

September 2009

# COMBATING TERRORISM

## U.S. Agencies Report Progress Countering Terrorism and Its Financing in Saudi Arabia, but Continued Focus on Counter Terrorism Financing Efforts Needed



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Highlights of [GAO-09-883](#), a report to congressional requesters

# COMBATING TERRORISM

## U.S. Agencies Report Progress Countering Terrorism and Its Financing in Saudi Arabia, but Continued Focus on Counter Terrorism Financing Efforts Needed

### Why GAO Did This Study

The U.S. government considers the Kingdom of Saudi Arabia a vital partner in combating terrorism. The strong diplomatic relationship between the United States and Saudi Arabia, founded more than 70 years ago, was strained by the Al Qaeda attacks of September 11, 2001, that were carried out in large part by Saudi nationals and killed thousands of U.S. citizens.

GAO was asked to report on (1) the U.S. government strategy to collaborate with and assist the Kingdom of Saudi Arabia to counter terrorism and terrorism financing, and (2) U.S. government agencies' assessment of and the Saudi government's views on progress toward the goals of this strategy. GAO analyzed relevant U.S. and Saudi strategy, planning, and evaluation documents related to efforts since 2005, and discussed these efforts with subject matter experts and U.S. and Saudi officials in Washington, D.C., and Riyadh and Jeddah, Saudi Arabia.

GAO submitted a copy of this report to intelligence agencies, the National Security Council, and the Departments of Defense, Energy, Homeland Security, Justice, State, and Treasury for their review and comment.

### What GAO Recommends

GAO recommends the Secretary of State direct the U.S. mission in Saudi Arabia to reinstate certain targets related to preventing financing of terrorism outside of Saudi Arabia. State agreed with this recommendation.

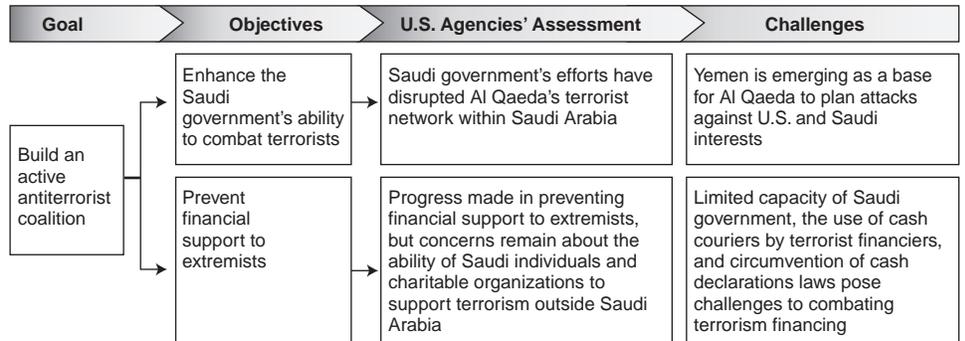
View [GAO-09-883](#) or [key components](#). For more information, contact Zina D. Merritt at (202) 512-5257 or [merrittz@gao.gov](mailto:merrittz@gao.gov).

### What GAO Found

The U.S. government strategy to collaborate with Saudi Arabia on counterterrorism utilizes existing diplomatic and security-related efforts to create an active antiterrorism coalition by enhancing the Saudi government's ability to combat terrorists and prevent financial support to extremists. These objectives are contained in Department of State's (State) Mission Strategic Plans (MSP) for Saudi Arabia for fiscal years 2006 through 2009, and also reflected in a January 2008 report from State to the Congress on its strategy for Saudi Arabia. The MSPs include performance targets to measure progress on efforts to combat terrorism and its financing, such as providing security training to the Saudi government, strengthening Saudi financial institutions, and implementation of relevant Saudi regulations.

U.S. and Saudi officials report progress on countering terrorism and its financing within Saudi Arabia, but noted challenges, particularly in preventing alleged funding for terrorism and violent extremism outside of Saudi Arabia. In April 2009, State assessed progress related to its goal of building an active U.S.-Saudi antiterrorist coalition as "on target." U.S. and Saudi officials report progress in enhancing the Saudi government's ability to combat terrorists, and note the Saudi government's efforts have disrupted Al Qaeda's terrorist network within Saudi Arabia. However, these officials noted Saudi Arabia's neighbor, Yemen, is emerging as a base from which Al Qaeda terrorists can launch attacks against U.S. and Saudi interests. U.S. and Saudi officials also report progress on efforts to prevent financial support to extremists, citing, for example, the Saudi government's regulations on sending charitable contributions overseas, and the arrest and prosecution of individuals providing support for terrorism. However, U.S. officials remain concerned about the ability of Saudi individuals and charitable organizations to support terrorism outside of Saudi Arabia, and noted limited Saudi enforcement capacity and terrorists' use of cash couriers as challenges. Despite these concerns, some performance targets related to countering terrorism financing were removed from State's current MSP. According to State officials, these changes were made either because a specific target was no longer considered feasible or because progress was made toward the target.

**Goal, Objectives, Assessment, and Challenges of U.S. Collaboration with Saudi Arabia on Counterterrorism**



Source: GAO analysis of U.S. agency information.

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## Abbreviations

DHS	Department of Homeland Security
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
FAA	Foreign Assistance Act
FATF	Financial Action Task Force
FBI	Federal Bureau of Investigation
FIU	Financial Intelligence Unit
ICE	U.S. Immigration and Customs Enforcement
IIRO	International Islamic Relief Organization
INCSR	International Narcotics Control Strategy Report
MOI	Ministry of Interior
MSP	Mission Strategic Plan
NSC	National Security Council
OPM-MOI	Office of Program Management–Ministry of Interior
SAMA	Saudi Arabian Monetary Agency
UN	United Nations

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United States Government Accountability Office  
Washington, DC 20548

September 24, 2009

The Honorable Harry Reid  
Majority Leader  
United States Senate

The Honorable Howard L. Berman  
Chairman  
The Honorable Ileana Ros-Lehtinen  
Ranking Member  
Committee on Foreign Affairs  
House of Representatives

The U.S. government considers the Kingdom of Saudi Arabia a vital partner in combating terrorism and advancing other U.S. foreign policy priorities, such as achieving security in Iraq, advancing the Israeli-Palestinian peace process, and ensuring stability in world oil markets. The strong diplomatic relationship between the United States and Saudi Arabia, founded more than 70 years ago, was strained by the Al Qaeda attacks of September 11, 2001, that were carried out in large part by Saudi nationals and killed thousands of U.S. citizens. Nevertheless, the United States and Saudi Arabia currently have an ongoing dialogue on a range of counterterrorism issues, which include high-level discussions and working-level collaboration.

The National Commission on Terrorist Attacks upon the United States (9/11 Commission) was established in 2002 to prepare a full account of the circumstances surrounding the September 11, 2001, terrorist attacks, including alleged Saudi links to the attacks.<sup>1</sup> The 9/11 Commission's 2004 report found no evidence that the Saudi government funded Al Qaeda, but noted that terrorist groups like Al Qaeda raised funds from Saudi individuals and charitable organizations headquartered in Saudi Arabia. In addition, media reports continue to contain allegations that some Saudi individuals and charitable organizations support terrorism and violent extremism outside of Saudi Arabia. In 2003 and 2004, a series of terrorist attacks against both Saudi and U.S. interests were launched in Saudi Arabia, prompting the Saudi government to intensify its efforts to combat

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<sup>1</sup>The National Commission on Terrorist Attacks upon the United States is an independent bipartisan entity created by the Congress.

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terrorism, including targeting sources of violent extremism within the country.

In 2004, the 9/11 Commission recommended that the United States openly engage the government of Saudi Arabia to build a cooperative counterterrorism relationship. In August 2007, the President signed the Implementing Recommendations of the 9/11 Commission Act of 2007, which required that the President of the United States report on a long-term strategy to work with the Saudi government to, among other things, combat terrorism through such measures as preventing the financing of terrorists by Saudi institutions and citizens.<sup>2</sup> Additionally, it required that the report provide an assessment of Saudi Arabia's progress in these areas since 2001. Also, at the request of the Congress, in 2005, we reported on allegations that Saudi private entities and individuals had financed or supported violent extremism.<sup>3</sup> In our report, we noted that the threat of global propagation of violent extremism was emerging not only from Saudi sources, but also from sources in other countries, such as Iran, Kuwait, and Syria, as well as from indigenous groups within some countries. In 2005, we also reported on U.S. government efforts to combat terrorist financing abroad that included standards setting and training and technical assistance in areas such as preventing cash couriers, which refers to criminals' cross-border movements of cash.<sup>4</sup>

This report provides information on U.S. and Saudi efforts to address alleged terrorism and terrorism financing since 2005. Specifically, we report on (1) the U.S. government strategy to collaborate with and assist the Kingdom of Saudi Arabia to counter terrorism and terrorism financing, and (2) U.S. government agencies' assessment of and Saudi government views on progress toward the goals of the U.S. strategy to collaborate with and assist the Kingdom of Saudi Arabia.

To address these objectives, we reviewed and analyzed relevant U.S. strategy, planning, and evaluation documents related to U.S.-Saudi efforts

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<sup>2</sup>Implementing Recommendations of the 9/11 Commission Act of 2007, August 3, 2007 (Pub. L. No. 110-53, Sec. 2043).

<sup>3</sup>GAO, *International Affairs: Information on U.S. Agencies' Efforts to Address Islamic Extremism*, GAO-05-852 (Washington, D.C.: Sept. 16, 2005).

<sup>4</sup>GAO, *Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad*, GAO-06-19 (Washington, D.C.: Oct. 24, 2005).

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to counter terrorism and terrorism financing efforts since 2005. While we did not assess the key elements of a strategy as identified by GAO for the U.S. counterterrorism strategy related to Saudi Arabia as stated in the Mission Strategic Plans (MSP), we used the performance targets stated in these documents as criteria against which we assessed progress. Further, we obtained and examined documentation from Saudi officials regarding their domestic activities to counter terrorism and its financing. We discussed U.S.-Saudi counterterrorism efforts with U.S. officials from the Departments of State (State), Treasury (Treasury), Homeland Security (DHS), Defense (DOD), Justice (DOJ), Energy (DOE), National Security Council (NSC), and the intelligence community; Saudi officials from the Royal Embassy of Saudi Arabia in Washington, D.C.; and subject matter experts from a variety of academic institutions and nongovernmental organizations. Additionally, we traveled to Riyadh and Jeddah, Saudi Arabia, where we visited the Prince Mohammed bin Nayef Center for Advisory and Care in Riyadh—a counseling program designed to reeducate violent extremists—and met with U.S. officials from State, Treasury, DOJ, DOD, and DHS; Saudi officials from the Saudi Arabian Monetary Agency (SAMA), and the Ministries of Foreign Affairs, Interior, and Islamic Affairs; and representatives from the Saudi charitable organization the World Assembly of Muslim Youth. (See appendix I for a complete description of our scope and methodology.)

We conducted this performance audit from July 2008 through September 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In this report we recommend that the Secretary of State direct the U.S. mission in the Kingdom of Saudi Arabia to reinstate, in consultation with relevant U.S. agencies, performance measures related to preventing the flow of alleged financial support, through mechanisms such as cash couriers, to terrorists and extremists outside Saudi Arabia.

In commenting on a draft of this report, State concurred with our recommendation, and committed to reinstating performance indicators relating to Saudi enforcement of cash courier regulations in its Mission Strategic Plan for Saudi Arabia. DOD stated that it concurs with our report. We also received technical comments from DOD, DOE, NSC, State, Treasury, and the intelligence community. Additionally, consistent with

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our protocols, we provided a copy of the draft report to Saudi officials, who described the report as a fair and detailed review of U.S. and Saudi efforts and offered technical comments. We incorporated technical comments as appropriate.

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## Background

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### Kingdom of Saudi Arabia

Saudi Arabia is known as the birthplace of Islam and is the site of Islam's two holiest shrines located in Mecca and Medina. (See figure 1 for a map of Saudi Arabia.) Millions of Muslims from all over the world visit Mecca to undertake the pilgrimages of hajj and umrah.<sup>5</sup> Like hajj, charitable giving, or zakat, is one of the five pillars or duties of Islam.<sup>6</sup> Zakat, a form of tithe or charity payable for those in need, is an annual flat rate of 2.5 percent of a Muslim's assessable capital. Zakat is broader and more pervasive than Western ideas of charity, functioning as a form of income tax, educational assistance, and foreign aid.

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<sup>5</sup>The annual pilgrimage of hajj is one of the five pillars of Islam and required to be undertaken by all Muslims who are physically and financially able to do so at least once in their lifetime. Another pilgrimage to Mecca is called the umrah, which, unlike the hajj, can be undertaken at any time of the year and is not considered compulsory.

<sup>6</sup>Islam has five pillars or duties required of all observant Muslims. These duties are: (1) shahada (profession of monotheistic faith), (2) salat (praying five times a day), (3) zakat (charitable giving), (4) sawm (fasting annually as a religious observance), and (5) hajj (pilgrimage to Mecca).

Figure 1: Map of the Kingdom of Saudi Arabia



Population: 29,000,000<sup>a</sup>  
GDP per capita: \$21,000<sup>b</sup>

Source: CIA world factbook, adapted by GAO.

<sup>a</sup>2009 (estimate)

<sup>b</sup>2008 (estimate)

Islam is a source of political legitimacy and guidance for the Saudi government, and the country is governed on the basis of Islamic law or Sharia. As far back as the mid-eighteenth century, the founder of the Saudi ruling dynasty, Muhammad bin Saud, allied himself with the conservative Muslim scholar, Muhammad bin Abdul Wahhab. The teachings of Abdul

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Wahhab, which called for a strict interpretation of Islam, form the basis of Islam as practiced by the majority of people in Saudi Arabia.<sup>7</sup>

The Saudi government is a monarchy headed by the king of Saudi Arabia, who also serves as the Prime Minister and the Custodian of the Two Holy Mosques in Mecca and Medina. The current king is King Abdullah bin Abdulaziz Al-Saud. The king is expected to retain consensus of important elements in Saudi society, such as the Saudi royal family and religious leaders. The Saudi royal family consists of thousands of members, some of whom head government ministries.

