

# Countering Terrorist Financing in Kuwait

BALANCING BETWEEN INTERNATIONAL STANDARDS,  
REGIONAL TENSIONS, AND DOMESTIC STABILITY

WILLEM BLOEM

Master thesis Crisis and Security Management 2017-2018  
First reader: Dr. Ernst Dijkhoorn  
Second reader: Dr. Jelle van Buuren  
Words: 15460 including references

## **Abstract**

Terrorism is a contested concept and there is no worldwide agreement on which individuals and what organizations or groups should be considered as terrorist. This is one of the main reasons why an international approach to fight terrorism lacks. It is reflected in the, sometimes conflicting, international, regional (i.e. Gulf Cooperation Council Countries and the wider Middle East) and domestic approaches towards countering terrorist financing, which clearly influences Kuwait's policy towards it. The aim of this study is to understand how the policy of Kuwait towards countering terrorist financing is influenced by international, regional, and domestic actors. This multilevel political environment forms the context in which Kuwait has to execute and constitute its policy towards countering terrorist financing. An impressive policy shift has taken place in the years 2013 and 2014 after firm critique of international actors on Kuwait's permissive society towards terrorist financing. However, the regional tensions, in which Kuwait tries to maintain a neutral position, still affect the Kuwaiti society in which a wide variety of factions, including Sunni and Shia hardliners, live together. The result is that Kuwait has to play a three level game, a balancing act, in order to agree upon a policy that falls within the conditions under which all multilevel actors are willing to set an agreement. Meanwhile Kuwait is trying to maintain stability at the domestic level.

## **Acknowledgements**

This study has taken place in Kuwait during a six-month internship at the Embassy of the Kingdom of the Netherlands in Kuwait. The network of the embassy has been a great advantage and led to unique insights through conversations with various international, regional, and domestic actors present in Kuwait. Therefore, I want to express my gratitude for the support of the embassy staff, in particular Frans Potuyt, the Ambassador; Zumreta Jahic, the Deputy Head of Mission; and Ibrahim Aboushakhela, the Policy Officer. Also, I would like to acknowledge and thank Paul Sassen, the Regional Security Coordinator, for his significant contribution to the preparation, the content, and the finalization of this research project. Last, but not least, I want to express my gratitude to my supervisor Dr. Ernst Dijxhoorn. Thank you for your support and confidence throughout the entire process.

## List of Acronyms and Abbreviations

AML/CTF	=	Anti Money Laundering and Countering Terrorist Financing
CBK	=	Central Bank of Kuwait
GCC	=	Gulf Cooperation Council
CID	=	Criminal Investigation Department
CTF	=	Countering Terrorist Financing
EU	=	European Union
FATF	=	Financial Action Task Force
FIU	=	Financial Intelligence Unit
IHRS	=	Islamic Heritage Reformed Society
IMCTC	=	Islamic Military Counter Terrorism Coalition
ISIS	=	Islamic State of Iraq and Syria
KwFIU	=	Kuwait Financial Intelligence Unit
MENAFATF	=	Middle East & North Africa Financial Action Task Force
MoFA	=	Ministry of Foreign Affairs
MOI	=	Ministry of Interior
MOU	=	Memorandum of Understanding
OFAC	=	Office of Foreign Assets Control
PMU	=	Popular Mobilization Units
TFTC	=	Terrorist Financing Targeting Center
UAE	=	United Arab Emirates
UN	=	United Nations
UNSC	=	United Nations Security Council
US	=	United States
VAT	=	Value Added Tax

## Table of Contents

Abstract.....	2
Acknowledgements .....	2
List of Acronyms and Abbreviations .....	3
<b>PART I.....</b>	<b>5</b>
<b>Chapter 1: Introduction .....</b>	<b>5</b>
<b>1.1 Background .....</b>	<b>5</b>
<b>1.2 Academic and Societal Relevance .....</b>	<b>8</b>
<b>1.3 Structure of the Research Project .....</b>	<b>10</b>
<b>Chapter 2: Theory and Methodology.....</b>	<b>11</b>
<b>2.1 A Three-level Game: International, Regional, and Domestic.....</b>	<b>11</b>
<b>2.2 Methodology.....</b>	<b>14</b>
2.2.1 Research Approach.....	14
2.2.2 Methodologies .....	15
2.2.3 Definitions of Terrorism and Terrorist Financing .....	16
<b>2.3 Limitations.....</b>	<b>17</b>
<b>Chapter 3. Kuwait’s Multilevel Political Context.....</b>	<b>18</b>
<b>3.1 International.....</b>	<b>18</b>
<b>3.2 Regional .....</b>	<b>19</b>
<b>3.3 Domestic .....</b>	<b>23</b>
<b>Chapter 4. The Path Towards Effectively Countering Terrorist Financing.....</b>	<b>26</b>
<b>4.1 The Terrorism Phenomenon .....</b>	<b>26</b>
<b>4.2 Kuwait: ‘A Permissive Society’ .....</b>	<b>28</b>
<b>4.3 The Tipping Point: Kuwaiti Progress towards CTF.....</b>	<b>29</b>
4.3.1 Kuwait Authorities .....	30
4.3.2 Charities.....	31
4.3.3 Banking in Kuwait.....	33
<b>PART II.....</b>	<b>35</b>
<b>Chapter 5: Analysis: Kuwait’s CTF Policy – a Balancing Act .....</b>	<b>35</b>
<b>5.1 Introduction .....</b>	<b>35</b>
<b>5.2 International.....</b>	<b>36</b>
5.2.1. International Win-Sets.....	36
5.2.2 International Institutions.....	37
5.2.3 The West.....	37
5.2.4 Neutrality .....	39
<b>5.2 Regional .....</b>	<b>39</b>
5.2.1 Regional Win-Sets.....	39
5.3.2 Regional Institutions.....	40
5.3.3 Teheran vs. Riyadh.....	41
<b>5.4 Domestic .....</b>	<b>43</b>
5.4.1 Domestic Win-Set .....	43
5.4.2 Factions .....	43
5.4.3 Political Institutions.....	44
5.4.4 Side-Payments .....	48
5.4.5 Sanction lists.....	49
<b>Chapter 6: Conclusion .....</b>	<b>51</b>
<b>Bibliography .....</b>	<b>55</b>
<b>Appendix Diplomatic Sources.....</b>	<b>59</b>

# PART I

## Chapter 1: Introduction

### 1.1 Background

A worldwide-agreed definition of terrorism is lacking.<sup>1</sup> Without an agreed definition it is even more difficult to effectively implement an international approach to counter terrorism.<sup>2</sup> The United Nations (UN), which brings together 193 countries, defines a lack of policy towards countering terrorist financing (CTF) as an inadequacy in countering terrorism. Laws and technical capacity towards anti-money laundering are considered insufficient.<sup>3</sup> According to the UN threat assessment of August 2017, the issue of terrorist financing is likely to become even more pressing in 2018, because the caliphate of Islamic State and Syria (ISIS) has been losing ground and revenues in 2017. Therefore, an increase of donor support seems likely.<sup>4</sup> Donors coming from Gulf Cooperation Council (GCC) countries frequently supported terrorist groups in the past. It is well known that Osama bin Laden adjusted his tactics in order to safeguard support from the Gulf.<sup>5</sup> Therefore, an effective policy to CTF being implemented in the Gulf is crucial. In general, Arab countries struggle with dominant conservative hardliners, which slows down reforming processes domestically. This does not mean that the entire society sympathizes with terrorism. Arab states, including Kuwait, are like a big ship that tries to change direction, while facing a strong undercurrent. As mentioned by a diplomatic source: “One rotten leaf does not necessarily mean that the entire tree is rotten”.<sup>6</sup>

Nevertheless, Kuwait was considered a hub for the financing of terrorist organizations for a long period of time until 2014. Illegal activities outside the country such as terrorist financing were considered of minor relevance to Kuwait. The main concern for Kuwait has always been maintaining state security, the status quo, and the image of Kuwait on the international stage.<sup>7</sup> However, the years 2013 and 2014 have been a crucial turning point in Kuwait’s policy towards CTF during which a wide range of laws

---

<sup>1</sup> “Global Terrorism Index 2016” (Institute for Economics and Peace, 2016), 5–11, <http://economicsandpeace.org/wpcontent/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.

<sup>2</sup> Ganor Boaz, “Defining Terrorism - Is One Man’s Terrorist Another Man’s Freedom Fighter?,” January 1, 2010, <https://www.ict.org.il/Article/1123/Defining-Terrorism-Is-One-Mans-Terrorist-Another-Mans-Freedom-Fighter>.

<sup>3</sup> “UN Terrorism,” accessed August 19, 2017, <http://www.un.org/News/dh/infocus/terrorism/sg%20high-level%20panel%20report-terrorism.htm>.

<sup>4</sup> Analytical Support and Sanctions Monitoring Team, “United Nations Official Document,” August 7, 2017, 5-7 [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2017/573](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2017/573).

<sup>5</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017.

<sup>6</sup> R: Conversation with high ranking officials at the Ministry of Interior, November 2018.

<sup>7</sup> Dickinson, *Playing with Fire*, 1–13.

and mechanisms have been implemented and thereby the risk of losing face on the world stage and the risk of terrorist financing abroad has decreased to a certain extent. Kuwait has proven to be able to make impressive progress in CTF, and international critique diminished.<sup>8</sup> This policy change did not occur overnight, but is influenced by international, regional (i.e. the GCC and the wider Middle East), and domestic actors within the multilevel political environment of Kuwait. The result is a balancing act on the international, regional, and domestic level, which is defined in this research project as a three-level game.

To structure the findings of this research and to emphasize the influence of multilevel actors – e.g. state-, non-state, and institutional actors – in policy-making, this study uses game theory. More specifically, it models the interaction between different actors as a three-level game,<sup>9</sup> which is based on the two-level game theory of Robert D. Putnam. He emphasizes the importance of looking at both the domestic and international spheres in understanding politics.<sup>10</sup> For the three-level game the regional level actors have been added to allow policy-making in Kuwait to be defined as a negotiation between international, regional, and domestic level actors at the same time. Kuwait has to find the right balance between the sometimes conflicting demands towards CTF. International actors, such as the United States (US), request a strict policy on CTF. In 2013 Kuwait passed law 106 of 2013 regarding combating money laundering and the financing of terrorism in parliament. The law has been enforced after David Cohen, Under Secretary for Terrorism and Financial Intelligence of the US Treasury Department defined Kuwait as a permissive jurisdiction.<sup>11</sup> Regionally, within the GCC and the wider Middle East, Kuwait is challenged by its geographical location between the political rivals (Sunni) Saudi Arabia and (Shia) Iran,<sup>12</sup> and by the sectarian conflict in Iraq. These regional actors define terrorism differently. Some Sunni and Shia groups are considered terrorists by regional actors, while other countries support them and vice versa. These differences are also present within Kuwait, where Sunni and Shia hardliners conflict. This results in an increasing threat of sectarianism where 30-40 per

---

<sup>8</sup> United States Department of State Publication Bureau of Counterterrorism, “Country Reports on Terrorism 2016,” July 2017, 198–202, <https://www.state.gov/documents/organization/272488.pdf>.

<sup>9</sup> Eugénia da Conceição-Heldt and Patrick Mello, “Two-Level Games in Foreign Policy Analysis,” June 28, 2017, <https://doi.org/10.1093/acrefore/9780190228637.013.496>.

<sup>10</sup> Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1998): 433-34.

<sup>11</sup> Kenneth Katzman, “Kuwait: Governance, Security, and U.S. Policy” (Congressional Research Service, May 15, 2017), 19–20, <https://fas.org/sgp/crs/mideast/RS21513.pdf>.

<sup>12</sup> The Sunni-Shia conflict is explained in Box 1 on p. 20.

cent is Shia and 60-70 per cent is Sunni.<sup>13</sup> Domestically, Kuwait has to balance between the curious, though understandable, historically grown power balance between all different factions in society. This can be simplified into a division between Sunni Islamists, Shia, and (Sunni and Shia) Liberals.<sup>14</sup> The different factions are kept together through Kuwait's neutral position both internationally, and regionally, the relative democratic parliamentary system in the country in which each faction is represented, and the circulation and distribution of oil money of which each faction receives a fair share.<sup>15</sup> Paradoxically, more effective and strict rules towards Sunni and Shia hardliners demanded by international and regional actors can disrupt the internal balance within Kuwait. Therefore, the Kuwaiti government is mainly harsh on those who cause unrest within society, but are more permissive to what is happening outside Kuwait, including the financing of terrorists. Within this three-level game Kuwait is trying its best to execute an effective policy to counter terrorist financing.<sup>16</sup> This research project analyses Kuwait's policy towards CTF and looks into the question how international, regional, and domestic actors influence this policy.

In order to structure and clearly delimit the scope of the research, a fixed definition of terrorism and terrorist financing will be used throughout the research. The preferred overall definition of terrorism and terrorist financing are introduced and explained in the methodology. The definition of terrorism is based on the research done by Alex Schmidt in 1988.<sup>17</sup> In the interest of the topic of terrorist financing in the Middle East, this research mainly focuses on Islamic inspired terrorism, which is based on the analysis of David Rapoport.<sup>18</sup> Terrorist financing in this research is defined in line with the Kuwaiti law 106 of 2013.<sup>19</sup>

The general feeling of officials in Kuwait, including diplomatic representations, scholars, and Kuwaiti authorities, is that Kuwait has taken major steps in order to show goodwill, protect the positive image

---

<sup>13</sup> Kamrava Mehran, *The International Politics of the Persian Gulf* (Syracuse, New York: Syracuse University Press, 2011), 82–85, [http://web.b.ebscohost.com.ezproxy.leidenuniv.nl:2048/ehost/ebookviewer/ebook/bmxlYmtfXzcxNDU2NF9fQU41?sid=33fd6fd5-7eac-4b84-8234-a4f4afab1e05@sessionmgr101&vid=0&format=EB&lpid=lp\\_72&rid=0](http://web.b.ebscohost.com.ezproxy.leidenuniv.nl:2048/ehost/ebookviewer/ebook/bmxlYmtfXzcxNDU2NF9fQU41?sid=33fd6fd5-7eac-4b84-8234-a4f4afab1e05@sessionmgr101&vid=0&format=EB&lpid=lp_72&rid=0). Chapter 3

<sup>14</sup> See Box 2, p. 22.

<sup>15</sup> Steven Wright, "Foreign Policy in the GCC STATES," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 78–85.

<sup>16</sup> Dickinson, *Playing with Fire*, 8-9.

<sup>17</sup> Schmid, Alex. "Terrorism - The Definitional Problem." *International Law Commons* 36, no. 2 (2004): 47, 382.

<sup>18</sup> David C. Rapoport, "The Four Waves of Rebel Terror and September," *Anthropoetics* 8, no. 1 (2002), 1, <http://wrldrels.org/wp-content/uploads/2016/02/Rapoport-Four-Waves-of-Terror.pdf>.

<sup>19</sup> See box 5, p. 29: "Official Translation of Law No. 106 for the Year 2013 Regarding Combating Money Laundering and the Financing of Terrorism."



of the country as neutral broker and His Highness Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah as formidable humanitarian leader. Also, the support in society for terrorism diminished. Those who willingly supported terrorism are disappointed, because the terrorists did not reach their goal (e.g. toppling Assad). Those who actually donated money for humanitarian purposes were disillusioned by the fact that their money ended up with terrorists.<sup>20</sup> However, there are still opportunities to financially support terrorists, and terrorists always find new ways to gather support.<sup>21</sup> Although this problem is much bigger than only Kuwait, it also seems that the wider Gulf region is not able to completely eradicate itself from the, mainly Western, idea that these states are rather permissive towards terrorist financing.

## 1.2 Academic and Societal Relevance

Both from an academic and societal perspective this study contributes to the understanding of policy-making in Kuwait in general, and more specific to the understanding of the policy of Kuwait towards CTF, by providing insights in the complex three-level game that Kuwait is forced to play within the international, regional, and domestic political context.

From an academic point of view, it can be argued that this study contributes significantly to the body of knowledge on policy making in Kuwait and more specific on the policy towards CTF in Kuwait. As argued by Steven Wright:

The collective foreign policies have been thoroughly studied, but only a few studies have been conducted on the foreign policies of individual GCC countries. In order to do so, a multi-contextual analysis [domestic, regional, and international<sup>22</sup>] is needed.<sup>23</sup>

In addition, much existing English written literature on CTF has been written from a Western perspective. Therefore, this research approaches Kuwait's policy on CTF as a three level game, which is applied as a model to understand the complex dynamics of policy-making. This enables a thorough

---

<sup>20</sup> Dickinson, *Playing with Fire*, 16.

<sup>21</sup> FATF, "Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)" (FATF, 2015), 18-26, <http://www.fatf-gafi.org/publications/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html>.

<sup>22</sup> added by the researcher

<sup>23</sup> Wright, "Foreign Policy in the GCC STATES," 72-76.

understanding of the political situation in Kuwait. Finally, this study is done in light of the master Crisis and Security Management of the University of Leiden. This topic fits this master track since it combines terrorism and international diplomacy in a period of time in which Kuwait is facing rapid and partly unpredictable changes in- and outside the country.

From a societal perspective, this study hopes to contribute to the debate and policy-making on terrorism. Terrorism is one of the most important and pressing issues in today's global society. Terrorism has been proven to be hard to counter, because of its constantly changing methods. This includes the wide variety and constant changing sources of income of terrorists. It is essential to prohibit terrorists from accessing these sources in order to defeat them.<sup>24</sup> Both Kuwait and the Netherlands will hold a seat in the UN Security Council in 2018 during which the topic of terrorism is a pressing topic as well. This study contributes to future policy-making in the Gulf region by both the Dutch diplomatic representatives in the region, the relevant departments at the Ministries in The Hague, and other policy-makers in- and outside Kuwait.

Although there is an increase of interest in understanding terrorist financing, it appears that the US Treasury Department is the only entity that has the capacity to investigate the issue of terrorist financing in the Middle Eastern region in depth. European countries are mainly focused on the financing of Islamic institutions by Gulf countries in the European Union (EU). European representatives are aware of the (in) direct threat of terrorist financing in the Middle East, but hardly act upon this matter. There is not much cooperation between EU countries within the Gulf on this matter on the political level, and diplomatic representatives are generally not fully aware what intelligence units of their countries do on the issue of financing terrorism. Although little is known, the Western public opinion often criticizes the GCC countries and links these countries to terrorist financing, while the cases outlined by Western media are more often concerned with the financing of Islamic institutions instead of (direct) terrorist financing.<sup>25</sup> This research tries to nuance this criticism by filling this gap of knowledge towards terrorist financing in- and outside Kuwait.

---

<sup>24</sup> House of Commons Foreign Affairs Committee, "The UK's Role in the Economic War against ISIL" (house of commons, June 12, 2016), 3-4.

<sup>25</sup> Conversation with a Western European Diplomat in Kuwait, November 2017.

### 1.3 Structure of the Research Project

This study aims to provide a thorough understanding of policy-making in Kuwait on the topic of CTF.

