Al-Qaeda in the Islamic Maghreb

Financial Assessment

Center on Sanctions & Illicit Finance
FOUNDATION FOR DEFENSE OF DEMOCRACIES

December 2017

Terror Finance Briefing Book
Al-Qaeda in the Islamic Maghreb (AQIM), considered al-Qaeda’s wealthiest branch in 2012, may make tens of millions of dollars per year, and likely has enough funding to sustain itself and its Sahel affiliates. In 2014, the UN estimated that AQIM had a yearly budget of $15 million. The group’s funding has come predominantly from ransoms and from smuggling drugs, cigarettes, arms, and other contraband. AQIM’s first major kidnappings came in 2003, before it joined al-Qaeda, when it abducted 32 Western tourists. For the next ten years, ransoms yielded roughly $100 million, becoming the predominant source of funding that allowed the group to spread its influence across the Sahel region. Money from smuggling, particularly drug smuggling, displaced ransoms as AQIM’s predominant source of funding by 2015. The group’s expenditures are opaque, but appear to go mostly towards paying its fighters, funding and developing a network of loyal tribes and other terrorist groups, and spreading its influence by providing governance.

Background

In 1991, the Algerian military canceled elections to prevent the victory of an Islamist coalition, instigating a violent insurrection. In 1998, some leaders split away from a movement called the Armed Islamic Group – known for its violence against civilians – to form the Salafist Group for Preaching and Combat (GSPC, in French). In 2006, under its current leader, Abdelmalek Droukdel, the group formally joined al-Qaeda and became AQIM. Several other Sahel-based Salafist jihadi groups merged into AQIM shortly afterward. AQIM’s expanded jihadist network and al-Qaeda-lent expertise led to a dramatic increase in its tempo of attacks. The new group targeted neighboring countries in a bid to create an Islamist caliphate. In the early 2000s, famed smuggler Mokhtar Belmokhtar, an AQIM commander, an AQIM commander, established the group’s presence in Mali. In 2011, AQIM stood up Ansar Dine to present a local face and develop local support in Mali. These groups cemented relationships with tribes across the Sahel to facilitate smuggling networks. Later in 2011, when Libyan dictator Muammar Gaddafi fell from power, AQIM acquired some of his weapons stockpile. Ethnic cleavages and leadership rifts in AQIM led to various offshoot groups, including the Movement for Oneness and Jihad in West Africa (MUJAO) in 2011, and one run by Belmokhtar in late 2012. AQIM co-opted an ethnic Tuareg uprising in Mali in 2012, taking control of the northern half of the country in conjunction with Ansar Dine and MUJAO. A French military incursion dislodged the militants in early 2013. More recently, AQIM has increased its influence, incorporating other militant groups like al-Mourabitoun, which included Belmokhtar’s splinter group. In March 2017, AQIM’s strength grew when it approved its Saharan offshoot allying with other Sahelian jihadist organizations to form Jama’at Nusrat al-Islam wal-Muslimin, under allegiance to Ayman al-Zawahiri, the head of al-Qaeda. Prior to merging, the groups accounted for over 250 attacks in the region in 2016.

Action Points (for additional details, see page 6-7)

1. Support France and regional actors committed to counterterrorist operations.
2. Formally identify and sanction transnational criminal organizations in West Africa.
3. Ensure European allies end ransom payments.
4. Invest in efforts to leverage media to undermine extremist narratives.
KIDNAPPING FOR RANSOM

- AQIM has likely made more than $100 million from ransoms.
- Most of these ransoms have been paid by Western countries.

DRUGS

- Illegal drug trade is an increasingly important funding source.
- AQIM tends to tax drug routes, rather than buy and sell drugs directly.

SMUGGLING AND TRAFFICKING

- AQIM has been actively smuggling people into Europe since at least 2009.
- Regional governments have been complicit in allowing smuggling.
- The group smuggles cigarettes, people, arms, and more.

LOOTING AND SPOILS

- AQIM claimed significant weaponry from Libya after Gaddafi fell in 2011.
- The group looted arms from Malian forces in 2012.

TAXATION AND EXTORTION

- When in control of Mali in 2012, AQIM taxed local residents.
- The group also taxes smugglers going through their territory.

DONATIONS

- Donations are likely a minor source of funding.
- Money comes globally, including from Western Europe.

COMMERCIAL ENTERPRISES AND AGRICULTURE

- A Guinea Bissau-based cell raised funds for the group in 2016 by selling luxury vehicles.

DRUGS

- Illegal drug trade is an increasingly important funding source.
- AQIM tends to tax drug routes, rather than buy and sell drugs directly.

TAXATION AND EXTORTION

- When in control of Mali in 2012, AQIM taxed local residents.
- The group also taxes smugglers going through their territory.

DONATIONS

- Donations are likely a minor source of funding.
- Money comes globally, including from Western Europe.

