

The Islamic State's Northward Expansion in the Philippines

Rohan Gunaratna

The Revival of Al Qaeda's Affiliate in Southeast Asia: the Jemaah Islamiyah

Bilveer Singh

IS Footprint in Pakistan: Nature of Presence, Method of Recruitment, and Future Outlook

Farhan Zahid

Islamic State's Financing: Sources, Methods and Utilisation

Patrick Blannin

The Islamic State in India: Exploring its Footprints

Mohammed Sinan Siyech



The Islamic State (IS) terrorist group that emerged victorious in Iraq in 2014 has lost its eminence. Presently, it is on the defensive, struggling to retain its strongholds in Iraq and Syria. This contrasts with the situation in 2014 when the group was on the rise. It was expanding territorially, producing shockingly brutal videos with cinematic flare, and proclaiming its revival of the so-called 'caliphate' and implementation of *Sharia* to beguile local and foreign Muslims and fellow jihadists.

In recent months, IS has suffered several setbacks, including loss of territory, which is the focal point of its jihadist strategy. The group is also facing diminishing numbers of foreign fighters, depleting finances and high casualties of its commanders and foot-soldiers. Given the above, will IS remain relevant to the global jihadist landscape in future? The answer resides in the international community's ability to end the conflict in Iraq and Syria and ensure post-conflict political stabilisation. Failure on these two fronts will give IS enough space to recuperate and revive. IS will seek sanctuary among pockets of politically-disgruntled Sunnis, regroup and resort to guerrilla warfare as a military strategy to fight the powerful adversaries.

This is not the first time IS – earlier known as the Islamic State in Iraq (ISI) – is facing such a challenging situation. In 2006, when ISI leader Abu Musaab Al-Zarqawi was killed, it suffered huge setbacks. The group went underground and re-emerged in 2010 by defeating the Sahwa Movement, the Sunni tribal uprisings against the group. ISI exploited the Arab uprisings in 2011, and expanded into Syria to eventually become the IS in June 2014.

On the international front, IS' declining influence and appeal and the vacuum created by its retreat have rendered the leadership of global jihad as a contested domain, once again, opening up the possibility of Al Qaeda's

(AQ) return to the top of the jihadi pyramid and merger between the two old jihadi allies. Iraqi Vice President Ayad Allawi recently stated that 'discussions and dialogue' have been taking place between Abu Bakr Al Baghdadi's representatives and AQ chief Ayman Al Zawahiri. Any rapprochement between the two rivals is likely to further complicate the jihadi landscape in Iraq, Syria and beyond.

Against this backdrop, the latest issue of CTTA provides a snapshot of jihadist activities in Pakistan, India, the Philippines and Indonesia and the resulting security threat. Strategically, there is a weak correlation between defeating IS-central and its outlying wilayats and enclaves in Africa, Pakistan, the Philippines and elsewhere. Unless each pro-IS entity is defeated physically in its respective area of operations, the fight against the Middle Eastern Salafi jihadist group will remain incomplete.

Specifically, if the conditions and root causes that gave birth to IS and its militant affiliates from countries stretching across Nigeria to the Philippines are not addressed, the international community might have to prolong its battle against them or fight new extremist groups in the future. This is why ideological de-legitimisation through robust counter-narratives, conflict stabilisation in Iraq, and finding a viable political solution to the Syrian civil war are central to defeating the jihadist by-products of these conflict-hit areas.

In this issue, **Rohan Gunaratna** discusses the recent high-profile terrorist attacks in Manila and highlights the threat posed by IS East Asia Division in the Philippines. He argues that the recent attacks, unifications of various militant groups under the IS umbrella and the clashes between Filipino security forces and IS-affiliates in Bohol point to IS's growing influence in the Philippines, and a stark reminder that the group is trying to expand northwards. The article contends that the IS threat is likely to increase in the future, and

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warns that the creation of an IS nucleus in the Philippines presents not only a domestic but a regional and international threat that needs to be addressed swiftly.

In the next article, **Bilveer Singh** discusses the revival of Al Qaeda's affiliate, Jemaah Islamiyah (JI), in Southeast Asia. The author argues that JI's present low profile and non-militant approach may change as more hard-line JI leaders and members are released from detention in the coming months and years, and as more well-trained and ideologically-hardened fighters from Iraq and Syria return to Indonesia.

