

Terrorist financing threats for NPOs operating in Tanzania

1. Background information

According to the Global Terrorism Index (GTI), Tanzania faces a low risk of physical attacks. The country recorded zero terrorist incidents for the second consecutive year. Given an unstable regional security situation, future attacks cannot be excluded. Moderate terrorist and terrorist financing risks emanate from neighbouring countries with active terrorist groups. These risks include recruitment, propaganda and smuggling in the border regions to Mozambique.

The informal economy accounts for a large proportion of financial and business transactions in Tanzania and is far more economically active than the formal economy. Also known as the 'parallel market', 'unrecorded trade' or 'cash economy', the sector provides livelihoods for millions of Tanzanians, although its size is uncertain. Despite recent improvements in financial inclusion, direct interaction between the informal sector and formal financial institutions is negligible.

1.1. Major groups

Important regional challenges arise from the violent conflict in Mozambique's Cabo Delgado province, which started in 2017 with significant repercussions for Tanzania's Mtwara region. Much of the threat of terrorism and terrorist financing in Tanzania emanates from foreign jurisdictions. Major groups include the Al-Qaeda affiliate **Al-Shabaab** in Somalia and Kenya, the **Allied Democratic Forces (ADF)** in Uganda and the Democratic Republic of Congo (DRC), and **various Islamic State (IS) affiliates**. These groups have been reported in the media for actively recruiting Tanzanian youth and they pose a potential threat of cross-border attacks.

For nearly two decades, **Al-Shabaab** has been fighting Somali forces. The group continues to control large swathes of central and southern Somalia and continue to wage deadly attacks on the Somali capital, Mogadishu, and in neighbouring Kenya. The group is affiliated to Al-Qaeda which had previously been active in the region. Aside from large-scale offensives in Somalia, the group has conducted major attacks on Kenyan critical infrastructure installations and against the civilian population. Al-Shabaab boasts a robust war chest despite it being heavily sanctioned. Much of its revenue comes from a widely diversified revenue portfolio that includes customs duties, forced taxation, extortion,

collection of zakat, illicit trade of goods such as charcoal, sugar, heroin, and livestock, as well as investments and remittances.

ISIS may have influence in Tanzania through the ISIS organisations and -affiliates in the neighbouring countries of the Democratic Republic of Congo and Mozambique (especially the Cabo Delgado province) and operations in the southern and western border areas of Tanzania. It is variously known as Ansar al-Sunna, Al Sunnah wa Jama ah, Ahlu al-Sunnah wal-Jamaah (ASJ) and ISIS Mozambique. The group has a strong presence in the northern Mozambican province of Cabo Delgado, which borders the Mtwara region of southern Tanzania.

The **Allied Democratic Forces (ADF)**, a rebel group in Uganda and the Democratic Republic of Congo (DRC), are also affiliated with ISIS. They are designated as a terrorist organisation that poses a threat to Tanzania through terrorism and terrorist financing.

The **Umasho movement (The Association for Islamic Mobilisation and Propagation, locally named “The Awakening”)** is an Islamist militant group that operates primarily in Tanzania and Kenya, though its influence remains marginal. This group has been linked to the rise of radical ideologies in coastal regions, particularly around Zanzibar.

NPOs responding to the NPO questionnaire of the Federal Ministry of Finance identified the capital, border areas and Zanzibar as areas of higher risk.

Tanzania has also identified foreign terrorist fighters as a threat in its Terrorist Financing Risk Assessment. Al-Qaeda, Al-Shabaab, ISIS and the ADF are constantly recruiting. Examples of recruitment include three Tanzanians arrested at the Kenya-Somalia border in 2011 while travelling to Somalia to join Al-Shabab; the arrest and conviction in Kenya in June 2019 of a Tanzanian student involved in the 2015 terrorist attack at Garissa University in Kenya, which killed over 148 students; and the arrest of a Tanzanian in Cabo Delgado, Mozambique, by the Mozambican armed forces in January 2022 for involvement in terrorist recruitment and planning of attacks by the insurgents in Mozambique.

In 2022, the investigative news website Chanzo Initiative reported the disappearance of several men on Zanzibar. They were believed to have been radicalised and recruited to join jihadist groups in Congo, Mozambique and Somalia. According to another source, at least 20 men went missing from the island between August and December 2022 alone.

During a joint INTERPOL and AFRIPOL operation (November-December 2024), law enforcement in Tanzania arrested an alleged member of ISIS Mozambique, as well as a

Ugandan national who was attempting to join a terrorist group in Mozambique as a foreign terrorist fighter.

Tanzanian authorities have taken a hard line against suspected terrorist recruiters. On 16 December 2022, the country's High Court sentenced six men, including three from the same family, to a total of 50 years each for terrorism offences. Prosecutors claimed the six men were members of a larger group who met in Tunduru district as part of a conspiracy to wage jihad linked to 'al-Shabaab'. The name "al-Shabaab" is used to refer to both al-Qaeda's affiliate in Somalia and the IS-affiliated insurgents in Cabo Delgado. According to the prosecution, the accused men 'motivated others to participate in terrorist acts' at their local mosque in the village of Lukumbule, not far from the Mozambican border. They also sought to overthrow the Tanzanian government and establish an Islamic state in the country. The court heard from a police officer that some of the movement's leaders were arrested in Tanzania, while others "chose to go to Mozambique" to join local al-Shabaab fighters.

