

The Development of Tunisia's Domestic Counter-Terrorism Finance Capability

By Aaron Y. Zelin and Katherine Bauer

Tunisia's National Counterterrorism Commission has established an anti-money laundering and combating the financing of terrorism regime to supplement its law enforcement and military action against its local jihadi movement. The move comes amid Tunisia's efforts to graduate from ongoing monitoring by the Financial Action Task Force, which is expected in October. Tunisia's efforts go beyond what is technically required under international standards, highlighting the seriousness with which it seeks to operationalize this tool. Tunisia has created a sanctions list of 107 terrorist individuals, organizations, and associations as of mid-August 2019. This capacity, still under development, may help alleviate pressure on Tunisia's judiciary and provide more transparency to civil society, as well as deter financial support to local fighters and foreign fighters abroad.

Following Tunisia's 2011 revolution, the rise of jihadi groups put a major strain on the country. First, there was Ansar al-Sharia in Tunisia's (AST) *dawa* campaign, which marshalled auxiliary charities and associations to deliver social services, alongside other activities. Then Katibat 'Uqbah Bin Nafi (KUBN) and the Islamic State launched insurgencies in mountainous areas along the Algerian border, with the latter group carrying out a terror campaign planned from across the border in Libya. In the aftermath of the Islamic State's large-scale attacks at the Bardo Museum in March 2015, Sousse Beach in June 2015, and attempted takeover of Ben Gardane in March 2016, Tunisia's government and security sector began a more concerted effort to combat jihadism in the country, a task given extra urgency in the past five years by the return of Tunisian jihadis from foreign

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conflicts.¹

Much attention has been given to its military and law enforcement efforts, but Tunisia has gone beyond this to begin building a more robust plan that tackles the challenge posed by jihadism from a number of angles. On November 7, 2016, Tunisia's national security council adopted a strategy to fight terrorism and extremism, saying in a statement that the "national strategy to fight against extremism and terrorism" is built around four points: prevention, protection, judicial proceedings, and retaliation.² One aspect of this strategy is worth exploring: Tunisia's domestic counter-terrorism finance plan. This article will examine the development of Tunisia's anti-money laundering and combating the financing of terrorism system, including the implementation of a domestic terrorism sanctions list, as well as examine the information released as part of that list and what it provides analysts in terms of insight into trends in jihadi activity in Tunisia and the government's official response.

In November 2018, Tunisia rolled out its first set of domestic counterterrorism sanctions, freezing the funds of 23 individuals and entities based on their ties to terrorist organizations.³ While a number of Middle Eastern and North African (MENA) countries have adopted such lists in recent years, Tunisia's stands out for the level of detail published about sanctioned entities, as well as the robust framework in which the sanctions are deployed. The establishment of a legal framework to deploy such domestic sanctions falls within Tunisia's efforts to get off the Financial Action Task Force's (FATF) so-called "grey list" of countries found to have strategic deficiencies in combating money laundering and terrorist financing. Tunisia was added to the list in November 2017⁴ after an assessment by FATF—the global standard setter for anti-money laundering and combating the financing of terrorism (AML/CFT)^a—which was conducted in 2015 and published in 2016.⁵ In the intervening years,

a Established in 1989 by the G7 (Canada, France, Germany, Italy, Japan, United Kingdom, and the United States), the FATF is the international standard-setting body for anti-money laundering and combating the financing of terrorism (AML/CFT). Members submit to peer reviews or "mutual evaluations" of their compliance with FATF standards, and jurisdictions that fail to address strategic AML/CFT deficiencies—whether FATF members or not—are publicly identified by the FATF in statements released following the group's plenary meetings in February, June, and October of each year. The FATF also tracks money laundering and terrorist financing trends and responses and regularly issues reports on typologies and best practices.

and as part of an action plan agreed upon with the FATF,^b Tunisian authorities have focused on assessing AML/CFT risk, improving oversight of the association sector, and establishing the aforementioned targeted financial sanctions regime. Through their efforts, Tunisia is slated to be removed from the grey list in October 2019.^{6c}

Background

Prior to the 2011 revolution, Tunisia's AML/CFT system had limited capacity. Officials considered the risk of money laundering and terrorist financing to be low in Tunisia—in part, because exchange controls made it an unattractive destination for ill-gotten gains.⁷ Despite having a relatively well-developed banking sector, Tunisia was not a regional financial center. A 2003 law to facilitate compliance with international standards on AML/CFT criminalized money laundering and terrorist financing,^d and established a financial intelligence unit, called the Tunisian Commission of Financial Analysis (CTAF), which is hosted by the Central Bank of Tunisia.⁸

The country's first mutual evaluation against FATF standards was conducted by the World Bank in March 2006 and published in 2007. The assessment found that Tunisia's legal framework provided some liability for illicit financial activities, such as money laundering and terrorist financing, but that authorities had yet to promulgate regulations that would support prevention and detection of such activity.⁹ For example, regulators had not provided guidance or procedures for reporting suspicious or unusual financial activity, although such reporting was required by law. As a result, only five suspicious transaction reports (STRs) were filed with the Tunisian Financial Analysis Committee (CTAF) between 2003 and 2006, none of which were forwarded on to prosecutors.¹⁰