In the mid-1940s, Saudi Arabia started large scale oil production, and by the 1970s an increase in oil prices led to a rapid increase in Saudi Arabia's per capita income, making it comparable to that of developed countries during this time period.<sup>8</sup> In part, this prosperity, combined with the Islamic religious obligation toward charitable giving or zakat, led to the establishment of charitable organizations headquartered in Saudi Arabia, known as multilateral charitable organizations. These organizations—which include the Muslim World League and the World Assembly of Muslim Youth—were established in the 1960s and 1970s by Saudi royal decree to spread Islam and provide humanitarian assistance around the world, and received funds from the Saudi government and citizens.

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## U.S.-Saudi Relations

Relations between the United States and Saudi Arabia have a long historical context. Since the establishment of the modern Saudi state in 1932, and throughout the Cold War, the governments of the United States and Saudi Arabia developed a relationship based on shared interests, including energy production and combating communism.<sup>9</sup> For instance, both Saudi Arabia and the United States became major supporters of the Afghan mujahideen's struggle against the Soviet invasion in 1979.<sup>10</sup> However, U.S. foreign policies related to the Middle East, such as the

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<sup>7</sup>Muhammad bin Abdul Wahhab called for a return to the fundamentals of Islam as embodied in the Quran, Islam's holy book, and life of the Prophet Mohammad.

<sup>8</sup>In contrast, according to World Bank reporting, from 1980 to 1992 Saudi Arabia's gross national product per capita declined on average by 3.3 percent annually.

<sup>9</sup>For more information on U.S.-Saudi relations, also see Congressional Research Service, *Saudi Arabia: Background and U.S. Relations*, August 13, 2009.

<sup>10</sup>Muslims from many countries, including Saudi Arabia, joined the Afghan mujahideen as an expression of their religious solidarity as well as to fight communism.

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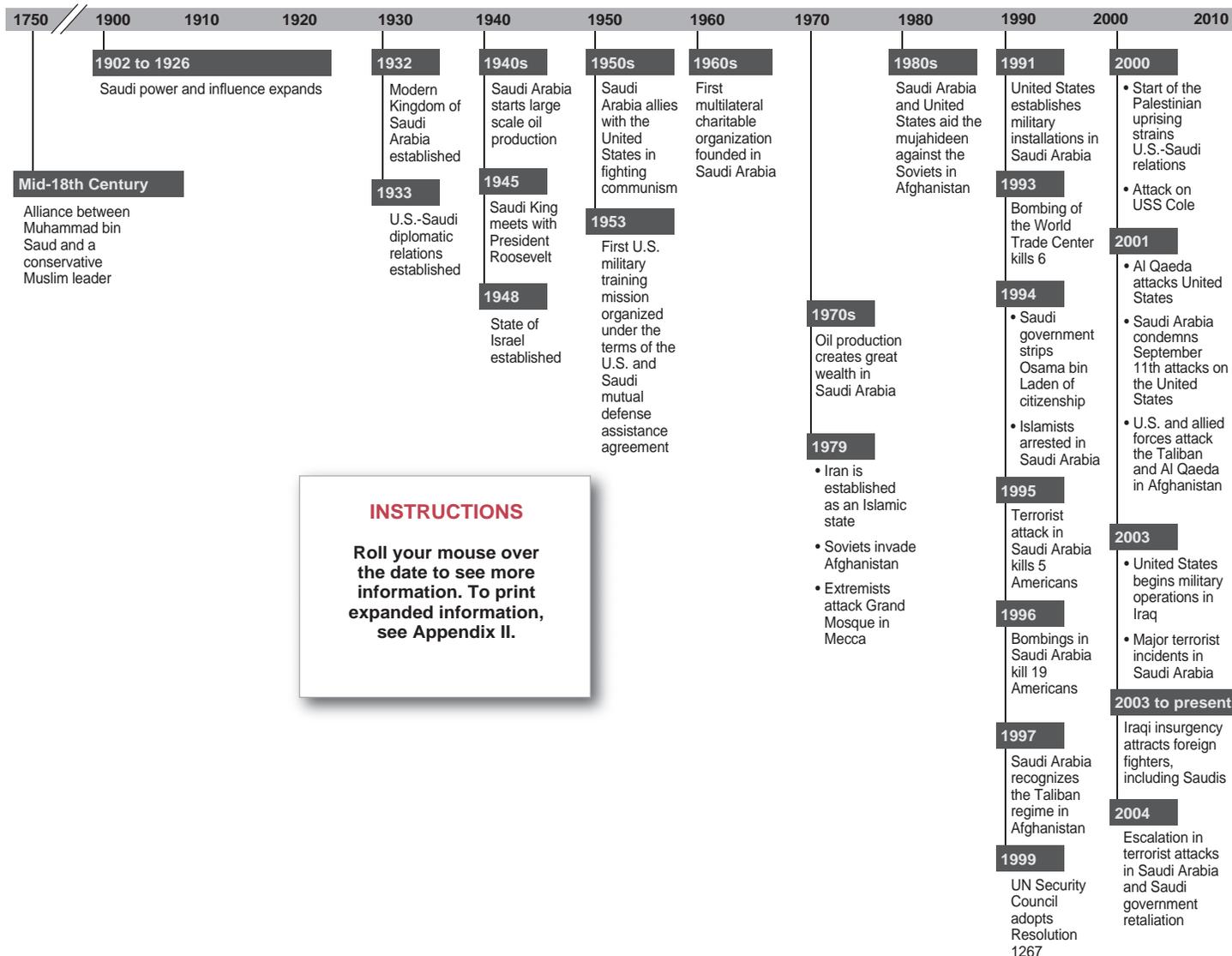
Israeli-Palestinian conflict, have at times tested U.S.-Saudi government relations and fueled a growing anti-American sentiment among some segments of the Saudi population, as well as in many countries with predominantly Muslim populations. (See figure 2 for more information on the historical development of U.S.-Saudi relations.) As we have reported previously,<sup>11</sup> this negative perception of U.S. foreign policy, as well as other factors such as economic stagnation, a disproportionate youth and young adult population,<sup>12</sup> and repressive and corrupt governments in certain Middle Eastern countries, have contributed to the global spread of an extremist ideology promoting hatred, intolerance, and violence that threatens U.S. national security interests.

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<sup>11</sup>GAO-05-852.

<sup>12</sup>Saudi officials and counterterrorism experts told us that those attracted to extremism tend to be young adult males.

**Figure 2: Interactive Time Line of Key Events in U.S. and Saudi Relations, to 1750-2004**



**INSTRUCTIONS**

Roll your mouse over the date to see more information. To print expanded information, see Appendix II.

Source: GAO.

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According to the U.S. government and experts, some Saudi individuals and charitable organizations have knowingly or unknowingly provided financial assistance for terrorism and violent extremism. For example, according to a report by the 9/11 Commission, some charitable organizations, such as the Saudi-based Al Haramain Islamic Foundation, had been exploited by extremists as funding mechanisms to further their goal of violence against non-Muslims. U.S. government and other expert reports have linked some Saudi donations to the global propagation of religious intolerance and support to terrorist activities. For example, Osama bin Laden and Al Qaeda have Saudi roots and accumulated millions of dollars using legitimate charities, nongovernmental organizations, and mosques, as well as businesses such as banks and other financial institutions, to help raise and move their funds. However, experts agree that it is difficult to determine the extent to which donors are aware of the ultimate disposition of the funds provided.<sup>13</sup>

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### Saudi Government Efforts to Combat Terrorism and Terrorism Financing, 2003-2005

Although the Saudi government took actions to combat terrorists following the September 11, 2001, attacks, Al Qaeda's attacks against Saudi and U.S. citizens in Saudi Arabia in 2003 and 2004 marked a turning point in the Saudi government's efforts to combat terrorism and terrorism financing, as the Saudi government came to see Al Qaeda as a threat to the Saudi regime. Between 2003 and 2005, the Saudi government reported that it took a number of actions to combat terrorism and terrorism financing within the Kingdom, some with U.S. assistance, such as increasing the size, training, and professionalism of Saudi security forces. The Saudi and U.S. governments also undertook joint designations of several branches of the Al Haramain Foundation as financiers of terrorism under UN Security Council Resolution 1267.<sup>14</sup> (See appendix III for key Saudi agencies involved in efforts to combat terrorism and terrorism financing within Saudi Arabia.)

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<sup>13</sup>For more information on Saudi Arabia-related terrorism financing issues, see Congressional Research Service, *Saudi Arabia: Terrorist Financing Issues*, June 11, 2008.

<sup>14</sup>United Nations (UN) Security Council resolution 1267 (Oct. 15, 1999) led to the establishment of a committee that created a list of individuals and entities designated for their association with Al Qaeda, Osama bin Laden, and/or the Taliban.

**U.S. Assistance to Saudi Arabia to Combat Terrorism and Terrorism Financing**

Since 2005, several U.S. agencies have conducted training and provided technical assistance to improve the capacity of the Saudi government to combat terrorism and its financing. These efforts have included enhancing the investigative capability of Saudi ministries and assessing the security of Saudi oil installations, among others. U.S. agencies involved in these efforts include DOD, DOE, DHS, DOJ, State, and Treasury, as well as the intelligence community.<sup>15</sup> (See appendix IV for U.S. agencies providing training and technical assistance to Saudi Arabia to counter terrorism and terrorism financing.)

**Legislative Reporting Requirements**

The Congress has enacted several laws that require U.S. agencies to report on terrorism and terrorism financing issues, including those related to U.S. collaboration with Saudi Arabia. (See table 1 for the selected legislation and its requirements.)

**Table 1: Selected Legislation and Associated Reporting Requirements on Efforts to Counter Terrorism and Terrorism Financing, Including Efforts Related to Saudi Arabia**

Legislation	Reporting requirements	Lead agency	Agency response
Foreign Assistance Act (FAA) of 1961 Section 489, as amended (22 U.S.C. Section 2291)	A report on the extent to which each country or entity that received assistance under Chapter 8 of Part I of the Foreign Assistance Act in the past two fiscal years <sup>a</sup> has “met the goals and objectives of the United Nations Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances” (the “1988 UN Drug Convention”) Section 489(a)(1)(A).  In addition, the Congress also mandated the report to identify major money laundering countries (FAA section 489(a)(3)(C)) and findings on each country’s adoption of laws and regulations to prevent narcotics-related money laundering (FAA section 489(a)(7)(C)).	State	The Money Laundering and Financial Crimes section of the Department of State’s annual <i>International Narcotics Control Strategy Report</i> (INCSR), which includes reporting on Saudi Arabia.  The 2009 INCSR is the 26th such report

<sup>15</sup>In this report, we focus on U.S. agency efforts to collaborate with Saudi Arabia between 2005 and 2009. GAO previously reported ([GAO-05-852](#)) on U.S. agencies’ assistance to Saudi Arabia in 2005.

Legislation	Reporting requirements	Lead agency	Agency response
Intelligence Reform and Terrorism Prevention Act of 2004 (P.L. 108-458) Section 7120(3)	A description of the strategy of the United States for expanding collaboration with the Government of Saudi Arabia on subjects of mutual interest and importance, including intelligence and security cooperation between the United States and Saudi Arabia in the fight against extremism	State	<i>Country Reports on Terrorism</i> Starting in 2004, this annual report replaced the previously published <i>Patterns of Global Terrorism</i>
Implementing the Recommendations of the 9/11 Commission Act of 2007 (P.L. 110-53) Section 2043(c)	A one-time description of the long-term strategy of the United States to engage the Government of Saudi Arabia on combating terrorism and provide an assessment of Saudi Arabia's progress in this area since 2001	State	<i>U.S. Strategy Toward Saudi Arabia</i>

Source: GAO

<sup>a</sup>In fiscal years 2007 and 2008, State reports providing Saudi Arabia approximately \$400,000 in foreign assistance funding (\$300,000 in fiscal year 2007 and \$99,000 in fiscal year 2008) through its Nonproliferation, Antiterrorism, Demining, and Related Programs account.

## U.S. Government Strategy Is to Create an Active Antiterrorism Coalition with Saudi Arabia, but Some Targets to Measure Progress toward This Goal Have Been Removed

In January 2008, in response to the Implementing Recommendations of the 9/11 Commission Act of 2007, State submitted to the Congress a report on the U.S. strategy to collaborate with and assist Saudi Arabia in areas including countering terrorism and terrorism financing.<sup>16</sup> The goals and objectives contained in the January 2008 document coincide with the plans for collaboration with Saudi Arabia contained in State's Mission Strategic Plans (MSP) for Saudi Arabia for fiscal years 2006 to 2009. To measure progress toward the goal of building an active antiterrorist coalition, the MSPs contain a number of performance targets; however, some of the targets relating to countering terrorism financing were removed, even though U.S. agencies continue to work on those issues in collaboration with the Saudi government.

## U.S. Government Strategy Is to Create an Active Antiterrorism Coalition with Saudi Arabia

Following the September 11, 2001, terrorist attacks, the U.S. mission in Saudi Arabia reported expanding its ongoing efforts to collaborate with the government of Saudi Arabia to combat terrorism. State's MSPs, previously called Mission Performance Plans, for fiscal years 2006 to 2009 contain goals related to expanding the Saudi government's ability to counter terrorism and preventing financial support to extremists.

<sup>16</sup>U.S. Department of State, *U.S. Strategy Toward Saudi Arabia, Report Pursuant to Section 2043(c) of the Implementing Recommendations of the 9/11 Commission Act, P.L. 110-53*, January 30, 2008, p. 1.

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According to State documents, the MSP is developed each year by the overseas missions to facilitate long-term diplomatic and assistance planning and provide a strategic plan to set country-level U.S. foreign policy goals, resource requests, and performance targets. State reports that its Washington-based bureaus draw on MSPs to gauge the effectiveness of policies and programs in the field and formulate requests for resources.