Therefore, the following research question will be answered:

How do international, regional, and domestic actors influence the policy of Kuwait towards countering terrorist financing?

Chapter two expands upon the theory and methodology. The three-level game, based on the two-level game theory of Robert D. Putnam, functions as a model in order to explain the complexity of policy-making, in which the Kuwaiti government has to balance between the sometimes-conflicting demands of international, regional, and domestic actors towards CTF. The methodology shows how the research has been conducted and provides the definitions of terrorism and terrorist financing. Chapter three discusses the international, regional, and domestic political context, which is necessary as background information to understand the policy developments discussed in chapter four. Chapter four, 'the path towards Kuwait's CTF Policy', discusses the first three sub questions in order to explain how the policy of Kuwait towards CTF has changed. The first subchapter will answer the first sub-question: why is it so difficult to apply an agreed definition of terrorism in the fight against terrorism? The second subchapter will answer the second sub-question: why was Kuwait considered to be a permissive jurisdiction towards terrorist financing? Finally, the third subchapter will answer the third sub-question: how has Kuwait improved its policy-making towards countering terrorist financing after 2013?

In part II, chapter five, 'Kuwait's CTF Policy – A Balancing Act', will analyze how international, regional, and domestic actors have influenced the policy change of Kuwait towards CTF. The analysis provides the most important examples in recent history from which it derives that policy making in general, and more specific on CTF, is a balancing act. In order to structure this analysis, sub questions four, five, and six will be answered in line with the structure of the three level game. The first subchapter will answer the fourth sub-question: how do international actors influence the policy of Kuwait towards countering terrorist financing? The second subchapter will answer the fifth sub-question: how do regional actors influence the policy of Kuwait towards countering terrorist financing?

Finally, the third subchapter will answer the sixth sub-question how do domestic actors influence the policy of Kuwait towards countering terrorist financing?

The final chapter will provide a conclusion and policy recommendations. It can be concluded that international, regional, and domestic actors have influenced the policy of Kuwait towards CTF. The three-level game is a useful model to illustrate and structure the complexity of policy-making in Kuwait, which shows that each level contains a multitude of actors with different goals, interests, and power over Kuwait's decision-making.<sup>26</sup> This study primarily recommends Dutch policy-makers to invest more in: in-depth cooperation and capacity building towards CTF, and in the understanding of the different factions in Kuwait. Still, the recommendations are also useful for non-Dutch policy-makers in- and outside Kuwait.

## **Chapter 2: Theory and Methodology**

### **2.1 A Three-level Game: International, Regional, and Domestic**

Taking the step towards an international, regional, and domestically accepted and effective countering terrorist financing (CTF) policy requires multilevel negotiations by state representatives. International and regional negotiations often need to be approved domestically.<sup>27</sup> The complex balance between the, sometimes, conflicting interests and influences of the international, regional, and domestic level actors on Kuwait's policy is defined as the three-level game.

Robert D. Putnam describes this multilevel balancing act as a metaphor of playing a game on two tables, also referred to as the two-level game theory.<sup>28</sup> According to Putnam, state centric literature is not suitable for analyzing the international and domestic interdependence. It is essential to integrate both the domestic and international spheres to understand politics.<sup>29</sup> Domestic actors influence their government in international negotiations to adopt or reject policies. Politicians try to gain support from national actors on their turn to legitimate and sustain their power. Similarly, national governments try

---

<sup>26</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 434.

<sup>27</sup> Conceição-Heldt and Mello, "Two-Level Games in Foreign Policy Analysis," 3.

<sup>28</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 434.

<sup>29</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 433.

to pursue the demands posed by domestic actors, while minimizing the consequence of not acting in line with foreign developments and demands.<sup>30</sup> This is a complex challenge, because a move on the board might seem rational on the domestic level while it is considered impolitic on the international level or vice versa. The key player, referred to as the chief negotiator, has to look for opportunities at one level that will trigger realignments on the other level.<sup>31</sup>

In order to structure and understand the complexity of Kuwait’s policy-making, the regional level has been added to this research, which makes it a three-level game. In the case of Kuwait and especially in the Gulf region, regional level actors act considerably different than actors at the broader international level. Therefore, for the sake of sound analysis and understanding of this dynamic, this level is added. Of course, a metaphor does not replace theory, and a theory does not replace reality. However, the three-level game provides a model for analysis, which can be defined in three stages. Level I is referred to as the international level; level II is referred to as the regional level; and level III is referred to as the domestic level.<sup>32</sup> Every agreement needs to fall within the win-sets of these levels. In theory, a win-set reflects the conditions under which actors are willing to set an agreement. In practice, the win-set at each level is the result of negotiations and actions, the game played, of multiple actors at this level. Each level contains a multitude of actors with different goals, interests, and a certain power over Kuwait decision-making. A final agreement can only be successful when it falls within the win-set of each actor that plays the game. In the example below, an agreement can only be reached between the minimum conditions of domestic actors, and the maximum of regional actors.



Figure 1: Win-sets.<sup>33</sup>

<sup>30</sup> Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1998): 434.

<sup>31</sup> Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1998): 433-34.

<sup>32</sup> Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1998): 436.

<sup>33</sup> Figure 1 is created by the researcher.

Putnam argues that the size of win-sets on the international level depends on three factors. For this research the following reasoning can be applied to both the international and the regional level. First, the size of the win-set on the international and regional level depends on the conditions of domestic level. The win-set of domestic actors is dependent on the actual influence, preferences, and possible coalitions of domestic actors. Smaller states are often more likely to support international cooperation compared to more self-sufficient countries. In general, politicization affects negotiations negatively. Therefore, negotiations often take place secretly. Also, negotiations often involve more than one subject, by which the negotiator is involved in a multi-issue negotiation. The negotiator will try to ratify an agreement on the international level by promising domestic actors something in return, which they cannot achieve on the domestic level themselves.<sup>34</sup>

Second, the size of the international and regional win-set depends on the political institutions on the domestic level. The more autonomous the decision maker is, the larger the win-set on the domestic level. For this reason, representatives of a dictatorship are less likely to use domestic pressure on the negotiation table than democratic ones.<sup>35</sup> Kuwait is considered to be the most democratic state in the Gulf region, and often uses this excuse in negotiations on the regional and international level.<sup>36</sup> In practice, many institutional arrangements also require multilevel ratifications by which the complexity of a win-set analysis becomes even more complex. Putnam argues that this shows the importance of win-set analysis.<sup>37</sup>

Finally, the size of the win-set depends on the international and, or, regional strategies of the negotiator at the international level. On the one hand, the larger the win-set of the negotiator, the easier it is to set an agreement internationally, because there are more issues to negotiate on. On the other hand, a larger win-set weakens the bargaining position towards its counter parts, because more conditions are up for discussion. First, the negotiator can choose to offer extras to domestic actors, so called side-payments,

---

<sup>34</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998):442–46.

<sup>35</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 447–49.

<sup>36</sup> A practical example for Kuwait is the lack of a terrorism law. The parliament, represented by many different factions including Shia and Sunni hardliners, are not able, or willing, to reach an agreement. The influence of domestic institutions on policy-making towards terrorism, such as the parliament, will be further explained in chapter five, the analysis: P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>37</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 447–49.

in order to achieve more support and increase the size of its win-set.<sup>38</sup> As this research discusses in chapter five, the welfare society functions as a resilience mechanism towards sociopolitical dissatisfaction on the domestic level.<sup>39</sup> Second, international negotiators often do not exactly know what is at stake domestically, especially on the opposing side. This uncertainty is used as a bargain tool to convince the counterpart that there is no (better) alternative for the agreement discussed because of the size of the win-set at home. However, this uncertainty can also be contra productive when negotiators do not know whether their win-sets overlap. Third, international pressure is likely to expand the domestic win-set. The opposite might happen as well, but is less likely.<sup>40</sup> In Kuwait, international and regional pressure seems to be very effective. Like many other countries, Kuwait does not want to lose face.<sup>41</sup>

The final decision is dependent on the chief negotiator who can influence the outcome of an agreement personally. First, the negotiator might prefer an outcome that leads to either political rewarding or minimize at least political losses. Second, an international agreement can shift the balance of power domestically. Third, the negotiator might pursue its own concept of national interest on the international context. The negotiator sometimes can use a veto and reject an agreement because his or her constituency does not support it, by which a deal possibly threatens the existing coalition in a country.<sup>42</sup> For the sake of stability in Kuwait, the His Highness Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah balances all different interests on the domestic level. A position on either the Sunni or Shia hardliners will risk the balance between the 60-70 per cent Sunni and 30-40 per cent Shia Kuwaiti in society.<sup>43</sup> In chapter five, the analysis, this three level game is applied to practical examples to understand the influence of multilevel actors on the development of Kuwaiti policy towards CTF.

## 2.2 Methodology

### 2.2.1 Research Approach

In order to understand Kuwait's CTF policy as a three-level game, an inductive reasoning is used starting with factual observations. First, terrorism is one of the most pressing issues worldwide. It

---

<sup>38</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 454–56.

<sup>39</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>40</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 454–56.

<sup>41</sup> Kuwait started to expand its CTF policy after reports published by the US treasury department in which Kuwait was designated as one of the permissive jurisdictions: F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017.

<sup>42</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 456–60.

<sup>43</sup> Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.

appeared that under that umbrella, (de) radicalization, financing of foreign institutions such as schools and mosques, and terrorist financing are among the most pressing political issues regarding the Gulf region for the Dutch government, which is part of the context of this research. The least studied topic by the Dutch government was terrorist financing in the wider Gulf.<sup>44</sup> Since it is likely that terrorist financing becomes more pressing again in the future after the decline of Islamic State in Iraq and Syria (ISIS) and fall of the caliphate. Terrorist organizations will search for new incomes, and might become more reliant on foreign donations.<sup>45</sup> Therefore, understanding terrorist financing in the Middle Eastern region is crucial for the Netherlands. This study hopes to bridge the gap between the Western and Kuwaiti perspective towards CTF in Kuwait. In Kuwait there has been a clear policy change towards CTF in the years 2013-2014 after the implementation of law 106 of 2013 and critical reports of the US Treasury Department.<sup>46</sup> In order to understand this policy change, this research applied the three level game as model to answer the research question how international, regional, and domestic actors influence the policy-making in Kuwait towards CTF.

### 2.2.2 Methodologies

For this research, multiple sources (triangulation) are used in order to enhance the validity of the research outcome. Primary and secondary sources are used, as well as the outcome of multiple qualitative semi-structured diplomatic conversations with several Western (European) diplomats, representatives of both the Dutch Ministry of the Interior and Kingdom Relations, and the Dutch Ministry of Foreign Affairs, Think Tanks, a commercial bank in Kuwait, Kuwaiti scholars, an influential representative of the liberal faction in Kuwait, a Kuwaiti leader of the Muslim Brotherhood, and high level representatives of the Kuwaiti authorities including the Ministry of Social Affairs and Labor (MOSAL), the Ministry of Interior (MOI) (state security), the Criminal Investigation Department (CID), Interpol, the Central Bank of Kuwait (CBK), the Public Prosecutor, the Kuwait Financial Intelligence Unit (KwFIU), and the National Committee on Anti Money Laundering and Countering Terrorist Financing (AML/CTF).

---

<sup>44</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017.

<sup>45</sup> Analytical Support and Sanctions Monitoring Team, "United Nations Official Document," August 7, 2017, 5-7 [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2017/573](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2017/573).

<sup>46</sup> Katzman, "Kuwait: Governance, Security, and U.S. Policy," 19–20.



Given the sensitivity of this topic and the confidential nature of the Diplomatic conversations during this research, no names and official roles will be disclosed. The Dutch Ministry of Foreign Affairs confirms the existence of the conversations with these sources. If there is, in the interest of scientific research, a specific need or request to follow up on any of these sources, the Dutch Ministry of Foreign Affairs has a list of the actual roles and names of the individuals involved. It will be under the Ministries discretion to refer any interested third party to these specific sources. In the research, references to the diplomatic sources will be provided in the footnote by referring to both the institution of the officials and the date of the conversation. Each conversation is coded in the appendix, which shows how many different conversations have taken place and how many persons attended each conversation. In the bibliography these conversations are summed up as “conversations with officials in Kuwait, 2017”.

### 2.2.3 Definitions of Terrorism and Terrorist Financing

Terrorism is of all times and includes, amongst others, religious, left wing, and right wing terrorism. Given the wide variety of definitions and interpretations of terrorism, this research applies an academic consensus definition, based on research conducted by Alex Schmidt in 1988, consisting out of 16 elements:

Terrorism is an [1] anxiety-inspiring method of repeated [2] violent action, employed by (semi-) [3] clandestine individual, group, or state actors, for [4] idiosyncratic, criminal, or political reasons, whereby – in contrast to assassination – the direct targets of violence are not the main targets. The [5] immediate human victims of violence are generally chosen [6] randomly (targets of opportunity) or [7] selectively (representative or symbolic targets) from a target population, and serve as message generators. [8] Threat- and violence-based [9] communication processes between terrorist (organization), (imperiled) victims, and main targets are used to [10] manipulate the main target (audience(s)), turning it into a [11] target of terror, a [12] target of demands, or a [13] target of attention, depending on whether [14] intimidation, [15] coercion, or [16] propaganda is primarily sought.<sup>47</sup>

---

<sup>47</sup> Schmid, Alex. “Terrorism - The Definitional Problem.” *International Law Commons* 36, no. 2 (2004): 47, 382.

In the interest of the topic of terrorist financing in the Middle East, this research mainly focuses on Islamic inspired terrorism, which is based on the analysis of David Rapoport. David Rapoport analyzed four waves of terrorism over the last 135 years.<sup>48</sup> The fourth wave, which started in 1979, is based on religion with a specific focus on Islamic inspired terrorism. It has been the Iranian revolution, the Soviet-Afghan war, and the beginning of a new century in 79' according to the Muslim calendar in which a redeemer would come, which are the root causes for this wave of religious inspired terrorism. This terrorism also intensifies traditional divisions in the Arab World, such as the one between Sunni and Shia, which is fed by financial support of third parties that use terrorist organizations to fulfill their own goals.<sup>49</sup>

The definition of terrorist financing in this research is based on article 3 in the Kuwaiti law 106 of 2013<sup>50</sup> in which terrorist financing refers to:

Everyone who undertook or proceed directly, or indirectly, willingly and unlawfully to provide or collect monies with the intention of using them to commit a terrorist act or with his knowledge that they shall be used entirely or partially for this action for the benefit of a terrorist organization or someone that is a terrorist.<sup>51</sup>

### 2.3 Limitations

Logically, the research done is bound to limitations. Due to the time- and word limit, it has not been possible to go into every detail that impacts the decision-making process in Kuwait. Altogether, this study contributes as a clarification. The dynamics in the Middle Eastern region are incredibly complex, including the complex power imbalance in the region, the different types and interpretations of religion, and the different interests in combatting terrorism.<sup>52</sup> However, not every event that transpires in this region can be discussed here. As mentioned in the methodology, radicalization, financing of Islamic institutions (e.g. schools and mosques) by Gulf States in Western countries, and terrorist

---

<sup>48</sup> David C. Rapoport, "The Four Waves of Rebel Terror and September," *Anthropoetics* 8, no. 1 (2002), 1, <http://wrldrels.org/wp-content/uploads/2016/02/Rapoport-Four-Waves-of-Terror.pdf>.

<sup>49</sup> David C. Rapoport, "The Four Waves of Rebel Terror and September," *Anthropoetics* 8, no. 1 (2002), 6-8, <http://wrldrels.org/wp-content/uploads/2016/02/Rapoport-Four-Waves-of-Terror.pdf>.

<sup>50</sup> See Box 5, p. 29

<sup>51</sup> "Official Translation of Law No. 106 for the Year 2013 Regarding Combating Money Laundering and the Financing of Terrorism."

<sup>52</sup> U. Conversation with a Kuwaiti leader of the Muslim Brotherhood in Kuwait, November 2017.

financing are the most pressing issues for the Dutch government in 2017.<sup>53</sup> These three issues are closely interrelated, but due to the limits of this research it is not possible to go in-depth into all three, and therefore the focus of this research is limited to terrorist financing within the Middle Eastern region. Since there is no universally accepted definition of terrorism, this research is also limited by the definition used throughout the study. Because the term terrorism is so widely used, it is questionable whether all the relevant international, regional, and domestic actors mentioned in this research consider the definition used as a unitary concept.<sup>54</sup> Although the aim has been to bridge the gap between the, mainly Western-oriented, literature on terrorist financing and the Kuwaiti reality, the research will always be biased since a considerable part is based on English sources. Also, the aim to bridge the Western and Kuwaiti perspective is influenced by the belief and views of those who contributed to the research. It is not possible to reveal the contact persons considering the confidentiality of the diplomatic conversations. Therefore, this research has verified as much as possible what has been said during the conversations. On top of that, in order to be able to understand the Kuwaiti perspective more in depth, more research needs to be done on the role of all different factions within society<sup>55</sup>. Finally, this research tries to better understand the problem of terrorist financing. However, it is important to be aware about the fact that even an actor such as the United States (US) Treasury Department, which has huge capacity and capability, does not exactly know the scale of terrorist funding. As one of the sources claimed, the donor of a transaction might be visible, but often it remains an educated guess what the real intentions are and there might be a third person behind the donor who remains invisible.<sup>56</sup>

## **Chapter 3. Kuwait's Multilevel Political Context**

### **3.1 International**

Geographically and historically, Kuwait is located in a region faced by multiple political and security challenges. Throughout history, the Portuguese, Dutch, British and Americans have been dominant military powers in the region in order to secure their trade.<sup>57</sup> Britain established protectorate agreements with local ruling families in the Gulf, which provided them with a certain degree of sovereignty by which the Gulf rulers gained international legitimacy. After Britain withdrew in 1971,

---

<sup>53</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017.

<sup>54</sup> Schmid, Alex. "Terrorism - The Definitional Problem." *International Law Commons* 36, no. 2 (2004): 47, 381.

<sup>55</sup> See Box 3, p. 25

<sup>56</sup> J. Conversation with a Western European Diplomat in Kuwait, October 2017.

<sup>57</sup> Wright, "Foreign Policy in the GCC STATES," 76-78.

the United States (US) took over the role as security provider. The Gulf faced crisis after crisis in which regional and international actors constantly played an important role, especially as security provider, which has an important political impact.<sup>58</sup> Territorial disputes have grown since oil was discovered in the region, because oil became the primary source of income for the countries in the region.<sup>59</sup> The 90' Iraq invasion in Kuwait is a concrete example of this. Saddam Hussein claimed that Kuwait was a province of Iraq. Kuwait's rich oilfields, plus the allegation that Kuwait violated the border by exploiting oil from the Iraqi side, resulted in the 1990 invasion. Led by the US, multinational troops liberated Kuwait. Since then, the US is acting as security provider in Kuwait and secures its own interests in the region, with a significant military presence.<sup>60</sup> For example, Camp Arifjan, the command center of the US led international coalition against the Islamic State in Iraq and Syria (ISIS), is established in Kuwait. Also, Kuwait is part of a wide variety of international bodies including those fighting terrorism, and hosts almost 100 foreign embassies. In return, international actors - especially the US after the war on terror started after 9/11 - demand that Kuwait acts harsher on terrorism, both in- and outside its territory.<sup>61</sup> For a small country like Kuwait, it is important to maintain good relations with foreign actors for the sake of its own stability in a turbulent region.

