

**INTELLIGENCE
AND SECURITY IN THE 21ST CENTURY**

FINANCIAL SUSTAINABILITY OF TERRORIST GROUPS. CASE STUDY: DAESH (2014-2017)

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Abstract:

The present paper will focus on analysing the sources of funding used by DAESH¹, mostly between 2014 and 2017. The objectives of the research are to document: (1) the funding sources that supported the development and maintenance of DAESH, (2) the factors that contributed to the strengthening of the funding lines and (3) the measures that can be applied to combat the financing of terrorist groups. The terrorist organization's success in gathering and managing funds has had a significant contribution to its rapidly growing influence and image among the other extremist-terrorist entities which claim legitimacy within Islam.

The current stage of knowledge will be presented and each relevant element will be analysed. In what concerns the research apparatus, analysis and quantitative methods will be utilized in order to highlight the causes that contributed to the development of DAESH's funding capabilities. Relevant aspects from literature, as well as conclusions drawn by several authors with expertise on the topic, will be mentioned and compared.

The newly resulted ideas will be synthesized through interpretation and development of current knowledge. The aim is to create a theoretical framework that provides solutions as potential measures that can be taken into consideration by national authorities in order to prevent such entities from gaining control over territories, becoming more attractive to activists, also developing funding networks comparable to those of some states.

Keywords: *challenges, DAESH, financing, Islam, terrorism.*

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¹ In this paper, the terms DAESH, Islamic State, ISIL, and ISIS will be used to define the same entity, according to bibliographic sources, to avoid further confusion.

Introduction

The financing of terrorism is a current topic because, now and in the foreseeable future, terrorist groups are active at a global level and they manage to keep under control territories or active cells through which they carry out attacks with different degrees of intensity and scale. Financing ensures the maintenance and development of these entities, a fact that requires the study, understanding and creation of countermeasures.

The working hypothesis is that combating the means of financing terrorist groups is an important measure that can be applied to prevent their development and, implicitly, to prevent the execution of terrorist attacks. The original research can have a national and international impact and will contribute to providing ideas and potential solutions to regional and international conflicts.

The present paper seeks to answer the following questions: (1) What were the funding sources used by DAESH? (2) What measures can be taken to eliminate the financing of terrorist groups? As research methods, analysis and quantitative methods will be utilized in order to highlight the causes that contributed to the development of DAESH's funding capabilities. Relevant aspects from literature, as well as conclusions drawn by several authors with expertise on the topic, will be mentioned and compared.

The research is structured in several chapters that distinctly present the sources of financing of terrorist groups – the general framework, the financing of DAESH – detailed on each source separately, the expenses of terrorist groups and conclusions. For each bibliographic source, the analysis and original contribution of the author of this paper is included.

The present paper aims to identify and study mechanisms for traceability of DAESH funding methods in order to understand extremist terrorist groups of Islamic origin (and not only). The challenge is given by the versatility with which groups of this nature adapt to technological developments and use various financing options. Often, state organizations that target such groups are restricted by the law and end up in situations that do not allow them to take offensive, challenging measures. The paper draws attention on the need for rapid evolution and

adaptation of the legislative framework to the current context so that the competent institutions have the appropriate tools at their disposal in order to effectively respond to the challenges of a dynamic environment.

The main sources of funding for DAESH that contributed to the development of the group are:

- sale of petroleum products;
- taxation and fraud;
- embezzling funds that were available in banks in conquered cities;
- ransoms for kidnapped people;
- antiquities trafficking;
- agriculture;
- human trafficking;
- donations.

The main expenses of DAESH are:

- maintenance of fighters and military operations;
- wages and social benefits;
- communications and media;
- infrastructure.

DAESH uses international banks, circumventing the means of detecting suspicious activity, which allows it to sponsor and move funds for terrorist acts (Bilger, 2014; Levallois and Causseran, 2017; Do, Shapiro, Elvidge, Abdel-Jelil, Ahn, Baugh, Hansen-Lewis, Zhizhin, 2017; Napoleoni, 2016).

The timeframe 2014-2017 was chosen because during this period DAESH controlled the largest territories and functioned as a pseudo-state/ghost state.

Sources of terrorist funding

Before specifically analysing the sources of funding for DAESH, the primary sources of funding for terrorism will be presented:

a. State sponsorships:

It is one of the main sources of terrorist financing. From the perspective of terrorist organizations, the funding received from the

states is advantageous in terms of the amounts and the simplicity of obtaining them.

The main downsides are generated by the pseudo-dependence on the financing state and the agenda of the political decision-makers in that country. At this level, cases have often been observed when states used such organizations to promote their foreign policy interests (e.g. Iran in Lebanon, through Hezbollah). Another disadvantage for terrorist organizations is the change in the policy makers or strategy of that state. For these reasons, there have been cases when terrorist organizations have supported certain individuals and/or political parties in the states where they obtained their funding.