Farhan Zahid details the rise of IS in Pakistan since the group's formation in 2014, and the extent of its activities in all four provinces of the country. IS has managed to increase its clout by forming tactical alliances with like-minded local militant groups. He argues that IS is likely to assert its dominance through local affiliates in urban centers of Pakistan, specifically the Punjab province.

Patrick Blannin examines IS multiple sources of funding and some counter-mechanisms deployed by the global anti-IS coalition. The paper analyses how IS exploits the volatile political and security situation across the Middle East and North Africa to generate funding, and exposes the dichotomy between the terrorist group's religious rhetoric and its criminal enterprises.

Lastly, **Mohammed Sinan Siyech's** article examines IS footprint in India in the wake of the group's suspected involvement in the recent bombing of a passenger train in Madhya Pradesh (MP) state. Although IS recruitment and presence in India is not as strong in numbers in comparison to other countries, it remains concerning given various vulnerabilities and fault-lines that exist in the country. Given the current volatile environment

triggered by the rise of right-wing Hindu extremism or the Hindutva movement, another terrorist attack could contribute to communal tensions, leading to spate of violence.

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The Islamic State's Northward Expansion in the Philippines

Rohan Gunaratna

The Islamic State's (IS) East Asia Division (Sharq Asia) in the Philippines is a significant node of the group's presence in Southeast Asia. Keeping in view the recent setbacks IS has suffered in the Levant, its East Asia Division, among others, remains a viable fall-back option for the terror group. Given, the recent spate of IS-claimed high-profile terrorist attacks in Manila and the importance attached to the Philippines in IS social media propaganda campaigns, the IS threat to Manila is potent.

Introduction

The recent wave of terrorist attacks, unifications of various Moro factions under the IS umbrella in 2016¹ and the recent clashes between Filipino security forces and IS-affiliates in Bohol point to IS growing influence in the Philippines.² The latest two attacks reported in April and May serve as a stark reminder that the group is trying to expand northwards.

Against this backdrop, this article provides an overview of latest developments related to IS in the Philippines. The paper contends that the IS threat is likely to increase in the future, if strict action is not taken to fight the threat.

In April and May, IS carried out terrorist attacks in the Philippine regions of Visayas and Luzon, including the capital city Manila.

¹ Caleb Weiss, "Philippines-based jihadist groups pledge allegiance to the Islamic State," *FDD's Long War Journal*, February 14, 2016, <http://www.longwarjournal.org/archives/2016/02/philippines-based-jihadist-groups-pledge-allegiance-to-the-islamic-state.php>.

² Raul Dancel, "Clashes in Bohol show Abu Sayyaf may be moving into central Philippines," *The Straits Times*, April 11, 2017, <http://www.straitstimes.com/asia/se-asia/clashes-in-bohol-spark-concerns-that-abu-sayyaf-may-be-moving-into-central-philippines>.

The attack on 6 May, which killed two and injured six, targeted a Shia leader in Quiapo, Manila.³ A similar attack wounded 14 people on the eve of the ASEAN Summit in Manila on 28 April.⁴ IS claimed both attacks through *Amaq*, the group's official news agency. The Government of the Philippines downplayed both incidents, and denied that they were acts of terrorism.⁵ However, undoubtedly, the trademark signature of IS in both attacks is irrefutable.

These attacks are concerning for three separate but inter-related reasons. First, the April 18 attacks coincided with the meetings of the Association of Southeast Asian Nations (ASEAN) Summit in Bohol and Holy Week leading up to Easter Sunday.⁶ From April 19 to 22, around two hundred delegates from the ten countries participated in the 10th meeting of the ASEAN-Hong Kong Free Trade Agreement (AHKFTA) Trade Negotiating Committee and related meetings in a resort on Panglao Island. Bohol is an hour by boat from Cebu, which was hosting some of the meetings of ASEAN. The capability of IS to either use Bohol as a target

³ AFP, "Twin blasts in Philippine capital kill at least two: Police," *Channel News Asia*, May 6, 2017, <http://www.channelnewsasia.com/news/asiapacific/twin-blasts-in-philippine-capital-kill-at-least-two-police-8824494>.