COMMERCIAL ENTERPRISES AND AGRICULTURE

- A Guinea Bissau-based cell raised funds for the group in 2016 by selling luxury vehicles.
ACCESS TO BANKING SYSTEM

According to the State Department, the Algerian banking sector, although small, is “tightly monitored,” making it unlikely that AQIM transacts much through the banking system when a large, cash-based economy operates in parallel to the formal system. The economy in Mali is similarly cash-based. Accordingly, much of the group’s focus is on raising funds in cash for ease of use across the Sahel’s vast unbanked territories. Ransoms, for example, are paid to AQIM in cash, and an AQIM cell robbing banks in Morocco was broken up in 2011. Cash couriers for AQIM have been known to exploit the region’s informally governed space and porous borders, using their ability to move with some freedom by maintaining numerous cell phones that work in different countries.

Strategic Strengths

- Weak governance in regional states provides opportunities for AQIM to exploit local grievances, including ethnic divisions, and gain support by providing a sense of order. AQIM leadership has used marriage with women from local communities to build alliances with tribes.
- Porous borders and sparsely populated territory with little state authority allow for expansive smuggling chains to continue without significant interdiction or surveillance.
- The narcotics trade is booming in West Africa. Jihadists’ presence along Sahelian trade routes gives them access to consistent money flows.
- The formation of Jama’at Nusrat al-Islam wal-Muslimin allows AQIM to portray itself as “pan-Islamic,” rising above tribal and ethnic divisions, and demonstrates the group’s growing ability to co-opt local grievances.

Strategic Vulnerabilities

- France has shown a commitment to defending its interests in the region, blunting the possibility that AQIM takes large tracts of land without an international response. French forces have shown an ability to quickly roll back AQIM gains.
- G8 countries have signed a pledge to not pay ransoms, providing a standard that should make hostage-taking less attractive if signatories stand by it.
- Islamic State (IS) affiliates in Algeria, Tunisia, and elsewhere have competed with AQIM for resources and support.
U.S. Government Counter-Measures

The U.S. designated AQIM’s predecessor, GSPC, as a terrorist organization in 2002, and updated the listing to include the new name AQIM in 2009. France took the lead role in pushing MUJAO out of northern Mali in early 2013, but the U.S. assisted with some special forces operatives, logistical support, $120 million in humanitarian aid, and $100 million earmarked for the UN’s mission to stabilize Mali. In its 2017 Posture Statement, U.S. Africa Command (AFRICOM) reasserted its commitment to working with France to stabilize Mali, including through “continued airlift and logistical support” to counter AQIM. Two dozen U.S. soldiers were deployed with the United Nations Multidimensional Integrated Stabilization Mission in Mali (MINUSMA) in early 2017. U.S. policymakers have resisted shifting additional resources towards fighting AQIM given France’s primary role in the region.

AFRICOM works with the State and Defense Departments and the U.S. Agency for International Development (USAID) in the Trans-Sahara Counterterrorism Partnership (TSCTP). The U.S. sent nearly $80 million to Mali from 2008 to 2014 to support TSCTP, which focuses on degrading terror groups in part through fighting terror finance and providing social services. The State Department also runs a counterterrorism finance program in Africa. The U.S. has also sought to curb AQIM’s main funding source by pushing for the G8 to ban ransom payments, and for the UN Security Council to warn against them.

U.S. Office of Foreign Assets Control (OFAC) Sanctions

4 organizations, 41 individuals

Of the four organizations and 41 individuals affiliated with AQIM and designated by OFAC (as of October 20, 2017), two organizations and 33 individuals are also designated by the United Nations. For a detailed listing of designees, please see the Terror Finance Briefing Book Appendices, available on FDD’s website.

Notable Designations

Mokhtar Belmokhtar
This Algerian national was designated by OFAC and the UN in 2003. Dubbed the “Marlboro Man” for his role in smuggling cigarettes, Belmokhtar has made millions for AQIM and various splinter groups he has led through smuggling across the Sahel. Belmokhtar established smuggling networks for goods through familial connections to tribal smugglers and has married into multiple tribes. He has also kidnapped a number of Westerners, netting an estimated $50 million in ransoms in 2013. If still alive, his current presumed location is Libya.