To counter this type of financing, there is a need for increased traceability of financing, a need to digitize the financial system. It will not eradicate the phenomenon, but it will help reduce it. At the same time, states identified as financially supporting terrorist groups would need to be adequately sanctioned in order to be deterred. The present paper supports active economic sanctions and implementation of means of control of financial transactions. Continuously, interested states have offered funds to the terrorist organizations and the lack of real actions from the international community (UN bodies, NATO or other relevant organizations) has made them believe that no action would be taken.

b. Organized crime-type activities:

It is the most commonly used source of funding for the activities of terrorist organizations. The justification is given by the simplicity and efficiency of obtaining high revenues in short periods of time, against the background of carrying out illegal activities that increase the notoriety of the organization, implicitly increasing its legitimacy to the detriment of the state authorities where they operate.

Examples of illegal activities that fuel the budgets of terrorist organizations include but are not limited to: arms and human trafficking, drug trafficking, kidnapping, protection fees, products or money theft, piracy etc.

The disadvantages of this source of financing derive from the high level of risk of the aforementioned activities. The conduct of illegal actions will automatically attract the attention of state authorities which

will redirect significant resources to institutions which are responsible for national security and counter terrorist organizations. Another disadvantage is the inconsistency of revenue, because some of the actions require identification of targets. Another disadvantage is the need for human resources that are usually involved in these activities. The problem is not with their preparation for carrying out illegal activities, but with the level of trust that organizations can have in the new members, amid the suspicion that they may be undercover agents of some national security institutions.

This type of activity takes place in a state where the implementation of the law is not done properly and corruption thrives. Strengthening the rule of law in states where terrorist groups operate is a solution that responds to both measures to combat these entities and organized crime groups.

c. Legal activities:

Legal businesses are considered a good funding alternative with a high degree of security, given the fact that the activities carried out to obtain income are entirely legal and sometimes supported by the state where they are based. Regarding this last aspect, situations have often occurred when states financing terrorism have operated changes in their legislation in a discriminatory and illegitimate manner towards third parties, while given terrorist organizations specific advantages. For example, between 1992 and 1996, Al Qaeda carried out legal activities in a wide variety of fields, from agriculture to financial banking, investment firms (Burke, 2003, p. 145).

The disadvantages of this source of funding consist of the documentation required for its operation, the human resources required to manage it and the relatively low profits. Documentation refers to all documents and records necessary for the legal functioning of an entity on the territory of a state. Therefore, the legality of conducting business comes with the disadvantage of a transparency resulting from the documents they have to present to the authorities of that state.

The high levels of human resources should be considered from the standpoint of quantity and quality. Therefore, the operation of entities managed by terrorist organizations requires

professionals/specialists in those fields in order for them to produce profit. With respect to this, the profits obtained are usually below the expectations of terrorist organizations, which are looking for simple, efficient and fast ways to obtain constant and quantitative profits.

When a company/ economic activity is associated with a terrorist group, “stop” measures are necessary. It is not mandatory to close the company, because it is not excluded that most employees do not know who they work for, but it is necessary to remove the means that ensure the control of the terrorist group over the business.

d. Popular support

It is the source of funding transferred through donations from individuals who, for various reasons, choose to support terrorist organizations.

It is based on several motivations, but the ideological one is essential, because cases were often found when the investors were wealthy people who resonated with the organization’s ideology. The advantage of this source of funding is the security of obtaining it, while the disadvantage is the level of funding, which can vary depending on the financial resources available to funders. For example, if there is an economic or financial crisis in the country where the terrorist organization operates, it has been found that the level of financing of terrorist organizations by individuals has decreased.

In such situations, it is necessary to increase the level of information, to use people and entities to combat the ideology promoted by terrorist groups.

The transfer of funds in, between, and outside organizations can be done by using the legal/official banking system, informal/unofficial methods (e.g. hawala), money laundering through commercial transactions, donations, thefts and others. When certain information is available on the exchange of funds between groups and it is possible to intervene on the channels, authorities have to promptly – and legally – take the measures needed in order to prevent the continuation of the process.

According to Michael Freeman, the main criteria for evaluating the advantages and disadvantages of different sources of funding (Freeman, 2011) are²:

1. Quantity – “Terrorist organizations want as much money as possible. Sources that offer the largest amount of money are clearly the most desirable” (Freeman, 2011). *The more money they receive, they will be able to develop and carry out more attacks.*

2. Legitimacy – “Terrorist groups need legitimacy if they are to sustain themselves. If the ideology of a terrorist group is seen as illegitimate, they will have little popular support and few recruits (which is often the case)” (Freeman, 2011). *Legitimacy allows them to pose as a victim and they can use the ideology for recruitment and receiving money.*

3. Security – “Terrorist groups generally operate clandestinely, hiding from the security forces of the state to organize, plan, recruit, and train. Meanwhile, the state is looking for avenues to infiltrate the organization or gain intelligence on them.” (Freeman, 2011) *It is a mandatory request for every source of funding, currently each organization pays more attention to this element in order to prevent penetration.*

4. Reliability – “Sources of financing that are predictable and consistent are better for terrorist groups than those that fluctuate inconsistently.” (Freeman, 2011) *The predictability allows a terrorist organization the development planning.*