### 3.2 Regional

The Gulf region is of strategic importance for the world because of four main reasons. First, the countries of the Gulf Cooperation Council (GCC), Iran, and Iraq together possess around 47,5 percent of the world's proven crude oil reserves in 2017.<sup>62</sup> Worldwide, fossil fuels remain important. The demands are even expected to rise globally in the upcoming decades. Second, the region is a hub for international trade. Therefore, stability in this region is important. However, the aim of both Iran and Saudi Arabia to become the regional hegemon is destabilizing the region dramatically. Iran wants to increase its own influence and decrease any foreign presence, while Saudi Arabia partly relies on the involvement of the US. Third, the US's support for Israel is important in the Israel, Iran relations. The

---

<sup>58</sup> Mehran Kamrava, "The Changing International Relations of the Persian Gulf," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 1–3.

<sup>59</sup> Also known as rentier states, because they derive a large part of its national revenues from the rent of internal resources to external actors. Beblawi, HZem, and Luciani Giacomo. *The Rentier State*. New York: Routledge Library Editions: Politics of the Middle East, 2015

<sup>60</sup> J.E. Peterson, "Sovereignty and Boundaries in the Gulf States," in *The International Politics of the Persian Gulf* (University of Georgetown: Center for International and Regional Studies, 2011), 41–43.

<sup>61</sup> Mohammed Ayoob, "American Policy Toward the Persian Gulf Strategies, Effectiveness, and Consequences," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 127–30.

<sup>62</sup> "BP Statistical Review of World Energy 2017" (BP, 2017), 12, <https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review-2017/bp-statistical-review-of-world-energy-2017-full-report.pdf>.

Gulf fears that any escalation between the US and Iran will result in a military clash on its soil, because of the large US military footprint in the region. Finally, the role and nature of Islam in this region plays a major role in both regional and international politics. Especially the Sunni, Shia division, which also reflects the political struggle between Riyadh and Teheran, and the impunity with which terrorist groups spread sectarianism in the wider Middle Eastern region, influences international, regional, and Kuwait's domestic politics.<sup>63</sup>

#### **Box 1: The Sunni Shia division explained**

The Sunni-Shia division is an ongoing conflict for already about 1,400 years, which is still visible today in the political struggle between Riyadh and Teheran. In Saudi Arabia, which is ruled by a Sunni monarchy also known as the House of Saud, 90 per cent of the population is Sunni. In the Islamic Republic of Iran a majority of 95 per cent of the population is Shia.

The conflict dates back to the years after the death of the Prophet Mohammed in 632, who died without a clear successor. The lack of a successor has been the beginning of a deep-rooted sectarianism. The Sunnis believe that the Prophet's friend and advisor Abu Bakr was the first leader, or 'caliph', while Shias believe that Mohammed's cousin and son-in-law Ali was chosen by Allah to become the leader.

Nowadays, Sunni Muslims are convinced that their interpretation of Islam follows the Sunna, the way of Mohammed, and Shias are convinced that only the followers of Ali, who was the rightful first caliph, can be the true leaders of Muslims.

Box 1: The Sunni Shia division explained.<sup>64</sup>

Kuwait is especially concerned with a sectarian spillover: the fear that regional tensions between Sunni and Shia, or Sunni attacks against Shia and vice-versa on Kuwaiti soil, increase the tensions between the different factions in Kuwaiti society of which 30-40 per cent is Shia and 60-70 per cent Sunni (Figure 2). For Kuwait as a small state in the dynamics of the Gulf and wider Middle Eastern region, it is important to balance all these interests: the role as strategic energy exporter and regional and domestic security.<sup>65</sup> The invasion in 1990 made Kuwait aware of its fragile geographic location between three major powers: Saudi Arabia, Iran, and Iraq. The collapse of Iraq after the fall of Saddam Hussein in 2003 made Iraq a battleground for sectarian groups, which also threatens Kuwait (Figure 2).<sup>66</sup>

<sup>63</sup> Kamrava, "The Changing International Relations of the Persian Gulf," 3-9.

<sup>64</sup> Hall, John. "Sunni and Shia Muslims: Islam's 1,400-Year-Old Divide Explained." *The Independent*, January 4, 2016. <http://www.independent.co.uk/news/world/middle-east/sunni-and-shia-islams-1400-year-old-divide-explained-a6796131.html>.

<sup>65</sup> Wright, "Foreign Policy in the GCC STATES," 87-90.

<sup>66</sup> Joseph Kostiner, "GCC Perceptions of Collective Security in the Post-Sadam Era," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 96-99.

The Arab spring in 2011 created another pressure on the kingdoms in the GCC threatening the status quo in royal houses are in power.<sup>67</sup> The Arab spring has resulted in a proxy war for (extra) regional powers in Syria and Iraq. All sorts of resources, including weapons and financial support, have been invested into these conflicts by those powers. A situation erupted in which the enemy of my enemy is my friend, by which not only moderate opposition groups were empowered, but also terrorist groups.<sup>68</sup> Foreign governments and related parties, especially professional intelligence services, can easily support terrorist organizations without other parties knowing it. This makes it even harder to combat (the financing of) terrorism.<sup>69</sup> Before the war started in 2011 in Syria, the Kuwaiti government maintained good relations with the Assad family, who always supported Kuwait in the fight against Saddam Hussein. This explains the neutral position of Kuwait towards Syria after 2011, while for example Saudi Arabia and the United Arab Emirates (UAE) wanted to topple Assad from the beginning.<sup>70</sup> Kuwait clearly tried to maintain its neutral position, but the public opinion in Kuwaiti society was split. Some of the Shia factions allied with the Syrian regime, while Sunni factions opposed the Syrian regime. In order to prevent sectarian tensions within Kuwait, a rather permissive and open environment existed towards any kind of support for either the rebel groups or government-affiliated groups in Syria and Iraq.<sup>71</sup>

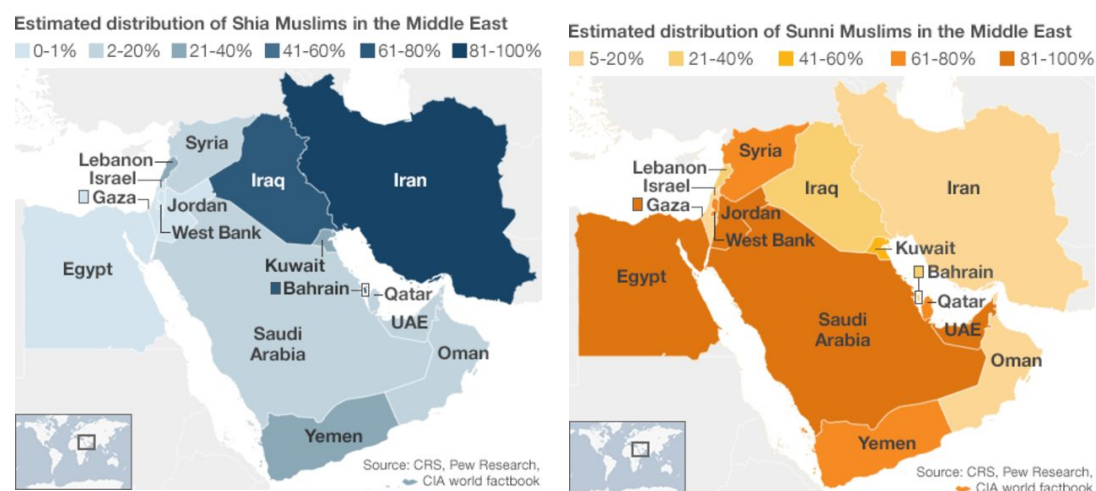


Figure 2: Estimated distribution of Shia and Sunni Muslims in the Middle East.<sup>72</sup>

<sup>67</sup> Joseph Kostiner, "GCC Perceptions of Collective Security in the Post-Sadam Era," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 113–19.

<sup>68</sup> Aron Lund, "How Assad's Enemies Gave Up on the Syrian Opposition" (The Century Foundation, October 31, 2017), <https://tcf.org/content/report/assads-enemies-gave-syrian-opposition/>.

<sup>69</sup> P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>70</sup> I. Conversation with a Kuwaiti Scholar in Kuwait, September 2017; L. Conversation with a Diplomat of a Western European Embassy in Kuwait, November 2017.

<sup>71</sup> Dickinson, *Playing with Fire*, 19–21.

<sup>72</sup> "Sunnis and Shia in the Middle East," *BBC News*, December 19, 2013, sec. Middle East, <http://www.bbc.com/news/world-middle-east-25434060>.

In the hope to remove Assad, Sunni Kuwaiti were sympathizing with, and financially supporting, Sunni terrorist groups, including those designated as terrorists by the United Nations (UN) sanction list such as Al-Qaida. Others, mainly Shia, directly supported the Assad regime, or indirectly tried to influence the battle through parties such as Hezbollah. This contributed to the splintering of the different factions in the civil war. On top of that, both Sunni and Shia sides in Kuwait became more opposed. The permissiveness in society and the public donation campaigns for different kinds of groups resulted in a peak in funding in 2012, because Kuwait's most prominent Sunni and tribal leaders, including Muslim Brothers, and Salafi parliamentarians (box 2), clerics and other public figures started (online) donation competitions. Collection gatherings were also held in diwanis – traditional Kuwaiti reception halls. Next to charities, money was transferred through Hawala agents,<sup>73</sup> through businesses, or through third countries such as Lebanon, Turkey, or Jordan. Some prominent Kuwaiti even travelled to Syria.<sup>74</sup>

#### **Box 2: Terrorist support in parliament**

Parliamentarian Waleed Al-Tabtabaei openly supported Al-Nusra and was portrayed on Youtube holding AK-47's and preparing and launching Grad missiles allegedly at the Syrian coast while visiting the group in 2013. Tabtabaei is considered to be one of the most influential figures among the armed groups in Syria. The same parliamentarian is still active as a politician in 2017 and 2018. He recently urged for terrorism laws sentencing ISIS and Hezbollah affiliates with 10 to 20 years imprisonment early 2017. The parliamentarian has been rejected to travel to several EU countries because of his alleged affiliation with terrorists.

This is a striking example of the different ideas on terrorism on the domestic and regional level, and the international level. At least some domestic and regional actors seem to allow Al-Nusra, but reject both ISIS and Al-Qaida. While at the international level, Al-Nusra is Al-Qaida. Therefore, Al-Nusra is seen as a terrorist organization at the international level and is also listed on the UN sanction list.

Box 2: Terrorist support in parliament.<sup>75</sup>

Donors did not always know where their money exactly went. In general, people wanted to support their brothers in Syria on both the Sunni and Shia side. According to a diplomatic source, 99 per cent of the Kuwaiti people would be a terrorist financier without knowing it, because of the generous culture

<sup>73</sup> "Hawala agents operate similarly to a small-time Western Union or other transfer services, sending money from individual to individual—but cash rarely crosses borders. Rather, based on trust and often tribal connections, dealers tally their exchanges, which usually balance as cash crosses from one beneficiary to another. Deficits are often made up with cash payments. Since there is no paper trail, hawala agents have often previously been implicated" in Dickinson, *Playing with Fire*, 21.

<sup>74</sup> Dickinson, *Playing with Fire*, 1–13.

<sup>75</sup> Anjarini, Suhaib. "The Unknown Role of Kuwait's Salafis in Syria." *Al-Akbar*, March 21, 2014. <http://english.al-akhbar.com/node/19123>; George Sadek, "Kuwait: Counter Terrorism Legislation Proposed By MP | Global Legal Monitor," web page, August 3, 2017, <http://www.loc.gov/law/foreign-news/article/kuwait-counter-terrorism-legislation-proposed-by-mp/>; Habib Toumi, "Kuwait MP Calls for Jailing of Hezbollah, Daesh Supporters," GulfNews, June 25, 2017, <http://gulfnews.com/news/gulf/kuwait/kuwait-mp-calls-for-jailing-of-hezbollah-daesh-supporters-1.2064049>.

and the obligation of each worshipper to share a certain percentage of its income with poor people.<sup>76</sup> The quantity of the donations is unknown, but most likely it reached into hundreds of millions of dollars during its peak, including donations from other Gulf countries.<sup>77</sup> Even large support from neighboring countries, such as Saudi Arabia, frequently went through Kuwait to Syria and Iraq. It is unknown whether this is still the case or not.<sup>78</sup> In the end, it seems that the Kuwaiti government did not provide terrorist financing, but they could not stop the funding of terrorists abroad. Any attempt of the government to stop funding to groups fighting Assad could easily be countered by Islamist parties by claiming that the government is working with the Iranian regime against the Syrian people.<sup>79</sup> Such an allegation would not be positive for the relations of Kuwait with other Gulf countries, especially Saudi Arabia.

Unfortunately, financial transactions, especially through third parties, cash, Hawala agents and virtual money such as Bitcoins are still incredibly difficult or even impossible to monitor, which means that terrorist financing in Kuwait has not completely disappeared.<sup>80</sup> The estimation is that the amount dropped from hundreds of millions to tens of millions.<sup>81</sup> According to the UN threat assessment of August 2017, terrorist financing by third parties is likely to rise (again) in 2018. Because the expected collapse of ISIS, it might restructure in separate cells searching for sources of income without an overall command structure, such as Al-Qaida did before. Relocators, those who have fled ISIS territory to a third country, and returnees might be able to find ways to support terrorism. Also, aid delivered to former ISIS territory might end up in the wrong hands. Some terrorists might seek alternative organizations in order to continue the extremist ideology, such as Al-Qaida.<sup>82</sup>

### 3.3 Domestic

Kuwait's policy-making towards countering terrorist financing (CTF) needs to be understood in its sociopolitical context. Kuwait is a small seaward looking state with approximately 4.1 million inhabitants of which 70 per cent is expatriate and 30 per cent Kuwaiti. Only around 500.000 of the

---

<sup>76</sup> F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017; R. Conversation with high ranking officials at the Ministry of Interior, November 2017.

<sup>77</sup> Dickinson, *Playing with Fire*, 3–4.

<sup>78</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017.

<sup>79</sup> Dickinson, *Playing with Fire*, 3–4.

<sup>80</sup> FATF, "Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)" (FATF, 2015), 18-26, <http://www.fatf-gafi.org/publications/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html>.

<sup>81</sup> F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017.

<sup>82</sup> Analytical Support and Sanctions Monitoring Team, "United Nations Official Document," August 7, 2017, 5-7 [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2017/573](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2017/573).



Kuwaiti have the right to vote. Kuwait hardly grants citizenships in order to remain the status quo and the internal balance in which 60-70 per cent of the Kuwaiti has a Sunni background and 30-40 per cent Shia<sup>83</sup>. Officially, freedom of religion exists for those who believe in another religion,<sup>84</sup> but both Islam and tribalism constitute the character of the Kuwait's politics and identity. Despite the fact that there is often a large, bureaucratic, ministry behind each foreign policy, only a few officials (ruling family members, intellectuals, and technocrats) do really influence the policy. Power struggles within the ruling families are an important influence on policy-making as well. Therefore, politics in the Gulf are very much personalized on both the domestic and regional level.<sup>85</sup>

Kuwait is considered to be one of the most politically dynamic countries in the Gulf. His Highness Amir Sheikh Sabah IV Ahmad Al-Jaber Al-Sabah tries to balance all influences from the in- and outside in order to maintain stability and security inside Kuwait, the status quo and to prevent any damage to its reputation. The Amir maintains relatively good relations with all regional powers balancing between Saudi Arabia, Iran and Iraq, which is shown by Kuwait's long history as an honest broker. The current Amir, who previously served as Minister of Foreign affairs for more than 40 years, is seen as a founding father of the GCC unification. The Amir mediated in the unification of the United Arab Emirates, negotiated in crises between Saudi Arabia and Iran, tried to solve the Yemeni crisis, and is the mediator in the 2017 diplomatic crisis between Qatar and the quartet of Saudi Arabia, United Arab Emirates, Bahrain, and Egypt. In 2018, the Amir is planning to host the donor conference on rebuilding Iraq. The UN has designated the Amir as humanitarian leader in 2014.<sup>86</sup> Kuwait benefits from this neutral position on the international, regional and domestic level. On the domestic level, this neutral position allows Kuwait, at least for the time being, to balance between all different factions, including Sunni and Shia hardliners. However, there is fear that Kuwait might face additional forceful regional pressure and even a similar blockade as Qatar in the future,<sup>87</sup> but the opinions on this matter are widely divergent.

---

<sup>83</sup> Dickinson, *Playing with Fire*, 3–4.

<sup>84</sup> Only the Islam, Christianity, and Judaism are considered as a religion. More than 85% is Muslim, and around 10% is Christian. Most of them come from the Philippines. It is forbidden to convert people to any other religion than the Islam. V. Conversation with a representative of a Western European Embassy in Kuwait, December 2017.

<sup>85</sup> Wright, "Foreign Policy in the GCC STATES," 78–85.

<sup>86</sup> L. Conversation with a Diplomat of a Western European Embassy in Kuwait, November 2017; "Country Profile," Oxford Business Group, July 20, 2017, <http://www.oxfordbusinessgroup.com/kuwait-2017/country-profile>.

<sup>87</sup> Izzak, B. "Lawmaker Warns of Qatar-like Blockade. Calls, Calls for Readiness." *Kuwait Times*, December 26, 2017. <http://news.kuwaittimes.net/website/lawmaker-warns-qatar-like-blockade-calls-readiness/>.

Internally, there are two more tools through which Kuwait tries to maintain the status quo, which are dollar diplomacy and the Kuwaiti parliament. First, the vast profits and welfare resulting from the role as oil exporter has functioned as a form of resilience towards international, regional, and domestic sociopolitical pressures. However, the need for economic diversification, which includes the need for taxation, sustainability, and an increase in oil prices, is likely to lead to more international and regional dependence and domestic sociopolitical tensions.<sup>88</sup> Second, the parliament openly represents all different factions in society, which can be roughly divided in Sunni Islamists, Shia, and (Sunni, Shia) Liberals. However, in reality this division is much more complex (Box 3). In order to keep the domestic balance in place, the government is forced to allow all factions including Sunni and Shia hardliners in society and politics. They share a large part of the wealth in society and implement their own agenda.<sup>89</sup>

### **Box 3: Factions in Kuwait's society**

A simplification of the different factions within Kuwait shows three main groups: Sunni Islamists, Shia, and (Sunni and Shia) Liberals. However, those three factions can be subdivided again in different tribal groups, Salafi, Muslim Brotherhood, Shia, socialists, Arab nationalists, secularists, and urban people. Within this division, a Sunni Islamist can be a Salafi and a tribe member at the same time, as well as a Shia can be liberal and belong to a tribe at the same time. This makes the different factions within Kuwait incredibly complex.

