

Fact Sheet: Countering ISIS Financing

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The Coalition campaign to defeat ISIS in Syria and Iraq continues to be a top CIFG priority. This year alone, the U.S. military conducted nearly 200 joint operations with Iraqi Security Forces (including the Kurdish Peshmerga) and the Syrian Democratic Forces, which remain crucial partners in this fight. These partnered Coalition efforts resulted in the killing or capture of up to 400 ISIS operatives—including key senior ISIS leaders and facilitators—operating in Iraq and Syria. These operations have degraded ISIS Core’s capabilities and disrupted its ability to plan, resource, and carry out attacks around the globe.

ISIS Core revenue has been declining, as the group has lost millions of dollars due to pressure from Coalition forces in the Middle East. Law enforcement efforts also have disrupted financial support to ISIS members in Syria and Iraq. For example, the January 5, 2023, joint U.S.-Turkish sanctions action against a Türkiye-based ISIS financing network helped dismantle a mechanism, which ISIS used to transfer hundreds of thousands of dollars for its activities. As a result of counterterrorism efforts, ISIS Core is unable to meet its financial obligations, particularly payments to family members of deceased and imprisoned ISIS personnel, which probably constitute the groups’ largest expense. Moreover, ISIS has had to pay its leaders sporadically, probably several hundred dollars per month, while skipping payments for fighters. The group probably has done so intentionally in order to extend the duration of its limited financing.

Despite leadership losses and financial disruptions, ISIS continues to draw from millions of dollars in cash reserves it held as of late 2022, engaging in extortion and kidnapping-for-ransom, and, to a lesser extent, soliciting donations via online platforms. The cash reserves are buried in physical caches and are dug up to be smuggled through Iraq and Syria. In both countries, the cash enters the hawala system and could be distributed via transfers in permissive jurisdictions. The hawala networks used by ISIS in Iraq and Syria have company branches and affiliates in multiple countries that include poorly regulated informal financial sectors where ISIS probably exploits lax identification requirements to withdraw cash. Additionally, ISIS has been increasingly using virtual assets for international funds transfers. These funds transfer methods allow ISIS leadership to support militant operations, recruit and maintain a loyal cadre of supporters, and secure the release of its members from detention.

ISIS Core has relied on its regional General Directorate of Provinces (GDP) offices to provide funding and operational guidance to ISIS branches and networks around the world. The GDP’s Bilad al-Rafidayn Office in Iraq has financed families and relatives of ISIS prisoners and martyrs; al-Furqan Office is responsible for West Africa and the Sahel; the Dhu al-Nurayn Office oversees North Africa and Sudan; al-Karrar Office covers East, Central, and Southern Africa, and Yemen regions; and Afghanistan-based al-Siddiq Office is responsible for South, Central and Southeast Asia. While ISIS has continued sending funds globally to operationally capable branches, ISIS leaders in Iraq and Syria have increasingly emphasized to their subordinates the importance of fundraising. For example, the ISIS branch in West Africa may have received external support from ISIS leadership, but it probably generates most of its funding—an estimated few hundred thousand dollars per month—from local criminal activities. ISIS-West Africa has extorted local agricultural businesses and fishing operations in Lake Chad, kidnapped

and ransomed civilians in Nigeria, and acquired weapons and vehicles, among other valuable items, during militant operations in the region.

Similarly, ISIS-Somalia receives most of its revenue from extorting local businesses—including financial institutions and mobile service providers—and civilians, generating hundreds of thousands of dollars per month. In fact, ISIS-Somalia is one of the most important ISIS franchises in Africa. ISIS-Somalia serves as a hub for disbursing funds and guidance to ISIS branches and networks across the African continent. The January 25, 2023, U.S. military counterterrorism operation in northern Somalia that killed ISIS senior leader and al-Karrar Office official Bilal al-Sudani and other ISIS members disrupted these efforts and represented a setback for ISIS in Africa. Al-Sudani was responsible for fostering the growing presence of ISIS on the continent and for funding the group's operations worldwide, including in Afghanistan. The recovery of numerous devices, including a computer, hard drives, and cell phones, revealed new insights into al-Sudani's role in managing ISIS funds, procuring weapons, facilitating funds transfers to ISIS affiliates and directing their financial activities. In one example, Bilal al-Sudani sent a letter to ISIS-West Africa with guidance on collecting zakat and distributing spoils. Despite this loss, we anticipate that ISIS networks in Somalia will try to reconstitute, continue generating funds, and provide financial support to ISIS affiliates.