Yahya Abu Hammam
This Algerian national was designated by the UN and the U.S. Treasury Department in 2013. Hammam was AQIM’s emir of Timbuktu when the group held northern Mali in 2012, and of AQIM’s Sahara Emirate, a role he assumed in late 2012. Hammam has played a major role in conducting kidnappings and holding Western hostages for AQIM, and in executing a hostage in 2010. He has previously threatened attacks against France. His current presumed location is Mali.
Al-Qaeda in the Islamic Maghreb: Action Points

1. Support France and regional actors committed to counterterrorist operations.

AQIM considers European nations like France and Spain to be its main enemies outside Africa, given their regional proximity and colonial past. As such, the U.S. should continue to maintain a light-touch approach to the region, supporting its allies’ efforts to destroy the group. Such an approach, paired with continued intelligence sharing, logistical support, and closer military-to-military relations with France and West African states, “saves the US from having to assume another major military mission.” Of further concern is that AQIM may be playing the long game, planning for French forces to eventually withdraw from Mali, at which point it could secure a large swathe of territory from which to launch attacks. The U.S. should thus support the Group of Five (G5) Sahel joint force, a counterterrorism coalition manned by troops from Burkina Faso, Chad, Mali, Mauritania, and Niger, which was approved by the UN Security Council in June 2017. The U.S. should work in tandem with France and the UN to ensure that the G5 receives funding. Though the U.S. is scaling back its budget for UN initiatives, these funds should be seen as an investment in avoiding higher levels of assistance to a French-led fighting force down the line. Additionally, the U.S. should make clear to France that the G5’s development will take time, and that France must maintain a regional commitment for the foreseeable future. Also, the U.S. State Department should continue to allocate funding for Algeria through its Middle East Partnership Initiative as a way to support the country’s stability given its strategic location. A regional axis of instability across the Sahel and the Sahara would threaten a variety of American interests, particularly by creating potential safe havens for terrorists, deepening humanitarian crises, and potentially disturbing the economic and political progress which neighboring countries to the south have made in the past decade.

2. Formally identify and sanction transnational criminal organizations in West Africa.

As early as 2008, UN sources reported that al-Qaeda had likely “forged mutually beneficial links with West African crime networks,” profiting from activities such as document forgery and trafficking in diamonds, drugs, and humans. AQIM also paid portions of money acquired from ransoms to drug traffickers as “a form of investment,” receiving a share of the profits in the form of arms and other equipment. Transnational criminal organizations threaten the stability of states. Fighting them could prove difficult, given that corrupt officials in Sahelian states are often complicit in smugglings and kidnappings and use criminal networks as a “political resource.” However, little is known to date about the extent or structure of transnational criminal organizations operating in the Sahel, perhaps because senior U.S. officials believe AFRICOM “receives only half of the surveillance assets it needs” and there is a dearth of independent local media outlets equipped to investigate and shed light on these criminal networks. Given the importance of smuggling networks to AQIM, the U.S. should commit to stepping up its intelligence resources dedicated to tracking African transnational criminal organizations. Congress could also make military aid contingent on West African countries showing an improved commitment to fighting corruption, which aids and abets transnational crime.

3. Ensure European allies end ransom payments.

AQIM became al-Qaeda’s wealthiest branch by 2012 because of the vast sums it obtained through ransoms. This cash influx coincided with AQIM’s acquisition of arms and its recruiting efforts that made the group deadlier, as exemplified by the takeover of northern Mali in 2012. In 2013, the G8, driven by the U.S. and UK, signed a declaration whereby member countries agreed to no longer pay ransoms. However, some countries may be getting around this by having state-run businesses pay ransoms, such as French-run Areva in 2013, or by paying ransoms indirectly through misallocated “aid” or other measures. The U.S. needs to take several steps to stop such payments entirely. First, reinvest diplomatically on the current commitment, in tandem with the UK, to make clear that ransoms in any form – even through state-run agencies or “aid” payments – are unacceptable. The U.S. should then seek, through bilateral talks with EU representatives, to expand the ban to all of Europe. Beyond diplomatic pressure, Congress should enable the president to designate countries of particular concern for directly or indirectly financing terrorism. This would allow the U.S. to maintain greater leverage over countries that are not State Sponsors of Terrorism, but may have a mixed record on counterterrorism finance issues. Lastly, the U.S. could push to provide the UN Counter-Terrorism Committee with the investigatory ability to refer ban infractions to the UN Security Council for more decisive action.
4. Invest in efforts to leverage media to undermine extremist narratives.