Box 3: Factions in Kuwait's society.<sup>90</sup>

The largest challenge for Kuwait remains the sympathy in society for the implicit goals of the several terrorist organizations, who will try to find other routes than the banking system to support terrorists. A 100 per cent control on financing seems not possible.<sup>91</sup> In 2017, the US Treasury sanctioned the Kuwaiti based Muhammad Hadi al-Anizi for both financial and logistical support to Al-Nusra Front and Al-Qaeda.<sup>92</sup> Also, Shia affiliated organizations still attracted Kuwaiti sympathy in 2017. One example is Hezbollah, which gains support from Iran and has been designated as terrorist organization in 2016 by Kuwait. Hezbollah franchises such as the Hashd al-Shaabi, also known as Popular Mobilization Units (PMU) in Iraq, attracted around 30 Kuwaiti fighters, which raised concerns among

<sup>88</sup> Wright, "Foreign Policy in the GCC STATES," 86–87.

<sup>89</sup> Dickinson, *Playing with Fire*, 1–13.; See also box 5, p. 29

<sup>90</sup> V. Conversation with a representative of a Western European Embassy in Kuwait, December 2017.

<sup>91</sup> H. Conversation with a Think Tank in Kuwait, September 2017; P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>92</sup> Thomas Joscelyn, "Treasury Sanctions Kuwait-Based Al Qaeda Facilitator," Foundation for Defense of Democracies, March 14, 2017, <http://www.defenddemocracy.org/media-hit/thomas-joscelyn-treasury-sanctions-kuwait-based-al-qaeda-facilitator/>.

the Kuwait government.<sup>93</sup> However, according to a Kuwaiti poll, 94 per cent of the Sunni, and 85 per cent of the Shia population views Hezbollah negatively, and 85 per cent of the Kuwaiti rejects Iran's regional policies in 2017, which is considerably higher than the preceding years.<sup>94</sup>

## Chapter 4. The Path Towards Effectively Countering Terrorist Financing

### 4.1 The Terrorism Phenomenon

Terrorism is an essentially contested concept.<sup>95</sup> Terrorism is complex because there is no worldwide-agreed definition of this phenomenon.<sup>96</sup> Although, terrorism transcends theoretical discussions, it is crucial to agree on a definition of terrorism in order to effectively counter the phenomenon.<sup>97</sup> This subchapter answers the first sub-question: why is it so difficult to apply an agreed definition of terrorism in the fight against terrorism?

Terrorism is often political, because multilevel actors employ terrorism to reach certain goals. Definitions of terrorism are also often used as political narrative allowing politicians to increase power and justify regulations on defense and security issues. In some cases politicians use the concept of terrorism to refer to their opponents. Others define acts of terrorism as a way to achieve national liberation. In 1998, the Arab league made this distinction as well in a document entitled 'Arab strategy in the struggle against terrorism' by emphasizing that activities aiming for liberation and self-determination, referring to Lebanon and Palestine, are not in the category of terrorism.<sup>98</sup> The risk of this approach is justifying and accepting the cliché, 'one man's terrorist is another man's freedom fighter', because it depends on the perspective and worldview of those who define.<sup>99</sup> As put forward by the online news portal Middle East Eye in 2017, few concepts are more widely discussed than terrorism, without a clear understanding of the concept.<sup>100</sup> Without a clear understanding of the concept of

---

<sup>93</sup> Brandon Wallace, "Foreign Fighters Among the Hashd Al-Shaabi," August 22, 2017,

<http://www.washingtoninstitute.org/policy-analysis/view/foreign-fighters-among-the-hashd-al-shaabi>.

<sup>94</sup> "New Kuwaiti Poll Shows Mostly Positive Views on US Policy Push, but Some Splits." Kuwait Times, November 4, 2017.

<http://news.kuwaittimes.net/website/new-kuwaiti-poll-shows-mostly-positive-views-us-policy-push-splits/>.

<sup>95</sup> W.B. Gallie, "XI.-Essentially Contested Concepts," *Proceedings of the Aristotelian Society* 56, no. 1 (June 1, 1956): 167–98, <https://doi.org/https://doi.org/10.1093/aristotelian/56.1.167>.

<sup>96</sup> "Global Terrorism Index 2016" (Institute for Economics and Peace, 2016), 5–11, <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.

<sup>97</sup> Boaz, "Defining Terrorism - Is One Man's Terrorist Another Man's Freedom Fighter?"

<sup>98</sup> "Arab League Nations Sign Anti-Terror Accord," International Institute for Counter-Terrorism, April 21, 1998, <http://www.ict.org.il/Article/1585/Arab-League-Nations-Sign-Anti-terror-Accord>.

<sup>99</sup> Boaz, "Defining Terrorism - Is One Man's Terrorist Another Man's Freedom Fighter?"

<sup>100</sup> Peter Osborne, "Terrorism: A History of Violence," Middle East Eye, accessed August 15, 2017, <http://www.middleeasteye.net/essays/david-anderson-and-definition-terrorism-608161931>.

terrorism and an international wide agreed definition, it is hard to hold countries responsible in case of a permissive environment towards financing terrorism.<sup>101</sup>

**Box 4: Definition of Terrorism according to law 106 of 2013 article 1**

According to law 106 of 2013, article 1, terrorism is:

“Any act or attempted commitment in the State of Kuwait or it was committed in any other places in the following cases: If the act targets the murder of a civil person or any other person, or inflicting on him severe bodily injuries when this person does not participate in hostile acts in case of arising of an armed conflict and the purpose of this act is to terrorize a residential group or to force the government or an international organization to undertake any act or to abstain from it. If the act constitutes a crime according to the definitions that are provisioned in the following international conventions or protocols [...] Any other international convention or another international protocol relating to terrorism or its financing that the state of Kuwait endorsed and its law was published in the official gazette.”

Box 4: Definition of terrorism according to law 106 of 2013 article 1.<sup>102</sup>

The definition of terrorism in Kuwait is rather vague (Box 4), because the definition of terrorism in Kuwait is also highly political. Since 2016, the Kuwaiti government tries to implement a terrorism law under which terrorists can be convicted, however the parliament, reflecting all different factions in society, does not ratify such terrorism law.<sup>103</sup> As mentioned earlier, more pressure on this by the government could lead to domestic unrest and destabilize the balance between all different factions in society. Therefore the criminal law is applied in terrorist cases, and in case of terrorist financing law 106 of 2013 is used.<sup>104</sup> During the conversations held in Kuwait, any questions regarding the definition of terrorism applied in Kuwait were answered by referring to the translation of law 106 for the year 2013 regarding combating money laundering and the financing of terrorism (box 4). For this research, the Kuwaiti definition is too broad to apply and, as shown in Box 4, the English translation is poor. Still, it is interesting to look into the definition, because both law 106 of 2013 and the conversations with Kuwaiti officials show that the definition of terrorism heavily relies on definitions in international agreements. This shows Kuwait’s commitment to international requirements and demands. This can also be concluded based on the fact that both the Kuwaiti national list of 110 entities and the United

<sup>101</sup> Boaz, “Defining Terrorism - Is One Man’s Terrorist Another Man’s Freedom Fighter?”

<sup>102</sup> “Official Translation of Law No. 106 for the Year 2013 Regarding Combating Money Laundering and the Financing of Terrorism.”

<sup>103</sup> Q. Conversation with high ranking officials at the Criminal Investigations Department and Interpol in Kuwait, November 2017.

<sup>104</sup> P. Conversation with high ranking officials of the Public Prosecution, November 2017.

Nations (UN) sanctions list are the most important guidelines for Kuwait's policy towards countering terrorist financing (CTF).<sup>105</sup>

## 4.2 Kuwait: 'A Permissive Society'

Kuwait's relative open political and social system has been permissive towards illicit financing until the new law 106 of 2013 regarding combating money laundering and the financing of terrorism was passed in parliament and actually enforced from 2014 onwards (Box 5). The relevant political and social context, in which Kuwait tries to avoid sectarian tensions on its own territory, has been described in chapter 3. Internationally, the lack of an effective CTF policy in Kuwait resulted in firm critique. This subchapter discusses that critique by answering the second sub question: why was Kuwait considered to be a permissive jurisdiction towards terrorist financing?

After 9/11, Kuwait's 2002 anti-money laundering law was not focused on terrorist financing. Also, some charitable organizations sanctioned by US Treasury because of their involvement in terrorist financing activities are still active in Kuwait.<sup>106</sup> One example is the Society of the Revival of Islamic Heritage (IHRS), which is still active in Kuwait in 2017.<sup>107</sup> The Financial Action Task Force (FATF), an intergovernmental organization funded in 1989 on the initiative of the G7 to develop policies to combat money laundering, critically analyzed Kuwait's behavior towards CTF in 2011 by arguing that Kuwait did not implement UN resolutions on CTF. Also, the Kuwaiti Financial Intelligence Unit was not yet established as an independent body. This made Kuwait vulnerable for being a hub for terrorist financing as explained in chapter three.<sup>108</sup> Large amounts of cash money also went from other Gulf countries, including Saudi Arabia, through Kuwait to terrorist organizations.<sup>109</sup>

The US Under Secretary for Terrorism and Financial Intelligence of the US Treasury Department, David Cohen, called Kuwait a 'permissive jurisdiction' for terrorist financing in 2014,<sup>110</sup> and described both Kuwait and Qatar as the top sources of private financing to Al-Qaeda affiliated terrorists in Syria

---

<sup>105</sup> N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017; S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

<sup>106</sup> Dickinson, *Playing with Fire*, 3–4.

<sup>107</sup> IHRS branches in Pakistan and Afghanistan are sanctioned since 2002. In Kuwait since 2008: "Terrorism and Illicit Finance." U.S. Department of the Treasury, 2017. <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/protecting-fto.aspx>.

<sup>108</sup> FATF, "MUTUAL EVALUATION OF KUWAIT EXECUTIVE SUMMARY: Anti-Money Laundering and Combating the Financing of Terrorism," July 24, 2011, <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Kuwait%20ES.pdf>.

<sup>109</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017.

<sup>110</sup> Katzman, "Kuwait: Governance, Security, and U.S. Policy," 19–20.

in 2014.<sup>111</sup> On top of that, there have been various reports about Kuwait and other Gulf countries funding both the Taliban and Al-Qaida through Islamic charities and other institutions.<sup>112</sup> As a response to the international critique, Kuwait actively implemented and enforced law 106 of 2013 on terrorist financing in 2014 and has made significant progress on its policy towards CTF.

**Box 5: Terrorist financing according to law 106 of 2013 article 3**

According to law 106 of 2013, terrorist financing is:

“The Dealing: every purchase, sale, loan, real estate mortgage, a donation, or transfer, deliver, deposit, or withdraw money, or to transfer them through a draft, or to dispose of them in any way, in any currency, in cash or by checks, payment orders, shares, bonds or any other financial instruments or the use of treasuries and other forms of safe deposit, or any other disposition of funds which are determined by the executive regulations.”

“Financing a terrorism crime: everyone who undertook or proceeded directly or indirectly, willingly and unlawfully to provide or collect monies with the intention of using them to commit a terrorist act or with his knowledge that they shall be used entirely or partially for this action for the benefit of a terrorist organization or someone that is a terrorist. [...] a crime of the financing of terrorism, even if the terrorist act was not committed or the monies were not actually used to execute or to attempt to execute it or the monies are linked to a specific terrorist act in whatever country where occurred the attempt of a terrorist act.”

“Monies: any type of assets or properties, whether they are money, securities, commercial papers, movable or immovable values, corporeal, (?), and all rights related to them, regardless of the means with which they were obtained as well as documents and legal instruments – in whatever form they are – including this the electronic or digital form, banking facilities, checks payment orders, stocks, bonds, promissory notes, letters of guarantee, whether existing without or outside the State of Kuwait.”

Box 5: Terrorist financing according to law 106 of 2013.<sup>113</sup>

### 4.3 The Tipping Point: Kuwaiti Progress towards CTF

The State of Kuwait has been upgraded on the revision list of the Middle East & North Africa Financial Action Task Force (MENAFATF) against Money Laundering and Terrorist Financing in 2015 and is actively committed to international cooperation towards CTF. Kuwait is considered to be a country that is developing efforts to combat terrorist financing.<sup>114</sup>

<sup>111</sup> “Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on ‘Confronting New Threats in Terrorist Financing,’” April 3, 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl2308.aspx>.

<sup>112</sup> “Global Terrorism Index 2016” (Institute for Economics and Peace, 2016), 58-59, <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.

<sup>113</sup> “Official Translation of Law No. 106 for the Year 2013 Regarding Combating Money Laundering and the Financing of Terrorism.”

<sup>114</sup> Arab Times, “Kuwait Calls for Exchanging Info on Anti-Money Laundering Efforts - Al-Sayegh Participates in MENAFATF Meeting,” April 26, 2017, <http://www.arabtimesonline.com/news/kuwait-calls-exchanging-info-anti-money-laundering-efforts->

In order to be successful in CTF, it is essential to prohibit terrorists from accessing their financial resources.<sup>115</sup> Limiting the resources of terrorists makes a group less relevant and less attractive to (foreign) fighters. A group with limited financial capacity affects the morale, leadership and legitimacy in a network. For that reason, terrorist groups constantly try to find new sources of income.<sup>116</sup>

Effective policy-making that counters the possibility to funnel money is one of the crucial measures a single government can take on CTF. However, governments also need to take into account the consequences of disruption. Authorities involved in tracking and disrupting financial flows to terrorist groups constantly need to make a cost-benefit analysis on what information will be lost after curtailing the financial source. Without understanding the structural facets of a network, financial curtailment will make the detection, prediction, and prevention of further acts of terrorism more difficult.<sup>117</sup> In April 2017, the State of Kuwait argued that it is necessary to exchange information on anti-money laundering and counterterrorism efforts. As a nation, Kuwait has developed its apparatuses to combat money laundering and terrorism.<sup>118</sup> This subchapter looks into sub question three: how has Kuwait improved its policy-making towards countering terrorist financing after 2013?

#### 4.3.1 Kuwait Authorities

Law 106 of 2013 regarding anti-money laundering and combating terrorism financing and its amendments has provided legal base for the prosecution of terrorist financing.<sup>119</sup> It appears from the conversations in Kuwait that this law has been the fundamental change in recent history towards CTF. According to a diplomatic source, the law went through parliament without any hiccups, because the international critique on Kuwait's policy by then showed the necessity of implementing a new law.<sup>120</sup> This would be a concrete example of international pressure increasing the domestic win-set.<sup>121</sup> It is an

---

al-sayegh-participates-menafatf-meeting/; "Mutual Evaluation Report 3rd Follow-Up Report for State of Kuwait: Anti-Money Laundering and Combating the Financing of Terrorism." MENAFATF, April 29, 2015. <http://www.menafatf.org/information-center/kuwait-exits-follow-process>.

<sup>115</sup> House of Commons Foreign Affairs Committee, "The UK's Role in the Economic War against ISIL," 14–19.

<sup>116</sup> Analytical Support and Sanctions Monitoring Team, "United Nations Official Document," August 7, 2017, 5-7 [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2017/573](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2017/573).

<sup>117</sup> Nicole Minkina, "The Islamic State of Iraq and Syria: Financing the Threat," February 13, 2015, <http://www.yaleeconomicreview.org/archives/article/the-islamic-state-of-iraq-and-syria-financing-the-threat>.

<sup>118</sup> Arab Times, "Kuwait Calls for Exchanging Info on Anti-Money Laundering Efforts - Al-Sayegh Participates in MENAFATF Meeting."

<sup>119</sup> United States Department of State Publication Bureau of Counterterrorism, "Country Reports on Terrorism 2016," 198–202.

<sup>120</sup> N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017.

<sup>121</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 442–56.

interesting argument, since Dickinson argues that the law was initially strongly opposed by Islamist and tribal members in parliament.<sup>122</sup> After the repeated criticism of United States (US) Treasury Department in 2014, significant progress has been made and the law has actually been enforced.<sup>123</sup> The Kuwait Financial Intelligence Unit (KwFIU) has been established as an independent institution, which is “responsible for receiving, requesting, analyzing, and disseminating information concerning suspected proceeds of crime or funds related, linked to or to be used for money laundering or terrorism financing according to the provisions of the law”.<sup>124</sup> The chairman of the KwFIU also leads the national committee for anti-money laundering and terrorist financing.<sup>125</sup> The government also took important steps to build its CTF capacity through a cabinet-level committee chaired by the Minister of Foreign Affairs (MoFA) representing 11 ministries and agencies. Finally, the Public Prosecution Office is empowered to, and actually does, prosecute in CTF cases (Box 6).<sup>126</sup>

#### **Box 6: Kuwaiti prosecutor detains terrorist financiers**

In 2016, the Appeals Court prosecuted an Australian national, four non-Kuwaiti Arabs, and three Kuwaitis for illegal fundraising and recruiting. They have been sentenced with prison sentences up to 10 years, asset freezes, and confiscation of personal assets. Also in 2017, three Syrians have been prosecuted for transferring financial means to ISIS.

Box 6: Kuwait prosecutor detains terrorist financiers.<sup>127</sup>

At the end, deterrence is the final solution. High profile prosecutions might prevent Kuwaiti’s in the future to funnel money to terrorist groups. But it should be understood that this is politically very difficult. A crackdown on certain high-profile figures in Kuwait might encourage extremist elements in society to increase.<sup>128</sup>

<sup>122</sup> Dickinson, *Playing with Fire*, 20–21.

<sup>123</sup> Katzman, “Kuwait: Governance, Security, and U.S. Policy,” 19–20.

<sup>124</sup> “Second Annual Report Kuwait Financial Intelligence Unit” (KwFIU, 2017 2016).

<sup>125</sup> The committee includes the KwFIU, Central Bank of Kuwait, Ministry of Commerce and Industry, Capital Markets Authority, Public Prosecution, Ministry of Justice, Ministry of Finance, Ministry of Interior, Ministry of Foreign Affairs, Ministry of Social Affairs and Labor, Kuwait General Administration of Customs, and the Kuwait Public Anti-Corruption Authority “Second Annual Report Kuwait Financial Intelligence Unit.”

<sup>126</sup> United States Department of State Publication Bureau of Counterterrorism, “Country Reports on Terrorism 2016,” 198–202.

<sup>127</sup> “Unofficial Translation: Kuwaiti Prosecutor Detains Three Syrians for Transferring Money to ISIS,” *Al-Qabas*, October 24, 2017, <http://pdfs.alqabas.com/2017/10/24/15947.pdf>; P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>128</sup> Dickinson, *Playing with Fire*, 31.