In January 2008, State submitted to the Congress a report on U.S. strategy for collaborating with Saudi Arabia on countering terrorism and terrorism financing in response to the Implementing Recommendations of the 9/11 Commission Act of 2007.<sup>17</sup> According to this document, the goal of strengthening the U.S. government's counterterrorism partnership with Saudi Arabia is to be achieved through bilateral cooperation to enhance the Saudi government's ability to combat terrorists and to prevent financial support to extremists.<sup>18</sup> The goals and objectives contained in the January 2008 document coincide with the plans for collaboration with Saudi Arabia contained in MSPs for Saudi Arabia. According to State officials, DOD and the Office of the Director of National Intelligence<sup>19</sup> approved the 2008 document. Moreover, officials from various agencies we met with—including Treasury, DOJ, and DHS—noted they are active participants in interagency strategic discussions on collaboration with Saudi Arabia regarding countering terrorism and terrorism financing.

According to Saudi officials, the Saudi government agrees with U.S. goals to counter terrorism and terrorism financing in Saudi Arabia. Additionally, Saudi officials told us that generally there has been strong collaboration between U.S. and Saudi agencies, highlighting areas such as information sharing and training of security forces. However, Saudi officials noted some concerns related to U.S. implementation of certain efforts to counter terrorism financing. For example, Saudi officials expressed concern about some designations of individuals and organizations as supporters of

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<sup>17</sup>Pub. L. No. 110-53, Sec. 2043(c).

<sup>18</sup>In this report we did not review the other aspects of the strategy, such as broader political, social, and economic reforms in Saudi Arabia and U.S. efforts related to the visa lookout system. For more information on the processing of visas in Saudi Arabia, see GAO, *Border Security: Strengthened Visa Process Would Benefit from Improvements in Staffing and Information Sharing*, [GAO-05-859](#) (Washington, D.C.: Sept. 13, 2005).

<sup>19</sup>The Director of National Intelligence serves as the head of the intelligence community and acts as the principal advisor to the President, the National Security Council, and the Homeland Security Council for intelligence matters related to national security.

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terrorism, specifically suggesting that these designations may violate the right to a fair legal process. Additionally, Saudi officials noted concerns regarding past public statements by senior Treasury officials, such as those in April 2008, that individuals based in Saudi Arabia are a top source of funding for Al Qaeda and other terrorist organizations. However, according to Saudi officials, since Treasury placed a deputy attaché in Riyadh, Saudi Arabia, in December 2008, there has been a significant increase in information sharing and decrease in issues of concern.

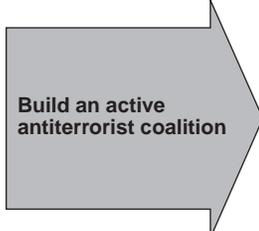
In addition, the Saudi government has developed its own strategy to combat terrorism, which Saudi officials characterized as focusing on three areas or pillars: “men, money, and mindset.” The “men” pillar of the strategy focuses on arresting or killing terrorists. The “money” pillar of the strategy focuses on measures to counter terrorism financing, such as tightening controls on financial transactions and cash couriers, as well as imposing restrictions on Saudi-based charities. Finally, the “mindset” pillar of the strategy focuses on preventing extremism by addressing the ideology that is used to recruit and indoctrinate potential terrorists. Saudi officials stated that the “mindset” pillar is the most challenging aspect of its counterterrorism strategy and will be a long-term challenge. Nonetheless, Saudi officials told us the Saudi government is committed to combating extremist ideology through programs such as public information campaigns and terrorist rehabilitation programs.

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**The U.S. Mission Has Established Targets to Measure the Effectiveness of Efforts to Combat Terrorism and Its Financing; Some Performance Targets Related to Terrorism Financing Were Removed from the MSP**

The MSP for Saudi Arabia contains goals, performance indicators, and performance targets for counterterrorism efforts in Saudi Arabia. While the MSP is a State document, officials from DOD, DHS, DOJ, and Treasury told us they were aware of relevant portions of the document. According to the fiscal year 2009 MSP for Saudi Arabia, the highest priority U.S. goal is to strengthen its antiterrorist coalition with Saudi Arabia. Performance of this goal is measured by the indicator “Saudi effectiveness on measures to combat terrorism and terrorism financing activities.” To build an active antiterrorist coalition with the government of Saudi Arabia, the U.S. Mission to Saudi Arabia focuses on objectives related to (a) enhancing the Saudi government’s ability to combat terrorists, and (b) preventing financial support to extremists. To measure progress toward the goal of building an active antiterrorist coalition, the MSP contains a number of performance targets each fiscal year. (See figure 3 for MSP objectives and targets for fiscal years 2006 to 2009.)

**Figure 3: Objectives and Performance Targets of Mission Strategic Plan for Saudi Arabia, Fiscal Years 2006-2009**

Goal	Objectives			
	FY 2006 Target	FY 2007 Target	FY 2008 Target	FY 2009 Target
	<b>Objective: Enhance the Saudi government's ability to combat terrorists</b>			
	<ul style="list-style-type: none"> <li>• Provide security-related training to Saudi government</li> <li>• Saudi authorities arrest "most wanted" terrorist suspects</li> <li>• Strategic Dialogue working group improves cooperation</li> </ul>	<ul style="list-style-type: none"> <li>• Provide security-related training to Saudi government</li> <li>• Saudi authorities continue publishing "most wanted" list</li> <li>• U.S.-Saudi cooperation on critical infrastructure protection</li> </ul>	<ul style="list-style-type: none"> <li>• No successful terrorist strikes in Saudi Arabia</li> <li>• U.S.-Saudi cooperation on critical infrastructure protection</li> <li>• Saudi opinion leaders condemn terrorism</li> </ul>	<ul style="list-style-type: none"> <li>• No successful terrorist strikes in Saudi Arabia</li> <li>• Increased sharing of nonintelligence law enforcement data and other information</li> <li>• Trials of at least 250 terrorism suspects to begin and 50 to conclude</li> <li>• U.S. training for critical infrastructure security</li> <li>• Saudi and Yemeni government cooperation to capture and repatriate extremists</li> </ul>
	<b>Objective: Prevent financial support to extremists</b>			
	<ul style="list-style-type: none"> <li>• Saudi financial intelligence unit (FIU) exchanges information with regional counterparts</li> <li>• The Saudi government cosponsors the designation of at least one individual or organization under United Nations Security Council Resolution 1267 related to Al Qaeda and the Taliban (UN 1267), details seized assets, and prosecutes the group or individual</li> <li>• Saudi Charities Commission begins operations</li> <li>• Cash courier regulations implemented</li> </ul>	<ul style="list-style-type: none"> <li>• United States provides training to Saudi FIU</li> <li>• Saudi government implements actions under UN 1267, such as providing detailed accounting of assets seized from designees, and takes legal action against individuals or groups that support terrorism</li> <li>• Saudi Charities Commission begins operations</li> <li>• Cash courier regulations implemented and enforced</li> </ul>	<ul style="list-style-type: none"> <li>• Additional U.S. training to Saudi FIU</li> <li>• Saudi government implements actions under UN 1267, such as providing accounting of assets seized from designees, and takes legal action against individuals or groups that support terrorism</li> <li>• Saudi Charities Commission begins operations</li> </ul>	<ul style="list-style-type: none"> <li>• Saudi FIU joins the Egmont Group (the international body of financial intelligence units), shares data with law enforcement, and receives reports from customs</li> <li>• Saudi government implements actions against UN 1267 designees, such as providing an accounting of frozen assets and obstructing the travel of designees, and takes legal actions against Saudi entities supporting terrorism</li> </ul>

Source: GAO summary of U.S. agency information.

On an annual basis, the U.S. Mission in Saudi Arabia releases an updated MSP, which may contain revised performance targets related to building an active antiterrorist coalition with Saudi Arabia. State officials told us that MSP performance targets are periodically revised to ensure each fiscal year's targets are most relevant to assessing progress toward U.S.-Saudi efforts to counter terrorism and terrorism financing. Specifically, between fiscal years 2006 and 2009, certain performance targets were added, removed, or updated to reflect the change in conditions in Saudi

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Arabia. For instance, new performance targets were added for fiscal year 2009 that did not exist in previous years, including enhancing Saudi-Yemeni cooperation and conducting trials for terror suspects. In addition, the fiscal year 2008 target related to the public condemnation of terrorism by the Saudi government and religious leaders was omitted in fiscal year 2009 because, according to State officials, it had been met.

However, some targets related to preventing financial support to extremists were removed from the MSP, even though U.S. agencies reported that efforts to address these issues are important and ongoing. Specifically, a performance target related to the establishment of a Saudi Charities Commission existed in the MSP from fiscal years 2006 to 2008, but was removed for fiscal year 2009. According to State officials, the performance target related to the Charities Commission was dropped because State determined that other strategies to regulate charitable organizations in Saudi Arabia might be more effective than a commission. Likewise, a target related to implementation of cash courier regulations was part of the MSP in fiscal years 2006 and 2007, but was removed in fiscal years 2008 and 2009. According to State, the performance target related to cash courier regulations was dropped because the Saudi government had made progress instituting and enforcing these regulations. However, according to officials from DHS—which takes the lead on issues such as cash couriers—they were not consulted on the decision to remove the target related to cash couriers and stated that this target should be reinstated in the MSP. As a result, the MSP lacks targets against which U.S. agencies can monitor and assess performance in certain areas of U.S. concern related to countering terrorism financing. According to State and Treasury officials, even though targets related to these activities were removed from MSPs, enforcement of regulations to prevent terrorism financing are still important U.S. goals, which U.S. agencies pursue through diplomatic or training activities.

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## U.S. Agencies and Saudi Officials Report Progress in Combating Terrorism and Its Financing in Saudi Arabia, but Challenges Persist, Particularly in Preventing Alleged Funding for Terrorism and Violent Extremism outside of Saudi Arabia

U.S. agencies and Saudi officials report progress countering terrorism and terrorism financing within Saudi Arabia, but noted challenges, particularly those related to preventing the flow of alleged financial support to extremists outside Saudi Arabia. In April 2009, the U.S. embassy assessed progress towards its goal of building an active antiterrorist coalition with Saudi Arabia as “on target.”<sup>20</sup> With regard to counterterrorism efforts, U.S. and Saudi officials report progress enhancing the Saudi government’s ability to combat terrorists, and assess that these efforts have disrupted Al Qaeda’s terrorist network within Saudi Arabia. While citing progress, U.S. and Saudi officials noted Saudi Arabia’s neighbor, Yemen, is emerging as a base from which Al Qaeda terrorists can launch attacks against U.S. and Saudi interests. With regard to preventing financial support to extremists, U.S. and Saudi officials also report progress, citing, among other examples, the Saudi government’s implementation of cash courier regulations, ban on the transfer of charitable funds outside the Kingdom without government approval, and arrest and prosecution of individuals providing ideological or financial support to terrorism. Despite these gains, U.S. officials remain concerned about the ability of Saudi individuals and multilateral charitable organizations, as well as other individuals visiting Saudi Arabia, to support<sup>21</sup> terrorism and violent extremism outside Saudi Arabia. Moreover, both Saudi and U.S. officials cited limited Saudi enforcement capacity and terrorist financiers’ use of cash couriers as challenges to Saudi efforts to prevent financial support to extremists.

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## U.S. and Saudi Officials Report Progress Combating Terrorists in Saudi Arabia

U.S. and Saudi officials report progress enhancing the Saudi government’s ability to combat terrorists and assess that Saudi efforts have disrupted Al Qaeda’s terrorist network within Saudi Arabia. The U.S. embassy’s MSP for fiscal year 2008 lists three performance targets related to enhancing the Saudi government’s ability to combat terrorists. These targets specifically pertain to (1) prevention of successful terrorist strikes in Saudi Arabia, (2) improved U.S.-Saudi cooperation on critical infrastructure protection, and (3) public condemnation of terrorist activities by Saudi

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<sup>20</sup>U.S. officials provided us their assessment of progress related to performance targets from fiscal years 2006 to 2008. Since activities for fiscal year 2009 were still being implemented at the time of this review, U.S. officials provided us an assessment of progress through August 2009.

<sup>21</sup>For the purposes of this report, we define “support” as financial assistance or nonfinancial assistance, which may include individuals, such as those who go abroad as foreign fighters, and materials, such as weapons. For a detailed description of “support” see 18 U.S.C. 2339A(b).

government and religious leaders. U.S. officials report progress on these performance targets in fiscal year 2008, as well as the completion of related targets in fiscal years 2006 and 2007. While citing progress, U.S. and Saudi officials noted Saudi Arabia's neighbor, Yemen, is emerging as a base from which Al Qaeda terrorists can launch attacks, which could challenge gains made in combating terrorists in Saudi Arabia. (See figure 4 for a summary of reported progress related to MSP performance targets.)

**Figure 4: U.S. Agencies' Assessment of Progress as of August 2009 on Mission Strategic Plan Performance Targets Related to Combating Terrorists, Fiscal Years 2006-2008**

FY 2006 Target	FY 2007 Target	FY 2008 Target	Status of Activities Related to Targets	U.S. Agencies' Assessment of Overall Progress
Provide security-related training to Saudi government	Provide security-related training to Saudi government	No successful terrorist strikes in Saudi Arabia	<ul style="list-style-type: none"> <li>No successful terrorist strikes in Saudi Arabia reported since 2007</li> <li>Saudi government participates in U.S. training on case management and infrastructure protection</li> <li>Saudi government publishes three most wanted lists</li> </ul>	<p>U.S. officials report progress enhancing the Saudi government's ability to combat terrorists, and assess these efforts have disrupted Al Qaeda's terrorist network within Saudi Arabia.</p> <p>Concern remains that Saudi Arabia's neighbor Yemen is emerging as a base from which Al Qaeda terrorists can launch attacks against U.S. and Saudi interests.</p>
Saudi authorities arrest "most wanted" terrorist suspects	Saudi authorities continue publishing "most wanted" list			
	U.S.-Saudi cooperation on critical infrastructure protection	U.S.-Saudi cooperation on critical infrastructure protection	<ul style="list-style-type: none"> <li>In May 2008, U.S. and Saudi governments sign a cooperation agreement on critical infrastructure protection</li> <li>U.S. and Saudi governments establish a joint organization to implement the cooperative agreement</li> </ul>	
Strategic Dialogue working group improves cooperation			<ul style="list-style-type: none"> <li>In fiscal year 2006, Strategic Dialogue working group meets</li> </ul>	
		Saudi opinion leaders condemn terrorism	<ul style="list-style-type: none"> <li>Saudi leaders, including the King, senior government officials, and religious leaders, publicly condemn terrorism</li> <li>Saudi government adopts a number of domestic programs designed to combat extremism in Saudi Arabia</li> </ul>	

Source: GAO analysis of U.S. agency information.