When it came to Tunisia's ability to implement U.N. sanctions, assessors found that while Tunisian authorities informally flagged new U.N. sanctions listings for Tunisian financial institutions and

requested that they check for any account holders, there was not an adequate legal basis for banks to freeze such assets should they find a match nor any procedures to notify potential holders of assets outside of the financial systems. The 2007 mutual assessment reports that such a situation had yet to be tested since, to date, no Tunisian bank had identified a U.N.-designated client.¹¹

Although less concerned about money laundering, authorities were "highly mobilized concerning terrorist matters," according to the 2007 FATF report.¹² Still, they considered these activities "purely local" despite the 2002 al-Qa`ida-directed and -funded Djerba attack that was planned in Afghanistan, a then-recent reminder of the threat of terrorism against Tunisia.¹³ Similarly, Tunisian security services projected confidence when, in late 2006, an al-Qa`ida in the Islamic Maghreb (AQIM) front group called Jund Asad Bin Furat (JABF) led a multi-week, low-level insurgency in the mountains of eastern Tunisia.¹⁴ However, the reality was different. According to a former senior-level Tunisian minister close to then President Ben Ali, there was a major panic about the cell. There was a fundamental lack of understanding about jihadism, the number of people involved in Tunisia, and the identities of those actually plotting attacks.¹⁵ This gap was exacerbated by government officials' view that it was a homegrown threat rather than a regional or international issue since the JABF cell contained individuals that had trained in Algeria and was financed from Italy.¹⁶

By the subsequent 2016 FATF assessment of Tunisia's AML/CFT system, terrorism and its financing had emerged as a significant concern for local officials. The collapse of the Qaddafi regime in Libya and the porousness of the border allowed for the movement of drugs and arms, as well as fighters traveling to join the Islamic State in Libya or onward to other foreign conflicts, and back. Some of this activity was funded by and through money transfer systems, according to the 2016 assessment.¹⁷ Use of charitable associations receiving foreign funds to finance such activity was also "a major concern" according to Tunisian authorities.¹⁸

The 2016 assessment also found that law enforcement continued to struggle with limited human and physical resources, as well as expertise in financial crimes in particular. As of 2015, authorities had yet to effectively prosecute a terrorism financing case, in part because judicial specialization in financial crimes was only very recent.^{19e} The Tunisian judiciary also struggled to prosecute terrorism-related charges more broadly. According to the United Nations, as of early 2017, the process was extremely slow and the judicial apparatus was overwhelmed.²⁰ Evidencing this, in January 2017, according to Tunisia's Minister of Justice at the time Ghazi Jeribi, 1,647 prisoners were involved in terrorism and money laundering cases, with only 183 having been tried while the rest remained custody.²¹ Such delays threatened to undermine the post-revolution

- b FATF regularly identifies countries with strategic AML/CFT deficiencies, either based on specific threats a non-participating jurisdiction may pose to the international financial system (such as proliferation or terrorist financing) or on the basis of poor results from a mutual evaluation against FATF standards. Countries with poor results on a mutual evaluation are given one year, working with FATF, to address deficiencies prior to being publicly identified. If progress is insufficient during this period, FATF works with the country to develop an action plan to address remaining deficiencies. FATF requires countries to make a "high-level political commitment" to implementing the action plan. Tunisia's action plan included elements beyond those discussed in this report. The full plan is available on FATF's website.
- c It is worth noting that Tunisia was the first MENA country to be evaluated against FATF's revised recommendations adopted in 2012. See "3rd Enhanced Follow-Up Report for the Republic of Tunisia (Re-Rating)," MENAFATF, January 23, 2019. At the time of Tunisia's evaluation in 2016, only a handful of countries globally had been assessed against the new standards, which represented a significant evolution from the previous version. Notably, under the revised procedures, countries are evaluated not just for technical compliance with the standards but the effectiveness of their application. Such assessments are targeted at developing a roadmap for countries to improve both compliance with international standards as well as attractiveness to foreign investment and greater cross-border financial integration. More information on the revised standards can be found at "Revisions to the Financial Action Task Force (FATF) Standard—Information Note to the Executive Board," International Monetary Fund, July 17, 2012.
- d Laundering of funds associated with narcotics trafficking was criminalized in Tunisia in 1992, but there had been no convictions for money laundering as of 2007.

e Under Tunisia's 2015 law on counter-terrorism financing and money laundering, a specialized unit of judges was created to handle terrorism cases, which are investigated by the Criminal Investigation Department of Tunis, rather than at the governorate level, according to the State Department's 2017 Countries Report on Terrorism, available at https://www.state.gov/wp-content/uploads/2019/04/crt_2016.pdf.

government, giving the appearance of detention without trial.^f

Post-revolution efforts to recover stolen assets also underscored the inefficiencies of Tunisia's AML regime at the time, according to a 2012 IMF report.²² International Financial Institutions (IFIs) working with Tunisia under the umbrella of the Deauville Initiative—aimed at providing support to post-Arab Spring economies in transition—therefore encouraged Tunisian officials to schedule their FATF assessment as early as the end of 2012. The methodology for assessments under FATF standards updated in 2012 was not released until the end of 2013, however.²³