### 4.3.2 Charities

Funds raised through charities ending up at terrorist organizations were one of the reasons for Kuwait to be defined as a permissive jurisdiction.<sup>129</sup> One should understand that charitable funding is a cultural and a religious tradition. In Islam, every worshipper has to share a certain percentage of his or her income.<sup>130</sup> After the implementation of law 106 of 2013, the Ministry of Social Affairs and Labor (MOSAL) raised a campaign warning Kuwaiti citizens that fundraising campaigns for Syrian armed groups is seen as a violation of Kuwait's law on financial donations. MOSAL is in charge of the regulation and monitoring of charities, which has been strictly controlled after 2013. Fundraising campaigns need to be approved MOSAL. It only allows charities to collect donations electronically in order to be able to monitor the funds and prevent money laundering and CTF. People who still prefer to donate cash money can use a cash machine, which registers their civil ID and the exact amount of money (figure 3).<sup>131</sup> The Central Bank of Kuwait (CBK) controls these payments and publicly announces which charities are licensed and permits them to accept donations via bank transfers.<sup>132</sup> Together with Kuwaiti embassies abroad, MoFA tries to follow all the money that flows out of the country.<sup>133</sup> In 2017, MOSAL closed down eight unlicensed organizations for collecting money without prior authorization.<sup>134</sup> After the eruption of the Qatar crisis, the cooperation with some of the charities from Qatar has been put on hold by the ministry to prevent any possibility of suspected terrorist financing.<sup>135</sup>



Figure 3: Example of an intelligent cash deposit machine.

<sup>129</sup> “Global Terrorism Index 2016” (Institute for Economics and Peace, 2016), 58-59, <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.

<sup>130</sup> F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017; R. Conversation with high ranking officials at the Ministry of Interior, November 2017.

<sup>131</sup> O. Conversation with high ranking officials of the Ministry of Social Affairs and Labor, November 2017.

<sup>132</sup> United States Department of State Publication Bureau of Counterterrorism, “Country Reports on Terrorism 2016,” 198–202.

<sup>133</sup> Conversations with officials in Kuwait.; M. Conversation with high ranking officials of the Kuwait Financial Intelligence Unit in Kuwait, November 2017; N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017.

<sup>134</sup> United States Department of State Publication Bureau of Counterterrorism, “Country Reports on Terrorism 2016,” 198–202.

<sup>135</sup> O. Conversation with high ranking officials of the Ministry of Social Affairs and Labor, November 2017.

Although the measures taken by MOSAL are impressive, there are some contradictory findings. Remarkably, some authorized charities, including IHRS<sup>136</sup>, are on the sanctions list of the US, but are able to operate in- and outside Kuwait. On top of that, donations and spending by licensed charities are regulated, but illegal unlicensed fundraisers are still able to send funds through unofficial channels. In June 2015, the Kuwaiti Parliament passed a law criminalizing online fundraising for terrorist ends, but the US state department argued that the KwFIU is not able to oversee all these sectors of the economy.<sup>137</sup> On the 31<sup>st</sup> of October 2017, The Kuwait Times argued that the number of charity societies in the country is increasing at a steady pace. This increase leads to an increase of donation collectors resulting in an increase in irregularities and violations. The source at the newspaper added that the increase could not have been this extensive in the past two years without the approval of the Minister of Social Affairs and Labor. The noticed increase possibly harms the reputation of Kuwait in the field of charity work.<sup>138</sup> High ranked officials at MOSAL denied this statement and argued that there can be no restrictions on the amount of charities given Kuwait's image as humanitarian leader. Plus, MOSAL argues that everything is done to regulate the charities. The authorities seem to be convinced that any charity breaking the law will be closed down.<sup>139</sup> Nasser Al-Sabah, Director of the Europe department at MoFA, argues that allegations against Kuwaiti charity organizations of financing terrorism are false and baseless. According to Nasser Al-Sabah, Kuwait deals in a transparent matter with both charities and other governments, and Kuwait does not deal with unknown parties. Any claim against a Kuwaiti charity should be supported by evidence.<sup>140</sup>

### 4.3.3 Banking in Kuwait

The banking sector plays an interesting role in the changes that have been made after 2013. The CBK is focused on assessing the risk of terrorist financing instead of avoiding the risk, because avoiding the risk possibly means that the banking sector pushes clients to use other ways for financing. As soon as financing happens outside the banking system, it is almost impossible to follow the money. In practice, it appears that each bank makes its own risk assessment in which it constantly needs to balance

---

<sup>136</sup> IHRS branches in Pakistan and Afghanistan are sanctioned since 2002. In Kuwait since 2008: "Terrorism and Illicit Finance." U.S. Department of the Treasury, 2017. <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/protecting-ifo.aspx>.

<sup>137</sup> Kenneth Katzman, "Kuwait: Governance, Security, and U.S. Policy" (Congressional Research Service, May 15, 2017), 20, <https://fas.org/sgp/crs/mideast/RS21513.pdf>.

<sup>138</sup> "Kuwaiti Charity Societies Increasing at Steady Pace," *Kuwait Times*, October 31, 2017.

<sup>139</sup> O. Conversation with high ranking officials of the Ministry of Social Affairs and Labor, November 2017; N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017.

<sup>140</sup> "Unofficial Translation: Ambassador Nasser Al-Sabeeh during the Opening of the Workshop on 'the Role of the Social Media Programs in Spreading Awareness among Youths,'" *Al-Anba*, October 24, 2017.

between business and risk. Large international banks prefer to avoid any risk to make sure that their business overseas is not threatened by possible terrorist financing cases. They can afford it since they have a worldwide business. Smaller banks are more likely to take more risks, since strict risk avoiding behavior makes them more vulnerable to losing business.<sup>141</sup>

Kuwait's policy towards CTF enhances its own list consisting of approximately 110 entities, and the UN sanctions list. All United Nations Security Council (UNSC) members are required to implement the UN sanction list. This is also the most bureaucratic and therefore least strict list. Entities on, for example, the US or European Union (EU) list are not automatically listed by the UN and might therefore not appear in the Kuwaiti system.<sup>142</sup> Interesting to see is that financial institutions that cooperate with Western institutions apply much stricter lists than the UN list. They apply those from the US office of foreign assets control (OFAC-list), Interpol, and even a special Iran list made by Thomson Reuters.<sup>143</sup> The Iran list is a non-governmental commercial list of known individuals and entities that are directly or indirectly linked to parties conducting business with Iran who are sanctioned. The Iran list helps organizations to understand its exposure to sanction risk.<sup>144</sup> This emphasizes once more the different approaches towards terrorist financing.

---

<sup>141</sup> S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

<sup>142</sup> N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017; S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

<sup>143</sup> S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

<sup>144</sup> "Sanctions: The Key to Stayin on the Right Side of Regulators Is Understanding Your Organization's Expsure to Sanction Risk.," Thomson Reuters, accessed December 11, 2017, <https://risk.thomsonreuters.com/content/risk/en/risk-solutions/ofac-sanctions.html>.

## PART II

### Chapter 5: Analysis: Kuwait's CTF Policy – a Balancing Act

#### 5.1 Introduction

This analysis explains how the most important actors internationally, regionally and domestically influence the policy of Kuwait towards CTF. It can be argued that these multilevel actors have been influencing the conditions, the win-set, under which Kuwait constitutes the policy towards CTF. The agreement between the three levels can be found in the aim to fight terrorism. However, as shown in chapter four, there is no agreed definition of terrorism.<sup>145</sup> The differences in win-sets between the international level, the regional level, and the domestic level show the complexity of policy-making towards CTF in Kuwait.

The international level requests a strict policy towards CTF, but has also interests in the strategic trade position of Kuwait including the energy resources on its soil.<sup>146</sup> For Kuwait it is crucial to maintain security and to maintain its positive image as neutral broker and internationally praised humanitarian actor. This position allows Kuwait to be a strategic partner, or even a friend, to many different, sometimes rival, international and regional actors, while relying on the protection of international actors in a turbulent region.<sup>147</sup>

The regional actors have varying (pressing) demands towards Kuwait's CTF policy, because of their own regional agenda, which is reflected in sectarian tensions and the disagreement on the definition of terrorism. A policy to counter terrorism and the applied definition could either be applied more generous to Sunni or to Shia groups depending on the position of the regional actor. Kuwait especially tries to maintain its neutral position on the regional level, without taking too much distance from its Arab neighbors, in particular Saudi Arabia.<sup>148</sup>

---

<sup>145</sup> "Global Terrorism Index 2016" (Institute for Economics and Peace, 2016), 5–11, <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.

<sup>146</sup> J.E. Peterson, "Sovereignty and Boundaries in the Gulf States," in *The International Politics of the Persian Gulf* (University of Georgetown: Center for International and Regional Studies, 2011), 41–43.

<sup>147</sup> Wright, "Foreign Policy in the GCC STATES," 86–87.

<sup>148</sup> Kamrava, "The Changing International Relations of the Persian Gulf," 3–9.

On the domestic level, in order to maintain stability Kuwait needs to balance between the demands of all different factions, which partly reflect the conflicting differences in the region in religion and politics. On top of that, the domestic actors expect that the welfare state in Kuwait will be maintained. The Kuwaiti government tries to maintain the status quo, in which the Sabah family is ruling the State of Kuwait.<sup>149</sup> The Kuwaiti government, led by His Highness Amir Sheikh Sabah Al-Ahmad Al-Jaber Al-Sabah, has always the last say. This aligns with the statement of Putnam who argues that the final decision in an agreement is dependent on the chief negotiator.<sup>150</sup> Essentially, these dynamics provide the most important examples in recent history, which show that Kuwait is balancing in a three-level game.

## 5.2 International

### 5.2.1. International Win-Sets

The most important goal for international actors regarding Kuwait's CTF policy is to regulate terrorist financing as much as possible.<sup>151</sup> Kuwait is willing to do so, because it does not want to lose face, and wants to maintain its image as humanitarian leader and neutral broker.<sup>152</sup> However, Kuwait has a trump card given its strategic (geographical) position as oil exporter in the wider region, which makes it an important hub for trade in the world. Therefore, international actors want to secure their interests, which increases the international win-set. Furthermore, the presence of international actors on Kuwait's soil protects the country against regional instability to a certain extent, but conflict with some of the interests of domestic actors.<sup>153</sup> This shows that the international level win-set contains a multitude of actors with different goals, interests, and power over Kuwait's decision-making, by which negotiations on CTF can also include other issues. As Putnam argues, the decision maker, which is the Kuwaiti government led by the Amir, is dependent on the domestic win-set. However, international actors can also influence the conditions of domestic actors. Especially smaller states are often more likely to act in line with international demands.<sup>154</sup> This subchapter will answer sub-question four: how do international actors influence the policy of Kuwait towards CTF?

---

<sup>149</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>150</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 456–60.

<sup>151</sup> Mohammed Ayoob, "American Policy Toward the Persian Gulf Strategies, Effectiveness, and Consequences," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 127–30.

<sup>152</sup> O. Conversation with high ranking officials of the Ministry of Social Affairs and Labor, November 2017.

<sup>153</sup> Kamrava, "The Changing International Relations of the Persian Gulf," 3–9.

<sup>154</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 442–56.

By analyzing the development of CTF policy in Kuwait, it can be argued that several international actors have a large influence on Kuwait's stance against terrorist financing. Among those actors are international institutions, states, and non-state actors. The phenomenon of Islamic inspired terrorism has a global influence, which has triggered international actors to influence Kuwait's its policy in order to combat this terrorism. However, as mentioned by Alex Schmid, only a shared approach can be effective.<sup>155</sup>

### 5.2.2 International Institutions

It becomes visible that Kuwait is willing to obey to international standards by being involved in a wide variety of international institutions.<sup>156</sup> Kuwait takes part in the US led international coalition against ISIS and hosts the command center of the coalition in Camp Arifjan in Kuwait.<sup>157</sup> Kuwait is part of the Coalition's Counter-ISIS Finance Group.<sup>158</sup> Also, law 106 of 2013 and other steps taken to improve Kuwait's CTF policy have been in line with an action plan established by Kuwait together with the Financial Action Task Force (FATF). In 2011, it was FATF, which addressed Kuwait's weaknesses on the dossier of anti-money laundering and counterterrorism financing (AML/CTF). Kuwait has made significant progress and is no longer considered deficient on AML/CFT by the FATF since 2015. As part of the FATF, Kuwait is member of the Middle East North Africa Financial Action Task Force (MENAFATF), which shows the close cooperation between the international and the regional level.<sup>159</sup>

### 5.2.3 The West

One of the powers behind Kuwait's loyalty to international standards is the US. Since the US functions as a security umbrella in Kuwait since the liberation from 1991, the US has a significant influence on Kuwait's policy-making. Since the start of the war on terror after 9/11, the US has pressured Kuwait to change domestic behavior and get a firm stance against terrorism.<sup>160</sup> From that time onwards, international reports have put a lot of pressure on the behavior and the image of Kuwait. After the

---

<sup>155</sup> Schmid, Alex. "Terrorism - The Definitional Problem." *International Law Commons* 36, no. 2 (2004): 47, 380.

<sup>156</sup> In practice, many institutional arrangements do require also multilevel ratifications by which the complexity of a win-set analysis becomes even more complex. Putnam argues that this shows the importance of win-set analysis: Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 447–49.

<sup>157</sup> "The Global Coalition Against Daesh," accessed July 28, 2017, <http://theglobalcoalition.org/en/home/>.

<sup>158</sup> United States Department of State Publication Bureau of Counterterrorism. "Country Reports on Terrorism 2016," 198–202.

<sup>159</sup> Kenneth Katzman, "Kuwait: Governance, Security, and U.S. Policy" (Congressional Research Service, May 15, 2017), 19–21, <https://fas.org/sgp/crs/mideast/RS21513.pdf>.

<sup>160</sup> Mohammed Ayoob, "American Policy Toward the Persian Gulf Strategies, Effectiveness, and Consequences," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 127–30.

FATF report in 2011,<sup>161</sup> the US Treasury Department defined Kuwait as a permissive state for terrorist financing in its year report of 2014. The report of US treasury has been the main game changer in Kuwait's policy. Kuwait enforced law 106 of 2013 and the international reports became more positive.<sup>162</sup> Interestingly, Kuwaiti officials interpret this change differently. According to a diplomatic source, US Treasury finally understands since 2014 that Kuwait has a generous, peace loving culture in which each worshipper has to share a certain percentage of his or her income according to the Islam. The fact that some of that money ends up in the wrong hands, does not mean that Kuwait is in favor of terrorist financing. "If one leave is rotten, it does not mean that the entire tree is rotten."<sup>163</sup> Although this is an interesting nuance, it is more likely that the international critique pushed Kuwait towards change. Since the implementation of law 106 of 2013, international actors including the EU and US cooperate with and trained Kuwaiti institutions, including Kuwaiti judiciaries, in order to make progress on the CTF file and to meet international standards.<sup>164</sup>

Although the US has been the leading power for years and is the only country that has the capacity to investigate terrorist financing within the Middle Eastern region, there are clear indications that there is also an increasing pressure from European countries.<sup>165</sup> In 2018, both Kuwait and the Netherlands have a seat in the UN Security Council. Both countries defined terrorism as an ongoing pressing issue for the future. In that context, the diplomatic conversations that have taken place for this research, specifically focused on a possible increase of terrorist financing after the collapse of the caliphate of ISIS in Syria and Iraq, can be defined as a form of influence in itself by addressing this issue. Other diplomatic representations in Kuwait, including the German and British visited similar institutions in Kuwait in the same period of this research.<sup>166</sup> On top of that, the French President Macron is planning to hold a conference in 2018 on CTF. The increase of European interest in Kuwait's policy towards CTF clearly surprised several Kuwaiti officials, but the Kuwaiti seem to be willing to cooperate. Especially now

---

<sup>161</sup> FATF, "MUTUAL EVALUATION OF KUWAIT EXECUTIVE SUMMARY: Anti-Money Laundering and Combating the Financing of Terrorism."

<sup>162</sup> Arab Times, "Kuwait Calls for Exchanging Info on Anti-Money Laundering Efforts - Al-Sayegh Participates in MENAFATF Meeting," April 26, 2017, <http://www.arabtimesonline.com/news/kuwait-calls-exchanging-info-anti-money-laundering-efforts-al-sayegh-participates-menafatf-meeting/>; "Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on 'Confronting New Threats in Terrorist Financing,'" April 3, 2014, <https://www.treasury.gov/press-center/press-releases/Pages/jl2308.aspx>.

<sup>163</sup> R. Conversation with high ranking officials at the Ministry of Interior, November 2017.

<sup>164</sup> F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017; P. Conversation with high ranking officials of the Public Prosecution, November 2017; Conversation with diplomats of a Western embassy in Kuwait, November 2017.

<sup>165</sup> T. Conversation with diplomats of a Western embassy in Kuwait, November 2017

<sup>166</sup> Q. Conversation with high ranking officials at the Criminal Investigations Department and Interpol in Kuwait, November 2017.

Kuwait has made impressive progress since 2013 and 2014, Kuwait is eager to show the progress made.<sup>167</sup>

#### 5.2.4 Neutrality

For Kuwait it is essential to have strategic partnerships with international and regional powers. Kuwait plays an important international role because of its position as oil exporter, which has created an enormous wealth. Kuwait donates and invests a lot of this wealth abroad, which is also known as dollar diplomacy. Concrete examples are the involvement of Kuwait in humanitarian projects on the regional and international level. Also, Kuwait buys weapon systems from countries such as the US, Britain, and Russia.<sup>168</sup> By maintaining good relations with many international actors, including those who are opponents. Kuwait maintains its neutral position and tries to stay insulated against global rivalries and disputes. Involvement can possibly affect domestic stability and lead to (more) sympathy towards certain terrorist actors in these disputes.<sup>169</sup>

## 5.2 Regional

### 5.2.1 Regional Win-Sets

The most important regional threats for Kuwait are terrorism and sectarianism.<sup>170</sup> Regional security is therefore increasingly important. The analysis of the regional level shows how the international, regional, and domestic levels are closely interrelated, but also conflict. Especially after 9/11, fighting Islamic inspired terrorism became a priority of the West and the Gulf States, including Kuwait. However, the 2003 Iraq invasion, by the US led coalition, raised tensions in the region and increased discomfort with the West. While sectarianism in the region grew, local elites were afraid of a backlash, especially after the Arab Spring in 2011 erupted.<sup>171</sup> These developments could harm the status quo including the power of the established elite.<sup>172</sup> In this context, US dominant presence provides security on the one hand, but has increased negative perceptions of the wider Middle East towards the West on

---

<sup>167</sup> A. Conversation with a Western European Diplomat in Kuwait, Augustus 2017; Q. Conversation with high ranking officials at the Criminal Investigations Department and Interpol in Kuwait, November 2017.

<sup>168</sup> Wright, "Foreign Policy in the GCC STATES," 86–87.

<sup>169</sup> Fred H. Lawson, "Security Dilemmas in the Contemporary Persian Gulf," in *The International Politics of the Persian Gulf* (University of Georgetown: Center for International and Regional Studies, 2011), 63–70.

<sup>170</sup> Wright, "Foreign Policy in the GCC STATES," 87–90.

<sup>171</sup> Joseph Kostiner, "GCC Perceptions of Collective Security in the Post-Sadam Era," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 113–19.