### No Successful Terrorist Strikes Reported in Saudi Arabia Since 2007

Officials from State report that there have been no successful terrorist strikes in Saudi Arabia since February 2007. Officials attributed this outcome, in part, to Saudi law enforcement actions. Experts we interviewed also cited decreased popular support for Al Qaeda, due to Muslim casualties caused by the organization, as a factor in the declining number of attacks. Both U.S. and Saudi officials cited strong intelligence and security cooperation between the U.S. and Saudi governments related

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to counterterrorism. Moreover, experts with whom we spoke generally agreed that the Saudi government is serious about combating terrorism.

State officials report that, while there was a major terrorist incident in Saudi Arabia in August 2009, there have been no attacks on energy infrastructure since 2006 and no successful terrorist strikes in Saudi Arabia since February 2007. On August 27, 2009, a suicide bomber attempted to assassinate Saudi Arabia's Assistant Minister of Interior for Security Affairs, Prince Mohammed bin Nayef, who is also the head of Saudi Arabia's counterterrorism efforts. While the bomber, a Saudi national who was on the Saudi government's "most wanted" list, was killed during the attack, no one else suffered serious injuries. According to the Saudi embassy, the attacker was from a region bordering Yemen and had offered to coordinate the return of Saudi fugitives in Yemen. Al Qaeda in the Arabian Peninsula claimed responsibility for the attack. Officials from State and the Saudi embassy told us that, while a major attack, the strike was not successful, as the Prince was not seriously harmed.<sup>22</sup> Similarly, a White House press release described the attack as unsuccessful. DOD noted, however, that Saudi authorities did not disrupt this plot. The White House press release also stated that the attack underscores the continued threat posed by Al Qaeda and the importance of strong counterterrorism cooperation between the United States and Saudi Arabia.

Saudi Arabia has also undertaken law enforcement activities, including arresting and prosecuting terror suspects. According to State reporting, since May 2003, the Saudi government has killed or captured Al Qaeda's operational Saudi-based senior leadership, as well as most of the network's key operatives and many of the Kingdom's most wanted individuals. Between 2003 and 2008, U.S. and Saudi officials report the Saudi government arrested or killed thousands of terrorism suspects, including those suspected of planning attacks on Saudi oil fields and other vital installations. Further, the Saudi government has published three "most wanted" lists, and U.S. and Saudi sources report Saudi Arabia has captured or killed a number of suspects on these lists. In 2008, the Saudi government announced terrorism trials for approximately 1,000 individuals indicted on various terrorism-related charges. In July 2009, the Saudi government announced that 330 suspects had court trials, of whom

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<sup>22</sup>State told us that that the success of an attack is measured by whether or not it meets its objective. In this case, the Prince was not killed, which presumably was the objective of the attack.

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seven were acquitted and the rest received jail terms ranging from a few months to 30 years.<sup>23</sup> Saudi officials noted that the convictions can be appealed in the Saudi supreme court. U.S. and Saudi officials told us, and State reports, that such trials could help combat terrorist ideologies.

Moreover, the U.S. and Saudi governments have implemented joint activities to strengthen Saudi law enforcement capabilities, such as State-led training to strengthen the Saudi government's antiterrorism investigative management and VIP protection capability. Apart from joint training courses, U.S. officials told us they have close working-level relationships with their Saudi counterparts and noted that Saudi security cooperation is significant.<sup>24</sup> State, Treasury, FBI, DOD, and DHS officials told us that U.S. law enforcement and intelligence agencies have benefited and continue to benefit from Saudi information on individuals and organizations. The former U.S. ambassador to Saudi Arabia described U.S.-Saudi counterterrorism cooperation as among the most productive in the world.

U.S. and Saudi officials report progress in cooperation on protecting critical infrastructure targets, such as oil installations, in Saudi Arabia. Officials cited the signing of a technical cooperation agreement between the United States and Saudi Arabia in May 2008, as well as activities to implement the agreement, as evidence of deeper cooperation.

U.S. officials told us that the protection of critical Saudi infrastructure, particularly energy production facilities, has been a priority since 2006, following an unsuccessful terrorist attack at the Abqaiq oil facility,<sup>25</sup> one of

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<sup>23</sup>According to a Saudi government press release, the 330 suspects tried in courts included 41 non-Saudis. Of the 323 people who were convicted, 13 were sentenced to prison terms of over 20 years.

<sup>24</sup>In November 2005, the U.S. and Saudi governments instituted the Strategic Dialogues, including a working group on counterterrorism. According to State, the Strategic Dialogues constitute a high-level and institutionalized forum for coordination of U.S.-Saudi interests. State officials told us that the Strategic Dialogues have not met since 2006. In place of these meetings, U.S. and Saudi officials told us several high-level U.S. officials visited Saudi Arabia, such as the Assistant to the President for Homeland Security and Counterterrorism and the Under Secretary for Terrorism and Financial Intelligence. Moreover, U.S. officials told us that, even though meetings of the Strategic Dialogues have not occurred, cooperation and coordination between the U.S. and Saudi governments has expanded significantly since 2006, especially in the area of counterterrorism.

<sup>25</sup>State documents describe the Abqaiq oil facility as the most important oil processing facility in Saudi Arabia.

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the world's largest oil processing facilities located in Saudi Arabia. According to State reporting, critical infrastructure protection is a vital national interest, as a successful terrorist attack that disrupts Saudi oil production would have a devastating impact on the U.S. and global economies.<sup>26</sup>

In May 2008, the U.S. Secretary of State and the Saudi Arabian Minister of Interior signed a technical cooperation agreement to provide U.S. technical assistance to Saudi Arabia in the area of critical infrastructure protection. A joint operational entity called the Office of Program Management-Ministry of Interior (OPM-MOI) was established to implement the agreement, consisting of representatives from State, DOD, DOE, and the Saudi Arabian government. The Saudi Arabian government agreed to fully fund the agreement's implementation, including all expenses incurred by U.S. agencies for services and contractor costs. OPM-MOI is assisting the Saudi government in identifying critical infrastructure vulnerabilities; developing security strategies to protect critical infrastructure; and recruiting and training a new MOI force, the Facilities Security Force, to protect its critical infrastructure. State is the lead agency for the implementation of the agreement, DOE is contributing expertise in conducting facility assessments and developing security strategies for Saudi energy production facilities, and DOD will contribute expertise in training and equipping the Facilities Security Force, which is intended to have more than 35,000 personnel when fully developed. According to U.S. officials, the current focus of OPM-MOI is protecting critical infrastructure related to oil production. However, officials told us OPM-MOI could expand to cooperate with the Saudi government in a number of other areas, including border security, maritime security, and cyber security. Other U.S. agencies, such as DHS and the Coast Guard, are expected to participate in OPM-MOI as the critical infrastructure mission expands.

### Saudi Leaders Have Publicly Condemned Terrorist Activities and Implemented Programs to Combat Extremism

Saudi government and religious leaders have publicly condemned terrorism and terrorism financing. Several high-ranking Saudi government leaders have spoken out against terrorism and extremism. In his remarks at the UN's Culture of Peace conference in November 2008,<sup>27</sup> King

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<sup>26</sup>According to the DOE, in 2008 Saudi Arabia produced about 9.3 million barrels of oil per day, making it the world's second largest oil producer.

<sup>27</sup>The 2-day Culture of Peace conference was sponsored by Saudi Arabia and held at the UN headquarters in New York City.

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Abdullah bin Abdulaziz noted that “terrorism and criminality are the enemies of every religion and every culture.” In July 2008, the King made similar remarks at the World Conference on Dialogue in Madrid. Many other members of the Saudi government, including the Ministers of Islamic Affairs, Foreign Affairs, and Interior, have issued statements against terrorism and extremism since 2001.

Moreover, religious leaders, such as the Grand Mufti of Saudi Arabia,<sup>28</sup> have issued a number of statements critical of terrorism. In the spring of 2008, the Grand Mufti issued a statement on the evils of terrorism and warned Saudi citizens not to listen to those who use religion to promote terrorism. In October 2007, he delivered a sermon cautioning young Saudis not to travel abroad to participate in jihad. In the same speech, he urged Saudi citizens not to finance terrorism and to be mindful of how their charitable contributions are distributed. Later that same year, the Grand Mufti stated that terrorists should be subject to severe punishment in accordance with Islamic law. According to State, other Saudi Islamic scholars and officials also voiced support for the Grand Mufti’s statement.

Further, in May 2009, the Second Deputy Prime Minister of Saudi Arabia organized the first national conference on “intellectual security,” which was to address the “intellectual abnormality” that, according to the Saudi government, is “the main reason for terrorism.” The conference resulted in a communiqué stressing the importance of moderation, tolerance, cross-cultural dialogue, nonviolence, and the establishment of national strategies for promoting those values. The declaration pointed out the moderate nature of Islam and warned against the dangers of embracing deviant ideologies. The Deputy Prime Minister also expressed hope that the small number of Saudis participating in deviant groups abroad would renounce their beliefs and return home, noting, Saudi Arabia “is ready to welcome its citizens if they decide to opt for the correct path.”

## Saudi Activities to Combat Extremism

In addition to public statements by Saudi government and religious figures, the Saudi government has implemented a number of domestic activities designed to undermine extremist ideology within the Kingdom. These activities include the following:

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<sup>28</sup>State has reported that while the Grand Mufti is not part of the Saudi government, he is the most senior religious scholar in Saudi Arabia and is influential in shaping Saudi public opinion.

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- **Initiating a media campaign:** According to U.S. and Saudi officials, the Saudi government has implemented an extensive media campaign against extremist thought. State reports this campaign includes the use of advertisements, billboards, text messages and the Internet. (Figure 5 shows examples of Saudi Arabia's public outreach campaign.)

Figure 5: Saudi Arabia's National Campaign Against Extremism and Terrorism, Examples of Public Outreach

## The Kingdom of Saudi Arabia National Campaign Against Extremism & Terrorism

### Examples of Public Outreach



"May the hands of evil-doers be paralyzed."



"The Saudi National Unity Campaign Against Terrorism."



"The General Presidency for Youth Welfare and its regional offices, the Saudi Arabian Olympic Committee, Saudi Football Federation, sports federations, clubs and youth hostels, join in The National Unity Campaign Against Terrorism."

Source: Royal Embassy of Saudi Arabia.

See <http://www.gao.gov/media/video/gao-09-883/> for a video of a Saudi government-sponsored TV advertisement designed to counter terrorism.

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- **Distributing publications and other materials:** Officials from the Saudi Ministries of Islamic Affairs and Interior told us Saudi Arabia had produced a variety of books and pamphlets designed to combat extremist ideology. Saudi officials estimate that approximately 1.8 million books have been prepared as part of this effort. (Figure 6 shows a sample of Saudi literature to combat extremism provided to GAO by Saudi officials.)<sup>29</sup> Additionally, according to Saudi officials, the Saudi government distributes, via mosques and schools, CDs and cassette tapes with lectures and seminars addressing the issues of terrorism and extremism.

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<sup>29</sup> Although we were provided literature produced by the Saudi government to combat extremism, we did not verify the extent of its use and distribution within the Kingdom.

Figure 6: Sample of Saudi Literature (with Translated Titles) Designed to Combat Extremist Ideology



Source: Materials provided by the government of Saudi Arabia; translations by GAO.

<sup>a</sup>The Quran and Sunna (which refers to the customs of Prophet Muhammad) form the basis of Islamic jurisprudence.

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- **Monitoring religious leaders:** According to State reporting and Saudi officials, the Saudi government continues to monitor the preaching and writings of religious leaders, and to reeducate those who advocate extremist messages. Saudi officials from the Ministry of Islamic Affairs told us their monitoring has covered approximately 20,000 of Saudi Arabia's estimated 70,000 mosques, including all of the large mosques that hold Friday prayers.<sup>30</sup> Additionally, Saudi officials told us they have held hundreds of seminars and lectures in mosques to help ensure that religious leaders preach a moderate message to the public.
  - **Monitoring school teachers:** According to officials from the Saudi Ministry of Islamic Affairs, the Saudi government monitors for school teachers who teach extremism. Once identified, such teachers are put through reeducation programs.
  - **Monitoring Internet sites:** According to Ministry of Interior officials, Saudi authorities are monitoring Internet chat rooms that could be sources of militant recruitment. In September 2008, Saudi authorities reported the arrest of three Saudi citizens and two expatriates for promoting militant activities on Internet forums, engaging online users in dialogue, spreading misleading information, and recruiting youth to travel abroad for inappropriate purposes. According to Saudi reports, the Ministry of Interior called on all Saudis to be vigilant and urged them not to listen to those who promote corruption and sedition. In addition, the Ministry published the online usernames utilized by the suspects.
  - **Encouraging dialogue:** The Saudi government reports that it supports the activities of the Sakinah (or Tranquility) Campaign, which is an independent nongovernmental organization that engages in dialogue, via the Internet, with Internet users who have visited extremist Web sites. Additionally, in 2008, the King of Saudi Arabia also initiated a series of conferences to promote interfaith dialogues. The first conference was hosted by the Muslim World League in Mecca in June 2008 and consisted of 500 Muslim scholars from around the world. The second conference was held in Madrid, Spain, in July 2008 and included 300 delegates representing different faiths, including Islam, Buddhism, Christianity, Hinduism, and Judaism. Finally, the King of Saudi Arabia was joined by other heads of states at a Special Session of the UN General Assembly on interfaith dialogue in November 2008.

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<sup>30</sup>Saudi officials estimated the number of large mosques holding Friday prayers to be 14,000.