When Tunisia's evaluation finally took place in early 2015, several initiatives to address gaps in the country's AML/CFT system were already in progress. Tunisia's Basic Law Number 26 of August 2015, for example, established the National Counterterrorism Commission (NCC) within the cabinet to monitor and implement U.N. resolutions related to combating terrorism.²⁴ Notably, this includes UNSC Resolution 1267 (and successor resolutions) that underpin the United Nations' al-Qa`ida/Taliban/Islamic State sanctions regime, as well as UNSC Resolution 1373, which calls on countries to establish a domestic designation capability to respond to requests—beyond the 1267 regime—to freeze terrorism-related funds. However, it was not until January 2018 that regulations were promulgated establishing the procedures by which Tunisia's NCC would implement these requirements, including the process for designation, proposal of names to the 1267 list, and freezing procedures.²⁵ Although Tunisia was initially found noncompliant with related FATF requirements for international obligations, a follow-up assessment published in December 2018 found that the deficiencies had been largely rectified.²⁶

Likewise, just prior to FATF's 2015 assessment, Tunisia undertook its first National Risk Assessment (NRA) of Money Laundering and Terrorist Financing, which was ultimately published in 2017 after 30 months of work.²⁷ ^g With regard to terrorist financing, the 2017 NRA found a high level of both risk and vulnerability, reporting that national coordination related to counterterrorism

f The Tunisian government does not provide information on duration of those detained, so it is difficult to assess how severe the backlog of cases is. However, based on a collection of data from local Tunisian and regional media, more prosecutions of various terrorism-related offenses have been publicly disclosed since early 2019. As context, there were two prosecutions in 2014, two in 2015, four in 2016, one in 2017, three in 2018, and 18 as of mid-August 2019. It should be noted that many of these prosecutions involved more than one individual. The uptick in 2019 suggests a more streamlined process, which will hopefully alleviate pressure on the judiciary and become more of an efficient trend going forward.

g The requirement that countries conduct a national risk assessment was a key change in the 2012 update to the FATF recommendations, which shifted the focus of assessments from technical compliance with the recommendations to effectiveness, signifying a maturation of the global anti-money laundering and combating the financing of terrorism (AML/CFT) system. Additional information on the 2012 update can be found in the introduction to the revised recommendations at www.fatf-gafi.org/publications/fatfrecommendations/documents/fat-recommendations.html#UPDATES. Such assessments are meant to spur countries—as well as financial institutions and other regulated entities—to develop a better understanding of the risks of money laundering and terrorist financing within their jurisdiction and use this as a basis for more effective allocation of resources. With the assistance of the World Bank, Tunisia's NRA was led by the CTAF and representatives of the Central Bank of Tunisia. "Tunisia National Risk Assessment of Money Laundering and Terrorist Financing," Tunisian Financial Analysis Committee, April 2017.

and oversight of associations was insufficient considering domestic threats, those emanating from the conflict in Libya, and those related to the return of Tunisian foreign fighters from conflict zones. The 2017 NRA further assessed that the situation in Libya provided "appropriate ground for the growing strength of terrorist groups in Tunisia," including for training in but also smuggling through Libya, which serves as "an important source of funding for these groups." Nonetheless, the 2017 assessment concluded that the nature of attacks in Tunisia during the recent period were undertaken by lone actors and required limited funding.²⁸

Indeed, between 2001 and 2016, a relatively small number of the cases referred to prosecution by the Tunisian financial intelligence unit were for terrorist financing.²⁹ Of the 456 suspicious transactions referred to the prosecution during this period, 46 were based on suspicion of terrorist financing, while the remainder involved suspected money laundering. This is not surprising given greater awareness of money laundering indicators and challenges associated with developing terrorist financing cases, such as tracking small-value transactions and often needing to work around intelligence information. However, of the 46 terrorist financing cases referred to prosecution, 32 or (70 percent) involved cross-border wire transfers, underscoring the transnational nature of such funding and relatedly the importance of access to the international financial system for those involved in sending or receiving funds related to terrorism. So while on the one hand, the 2017 NRA points to legitimate sources such as self-financing (from loans or savings) as a primary source of terrorist funding in Tunisia, it also points to concerns about the exploitation of charitable or civil society organizations, including donations through non-profit organizations (NPOs)—whether made locally or from abroad—or fundraising at mosques and smuggling.³⁰

The 2017 NRA also discussed the challenges of tracking and interdicting the physical movement of cash and did not mince words when addressing the risks associated with the NPO sector: "This sector has become a clear threat and a direct link to terrorism."³¹ Bad actors in the sector were responsible for the direct funding of jihadis as well as the provision of assistance to the families of foreign fighters.³² Between 2011 and 2014, Tunisian authorities suspended 150 associations suspected of having a link to terrorism, according to the 2017 NRA.³³ Measures adopted in 2011 requiring local associations to use formal banking channels for transfers exceeding 500 dinar (roughly \$175) had not been fully implemented. Nonetheless, the main source of suspicious transactions related to associations were from abroad and amounted to between 500,000 and three million dinar (approximately \$200,000 to \$1.2 million).³³

As part of its 2015 FATF assessment, Tunisia was found to lack an effective system for regulation and oversight of its non-profit sector.³⁴ To address the deficiency, Tunisian authorities conducted an assessment of the risk of exploitation of NPOs by terrorists, categorizing 110 NPOs as vulnerable.³⁵ Under an E.U.-funded program,

h However, according to Tunisian academic Alaya Allani, in total there were around 200 such charities and associations affiliated with AST when the group was active from 2011-2013. Yet, only 10 of AST's affiliated charities and associations were featured in its propaganda during that time frame. Eric Reidy, "Tunisia cracks down on radicalization," *Al-Monitor*, May 19, 2015. For more on these individuals and others, see Aaron Y. Zelin, *Your Sons Are At Your Service: Tunisia's Missionaries of Jihad* (New York: Columbia University Press, forthcoming 2020).