⁴ The Associated Press, "Philippines says bomb sparked by feud but IS claims attack," *Daily News*, May 7, 2017, <http://www.nydailynews.com/news/wires/news/world/philippines-bomb-sparked-feud-claims-attack-article-1.3144185>.

⁵ Jim Gomez, "Isis claims deadly Manila explosion – but police claim motive was 'personal feud'," *Independent*, May 7, 2017, <http://www.independent.co.uk/news/world/asia/manila-explosion-isis-philippines-islamic-state-rodrido-duterte-a7722796.html>.

⁶ Pia Lee-Brago, "Asean meeting to push through in Bohol this week," *Philstar*, April 18, 2017, <http://www.philstar.com/headlines/2017/04/18/1691401/asean-meeting-push-through-bohol-week>.

or a beachhead to reach Cebu demonstrates an expanding threat.

This is significant despite the low-intensity nature of the attack. Through this attack, the IS-affiliates in the Philippines have exhibited a strategic approach by timing the attack with the Summit. Conceptually, every terrorist attack, by definition, is an intelligence failure and a political statement. Though the attack did not result in mass casualties, it signalled the underlying political tone: IS-affiliates in the Philippines possess the wherewithal and outreach to hit Manila at will, despite high security. Terrorist groups seek revenge, recognition, and reaction by engaging in violence. In this particular case, it was the recognition that IS-affiliates in the Philippines sought by trying to divert media attention from the high-profile ASEAN summit to their acts of violence.

More to the point, having declared an East Asia Division in Mindanao, IS has stepped up its attacks possibly in the run up to the creation of a Wilayah or a province in the Southern Philippines. As the Philippine security forces are fighting back in the south, the threat groups in the Philippines are mounting diversionary attacks in northern and central Philippines. As such, it is probable that IS will continue to carry out intermittent attacks in Manila.

Second, the attack on the Shia scholar, though not a new trend per se, carries typical IS signature.⁷ Being a Salafi-Takfiri-Jihadist group, IS ex-communicates Shias terming them as *rafideen* (deviants) and possesses a penchant to attack them brutally. In order to create a foothold in any locale, typically, IS tries to create a situation of *tawahush* (chaos) by hitting the sectarian and communal fault lines. The attack on the Shia leader in Manila is an extension of the same strategy.

Moreover, both attacks in April and May were concentrated near the Golden Mosque in Quiapo⁸, clearly exposing the method in the

madness, i.e. IS is deliberately hitting the sectarian and communal fault lines in the Philippines to disrupt harmony, between the Shia and Sunni communities in the country.

Third, the porous nature of the terrain— heavily forested—and the strategic location of South Philippines make it lucrative for IS. From Mindanao through Sulawesi, Sulu and Sabah, IS gets a natural opening to both Malaysia and Indonesia. Given the setbacks suffered by IS-affiliates in Malaysia and Indonesia—the initial points of attraction for IS to declare its Wilayah in SEA—and the difficulties encountered by Southeast Asian fighters to travel to Syria because of the strict travel restrictions, the Philippines has emerged as the alternative place for IS to keep a foothold in Southeast Asia.⁹

On 11 April, IS East Asia Division planned a terrorist operation to target Bohol, a popular island resort in the Central Philippines frequented by foreign and local tourists. The attack was foiled in a joint operation by the Armed Forces of the Philippines (AFP) and Philippines National Police (PNP).¹⁰ Three concerning developments are obvious from this incident. First, arguably, IS is making concerted efforts to spread northwards from its base in Mindanao in Southern Philippines. Second, various IS affiliates have united to form a common operational platform, raising the possibility of more attacks in the future. Third, IS and its affiliates are keen to mount large-scale terrorist attacks to show that IS remains a credible global jihadi force despite its territorial losses and military setbacks in the Middle East.

IS in the Philippines is entering expansion phase, after consolidation in 2015-2016

After IS emergence on the global jihadist landscape in 2014 and its rapid expansion in 2015, the Radulan Sahiron-led Abu Sayyaf Group (ASG) in the Philippines started disintegrating. The leadership dispute over

⁷ Jim Gomez, "Isis claims deadly Manila explosion – but police claim motive was 'personal feud'," *Independent*, May 7, 2017,

<http://www.independent.co.uk/news/world/asia/manila-explosion-isis-philippines-islamic-state-rodriago-duterte-a7722796.html>.