5. Control – “Money is often associated with influence and power. Different sources of financing can threaten or strengthen a terrorist group’s control over its members and operations. Terrorists do not want to be beholden to external sponsors because these sponsors (states, private donors) will often use their funding to influence the nature of the terrorist campaign.” (Freeman, 2011) *Especially, the state sponsorship creates lack of control on the terrorist organizations objectives.*

6. Simplicity – “Terrorists groups, like any organization, want their methods of financing to be as simple as possible. Methods that require fewer specialized skills, that require as little effort as possible,

² For more details, one can access: https://calhoun.nps.edu/bitstream/handle/10945/47781/Freeman-The-Sources-of-TerroristFinancing_2010.pdf?sequence=1&isAllowed=y

that have simpler processes, and that have fewer inherent costs will be more desirable than other methods.” (Freeman, 2011) *In the same time, the simplicity can create breaches that security agencies may use in order to track down the terrorist organizations financing.*

The general data are useful for understanding the global phenomenon of terrorist groups financing, most of which apply to DAESH.

DAESH funding

The diverse sources of DAESH funding will be analysed, ranging from ransom money for abductees, zakat from residents and taxes from non-Muslims in controlled territories, donations from governments and private individuals, especially from the Middle East, revenues from oil trafficking, sale of weapons, blackmail not to attack refineries and power plants, sums of money brought by recruits from rich families. For example, in 2015, the author³ of the current paper obtained data on young people in the Kurdistan Region, Iraq, around the age of 20 who left home and joined DAESH, with amounts as big as \$150,000. Large sums of money were obtained by DAESH from the sale of oil to the Syrian and Turkish governments.

In what follows, the main studies on DAESH funding will be presented, and we will also deepen the main sources of funding, identify the causes that led some funders to provide large sums of money to this terrorist group and make an analysis of the level of religiosity/conservatism in the countries from where more funds came. It is necessary to understand correctly the sources of funding for DAESH in order to escape the rhetoric promoted by certain international actors who have constantly exaggerated the funds available to terrorist groups to motivate an increase in military spending, thus supporting the so-called war economy.

It is important to establish how the terrorist group managed to finance itself and to extract characteristics similar to other such entities. Funding ensured the development of a group, the creation of a strong

³ The author of this paper served in Iraq, as the head of the Romanian Consular Office/Embassy of Romania to Baghdad between 2013-2016.

leadership, which, with sufficient resources, could control and expand territorially. Measures to counteract the financing will also be proposed and, through an adequate understanding of the sources of income, viable measures can be identified to stop them, implicitly to reduce the influence and, subsequently, to eliminate the terrorist group.

The Financial Action Task Force (FATF)⁴ in a 2015 report argued that in Syria and Iraq the ISIL group was funded from 5 major sources:

a) Illicit actions carried out in the occupied territories, such as extortion by kidnapping, theft, solicitation of commissions on activities carried out in the territory controlled by the group, taxes on fuel and vehicles, taxes on children's access to schools, all carried out under the pretext of protection (FATF, 2015, p. 12-18).

- DAESH allowed the banks to operate in the controlled territories, the state ones were considered to belong to the terrorist group and took over the identified funds, the private ones continued to operate in this capacity, and DAESH took over the transaction fees (5% of each cash withdrawal). Because the groups stated goal was to ensure *governance* in the controlled territories and to demonstrate the supremacy of the Islamic State and this form of organization that led to the maintenance of for-profit entities that did not contravene DAESH-promoted Islam.

- Human trafficking was an important source of income for DAESH, especially from the sale of members of the Yazidi community to the Government of the Kurdistan Region/ KRG, which took steps to recover them, KRG official Hadi Doubani said that “[our note: DAESH] are selling women in the slave market, some ISIL militants buy a girl for \$50 and sell her to us [our note: KRG] with \$2,000 - \$2,500. They turned all this activity into trade” (Yezdani, April 30, 2015). Of the more than 6,000 people abducted by DAESH, more than 3,000 were redeemed, some for up to \$10,000.

⁴ FATF (2015), Financing of the terrorist organisation Islamic State in Iraq and the Levant (ISIL), FATF, www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html. FATF is an intergovernmental body specializing in the development and promotion of policies to protect the global financial system from money laundering, terrorist financing, the proliferation of conventional weapons and mass destruction. Further details on this body can be found on the website: www.fatf-gafi.org

- Controlling of gas and oil reserves, selling to local consumers, the Syrian regime and other intermediaries (FATF, 2015, p. 14-15). The group chose to use energy infrastructure to obtain resources, it controlled territories in Syria and Iraq which contained oil that it processed in existing refineries in controlled areas, processed products were sold locally and internationally, the Syrian regime being one of the main customers, which could be purchased from DAESH below the international market price. The international coalition's attacks on fuel truck convoys limited sales mobility and led local smugglers to reduce this activity.

DAESH obtained revenues from smuggling of petroleum products, resulting in an important conclusion that the members of the group were strongly connected and they shared a high level of trust in the relationship with the local community; in addition to foreign fighters, important DAESH leaders were members of the local community, from strong tribes, who controlled economic activities especially in the border area between Syria-Iraq-Turkey. If we follow in this key the evolution of the group in Syria and Iraq, it is easier to understand the resounding successes against the Syrian armed forces and opposition groups.