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## Saudi Rehabilitation Programs

The Saudi government operates rehabilitation programs to reeducate those arrested for supporting terrorism or extremism, as well as those returning from the U.S. detention facilities at Guantanamo Bay, to reintegrate them into society. Rehabilitation programs take place both in Saudi prisons and in halfway houses outside of prisons, known as aftercare centers.<sup>31</sup> In March 2009, we visited the aftercare center—called the Mohammed bin Nayef Center for Advisory and Care—in Riyadh and spoke with staff members as well as participants of the program, including those arrested for terrorism and violent extremism in Saudi Arabia and those formerly detained at Guantanamo Bay. Staff members told us the rehabilitation center seeks to “reeducate” its participants by engaging them in religious debates and providing psychological counseling. The program generally consists of one-on-one and group sessions between an offender and religious scholars, psychiatrists, and psychologists about their beliefs. Program officials attempt to persuade the offenders that their religious justification for their actions is based upon a corrupted understanding of Islam. Psychological counseling includes traditional methods as well as activities such as art therapy. Staff members told us the program draws heavily on participants’ family and tribal relations. Family members can visit and telephone the rehabilitation center, and rehabilitation participants are allowed leave to attend family events such as weddings and funerals. For instance, when we visited the center, we spoke with family members visiting their relatives. Those who complete the program, and are deemed eligible for release, are provided social support to assist with their reintegration into society, such as counseling, job opportunities, and stipends. Moreover, these social services are extended to the family and tribal members of released participants, as a way to involve participants’ larger social network in their rehabilitation. Saudi officials told us that individuals generally participate in the program for 6 to 8 months.

Saudi officials report such rehabilitation programs, including those in prisons and an aftercare center, have treated 4,300 individuals overall. Specifically, Saudi officials told us that, as of March 2009, the aftercare center had served approximately 250 individuals, with a recidivism rate of about 20 percent. Experts with whom we spoke generally praised the Saudi rehabilitation program, but offered some caution on the

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<sup>31</sup>The rehabilitation programs in Saudi prisons started in 2004, while the first aftercare center started in 2007. Other aftercare centers are under construction.

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methodology used to measure its results.<sup>32</sup> State reports it is monitoring these rates closely. Saudi officials told us that former Guantanamo detainees account for most of the individuals who have recidivated from the aftercare center.<sup>33</sup> For example, in January 2009, two former participants at the center appeared in an Al Qaeda recruiting video filmed in Yemen. One of the individuals in the video has since turned himself in to Saudi authorities. Saudi officials acknowledge such cases illustrate the difficulties associated with assessing which participants should be released from the rehabilitation center, but told us they are working to refine their assessment criteria. U.S. and Saudi officials with whom we spoke told us that, despite the challenges associated with recidivism, Saudi rehabilitation programs have demonstrated some positive results. Moreover, U.S. officials told us these activities, among others, demonstrate the Saudi government's commitment to undermining extremist ideology within the Kingdom. (See <http://www.gao.gov/media/video/gao-09-883/> for a video of GAO's visit to a Saudi government operated rehabilitation center.)

Despite Significant Gains in Combating Terrorists in Saudi Arabia, Instability in Yemen Is a Concern

While U.S. and Saudi officials told us that Saudi Arabia had made progress in enhancing its ability to combat terrorists, they assessed that political instability in Yemen,<sup>34</sup> Saudi Arabia's neighbor, could create challenges to counterterrorism efforts. U.S. and Saudi officials expressed concern that Yemen, due in part to lack of government control and proximity to Saudi Arabia, is emerging as a base from which Al Qaeda terrorists can launch attacks against Saudi and U.S. interests in Saudi Arabia. For example, as noted previously, in August 2009, Al Qaeda in the Arabian Peninsula—which is based in Yemen—claimed responsibility for the failed assassination attempt against Saudi Arabia's Assistant Minister of Interior for Security Affairs. State has listed Yemen as a terrorist safe haven in its Country Reports on Terrorism since 2005. In April 2009, in its Country Reports on Terrorism, State reported that, despite some successes against

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<sup>32</sup>These experts stated that while initial results after the first 2 years look promising, recidivism rates for criminology programs are generally measured for a 5-year period to accurately assess the success of a program.

<sup>33</sup>The rehabilitation programs have yet to receive the final Saudi detainees from Guantanamo. According to Saudi officials, as of July 2009, 11 Saudi men remain in Guantanamo. Saudi officials told us these men have been in Guantanamo for nearly 8 years and represent the most difficult cases for rehabilitation.

<sup>34</sup>Over the past few years, in addition to increased terror attacks by Al Qaeda, the government of Yemen has faced a growing insurgency in the north and civil unrest in the south.

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Al Qaeda, the response of the government of Yemen to the terrorist threat was intermittent due to its focus on internal security concerns. Moreover, State noted that border security between Saudi Arabia and Yemen remained a problem. Saudi officials also cited political instability in Yemen, as well as the porous border between Yemen and Saudi Arabia, as challenges to their counterterrorism efforts. To address this issue, the Deputy Foreign Minister of Saudi Arabia told us that the Saudi government is providing Yemen assistance in a number of areas, including counterterrorism, education, and health. Saudi officials also stated that Saudi Arabia is building an electronic fence on the Saudi-Yemen border.<sup>35</sup>

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**U.S. and Saudi Officials Report Progress in Preventing Financial Support to Extremists, but Concerns Remain about Individuals' and Multilateral Charitable Organizations' Ability to Support Terrorism and Violent Extremism outside of Saudi Arabia**

U.S. and Saudi officials report progress in preventing financial support to extremists, citing improved Saudi regulation and enforcement capacity. Between fiscal years 2006 and 2008, the U.S. embassy's MSP listed a number of performance targets related to preventing financial support to extremists, which include (1) the United States providing additional training and Saudi banks increasing reporting to the Saudi Financial Investigation Unit, (2) the Saudi government providing accounting of assets seized from individuals and organizations designated as terrorists by the United Nations (UN) 1267 Committee and taking legal action against nationals and groups providing financial or ideological support to terrorists, (3) the Saudi Charities Commission naming senior staff and beginning operations, and (4) the Saudi government implementing and enforcing cash courier regulations. U.S. officials report progress on several of these performance targets. However, U.S. officials remain concerned about the ability of Saudi individuals and multilateral charitable organizations, as well as other individuals visiting Saudi Arabia, to support terrorism and violent extremism outside of Saudi Arabia. U.S. officials also noted that limited Saudi enforcement capacity and terrorist financiers' use of cash couriers pose challenges to Saudi efforts to prevent financial support to extremists. (For a summary of reported progress related to MSP performance targets from fiscal year 2006 to fiscal year 2008, see figure 7.)

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<sup>35</sup>In addition, the embassy's MSP contains a performance target for fiscal year 2009 related to Saudi-Yemeni cooperation on capturing and repatriating extremists.

**Figure 7: U.S. Agencies' Assessment of Progress as of August 2009 on Mission Strategic Plan Performance Targets Related to Preventing Financial Support to Extremists, Fiscal Years 2006-2008**

FY 2006 Target	FY 2007 Target	FY 2008 Target	Status of Activities Related to Targets	U.S. Agencies' Assessment of Overall Progress	
Saudi financial intelligence unit (FIU) exchanges information with regional counterparts	United States provides training to Saudi FIU	Additional U.S. training to Saudi FIU	<ul style="list-style-type: none"> <li>U.S. Treasury and FBI provide training on financial investigative skills</li> <li>State reports increased reporting by banks</li> <li>Saudi FIU joins the international body of financial intelligence units</li> </ul>	U.S. officials report progress in preventing financial support to extremists, but concerns remain about the ability of Saudi individuals and multilateral charitable organizations to provide financial support for terrorism outside of Saudi Arabia.	
The Saudi government cosponsors the designation of at least one individual or organization under United Nations Security Council Resolution 1267 related to Al Qaeda and the Taliban (UN 1267), details seized assets, and prosecutes the group or individual	Saudi government implements actions under UN 1267, such as providing detailed accounting of assets seized from designees, and takes legal action against individuals or groups that support terrorism	Saudi government implements actions under UN 1267, such as providing accounting of assets seized from designees, and takes legal action against individuals or groups that support terrorism	<ul style="list-style-type: none"> <li>Saudi government arrests a number of terrorist financiers</li> <li>State reports Saudi government appears cooperative on efforts to freeze assets of designated individuals and entities</li> <li>State officials note that the Saudi government's enforcement of the UN 1267 travel ban provision has not been consistent</li> </ul>		
Saudi Charities Commission begins operations	Saudi Charities Commission begins operations	Saudi Charities Commission begins operations	<ul style="list-style-type: none"> <li>Saudi Charities Commission is not operational</li> <li>In its place, the Saudi government has adopted regulations barring charitable organizations from sending contributions overseas absent the approval of the Saudi government</li> <li>State and Treasury have expressed concerns that certain charitable organizations in Saudi Arabia are not covered by Saudi regulations. Saudi government officials contend all organizations are covered by their regulations</li> </ul>		Limited capacity, particularly in key Saudi ministries that enforce financial regulations, the use of cash couriers by terrorist financiers, circumvention of cash declaration laws, and pervasive use of cash in Saudi society are cited as challenges to combating the financing of terrorism.
Cash courier regulations implemented	Cash courier regulations implemented and enforced		<ul style="list-style-type: none"> <li>Cash courier regulations enacted by the Saudi government</li> <li>State has reported that the effectiveness of these regulations remains in question</li> <li>DHS noted that they do not have information—such as the number of seizures—to assess progress on implementation of cash courier regulations</li> </ul>		

Source: GAO analysis of U.S. agency information.

### The United States Provided Training to the Saudi Financial Investigation Unit

In 2005, the government of Saudi Arabia established the Saudi Financial Investigation Unit, which acts as Saudi Arabia's financial intelligence unit (FIU). Located in the Ministry of Interior, the Saudi FIU receives and analyzes suspicious transaction reports and other information from a variety of sources, such as banking institutions, insurance companies, and government departments.

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Treasury's Financial Crimes Enforcement Network, which is the FIU for the United States, and the FBI have provided training to the Saudi FIU since its establishment in 2005. According to Treasury officials, these training activities were designed to build the capacity of the Saudi FIU and assist it in meeting international standards, with the ultimate goal of having the Saudi FIU attain membership in the Egmont Group, an international body of financial intelligence units. Saudi officials told us that the capacity of the Saudi FIU has increased since 2005. For instance, they noted the number of suspicious transaction reports they analyze grew from approximately 38 per month in 2006 to 110 per month in 2008,<sup>36</sup> while the staff of the FIU has grown from approximately 80 individuals in 2006 to 130 individuals in March 2009. Moreover, since 2005, Saudi officials told us the Saudi FIU had conducted information exchanges with FIUs in the United States and a number of countries in the region, and said they expected these exchanges to increase once the Saudi FIU becomes a member of the Egmont Group.<sup>37</sup> Similarly, Treasury officials told us Saudi Arabia's membership in the Egmont Group would assist in preventing financial support to extremists by facilitating information exchanges between the Saudi FIU and its counterparts. In May 2009, the Saudi FIU met the requirements for membership and became an official member of the Egmont Group.<sup>38</sup>

The Saudi Government Has Initiated Legal Action against Terrorist Financiers, but the United States Has Reported the Need for Further Action

According to U.S. officials and State reporting in 2007 and 2008, the Saudi government has taken legal action against terrorist financiers, based on its laws and regulations related to combating terrorist financing. In 2003, the Saudi Arabian government enacted an anti-money laundering law, which provided a statutory basis for considering money laundering and terrorism financing as criminal offenses. That same year, the Saudi Arabian Monetary Agency (SAMA) issued updated anti-money laundering and counterterrorist financing guidelines for the Saudi banking and nonbank

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<sup>36</sup>After it analyzes reports, the Saudi FIU refers money laundering cases to the Saudi Bureau of Investigation and Prosecution and terrorism financing cases to the Mabathith (or the General Investigation Directorate), as necessary. Saudi officials estimated that approximately 5 percent of the suspicious transaction reports they receive pertain to terrorism financing.

<sup>37</sup>A core goal of the Egmont Group is to facilitate information sharing between member FIUs, and its members are given access to a secure private Web site on which to share information.

<sup>38</sup>The United States was a sponsor of Saudi Arabia for Egmont membership.

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financial system.<sup>39</sup> The guidelines contain a number of provisions, such as requiring that banks (1) have mechanisms to monitor all types of “Specially Designated Nationals” as listed by SAMA, (2) strictly adhere to SAMA guidance on opening accounts and dealing with charity and donation collection, and (3) use software to monitor customers to detect unusual transaction patterns. Additionally, SAMA has also issued “know your customer” guidelines, requiring banks to freeze accounts of customers who do not provide updated account information. In July 2004, members of the Financial Action Task Force (FATF) and the Gulf Cooperation Council assessed Saudi Arabia’s legal and regulatory practices with respect to countering terrorism financing.<sup>40</sup> They found Saudi Arabia to be compliant or largely compliant with most FATF benchmarks—a set of internationally recognized legal and regulatory benchmarks on money laundering and terrorism financing.<sup>41</sup>

Since 2007, U.S. and Saudi officials report that the government of Saudi Arabia has arrested and prosecuted a number of individuals suspected of financing terrorism. For instance, State reports that the Saudi government arrested 56 suspected terrorist financiers in 2008 and prosecuted 20 of them. According to Saudi embassy reports, over 40 people were arrested in 2007 for providing financial support to terrorists. As noted earlier in this report, in July 2009, the Saudi government announced the convictions of 330 terrorism suspects who were charged with crime, including affiliation with terrorist organizations as well as facilitating and financing terrorism. U.S. officials we spoke with cited these arrests, as well as those against terrorist cells more generally, as having a disruptive effect on financing networks. Despite these gains, State notes in its most recent Country Report on Terrorism that the United States continues to “urge the

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<sup>39</sup>The Saudi guidelines were issued in accordance with the Financial Action Task Force’s (FATF) 40 Recommendations on Money Laundering and 9 Special Recommendations on Terrorist Financing.

