria.

### **Kidnapping for Ransom**

Terrorist activities could also be funded through kidnapping for ransom. Criminal actors, such as bandits, kidnappers, and terrorists, usually use this mechanism to access millions of dollars. A veritable example is the 50 million Euros paid for the release of 104 Dapchi girls in 2018 (Maza, Koldas & Aksit, 2020). The spate of banditry and kidnapping for ransom are all linked to terrorist activities. In fact, in 2013, FATF reported that most kidnappings are connected to Boko Haram cells involved in criminal activity (FATF, 2014).

### **Taxation/Extortion**

Boko Haram terrorists have an organized system for compulsory taxation and daily collection in communities under their control, this is called *Harji* (Maza, Umut & Sait, 2020). Terrorists and other organized criminals engage in extortion as a source of raising funds for their operations. Amongst the notorious terrorist groups in the region, Boko Haram's practice of extorting monies and valuables from members of captured communities is high. For example, BH levies different kind of taxes on conquered communities, such as Abadam, Gwoza, Damasak and Dikwa in Borno State, and Gaidam in Yobe State (Maina, 2021)

### **Cattle-Rustling**

The activities of the Boko Haram terrorist group in the Lake Chad region have increased the spate cattle rustling in the region. There are reports of bandits/rustlers who storm herder's farms, settlements and markets wielding automatic rifles with the sole aim of killing, maiming herders, and rustling cattle. Over 7000 cows from Chad were rustled in the Dikwa community in the Borno state (FATF 2013 p.12); the Kastina State government reported the recovery over 30,000 heads from rustlers within few months (Tauna, 2016). The rustled cows are diverted to other markets where they are sold, and the profits find its way back to the terrorist for financing their reign of terror.

### **Drug Trafficking**

Vittori (2011) affirmed that cultivation, refining and distribution of illegal drugs within and outside the country have proved to be a good source of infrequent financing for criminal activities and terrorism in the world. The UN reported in 2007 that over 4 billion dollars in value of drugs were exported for such purpose (UNODC, 2017).

### **Counterfeit Goods and human trafficking**

Blanchard (2014) believes that criminals and terrorists get funding through illegal activities like trafficking counterfeit goods. Terrorist also get funds from human trafficking. Kidnapped people (mostly females) are sold as sex slaves in the Arab booming sex slave market. Boko Haram kidnapped 276 Chibok girls in 2014 and started negotiations to exchange some of them for prisoners. However, such process has had major obstacles since some of the girls are believed to have been sold into sex slavery (Ibrahim & Mukhtar, 2017).

### **Bank Robbery**

Fanusie and Entz (2017) opine that Boko Haram, at the beginning of its terror campaign, engaged in several bank robbery attacks in which an estimated of 6 million dollars was raised by the group. Most of these robberies took place in Yobe, Borno, and Adamawa states.

### **Legitimate commercial activity**

Some of the funds also come from legitimate means. Brantly (2014) reported the involvement of terrorists in lawful fishing activities in the Lake Chad. FATF (2016) reported the arrest of members of Boko Haram with 463 bags of fish in April 2016 who confessed that they were engaged in fish selling business to fund and support the group's activities. Other legitimate businesses include the operation of commercial motorcycles (Ahaba), business centers, and mobile phone charging and repair shops.

### **State sponsorship**

Criminal funding also includes indirect activities, for example, when members of the state have had to pay ransoms to terrorists. In December 2020, the Kastina state government was said to have secured the release of over three hundred boys abducted in Kankara by paying about \$76,000 (Campbell, 2021).

### **Donations**

Terrorists are also funded by personal donations from sympathizers, charity organization and NGOs, but especially from prominent politicians and businessmen from diverse ethnic groups. One prominent example is the case of Ali Ndume and the late Alhaji Buji Foi, who were accused of being major financiers of the Boko Haram terrorist group (Maza, Koldas & Aksit, 2020). They were said to have provided money, motorcycles, and other logistics (Maza, Koldas & Aksit, 2020). The earliest known case of a major foreign donation to fund terrorism in Nigeria was the 2002 reception of \$3million from Al-Qaeda to fund activities in the north-east of the country (McCoy, 2014a). In 2012, a report suggested the existence of \$40 million received from ISIS (Sommerlad, 2018). Funds have also been found from ethnic groups sympathetic to the Boko Haram terrorists cause as well as to the Niger Delta militants and other ethnic militants.