⁸ AFP, "Twin blasts in Philippine capital kill at least two," *The Straits Times*, May 6, 2017,

<http://www.straitstimes.com/asia/se-asia/twin-blasts-in-philippine-capital-kill-at-least-two-police>.

⁹ "Returning IS fighters to regroup in Philippines — experts," *Philstar*, April 4, 2017,

<http://www.philstar.com/headlines/2017/04/04/1687663/returning-fighters-regroup-philippines-experts>.

¹⁰ Rosette Adel, "AFP: Bohol 'safest place on earth' after foiled terror threat," *Philstar*, April 12, 2017,

<http://www.philstar.com/nation/2017/04/12/1690181/afp-bohol-safest-place-earth-after-foiled-terror-threat>.

the distribution of criminal proceeds amounting to millions of dollars earned through kidnap-for-ransom (KfR) further accelerated the splintering of the terror group. ASG deputy leader and in-charge for the Basilan island, Isnilon Hapilon, assumed leadership of IS East Asia Division in late 2015.¹¹ A number of ASG leaders and fighters served both ASG and IS due to the growing influence of the latter in ASG. Several splinter groups of ASG have displayed the IS flag during the beheading of their captives (foreign and local tourists) throughout 2015-2016 as shown in several videos uploaded on various social media platforms.

After unification of various militant groups under the IS-umbrella and consolidating their grip in various pockets of influence throughout 2015 and 2016, the group now appears to be entering the expansion phase by pushing its tentacles northwards. Hapilon was recognised as the Emir of IS East Asia Division by Abu Bakr al Baghdadi in 2016, after he and his followers pledged allegiance to Baghdadi, unified the pro-IS militant factions, and consolidated control of territory. The territorial consolidation comprised further fortification of existing pockets of influence throughout southern Philippines, adding more sanctuaries and training centres as well as cultivating presence in heavily forested areas where the government writ is weak.¹²

The formation of IS East Asia Division underlines the potency of IS ideology in unifying the myriad of ethnically diverse threat groups in Western Mindanao (mostly Tausug, Yakan, Samal) and Central Mindanao (Maguindanao, Maranao). IS has a propensity for linking local and individual grievances with its global jihadist narrative and offer 'solutions' in a collective setting i.e. converting to the Caliphate and waging Jihad under its banner. In its various publications, IS has termed the Filipino security forces comprising predominantly of Catholic Christian faith as the Crusaders who

suppressed the Muslims in the South. This propaganda narrative fits well into IS recruitment campaign in the Philippines.

For instance, IS-affiliates expanded from Sulu and Basilan in the Sulu Archipelago in Western Mindanao to Maguindanao in Mindanao mainland. In Central Mindanao, Hapilon linked up with Islamic State Lanao (ISL), Bangasamoro Islamic Freedom Fighters and Ansar Khilafa Philippines (AKP). Omar and Abdullah Maute clan leads ISL, Ismail Abubakar alias Bongos heads Bangasamoro Islamic Freedom Fighters, while Muhamad Jaafar Maguid alias Tokboy operated AKP. The operations of the Philippine security forces in January 2017 led to the killing of Tokboy, bringing the IS-centric militant faction closer to each other.

Since their unification under the IS banner, these factions have carried out attacks throughout Mindanao in 2016. The most prominent attack was the bombing of a night market in Davao city in September 2016, President Rodrigo Duterte's hometown, claiming 15 lives and causing 70 injuries.¹³ The bombings were reprisal attacks of the government's military offensives in Sulu and Basilan in the Sulu Archipelago and Butig in Lanao del Sur.

The Clashes in Bohol

The clashes in Bohol in April came about as IS seeks expansion into Central Philippines. The plan to infiltrate Bohol started in February 2017 and culminated into an attack team of a dozen fighters led by Muammar Askali, the leader of IS Sulu chapter. The group comprised fighters from IS Sulu, ISL, and AKP who left Sulu and travelled to Bohol in fishing boats. They landed in Inabanga, Bohol on 10 April 2017.¹⁴

They entered Inabanga town and travelled to the mountain village of Napo. The inhabitants of Napo reported movements of heavily armed militants to the local police who

¹¹ Rohan Gunaratna, "ISIS in Philippines a threat to region," *The Straits Times*, January 12, 2016, <http://www.straitstimes.com/opinion/isis-in-philippines-a-threat-to-region>.

