



Fact Sheet: Countering ISIS Financing

November 18, 2022

Defeating ISIS in Syria and Iraq remains a key CIFG priority. Since the last CIFG meeting in May 2022, the Global Coalition has targeted key ISIS financial leaders and officials in the Middle East. In addition, the U.S. military works closely with the Syrian Democratic Forces and Iraqi Security Forces to combat the ISIS insurgency in Syria and Iraq. These operations have degraded ISIS's ability to plan, resource, and conduct attacks globally as well as against the Global Coalition forces operating in the region.

Despite substantial leadership losses this year, ISIS Core remains intact and maintains access to as much as \$25 million in cash reserves held in Syria and Iraq. The terrorist group amassed these funds during its 2014-2017 occupation of Iraqi and Syrian territories by selling oil, extorting local economies, and looting banks. ISIS leadership uses these funds to support its branches and networks around the world, finance extremist operations, maintain a loyal cadre of supporters, conduct recruitment, secure the release of its members from prisons and internally displaced persons camps, and pay family members of deceased and imprisoned ISIS personnel. However, ISIS Core's revenue streams are diminishing due to pressure from the military forces of the Global Coalition and law enforcement actions in the region. We estimate that ISIS militants operating in Syria and Iraq spend more money per month than they can generate during the same period. As a result, ISIS leaders rely on declining incomes from extorting local businesses, kidnapping for ransom, looting, and sporadic external donations to fill their coffers. This year, ISIS leaders in Iraq and Syria have increasingly emphasized the importance of fundraising to their subordinates probably because the group recognizes that it will be unable to support members without increasing their revenue in the coming years.

Over the past year, the CIFG has increased its focus on countering ISIS financing in Africa, where ISIS affiliates—branches, networks, and cells—seek to gain territorial control while terrorizing the civilian population. The ISIS branch in Somalia is one of the most important ISIS franchises on the continent, serving as a hub for disbursing funds and guidance to ISIS branches and networks throughout Africa. ISIS-Somalia receives the majority of its revenue from aggressive extortion tactics that target businesses and civilians in Somalia, generating hundreds of thousands of dollars per month. ISIS-Somalia probably transfers a portion of these funds to other ISIS affiliates in Africa, in some cases using hawalas, money services businesses, and cash smugglers. ISIS-Somalia usually spends a few hundred thousand dollars per month on member salaries. This year, ISIS-Somalia paid weapons traffickers hundreds of thousands of dollars to procure light arms and explosive materials from Yemen-based suppliers. In addition, Somalia-based ISIS members and facilitators raise funds through criminal activities, including illegal fishing and black-market smuggling. They conduct smuggling in collaboration with al-Shabaab, al-Qa'ida in the Arabian Peninsula, and regional organized crime groups. CIFG co-leads welcomed the sanctions the United States imposed on November 1, 2022, targeting ISIS-Somalia weapons traffickers and urged the CIFG partners to take complementary measures pursuant to their domestic authorities.

The CIFG is also working to counter ISIS financial networks in other parts of Africa. 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. Namely, 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. 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, through cash couriers, hawalas, and money services businesses, including mobile money service providers. 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. The Global Coalition is closely partnering with the CIFG's African members and observers to deny ISIS access to their countries' financial systems and to degrade ISIS support networks across the continent.

The CIFG has not lost sight of the persistent ISIS threat in South and Southeast Asia. Since late 2021, ISIS Core's General Directorate of the Provinces probably has transferred tens of thousands of dollars to its Afghanistan-based al-Siddiq Office. This office is responsible for overseeing ISIS activities in Asia and probably disbursed the funds and guidance to ISIS branches and networks across the continent. In addition to employing unregistered money services businesses, established hawala networks, and cash couriers, al-Siddiq Office has increasingly used virtual assets service providers to finance its subordinates. The beneficiaries of al-Siddiq Office funding include ISIS branches and networks in Afghanistan, Pakistan, India, Bangladesh, Maldives, and the Philippines. These ISIS affiliates probably have relied on this ISIS funding to sustain some operations and cover other expenses, while some ISIS branches and networks probably have used the funds to conduct attacks and increase propaganda output. ISIS-Khorasan in Afghanistan probably has bolstered its ranks with recruits from Russia, Kazakhstan, Azerbaijan, Tajikistan, Uzbekistan, and elsewhere. Some ISIS branches, including ISIS-Khorasan and ISIS-East Asia, which includes ISIS-Philippines, have conducted limited financial transactions in the formal financial sector, including through bank accounts, bank cards, and registered money services businesses, including mobile money service providers. When the funds provided by al-Siddiq Office run low, ISIS affiliates across Asia rely on local criminal activities, such as extortion, and donations from sympathizers to generate funds. In certain countries, counterterrorism pressure disrupted ISIS funds transfers and fundraising, limited ISIS recruitment, and helped degrade ISIS cohesion in the region.