

Findings from the State Department's Annual Terrorism Report (Part 2):

The Rise of ISIL

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Brief Analysis

The group's establishment of a territorial "caliphate," the emergence of an unprecedented foreign fighter phenomenon, and the rise of violent extremist social media and lone offender attacks have fundamentally transformed the global terrorist threat.

The year 2014 marked a paradigmatic shift in the nature of the terrorist threat: the rise of the so-called Islamic State, or the Islamic State of Iraq and the Levant (ISIL). Al-Qaeda and other groups remain credible threats, and the activities of Shiite militants such as Iran's Islamic Revolutionary Guard Corps, Hezbollah, and Iraqi Shiite militias are on the rise, but the threat from ISIL is something different (for more on the threats from Iran and Hezbollah, see [Part 1 of this PolicyWatch \(http://www.washingtoninstitute.org/policy-analysis/view/findings-from-the-state-departments-annual-terrorism-report-part-1-hezbollah\)](http://www.washingtoninstitute.org/policy-analysis/view/findings-from-the-state-departments-annual-terrorism-report-part-1-hezbollah)).

For years now, U.S. counterterrorism efforts focused on defeating al-Qaeda. While the group that carried out the 9/11 attacks remains a threat, this is primarily through its regional affiliates -- in particular al-Qaeda in the Arabian Peninsula (AQAP) and the Khorasan Group in Syria -- and, increasingly, individuals inspired by the group's ideology but acting independently, without foreign direction from al-Qaeda commanders. Today, the most pressing terrorist threats -- and a primary driver of regional instability, fanning the flames of extremism -- come primarily from ISIL.

The U.S. Department of State's just-released Country Reports on Terrorism for 2014 underscores this transformation, noting that intelligence and counterterrorism officials shifted much of their focus from al-Qaeda -- which suffered a series of leadership losses -- to ISIL after the group made dramatic territory gains in Syria and Iraq.

The Rise of ISIL

The first chapter of Country Reports offers a strategic assessment, and opens with the acknowledgment that "major trends in global terrorism in 2014 included the Islamic State of Iraq and the Levant's (ISIL's) unprecedented seizure of territory in Iraq and Syria, the continued flow of foreign terrorist fighters worldwide to join ISIL, and the rise of lone offender violent extremists in the West." The same year saw ISIL begin to "foster relationships with potential affiliates beyond Iraq and Syria," including groups like Ansar al-Sharia in Darnah, Libya, and Ansar Beit al-Maqdis, in Egypt's Sinai Peninsula, later known as ISIL's Sinai Province.

While many elements have led to ISIL's rapid rise, three are particularly notable: funding, foreign terrorist fighters, and effective communication of an extremist ideology.

ISIL Financing

ISIL receives much of its strength from its huge budget. The group has collected massive quantities of money through a complicated and diverse financing system, ranging from front organizations acting as charities to black market oil sales and taxes on local truck drivers, business owners, and former government employees. Unfortunately, much of the group's revenue comes from resources mostly immune to traditional measures of combating the financing of terror. Al-Qaeda, for instance, relied heavily on deep-pocket donors in the Gulf, leaving it vulnerable to U.S. Department of Treasury actions through formal banking systems.

ISIL, by comparison, raises the vast majority of its funds within the territories it controls. Territorial-based revenues, through activities such as extortion, crime, "taxing" of the local populations, and, of course, the sale of oil and antiquities, are far more difficult to target with sanctions. ISIL greatly expanded its revenue base as well, with an "unprecedented seizure of territory in Iraq and Syria." Its greatest single windfall likely came with the June 2014 takeover of Mosul, allowing ISIL to freely loot banks, tax trade, and extort residents. While exact numbers are impossible to come by, the State Department estimates that "ISIL earned up to several million dollars per month through its various extortion networks and criminal activity in the territory where it operated." However, thanks to anti-ISIL coalition airstrikes later in the year, revenues from oil smuggling were dented. Coalition members successfully took out a significant amount of ISIL's energy infrastructure, such as "modular refineries, petroleum storage tanks, and crude oil collection points."

Although money raised from outside ISIL's territories is a relatively small fraction of its income, such cases do exist and may be on the rise. France arrested two people for "selling ISIL flags and other terrorist propaganda online." Germany had a number of ongoing ISIL-related terrorism finance court cases. Finally, governments have, in a few instances, been able to target ISIL financing with traditional sanctions. The Philippines froze the assets of six ISIL and Nusra Front members (with the latter group an al-Qaeda affiliate), as did Britain with six more ISIL-affiliated individuals.

Foreign Fighters

The foreign fighter phenomenon is not new, having appeared in all major modern conflicts involving jihadist groups. The Syrian conflict, however, has witnessed unprecedented foreign fighter participation. The State Department's Country Reports on Terrorism has noted this phenomenon in prior years, focusing heavily on

European foreign fighters. The 2013 report stated that significant numbers of Europeans have traveled to Syria and Iraq to join the Nusra Front and ISIL.