<sup>172</sup> Steven Wright, "Foreign Policy in the GCC STATES," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 82–85.



the other hand. Many states in the Middle East have seen the US presence in Kuwait and the Gulf Cooperation Countries (GCC) as a way to control energy sources, and to ensure military dominance in the region for Israel.<sup>173</sup> US President Donald Trump's announcement to move the US embassy in Tel Aviv to Jerusalem shows that this discomfort is still present.<sup>174</sup> Therefore, Kuwait still has to take into account the influence of regional actors, and tries to maintain its neutral and humanitarian position also in the region in order to stay insulated against rivalries and disputes,<sup>175</sup> without isolating itself from the region. This subchapter answers the fifth sub-question: how do regional actors influence the policy of Kuwait towards countering terrorist financing?

### 5.3.2 Regional Institutions

As Kuwait does on the international level, it also cooperates in multilateral institutions on the regional level to counter terrorism and CTF in particular. Kuwait is part of the Riyadh forum to counter extremism and counter terrorism, which is supported by the Islamic Military Counter Terrorism Coalition (IMCTC). This coalition focuses on the domains of ideology, communications, countering terrorism financing, and military.<sup>176</sup> The Defense Ministers of the IMCTC gathered for the first time in Riyadh on 26 November 2017.<sup>177</sup> US President Donald Trump paid his first foreign visit after his inauguration to the GCC, where he emphasized the importance of CTF in the region. During his visit in spring 2017 a memorandum of understanding (MOU) has been signed to combat terrorism and the Terrorist Financing Targeting Center (TFTC) has been established that consists of the U.S., Saudi Arabia, Qatar, Bahrain, Oman, the United Arab Emirates and Kuwait. This is a clear example of the causal relation between international and regional level actors in the fight against terrorism. The Treasury Department refers to it as a cooperative approach in order to confront both new and evolving threats of terrorist financing. TFTC will be occupied with identifying, tracking and sharing information regarding terrorist financing, in order to disrupt the flow of money to terrorist networks such as ISIS

---

<sup>173</sup> Ayoob, "American Policy Toward the Persian Gulf Strategies, Effectiveness, and Consequences," 130–39.

<sup>174</sup> Morris, Loveday. "Arab Warnings Mount as U.S. Suggests Move to Declare Jerusalem the Capital of Israel." *Washington Post*, December 4, 2017. [https://www.washingtonpost.com/world/arab-warnings-mount-as-us-suggests-shift-to-name-jerusalem-as-israeli-capital/2017/12/04/4540df3e-d8ef-11e7-8e5f-ccc94e22b133\\_story.html?utm\\_term=.4d63a9e1d2ec](https://www.washingtonpost.com/world/arab-warnings-mount-as-us-suggests-shift-to-name-jerusalem-as-israeli-capital/2017/12/04/4540df3e-d8ef-11e7-8e5f-ccc94e22b133_story.html?utm_term=.4d63a9e1d2ec).

<sup>175</sup> Fred H. Lawson, "Security Dilemmas in the Contemporary Persian Gulf," in *The International Politics of the Persian Gulf* (University of Georgetown: Center for International and Regional Studies, 2011), 63–70.

<sup>176</sup> "Fight against Terror Comes under the Spotlight in Riyadh Forum to Counter Extremism, Fight Terrorism," *Kuwait Times*, May 13, 2017, <http://news.kuwaittimes.net/website/fight-terror-comes-spotlight-riyadh-forum-counter-extremism-fight-terrorism/>.

<sup>177</sup> "Islamic Military Counter Terrorism Coalition to Hold First Meeting in Riyadh," *Al-Arabiya*, November 18, 2017, <https://english.alarabiya.net/en/News/gulf/2017/11/18/Islamic-Military-Counter-Terrorism-Coalition-to-hold-first-meeting-in-Riyadh.html>.

and Al Qaida.<sup>178</sup> The center seems to be operational, since the Kuwaiti authorities designated in cooperation with the TFTC two Yemeni entities and 11 individuals as terrorist in October 2017.<sup>179</sup> Also, there seems to be a causal relation between Trump's visit and the Qatar crisis in which terrorist financing is an important topic. At least, the eruption of the Qatar crisis is remarkable after Trump's visit. Indirectly this has put pressure on Kuwait as well, who acts as mediator in the crisis between the four boycotting countries, Saudi Arabia, United Arab Emirates, Bahrain, and Egypt. Although the opinions are divergent, there is a fear that Kuwait might face a similar blockade as Qatar in the future.<sup>180</sup> Some sources argue that the quartet sees Kuwait's neutral position as an alignment with Qatar. It can also be argued that Qatar's stubborn attitude, and somehow successful defiance has prevented Kuwait from a similar boycott for now or in the long run.<sup>181</sup>

#### **Box 7: 2017-18 Qatar Crisis**

Already for a long time, Qatar's foreign policy significantly differs from its neighboring countries. There are two significant issues that have angered the quartet consisting of Saudi Arabia, United Arab Emirates, Bahrain, and Egypt, which has caused the diplomatic rift in June 2017.

First, Qatar's support for Islamist groups is a major issue. The quartet accuses Qatar of terrorist financing. Qatar does acknowledge that it supported some groups such as the Muslim Brotherhood and Hamas, but denies that it supported any terrorist group such as Al-Qaida or ISIS. Second, Qatar shares the largest gas field on earth with Iran. (Shia) Iran is the main regional rival of (Sunni) Saudi Arabia.

As a result, the quartet has cut all diplomatic ties with Qatar on the 5<sup>th</sup> of June, including a land, sea, and air blockade. Only the GCC countries Oman and Kuwait did not cut ties with Qatar. Kuwait is mediating in the regional dispute.

Box 7: 2017-18 Qatar Crisis.<sup>182</sup>

### **5.3.3 Teheran vs. Riyadh**

Next to the tensions towards Qatar, there are also (sectarian) tensions in Bahrain, Syria, Iraq, Yemen, and Lebanon, which are partly fueled by the strained relationship between Teheran and Riyadh.<sup>183</sup> The differences and accompanying tensions in the region have always been there but are currently extra high. Through a combination of hard and soft power, regional governments meddle in the internal affairs of other states, with a strong Sunni, Shia division. One example is the interference of

<sup>178</sup> Javier E. David, "US, Gulf Countries Form New Group to Stem Flow of Terror Financing," May 21, 2017, <http://www.cnbc.com/2017/05/21/us-gulf-countries-form-new-group-to-stem-flow-of-terror-financing.html>.

<sup>179</sup> "Kuwait Places Two Yemeni Entities, 11 Individuals on Terror List," KUNA, October 26, 2017, <http://www.kuna.net.kw/ArticleDetails.aspx?id=2652617&language=en>.

<sup>180</sup> Izzak, B. "Lawmaker Warns of Qatar-like Blockade. Calls, Calls for Readiness." *Kuwait Times*, December 26, 2017. <http://news.kuwaittimes.net/website/lawmaker-warns-qatar-like-blockade-calls-readiness/>.

<sup>181</sup> U. Conversation with a Kuwaiti leader of the Muslim Brotherhood in Kuwait, November 2017.

<sup>182</sup> "Qatar Crisis: What You Need to Know." *BBC*, July 19, 2017. <http://www.bbc.com/news/world-middle-east-40173757>.

<sup>183</sup> Conversations with officials in Kuwait.

intelligence services that actively support different state and non-state actors in the wider region, which some analysts consider terrorist organizations without other parties knowing it. While this is hard to combat, certain interferences by foreign actors intensify also sympathy and hatred for certain sectarian groups among factions in Kuwait.<sup>184</sup> Both Sunni and Shia powers want to be the dominant power in the region. An Iranian victory in Iraq would put Shia or even Iranian, forces in the heartland of the Arab world, bordering Jordan, Syria, Saudi Arabia, and Kuwait for the first time. Several of these states poured tens of billions of dollars into Saddam's military to prevent just such an occurrence in the 1980s. The other way around, a Sunni Arab victory could put radical Sunni fundamentalists on Iran's doorstep, who hate the Shia more than they hate Americans.<sup>185</sup> This is essentially why Al Qaida in Iraq evolved into the Islamic State in Iraq and Syria (ISIS), which heavily started to attack what they call 'the enemy within', referring to Shia Muslims.<sup>186</sup>

The September 2017 United Nations General Assembly speech held by the Prime Minister of Kuwait, shows once more that Kuwait cannot permit to be too critical towards Iran or Saudi. The speech was carefully formulated and did not offend any other state.<sup>187</sup> Saudi can see a move of Kuwait towards Iran as hostile, which can also anger Sunni Kuwaiti. Any hostile action against the Shia population in Kuwait mainly risks unrest on the domestic level.<sup>188</sup> Kuwait has in comparison to other regional powers such as Saudi, Iraq, Egypt and Iran a relatively small population. Therefore, Kuwait needs to balance between the regional tensions and assure that it does not enter its borders and imbalances the different factions within the Kuwaiti society.<sup>189</sup>

Despite the fact that Kuwait has a different attitude towards Iran than Saudi Arabia, Kuwait often shows its commitment to the GCC unity and to its big brother Saudi Arabia. This was shown once

---

<sup>184</sup> P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>185</sup> Daniel L. Byman, "Regional Consequences of Internal Turmoil in Iraq," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 150–64.

<sup>186</sup> Oosterveld, Willem, and Bloem, Willem. "The Rise and Fall of ISIS: From Evitability to Inevitability." The Hague: HCSS, 2016, 157-59.

<sup>187</sup> "General Assembly of the United Nations General Debate of the 72nd Session: Kuwait, H.H. Sheikh Jaber Al-Mubarak Al-Hamad Al Sabah, Prime Minister," September 20, 2017. <https://gadebate.un.org/en/72/kuwait>.

<sup>188</sup> Shia Kuwaiti seem to be less aligned with Iran than Sunni Kuwaiti are aligned with Sunni Arab countries such as Saudi Arabia. The main reason is that the Shia population is not marginalized but has overall an influential position in Kuwait. V. Conversation with a representative of a Western European Embassy in Kuwait, December 2017.

<sup>189</sup> Steven Wright, "Foreign Policy in the GCC STATES," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 82–85.

more after Saudi Arabia interfered in Lebanon's domestic politics in November 2017.<sup>190</sup> Kuwait immediately followed Saudi Arabia's travel advice, and called upon its citizens to leave Lebanon.<sup>191</sup> This can be seen as a political decision showing that Kuwait's policy aligns with Saudi Arabia. Although Putnam argues that international pressure most often expands the domestic win-set,<sup>192</sup> the opposite happened in this case. The regional influence of Saudi Arabia led to unrest within society. The Amir showed again his diplomatic power and successfully called for domestic unity by firmly rejecting any form of sectarian alliances within the country.<sup>193</sup>

## 5.4 Domestic

### 5.4.1 Domestic Win-Set

The most important challenge for Kuwait on the domestic level is maintaining stability within society between all different factions, while maintaining the status quo in which the Sabah family is in power and the welfare state is maintained.<sup>194</sup> The domestic win-set, as Putnam argues, is of large influence on the international stage. Therefore, this part is the most extensive and answers the last sub question: how do domestic actors influence the policy of Kuwait towards countering terrorist financing?

### 5.4.2 Factions

First, the domestic win-set is dependent on the actual influence, preferences, and possible coalitions of domestic actors.<sup>195</sup> The influence of domestic actors on Kuwait's attitude towards terrorism is clearly visible in Kuwait's daily life. There are different examples from which it becomes clear that the government constantly tries to find the right balance between all different factions in society. This prevents the government in some cases from a tough position on radical sentiments in society and the aim for stability is therefore of influence on its policy towards CTF. Coming back to the regional unrest in November 2017 during which Saad Hariri announced his plan to resign, the Amir underlined the importance of unity within Kuwait. It has been the same period during which the Kuwaiti cabinet

---

<sup>190</sup> Saad Hariri, the President of Lebanon, announced his resignation through a television speech held in Saudi Arabia in November 2017. Hariri argued that he was afraid of an attempt on his life, which he linked to the growing influence of Hezbollah and Iran in Lebanon: "Lebanese PM Saad Hariri Resigns Citing Iranian Meddling." *Al Jazeera*, November 4, 2017. <http://www.aljazeera.com/news/2017/11/lebanese-pm-saad-hariri-resigns-citing-iranian-meddling-171104115027805.html>.

<sup>191</sup> "Saudi, UAE, Kuwait Urge Citizens to Leave Lebanon." *Al Jazeera*, November 9, 2017. <http://www.aljazeera.com/news/2017/11/saudi-arabia-issues-travel-alert-lebanon-171109143454070.html>.

<sup>192</sup> Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," 454–56.

<sup>193</sup> The Times, "Speaker to Brief MPs on Important Amiri Message," November 16, 2017, [http://www.timeskuwait.com/Times\\_Speaker-to-brief-MPs-on-important-Amiri-message](http://www.timeskuwait.com/Times_Speaker-to-brief-MPs-on-important-Amiri-message).

<sup>194</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>195</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 442–46.

stepped down. The Amir emphasized the importance of maintaining national unity and cohesion domestically and clearly rejected sectarian, tribal or sectorial alignments of domestic actors. These alignments can be seen as a form of what Putnam calls coalitions of domestic actors. The Amir reaffirmed that the crises in the region should not lead to emotional drifts inside Kuwait stressing the stance as a real mediator in the Gulf instead of a third party sliding in one or the other direction. Also, Friday afternoon prayers, written by the Ministry of Awqaf, which is the Ministry of Religious Affairs, emphasized that Kuwait is a country of faith, which cannot be divided by outside dangers. In order to protect the country's stability and security, people should adhere to traditions and be peaceful. Religious and sectarian intolerance, including terrorism, were defined as the largest threats to Kuwait.<sup>196</sup> The fact that the Amir puts a lot of effort in unifying all different factions in society in order to diminish the radical sentiments in society shows that factions do have a concrete influence on the government. On top of that the demographic growth of Bedouin, who are conservative tribal communities originally from Saudi Arabia, might disrupt the current fragile balance in the future.<sup>197</sup> Another example of the influence of different factions that align and form a type of coalition in society transpires from the example below in box 8 -the power of cooperatives – through which society can influence the government from bottom-up.<sup>198</sup>

### 5.4.3 Political Institutions

The presence and influence of radical sentiments becomes clearer when looking into the political institutions in Kuwait, which are, according to Putnam, another determining factor in the size of the win-set on the domestic level. Putnam argues that on the one hand, the more autonomous the decision maker, the larger the win-set is, while on the other hand, political institutions can increase the bargaining power.<sup>199</sup> Kuwait is considered to be the most democratic state in the Gulf region, and often uses this excuse in negotiations on the regional and international level.<sup>200</sup>

---

<sup>196</sup> The Times, "Speaker to Brief MPs on Important Amiri Message," November 16, 2017, [http://www.timeskuwait.com/Times\\_Speaker-to-brief-MPs-on-important-Amiri-message](http://www.timeskuwait.com/Times_Speaker-to-brief-MPs-on-important-Amiri-message).

<sup>197</sup> E. Conversation with diplomats of a Western European Embassy in Kuwait, September 2017; F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017.

<sup>198</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>199</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 447–49.

<sup>200</sup> G. Conversation with an influential representative of the liberal faction in Kuwait, September 2017.

### **Box 8: The power of cooperatives**

The influence of the different factions in society becomes also clear by analyzing the structure of so-called cooperatives, which can be supermarket- sport- and police-cooperatives. Each neighborhood has its own cooperative and is led by Kuwaiti. Each Kuwaiti in the neighborhood is automatically shareholder when he or she owns a house. In the 60's these socialist influenced cooperatives were initiated to share costs, but since the huge oil incomes in the 70's these cooperatives developed into powerhouses of money and power. Often, a few thousand Kuwaiti are shareholder and earn big money. Apparently, a lot of money disappears, since the bookkeeping is in paper in an unregulated system.

Originally, each neighborhood consists of- and is ruled by a dominant group, which fits within the simplified division of Sunni Islamists, Shia, and (Shia or Sunni) Liberals. Through this cooperative system, each faction has the money and the organization to establish its own powerbase. An individual can rise into politics, by active involvement in the management, preferably as bookkeeper, of a cooperative. If the individual is able to distribute high profits among the stakeholders, he or she can use his accumulated popularity and support of his community and successfully take the path towards a parliamentary membership.

Therefore, the presence of cooperatives in Kuwait is a concrete example of how each faction and its parliament members can influence the government from the bottom up. Attempts by the government to restrict cooperatives are strongly contested by the parliament, which again proves that domestic actors and political institutions do have influence on policy-making in Kuwait.

Although there does not exist a concrete example, it is imaginable that in the highly unregulated system money is being transferred to third parties (abroad), including terrorist organizations.

Box 8: The Power of cooperatives.<sup>201</sup>

However, this also means that the Kuwaiti government is not completely autonomous. The presence of a parliament – the National Assembly –, established in 1961 following independence is a two-edged sword. On the one hand, this eldest political institution in the Arabian Peninsula seems to stand still or even be in reverse, because the parliament often delays government decisions. On the other hand, it is functioning relatively democratic. The 50 parliamentarians reflect the diversity of the Kuwaiti society and effectively express the unrest and underlying tensions between the different factions in society, including sympathy for terrorism.<sup>202</sup> The parliament can question, or even 'grill', ministers and is subject to continuous negotiation. There are several examples, which show that factions are publicly active and have a concrete influence on the government as earlier shown in box 8. Some are social movements, and some form parliamentary blocks. Although political parties are forbidden, in a small country like Kuwait the electorate knows exactly which parliamentarian represents their political positions.<sup>203</sup> One example is the newly established cabinet in December 2017. Tribal communities have a large influence in this cabinet, because each tribe, which is also represented in parliament, has its own

<sup>201</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>202</sup> Mehran, *The International Politics of the Persian Gulf*, 61–63. Chapter 3

<sup>203</sup> Katja Niethammer, "Political Reform and Foreign Policy in Persian Gulf Monarchies," in *The International Politics of the Persian Gulf* (Georgetown University: Center for International and Regional Studies, 2011), 236–44.

minister in the cabinet. This can be seen as a strategy of the Amir, who has to appoint the new cabinet, to create unity in the political system and to calm down unrest and weaken the opposition. According to a diplomatic source, the representation of each tribe in the cabinet is a common tool of the government to protect the cabinet. Since these tribes are also represented in parliament, they will most probably defend, instead of grill, its own minister. Therefore, the opposition becomes weaker, and the cabinet is more likely to remain stable.<sup>204</sup> However, the following example shows that the parliament can also block the government effectively.

A concrete example of the influence of the parliament on Kuwait's policy towards CTF is the lack of a terrorist law in Kuwait. Being the only GCC country where security policies, including defense spending, are subject to some legislative oversight, the parliament blocked a terrorism law under which all acts of terrorism can be convicted. The different factions do not agree on the definition of terrorism initiated by the government. More pressure on this by the government could lead to domestic unrest and destabilize the balance between all different factions in society. Therefore the criminal law is applied in terrorist cases, and in case of terrorist financing law 106 of 2013 is used.<sup>205</sup> According to diplomatic sources, the law 106 of 2013 was passed immediately by that time.<sup>206</sup> However, Dickinson argues that law 106 of 2013 especially Islamist and tribal members in parliament strongly rejected the law. This is likely given the different opposing factions and lack of unity in the parliament.<sup>207</sup> The parliamentarian Waleed Tabtabaei –currently in prison<sup>208</sup>– is a striking example of the disunity in parliament, the underlying sectarian tensions in society, and influence on CTF. As mentioned earlier,<sup>209</sup> he openly supported Sunni terrorist organizations himself. Also, he has argued that those who support Hezbollah and ISIS need to be sentenced up to 20 years imprisonment. As outlined in box 9, he opened fire on the Shia community in Kuwait by questioning the Interior Minister over an alleged escaped Iranian linked cell in July 2017.<sup>210</sup>

---

<sup>204</sup> Conversation with a representative of a Western European Embassy in Kuwait, December 2017.