Spanish author Nuno Regeiro argues that between 2013 and 2014, DAESH was getting "2 million/day from selling oil, around 750 million in about one year" (2015, p. 164). The relevance is given by the fact that the terrorist group worked with state entities/ companies that received the approval of governments, which reflects the complexity of the phenomenon and major interests that stimulated the maintenance of territories under DAESH control, or rather outside state control, which allowed influential groups in the Syrian and Turkish governments to generate income that cannot be really tracked.

- The extortion of farmers, the taking over of some cultivated areas with wheat, barley, as well as the confiscation of the agricultural equipment of the locals. DAESH also took over the storage and distribution of agricultural products for the purpose of price control.

The terrorist group demanded zakat from farmers in their crops, set the selling price of agricultural products and controlled distribution. In Iraq, the group controlled about 40 percent of the country's farming

land, using strategies to flood out-of-control territories to raise prices and to affect Shiite farmers' crops in the south of the country.

- Take control and use of local industrial and service facilities (factories and other production units). Worth mentioning are the phosphate, cement, sulphur and salt factories, all of which had the potential to produce hundreds of millions of dollars.

- Sale of artefacts, especially unique ones, specific to local cultures. With a good knowledge of everything that is valuable in the controlled territories, as well as contacts at the level of regional smugglers, DAESH has sold tens of millions of dollars of artefacts from about 4,500 archaeological sites. In 2014, the group earned about "\$36 million from the sale of artefacts" (Regeiro, 2015, p. 168).

The fact that DAESH has managed to sell artefacts reflects the failure of international institutions to take appropriate measures to control this market, which often works in the black/ grey area. Business interests are at such a high level that the risk of securing funds for a terrorist group does not prevent the actions of different entrepreneurs, ready to take risks to get rich from this type of business. The lack of consistent punitive measures on those involved in this type of business determines its perpetuation, thus providing funding for terrorist groups.

- Illegal taxation of goods and money passing through the territories controlled by DAESH. The study shows that although the transit of goods and products decreased after DAESH took control, the group allowed the movement of trucks both for the supply of population and transit, charging each truck arriving from Syrian controlled territory and Jordan.

- Salaries paid by the Syrian and Iraqi governments to employed personnel who continue to live in DAESH-controlled territories. Although the terrorist group benefited from their taxation, the decision of the two governments was correct and gave hope to the inhabitants who were under the occupation of the terrorist group that they were going through a temporary stage of alienation, and the central government will restore normal life, known before DAESH control.

b) The kidnapping rewards were a major source of income for the terrorist organization that kidnapped locals, Syrians and Iraqis, as well as foreign nationals, especially from Western countries, for which

their governments paid large sums of money. Some of the abductees were released for rewards, and some were killed (often in abominable ways) for sending political messages. FATF experts estimate that in 2014 ISIL raised from 20 to 45 million dollars in kidnappings (FATF, 2015, p. 18).

The need for sensationalism has led many journalists and NGO's members to embark on adventures in Syria and Iraq, in territories controlled by the terrorist group, or they used intermediaries associated with terrorist groups, which led them to DAESH. It is a difficult phenomenon to control, but it can be diminished. Turkey's lack of cooperation has facilitated this easy access into Syria. Under the pretext of the very long border between Turkey and Syria, about 822 km, Ankara complained that Turkish authorities could not ensure adequate control, there were breaches that smugglers' groups used for the illegal transit of goods and people. Turkey has managed to secure very well the border territories inhabited by Syrian Kurds, an approach they could also take on the area bordering the Syrian Arabs. Turkey could also seek the support of NATO partners, but Ankara was directly involved in facilitating the entry of fighters, with the aim of removing Bashar Al Assad, regardless of who was fighting the Syrian government, DAESH, or other opposition military group (except Kurdish Syrians whom Ankara associates with PKK).

c) Donations received from / through NGO's, coming from private donors, especially from the Gulf countries (FATF, 2015, p. 18 – 19).

The main private donors of DAESH were from Saudi Arabia, the United Arab Emirates, Qatar, Turkey, Iraq, Syria, Jordan, Kuwait, and Pakistan. The author of this paper used the platform provided by World Values Survey (<https://www.worldvaluessurvey.org/wvs.jsp>) and correlated statistics from intervals 2010-2014 and 2017-2020 from Iraq, Jordan, Kuwait, Pakistan, Qatar, Turkey (for other countries, no data are available) on *Important in life: Religion* and *The only acceptable religion is my religion* to determine whether low tolerance for other religions and high religiosity explain why private donors in these states support a terrorist group, such as DAESH. *The website offers possibility for online analysis. This tool allows issuing original assessments trough combining the available data. Also, using the chosen correlation, the results can be replicated by each researcher.*

The results show the following:

For the interval 2010-2014

- The criterion *Important in life: Religion*, the average is 85, 6% for the answer *Very important*, ranging from 68.1% in Turkey to 98.9 in Qatar (Annex 1);

- The criterion *The only acceptable religion is my religion*, the average is 62, 7% for the answer *Very important*, ranging from 41, 9 in Turkey to 92, 9 in Qatar (Annex 2);

- The correlation of the two criteria shows a strong support for these statements (Annex 3), for the majority of respondents.

