

## COUNTER-ISIL FINANCE GROUP (CIFG) ACTION PLAN

On January 22, a small group of counter-ISIL (Islamic State of Iraq and the Levant) Coalition members reached consensus at the ministerial level on developing substantive working groups on key lines of effort. The five groups are: Military, Foreign Fighters, Counter-Finance, Counter-Messaging, and Stabilization. The working groups are meant to encourage all Coalition members to make specific contributions based on their interests and areas of expertise, which will enhance coordination, build consensus among Coalition partners, and advance efforts to develop a common approach to defeating ISIL.

The Counter-ISIL Finance Group (CIFG) is co-led by Italy, Saudi Arabia, and the United States, and includes participation of 25 additional members<sup>1</sup>. The Action Plan outlines the purposes and objectives of the CIFG.

ISIL poses a serious threat to international peace and security, and undermines stability in the Middle East. ISIL persecutes individuals and communities located in ISIL-held territory, kidnaps civilians, conducts a variety of criminal activities, commits sexual violence, and engages in numerous other atrocities. ISIL constitutes a global threat, not only because it recruits foreign terrorist fighters (FTFs) from other countries through propaganda and social media, but also because it has aligned itself with other terrorist groups located in North Africa, South Asia, and Southeast Asia (i.e. “ISIL affiliates”).

The threat posed by ISIL is exacerbated by its control of territories in Iraq and Syria, which allows the group to benefit from various sources of funding, including: (1) extortion and exploitation of economic assets – such as cash, oil, agricultural goods, cultural property, and other commodities – that transit, enter, or are derived from ISIL-held territory; and (2) receipt of funds from abroad, including from kidnapping for ransom, looting of archeological goods, external donors and FTFs.

### **Role of the Counter ISIL Finance Group and coordination with other lines of effort**

This CIFG Action Plan identifies and establishes steps that Coalition members, and potentially the entire international community, should take to disrupt ISIL’s sources of funding, movement and use of funds, and its overall economic sustainment. The key objectives of the CIFG are:

*Understand ISIL’s financial and economic activities:* The CIFG intends to initially and periodically provide updated assessments of ISIL’s sources of revenue and economic and financial activities, while continually refining its analytical understanding. Based on these findings, the CIFG will identify what actions are best suited to disrupt ISIL’s sources of funding and access to the international financial system, and will coordinate among the Coalition countries and the international community as a whole.

*Share information on national and regional initiatives and information with respect to ISIL’s financial activities:* In addition to sharing analytical information, the CIFG should be the primary forum for working group members and any other Coalition members to update the

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<sup>1</sup> CIFG Members (sans co-leads): Australia, Bahrain, Bulgaria, Canada, Denmark, France, Georgia, Germany, Iraq, Japan (observer), Jordan, Kuwait, Latvia, Lebanon, Netherlands, New Zealand, Panama, Poland, Qatar, Spain, Turkey, United Arab Emirates, United Kingdom, European Union (EU), Financial Action Task Force (FATF).

Coalition on their national and regional efforts and activities. As part of this information-sharing process, CIFG members are encouraged to present initiatives and plans based on their domestic and regional efforts to counter ISIL's financial activities consistent with this Action Plan.

*Develop and coordinate countermeasures:* The CIFG intends to focus on making substantive progress against ISIL's financial and economic activities, most notably by directing international efforts to counter those activities that are most vulnerable to disruption by external action. The CIFG should also prioritize immediate or short-term actions that will constrain ISIL's ability to move, use, or benefit from funds or economic assets. In addition, the CIFG will promote the implementation of UN Security Council Resolutions specifically targeted at ISIL and other al-Qaida associated groups in Iraq and Syria.

*Coordinate with other counter-ISIL working groups and efforts, and other existing fora to counter the financing of terrorism:* The work of the CIFG should be complementary to the activities, recommendations, and resolutions adopted within other relevant international organizations and bodies in order to prevent duplication of existing efforts and to foster coordination among initiatives taken in other fora.

The CIFG plans to promote implementation of existing obligations under relevant United Nations Security Council Resolutions, including 1267 (1999) and 1373 (2001), and focus on recent resolutions specifically targeting ISIL and other al-Qaida associated groups in Iraq and Syria, such as UNSCRs 2170 (2014), 2178 (2014), and 2199 (2015). This Action Plan and the work of the CIFG should also be informed by the Manama Declaration on Combating the Financing of Terrorism (CFT – Bahrain, November 9, 2014); by the Analytical Support and Sanctions Monitoring Team (UNSCR 1267/1999); and by the Financial Action Task Force (FATF) Report on the "Financing of the Terrorist Organization Islamic State in Iraq and the Levant (ISIL)" issued in February 2015.

The CIFG also plans to promote the implementation of existing requirements under the Financial Action Task Force (FATF) Recommendations. This includes promoting the implementation of adequate legislative and operational frameworks in countries with AML/CFT deficiencies.