<sup>40</sup>Financial Action Task Force on Money Laundering, *Annual Report 2003-2004*, Annex C, “Kingdom of Saudi Arabia: Executive Summary - FATF Recommendations for Anti-Money Laundering and Combating the Financing of Terrorism.”

<sup>41</sup>The assessment found that Saudi Arabia was not compliant with the FATF benchmarks in three areas, and noted (1) a clear definition of terrorism financing is required to ensure that it is an offense if the funds are intended for terrorist use, or derived from a legal source; (2) information requests must currently be routed via SAMA, which may cause delays; and (3) there is a need to strengthen customer identification measures for nonbank financial institutions. In 2009, members of the FATF and the Middle East North African FATF Style Regional Body conducted another assessment of Saudi Arabia’s financial system. U.S. officials told us the results of this assessment would not be available until 2010.

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government of Saudi Arabia to pursue and prosecute terrorist financiers more vigorously.”

Moreover, State’s 2009 International Narcotics Control Strategy Report (INCSR) cited the Saudi government as “partially compliant” on obligations related to UN Security Council resolutions on terrorism financing. UN 1267 requires its signatories to impose certain restrictions on individual or entities associated with Al Qaeda and the Taliban, such as freezing their assets and preventing their entry or transit through signatories’ territories (travel ban). In April 2009, State reported that the Saudi government had taken action against individuals designated by the UN 1267 Committee by freezing their accounts and seizing their assets. Moreover, State reports that SAMA provides the names of suspected terrorists and terrorist organizations designated by the UN 1267 Committee to all financial institutions under its supervision. Related to the UN 1267 travel ban provision, State officials told us that the Saudi government’s enforcement of this provision had not been consistent, particularly during hajj.<sup>42</sup> According to Saudi officials, the Saudi government’s policy is to allow all Muslims to visit the Kingdom during hajj to fulfill their religious obligations and to not arrest individuals during their pilgrimage. However, Saudi officials noted they would share information with the United States about certain individuals, such as those designated under UN 1267, visiting the Kingdom for religious obligation.

The Saudi Charities Commission Is Not Yet Operational, but the Saudi Government Has Issued New Regulations Targeting Saudi Charities and Multilateral Charitable Organizations

State and Treasury have reported that some Saudi charitable organizations have been a major source of financing to extremist and terrorist groups. In 2002, the Saudi government announced its intention to establish a National Commission for Relief and Charitable Work Abroad, commonly known as the Charities Commission, to oversee all private Saudi charitable activities abroad. U.S. officials told us, and Saudi officials confirmed, that the Saudi Charities Commission is not operational. Although the Charities Commission is not operational, the Saudi government has established regulations barring Saudi charitable organizations from sending contributions abroad via banks and other formal financial channels without first receiving the approval of the Saudi government. Saudi officials told us these regulations are preferable to a Charities Commission, as they more effectively prevent the flow of funds outside of Saudi Arabia. Similarly, some U.S. officials and experts with whom we

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<sup>42</sup>In 2009, State updated its fiscal year 2009 MSP target related to UN 1267 to include specific language regarding Saudi enforcement of UN 1267 travel ban provisions.

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spoke stated that the current ban might be preferable to a Saudi Charities Commission, as a ban may be more effective in preventing financial support from reaching extremist groups. Other U.S. officials noted that while more effective oversight of charitable organizations is needed, it is not necessary that such oversight take the form of a Charities Commission.

Rules related to the banking activities of charitable organization in Saudi Arabia were first adopted in 2003, and updated in 2008. However, there is some disagreement over whether these rules apply to all Saudi charitable organizations. According to U.S. officials, and State reporting, charitable organizations in Saudi Arabia include organizations termed “charities”—which tend to operate within the Kingdom—and organizations dubbed “multilateral” charitable organizations—which are based in Saudi Arabia but have branches in other parts of the world. Multilateral charitable organizations based in Saudi Arabia include the Muslim World League, the International Islamic Relief Organization (IIRO), and the World Assembly of Muslim Youth. The 2003 rules applied to charitable organizations and prohibited them from making cash disbursements and transferring money outside of Saudi Arabia.<sup>43</sup> U.S. officials have testified that the 2003 regulations did not apply to multilateral organizations. While State reported in the 2006, 2007, and 2008 INCSRs that the government of Saudi Arabia stated the 2003 regulations applied to international charities,<sup>44</sup> each report also contained language recommending the Saudi government enhance its oversight of charities with overseas operations.

Despite the ban on charities transferring money outside of Saudi Arabia enacted in 2003, a number of charitable organizations with links to Saudi Arabia have been designated by Treasury since 2005 as financing terrorist activities. In August 2006, Treasury designated branches of the IIRO in Indonesia and the Philippines, as well as a Saudi national employed as the Executive Director of the Eastern Province Branch of IIRO, for facilitating fundraising for Al Qaeda and affiliated terrorist groups. Further, from 2002

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<sup>43</sup> Additionally, according to State, for over 20 years, the Saudi government has had regulations requiring all charities to be licensed, registered, and audited by the Saudi Ministry of Social Affairs.

<sup>44</sup> In the INCSR, it is not clear to which organizations the term “international charities” applies.

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to 2004,<sup>45</sup> the United States designated 13 branches of the Al Haramain Islamic Foundation (Al Haramain), including several branches that were designated by both the U.S. and Saudi governments.<sup>46</sup> In 2004, the Saudi government announced that Al Haramain was being dissolved. In June 2008, Treasury noted that despite Saudi government efforts, which had largely prevented Al Haramain from operating in its own name, the organization's leadership had attempted to reconstitute itself and parts of Al Haramain continued to operate. Thus, in June 2008, Treasury designated all branches of Al Haramain, including its headquarters in Saudi Arabia, for having provided support to Al Qaeda as well as other terrorists and terrorist organizations.

After these designations, in rules dated December 2008, the government of Saudi Arabia updated its banking regulations to include specific language related to multilateral organizations, including Muslim World League, IIRO, and World Assembly of Muslim Youth. The rules state that transfers from the accounts of these multilateral organizations to any party outside of the Kingdom shall not be allowed without approval from SAMA, and that any contributions approved for transfer may only be used in ways as specified by SAMA. Saudi officials from SAMA and the Ministry of Foreign Affairs with whom we spoke told us that no charitable contributions, including those from multilateral charitable organizations, can be sent abroad through bank accounts without the approval of the Saudi government. Moreover, Saudi officials told us that, as of July 2009, the Saudi government had not approved any transfer of funds from charities and multilateral charitable organizations to support charitable activities outside of Saudi Arabia. While the Saudi government has not approved the transfer of funds, they have approved overseas transfers of in-kind humanitarian assistance, such as medical supplies or blankets, through the Saudi Red Crescent Society. State reporting acknowledges the Saudi government tightened controls on charitable giving in September 2008. Officials from World Assembly of Muslim Youth confirmed that the ban on charitable contributions leaving Saudi Arabia through a formal financial network applies to their activities, and that contributions to their organization have declined as a result. While the Saudi government has

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<sup>45</sup>Between 2002 and 2004, the United States designated branches in Afghanistan, Albania, Bangladesh, Bosnia & Herzegovina, Comoros Islands, Ethiopia, Indonesia, Kenya, Netherlands, Pakistan, Somalia, Tanzania, and the United States.

<sup>46</sup>The UN 1267 Committee has designated some, but not all, branches of Al Haramain Foundation.

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regulations related to the transfer of charitable contributions through the formal financial system, World Assembly of Muslim Youth officials stated they have moved money out of Saudi Arabia by providing cash to individuals or contractors to implement charitable projects outside the Kingdom.<sup>47</sup> State and Treasury officials noted that, despite the tightened regulations on the formal financial system, they are still concerned about the ability of multilateral charitable organizations to move money out of the country, and in the 2009 INSCR, State reports that multilateral organizations operate “largely outside of the strict Saudi restrictions covering domestic charities.”

According to U.S. officials and State reporting, a proposal for the Charities Commission is still under review by Saudi officials. However, the most recent MSP for Saudi Arabia no longer contains a performance target related to the operation of a Saudi Charities Commission. U.S. officials told us that, even in the absence of this target, the regulation of charitable organizations is still a priority that U.S. agencies pursue through diplomatic and information-sharing activities with the Saudi government.

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<sup>47</sup>Officials from World Assembly of Muslim Youth stated they would prefer a regulatory system that would allow them to more easily transfer money to their affiliates abroad, instead of a complete ban on the transfer of charitable contributions outside of Saudi Arabia via the formal financial system. The officials noted that having to pay cash couriers and local contractors results in less funds being available for projects.

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Saudi Arabia Has Issued Cash Courier Regulations, but Concerns Remain about Implementation of These Regulations

In late 2005, the Saudi government enacted stricter customs declaration laws that regulate the cross-border movement of cash, jewels, and precious metals. The regulations state that money and gold in excess of 60,000 Saudi riyals (equivalent to \$16,000 U.S. dollars) must be declared upon entry and exit from Saudi Arabia using official customs forms.<sup>48</sup>

That same year, representatives from DHS's Immigration and Customs Enforcement (ICE) conducted training for 46 Saudi officials on topics related to bulk cash smuggling. ICE officials told us the goal of this training was to introduce Saudi officials to interdiction and investigative techniques designed to support enforcement of the Saudi customs regulations.

In 2007, State reported concerns related to the enforcement of Saudi Arabia's customs declaration laws. For example, Saudi customs had not issued the necessary declaration forms. State officials with whom we spoke told us that the Saudi government had improved its enforcement of the laws, including distributing declaration forms and posting signs, which we observed during our visit to the Kingdom (see figure 8). Additionally, State has reported that the Saudi government's new cash courier regulations have resulted in the investigations of several individuals.

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<sup>48</sup>By comparison, each individual arriving into the United States is required to declare monetary instruments, such as cash, traveler's checks, or money orders, valued at \$10,000 or more.

**Figure 8: Official Saudi Customs Declaration Form**

Kingdom of Saudi Arabia Ministry of Finance Saudi Customs		<b>Declaration Form</b>
Date: / / Time: .....		
<b>According to Article 14 of Anti-Money Laundering Law</b> This Form must be filled out by whoever carries SR60,000 or more, or the equivalent of other currencies, bearer negotiable instruments or precious metals.		
Full Name: .....		
Nationality: ..... Date of Birth: .....		
Passport or ID #: .....		
Place & Date of Issue: .....		
KSA Address & Tel. No.: .....		
Address in Destination Country: .....		
Purpose of Travel: .....		
Arriving from: ..... Departing to: .....		
Name of the Airport/ Seaport/ Crossing Border: .....		
..... Flight No.: .....		
<b>Cash Amounts, Negotiable Instruments or Precious Metals</b>		
Currency Type: ..... Amount: .....		
Negotiable Instruments: .....		
Amount in Riyals: .....		
Metals: <input type="checkbox"/> Gold <input type="checkbox"/> Diamond <input type="checkbox"/> Other Jewelries .....		
Value in Riyals: .....		
Source / Purpose of cash amounts / negotiable instruments / precious metals: .....		
I hereby acknowledge that the information declared above is correct and I shall be criminally responsible for any mis-declaration.		
Traveler Signature: ..... Date: .....		
<b>Official Use</b>		
Employee Name: ..... No.: .....		
Signature: ..... Date: .....		
<b>Not declaring will expose you to legal questioning .</b>		

Source: Royal Embassy of Saudi Arabia.

According to ICE officials, although they have tried to persuade the Saudi government to conduct operational training related to preventing bulk cash smuggling, the Saudi government did not express interest in undertaking such an exercise until 2008. ICE officials noted that, in addition to classroom training, it considers operational training necessary to ensure proper enforcement of customs declaration laws designed to prevent bulk cash smuggling. Moreover, ICE officials said that they do not have information—such as the number of seizures and prosecutions—that would allow them to assess progress with regard to the Saudi

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government's efforts to prevent bulk cash smuggling. In its 2009 INCSR, State reported that the Saudi government has adopted stricter regulations; however, information collected by Saudi customs on cash declarations and smuggling is not shared with other governments, and the implementation and effectiveness of the customs regulations remain in question.

Despite concerns about the Saudi government's enforcement of customs declaration laws that include cash courier regulations, the MSP performance target related to cash couriers was removed from the MSP after fiscal year 2007. U.S. officials told us that, despite the omission of the target from the MSP, Saudi implementation and enforcement of cash courier regulations are important U.S. objectives that U.S. agencies pursue through training and diplomatic activities with the Saudi government.

Further, in the 2008 and 2009 INCSRs, State reported that, in addition to bulk cash, some instances of terrorist financing in Saudi Arabia have allegedly involved informal mechanisms, such as hawala.<sup>49</sup> U.S. and Saudi officials told us, and State reports, that hawala and money services businesses apart from banks and licensed money changers are illegal in Saudi Arabia. In 2005, State reported that SAMA consolidated the eight largest money changers into a single bank. Further, State notes that Saudi banks have created fund transfer systems that have attracted customers accustomed to using hawala. According to State, this creates an advantage for Saudi authorities in combating terrorism financing, as senders and recipients of fund transfers through this formal financial sector are required to clearly identify themselves.

Despite Progress, U.S. Officials Remain Concerned about the Ability of Saudi Individuals and Multilateral Charitable Organizations to Support Terrorism and Violent Extremism Outside of Saudi Arabia

Despite reporting progress in Saudi Arabia's efforts to combat terrorism financing, U.S. officials expressed concern regarding the ability of Saudi individuals and multilateral charitable organizations, as well as other individuals visiting Saudi Arabia, to support terrorism and violent extremism outside Saudi Arabia. Officials stressed this funding allegedly comes from individuals or multilateral charitable organizations, not from the Saudi government, and that the government of Saudi Arabia is pursuing terrorism financiers and cooperating with the United States to counter terrorism financing. Further, experts we spoke with agreed that

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<sup>49</sup>Hawalas are informal banking systems that allow the transfer of funds, both domestically and internationally, without the use of the formal financial institutions.

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there is no indication that the Saudi government is providing funding for terrorism.