1.2. Regional context

Tanzania faces security risks from the violent conflict in Mozambique's Cabo Delgado province. Fighting started in 2017 with significant repercussions for Tanzania's Mtwara region in the South. The situation in Cabo Delgado is one of complex social, economic and ethno-religious dynamics. A deep sense of social injustice and discrimination along religious and ethnic lines fuelled perceptions that the state was failing to deliver public goods. In fact, at the beginning of the insurgency, government buildings and administrations were targeted. Attacks on churches came later. ISIS-Mozambique, which wants to impose Islamic rule in the region, finds support among unemployed and marginalised young people who are easily radicalised. Tanzania's Mtwara region and Cabo Delgado are inextricably linked by family, language, faith, economic and ethnic ties. A virtually open border is straddled by families rooted on both sides. A common language, Swahili, binds the communities, while a shared faith also ignores borders. These circumstances have made it easier for insurgents on the Mozambican side to interact with their counterparts in Tanzania and vice versa, and to carry out small-scale attacks. It has also created an easy entry point for Tanzanians and other foreign fighters, who take advantage of the lack of border security, facilitated by a sense of brotherhood between the people of the two countries, to easily cross into Mozambique to join the insurgency in Cabo Delgado.

1.3. NPOs

In Tanzania, NPOs can exist in various forms, including societies registered under the Societies Act, companies, trusts, charities and other legal arrangements. All NPOs are

subject to regulatory and governance requirements under different laws depending on their legal structure, activities and sources of funding. The regulatory regimes are not mutually exclusive. Where public funding is involved, there are strict controls, including the submission of regular reports and audited accounts by NPOs to regulators to ensure transparency and accountability. For those charities that are recognised as tax-exempt, the Tanzania Revenue Authority conducts periodic reviews to ensure that they continue to qualify for tax-exempt status under the Income Tax Act. However, the Tanzanian authorities acknowledge in the 2022 Terrorist Financing Risk Assessment that a considerable number of NPOs are not well-supervised due to the large number of NPOs and the limited supervisory capacity of most NPO regulators.

1.4. Government of Tanzania

The Financial Action Task Force (FATF) assessed Tanzania's measures to combat money laundering and terrorist financing in 2021. The Mutual Evaluation Report found that despite improvements, there are still significant gaps in the legal framework. Overall, the competent authorities do not have adequate capacity to effectively carry out their anti-money laundering/countering the financing of terrorism responsibilities. Therefore, the Financial Action Task Force has placed Tanzania on its grey list. Since the Mutual Evaluation, Tanzania has carried out a number of reforms, including the publication of a dedicated terrorist financing risk assessment and the broadening of the terrorist financing offence.

There are credible reports that charges of terrorist financing, terrorism and money laundering have been used for political repression.

2. Terrorist financing threats

There are no recent confirmed cases of terrorist financing in Tanzania. The Tanzanian authorities have not received any requests for information. However, given the moderate terrorist threat, the global and regional terrorist financing landscape, and the nature of Tanzania's proximity to areas of terrorist activity, the threat of terrorist financing in or through Tanzania cannot be completely excluded.

Tanzania assessed the risk of terrorist financing to NPOs as medium.

There have been no reports of NPOs or charities in Tanzania being misused for terrorist financing purposes, sympathising with or condoning terrorism, or being linked to known

or suspected terrorist groups. In addition, there is no information or evidence from suspicious transaction reports, investigations or legal assistance requests to suggest that NPOs in Tanzania are being used to raise or move funds for terrorist financing. On this basis, there is no apparent terrorist financing threat to the NPO sector. However, Tanzania is close to areas of terrorist activity and there has been some activity by terrorist groups within the country. NPOs should therefore remain aware that such risks may arise in the future.

3. Sanctions designations

The Al-Haramain Foundation is listed by the UN Security Council for targeted financial sanctions. The Al-Haramain Foundation had a branch in Tanzania that is believed to have provided financial, material and/or technological support to the Al-Qaida network. Al-Haramain Tanzania is believed to have funded the Arab-based Al-Haramain Islamic Foundation through fundraising and operational activities in Tanzania that provided support to, or acted for or on behalf of, Al-Qaida. The Tanzanian branch was closed in 2004 following intelligence information about its involvement in terrorism. Subsequently, law enforcement authorities in Tanzania conducted an investigation to trace assets left behind by the entity, key officials and associated individuals. The investigation revealed that the foundation did not own or control any property in Tanzania. All properties were in the names of local entities that were unwittingly sponsored by the Arab-based Al-Haramain Islamic Foundation.

Sources: Terrorist Financing and Hawala Risk Assessment Report, FATF Mutual Evaluation Report, NPO TF Risk Assessment, National Risk Assessment 2022, The Chanzo Initiative, The Guardian, High Court of Tanzania, Interpol, US State Department, The Soufan Center, Reliefweb