For the interval 2017-2020 (for this interval, data regarding Qatar and Kuwait are not available)

- The criterion *Important in life: Religion*, the average is 79, 8% for the answer *Very important*, ranging from 60% in Turkey to 95, 4 in Jordan (Annex 4);

- The criterion *The only acceptable religion is my religion*, average is 64, 1% for the answer *Very important*, ranging from 43, 7 in Turkey to 85, 3 in Jordan (Annex 5);

- The correlation of the two criteria shows great support for these statements (Annex 6), for the majority of respondents.

The analysis of the data shows that an increased degree of religiosity and lack of tolerance for other religions determine the emergence of an important segment of the population that is willing to support entities determined to fight people of another religion / non-religious. Thus, the paper extracts a useful measure in the fight against terrorist groups, namely the need for information, to promote tolerance, to determine the current opinion that religion is a personal matter, which does not need to have an impact on the relationship between two people and in any case, does not justify the outbreak of battles/ conflicts/ wars.

These funds were obtained by DAESH because the message was strong enough to reach the extremists, but also the zealots, who, in the first part of the conflict, had come to believe that the terrorist group promotes pure Islam. Lack of proper communication, sending the right messages and combating disinformation and DAESH propaganda has created many pitfalls for religious people.

d) Material support integrated into the organization from the personal resources of foreign fighters who have joined the organization (FATF, 2015, p. 20).

In addition to the financial resources they came with when they joined DAESH, many foreign fighters, but also locals (referring to Syrians and Iraqis) were people with good technical knowledge, some were good experts in their fields of activity and used this knowledge in favour of the terrorist group. To combat this type of funding, information and deradicalization measures are needed before leaving the country of origin; preventive measures are required, which entail consistency and continuity – do not start when fighters are already leaving to fight, do not stop when the terrorist group becomes weaker – because the recruitment pool is maintained if appropriate measures are not taken to combat ideology and mentality.

e) Fundraising through modern communication methods (FATF, 2015, p. 24).

DAESH has managed to adapt to technological developments and has attracted large sums of money through *crypto currency*, electronic transfers through bank accounts, through various applications, games, other tools that provide anonymization and the ability to pay without government intervention or monitoring.

Initially, DAESH's revenue came from private donors from Saudi Arabia, the United Arab Emirates, Qatar, Kuwait, Indonesia, Pakistan, took over about \$ 400 million from the Central Bank in Mosul. Mark Bourrie pointed out that "At the beginning of 2015, the organization was believed to have between 1.3 and 2 billion US dollars. Every day, before the coalition bombings began to attack its tanker convoys and the price of oil fell, ISIS earned about \$1 million a day from oil sales. ISIS also obtains millions of dollars in ransoms received in exchange for the release of local or foreign hostages." (2016, p. 95-96) The Canadian author mentions that DAESH was able to obtain funds from various protection fees and to allow non-Muslims to live in territories controlled by the terrorist group.

DAESH seized every opportunity to raise funds: donations, trade, extortion, and protection fees, salaries still received by Syrian and Iraqi civilian employees. For a number of revenues, the Iraqi, Syrian, Turkish

authorities could not intervene to prevent the actions of the terrorist group, but especially for trade, the possibilities were clearly higher than what was achieved. The Syrian government has chosen to trade with DAESH, and the Turkish government has traded and allowed smuggling by the group.

The Syrian government's calculation was relatively simple and largely effective. Damascus needed oil and could get it cheaply from DAESH. The development of DAESH was seen as an asset to Damascus because it could eliminate other opposition groups, especially those with connections and Western support. If at the end of the day the only opposition group was DAESH, the Syrian regime was obviously becoming much more useful to the West, which was already fighting the terrorist group. In other words, the stronger DAESH grew, the more the Syrian regime became the only option for resolving the conflict in Syria.

Turkey has used DAESH to weaken the pro-Iranian-oriented central government in Baghdad, to fight Kurdish forces in Syria, to gain access to Mosul and to motivate the establishment of a military base near Sinjar, where the PKK was also active. Cynical, possibly immoral calculations, always put under the dome of political decisions and the national interest. Turkey continues to maintain Zilkam military base in Bashiqa district, which continues to be a target for pro-Iranian groups in Iraq, the latest attack took place on June 10, 2022 (Rudaw, June, 10, 2022).

Author Loretta Napoleoni states: "Because they wanted to bring change in the Syrian regime, Kuwaitis, Qataris and Saudi Arabs funded many armed organizations, one of which was IS. However, instead of engaging in war-through-intermediaries maintained by its sponsors, the Islamic State used their money to establish its own territorial strongholds in financially strategic regions, such as the rich oil fields in the east of Syria. No other armed group in the Middle East had ever managed to establish itself as the new leader of the region using the money of the rich supporters in the Gulf" (Napoleoni, 2015, p. 19). The Gulf countries have been actively involved in supporting groups in Syria, Libya, Yemen, with the aim of dominating the region and opposing the expansion of Iran and Turkey's influence. What the 3 states mentioned by Napoleoni did not anticipate is that the DAESH phenomenon will take on a global scale, and the terrorist group represents a threat to the 3

monarchies. The author presents some of the sources of funding of DAESH: sponsorships of the states in the Gulf, the takeover of oil fields, which according to figures from the US Department of Finance, these fields produced for the terrorist group revenues of over 500 million dollars/year.