Targeting AQIM’s financial pipelines may be a futile exercise if progress is not made in dampening the growth of jihadist ideology in northwest Africa.STEMMING VIOLENT ISLAMIST RADICALIZATION MAY SEEM LIKE AN ELUSIVE GOAL, BUT THE U.S. SHOULD REFRAIN FROM DEFEATISM AND INSTEAD IDENTIFY THE SOCIETAL LEVERS AVAILABLE AND MOST AMENABLE TO INFLUENCES THAT CAN COMPETE WITH EXTREMIST NARRATIVES. IN MUCH OF THE SAHEL, RADIO AND TELEVISION ARE HIGHLY INFLUENTIAL PLATFORMS. AN ESTIMATED TWO-THIRDS OF THE URBAN POPULATION IN BURKINA FASO, CHAD, AND NIGER CONSUME RADIO AND TELEVISION PROGRAMMING WEEKLY. AND WHILE ALMOST 80 PERCENT OF ADULTS IN BAMAKO, MALI CONSUME RADIO, TV, OR INTERNET NEWS DAILY, VOICE OF AMERICA PROGRAMMING REACHES ONLY 10 PERCENT OF ADULTS IN ALL OF THESE PLATFORMS. AQIM RUNS ITS OWN ROBUST MEDIA OPERATIONS AND COMMUNICATIONS STRATEGY TO SUPPORT RECRUITMENT AND MESSAGING. THE U.S. SHOULD EXPAND THE BROADCASTING BOARD OF GOVERNORS’ EFFORTS TO SUPPORT LOCAL-LANGUAGE NEWS AND CULTURAL PROGRAMMING THAT ENCOURAGES RESPECTFUL IDEOLOGICAL DEBATE, CRITICAL THINKING, AND APPRECIATION FOR ETHNIC, CULTURAL, AND RELIGIOUS DIVERSITY, PARTICULARLY VIA RADIO, WHICH HAS GREATER REACH IN RURAL AREAS. WHILE MEDIA ENGAGEMENT ALONE CANNOT BE EXPECTED TO FULLY DETER JIHADISM, THE U.S. COUNTERTERRORISM STRATEGY SHOULD EMPHASIZE THE IMPORTANCE OF STRENGTHENING THE REGION’S SOCIAL RESILIENCE SO THAT THESE STATES CAN BETTER ENFORCE THE PEACE, STABILITY, AND SECURITY OF THEIR POPULATIONS.

An infantryman with MINUSMA on patrol in Timbuktu. The city fell under AQIM control in 2012-2013.

Credit: Jane Hahn for the Washington Post/Getty Images
Kidnapping foreign nationals was AQIM’s primary fundraising method since inception for nearly a decade, but the group is likely to rely more on making money off of drug smuggling and taxation in the near future, partly as a result of the region’s security disintegration. AQIM likely makes tens of millions of dollars per year, largely through its involvement with regional smuggling networks that currently move billions in illicit wares and drugs across the Sahel and Sahara each year. AQIM and its associated groups will likely remain opportunistic, growing their connections to the drug and migrants trade while trying to kidnap more Westerners when possible.

- An Algerian government investigation found that AQIM made $130 million through ransoms and drug smuggling alone from 2007 to 2010.
- The UN estimated that AQIM’s annual budget was $15 million in 2014, though it may have been as high as $24 million in 2012 when the group held parts of Mali.
- A 2016 Financial Action Task Force (FATF) report noted “the use of smuggling to collect arms and ammunition, abductions, armed robberies, drug trafficking and taxes on traders” were AQIM’s main sources of income, though their compositions had evolved over time.

**KIDNAPPING FOR RANSOM**

AQIM probably will continue to take hostages, as ransoms have played a major role in the group’s development. The group has largely focused on taking hostages from Western countries that pay ransoms, and though the G8 banned ransom payments, it is likely that this rule is not followed strictly. One AQIM affiliate currently holds six foreign hostages. The money the group has previously received from ransoms is likely to sustain the group in years to come.

- From 2008-2013, AQIM made $91.5 million on seven ransom payments for 20 individuals, for roughly $4.6 million per hostage. Payers of those ransoms included the governments of Austria, Spain, Switzerland, a state-run French company, and two undetermined sources.
  - AQIM kidnapped 57 individuals from 2003-2011, including 54 Westerners.
  - An AQIM commander claimed that Western countries were the source of much of the group’s funding from ransoms.
  - AQIM’s forerunner, GSPC, started making money from ransoms in 2003, when it kidnapped 32 European tourists and received at least $5 million from an unknown European country for their release.
  - In 2009, Switzerland paid about $3.75 million to free two hostages.
- According to then-Treasury Under Secretary David Cohen, the average ransom for an AQIM hostage was $4.5 million in 2010 and $5.4 million in 2011.
- From 2010-2014 alone, AQIM made more than $75 million from ransoms, according to the UN.
- AQIM was so effective at procuring large ransoms that Osama bin Laden considered shifting al-Qaeda’s funding model to be based centrally on ransoms as funding from donations declined, based on findings from the deceased al-Qaeda leader’s computer hard drives.
- Mali authorities reported to FATF that in 2011, AQIM had some of its operatives focus solely on traveling around northern Mali to find Europeans to kidnap.
- Per a 2013 report by the NGO West Africa Commission on Drugs, there existed “obvious links of complicity between state agents and AQIM or MUJAO over the kidnapping business.”
  - Facilitators, including individuals with access to the presidents of Mali and Burkina Faso, received some of the ransom payments.
- In 2015, Belmokhtar and AQIM’s Saharan entity raided a hotel in Bamako, Mali, leading to the group holding over 170 hostages. AQIM hoped to use the hostages as bargaining chips to get their imprisoned fighters released; rather than negotiate, Malian commandos stormed the hotel and freed the hostages.
- In August 2017, AQIM received a $4.2-million ransom payment for a South African hostage, negotiated by a
Al-Qaeda in the Islamic Maghreb: Financial Details