authorities hosted a series of workshops in early 2017 for the designated charities to raise their awareness of the potential misuse of the sector for terrorist financing.³⁶ In 2018, the CTAF issued guidelines for NPOs on identifying beneficiaries and partners, and other due diligence measures, as well as for registration of organizations, including NPOs.³⁷

It is important to note the challenge the Tunisian government faces in regulating NPOs in Tunisia. Decree 88 on associations, issued in 2011 just post-revolution, was one of the most “progressive and enabling [civil society organization] CSO laws in the region,” according to the International Center for Not-for-Profit Law, which called it “a clear break with the past,”³⁸ meaning the restrictions on free speech and association seen under the Ben Ali regime. Attempts to place constraints on NPO actors, even those aimed at protecting the integrity of the charitable sector from exploitation by terrorist actors or political groups from external meddling, have come under significant criticism due to a number of Tunisians’ worries about the potential for civil liberties being taken away and a return to pre-revolutionary authoritarian practices.³⁹ It demonstrates the fine line Tunisian authorities must navigate in implementing CT and CFT policies amid democratic transition.

The Creation of a Sanctions List

In an April 12, 2018, press conference, Tunisia’s NCC announced that it was in the process of developing a national list of designated terrorists as the basis for freezing their assets.⁴⁰ The move was in line with a January 2018 decree in which the Tunisian government charged the NCC with implementing both international sanctions obligations discussed above, through the establishment of a national list of:

“persons, organizations and entities ... of which there are relevant and reasonable ground indicating that they committed or attempted to commit a terrorist offense, participated in or facilitated the commission of a terrorist offense, as well as any entity owned or controlled, directly or indirectly, by such persons, organizations or entities or any other entity acting on their behalf or under their direction, or any entity affiliated with them, dissident or derived.”

The decree further set forth that the NCC could rely on nominations to the list from domestic CT and CFT agencies, as well as requests from other countries, as stipulated in UNSC Resolution 1373. Laying out this framework, as well as provisions that require public notice of such actions (although without prior notice to the accused), a process for gaining access to frozen funds for “essential expenses,” and application for appeal or “delisting” from the national list, is in line with Tunisia’s commitment to follow through on its action plan, agreed upon with the FATF in October 2017.⁴¹ However, populating the list goes above and beyond what is strictly required under the FATF process. Rather than a ‘check the box’ exercise, Tunisian authorities are cultivating their domestic list as another tool in the counterterrorism toolkit.

It was not until November 16, 2018, however, that the mechanism was implemented, when the first 23 terrorist elements were listed.⁴² The NCC published on its website the individuals’ name, date and place of birth, current address, nationality, current status (imprisoned, fighting domestically or internationally, or killed), reason for being on the list, and other relevant details.⁴³ The list has since been updated three times: on December 24, 2018, April 2, 2019, and most recently June 21, 2019. As of the latest update,

there are now 107 individuals, groups, and/or entities on the list.

Tunisian authorities have also provided the public with frequently asked questions related to the designations and freezings, published on the NCC’s website,⁴⁴ and have conducted outreach to the financial sector,⁴⁵ accountants, real estate agents, and other obligated entities with the aim of having all stakeholders apply the same methodologies when pursuing the sanctions in various sectors.⁴⁶ Most recently, in July 2019, in coordination with the Central Bank of Tunisia, the NCC conducted an information session for various government authorities, including security services, on implementation of the sanctions list.⁴⁷

How the List Sheds Light on the Jihadi Threat Facing Tunisia

Tunisia’s sanctions list provides various details on the individuals being sanctioned and what activities they have been involved in, which explains why they are on the list. The list broadens analysts’ understanding of the Tunisian jihadi ecosystem since many of the details provided were not known publicly previously. Of the 107 listed entities, 105 of them are individuals, one is an organization—Jund al-Khilafah (aka the Islamic State in Tunisia)—and the other is an extremist charity that ran a children’s school, al-Jama’iah al-Qur’aniyah Ibn ‘Umar.⁴⁸ The latter was run by Faruq Bin Ibrahim al-Zaribi, who is also on the sanctions list, having used the charity and school for “planting ideas of religious extremism and of intolerance and hatred” in the children attending.⁴⁹ Al-Zaribi is also accused in the sanctions list of “financing activities related to terrorism.”⁵⁰ Inexplicably missing from the list is Katibat ‘Uqbah Bin Nafi, an AQIM front group that has been fighting against Tunisian security and military forces and has killed local civilians in the mountainous area close to the Algerian border since December 2012.⁵¹

In terms of individuals, of the 105 people on the sanctions list, 24 of them also appear on Tunisia’s wanted list,^j which has 135 names.⁵² This suggests there are individuals on the wanted list who could be added to the sanctions list in the future. Since the sanctions list began, six individuals on it have been killed, all of whom were with the Islamic State in Tunisia, and when the NCC made updates to the list, it noted the individuals had been killed.