The 2014 report expands on the 2013 report by noting the prominence of foreign fighters in ISIL operations in Iraq and Syria and by noting that the phenomenon has spread beyond European Muslim communities to Muslim communities worldwide through local recruiters and ISIL's effective social media strategy. For example, the Tunisian foreign minister, Lotfi Ben Jeddou, stated that four hundred foreign fighters have returned to Tunisia from Iraq and Syria. Furthermore, the Tunisian government stated that nine thousand more potential recruits have been prevented from leaving the country. While Tunisia's foreign fighter contribution has been particularly large, many other Muslim countries such as Bangladesh, Lebanon, and Saudi Arabia have seen nationals fight for ISIL. Many non-Muslim countries, such as France, Britain, Russia, and the United States, have witnessed similar developments.

The increasing foreign fighter phenomenon has been instrumental to ISIL's growth. Following each of its victories, ISIL used a highly advanced social media strategy both to publicize its brutality and to show it could operate an effective government. This strategy has helped ISIL appeal to thousands of potential foreign recruits in diverse countries across the globe. This seemingly never-ending pipeline of fighters has allowed ISIL to collect massive strength and threaten countries far outside the conflict zone.

While countries have begun to combat foreign fighters by enhancing border security, creating biometric databases, and increasing intelligence surveillance, the phenomenon continues to fuel the group's rapid rise. ISIL is estimated to have a total of 20,000 to 31,000 fighters, and foreigners are thought to constitute a significant number of these forces. While some efforts to combat potential foreign-fighter recruits have helped reduce ISIL's ability to maintain a full fighting force, the phenomenon continues to be widespread.

Countering Ideology

ISIL's extreme ideology and embrace of brutal violence have allowed it to quickly attract the attention of millions worldwide. The group's ability to effectively leverage social media to disseminate its message -- with near instantaneous repostings -- has proven critical to its success, explaining why this has become a top ISIL priority. Governments around the world, in response, have begun to enact tough measures to counter ISIL's brand of violent extremism. While these efforts have experienced some success, their relative newness means their effect has thus far been limited.

As in past years, the 2014 Country Reports devotes country-specific sections to countering violent extremism (CVE). While the 2013 report did note ISIL's increasing tactical and military strength in Iraq and Syria, the 2014 report spends considerably more time discussing the growth in popularity of the group's ideology.

The State Department notes the ways in which various countries are going about countering ISIL's ideology. King Abdullah II of Jordan stated in November 2014 that Jordan must fight against terrorism and extremism in order to protect itself as a nation and to protect the moderate Islam to which the vast majority of the world's Muslims subscribe. Other Arab leaders have made similar statements. European governments have also enacted laws to counter ISIL rhetoric. Austria, for example, banned the use and distribution of symbols belonging to ISIL, al-Qaeda, and other affiliated groups, a move aimed at preventing potential recruits from accessing and identifying with ISIL and other extremist groups.

But the results of these CVE efforts are mixed. While new laws created throughout 2014 have increasingly hindered ISIL's ability to disseminate its ideology to potential recruits, the widespread use and relative anonymity of social

media have generally allowed the group to remain one step ahead of national governments. As a result, ISIL has maintained an ideological presence in the lives of many young potential recruits, allowing it to rapidly gain a global following. It has helped the group build relationships with potential affiliates -- *wilayat*, or provinces -- far beyond Iraq and Syria, as well as reach vulnerable individuals worldwide who can support the group, join it in the Middle East, or carry out "lone offender" attacks in their home countries.

Conclusion

ISIL's methodically planned strategy has led to its rapid rise. Despite growing efforts to counter the extremist group, the success of this strategy continues to manifest itself. The group's complicated and diverse financing system, effective recruitment of foreign fighters, and ability to spread its ideology have facilitated its expansion from its small base in northern Syria to a pseudo-state spanning the length of northern Syria and northern Iraq that encompasses millions of people and tens of thousands of fighters.

Due to growing efforts worldwide to counter ISIL, the group's ability to further expand remains uncertain. ISIL appears to also be reaching its geographic and demographic limits in Iraq and Syria and thus is branching out by creating splinter groups in locales such as Libya and Yemen. Although significant territorial expansion outside Iraq and Syria has thus far proven elusive, and although 2014 marked the start of worldwide efforts against ISIL, the elements that prompted the group's rapid rise seem likely to help it remain entrenched in its strongholds for the foreseeable future.

Meanwhile, the increase in lone offender attacks -- in Ottawa, Sydney, and Brussels -- presents counterterrorism officials with a new problem set. "These attacks," the State Department notes, "may presage a new era in which centralized leadership of a terrorist organization matters less; group identity is more fluid; and violent extremist narratives focus on a wider range of alleged grievances and enemies with which lone actors may identify and seek to carry out self-directed attacks." Indeed, the combination of these developments -- ISIL's rise as a group holding territory and establishing a so-called caliphate or Islamic state, the emergence of a foreign terrorist fighter phenomenon unprecedented in scope, and the flattening of global terrorism through violent extremist social media and lone offender attacks -- translates into a paradigmatic shift in the nature of the global terrorist threat.

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