South African charity and delivered by a French security services agent in Mali.\(^\text{121}\) This followed the June release of a hostage by AQIM, though it is unclear what the group received as payment for that release.\(^\text{122}\)

- AQIM kidnappings are done “sometimes in coordination with local criminals,” according to Treasury Under Secretary David Cohen.\(^\text{123}\)
  - Captured al-Qaeda documents show coordination and a common playbook for AQIM, al-Qaeda in the Arabian Peninsula, and al-Shabaab.\(^\text{124}\)
  - A 2012 letter from AQIM’s leadership rebuked Belmokhtar for securing a “meager price” (roughly $1.1 million from the Canadian government\(^\text{125}\)) for a pair of Canadian diplomats he had taken hostage. The leadership decried him for not coordinating the ransom negotiations with them. AQIM’s leadership typically oversaw kidnappings in the Sahara and, in turn, often worked with al-Qaeda’s central leadership in Pakistan.\(^\text{126}\)
  - AQIM does not conduct the majority of the kidnappings from which the group profits. Instead, local groups sell captured foreigners to AQIM.\(^\text{127}\)
    - AQIM was offering $100,000 to local criminals for non-American hostages in 2008-2009, hoping to make more money on eventual ransom payments.\(^\text{128}\)

- European governments that have paid ransoms often pay through state-run companies or label the ransom money as an “aid payment” to a certain country.\(^\text{129}\)
  - The governments of Austria, Britain, France, Germany, Italy, the Netherlands, Spain, and Sweden have all been implicated in paying ransoms to AQIM.\(^\text{130}\)
  - France, Switzerland, and Spain have paid most of the ransoms accruing to AQIM.\(^\text{131}\)
  - AQIM and MUJAO have been known to target “nationals of states that were known to be willing to negotiate ransom payments.”\(^\text{132}\)
  - AQIM continued kidnapping Western hostages, taking a French aid worker and a Swiss missionary in December 2016 and January 2017.\(^\text{133}\)

- According to the Australian government, “AQIM has also used kidnapping to obtain political concessions such as the release of Islamist prisoners.”\(^\text{134}\)

DRUGS

The taxation and direct sale of drugs will likely continue to be AQIM’s most consistent stream of funding in the years to come,\(^\text{135}\) as the drug trade in West Africa is growing.\(^\text{136}\) AQIM has spent over a decade cultivating relationships with Latin American drug cartels, tribes, and smugglers. The opportunity for tapping the narcotics market is huge; in 2012, cocaine smuggling alone through Western Africa was valued at $1.25 billion.\(^\text{137}\) As drugs are increasingly made in Africa, AQIM may move towards direct production in addition to facilitation.

- AQIM provides a “vital Sahel way station between suppliers in Latin America and European markets.”\(^\text{138}\)
  - Latin American drug traffickers smuggle drugs across Africa en route to Europe as a way to diversify away from only sending drugs to Europe by sea, a route that has been increasingly interdicted.\(^\text{139}\) In addition, African gangs are increasingly producing drugs which are also smuggled on these routes.\(^\text{140}\)
  - MUJAO leaders were linked to the 2009 “Air Cocaine” incident, wherein the fuselage of a Boeing 727 was found in the Mali desert, destroyed after having transported as much as ten tons of cocaine from Latin America.\(^\text{141}\)
  - By 2010, Latin American drug cartels were increasingly resorting to flying planes loaded with drugs to “disused runways or improvised air strips” in Africa, where AQIM was believed to be helping to move the drugs into Europe.\(^\text{142}\)

- The involvement of local elites in the drug trade make regional governments hesitant to institute a crackdown.\(^\text{143}\)

- AQIM has tended to profit from drug smuggling by taxing shipments and charging smugglers for “providing protection.” MUJAO was more consistently involved in directly smuggling the drugs, though the two groups often “operated jointly.”\(^\text{144}\)
  - The full extent of AQIM’s cooperation with Latin American drug cartels is not clear, though there have been reports that AQIM had at least one official meet with a Latin American cartel representative in Guinea-Bissau in 2010 to discuss improved coordination.\(^\text{145}\)
  - Reports in 2010 indicated that AQIM had agreed with the Revolutionary Armed Forces of Colombia
Al-Qaeda in the Islamic Maghreb: Financial Details

(FARC) to provide protection for drugs being transited across northern Africa.\(^{146}\)

- In 2009, the U.S. arrested three individuals who sought to act as liaisons between AQIM and FARC in Western Africa,\(^ {147}\) though it is unclear the extent to which these individuals were working with AQIM as opposed to name-dropping to “impress their supposed business partner.”\(^ {148}\)