In the first and second update, the sanctions list noted if the individual was imprisoned or in a “state of flight” (i.e., with a group locally in the mountains or abroad as a foreign fighter). Of the 63 individuals featured on the list at the time of the second update, 26 were imprisoned, six were dead, and the rest were still active with either KUBN or the Islamic State in Iraq, Libya, Syria, or Tunisia. Yet, in the subsequent two updates after that, the NCC did not include this information, making it impossible to know if individuals were in Tunisia’s prison system and therefore less of an immediate threat.

i The NCC also noted that Tunisia’s list will be supplemental to the United Nations’ sanctions and designation list, which is derived primarily from the U.S. designation and sanctions list for terrorists. Most Tunisians on those lists were primarily designated in the direct aftermath of 9/11 and were more linked to the global jihadi networks than more localized ones that could be less relevant to the United States or Europe. “As’ilah mutadawlah hawala al-tajmid,” Tunisia’s National Counterterrorism Commission, January 4, 2019.

j This has only been used for terrorists and not other criminals.

The age range of those on the list is between 56 and 21 with an average age of 34.43 and a median age of 34. With almost 60 percent under the age of 35, most of those sanctioned are young adults. The list also provides information on where all of the individuals (105) were born and on their last known address. (See Figure 1.) Of both geographic identifiers, there is not too much variation between the location of where someone was born and where they currently live (or at least lived prior to joining militants at home or abroad), with a few exceptions. Most of those on the list were born in Tunis (18), the capital; Ben Gardane (10), near the Libyan border that the Islamic State attempted to take over in March 2016; and Kasserine (10), which like Ben Gardane has been a recruiting ground for the Islamic State.^k The current addresses are slightly more distributed, but the top locations point to Tunis (14); El Kef (8), which has had a KUBN cell based in Jabal Ouergha since 2014 conducting IED attacks against Tunisian security; and Kasserine (7). The data on where people are from and where they currently live is consistent with past research on Tunisian jihadi networks by one of the authors.⁵³

Within the sanction list, there are many relatively unknown

^k Kasserine has been a hub for both the Islamic State and KUBN, and both groups have recruited from there. Aaron Zelin, "Not Gonna Be Able To Do It: al-Qaeda in Tunisia's Inability to Take Advantage of the Islamic State's Setbacks," *Perspectives on Terrorism* 13:1 (2019).

figures, many of whom are foot soldiers and/or individuals in the mid- to low-level ranks. Nevertheless, there are some prominent leaders on the list:⁵⁴

- **Wanas al-Faqih:** Originally part of Ansar al-Sharia in Tunisia's (AST's) clerical network, having participated as a lecturer at *dawa* events in Moknine, Kebili, and Sousse, among other places. Following the August 2013 designation of AST as a terrorist organization by the Tunisian government, al-Faqih joined KUBN in the mountains along the Algerian border before allegedly taking on a larger regional role in the Sahel with AQIM prior to his arrest in Niger in December 2016 and extradition back to Tunisia in January 2017. Al-Faqih was also designated as a terrorist by the U.S. State Department in January 2018, even though he was already imprisoned in Tunisia.⁵⁵
- **Shams al-Din Sherif Sandi:** Planned the Islamic State terrorist attacks at the Bardo Museum in Tunis in March 2015 and at the Sousse Beach in June 2015 from Sabratha, Libya. Sabratha was the base for Tunisian Islamic State leaders who planned external operations in Tunisia before the February 2016 U.S. airstrike against their camp.⁵⁶ Sandi's current status and whereabouts remain unknown.
- **Bilal al-Shawashi:** Youth leader in AST who was arrested for involvement in the attack on the U.S. Embassy in Tunis and helped recruit individuals to fight in Syria in 2012-2013 through street *dawa* as well as appearing on local Tunisian