¹² Per Liljas, "ISIS Is Making Inroads in the Southern Philippines and the Implications for Asia Are Alarming," *Time*, April 14, 2016, <http://time.com/4293395/isis-zamboanga-mindanao-moro-islamist-terrorist-asia-philippines-abu-sayyaf/>.

¹³ Al Jazeera, "Philippines: Abu Sayyaf blamed for attack in Davao City," *Al Jazeera*, September 3, 2016, <http://www.aljazeera.com/news/2016/09/philippines-abu-sayyaf-blamed-attack-davao-city-160903025801696.html>.

¹⁴ Ayee Macaraig, "Armed Forces says Abu Sayyaf on the run in Bohol," *Philstar*, April 12, 2017, <http://www.philstar.com/headlines/2017/04/12/1690199/armed-forces-says-abu-sayyaf-run-bohol>.

immediately dispatched a joint team of police and military.¹⁵ On 11 April, government forces and the terrorists exchanged fire in the village of Ilaya. Reinforcements were sent from Manila and Cebu to assist the local security forces. After carrying out the air raids, the ground troops conducted night operations killing five IS members.

The plan in Bohol was to target the events of Holy Week leading up to Easter Sunday in addition to looking for more kidnapping opportunities, especially of foreign tourists. The IS affiliates were unsuccessful in Bohol because it is not their home terrain. In fact, locals reported them to the police because they were easily recognised. They were heavily armed when they arrived on fishermen's pumpboats; they failed to blend in, and were heard speaking a totally different language, not the local dialect.

Two senior IS leaders were killed in these clashes, Muammar Askali and Joselito Melloria. Askali, was involved in a series of kidnappings and bombing operations in and outside Sulu. He was the senior most IS member to be killed in the operation. He is known to have connections not only in Sulu but also in Zamboanga, Basilan, Central Mindanao and Palawan. He was also observed to have been with Hapilon in Basilan and Tokboy in South Cotabato.

Joselito Melloria, a member of AKP, was killed in a second encounter with Philippine troops on 22 April.¹⁶ A native of Inabanga, Melloria converted to Islam (Balik-Islam) after he married the daughter of a terrorist and was slated to succeed Tokboy as the AKP leader. Immediately after landing, Melloria used the home of his mother, aunty and uncle as a hideout.

Conclusion

With IS co-opting converts and exploiting family ties, the Philippines government is concerned about the threat to Metro Manila

and other areas in the north and the centre of the country. The Bohol intrusion show that family, friends and other social linkages can be exploited to provide safe haven for the militants and assist them in identifying potential targets due to their familiarity with the areas.

Policing an archipelago of 7,700 islands remains a persistent challenge. ASG and IS are capable of mounting long-range terrorist operations from the money earned from their KfR funds. IS is also recruiting both in Visayas and Luzon. This will increase the group's capability to strike both Cebu and the capital Manila.

The disruption of the attack in Bohol underscores the effective response to intelligence by security forces. More importantly, it emphasises the importance of public vigilance, which was central in detecting and neutralising the threat. Nevertheless, the composition of the attack team and their choice to strike outside of Sulu signify that the threat is growing. If the government forces fail to isolate and eliminate the threat groups in the south, the threat will grow northwards. Additionally, had the locals and government forces not responded swiftly to the intrusion, the East Asia Division would have succeeded in establishing another IS enclave in the Philippines. The creation of an IS nucleus in the Philippines presents not only a domestic but a regional and international threat that need to be addressed swiftly.

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¹⁵ Ibid.

¹⁶ Johanna O. Bajenting, "Abu Sayyaf leader, 3 others killed in Clarin, Bohol clash," *SunStar*, April 22, 2017, <http://www.sunstar.com.ph/cebu/local-news/2017/04/23/abu-sayyaf-leader-3-others-killed-clarin-bohol-clash-537885>.

The Revival of Al Qaeda's Affiliate in Southeast Asia: the Jemaah Islamiyah

Bilveer Singh

A resurgence of Jemaah Islamiyah (JI), Al Qaeda's affiliate in Southeast Asia, could possibly occur while authorities are focusing on the Islamic State (IS) threat in the region. It is likely that JI will transition from its present approach of non-violence to violence after prominent leaders are released from detention and members return from Iraq and Syria.