<sup>205</sup> P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>206</sup> N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017.

<sup>207</sup> Dickinson, *Playing with Fire*, 20–21.

<sup>208</sup> Waleed Tabtabaei has been arrested in November 2017 for storming into parliament in 2011 – a move that could have led to political instability. He has been mentioned earlier in this research in box 2 on page 22, because he is seen as a financier of the former Nusra Front, and he has been denied access to several EU countries in the past.: Reuters Staff. "Kuwait Court Sentences MPs to Jail Terms for Storming into Parliament." *Reuters*, November 27, 2017. <https://www.reuters.com/article/us-kuwait-court-parliament/kuwait-court-sentences-mps-to-jail-terms-for-storming-into-parliament-idUSKBN1DR1TI>.

<sup>209</sup> See box 2, p. 22

<sup>210</sup> Izzak, B. "'Abdaly Cell' Fugitives Flee." *Kuwait Times*, July 17, 2017. <http://news.kuwaittimes.net/website/abdaly-cell-fugitives-flee/>.

**Box 9: Waleed Tabtabaei attacks over Abdaly cell case shows deep-rooted tensions in society**

In July 2017, the Sunni parliamentarian Waleed Tabtabaei started to attack the former Interior Minister Sheikh Khaled Al-Jarrah Al-Sabah over reports that 14 Kuwaitis, who are part of the Abdaly cell, fled to Iran by boat in order to escape imprisonment. The Abdaly cell refers to a group, with links to Iran and (Shia) Hezbollah, which was allegedly plotting attacks in Kuwait. The group was dismantled shortly after a weapon depot was discovered in the neighborhood Abdaly in Kuwait. This occurred shortly after the Shia mosque bombing in 2015 by ISIS affiliates (Sunnis).

The attack on a Shia mosque in 2015 is seen as an example of a clear provocation against the relative open political system in Kuwait, and an attempt by ISIS to cause sectarianism within society. However, the Amir arrived within 30 minutes at the mosque to (re) unite Shia and Sunni.

The idea exists that the government acted relatively soft on the dismantling of the Shia Abdaly cell, because the Shia community already suffered after the ISIS bombing. Some people believe that the cell only was placed under house arrest for the sake of the internal balance. This view developed after the one-man show of Tabtabaei, who asked how it was possible that the cell escaped to Iran in July 2017 - which seemed to be false at the end- the government started to act tougher on the Abdaly cell. The government essentially tried to balance the more extreme sentiments again. In order to satisfy the Sunni hardliners, including Tabtabaei, roadblocks were installed in especially the Shia neighborhoods in order to capture the Abdaly cell. Also, the Iranian ambassador and 14 diplomats were ordered to leave. Most probably, this was only a show off, since one believes that the authorities already knew the location of the cell, because they previously placed them under house arrest. There are rumors that the Abdaly Cell is only the top of the iceberg and many other underlying tensions exist.

Another possibility is that Kuwait only started to act tough on the Abdaly cell (after Waleed Tabtabaei's questions) to please Saudi Arabia in its ever-increasing attack and pressure on Iran. Even more sensational would it be if Saudi Arabia would use Tabtabaei's strong Sunni (and Saudi) affiliation to ask him to ask these questions in parliament. There is of course no direct proof and it is all highly speculative, but this would be an ultimate sign of regional influence on Kuwait's internal policy-making.

Box 9: Waleed Tabtabaei over Abdaly cell.<sup>211</sup>

However, the parliament cannot get too much power. The lack of unity among the parliamentarian opposition gives the government enough power to ensure the balance and maintain the status quo. At the end, the Amir always has the power to dissolve the parliament, but this might have consequences for the stability within society. Kuwait's political system has contributed to these consequences. In contrast to other Gulf countries, Kuwait did not forbid organizations such as the Muslim Brotherhood. They are not active in the government, but the Muslim Brotherhood and other Islamists are widely represented in both the Ministry of Awqaf and the Ministry of Education.<sup>212</sup> In return, the government tries to keep the monopoly on security issues.<sup>213</sup>

<sup>211</sup> Izzak, B. "'Abdaly Cell' Fugitives Flee." *Kuwait Times*, July 17, 2017. <http://news.kuwaittimes.net/website/abdaly-cell-fugitives-flee/>; Westall, Sylvia. "Iran Ambassador Ordered to Leave Kuwait over Spy Case.;" *Reuters*, July 20, 2017. <https://www.reuters.com/article/us-kuwait-iran/iran-ambassador-ordered-to-leave-kuwait-over-spy-case-idUSKBN1A510U>.

<sup>212</sup> Dickinson, *Playing with Fire*, 3-4.

<sup>213</sup> Wright, "Foreign Policy in the GCC STATES," 86-87.



#### 5.4.4 Side-Payments

Another way to control the power of parliament and different factions is through what Putnam defines as side-payments. This increases the win-set on the domestic level.<sup>214</sup> Financial support is no exceptional tool used by the government to steer parliamentarians in a certain direction. Some parliamentarians are called ‘service MPs’: they act in return for financial support.<sup>215</sup> In general, the welfare society clearly functions as a resilience mechanism towards sociopolitical dissatisfaction on the domestic level.<sup>216</sup> Unity in the country is maintained by satisfying each citizen in the country while keeping the balance in check. For example, the majority of the Shia faction in Kuwait does not align with Iran, because of their influential and wealthy position in Kuwait.<sup>217</sup> Nevertheless, the oil states, including Kuwait are rentier states, because they derive a large part of their national revenues from the trade of internal resources to external actors. These states face tremendous challenges, as oil revenues start to decline. Few expected that the decline would come so soon. There are possibilities to diversify the economy and move towards a more sustainable economy, but it requires basic steps which governments have been understandably reluctant to take. The public needs to be convinced that it has to pay for the state, not rely on it. Reforms of public management must be undertaken, including decreasing subsidies, and implement value added taxes (VAT).<sup>218</sup>

However, the reforms that have been implemented, mostly hit the 70 per cent expatriates and not on the 30 per cent Kuwaiti, by which the differences in society further increase: a possible source for (sympathy with) terrorism. A large part of the expatriates execute blue color jobs and have not the same economic benefits as the Kuwaiti or white color expatriates. Those groups will be increasingly excluded and humiliated, which are drivers for violent extremism. Therefore, these groups might pose a threat to the stability of Kuwait in the future.<sup>219</sup> One of those groups are the Bidoon, stateless people in Kuwait, who form a societal problem and have been the scapegoat for years already. In history, Bidoon were accused of being spies on behalf of Iran. Nowadays, it has been argued that it is mainly Bidoon who have become foreign terrorist fighters, and not Kuwaiti citizens themselves. Inequality in society

---

<sup>214</sup> Robert D. Putnam, “Diplomacy and Domestic Politics: The Logic of Two-Level Games,” *International Organization* 42, no. 3 (1998): 454-56..

<sup>215</sup> E. Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.

<sup>216</sup> H. Conversation with a Think Tank in Kuwait, September 2017.

<sup>217</sup> V. Conversation with a representative of a Western European Embassy in Kuwait, December 2017.

<sup>218</sup> Beblawi, Hzem, and Luciani Giacomo. *The Rentier State*. New York: Routledge Library Editions: Politics of the Middle East, 2015

<sup>219</sup> E. Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.

is proven to be one of the bases for radicalizing, recruiting and extremism. There are examples of the neighborhood Jahra where mostly Bidoon are living. Among them, 30 per cent is Sunni Muslims from which ISIS actively recruited in 2017. According to a diplomatic source, similar signs of radicalization are also visible among people within the Egyptian and Indian societies in Kuwait.<sup>220</sup>

#### 5.4.5 Sanction lists

The aim of Kuwait to maintain stability may negatively affect its policy towards CTF. All together, it has become clear that Kuwait made impressive progress on the legal and capacity side of its policy towards CTF. However, it still has to balance regional and domestic influences. Kuwait seems to obey to the international required by the UN and MENAFATF standards, but does not everything possible within its power to prohibit terrorist financing for the sake of stability on the domestic level. This is shown by the fact that the UN sanction list seems to be the most important guideline for Kuwaiti authorities since the implementation of law 106 of 2013, which does confirm Kuwait's willingness to obey to international standards on the one hand, while on the other hand the question rises whether that is enough since the UN list is rather bureaucratic: it takes a lot of effort to place a new entity on the list. Therefore, the KwFIU and other monitoring mechanisms are dependent on the policies of banks (Box 10).<sup>221</sup>

#### **Box 10: CTF is Dependent on Sanction Lists**

Next to the UN sanction list, Kuwait also applies its own list of 110 entities. The implementation of other lists, such as the EU or US lists, is not mandatory and differs per financial institution. Therefore, the Kuwait Financial Intelligence Unit (KwFIU) and other monitoring mechanisms are dependent on the policies of banks, who constantly have to balance business and risk. In 2015/2016, 740 suspicious transactions reports were sent to KwFIU. In 2016/2017, 928 were sent, of which 110 have been opened. 39 of those have been sent to the public prosecutor. The other 71 were most probably sent to state security.

Box 10: CTF is dependent on sanction lists.<sup>222</sup>

<sup>220</sup> F. Conversations with a diplomat of a Western Embassy in Kuwait, September 2017.

<sup>221</sup> "Second Annual Report Kuwait Financial Intelligence Unit." 87-89; M. Conversation with high ranking officials of the Kuwait Financial Intelligence Unit in Kuwait, November 2017; N. Conversation with high ranking officials of the Central Bank of Kuwait, November 2017; S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

<sup>222</sup> "Second Annual Report Kuwait Financial Intelligence Unit." 87-89; S. Conversation with representatives of a commercial bank in Kuwait, November 2017.

Behind the open and welcoming behavior of Kuwait towards international standards, there is also a certain restraint by which the Kuwaiti authorities clearly try to avoid allegations on certain Kuwaiti suspected of being involved in terrorist financing. The idea exists that Kuwaiti authorities are safeguarding certain powerful and influential entities in society for the sake of the stability inside the country, who might be involved in illicit financing.<sup>223</sup> It is hard to put this forward as a fact, since even financial intelligence units are not always able to grasp who is behind an, at least, questionable transaction. In practice it appears that certain requests on information on such a questionable transaction are never followed up. Therefore, a general feeling exists that the Kuwaiti authorities are, in some cases, safeguarding certain powerful and influential entities in society for the sake of the stability inside the country. If this is true, this means that there still exists certain permissiveness towards terrorist financing for the sake of stability inside Kuwait.<sup>224</sup>

---

<sup>223</sup> J. Conversation with a Western European Diplomat in Kuwait, October 2017.

<sup>224</sup> J. Conversation with a Western European Diplomat in Kuwait, October 2017.

## Chapter 6: Conclusion

Based on the research done, it can be concluded that international, regional, and domestic actors have influenced the policy of Kuwait towards countering terrorist financing (CTF). The observations show that Kuwait constantly has to balance between the sometimes-conflicting demands posed by these multilevel actors. The three level game, based on Robert D. Putnam's two-level game theory, functions as a model to illustrate and structure the complexity of policy-making in Kuwait, which shows that it is only possible to set an agreement in case it fits within the win-set of the international, regional, and domestic level actors.<sup>225</sup> The most important reason for this complexity is the fact that, as Putnam puts forward, a move on one board might be not accepted on another board.<sup>226</sup> One of the underlying reasons in this case is the lack of an international agreed definition on terrorism. At the same time, international terrorism can only be fought by international cooperation.<sup>227</sup> However, as also put forward by the United Nations (UN) an international strategy lacks as well.<sup>228</sup>

Nevertheless, Kuwait has made serious progress since 2013 and 2014 by implementing and enforcing law 106 of 2013 regarding the combating of money laundering and the financing of terrorism. Since the war on terrorism erupted after 9/11, more international and regional actors became concerned with terrorism. In the meantime, Kuwait had a rather permissive approach towards terrorist financing until 2014. For the sake of domestic stability and in order to maintain the status quo, Kuwait allowed both Sunni and Shia hardliners to support (terrorist) groups abroad.<sup>229</sup> International critique led to a policy change in Kuwait: both a FATF report in 2011 and a US Treasury report in 2014 had firm critique on the permissiveness of Kuwait towards terrorist financing. As a result, Kuwait improved its behavior by obeying to international standards in which United Nations (UN) resolutions are leading. The Kuwait financial intelligence unit (KwFIU) has been established independently from the Central Bank of Kuwait (CBK); charitable organizations are under strict supervision of the Ministry of Social Affairs and Labor (MOSAL), the Ministry of Foreign Affairs (MoFA), and CBK; the public prosecutor is empowered to prosecute in CTF cases under law 106 of 2013; and the government has increased its

---

<sup>225</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 434.

<sup>226</sup> Robert D. Putnam, "Diplomacy and Domestic Politics: The Logic of Two-Level Games," *International Organization* 42, no. 3 (1998): 433-34.

<sup>227</sup> Schmid, Alex. "Terrorism - The Definitional Problem." *International Law Commons* 36, no. 2 (2004): 47, 380.

<sup>228</sup> "UN Terrorism," accessed August 19, 2017, <http://www.un.org/News/dh/infocus/terrorism/sg%20high-level%20panel%20report-terrorism.htm>.

<sup>229</sup> Dickinson, *Playing with Fire*, 8-9.

CTF capacity.<sup>230</sup> Therefore, the Middle East North Africa Financial Action Task Force (MENAFATF) upgraded Kuwait on its revision list in 2015.<sup>231</sup>

Even though international actors seem to have been rather successful in altering Kuwait's course, regional and domestic actors still influence the policy of Kuwait towards CTF negatively. The tensions in the region, formed by sectarianism and terrorism, impact Kuwait, which clearly tries to stay neutral in regional disputes and acts as honest broker and humanitarian actor. The tensions between Riyadh and Teheran reflect on the wider region, including Kuwait.<sup>232</sup> Therefore, domestic actors are also influenced by the developments in the region, by which sectarian tensions within society increase. As one of the diplomatic sources argued, the largest threat for Kuwait is a certain degree of sympathy within society for terrorist groups abroad. Kuwait continuously tries to protect itself against separate alignments within society caused by interference from outside. Therefore, the Amir tries to maintain unity domestically.<sup>233</sup> However, the aim for stability seems to negatively affect Kuwait's CTF policy as well.

Although Kuwait does act according international UN and MENAFATF standards, it seems that certain permissiveness still exists. It can be questioned whether Kuwait does everything within its power to prevent any form of terrorist financing. In some cases, depending on the regional and domestic political climate, the Kuwaiti government acts differently. This cannot be proven in this research, but the idea exists that Kuwaiti authorities are able and willing to safeguard certain powerful and influential or symbolic entities in society for the sake of the stability inside the country, who might be involved in illicit financing.<sup>234</sup>

At least for the time being, Kuwait is able to reach its own goal within this three level game. Kuwait has been able to maintain domestic stability by balancing all different factions in society; the welfare society; its position as neutral and humanitarian actor on both the international and regional level; and the status quo in which the Sabah family is ruling. However, it is hard to predict how long this can

---

<sup>230</sup> United States Department of State Publication Bureau of Counterterrorism, "Country Reports on Terrorism 2016," 198–202.

<sup>231</sup> "Mutual Evaluation Report 3rd Follow-Up Report for State of Kuwait: Anti-Money Laundering and Combating the Financing of Terrorism." MENAFATF, April 29, 2015. <http://www.menafatf.org/information-center/kuwait-exits-follow-process>.

<sup>232</sup> Kamrava, "The Changing International Relations of the Persian Gulf," 3–9.

<sup>233</sup> H. Conversation with a Think Tank in Kuwait, September 2017; P. Conversation with high ranking officials of the Public Prosecution, November 2017.

<sup>234</sup> J. Conversation with a Western European Diplomat in Kuwait, October 2017.

continue given the expected breakdown of the rentier state, which is likely to increase tensions within society.<sup>235</sup>

All together, the research has contributed to both the academic and societal debate on terrorism. It has contributed to the understanding of policy-making within Kuwait, especially towards terrorist financing. The policy change towards CTF has been a positive change by which Kuwait has shown to be able to improve its laws and capacity. However, terrorism, and also terrorist financing, always finds new ways. Virtual money, cash money, financing through third parties, and other ways are still ways to finance terrorism abroad.<sup>236</sup> It is important to understand that this problem is much bigger than Kuwait, and to a certain extent the problem reaches beyond Kuwait's responsibility. Also, Kuwait and the wider GCC region seems not able to fully eradicate itself from the notion of international, mostly Western public opinion, that they are involved or permissive towards the funding of certain terrorist groups.<sup>237</sup>

The result of this research is a balanced view in which the gap between the Western and Kuwaiti perspective has become smaller. Still, in-depth cooperation and capacity building towards CTF, and a better understanding of the influence of the different factions in Kuwaiti society are crucial. Therefore, this research concludes with practical policy recommendations. In first instance the recommendations are intended for Dutch policymakers, but they are useful for a wider public of policymakers in- and outside Kuwait.

1. Further increase cooperation with other (EU) countries in order to understand what terrorist financing in the Middle East entails. Like radicalizing and home-grown terrorism in the Netherlands, terrorists, terrorist groups, and the permissive environment in the Middle East are also a threat to the Netherlands.
2. Since terrorist financing might increase in 2018, further increase cooperation with other (EU) countries in order to invest in the capacity to investigate the financing of terrorism outside the Netherlands. This is crucial to tackle the (in) direct threat of terrorist financing in the Middle East towards the Netherlands.

---

<sup>235</sup> Beblawi, Hzem, and Luciani Giacomo. *The Rentier State*. New York: Routledge Library Editions: Politics of the Middle East, 2015

<sup>236</sup> FATF, "Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)" (FATF, 2015), 18-26, <http://www.fatf-gafi.org/publications/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html>.

<sup>237</sup> J. Conversation with a Western European Diplomat in Kuwait, October 2017.

3. Invest in further research in the different factions in the Kuwaiti society and the relations between these factions. An in-depth understanding of these factions is crucial in future policy-making. A concrete way to do so is by inviting different factions for a roundtable discussion at the Netherlands embassy in Kuwait, and to follow-up on the parliamentary visit of Kuwaiti members of parliament in the Netherlands.
4. Invest more in high profile visits to this region and especially Kuwait in order to be able to sensitize and continually support and encourage Kuwait and other GCC countries to act vigilant in the case of terrorist funding.