ISIS-Somalia probably transfers a portion of its funds to other ISIS affiliates in Africa, in some cases using hawalas, money services businesses, cash smugglers, and, occasionally, bank accounts. ISIS-Somalia usually spends a few hundred thousand dollars per month on member salaries. In 2022, ISIS-Somalia paid weapons traffickers hundreds of thousands of dollars to procure light arms and explosive materials from Yemen-based suppliers. Additionally, Somalia-based ISIS members and facilitators raise funds through criminal activities, including illegal fishing and black-market smuggling. They sometimes conduct smuggling in collaboration with al-Shabaab, al-Qaida in the Arabian Peninsula, and regional organized crime groups.

In other parts of Africa, the ISIS branch in the Democratic Republic of the Congo (ISIS-DRC) has emerged as a regional conduit for facilitating funds transfers to numerous ISIS cells, including in Tanzania and Uganda. ISIS-DRC has relied on cash couriers, hawalas, and money services businesses, including mobile money service providers, to conduct international financial transactions. The ISIS branch in Mozambique is probably working to develop fundraising and financial facilitation networks while relying on a range of local and regional actors. ISIS-Mozambique is also probably trying to manage its various funding sources, including the money its fighters seized following its attacks in Palma, Mozambique, between March and April 2021. Members of ISIS cells in South Africa have served as key intermediaries for providing financial support to ISIS branches and networks across Africa and have maintained ties to ISIS-Somalia, ISIS-DRC, ISIS-Mozambique, and ISIS-West Africa.

In Asia, ISIS is attempting to use ISIS-Khorasan's base in Afghanistan to increase its transnational operational, fundraising, and recruitment capabilities and to conduct terrorist attacks worldwide. As of 2023, ISIS networks in Afghanistan have continued receiving ISIS funds and represent a particular threat. Since late 2022 this financial support amounted to hundreds of thousands of dollars, including from now-deceased ISIS official Bilal al-Sudani. In 2022, ISIS leaders allocated funding for ISIS-Khorasan external operations plots in Europe, and

facilitators likely transferred specific funds to support successful attacks, including at least one in Russia. Since late 2021, a Somalia-based ISIS network sent funds to Afghanistan probably to support ISIS-Khorasan external operations plotting in Europe. ISIS sends money to Afghanistan using a variety of funds transfer mechanisms, including virtual asset service providers and hawalas. ISIS funds transfers to Afghanistan have transited multiple countries, to include Türkiye and Yemen, after originating largely in Somalia.

ISIS-Khorasan probably relies largely on external funding from ISIS to sustain the branch's operations and living expenses. ISIS-Khorasan probably transfers funds out of Afghanistan to support members and operatives in Pakistan, Iran, Türkiye, and elsewhere. Notably, ISIS-Khorasan likely uses Türkiye as a transit hub for disbursing funds and transferring operatives and weapons from Afghanistan to Europe for possible attacks. ISIS-Khorasan facilitators have also transferred at least tens of thousands of dollars-worth of funds from other locations in Asia, such as Tajikistan, probably to promote ISIS's goals. In addition to receiving financial support from ISIS leadership, ISIS-Khorasan generates its own funds, largely from donations, ransoms, and extortion, some of which can provide significant financial windfalls. ISIS-Khorasan is probably storing some funds in virtual assets to enable convenient transfers and to protect against loss of cash from raids, theft, or other losses.

Since mid-2022, ISIS officials in Afghanistan probably have not prioritized ISIS branches or networks in South and Southeast Asia with low operational potential or that struggle to communicate. ISIS branches and networks in Pakistan, Indonesia, Bangladesh, India, and Central Asia continue to struggle to raise funds independently and many do not receive any financial support from ISIS. The ISIS branch in the Philippines probably has not received funds since early 2022 due to its low level of activity.

Overall, ISIS-aligned groups in Southeast Asia continue generating revenue locally and, in some cases, support ISIS networks in the Middle East. Some ISIS-aligned groups in countries such as Indonesia continue exploiting the charitable sector to raise funds and support extremist activities. ISIS-Philippines continues raising its own funds and has increasingly used virtual currencies since at least 2020, probably motivated by local factors such as easy fiat conversions, and low transfer fees, and virtual currency's semi-anonymity and efficiency. ISIS-Philippines also continues using the formal financial sector to transfer fiat currencies.