Introduction

Since the rise of the Islamic State (IS) terrorist group in 2014, relatively less attention has been paid to Al Qaeda (AQ) and its affiliated groups in Southeast Asia, specifically the Jemaah Islamiyah (JI). The latter dominated the regional terrorist threat landscape from 2000 to about 2010, with bomb plots and attacks against local and Western targets. The last major bombings linked to JI elements were in 2009 when the Ritz-Carlton and JW Marriott hotels in Jakarta were hit. Plans were also made to bomb the Danish embassy and carry out a series of Mumbai-style attacks in Jakarta in 2010 but they were successfully thwarted.

By 2011, however, JI appeared to have been severely degraded with its key military and ideological leaders either dead or detained; some broke away to form splinter groups. Among those killed or executed included operatives such as Azahari Husin (2005), Imam Samudra (2008), Nordin M Top (2009), and Dulmatin (2010). Leaders under detention include Abu Bakar Bashyir, Hambali, and Abu Dujana. The organisation's structure and networks were also believed to have been severely disrupted.

Globally, Abu Bakr al-Baghdadi's IS has superseded AQ as the leading global jihadi

movement and key security threat. The killing of Osama bin Laden in 2011, and expansion of IS in Iraq and Syria culminating in the declaration of a 'caliphate' in June 2014, have eroded AQ's position as 'the base' of jihad. In Southeast Asia, especially in Indonesia, Malaysia, and Singapore, counter-terrorism measures are believed to have crippled JI and rendered it ineffective. In Indonesia alone, more than 110 JI members have been killed and 1,200 imprisoned.

Strategic Thinking of JI Leaders

JI's decision to lie low and eschew further bomb attacks since 2010 was a strategic move for the group to recuperate and move forward after learning lessons from past failures. Bombings were deemed to be counterproductive as it led to state's 'repression' of 'mujahidins' (holy warriors), the death of many innocent Muslims, and consequently the loss of public support for their Islamist cause.

Yet, all indications are that Southeast Asia's first regional terrorist group has been gradually reviving as evidenced by intermittent reports of arrests of JI members. The charismatic former mujahidin fighter from Afghanistan in the 1980s, and a former Emir of JI, Abu Rusydan, stated in a recent interview that "Jemaah Islamiyah is alive and well" even though it was not what it was in the past.¹

Abu Rusydan revealed that four factors accounted for the rise and sustenance of JI in the past and at present. The first was the basic ideology of the organisation, which was clearly enunciated in the organisation's constitution, PUPJI, which was first drawn up in 1993. The underlying thrust of the ideology

¹ Author's Interview with Abu Rusydan in Kudus, 27 March 2017.

was to safeguard and uplift purist Islam in the face of internal and external 'onslaughts', as well as to unify Muslims against the 'far' and 'near' enemies in the context of Southeast Asia.

Second was the organisational structure of JI, which was structured hierarchically as a combat unit, in part, due to the fact that many key ideas came from people who had combat experience in Afghanistan. The key commanders had proven themselves in combat in Afghanistan or later in south Philippines and Poso-Ambon. As such, it earned them the respect and awe of their followers. The commanders and combatants were dubbed as the 'Afghan Alumni', a credit not many could claim in the region.

The third element was the role of history in shaping the thinking of JI members. The struggle to establish an Islamic State in Indonesia has a long history that included Kartosuwiryo's *Darul Islam* struggle from 1948 to 1960. The belief that Indonesian Muslims had suffered great injustice was critical towards the continued struggle for a *Shari'ah* state; this included the exclusion of a clause (on the obligation of Muslims to follow *Shari'ah* laws) in the Jakarta Charter from the 1945 Indonesian Constitution.

The desire for an Islamic state was strengthened by Indonesians' involvement in jihadi operations overseas, leading to the acceptance of establishing an Islamic Caliphate as the ultimate aim. Abu Rusydan argued that Indonesian fighters began supporting pan-Islamist causes following contacts with like-minded jihadists in Afghanistan and Pakistan in the 1980s. Additionally, their exposure to the teachings of ideologues such as Abdullah Azzam and Rasul Sayyaf in Afghanistan further entrenched their pan-Islamist ideology. Indonesian fighters were transformed from national into international jihadists, something that continues to characterise them to this day.