## Bibliography

- Al Arabiya. "Kuwait Suspect Says ISIS Planned Attacks: Media," April 26, 2017. <http://english.alarabiya.net/en/News/gulf/2017/04/26/Kuwait-suspect-says-ISIS-planned-attacks-Media.html>.
- — —. "Report: Suspected ISIS Cell Was Planning Attacks on US Forces in Kuwait," April 10, 2017. <http://english.alarabiya.net/en/News/gulf/2017/04/10/Report-Suspected-ISIS-cell-was-planning-attacks-on-US-forces-in-Kuwait.html>.
- Al Jazeera. "ISIL Claims Responsibility for Kuwait Shia Mosque Blast," June 27, 2015. <http://www.aljazeera.com/news/2015/06/isil-claim-responsibility-kuwait-shia-mosque-attack-150626124555564.html>.
- Al-Rasheed, Madawi. "Kuwaiti Activists Targeted under GCC Security Pact." *Al-Monitor*, March 20, 2015.
- Analytical Support and Sanctions Monitoring Team. "United Nations Official Document," August 7, 2017. [http://www.un.org/en/ga/search/view\\_doc.asp?symbol=S/2017/573](http://www.un.org/en/ga/search/view_doc.asp?symbol=S/2017/573).
- Anjarini, Suhaib. "The Unknown Role of Kuwaiti's Salafis in Syria." *Al-Akhbar*, March 21, 2014. <http://english.al-akhbar.com/node/19123>.
- "Arab League Nations Sign Anti-Terror Accord." International Institute for Counter-Terrorism, April 21, 1998. <http://www.ict.org.il/Article/1585/Arab-League-Nations-Sign-Anti-terror-Accord>.
- Arab Times. "Foreign Affairs to Take Legal Action against Those 'Criticizing' Kuwait." ARAB TIMES - KUWAIT NEWS, November 11, 2017. <http://www.arabtimesonline.com/news/foreign-affairs-take-legal-action-criticizing-kuwait/>.
- — —. "Kuwait Calls for Exchanging Info on Anti-Money Laundering Efforts - Al-Sayegh Participates in MENAFATF Meeting," April 26, 2017. <http://www.arabtimesonline.com/news/kuwait-calls-exchanging-info-anti-money-laundering-efforts-al-sayegh-participates-menafatf-meeting/>.
- — —. "Kuwait Informed about Threat from ISIS - Security Tightened." ARAB TIMES - KUWAIT NEWS, October 23, 2017. <https://www.arabtimesonline.com/news/kuwait-informed-threat-isis-security-tightened/>.
- — —. "Kuwaiti ISIS Members to Be Handed over to Kuwait." ARAB TIMES - KUWAIT NEWS, November 1, 2017. <http://www.arabtimesonline.com/news/kuwaiti-isis-members-handed-kuwait/>.
- Ayoob, Mohammed. "American Policy Toward the Persian Gulf Strategies, Effectiveness, and Consequences." In *The International Politics of the Persian Gulf*, 120–43. Georgetown University: Center for International and Regional Studies, 2011.
- Boaz, Ganor. "Defining Terrorism - Is One Man's Terrorist Another Man's Freedom Fighter?," January 1, 2010. <https://www.ict.org.il/Article/1123/Defining-Terrorism-Is-One-Mans-Terrorist-Another-Mans-Freedom-Fighter>.
- "BP Statistical Review of World Energy 2017." BP, 2017. <https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review-2017/bp-statistical-review-of-world-energy-2017-full-report.pdf>.
- Byman, Daniel L. "Regional Consequences of Internal Turmoil in Iraq." In *The International Politics of the Persian Gulf*, 144–68. Georgetown University: Center for International and Regional Studies, 2011.
- Conceição-Heldt, Eugénia da, and Patrick Mello. "Two-Level Games in Foreign Policy Analysis," June 28, 2017. <https://doi.org/10.1093/acrefore/9780190228637.013.496>.
- Conversations with officials in Kuwait, 2017. *Coded in the appendix*
- "Country Profile." Oxford Business Group, July 20, 2017. <http://www.oxfordbusinessgroup.com/kuwait-2017/country-profile>.
- David, Javier E. "US, Gulf Countries Form New Group to Stem Flow of Terror Financing," May 21, 2017. <http://www.cnbc.com/2017/05/21/us-gulf-countries-form-new-group-to-stem-flow-of-terror-financing.html>.
- Dickinson, Elizabeth. *Playing with Fire: Why Private Gulf Financing for Syria's Extremist Rebels Risks Igniting Sectarian Conflict at Home*. Saban Center at Brookings, 2013.
- FATF. "Financial Action Task Force Groupe d'action Financière," 2008. <http://www.fatf-gafi.org/media/fatf/documents/reports/FATF%20Terrorist%20Financing%20Typologies%20Report.pdf>.



- — — . “MUTUAL EVALUATION OF KUWAIT EXECUTIVE SUMMARY: Anti-Money Laundering and Combating the Financing of Terrorism,” July 24, 2011. <http://www.fatf-gafi.org/media/fatf/documents/reports/mer/MER%20Kuwait%20ES.pdf>.
- “Fight against Terror Comes under the Spotlight in Riyadh Forum to Counter Extremism, Fight Terrorism.” *Kuwait Times*, May 13, 2017. <http://news.kuwaittimes.net/website/fight-terror-comes-spotlight-riyadh-forum-counter-extremism-fight-terrorism/>.
- Gallie, W.B. “XI.-Essentially Contested Concepts.” *Proceedings of the Aristotelian Society* 56, no. 1 (June 1, 1956): 167–98. <https://doi.org/https://doi.org/10.1093/aristotelian/56.1.167>.
- “General Assembly of the United Nations General Debat of the 72nd Session: Kuwait, H.H. Sheikh Jaber Al-Mubarak Al-Hamad Al Sabah, Prime Minister,” September 20, 2017. <https://gadebate.un.org/en/72/kuwait>.
- “Global Terrorism Index 2016.” Institute for Economics and Peace, 2016. <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>.
- Hall, John. “Sunni and Shia Muslims: Islam’s 1,400-Year-Old Divide Explained.” *The Independent*, January 4, 2016. <http://www.independent.co.uk/news/world/middle-east/sunni-and-shia-islams-1400-year-old-divide-explained-a6796131.html>.
- House of Commons Foreign Affairs Committee. “The UK’s Role in the Economic War against ISIL.” house of commons, June 12, 2016.
- Hudson, Valerie M. “Foreign Policy Analysis: Actor-Specific Theory and the Ground of International Relations.” *Foreign Policy Analysis* 1 (2005): 30.
- Izzak, B. “‘Abdaly Cell’ Fugitives Flee.” *Kuwait Times*, July 17, 2017. <http://news.kuwaittimes.net/website/abdaly-cell-fugitives-flee/>.
- Izzak, B. “Lawmaker Warns of Qatar-like Blockade. Calls, Calls for Readiness.” *Kuwait Times*, December 26, 2017. <http://news.kuwaittimes.net/website/lawmaker-warns-qatar-like-blockade-calls-readiness/>.
- “Islamic Military Counter Terrorism Coalition to Hold First Meeting in Riyadh.” *Al-Arabiya*, November 18, 2017. <https://english.alarabiya.net/en/News/gulf/2017/11/18/Islamic-Military-Counter-Terrorism-Coalition-to-hold-first-meeting-in-Riyadh.html>.
- Joscelyn, Thomas. “Treasury Sanctions Kuwait-Based Al Qaeda Facilitator.” *Foundation for Defense of Democracies*, March 14, 2017. <http://www.defenddemocracy.org/media-hit/thomas-joscelyn-treasury-sanctions-kuwait-based-al-qaeda-facilitator/>.
- Kamrava, Mehran. “The Changing International Relations of the Persian Gulf.” In *The International Politics of the Persian Gulf*, 1–20. Georgetown University: Center for International and Regional Studies, 2011.
- Katzman, Kenneth. “Kuwait: Governance, Security, and U.S. Policy.” Congressional Research Service, May 15, 2017. <https://fas.org/srg/crs/mideast/RS21513.pdf>.
- Kostiner, Joseph. “GCC Perceptions of Collective Security in the Post-Sadam Era.” In *The International Politics of the Persian Gulf*, 94–119. Georgetown University: Center for International and Regional Studies, 2011.
- “Kuwait Places Two Yemeni Entities, 11 Individuals on Terror List.” KUNA, October 26, 2017. <http://www.kuna.net.kw/ArticleDetails.aspx?id=2652617&language=en>.
- “Kuwait Population 2017 (Demographics, Maps, Graphs).” Accessed November 11, 2017. <http://worldpopulationreview.com/countries/kuwait-population/>.
- “Kuwaiti Charity Societies Increasing at Steady Pace.” *Kuwait Times*, October 31, 2017.
- Lantis, Jeffrey S., and Ryan Beasley. “Comparative Foreign Policy Analysis,” May 24, 2017. <https://doi.org/10.1093/acrefore/9780190228637.013.398>.
- Lawson, Fred H. “Security Dilemmas in the Contemporary Persian Gulf.” In *The International Politics of the Persian Gulf*, 50–71. University of Georgetown: Center for International and Regional Studies, 2011.
- “Lebanese PM Saad Hariri Resigns Citing Iranian Meddling.” *Al Jazeera*, November 4, 2017. <http://www.aljazeera.com/news/2017/11/lebanese-pm-saad-hariri-resigns-citing-iranian-meddling-171104115027805.html>.
- Lund, Aron. “How Assad’s Enemies Gave Up on the Syrian Opposition.” The Century Foundation, October 31, 2017. <https://tcf.org/content/report/assads-enemies-gave-syrian-opposition/>.
- Mehran, Kamrava. *The International Politics of the Persian Gulf*. Syracuse, New York: Syracuse University Press, 2011. [http://web.b.ebscohost.com.ezproxy.leidenuniv.nl:2048/ehost/ebookviewer/ebook/bmx1YmtfXzcxNDU2NF9fQU41?sid=33fd6fd5-7eac-4b84-8234-a4f4afab1e05@sessionmgr101&vid=0&format=EB&lpid=lp\\_72&rid=0](http://web.b.ebscohost.com.ezproxy.leidenuniv.nl:2048/ehost/ebookviewer/ebook/bmx1YmtfXzcxNDU2NF9fQU41?sid=33fd6fd5-7eac-4b84-8234-a4f4afab1e05@sessionmgr101&vid=0&format=EB&lpid=lp_72&rid=0).

- Minkina, Nicole. "The Islamic State of Iraq and Syria: Financing the Threat," February 13, 2015. <http://www.yaleeconomicreview.org/archives/article/the-islamic-state-of-iraq-and-syria-financing-the-threat>.
- Morris, Loveday. "Arab Warnings Mount as U.S. Suggests Move to Declare Jerusalem the Capital of Israel." *Washington Post*, December 4, 2017. [https://www.washingtonpost.com/world/arab-warnings-mount-as-us-suggests-shift-to-namejerusalem-as-israeli-capital/2017/12/04/4540df3e-d8ef-11e7-8e5fccc94e22b133\\_story.html?utm\\_term=.4d63a9e1d2ec](https://www.washingtonpost.com/world/arab-warnings-mount-as-us-suggests-shift-to-namejerusalem-as-israeli-capital/2017/12/04/4540df3e-d8ef-11e7-8e5fccc94e22b133_story.html?utm_term=.4d63a9e1d2ec).
- "Mutual Evaluation Report 3rd Follow-Up Report for State of Kuwait: Anti-Money Laundering and Combating the Financing of Terrorism." MENAFATF, April 29, 2015. <http://www.menafatf.org/information-center/kuwait-exits-follow-process>.
- "New Kuwaiti Poll Shows Mostly Positive Views on US Policy Push, but Some Splits." *Kuwait Times*, November 4, 2017. <http://news.kuwaittimes.net/website/new-kuwaiti-poll-shows-mostly-positive-views-us-policy-push-splits/>.
- Niethammer, Katja. "Political Reform and Foreign Policy in Persian Gulf Monarchies." In *The International Politics of the Persian Gulf*, 234–56. Georgetown University: Center for International and Regional Studies, 2011.
- Osborne, Peter. "Terrorism: A History of Violence." *Middle East Eye*. Accessed August 15, 2017. <http://www.middleeasteye.net/essays/david-anderson-and-definition-terrorism-608161931>.
- "Official Translation of Law No. 106 for the Year 2013 Regarding Combating Money Laundering and the Financing of Terrorism," 2013.
- Oosterveld, Willem, and Bloem, Willem. "The Rise and Fall of ISIS: From Evitability to Inevitability." The Hague: HCSS, 2016, 157-59.
- Peterson, J.E. "Sovereignty and Boundaries in the Gulf States." In *The International Politics of the Persian Gulf*, 21–49. University of Georgetown: Center for International and Regional Studies, 2011.
- Putnam, Robert D. "Diplomacy and Domestic Politics: The Logic of Two-Level Games." *International Organization* 42, no. 3 (1998): 427–60.
- Qatar Crisis: What You Need to Know." *BBC*, July 19, 2017. <http://www.bbc.com/news/world-middle-east-40173757>.
- Rapoport, David C. "The Four Waves of Rebel Terror and September." *Anthropoetics* 8, no. 1 (2002). <http://wrlrdrels.org/wp-content/uploads/2016/02/Rapoport-Four-Waves-of-Terror.pdf>.
- "Remarks of Under Secretary for Terrorism and Financial Intelligence David Cohen before the Center for a New American Security on 'Confronting New Threats in Terrorist Financing,'" April 3, 2014. <https://www.treasury.gov/press-center/press-releases/Pages/jl2308.aspx>.
- Reuters Staff. "Kuwait Court Sentences MPs to Jail Terms for Storming into Parliament." *Reuters*, November 27, 2017. <https://www.reuters.com/article/us-kuwait-court-parliament/kuwait-court-sentences-mps-to-jail-terms-for-storming-into-parliament-idUSKBN1DR1TI>.
- Sadek, George. "Kuwait: Counter Terrorism Legislation Proposed By MP | Global Legal Monitor." Web page, August 3, 2017. <http://www.loc.gov/law/foreign-news/article/kuwait-counter-terrorism-legislation-proposed-by-mp/>.
- "Sanctions: The Key to Stayin on the Right Side of Regulators Is Understanding Your Organization's Exposure to Sanction Risk." Thomson Reuters. Accessed December 11, 2017. <https://risk.thomsonreuters.com/content/risk/en/risk-solutions/ofac-sanctions.html>.
- "Saudi, UAE, Kuwait Urge Citizens to Leave Lebanon." *Al Jazeera*, November 9, 2017. <http://www.aljazeera.com/news/2017/11/saudi-arabia-issues-travel-alert-lebanon-171109143454070.html>.
- "Second Annual Report Kuwait Financial Intelligence Unit." KwFIU, 2017 2016.
- Schmid, Alex. "Terrorism - The Definitional Problem." *International Law Commons* 36, no. 2 (2004): 47, 381.
- "Sunnis and Shia in the Middle East." *BBC News*, December 19, 2013, sec. Middle East. <http://www.bbc.com/news/world-middle-east-25434060>.
- "Terrorism and Illicit Finance." U.S. Department of the Treasury, 2017. <https://www.treasury.gov/resource-center/terrorist-illicit-finance/Pages/protecting-fto.aspx>.
- "The Global Coalition Against Daesh." Accessed July 28, 2017. <http://theglobalcoalition.org/en/home/>.
- The Times. "Speaker to Brief MPs on Important Amiri Message," November 16, 2017. [http://www.timeskuwait.com/Times\\_Speaker-to-brief-MPs-on-important-Amiri-message](http://www.timeskuwait.com/Times_Speaker-to-brief-MPs-on-important-Amiri-message).
- Toumi, Habib. "Kuwait MP Calls for Jailing of Hezbollah, Daesh Supporters." *GulfNews*, June 25, 2017. <http://gulfnews.com/news/gulf/kuwait/kuwait-mp-calls-for-jailing-of-hezbollah-daesh-supporters-1.2064049>.

- “UN Terrorism.” Accessed August 19, 2017.  
<http://www.un.org/News/dh/infocus/terrorism/sg%20high-level%20panel%20report-terrorism.htm>.
- United States Department of State Publication Bureau of Counterterrorism. “Country Reports on Terrorism 2016,” July 2017. <https://www.state.gov/documents/organization/272488.pdf>.
- “Unofficial Translation: Ambassador Nasser Al-Sabeeh during the Opening of the Workshop on ‘the Role of the Social Media Programs in Spreading Awareness among Youths.’” *Al-Anba*, October 24, 2017.
- “Unofficial Translation: Kuwaiti Prosecutor Detains Three Syrians for Transferring Money to ISIS.” *Al-Qabas*, October 24, 2017. <http://pdfs.alqabas.com/2017/10/24/15947.pdf>.
- Wallace, Brandon. “Foreign Fighters Among the Hashd Al-Shaabi,” August 22, 2017. <http://www.washingtoninstitute.org/policy-analysis/view/foreign-fighters-among-the-hashd-al-shaabi>.
- Westall, Sylvia. “Iran Ambassador Ordered to Leave Kuwait over Spy Case.” *Reuters*, July 20, 2017. <https://www.reuters.com/article/us-kuwait-iran/iran-ambassador-ordered-to-leave-kuwait-over-spy-case-idUSKBN1A510U>.
- Wright, Steven. “Foreign Policy in the GCC STATES.” In *The International Politics of the Persian Gulf*, 72–93. Georgetown University: Center for International and Regional Studies, 2011.

## Appendix Diplomatic Sources

#	Conversations	Attendees
A	Conversation with a Western European Diplomat in Kuwait, Augustus 2017.	1
B	Conversation with diplomats of a Western Embassy in Kuwait, September 2017.	3
C	Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.	2
D	Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.	3
E	Conversation with diplomats of a Western European Embassy in Kuwait, September 2017.	3
F	Conversations with a diplomat of a Western Embassy in Kuwait, September 2017.	1
G	Conversation with an influential representative of the liberal faction in Kuwait, September 2017.	1
H	Conversation with a Think Tank in Kuwait, September 2017.	1
I	Conversation with a Kuwaiti Scholar in Kuwait, September 2017.	1
J	Conversation with a Western European Diplomat in Kuwait, October 2017.	1
K	Conversation with a Western European Diplomat in Kuwait, November 2017.	1
L	Conversation with a Diplomat of a Western European Embassy in Kuwait, November 2017.	1

M	Conversation with high ranking officials of the Kuwait Financial Intelligence Unit in Kuwait, November 2017.	3
N	Conversation with high ranking officials of the Central Bank of Kuwait, November 2017.	2
O	Conversation with high ranking officials of the Ministry of Social Affairs and Labor, November 2017.	2
P	Conversation with high ranking officials of the Public Prosecution, November 2017.	5
Q	Conversation with high ranking officials at the Criminal Investigations Department and Interpol in Kuwait, November 2017.	2
R	Conversation with high ranking officials at the Ministry of Interior, November 2017.	3
S	Conversation with representatives of a commercial bank in Kuwait, November 2017.	2
T	Conversation with diplomats of a Western embassy in Kuwait, November 2017	2
U	Conversation with a Kuwaiti leader of the Muslim Brotherhood in Kuwait, November 2017.	1
V	Conversation with a representative of a Western European Embassy in Kuwait, December 2017.	1