The CIFG should also consider, coordinate, and incorporate, when appropriate, initiatives in other fora, such as the G7 and/or G20, the FATF, the Egmont Group, and INTERPOL. The CIFG should actively coordinate with the other counter-ISIL working groups in order to ensure the CIFG's actions are mutually reinforcing and are aligned with other working group objectives.

#### **Key Lines of Activity of the CIFG:**

1. **Prevent ISIL's use of the international financial system.** ISIL's control of territories gives it access to banks, exchange houses and money transmitters that can potentially be exploited by ISIL or those acting on its behalf in order to conduct international transactions.

Objectives: The CIFG members and the broader Coalition should take demonstrable steps to ensure that financial institutions within their respective jurisdictions prevent ISIL from accessing their financial systems.

Immediate Actions:

- ***Banks and exchange houses***
    - o Prevent ISIL from accessing and using banks, exchange houses, and money transmitters.
  - ***Cash smuggling***
    - o Prevent ISIL from engaging in cash smuggling.
  - ***Informal sector***
    - o Disrupt ISIL's access to unregulated financial networks and their points of connectivity to the regulated financial system.
  - ***Trade***
    - o Assess and disrupt ISIL-related commercial activity with a nexus to the international financial system.
  - ***Sanctions***
    - o Develop and promote domestic, regional and UNSC sanctions listings of ISIL-related individuals or entities.
  - ***Development of new tools***
    - o Explore additional financial tools that may be applied to pressure ISIL.
  - ***Information sharing***
    - o Share actionable financial information to identify illicit financial networks and funding streams involving ISIL.
    - o Enhance cooperation and the exchange of information among the competent national authorities (such as FIUs, intelligence services, and law enforcement agencies).
    - o Enhance collaboration and information-sharing with the private sector to guard against ISIL's attempts to abuse the international financial system.
2. **Counter the extortion and exploitation of economic assets and resources that transit, enter, or are derived from ISIL-held territory.** ISIL controls oil fields, pipelines, collection points, and refining equipment, from which it derives revenue and supports its operations. It has also taken possession of other economic assets, such as banks, grain silos, power plants, weapons and other military-related equipment, factories, civilian infrastructure, cultural property, and vehicles. Additionally, transport vehicles coming from third countries continue to carry various supplies, commodities, technology, and cash through ISIL-held territory. ISIL is able to extort these drivers for cash and make use of their cargo, including for oil production, infrastructure development, and many other economic activities. This cargo may also include materials sold by third parties to ISIL. The international market for cultural and archeological goods of Iraq and Syria should be carefully monitored, including through closer international cooperation, in accordance with United Nations Security Council Resolutions, such as the recent UNSCR 2199 (2015) and other international legal tools (e.g. UNESCO'S Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Ownership of Cultural Property of 1970).

Objectives: Coalition members should work toward preventing ISIL from benefiting from fungible resources, including cultural property, or cash transiting ISIL-held

territory. Members should work to minimize any impediments to the delivery of humanitarian assistance.

Immediate Actions:

- ***Information collection and sharing***
  - o Prioritize the sharing of actionable information with relevant jurisdictions regarding ISIL-related financial and economic activities.
  - o Conduct further analysis on the main vulnerabilities with respect to ISIL's control of territory, including identifying ISIL's primary sources of externally-derived goods and funds.
  - o Develop a concerted outreach strategy to the private sector to ensure they are aware of, and can prevent, commercial transactions with ISIL. Such activities could include sharing national information on actors involved in the sale or purchase of goods or cash that transit, enter, or are derived from ISIL-held territory.
- ***Oil***
  - o Work with energy traders and buyers to enhance due diligence and strengthen existing authorities to prevent illicit economic assets, such as oil or fuel, from reaching markets.
  - o Engage manufacturers of infrastructure and industrial materials necessary for oil production and refining to prevent the direct or indirect sale of parts and equipment to ISIL and its affiliates.
  - o Attempt to identify oil smuggling routes, smuggling networks, facilitators, middlemen, and beneficiaries.
- ***Cash***
  - o Attempt to identify cash smuggling routes, networks, and facilitators.
  - o Prevent ISIL from gaining access to cash through the formal and informal financial sectors.
  - o Conduct further analysis on ISIL's use of cash within ISIL-held territory and opportunities to disrupt its use.
- ***Cultural and archeological goods***
  - o Provide investigative cooperation in order to detect international smuggling routes and foreign facilitators, middlemen, or buyers, to track down stolen or looted cultural property, including archaeological objects.
  - o Support and enhance the implementation of the international database existing in the INTERPOL framework, in order to facilitate identification and recovery of cultural and/or archeological goods, also by benefiting from already existing operative tools such as the Protection System for Cultural Heritage (PSYCHE) project.
- ***Other economic resources***
  - o Conduct further analysis on how to prevent trade or other commercial activities that benefit ISIL.
- ***Sanctions***
  - o Develop and promote domestic, regional, and UNSC sanctions listings of ISIL-related individuals or entities involved in the extortion or exploitation of economic assets and resources that transit, enter, or are derived from,

ISIL-held territory, including individuals procuring, selling or facilitating, the buying or selling of economic assets and resources from ISIL-held territory.