- The extent to which drug trafficking benefitted AQIM and MUJAO is unclear, though MUJAO seems to have benefitted more. A 2013 report from the West African Commission on Drugs states that “there are reasons to believe that AQIM has not been a major player in regional narcotics smuggling networks ... though it may have made a significant contribution to MUJAO’s war chest.”\(^ {149}\)

- AQIM charged 10 percent of the value of a shipment to provide protection to drug traffickers in the late 2000s.\(^ {150}\)

- In 2008, Morocco’s interior minister made public the suspected connection between AQIM and the drug trade. A Drug Enforcement Agency (DEA) case brought the next year against three Malians who had worked with AQIM marked the group’s increasing involvement in trafficking cocaine and hashish.\(^ {151}\)

- In the DEA sting, one of the arrested drug traffickers noted that AQIM would protect the shipment of cocaine at a rate of $4,200 per kilogram.\(^ {152}\)

- AQIM’s involvement in the drug trade spans numerous countries and numerous illicit drugs, as marked by a 2012 seizure of “two tons of Indian hemp drugs” linked to AQIM in Mauritania.\(^ {153}\)

- Also in 2012, AQIM was making money off drug trafficking through the Sahel by requiring traffickers to pay the group for “protection” and “permissions.” The group charged $50,000 for a “convoy of hashish” to pass through its territory unimpeded in 2011.\(^ {154}\)

- It is likely that AQIM’s leadership approved of charging for facilitating convoys of drugs, but that prices were set by “very autonomous battalion commanders.”\(^ {155}\)

- In 2013, an official at the Kofi Annan International Peacekeeping Training Centre stated that AQIM and its forerunner had been involved in the cocaine trade for about a decade, and that this involvement had led to “a massive increase in the quantities of cocaine involved.”\(^ {156}\)

- Algerian press reporting from 2013 indicates that AQIM may have traded drugs for weapons in Libya.\(^ {157}\) Officials from Niger reported in 2015 that AQIM operatives were captured with money obtained from selling drugs in Libya.\(^ {158}\)

- In 2015, a majority of the funding for AQIM, Ansar Dine, and MUJAO was coming from their control of “ancient trade routes through the Sahara” used for trafficking drugs. Jihadist groups likely make the bulk of their income from drugs through taxes on shipments going through their territory.\(^ {159}\)

- AQIM, al-Mourabitoun, and MUJAO were “still benefitting from their links to drug cartels” as of late 2016.\(^ {160}\)

- With $1.25 billion worth of cocaine transiting through West Africa annually, a 2015 NGO report estimated that West African traffickers could make up to $150 million per year.\(^ {161}\)

- Hashish is also a major source of revenue for drug smugglers.

- AQIM has underwritten drug traffickers with funds obtained from ransoms in exchange for up to half of the profits, paid back as arms and other equipment.\(^ {162}\)

**SMUGGLING AND TRAFFICKING**

*Without strong interdiction efforts from regional governments, smuggling networks are likely to persist, continuing to fill AQIM’s coffers. AQIM is opportunistic and will smuggle – or tax the smuggling of – any goods that it can. In the past, the group has smuggled arms, people, and cigarettes. The group may focus increasingly on trafficking migrants, particularly into Europe.*\(^ {163}\)

- In 2009, the DEA arrested an individual in a West African smuggling ring who stated that “his organization and [AQIM] have collaborated in the human smuggling of Bangladeshi, Pakistani and Indian subjects into Spain.”\(^ {164}\)

- At the time, the group’s main smuggling routes to Europe ran through “Morocco into Spain and through Libya and Algeria into Italy.”

- In 2012, the commander of AFRICOM stated that trafficked Libyan arms had bolstered AQIM’s efforts to take over Mali.\(^ {165}\)
Al-Qaeda in the Islamic Maghreb: Financial Details

- Arms smuggled from Gaddafi’s stockpiles were worth around $15-$30 million annually in 2015. A report on transnational organized crime estimated that human trafficking across the Sahara was usually worth $8-$20 million, though this number had ballooned to $255-$323 million due to the incipient migrant crisis.\(^{166}\) AQIM would have earned part of both of those figures, based on direct sales and taxation.

- In 2017, AQIM was taking government-subsidized fuel in southern Libya and selling it “for at least ten times the price” in neighboring countries.\(^{167}\)

- The former commander of AQIM, Mokhtar Belmokhtar, was known as “Mr. Marlboro” due to his cigarette smuggling operation into Italy.\(^{168}\)
  - The market for smuggled illicit cigarettes is massive. In 2009, it was estimated to be worth $468 million in Libya and Algeria alone;\(^{169}\) in 2015, $1 billion in illicit cigarettes were transacted across the Maghreb annually, much of them through Belmokhtar’s network.\(^{170}\)

- AQIM has trafficked individuals, mostly economic migrants, from Nigeria and Burkina Faso into Mali to smuggle them into Europe.\(^{171}\)