Napoleoni states that “in addition to this money (our note: from oil), on the controlled territory, DAESH imposes taxes on business, but also on the sale of weapons, other pieces of military equipment and consumer goods, many brought on profitable smuggling routes crossing the borders of Syria from Turkey and Iraq” (2015, p. 28). This finding is relevant because it was made in a context of war, so most of the goods needed for several million people in the territories controlled by DAESH were brought from outside this territory because most of their capabilities of production were being destroyed/ without specialists/ without raw materials. Another relevant aspect is that the terrorist group had a small “bureaucratic apparatus”, the maximum number circulated (data collected by the author of this research from representatives of the government of the Kurdistan Region, Iraq) was 50,000 members, and most of them were totally engaged to the cause, the corruption was almost non-existent. The annual budget from a few hundred million dollars to a few billion dollars was managed by a small group. Significant sums were used for the war machine, expenses were limited, the group purchasing light weapons and ammunition, not having access to procure sophisticated military equipment, fighter jets, missile systems, anti-missiles, etc. the most sophisticated military equipment being taken from the deposits of the Iraqi army (those taken from the Syrian army were much lower quality and out-of-date technology).

Napoleoni considers that DAESH obtained “the largest ransoms ever received for the release [... of] hostages, between 60 to 100 million euros” (2016, p. 216-217). The author notes that the terrorist group used hostages to create rivalry between European states, so at first it released citizens of states that were known to pay rewards for their nationals (Spain), later it released the French, a state known to it did not pay rewards, but the strategy used allowed for the creation of strong internal pressure on the Paris government (the rhetoric promoted was: Spain can save its citizens, can't we?). The Napoleoni's assessment is consistent

with the findings presented in the House of Representatives of US: “For example, ISIS made nearly \$50 million last year [our note: year 2014] from kidnapping for ransom. Some estimates put kidnapping for ransom as high as 20 percent of ISIS’ revenue.” (House of Representatives, November 2015). Kidnappings may be considered as one of the tools used by the terrorist groups on the rise to get large amounts of money in a short time. Also, criminal groups are using this tool, mostly before scaling up their criminal activities and becoming a terrorist group. Also, kidnapping is used for political motivation, especially by the extremist/terrorist groups.

The kidnapping market in Iraq and Syria worked like this: usually, small terrorist or criminal groups carried out the original kidnapping (foreigners attracted under various motives from Turkey to Syria), after which they sold the victims to larger groups for money, weapons or other goods (Napoleoni, 2016a, p. 138-139). “Some countries, such as Italy, pay exceptionally well, while others, such as the United States, exchange hostages instead of captured terrorists. For governments, hostages are political commodities. They can represent percentages in opinion polls or can be tools for implementing foreign policy strategies.” (Napoleoni, 2016a, p. 180-181). ISIS has used kidnappings as a powerful propaganda tool and as a foreign policy tool, and “In Syria, ISIS has replicated the violent pattern of kidnappings, prolonged detention, torture and even the execution of journalists.” (Napoleoni, 2016a, p. 187)

The abductions accounted for some of the terrorist group’s revenue. Substantial amounts were obtained from the protection fees charged to migrants, as well as cooperation with organized crime groups for the transfer of refugees to Europe, so in 2015, only from the fees for moving to Turkey, “DAESH obtained about 500,000 USD/ day and traffickers paid 50% of revenues to the terrorist group” (Napoleoni, 2016, p. 236-237).

The subject of kidnappings is a challenge for every government facing such a situation, as mentioned above, the preventive solution is the one that can reduce the number of those who end up facing such an event. Constant, adequate information is needed to prevent people from falling prey to groups that will sell them to terrorists. If the abduction takes place, every government has a responsibility to do everything

possible to free the abductee. At the same time, measures can be taken against smuggling groups, those intermediaries who betray their customers for an additional payment.

Study of authors Stefan Heißner, Peter R. Neumann, John Holland-McCowan, Rajan Basra reflects the following important aspects (Heibner, Neumann, Holland-McCowan, Basra, 2017, p. 3):

- it is impossible to determine the exact amount available to the Islamic State;

- the main sources of income of the group are related to the controlled territory. These are: (1) fees and commissions, (2) oil, (3) robberies, confiscations and fines. Revenues from the sale of antiques and ransoms from the kidnappings, although difficult to quantify, most likely did not bring major revenues to the organization. An important conclusion is that the international community should take all the necessary measures in order to prevent extremist/terrorist groups to control territories in order to prevent their rise;

- since 2014, the group's revenues have fallen by more than half, from \$1.9 billion/ 2014 to \$870 million in 2016. The continuation of this trend will lead to the failure of the "business model" promoted by the Islamic State. The assessment has been proven by the history.