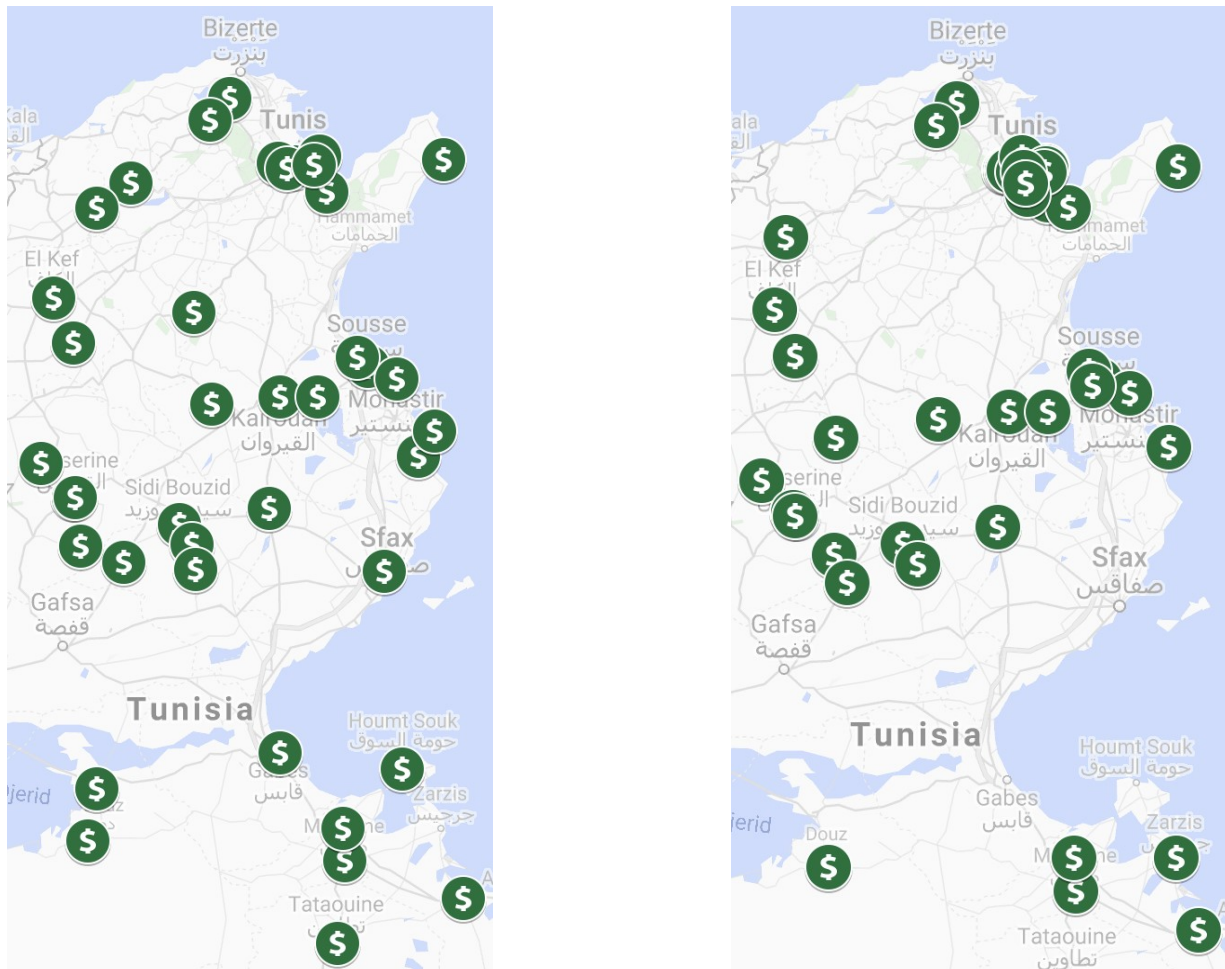


Figure 1: Location of Birth (left) and Current Address (right) of Tunisian Jihadis with Assets Frozen. Note: If more than one individual is from the same location, then only one dollar sign is used to signal that particular location.

primetime television shows. In Syria, he joined Jabhat al-Nusra in 2013 and became one of the group’s sharia officials, but defected and pledged *bay`a* to Abu Bakr al-Baghdadi in April 2014. But due to the Islamic State’s violent excesses in late 2016, al-Shawashi returned to the al-Nusra fold by joining al-Nusra’s successor group Jabhat Fatah al-Sham, which now calls itself Hayat Tahrir al-Sham (HTS). Al-Shawashi is now HTS’ head sharia official in Kafr Nabl in Idlib province.

- **Fadhl Mansi:** Involved in developing the Islamic State’s drone program in Syria and according to the sanctions list may still be in Syria. Whether he is imprisoned by the Syrian Democratic Forces or is still operational is unknown.
- **Adam Bukadida:** Was on AST’s sharia committee and was part of a cell that helped introduce weapons into Tunisia from Libya following the 2011 revolution. While smuggling weapons in February 2012, Bukadida was involved in a skirmish with Tunisian security in Bi’r ‘Ali Bin Khalifah, which is 40 miles west of Sfax and 45 miles southeast of Sidi Bouzid. Two other individuals on the sanctions list were also allegedly part of this incident.¹ Bukadida’s current whereabouts are unknown.

The data from the sanctions list also provides details on groups that those on the list have belonged to as well as their involvement in particular plots or attacks. This helps shed light on jihadi networks in Tunisia and the fluidity of jihadi allegiances. Of the 105 individuals sanctioned, 86 listings specify a group affiliation, with 17 of those 86 having moved from one group to another, according to the information, and three having moved groups twice.

Based on the information on the sanctions lists, the majority of the listed individuals appear to have become active only after the 2011 revolution. This is likely because the domestic list is a supplement to and as of September 2019 does not duplicate the U.N. sanctions list, which includes Tunisians that were al-Qa`ida affiliated primarily in the direct aftermath of 9/11. That is why it makes sense that only four of the individuals on Tunisia’s domestic list are listed as affiliated to groups that were active prior to 2011, with one having been a foreign fighter in Iraq with Abu Mus’ab al-Zarqawi’s network. The other three had been involved with the aforementioned failed Jund Asad Bin Furat (JABF) insurgency before moving on to other groups. Of the other 82 affiliations provided, 37 are to groups active between 2011-2013 with 36 joining AST and one assisting AQIM in weapons trafficking. This means the remaining 45 appear to have only become active in the jihadi movement after the Tunisian government designated AST as a terrorist organization in August 2013, which pushed recruitment and radicalization efforts underground, with 31 joining the Islamic State in either Libya, Syria, or Tunisia and 14 joining KUBN.