- Smuggling caravans exploit the trails and hideouts that have been developed over the previous centuries of cross-Saharan smuggling.\(^{172}\)

- Much of the smuggling done across the Sahel has occurred with the complicity of state governments in the region. This indirectly facilitates AQIM’s funding streams.\(^{173}\)
  - Arms smugglers, including at least one individual smuggling arms to AQIM, have been released by Niger. AQIM killed one high-ranking Malian army officer over “an arms deal with AQIM gone awry.”\(^{174}\)

- After the Gaddafi regime fell in late 2011, AQIM acquired “most of the weapons,” and used some of those weapons to equip other regional jihadist groups.\(^{175}\)
  - AQIM stole Gaddafi’s arms, including anti-aircraft and anti-tank missiles, or purchased them from mercenaries who had looted the wares.\(^{176}\)
  - AQIM made money off arms looted from the Gaddafi regime that were smuggled through territory it held. The group also stood to benefit from selling arms it had taken.\(^{177}\)
  - These weapons enabled the group to take control of northern Mali.\(^{178}\)

- AQIM and associated groups seized extensive weaponry, including heavy artillery, from Malian forces during their takeover of the northern part of the country in 2012.\(^{179}\)

- A 2016 FATF report noted that AQIM and its affiliates are suspected to raise funds through robberies, but such connections are hard to prove.\(^{180}\)

TAXATION AND EXTORTION

AQIM will continue to tax networks and individuals passing through its territory, though it may use taxes sparingly in order to build a base of support. If the group recaptures territory, it is likely to levy light taxes again as a means to build a state-like apparatus.

- Prior to his split with AQIM, Belmokhtar did not tax populations under his direct control in Mali.\(^{181}\) However, according to then-Treasury Under Secretary for Terrorism and Financial Intelligence David Cohen, other AQIM battalions did tax residents in northern Mali in 2012.\(^{182}\)
  - AQIM did, however, abolish “customs, duties, tolls, tariffs and frontiers” when in control of Timbuktu in 2012, likely to curry favor with the local population.\(^{183}\)
  - MUJAO ended taxation in areas it controlled in 2012.\(^{184}\)

- AQIM taxes criminal smuggling in southern Libya.\(^{185}\)

- The group has extorted individuals with mafia-like protection rackets and robbery.\(^{186}\)

LOOTING AND SPOILS

Barring major territorial gains or another state failing, AQIM is not likely to acquire significantly more weapons or other goods from spoils. Similarly, the group is unlikely to loot to a significant extent, unless under dire financial pressure, as doing so would undermine its attempts to build inroads with local populations. Unlike the Islamic State in Syria and Iraq, AQIM leadership has prioritized building tribal alliances and not alienating the local population.\(^{174}\)
Al-Qaeda in the Islamic Maghreb: Financial Details

DONATIONS

As al-Qaeda retrenches and the Islamic State draws back, AQIM is likely to see an increase in donations. The group maintains a global reach and probably will continue to draw resources from regional funders, as well as those in Western Europe and elsewhere.

- The Nigerien army seized over half a million dollars in cash from AQIM-linked militants in 2015. This cash had been obtained in part through donations.187
- In 2015, the U.S. Department of State stated that “AQIM also successfully fundraises globally,” with some assistance coming from “supporters residing in Western Europe.”188

COMMERCIAL ENTERPRISES AND AGRICULTURE

AQIM’s involvement in commercial enterprises is likely minor and opportunistic. However, given the weak financial regulatory infrastructure in the region, AQIM is likely to continue to launder money from local businesses.

- An AQIM cell in Guinea Bissau uncovered by authorities in early 2016 was using profits gained from the sale of luxury vehicles to finance its recruitment and arms purchases.189

EXPENDITURES

AQIM’s expenditures reflect the broad nature of the group’s interests. Money is spent largely on fighters, but the group also spends to develop tribal alliances and other terror organizations.

- Varying reports from the UN and journalists indicate Ansar Dine and AQIM in 2012 were paying yearly salaries of between $1,000 and $4,800 to the parents of recruited children, with the UN also reporting that parents of children recruited for AQIM received a $600 bonus.190 Mali’s GDP per capita was $777 in 2012.191
  - MUJAO paid its recruits $100-$400 per month in Mali in 2013.192
- In 2016, AQIM paid more than $800 to individuals “providing information that (could) be used to target MINUSMA convoys.”193
- MUJAO gave its fighters in northern Mali each at least a $300 bonus when the group received ransom payments, according to Reuters.194