The present aligns with these authors that the model used by DAESH to obtain financial resources was doomed to failure, strictly in the long run. At the same time, in the short term, it allowed the group to self-finance and expand, through cells, globally, effectively promoting the model with a minimum of resources. To a large extent, the DAESH's system was also used by Al Shabab in Somalia, and there this entity, after taking root in the community, developed and is still strong, but the territory of the African country did not show enough interest for the international community to support the elimination of terrorist group from controlled areas. The territory that DAESH chose to use for its development, Iraq and Syria, was too important for international and regional actors to ignore and allow a non-state entity to control it, which is why it was a sustained intervention for removing control of this group. It is necessary that DAESH's actions to obtain financial resources not to be viewed in the abstract, but in context. Under these conditions, the model was successful because it financed large-scale military campaigns,

enriched many members of the terrorist group, for a short time, supported a form of pseudo-state organization (it supported medical, social insurance, educational systems, infrastructure investments), all in the conditions in which the entity was constantly attacked. The fact that, overall, the group's revenues from the sale of antiques and redemptions may not have made a very large contribution (evaluation also caused by the lack of data), but in the end, it is not a matter of having simple statistics, but of analysing correctly and completely all sources of income, which reflects the ability to self-overcome, highly diversified relationships / networking and the ability to access certain hidden and closed markets, where they could smuggled both antiques and sophisticated weapons, chemicals / radioactive substances / pathogens / biological weapons. Diversification means sophistication and proves, once again, if was needed, that DAESH is not a group of savages, but a well-organized entity, made up of people with a high level of intelligence, able to remove government control and take over and lead important territories, populated by citizens dissatisfied of the central governments.

The study by The Centre for the Analysis of Terrorism reflects the following sources of income (CAT, May 2016, p. 9-21) of DAESH: (1) natural resources (oil, natural gas, phosphate, cement, and agriculture), (2) income from criminal activities (extortion, kidnappings and ransoms, smuggling of antiquities), (3) donations. An important aspect reflected in this study is that "Due to economic diversity and adaptability, ISIS maintained a high level of revenue in 2015." (CAT, May 2016, p. 2) Adaptability has been a constant feature of DAESH, which managed to identify various resources and determine conditions by which it obtained income from controlled populations, as well as through its residents, using fear and manipulation, leaving the impression that economic activity is due to DAESH, which will naturally benefit from this arrangement.

For the consistency of the research, I checked multiple sources that analysed DAESH funding, most of the conclusions being similar.

Expenditures

In addition to income, it is useful to mention the expenses of the terrorist group (in addition to the aspects mentioned above), to

understand the motivation behind the need to identify various and consistent sources of income: the salaries of fighters, military equipment, security personnel, communication and propaganda, expenses for social services, hospitals, schools (CAT, May 2016, p. 21-22).

Terrorist organizations use relatively small funds to conduct operations. For instance, the 1993 World Trade Centre bombing cost an estimated \$19,000, while on the same target, on 11.09.2001, the costs were estimated at \$350,000 to \$500,000, mostly in because it required more attackers (19 people) and their training costs were higher, because also included aircraft piloting course (Passas, 2007, p. 31).

The major costs of the organizations are represented by the operational or administrative expenses of the controlled territories. These expenses include building training bases/headquarters, sheltering/feeding/training/retiring members, procuring equipment (weapons, ammunition, telecommunications, counterfeit documents etc.), bribing the authorities.

For example, Al Qaeda had an estimated annual budget of \$30 million (Passas, 2007, p. 32), Hezbollah between \$100 million and \$200 million, with the possibility of reaching a maximum of \$400 million (Levitt, 2005), and the Taliban Movement in Afghanistan reaches an annual budget of between \$240 million and \$360 million (Kenyon, 2010).

Most of the expenses of DAESH were determined by the administration of the controlled territories, with all the expenses involved in social payments, the salaries of the employees, especially those of the military structures.

Conclusions

The research showed the main sources of DAESH funding, the impact of resources on the capacity to act and the main expenditures of the group. The established questions were answered and the sources of financing of the terrorist group were detailed.

DAESH has managed to diversify its funding sources to a level never seen before for a terrorist group. It capitalized on the natural resources of the controlled territories (oil, agricultural products, other locally specific natural resources), benefited from taxes and extortion, captured funds from the banks of the conquered cities, maximized the

profit from obtaining ransoms for the abducted, had enough connections so as to obtain resources from antiquity trafficking, capitalized on the migration context to mediate and obtain money from human trafficking and migration facilitation routes, while managing to attract donations from state actors and private individuals.

Due to the diversity of funding sources used by DAESH, full control of them is difficult or even impossible. But, at the level of the international community, action can be taken to: strictly control donations and to implement traceability measures, from donor to beneficiary, monitor the activities of neighbouring states in conflict areas to prevent transactions that would produce resources for terrorist groups; eradication of smuggling; severe punitive measures for persons/entities identified as having traded with terrorist groups. Of course, these measures are necessary not to eliminate the possibilities of exchange/acquisition of goods that allows the captive population in territories controlled by terrorist groups to survive.