- o Share information to facilitate sanctions listings as described above.

- ***Border controls***

- o Strengthen border security to prevent the illicit transit of oil, and other goods, materials, and cash related to ISIL.

3. **Deny ISIL funding from abroad.** ISIL has received funds from abroad through kidnapping for ransom, external donors and FTFs.

Objectives: Coalition members should prevent terrorist financing from occurring in their jurisdictions. This includes identifying and targeting terrorist financiers, including through prosecutions and the implementation of sanctions, and preventing ISIL from benefiting directly or indirectly from ransoms by not providing or facilitating ransom payments. Financial contributions to ISIL from external donors and FTFs is relatively low, but could become a more significant source of revenue if links with al-Qaida associated groups or donors expand, or if funds derived from extortion and exploitation of economic assets and resources diminish. Wire or cash transfers to areas vulnerable to ISIL exploitation should be monitored.

Immediate Actions:

- ***Funds transfers and fundraising***

- o Prevent the transfer of funds to and from ISIL and the areas where it operates, ISIL affiliates, or other al-Qa'ida associated groups in Iraq and Syria, including through banks, exchange houses, money remitters, or the movement of cash.
- o Prevent fundraising for ISIL, ISIL affiliates, or other al-Qaida associated groups in Iraq and Syria, including through social media.
- o Apply enhanced scrutiny to wires or cash transfers to areas vulnerable to ISIL exploitation.

- ***Foreign terrorist fighters***

- o In close cooperation with the FTF working group, strengthen the CIFG's understanding of how FTFs fund their travel, the importance of FTF salaries, and how FTFs may be used to help move money on behalf of ISIL.

- ***Kidnapping for ransom***

- o Consider a joint statement and/or a joint messaging campaign highlighting the dangerous cycle of kidnappings and consequent ransom payments to ISIL.

- ***NPO/Charitable sector***

- o Collaborate with the non-profit and charitable sectors to develop strategies to prevent terrorist abuse of these sectors.

- ***Information sharing***

- o Increase intelligence, law enforcement, and FIU communication across jurisdictions and share information on the financial activities of FTFs.

4. **Prevent ISIL from providing financial or material support to foreign affiliates in an effort to expand its global ambitions.** ISIL is attempting to increase its influence and alignment with affiliates and allies in North Africa, South Asia, and Southeast Asia. These relationships could transition from public pledges of support to financial or material support. ISIL's ties to its affiliates in Libya are particularly concerning, given the permissive operating environment there and the potential for Libya to serve as a hub for ISIL's foreign financial activity. ISIL has also aligned with, or received pledges from, terrorist groups in Egypt, Algeria, Tunisia, Nigeria, Afghanistan, Pakistan, and Indonesia.

Objectives: Coalition members should identify and disrupt financial and material support among ISIL affiliates.

Immediate Actions: The relevant action items from Section 1 targeting ISIL's access to the international financial system should also be implemented with respect to ISIL affiliates. In addition, the following measures should be taken:

- ***Information Collection and Sharing:***
  - o Enhance the collective understanding of financial flows to and from ISIL in Iraq and Syria and its affiliates in North Africa, South Asia, and Southeast Asia.
  - o Share information with financial authorities in jurisdictions vulnerable to ISIL's global ambitions.
  - o Monitor and disrupt fundraising efforts and the transfer of funds through, to, and from jurisdictions where ISIL and its affiliates operate.

#### **Coordination with the other counter-ISIL groups**

The CIFG will work in close coordination with all the other working groups.

In particular:

- ***Military working group.*** Work closely with, and provide information to, the Military working group and relevant jurisdictions to disrupt ISIL's exploitation of economic assets, including oil fields, refineries, or key cash storage sites.
- ***Counter-Messaging working group.*** Work closely with, and provide information to, the Counter-Messaging Working Group in order to ensure that the work of both groups is mutually reinforcing.
- ***Foreign Terrorist Fighters working group.*** Work closely with, and provide information to, the FTF working group, in order to ensure that the work of both groups is mutually reinforcing.

#### **Reporting**

Coalition members should report to the CIFG on steps taken domestically and regionally to counter ISIL's financial activities.

## **Technical Assistance**

In coordination with technical assistance providers, the CIFG will promote the provision of relevant technical assistance to countries vulnerable to financial exploitation by ISIL or ISIL affiliates.

## **Measures of Effectiveness and Success**

Effectiveness is a priority for the CIFG. The group will consider how to measure its progress and effectiveness. CIFG members will also address new priorities as they arise, especially as our understanding of ISIL's revenue sources and financial activities develop.