- AQIM uses some of its funds to support its affiliated groups. The group has funded and worked with Boko Haram, al-Shabaab, and other al-Qaeda affiliates and sympathetic groups throughout the region.195
  - Then-Treasury Under Secretary David Cohen said that ransom funds allowed AQIM “to expand its reach and influence” by providing “hundreds of thousands of dollars in financial support to other Africa-based extremist organizations.”196
  - AQIM has funded Ansar Dine, an offshoot organization, since its formation in 2011,197 including at least one lump payment of roughly $500,000 to the group.198
  - A former member of the UN’s al-Qaeda and Taliban Monitoring Team reported that AQIM sent Boko Haram $250,000 in 2012.199
- AQIM funded Ansar al-Sharia, a terrorist group in Libya200 involved in the 2012 attacks on the U.S. Consulate that killed four Americans.201
- In 2013-2014, AQIM sent more than $100,000 to the Mujahidin Shura Council in Gaza, a U.S.-designated terrorist organization.202

- AQIM gives cash payouts to community members to secure “services and short-term loyalty.”203
  - In Timbuktu in 2012, AQIM funded religious teachers, influencing them to espouse AQIM’s brand of Salafism.204
  - AQIM used ransom money to procure “vehicles, arms, medical supplies and electronics” from traffickers. The connections built from these trades led to influential traffickers supporting AQIM’s takeover of northern Mali in 2012.205

- AQIM receipts discovered in early 2014 showed a “mundane financial reality,” with meticulous bookkeeping of money spent on workshops, ammunition, and bars of soap.206

- AQIM has often used its funding to win favor with populations under its control, including by financing weddings and paying for medicine for children.207
  - In 2011, AQIM gave residents of towns in northern Mali free cash, clothes, food, and medicine. The group engaged in trade with the locals, and also paid for residents to establish small local mosques.208
Conclusion

A patchwork network of violent Islamist groups and transnational criminal organizations have run rampant in the Sahel region for decades. The U.S. should be careful to avoid combatting these networks and AQIM directly, as France has already taken a leadership role in the region. Instead, the U.S., in collaboration with European partners, should support better governance by Sahelian countries and encourage wealthy nations to stop paying ransoms. Degrading AQIM’s financing starts with a strict enforcement of a ransoms ban. Further, AQIM cannot be allowed to control significant tracts of land from which it could tax and extort a population to pay its expenses. Most of the remainder of AQIM’s funding comes from smuggling drugs and other contraband across the Sahel and into Europe. The international effort to deprive AQIM of its funding should therefore focus on mapping and destroying transnational criminal networks, particularly those focused on smuggling drugs. Nevertheless, the group is resilient and low cost, focused on gradualism, and thus, as with other al-Qaeda affiliates, simply denying the group consistent funding is unlikely to destroy it entirely. In the long run, AQIM must be denied sanctuary through the development of states that can stem the tide of the region’s Salafi jihadist movement, which includes other groups like the Islamic State of Greater Sahara, the IS affiliate whose leadership defected from al-Qaeda. This requires that the nations whose territory jihadists operates in become more formidable in governing their vast swaths of land and securing their borders.
1. This report focuses on the fluid network of groups and offshoots associated with al-Qaeda in the Islamic Maghreb (AQIM), with particular emphasis on those that recently formed an alliance with AQIM, known as Jama’at Nusrat al-Islam wal-Muslimin (“Group for the Support of Islam and Muslims”).

2. Based on a scale out of 3 dollar signs, where 1 dollar sign represents tens of millions in funding per year, 2 dollar signs represents low hundreds of millions, and 3 dollar signs represents high hundreds of millions or more in current funding.


8. Activity by AQIM, or an associated group, has been reported in Algeria, Burkina Faso, Guinea-Bissau, Ivory Coast, Libya, Mali, Mauritania, Morocco, Niger, Nigeria, Senegal, Western Sahara, and Tunisia, among others.


31. George Parker, “G8 leaders pledge to stop paying ransoms to terror groups,” Financial Times (UK), June 18, 2013. (https://www.ft.com/content/10cc2546-d832-11e2-b4a4-001e01acd1b0)


Al-Qaeda in the Islamic Maghreb: Endnotes


44. Interview with RAND Senior Political Scientist Michael Shurkin, August 14, 2017.


56. George Parker, “G8 leaders pledge to stop paying ransoms to terror groups,” Financial Times (UK), June 18, 2013. (https://www.ft.com/content/10cc2546-d832-11e2-b4a4-00144feab7de)


78. Interview with RAND Senior Political Scientist Michael Shurkin, August 14, 2017.


84. Interview with RAND Senior Political Scientist Michael Shurkin, August 14, 2017.

Al-Qaeda in the Islamic Maghreb: Endnotes


94. George Parker, “G8 leaders pledge to stop paying ransoms to terror groups,” Financial Times (UK), June 18, 2013. (https://www.ft.com/content/10cc2546-8382-11e2-b4a4-00144feab7de)


113. Ibid; Report cites expenditures of 5.5 million francs ($5.9 million), of which about two million francs were spent on “Swiss staff involved in the operation.”


152. Ibid.


163. Interview with RAND Senior Political Scientist Michael Shurkin, August 14, 2017.


178. Ibid.


184. Ibid.


207. Ibid.