Officials from State, Treasury, and DHS stated that alleged support from some Saudi individuals and multilateral charitable organizations for terrorism and violent extremism outside of Saudi Arabia remains a cause for concern. According to the 2009 INCSR, Saudi individuals and Saudi-based charitable organizations continue to be a significant source of financing for terrorism and extremism outside of Saudi Arabia. For example, Treasury officials have noted that Saudi-based individuals are a top source of funding for Al Qaeda and associated terror groups, such as the Taliban.<sup>50</sup> Moreover, there have been concerns that during hajj—when an estimated 2 to 3 million Muslims visit Saudi Arabia—non-Saudi individuals associated with extremists groups could exchange funds to support terrorism and violent extremism outside of Saudi Arabia. Saudi government officials acknowledged that Saudi individuals could potentially fund terrorism, but, according to these officials, such individuals do so in violation of Saudi laws and regulations. Related to charitable contributions, Saudi officials told us that no funds have been approved for overseas transfer. Saudi officials also told us that if a Saudi-affiliated multilateral charitable organization raises funds abroad, it is the host country government’s responsibility to ensure such funds are used appropriately, and stated that they have directed their embassies abroad to cooperate with host country governments in this effort.

U.S. and Saudi officials cited challenges associated with efforts to prevent financial support to extremists, including limited Saudi enforcement capacity and the use of cash couriers by terrorist financiers. First, U.S. and Saudi officials noted enforcement capacity presents a challenge to U.S.-Saudi efforts to prevent financial support to extremists. While noting progress, U.S. and Saudi officials told us that key Saudi enforcement agencies, particularly those agencies that enforce financial regulations, could benefit from increased training and technical assistance to build their capacity. For instance, U.S. and Saudi officials stated that, while the Saudi FIU has expanded its capacity since its creation in 2005, more training in financial analysis could be beneficial to the organization.

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<sup>50</sup>Treasury officials did not cite an estimated amount of funding from Saudi-based individuals to Al Qaeda and associated terror groups.

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Second, U.S. and Saudi officials told us that preventing financial support to extremists is made more challenging by terrorist financiers' use of cash couriers. According to U.S. and Saudi officials, some individuals and multilateral charitable organizations have allegedly increased their use of more informal financial transaction methods, such as couriering cash across borders, in response to Saudi Arabia's adoption of regulations making transactions in the formal financial sector more challenging. Though Saudi Arabia has implemented cash courier regulations, Saudi officials noted that motivated individuals can circumvent such regulations by moving amounts of cash that are below legal declaration limits. U.S. officials concurred, noting circumvention of regulations as an inherent challenge in regulating the use of cash couriers in any country. U.S. and Saudi officials also cited the prevalent use of cash for transactions as a challenge, particularly in Saudi Arabia. According to these officials, because large numbers of people in Saudi Arabia and the Gulf region use cash, an individual traveling with or declaring large amounts of cash may not raise suspicion. Moreover, challenges associated with preventing the circumvention of cash courier regulations increase during hajj, which, despite efforts by the Saudi government, presents logistical enforcement challenges because of the large number of people involved. Dealing with the challenges inherently associated with the use of cash, according to Saudi officials, requires using intelligence to target specific individuals who may be using cash to fund terrorism or violent extremism and educating the public not to give cash to individuals they do not know, even for allegedly worthy causes.

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## Conclusion

According to State, goals and performance targets in country-specific Mission Strategic Plans (MSP) are used to assess effectiveness of U.S. policies and programs in the field and to formulate requests for resources. According to U.S. officials, since 2005, several targets to assess progress of the U.S. government's counterterrorism and antiterrorism financing collaboration with the Kingdom of Saudi Arabia have been met. However, some performance targets, specifically those related to combating financing of terrorism, were removed from the MSP for Saudi Arabia even though U.S. agencies remain concerned about the ability of Saudi individuals and multilateral charitable organizations to fund terrorist organizations in other countries. U.S. agencies stated that, despite the omission of these targets, they continue to engage with the government of Saudi Arabia on efforts to prevent financial support to extremists. Given that State uses MSP targets to assess progress in countering terrorism and terrorism financing in Saudi Arabia, it is important that the U.S. mission include targets related to key areas of concern to more effectively

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prioritize U.S. efforts and to formulate resource requests for these activities.

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## Recommendation for Executive Action

We recommend that the Secretary of State direct the U.S. mission in the Kingdom of Saudi Arabia to reinstate, in consultation with relevant U.S. agencies, performance measures related to preventing the flow of alleged financial support, through mechanisms such as cash couriers, to terrorists and extremists outside Saudi Arabia.

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## Agencies Comments, Third-Party Views, and Our Evaluation

State and DOD provided written comments on a draft of this report, which are reproduced in appendices V and VI, respectively. State concurred with our recommendation and committed to instructing the U.S. Embassy, Riyadh, in consultation with key interagency partners, to ensure that the Mission Strategic Plan reflect the continued importance of cooperation to combat terrorism financing, including by reinstating performance indicators related to Saudi enforcement of cash courier regulations. DOD also concurred with the report. In addition, we received technical comments from DOD, DOE, NSC, State, Treasury, and the intelligence community. Additionally, consistent with our protocols, we provided a copy of the draft report to Saudi officials, who described the report as a fair and detailed review of U.S. and Saudi efforts and also offered technical comments. We incorporated technical comments as appropriate.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution until 5 days from the report date. At that time, we will send copies to the Departments of State, Treasury, Defense, Energy, Homeland Security, Justice, the intelligence community, and the National Security Council. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

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If you or your staff have any questions about this report, please contact me at (202) 512-5257, or [merritt@gao.gov](mailto:merritt@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.

A handwritten signature in black ink that reads "Zina D. Merritt". The signature is written in a cursive style with a large, looped initial "Z".

Zina D. Merritt, Acting Director  
International Affairs and Trade

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# Appendix I: Objectives, Scope and Methodology

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In this report, we were asked to report on (1) the U.S. government strategy to collaborate with and assist the Kingdom of Saudi Arabia to counter terrorism and terrorism financing, and (2) U.S. government agencies' assessment of and the Saudi government's views on progress toward the goals of the U.S. strategy to collaborate with and assist the Kingdom of Saudi Arabia.

Our work focused on the efforts of the intelligence agencies; the Departments of Defense (DOD), Energy (DOE), Homeland Security (DHS), Justice (DOJ), State (State), and the Treasury (Treasury); and the National Security Council (NSC) to collaborate with Saudi Arabia to combat terrorism and terrorism financing since 2005. Within these agencies and executive offices, we met with officials from several relevant components that are monitoring or working with the Saudi government on efforts to combat terrorism and its financing, including DHS's Immigration and Customs Enforcement (ICE); DOJ's Federal Bureau of Investigation (FBI); State's bureaus of Coordinator of Counterterrorism; Economic, Energy, and Business Affairs; International Narcotics and Law Enforcement Affairs; and Near Eastern Affairs; and Treasury's Office of Terrorism and Financial Intelligence, Financial Crimes Enforcement Network, and the Internal Revenue Service. We focused on these agencies and components as a result of previous work undertaken by GAO regarding efforts to address violent extremism, our review of information since GAO's previous work indicating which agencies were involved in efforts to collaborate with Saudi Arabia, and discussions with U.S. agency officials regarding the agencies with which they collaborate.

To examine the U.S. government strategy to collaborate with and assist the Kingdom of Saudi Arabia to counter terrorism and terrorism financing, we reviewed relevant U.S. strategic documents, including the *U.S. Strategy Toward Saudi Arabia, Report Pursuant to Section 2043(c) of the Implementing the Recommendations of the 9/11 Commission Act*, and Mission Strategic Plans (MSP) for Saudi Arabia (previously called Mission Performance Plans) for fiscal years 2005 to 2011. While we did not assess these documents for key elements of a strategy as identified by GAO, we used the performance targets stated in these documents as criteria against which we assessed progress. In addition to documents from U.S. agencies, we obtained documents detailing the Saudi government's approach to combating terrorism and terrorism financing from Saudi officials, and reviewed public information available on the embassy Web site. We discussed the U.S. government strategy to collaborate with and assist Saudi Arabia with officials from DOD, DHS, DOJ, State, and Treasury, as well as representatives from the Saudi

embassy, including the Saudi Ambassador to the United States. Furthermore, while in Riyadh, Saudi Arabia, we discussed the U.S. strategy to collaborate with Saudi Arabia with officials from the U.S. embassy, including the then ambassador, as well as representatives from the Saudi government, including representatives from the Ministries of Foreign Affairs, Interior, and Islamic Affairs. We met with Saudi officials from these ministries as they are involved in efforts to combat terrorism and extremism.

To report U.S. government agencies' assessment of progress toward the goals of the U.S. strategy to collaborate with and assist the Kingdom of Saudi Arabia, we reviewed relevant U.S. planning and evaluation documents, including MSPs for Saudi Arabia, *Country Reports on Terrorism*, and *International Narcotics Control Strategy Report: Volume II, Money Laundering and Financial Crimes*, among others. Additionally, we developed and administered a data collection instrument to agencies providing training and technical assistance to the Saudi government—including State, Treasury, DOJ, DHS, DOD, and DOE—to obtain information on programs and activities, including goals, description, indicators, assessments, and associated funding. We corroborated information reported to us in the data collection instrument with information obtained during interviews with agency officials and reported in agency evaluation documents. Further, we obtained and examined documentation from Saudi officials regarding their domestic efforts to counter terrorism and terrorism financing, including *Rules Governing the Opening of Bank Accounts and General Operational Guidelines in Saudi Arabia, Third Update, December 2008*, and reviewed public information available on the embassy Web site. Although we report on Saudi efforts to combat extremism, we did not independently verify all of these activities. In Washington, D.C., we discussed progress on U.S.-Saudi counterterrorism efforts with U.S. officials from DOD, DOE, DHS, DOJ, State, Treasury, and the intelligence community; as well as with Saudi officials from the Royal Embassy of Saudi Arabia. We also interviewed subject matter experts from a variety of academic institutions and nongovernmental organizations to obtain their assessments of progress. We selected experts who met at least one of the following criteria: (1) produced research focusing on Saudi Arabia; (2) traveled to Saudi Arabia; and, (3) were recognized as experts in the professional community, as determined by the recommendation of other experts. State concurred with our list of experts. Additionally, we traveled to Riyadh and Jeddah, Saudi Arabia, where we visited the Prince Mohammed bin Nayef Center for Advisory and Care—a counseling program designed to reeducate violent extremists—in Riyadh, and met with U.S. officials from DOD, DHS, DOJ,

State, and Treasury; Saudi officials from the Saudi Arabian Monetary Agency and the Ministries of Foreign Affairs, Interior, and Islamic Affairs; and representatives from World Assembly of Muslim Youth. The information on foreign laws in this report is not a product of our original analysis, but is based on interviews and secondary sources.

We conducted this performance audit from July 2008 through September 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Time Line of Key Events in U.S. and Saudi Relations, 1750-2004

Summary	Date	Description
Alliance between Muhammad bin Saud and a conservative Muslim leader	Mid-18th century	Muhammad bin Saud, founder of the precursor to the modern Saudi state, strikes an alliance with the conservative Muslim leader, Muhammad bin Abdul Wahhab. This marks the start of the close association between Saudi political and religious establishment.
Saudi power and influence expands	1902 to 1926	Abdul Aziz Al Saud expands Saudi power to other regions of the Arabian Peninsula, including Riyadh and the holy Muslim city of Mecca.
Modern Kingdom of Saudi Arabia established	1932	The modern Kingdom of Saudi Arabia is formally established under the reign of King Abdul Aziz Al Saud with a system of government based on Islamic law.
U.S.-Saudi diplomatic relations established	1933	United States and Saudi Arabia establish diplomatic relations.
Saudi Arabia starts large scale oil production	1940s	Saudi Arabia starts large scale oil production after World War II.
Saudi King meets with President Roosevelt	1945	The meeting between King Abdul Aziz and President Franklin D. Roosevelt to discuss oil and security is considered the start of more robust U.S.-Saudi relations.
State of Israel established	1948	In 1948, Israel is established with support from the United States and overwhelming Arab opposition.
Saudi Arabia allies with the United States in fighting communism	1950s	U.S. and Saudi governments pursue some common national security objectives, including combating the global spread of communism. U.S. administrations consider the Saudi monarchy as an ally against nationalist and socialist governments in the Middle East.
First U.S. military training mission organized under the terms of the U.S. and Saudi mutual defense assistance agreement	1953	United States provides military training assistance to Saudi Arabia under the terms of the Defense Assistance Act of 1949 and the Mutual Security Act of 1951.
First multilateral charitable organization founded in Saudi Arabia	1960s	The Muslim World League, one of several multilateral charitable organizations, is established with headquarters in Saudi Arabia to promote Islam and extend economic aid to Muslim nations.
Oil production creates great wealth in Saudi Arabia	1970s	Oil production in the 1970s makes Saudi Arabian per capita income comparable to that of other developed countries. As the price of oil rises, Saudi Arabia's wealth and political influence increase.
Iran is established as an Islamic state	1979	The Islamic Republic of Iran is established after the ouster of the Shah, signaling the rise of political Islam as a challenge to existing regimes in the region.
Soviets invade Afghanistan		The Soviet army invades Afghanistan in December, prompting opposition from some Arab governments as well as from the United States and its allies.
Extremists attack Grand Mosque in Mecca		Religious extremists seize the Grand Mosque of Mecca; the Saudi government regains control and executes the perpetrators.