The financing of terrorist groups is a subject that needs to be deepened and to be correlated with the financing of organized crime groups because, as a rule, they intertwine. Joint actions against these types of entities, coordinated at international level, can have an appropriate impact and create the conditions to prevent the perpetuation of the financing of terrorism and organized crime. In conclusion, I also emphasize the need to constantly adapt the legislation with the evolution of the environment in which we work, so that the responsible institutions have the legal instruments necessary to combat and prevent the financing methods of terrorist groups.

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Database used:

World Values Survey (<https://www.worldvaluessurvey.org/wvs.jsp>).

Annexes

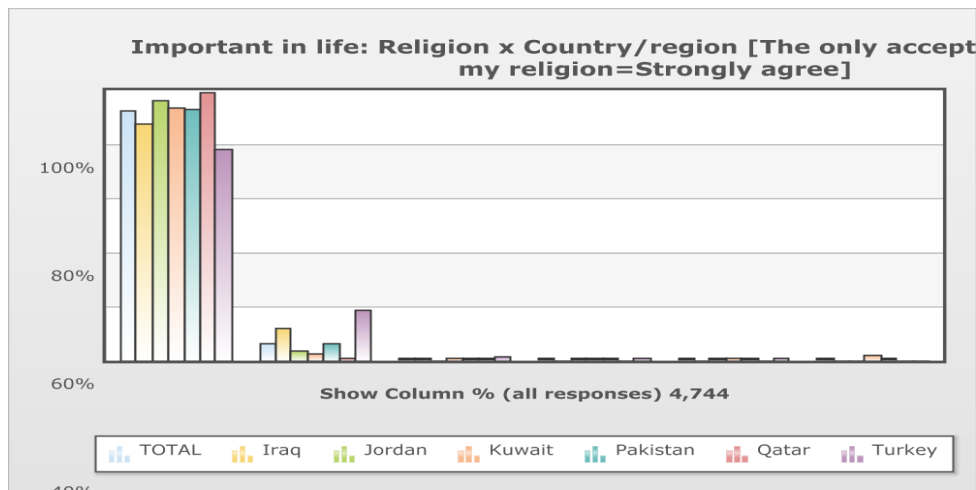
Annex 1: V9

World Values Survey Wave 6: 2010-2014								
Important in life: Religion								
	TOTAL	Country/region						
		Iraq	Jordan	Kuwait	Pakistan	Qatar	Turkey	
Very important	85,6	84,7	93,3	86,5	89,5	98,9	68,1	
Rather important	10,9	12,8	6,2	7,4	8	0,9	24,6	
Not very important	1,8	2,3	0,2	2,1	1,2	0,2	4	
Not at all important	0,8	0,2	0,1	0,5	0,6	0	3	
Don't know	0,3	0	0,2	1,2	0,2	0	0,3	
No answer	0,5	0	0	2,4	0,5	0	0	
(N)	7568	1200	1200	1303	1200	1060	1605	
	0	0	0	0	0	0	0	

Annex 2: V154

World Values Survey Wave 6: 2010-2014								
The only acceptable religion is my religion								
	TOTAL	Country/region						
		Iraq	Jordan	Kuwait	Pakistan	Qatar	Turkey	
Strongly agree	62,7	45,8	78,5	62,2	65,4	92,9	41,9	
Agree	22,6	36,7	15,2	14,1	26	4,7	34	
Disagree	9,8	13,4	5,1	15,2	6,8	1,6	14,1	
Strongly disagree	2,2	2,7	0,8	3,5	1,1	0,5	3,7	
Don't know	2	1,5	0,4	2,5	0,6	0,4	5,1	
No answer	0,7	0	0	2,5	0,1	0	1,3	
(N)	7568	1200	1200	1303	1200	1060	1605	
	0	0	0	0	0	0	0	

Annex 3: V9 & V154



Annex 4: Q6

World Values Survey Wave 7: 2017-2020					
Important in life: Religion					
	TOTAL	ISO 3166-1 numeric country code			
	0	0 Iraq	Jordan	Pakistan	Turkey
Very important	79,8	87,6	95,4	89,6	60
Rather important	14,3	9	3,6	7	28,4
Not very important	4,8	2,5	0,8	1,8	10,4
Not at all important	1	0,9	0,2	1,4	1
Don't know	0	0	0	0,1	0
No answer	0,1	0	0	0,2	0,2
(N)	6813	1200	1203	1995	2415
	0	0	0	0	0

Annex 5: Q170

World Values Survey Wave 7: 2017-2020					
The only acceptable religion is my religion					
	TOTAL	ISO 3166-1 numeric country code			
	0	0 Iraq	Jordan	Pakistan	Turkey
Strongly agree	64,1	60,2	85,3	78,3	43,7
Agree	20,1	14	8,4	14,4	33,6
Disagree	10,2	14,9	4	4,5	15,7
Strongly disagree	3,3	8,6	1,9	1,5	2,8
Don't know	1,6	1,9	0,4	0,8	2,7
No answer	0,7	0,4	0	0,4	1,4
Missing; Not available	0	0	0	0	0
(N)	6813	1200	1203	1995	2415
	0	0	0	0	0

Annex 6: Q6 & Q170