### **ICT Businesses and Crypto currencies**

Wittig (2011) unveiled an unknown area of funding and stated that the development of ICT aggravated the complexity of the issue of criminal and terrorism financing in Nigeria. Credit card fraud, online trading, and financial transfer platforms have further widened the stage for criminal and terrorist financing, especially within those with little governmental control such as crypto currency.

## Methods of Criminal and Terrorist Financing

Terrorists and criminals in Nigeria have different ways of accessing their funds in the country. The major ones are through the formal banking system via the *Hawala* system, using cash mules/couriers, via commercial buses, and forging commercial invoices. It is well known that bigger terrorist organization and terrorist financiers and sympathizers most times bypass all the control measures set up by the central bank and other relevant financial crimes control commissions to move cash for their use. For example, in August 2014, an independent Australian hostage negotiator for the Nigerian government concluded that one official from the central bank of Nigeria processed transactions on behalf of Boko Haram, allowing them to conceal their source of funds and to evade scrutiny during arms purchase (Varghese, 2014). This realization is what forced Nigeria to implement the strict Know Your Customer (KYC) policy to try to cover the gap being appropriated by such malign non-state actors. The *Hawala system* is an informal way of transferring money without the actual or physical movement of cash from one place or person to another (Bowers, 2009). It is based on a system of money lenders or brokers known as Hawaladars (Bowers, 2009). It is most common amongst Arabs, Africans, and Indians. It's also the most attractive to illegal users because of the opacity of its transactions/sources. It has become a ready-to-use tool for criminal and terrorist financing (Arseneault, 2015) since it does not face any governmental regulation. Cash mules or couriers involve the physical movement of money from one area to another. Its arguably one of the oldest methods used by criminals in money laundering for criminal and/or terrorist financing. (FATF, 2015). A grey area neglected a lot in every discussion on the methods of criminal financing is the role of commercial transport buses and logistic companies in the movement of funds for criminal activities. Funds are hidden in luggage or waybills and are falsely declared in manifests, then transported to its destination at little or no risk of being detected. Finally, forging commercial invoices is a convenient method of funding criminal activities with low risk of transaction tracking and detection. With this method, the organizations have the possibility of disguising the transmission of value from one jurisdiction to another through over-invoicing or under-voicing (OECD, 2019).

## Nigeria's Response to Terrorism and Criminal Financing

To effectively tackle both terrorism and criminal financing, Nigeria has adopted a multi-modal approach, a mix of both internal and external institutional, legal, and financial instruments and assets. The backbone of the internal mechanisms used in tackling TCF in the country are the Terrorism (Prevention) (Amendment) Act (TPPA) and Anti-Money Laundering/Combating the Financing of Terrorism Regulations (AML/CFT). Apart from these two legal-cum-financial instruments, Nigeria also established two important institutions in 2004 to tackle TCF in the country: The Economic and Financial Crimes Commission (EFCC) and the Nigerian Financial Intelligence Unit (NFIU) (Falode, 2013: 5; NFIUR, 2011). Nigeria's pillars of its external response to TCF are its membership to the Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA), which it joined in 1999, and its membership to the Egmont Group, joined and 2007 (Egmont Group; ECOWAS).



## **Internal Instruments used to Tackle TCF**

### *Economic and Financial Crimes Commission (EFCC), 2004*

The EFCC was formed in 2004 to investigate financial crimes and adopt measures to identify, trace, freeze, seize, and confiscate proceeds of terrorist activities and economic and financial crimes (EFCC Act, Section 6). Offences investigated by the EFCC include advance fee fraud, bank and security fraud, cybercrime, oil-bunkering, vandalism, and real estate fraud (Onyema, Roy, Oredola and Ayinla, 2018:56). These are all illegal transactions used to finance terrorism and criminality in the country. On the issue of terrorism financing, the EFCC Act mandates the agency to investigate and prosecute those that enable and fund terrorism activities (EFCC Act, Section 5(1-3), 2004). The EFCC was established to effectively tackle and disrupt both terrorism and criminal financing.

### *Nigerian Financial Intelligence Unit (NFIU), 2004*

The NFIU is the central national agency responsible for requesting, receiving, analyzing, and disseminating financial intelligence reports and other related information to all law enforcement, security, and intelligence agencies (NFIU, 2018). Although the NFIU is domiciled within the Central Bank of Nigeria (CBN), it is an autonomous organization that is central to Nigeria's efforts to tackle TCF because it provides critical and actionable intelligence to all the security agencies. The intelligence provided is then acted on by security agencies like the Nigerian Police, the EFCC, the CBN, and the Directorate of Military Intelligence (DMI) to cut-off funds to malign non-state actors, such as terrorists and transnational criminals. Importantly, the establishment of the NFIU in 2004 made it possible for Nigeria to become a full member of the international and inter-governmental anti-corruption body known as the Egmont Group in 2007 (Diya & Ilelogie, 2018; Egmont Group).