**Appendix II: Time Line of Key Events in U.S.  
and Saudi Relations, 1750-2004**

<b>Summary</b>	<b>Date</b>	<b>Description</b>
Saudi Arabia and United States aid the mujahideen against the Soviets in Afghanistan	1980s	Volunteers from some Muslim countries, including Saudi Arabia, join the Afghan mujahideen (the name given to Afghan resistance fighters) in their fight against the Soviets. The United States and Saudi Arabia play a leading role in supporting the mujahideen.
United States establishes military installations in Saudi Arabia	1991	The United States establishes military installations in Saudi Arabia during the U.S.-led and Saudi-supported ouster of the Iraqi army from Kuwait. The bases draw intense opposition from Al Qaeda, which was founded 3 years earlier.
Bombing of the World Trade Center kills 6	1993	Terrorists, some with links to Al Qaeda, use a car bomb to attack the World Trade Center in New York City killing 6 people and injuring 1,042.
Saudi government strips Osama bin Laden of citizenship	1994	Citing his support of extremist movements, Saudi Arabia strips Osama bin Laden of Saudi citizenship.
Islamists arrested in Saudi Arabia		Saudi authorities arrest hundreds of Islamists who have been openly critical of the Saudi government.
Terrorist attack in Saudi Arabia kills 5 Americans	1995	Saudi terrorists use a truck bomb to attack the Riyadh headquarters of the U.S.-operated training center of the Saudi National Guard resulting in the death of 5 Americans, among others.
Bombings in Saudi Arabia kill 19 Americans	1996	Terrorist bombings at U.S. military complex in Khobar, eastern Saudi Arabia, kill 19 Americans and wound many others. The attack is conducted by Saudi Hizaballah.
Saudi Arabia recognizes the Taliban regime in Afghanistan	1997	The Taliban rise to power in Afghanistan in 1996, imposing a strict interpretation of Islamic law on Afghan society. In 1997, Saudi Arabia becomes one of three countries to recognize the Taliban regime.
UN Security Council adopts Resolution 1267	1999	The United Nations Security Council adopts Resolution 1267 imposing financial and other sanctions applying to individuals and entities associated with Al Qaeda, Osama bin Laden, and/or the Taliban.
Start of the Palestinian uprising strains U.S.-Saudi relations	2000	Dissatisfaction in Saudi Arabia and many parts of the Arab world with U.S. policies related to the second Palestinian intifada (or uprising). Frustrated by a lack of U.S. response to Israeli-Palestinian violence, in a letter to President Bush in 2001, Saudi Crown Prince Abdullah warns of a serious rift between the two governments.
Attack on USS Cole		Al Qaeda attack on the USS Cole harbored in Yemen kills 17 American soldiers.

**Appendix II: Time Line of Key Events in U.S.  
and Saudi Relations, 1750-2004**

<b>Summary</b>	<b>Date</b>	<b>Description</b>
Al Qaeda attacks United States	2001	On September 11th, the World Trade Center in New York and the Pentagon in Washington, D.C. are the targets of terrorist attacks, and a hijacked plane crashes in Pennsylvania. The attacks are carried out by 19 Al Qaeda hijackers, including 15 Saudi nationals.
Saudi Arabia condemns September 11th attacks on the United States		Saudi Arabia condemns the attack and withdraws its official recognition of the Taliban government in Afghanistan, which is an ally of Al Qaeda.
U.S. and allied forces attack the Taliban and Al Qaeda in Afghanistan		U.S. forces, along with those of several allies and Afghanistan's Northern Alliance, topple the Taliban regime and remove the safe haven for Al Qaeda in Afghanistan. Some Al Qaeda survivors return to their countries of origin, including Saudi Arabia.
United States begins military operations in Iraq	2003	The United States and its coalition of allies begin military operations in Iraq in March. Saudi Arabia publicly opposes the U.S.-led invasion of Iraq, but reportedly allows the U.S.-led forces the use of military facilities in the Kingdom in support of operations in Iraq. However, virtually all U.S. troops are withdrawn from the Kingdom by August.
Major terrorist incidents in Saudi Arabia		Several terrorist incidents in Saudi Arabia, including attacks in May and November on residential compounds, kill dozens of people.
Iraqi insurgency attracts foreign fighters, including Saudis	2003 to present	Iraqi insurgency attracts foreign fighters, including Saudi nationals.
Escalation in terrorist attacks in Saudi Arabia and Saudi government retaliation	2004	A series of terrorist attacks throughout Saudi Arabia results in dozens of victims. The targets include Saudi Arabia's oil infrastructure and the U.S. Consulate in Jeddah. Saudi security forces intensify their antiterrorist campaign, with casualties on both sides, including Abdulaziz al-Mughrin, the head of Al Qaeda in Saudi Arabia.

Source: GAO

# Appendix III: Saudi Ministries and Agencies that Have Functions Related to Countering Terrorism and Terrorism Financing

Saudi ministries and agencies	Description
Ministry of Interior	Primary ministry responsible for efforts to combat terrorism and terrorism financing. It has issued "most wanted" list of terrorists and its security forces have killed or arrested terrorist suspects. The ministry also includes investigative units and oversees the Saudi rehabilitation program for terrorism suspects. The ministry oversees public security, coast guards, civil defense, fire stations, border police, and special security and investigative functions, including criminal investigation.
Saudi Arabian Financial Investigation Unit	This unit, which is within in the Ministry of Interior, was created in 2005 and tasked with handling money laundering and terror finance cases. All banks are required to file suspicious transaction reports with this unit. It collects and analyzes these reports and other available information and makes referrals to relevant Saudi agencies, including the Mabahith for further investigation and prosecution.
Mabahith	Also referred to as the General Investigation Directorate, it investigates cases related to terrorism, among other activities.
Saudi Arabian Monetary Agency	Serves as the central bank of the Kingdom of Saudi Arabia. It plays a central role in overseeing all anti-money laundering and combating financing of terrorism programs and supervises all banking, securities, and insurance activities in the country.
Ministry of Foreign Affairs	Oversees political, cultural, and financial international relations; monitors diplomatic relations. Signs bilateral agreements, including those related to counterterrorism, and coordinates efforts with other governments.
Ministry of Finance	Oversees government finance, including budgeting and expenditure of all ministries and agencies; controls national economic growth, zakat, income tax, and customs.
Ministry of Islamic Affairs, Endowments, Call and Guidance	Oversees all Islamic affairs, including maintenance of mosques and monitoring of clerics. The ministry is reported to have dismissed a large number of extremist clerics and sent them to be reeducated.
Ministry of Education	Oversees all schools, including physical infrastructure and curriculum. One of its priorities is to increase awareness and religious tolerance among teachers.

Source: GAO summary of Saudi government information.

# Appendix IV: U.S. Agencies Providing Training and Technical Assistance to Saudi Arabia, 2005-2008

U.S. agency	Associated activities
Department of Defense (DOD)	<ul style="list-style-type: none"> <li>Along with State and DOE, assists the Saudi government with the protection of critical infrastructure assets, such as oil installations, through the Office of Program Management-Ministry of Interior (OPM-MOI)—a U.S.-Saudi joint organization.</li> </ul>
Department of Energy (DOE)	<ul style="list-style-type: none"> <li>Along with DOD and State, assists the Saudi government with the protection of critical infrastructure assets, such as oil installations, through OPM-MOI. DOE has provided training to Saudi officials on conducting facilities assessments, as well as performed joint assessments of key facilities.</li> </ul>
Department of Homeland Security	<ul style="list-style-type: none"> <li>Provided training to Saudi Customs officials on interdiction and investigation related to bulk cash smuggling.</li> </ul>
Department of Justice	<ul style="list-style-type: none"> <li>Provided training to Saudi officials, through the Federal Bureau of Investigation, on financial investigation techniques.</li> </ul>
Department of State (State)	<ul style="list-style-type: none"> <li>Leads the U.S. Mission in Saudi Arabia.</li> <li>Provided training to Saudi government officials related to building investigative capability and consulted on oil installation security.</li> <li>Along with DOD and DOE, assists the Saudi government with the protection of critical infrastructure assets, such as oil installations, through OPM-MOI.</li> </ul>
Department of the Treasury	<ul style="list-style-type: none"> <li>Through the Financial Crimes Enforcement Network, provided training to, and conducted assessments of, the Saudi Arabian Financial Investigation Unit.</li> <li>Through Internal Revenue Service-Criminal Investigations, provided training to Saudi officials on financial investigation techniques.</li> </ul>
Intelligence community	<ul style="list-style-type: none"> <li>Engages in information sharing with Saudi ministries.</li> </ul>

Source: GAO analysis of U.S. agency information.

# Appendix V: Comments from the Department of State



United States Department of State

Washington, D.C. 20520

SEP 14 2009

Ms. Jacquelyn Williams-Bridgers  
Managing Director  
International Affairs and Trade  
Government Accountability Office  
441 G Street, N.W.  
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "COMBATING TERRORISM: U.S. Agencies Report Progress Countering Terrorism and Its Financing in Saudi Arabia, but Continued Focus on Counter Terrorism Financing Efforts Needed," GAO Job Code 320592.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Josh Harris, Desk Officer, Near Eastern Affairs at (202) 647-7750.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Millette".

James L. Millette

cc: GAO – Mona Sehgal  
NEA – Jeffrey Feltman  
State/OIG – Mark Duda

**Department of State Comments on GAO Draft Report**

**COMBATING TERRORISM: U.S. Agencies Report Progress  
Countering Terrorism and its Financing in Saudi Arabia, but  
Continued Focus on Counter Terrorism Financing Efforts Needed**  
(GAO-09-883, GAO Code 320592)

The Department of State appreciates the opportunity to comment on GAO's draft report entitled *Combating Terrorism: U.S. Agencies Report Progress Countering Terrorism and its Financing in Saudi Arabia, but Continued Focus on Counter Terrorism Financing Efforts Needed*.

The GAO report recommends the following to the Secretary of State:

**Recommendation:** We recommend that the Secretary of State direct the U.S. mission in the Kingdom of Saudi Arabia to reinstate, in consultation with relevant U.S. agencies, performance measures related to preventing the flow of alleged financial support, through mechanisms such as cash couriers, to terrorists and extremists outside Saudi Arabia.

**Response:** The Department concurs that, although Saudi Arabia has made considerable progress in the fight against terrorism and violent extremism, more work remains to be done in the critical area of terror financing. To that end, the Department continues to support close cooperation with the Saudi authorities to prevent the flow of funds from private donors inside Saudi Arabia to extremist groups outside the Kingdom. The Department agrees with the recommendation and will instruct U.S. Embassy Riyadh, in consultation with key interagency partners, to ensure that the Mission Strategic Plan reflect the continued importance of cooperation to combat terror financing, including by reinstating performance indicators relating to Saudi enforcement of cash courier regulations.

# Appendix VI: Comments from the Department of Defense



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
2500 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-2500

SPECIAL OPERATIONS/  
LOW-INTENSITY CONFLICT  
& INTERDEPENDENT CAPABILITIES

SEP 10 2009

Ms. Janet A. St. Laurent  
Managing Director, Defense Capabilities and Management  
U.S. Government Accountability Office  
441 G Street, N.W., Washington, D.C. 20548

Dear Ms. St. Laurent,

This is the Department of Defense (DoD) response to the GAO Draft Report GAO-09-883, 'COMBATING TERRORISM: U.S. Agencies Report Progress Countering Terrorism and Its Financing in Saudi Arabia, but Continued Focus on Counter Terrorism Financing Efforts Needed,' dated August 28, 2009, (GAO Code 320592). The Department has reviewed and concurs with the GAO report.

SO/LIC&IC recognizes the tremendous scope of the GAO engagement subject and applauds the effort of the GAO study team to highlight the terrorism threats our Nation faces. DoD appreciates the opportunity to comment on the GAO draft report.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary P. Reid".

Gary P. Reid  
Deputy Assistant Secretary of  
Defense for Special Operations  
Combating Terrorism

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# Appendix VII: GAO Contact and Staff Acknowledgments

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## GAO Contact

Zina D. Merritt, (202) 512-5257 or [merrittz@gao.gov](mailto:merrittz@gao.gov)

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## Staff Acknowledgments

In addition to the person named above, Jason Bair (Assistant Director), Ashley Alley, Alexandra Bloom, Joe Carney, Tom Costa, Martin de Alteriis, Mark Dowling, Jonathan Fremont, Etana Finkler, Phillip Farah, Joel Grossman, Julia Jebo, Charles M. Johnson, Jr., Bruce Kutnick, Elizabeth Repko, Mona Sehgal, and James Strus made key contributions to this report. Elizabeth Curda, Davi D'Agostino, Muriel Forster, Barbara Keller, Eileen Larence, Armetha Liles, Sarah McGrath, and Theresa Perkins also provided technical assistance.

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# Related GAO Products

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*Combating Terrorism: Actions Needed to Enhance Implementation of Trans-Sahara Counterterrorism Partnership.* [GAO-08-860](#). Washington, D.C.: July 31, 2008.

*Combating Terrorism: The United States Lacks Comprehensive Plan to Destroy the Terrorist Threat and Close the Safe Haven in Pakistan's Federally Administered Tribal Areas.* [GAO-08-622](#). Washington, D.C.: April 17, 2008.

*Combating Terrorism: State Department's Antiterrorism Program Needs Improved Guidance and More Systematic Assessments of Outcomes.* [GAO-08-336](#). Washington, D.C.: February 29, 2008.

*Combating Terrorism: Law Enforcement Agencies Lack Directives to Assist Foreign Nations to Identify, Disrupt, and Prosecute Terrorists.* [GAO-07-697](#). Washington, D.C.: May 25, 2007.

*Terrorist Financing: Agencies Can Improve Efforts to Deliver Counter-Terrorism-Financing Training and Technical Assistance Abroad.* [GAO-06-632T](#). Washington, D.C.: April 6, 2006.

*Terrorist Financing: Better Strategic Planning Needed to Coordinate U.S. Efforts to Deliver Counter-Terrorism Financing Training and Technical Assistance Abroad.* [GAO-06-19](#). Washington, D.C.: October 24, 2005.

*International Affairs: Information on U.S. Agencies' Efforts to Address Islamic Extremism.* [GAO-05-852](#). Washington, D.C.: September 16, 2005.

*Border Security: Strengthened Visa Process Would Benefit from Improvements in Staffing and Information Sharing.* [GAO-05-859](#). Washington, D.C.: September 13, 2005.

*Border Security: Actions Needed to Strengthen Management of Department of Homeland Security's Visa Security Program.* [GAO-05-801](#). Washington, D.C.: July 29, 2005.

*Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists' Use of Alternative Financing Mechanisms.* [GAO-04-163](#). Washington, D.C.: November 14, 2003.

*Combating Terrorism: Interagency Framework and Agency Programs to Address the Overseas Threat.* [GAO-03-165](#). Washington, D.C.: May 23, 2003.

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