The largest network on the sanctions list comprised of 12 people trafficking weapons and introducing them to Tunisia following the revolution. This was primarily facilitated through traditional clandestine smuggling routes that jihadis took advantage of following the Libyan uprising and refugee camps for Libyans in Tunisia, where former officials who were part of the Qaddafi regime would sell weapons to jihadis.⁵⁷ Between May 2011 and August 2013, when AST was officially formed and then was later designated as a terrorist group by the Tunisian government, there were 10 weapons smuggling-related attempts that the Tunisian government was able

to interdict. How many went unnoticed is unknown, but the weapons that got through no doubt helped sustain terrorist activity in Tunisia.⁵⁸ According to other research conducted by one of the authors (Zelin), there were 37 terrorist plots and 24 attacks of varying degrees (most were small in scale and targeted the Tunisian security apparatus) from 2011-2013.⁵⁹

As for other general activities, five on the sanctions list were specifically involved in financing of terrorism-related crimes—two helped finance KUBN activities in the mountains, two financed jihadi groups abroad, and one helped finance the failed Islamic State takeover of Ben Gardane. It is possible more individuals involved in terror financing will be added to the list because between January 2014 and July 2019, there were 48 arrests of individuals and networks involved in various financing terrorism-related crimes.⁶⁰ The sanctions list references 11 attacks in which more than one of those listed were involved. (See Table 1.)

Table 1: Networks of Tunisian Jihadis on Frozen Assets List

<i>Date</i>	<i>Attack</i>	<i>Number of Individuals That Are Sanctioned</i>
<i>March 2016</i>	<i>Failed takeover of Ben Gardane</i>	<i>10</i>
<i>March 2015</i>	<i>Bardo Museum attack</i>	<i>7</i>
<i>February 2013</i>	<i>Assassination of Chokri Belaid^m</i>	<i>6</i>
<i>October 2013</i>	<i>Targeting of elements of the National Guard in Sidi Ali Bin Aounⁿ</i>	<i>5</i>
<i>July 2014</i>	<i>Lufti Bin Jiddu assassination attempt (Minister of Interior at the time)</i>	<i>3</i>
<i>February and July 2013</i>	<i>Assassination of Chokri Belaid and Mohammed Brahmi^o</i>	<i>3</i>
<i>December 2018</i>	<i>Armed robbery of Al-Aman Bank in Kasserine</i>	<i>3</i>
<i>December 2012</i>	<i>Douar Hicher incident^p</i>	<i>2</i>
<i>June 2015</i>	<i>Sousse Beach attack</i>	<i>2</i>

m Chokri Belaid was a secular-left leader of the Democratic Patriots’ Unified Party.

n This is a small town of 9,300 people in Sidi Bouzid governorate.

o Mohammed al-Brahmi was the secular-left founder and leader of the People’s Movement Party. On the sanctions list, the Tunisian government notes that six individuals were involved in the Chokri Belaid assassination, three took part in both the Belaid and Mohamed Brahmi assassinations, and two were played a role in the Brahmi assassination. Meaning, overall, 11 people were involved in total in either one or both of the assassinations.

p This is an under-governed and impoverished suburb of Tunis.

1 The other two individuals are Hashimi Bin Muhammad Bin Hashimi Madani and Ziyad Bin Muhammad Muhsin Bin Hadi Abdali.

July 2013	Assassination of Mohammed Brahmi	2
September 2012	Attack on the U.S. Embassy in Tunis	2
November 2016	Attack against the presidential security bus in Tunis	2

Conclusion

Since 9/11, the international community has endeavored to improve global capacity to combat terrorism through innovative diplomatic, military, and financial initiatives. International best practices related to counter-terrorism financing have matured into a transnational regime facilitating detection and disruption of illicit transnational financial flows that underpin such activities. Mandates related to the development of domestic counter-terrorism financing regimes, including targeted financial sanctions, supplement U.N.-level sanctions, and deprive bad actors of access to both the local and global financial systems needed to raise, move, and store funds.

As part of the trend, in recent years, a number of MENA countries have deployed domestic sanctions lists, not only because non-compliance with such international best practices increasingly serves as a barrier to integration with the global financial system, but also because of a recognition of the importance of having such a tool in their national security toolkit.^q By publicly identifying terrorists and their financiers, countries can deter others from supporting jihadi groups at home and abroad, as well as share important typologies of not only fundraising, but recruitment, radicalization, and operational activities that raise public awareness of the threat from such groups. Sanctions also block assets and access to the global financial system necessary to move resources in support of such

activities. Beyond making it harder for terrorist groups to operate, mapping jihadi financing networks provides greater insight into relationships between different nodes within the networks, and even groups' plans and priorities.

Tunisia's list goes beyond previous efforts in the region by focusing on domestic actors and threats; in terms of the level of detail released about designees, including their current location and past and present affiliation; and because of due process protections and domestic outreach that has accompanied the implementation of the list.

Counterterrorism has emerged as a political priority for Tunisia post-revolution.⁶¹ The country has experienced a growing number of attacks domestically as well as being one of the largest contributors of foreign fighters to the most recent wave of jihadi travelers.⁶² As a transitional democracy, Tunisia faces specific challenges in effectively regulating the charitable and association sector to ensure its integrity against exploitation by terrorist actors without limiting the activity of civil society and the development of judicial capacity to ensure the timely prosecution of detained and suspected terrorist actors.