### *Terrorism (Prevention) (Amendment) Act (TPAA), 2013*

The Terrorism (Prevention) (Amendment) Act (TPAA) from 2013 is the most comprehensive law designed to counter the various aspects of terrorism in Nigeria. Recognizing the critical role that funds play in the operations and commission of terrorism, the TPAA criminalizes specific aspects of terrorism financing. Section 13 of the TPAA criminalizes the provision of funds for terror groups within and outside the country, even if the funds were not eventually used for their intended purpose (3). The Act sentences any individuals found to have fallen foul of the law to life imprisonment. By prescribing such a stiff penalty, one could see that the TPAA is designed to cut-off the source of funding for terrorists.

### *Anti-Money Laundering and Combating the Financing of Terrorism Regulations (AML/CFT), 2013*

Previously, different mechanisms and financial infrastructures necessary for terrorist groups and criminals to generate income, launder the proceeds, and make them available for their nefarious activities have been described. The Nigerian government's goal of cutting

criminals and terrorists off from such lucrative mechanisms for generating funds was what led to the passage of the AML/CFT Regulations in 2013 (CBN, 2018). The law criminalizes the processes involved in both money laundering and financing of terrorism and mandates life imprisonment for those found guilty of committing the offence (AML/CFT 2013, Section 3(10-11)). The EFCC, the Nigerian Police, and the CBN have used various aspects of this law to effectively cut-off finances to both criminals and terrorists in the country.

### **External Instruments used to Tackle TCF**

#### *Inter-Governmental Action Group Against Money Laundering in West Africa (GIABA), 2000*

The Inter-Governmental Action Group Against Money laundering in West Africa (GIABA) was established by the Economic Community of West African States in 2000 (GIABA Strategic Plan, 2015). GIABA's core objectives are to help states in the sub-region to prevent and effectively respond to money laundering, to counter the financing of terrorism, and the proliferation of weapons of mass destruction (GIABA Strategic Plan, 2015). It does this by ensuring that the AML and the counter-terrorism financing framework is in accordance with the international standard established by the Financial Action Task Force (FAFT) (Mutual Evaluation, 2012). Nigeria has leveraged on its membership to the group to push other West African states to tighten their counter-terrorism and criminal financing framework in the sub-region.

#### *Egmont Group of Financial Intelligence Units (EGFIUs), 2007*

The Egmont Group of Financial Intelligence Units (EGFIUS) or EG is an international and inter-governmental anti-corruption body established in 1995 (Adetunji, 2019: 333). It consists of the financial intelligence units (FIUs) of states who are signatories to its charter (Diya & Ilelogie, 2018). Nigeria became a member of EG in June 2007. The core objective of the EG is to coordinate and improve international cooperation among states in the fight against money laundering and financing of terrorism (EGFIUS Charter, Section 1.2. (II), 1995). It does this by serving as an international arena for the exchange of financial intelligence and by the provision of training that enhances the capacity of states' FIUs to respond effectively to TCF (EGFIUS Charter, Section 1.2. (II), 1995). EG plays a significant role in Nigeria's effort to counter TCF by providing programs that enhance NFIUS capacity to effectively disrupt the flow of maligned funds from non-state actors.

### **Strategies to Target Terrorism and Criminal Financing in Nigeria**

Although criminal financing predates terrorism financing in Nigeria, both have now converged and pose existential threats to the very existence of the country. In order for the country to effectively counter TCF, Nigeria must deploy holistic strategies that will tackle the two simultaneously. Multimodal strategies will need to be employed that will be a mix of internal and external instruments. The following actions must be implemented if the country hopes to effectively interrupt the flow of funds to maligned non-state actors:

- i. Nigeria already has robust anti-money laundering (AML/TFL) and anti-terror financing laws (TPAA). However, the problem lies in their effective implementation. The CBN and the EFCC play important roles in this regard. CBN's oversighting function should be strengthened and enhanced and the EFCC should diligently investigate and prosecute every case brought to their attention. This should be done in a timely manner so as to deter other would-be criminals and disrupt the operations of terrorists.
- ii. There must be deep cooperation and inter-agency interoperability among the agencies –both financial and law enforcement– responsible for policing the Nigerian financial space. Again, the role of NFIU is critical to successfully disrupt the flow of illicit funds to both criminal and terrorist groups in the country. The NFIU is the central national agency responsible for receiving and analyzing financial data and disclosing and disseminating the intelligence generated to the competent authorities. For law enforcement agencies to cut off the flow of illicit funds in a timely manner, the generated financial intelligence from NFIU must be delivered to them as fast as possible. Deepening the relationships and cooperation between NFIU and allied agencies, such as CBN and EFCC, will make their operations more effective to counter TCF.
- iii. Nigeria must widen and enhance its financial intelligence framework (FIF). The FIF is the gateway for sharing financial information locally and internationally (Ijeme, 2015: 49). A robust FIF can be used to counter TCF through the development of a multilateral and transnational network. FIF analyses the inflow and outflow of financial transactions from currency transaction reports, cross-border currency or monetary instrument reports, reports from foreign bank accounts, and suspicious activity reports (Walton, 2013). Once any of the transactions in these reports meet a specified suspicious threshold, it must be flagged and the appropriate law enforcement agency must be notified.
- iv. Externally, the World Bank (WB) can assist developing countries like Nigeria in addressing the root causes of financial abuse by helping to strengthen their economic and financial governance and their legal foundations. The WB must also work with the International Monetary Fund (IMF) to enhance the joint Financial sector assessment program (FSAP) (IMF, 2021). The introduction and adoption of the FSAP will force Nigerian banks to comply with key international benchmarks for financial transaction transparency like the Basel Core Principles for banking supervision (Bergstrom, 2018: 34-40). Such international oversight will ensure that suspicious international transactions are detected, flagged and notifications are sent to the appropriate security agency.
- v. Finally, Nigeria must develop a bilateral financial framework with the Financial Action Task Force (FATF). The FATF is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, and the financing of terrorism and the proliferation of weapons of mass destruction (FATF, 2019). The recommendations from the FATF are recognized as the global anti-money laundering and counter-terrorism financing standard (Jackson, 2017). Since the FATF is the preeminent international organization at the forefront of countering TCF, and since it has the technical knowledge and skills that are required to effectively counter TCF, Nigeria must collaborate with the organization. The bilateral financial collaboration will enhance Nigeria's capacity

and preparedness, through the training of personnel and targeted programs, to respond successfully to countering TCF.

## Conclusion

Terrorism and criminality are the bane of the Nigerian Fourth Republic since 1999. Malign non-state actors have both compromised the integrity of the financial system and threatened the sovereignty of the Nigerian state. This study has shown how criminal and terrorist groups like Boko Haram are using the licit financial infrastructure in the country to generate critical funds for their illicit activities. It highlights in stark detail how unrestricted access to illegal funds has made it possible for these malign non-state actors to destabilize the state. Crucially, the study has shown how money is both a means to an end and an end itself to such malign non-state actors. To Boko Haram, resources are a means to an end, the end being the ability to conduct more deadly operations in the country, while criminal groups consider funds as an end that allows them to live a life of opulence and splendor. For them resources are also a means that enables them to keep up with such a lifestyle by provisioning them with the necessary tools to conduct more of such malign acts. Thus, in order to effectively hobble the activities of these malign non-state actors, one will have to target their most vulnerable but crucial center of gravity: funds. This realization is what prompted Nigeria to deploy a mix of both institutional and legal-cum-financial instruments to counter TCF in Nigeria.

As it has been shown in the analysis, the EFCC and the NFIU are the backbone of the country's institutional response to tackle TCF. The two simultaneously make use of the provisions of the TPA and the AML/CFT to curb, disrupt and dismantle the illegal financial architecture that terrorist and criminal groups have built into the Nigerian financial system. Moreover, the country has been helped in its fight against TCF by such external bodies like the Egmont Group and the FATF. The technical expertise of both and the specialized assistance and training they are providing have helped to enhance the country's overall TCF countering efforts. However, more needs to be done. Nigeria will have to intensify its efforts in order to effectively counter funding to these malign non-state actors. To achieve this aim, the study has shown that the country will have to take two strategic steps: overwhelmingly leverage on its collaboration with the aforementioned foreign anti-money laundering bodies and intensify the application of the provisions of the TPA and the AML/CFT.

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