Clear and effective AML/CFT regulations and targeted financial sanctions can be an important and useful tool in this context, as long as the systems developed are seen as transparent and having integrity. For example, targeted financial sanctions may offer officials an alternative to detention. Often, domestic targeted financial sanctions are not necessary when there are judicial avenues for freezing funds pending a prosecution that may lead to not only the seizure of funds, but the conviction and incarceration of the perpetrator. Sanctions, however, have a lower evidentiary standard than a prosecution and often greater discretion in relying on intelligence information, meaning that a designation can serve as an intermediary option, pending additional evidence against a perpetrator or as a stop gap to inhibit further bad activity while investigations continue. They are also easier to appeal and reverse in many ways when compared to prosecutions because they are based on an administrative rather than judicial process. The implementation of a sanctions list in Tunisia has allowed authorities to expose and restrict local bad actors' access to the financial system, as well as giving them the tools to potentially restrict so-called 'martyrs' payments to their families, even while the judiciary reforms itself and builds up greater capacities.⁶³ Tunisia's counterterrorism sanctions regime remains in its nascent stages, and its overall effectiveness remains to be seen. Many of those on the list are also abroad, so how this affects local actors will be answered in greater detail in the coming years as this mechanism matures. Engagement and information sharing with foreign partners, for example, could strengthen implementation of the list. However, it is hard to know whether or not Tunisia has taken this sensitive next step.

Going forward, heightened awareness within Tunisia of terrorist financing risks and methodologies will likely prove useful in detecting and disrupting cross-border financial transfers between militants locally and abroad. Tunisia faces ongoing terrorist financing-associated challenges given the Islamic State's continued strength in Libya,⁶⁴ the potential for the Islamic State in Libya or Syria to rebuild external operation capacities and project attacks back into Tunisia, and possible financial flows between Tunisian

q The United Arab Emirates (UAE), for example, first released a list of terrorist organizations on November 15, 2014, to "ensure transparency" and "make all members of society aware of these organizations," according to the Emirates News Agency, WAM. However, it did not specify how the list was to be implemented, including by financial institutions, nor how one might appeal a listing. The UAE added to its list in June 2017, in conjunction with Saudi Arabia, Egypt, and Bahrain, designating more than 60 individuals and entities allegedly associated with Qatar, in the context of the Gulf rift emerging at that time. (Although the UAE does not have a centralized public sanctions list, the Dubai Financial Services Authority maintains on its website a database of all sanctions-related WAM press releases.) Furthermore, all GCC states, including Qatar, have also undertaken a number of "joint designations" with the United States against al-Qa`ida, the Islamic State, and Iran-related targets under the umbrella of the Terrorist Finance Targeting Center (TFTC), an initiative launched in 2017. (See testimony by U.S. Treasury Undersecretary Sigal Mandelker in front of the House Committee on Appropriations, March 12, 2019.) Despite these announcements, Gulf states largely do not have centralized public sanctions lists or clear instructions for their implementation. Iraq has also issued a list of sanctioned individuals and entities within the context of the counter-Islamic State campaign, although it does not include the level of detail offered by the Tunisian list. (The Iraqi list is available on the Central Bank of Iraq's website.) Across the MENA region, officials are in the process of developing and implementing the appropriate legal and regulatory structure, as well as conducting appropriate outreach to key stakeholders, such as financial institutions, either in advance of upcoming or in response to recent FATF mutual evaluations. Tunisia, as the first MENA country to be assessed by FATF this round, has had a jump start in developing and implementation a targeted domestic sanctions list.

jihadis based in Tunisia and those based in Europe and elsewhere.^r
Beyond local outreach to raise awareness with domestic banks,

r For example, there are two cases, one in June 2017 and one more recently in April 2019. The older case involves a financial network in Ben Gardane, Bizerte, and Ariana that were helping finance fleeing terrorists abroad in Syria. The money was sent to Turkey and then provided to members of the network in Syria. When the Tunisian government uncovered this illicit finance network, they arrested 13 individuals, including two women, and seized three million Tunisian dinars (\$1.2 million USD at the time) worth of Euro bank notes and gold. Less has been publicly revealed about the more recent case, but according to Tunisia's Interior Ministry, two individuals were arrested in Tunis for being involved with smuggling funds to a terrorist abroad who then in turn transferred money to a third country in what the Tunisian government described as a "hotbed of tension," which is a local colloquialism meaning a foreign fighting destination abroad (Syria, Libya, Iraq, and/or Mali). "MI : démantèlement d'un réseau de financement de terroristes tunisiens à l'étranger," Shems FM, June 28, 2017; "Ben Guerdène : 3 millions de dinars saisis chez un réseau de financement de terroristes," *Business News*, June 28, 2017; "Balagh," Tunisia's Ministry of Interior, April 12, 2019; "Détournement de fonds : Une cellule démantelée," Mosaique FM, April 12, 2019.

civil society associations, and other regulated entities, Tunisian authorities should consider greater engagement with international partners, including sharing information with jurisdictions likely to be the source or destination of illicit funds in Tunisia, as mentioned above. Tunisia's domestic designations can also serve as the basis for referring individuals and entities for listing under U.N. sanctions or on other countries' sanctions lists.

This review of the development of Tunisia's domestic counter-terrorism financing system demonstrates that authorities no longer see terrorism in Tunisia as primarily a domestic phenomenon, but one that is tied to, influenced by, and fueled by transnational trends. Tunisia's recent progress in building the necessary toolkit not only combats the local threat, but also contributes to global efforts. With its expanding expertise in various ways of combating terrorism, Tunisia can situate itself as a leader in the region and provide guidance and example to others based on its experiences, especially countries (such as Algeria, Sudan, among others) that might have to deal with the dual challenge of transition to democracy and local jihadi mobilization in the future. **CTC**

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