Finally, the rise and resilience of JI is also attributed to the development of a sense of belonging that was nurtured over many years of struggle for and immersion in JI's *salafi-jihadi* ideology. This factor remains as powerful a force today as it was in the past.

The Revival of JI in Indonesia

JI has benefitted from the fact that national, regional, and global attention has been more focused on countering IS than on AQ's regional affiliates, including JI. This has provided them space and, to some extent, some level of 'legitimacy' as they are no longer viewed as a security threat. In fact, some security officials have even suggested using JI to counter IS in Indonesia.

A number of other factors have facilitated the continued survival and revival of JI in general, and in Indonesia in particular. These are:

1. AQ Central and organisation under Ayman Zawahiri's leadership continue to exist and even expand with territorial gains in Afghanistan, Pakistan, Yemen, and parts of Africa, including Libya and Somalia. This provides inspiration and hope to AQ alumni, comprising veterans and loyalists among JI followers.
2. Pro-AQ and JI leaders continue to operate and remain steadfast in their loyalty to AQ and JI in Indonesia. They include Abu Rusydan, Zarkasih, Abu Jibril, Abu Tholut, Irfan Awwas, Abu Dujana and others.
3. The continued existence of JI members and networks in Indonesia, with most of the group's detainees scheduled to be released in the next few years.
4. JI members' continued belief in and support for international jihad, with many Indonesians fighting with *Jabhat al-Nusra* (JaN), an AQ franchise, in Syria and Iraq. One of Abu Jibril's sons, Muhammad Ridwan, died fighting for JaN in March 2015. Abu Rusydan has also admitted that his group was providing humanitarian assistance to people in Iraq and Syria.
5. The continued running of many JI publishing houses, through Majlis Mujahidin Indonesia, with magazines such as *Risalah Mujahideen* and

Syamina being produced on a regular basis.

6. Many pro-JI mosques and madrasahs in Indonesia, such as the one in Ngruki (Central Java), have continued to function and even expand.
7. The willingness of JI leaders to learn from the past failures of the group, as well as other like-minded groups, such as *Darul Islam* and *Komando Jihad*, which were neutralised by the security apparatus.

JI is in a state of *l'dad* today, which refers to the obligatory preparation for a future jihad undertaken when circumstances are more favourable. According to Nasir Abbas, the former Commander of JI's Mantiqi 3, this is evident from JI's recruitment efforts, which include collection of funds, studying of tactics and strategies, regular gatherings in Java, Sumatra, and Sulawesi, and forward planning to ensure its future success.² For JI, the present time is especially opportunistic as the group has a pool of experts possessing combat experience from the Afghan years. Additionally, the security agencies are distracted by the more immediate IS threat.

Jemaah Islamiyah in the Context of Counter-Terrorism in Indonesia

Indonesian counter-terrorism efforts have scored many successes since the Bali bombings by JI in 2002. However, these have not been sufficient to neutralise the jihadi threat. The JI leadership and network remain relatively intact and active. Hundreds of Indonesians are fighting for IS (with *Katibah Nusantara* under Emir Bahrumisyah) and *Jabhat al-Nusra* (now renamed and part of Tahrir al Sham) in Iraq and Syria.³ Some Indonesian combatants are operating in IS strongholds in Mindanao under Emir Isnilon Hapilon.⁴ There are also a few hundred returnees and countless more inspired by IS. Many of those fighting for or supporting IS are JI members, including detained leaders

² "Jemaah Islamiyah Active Again", *The Straits Times*, 15 February 2016; Author's Interview with Nasir Abbas in Jakarta, 8 January 2017.

³ Jasminder Singh, *Katibah Nusantara*, *RSIS Commentaries*, 26 May 2015.

⁴ Bilveer Singh and Kumar Ramakrishnan, *Islamic State's Wilayah Philippines*, *RSIS Commentaries*, 21 July 2016.

such as Abu Bakar Bashyir and Abdullah Sunata.

The lack of success in de-radicalisation and counter-radicalisation are largely responsible for the continued threat of terrorism in Indonesia, including the continued survival and revival of JI. Indonesia not only has to combat the operatives working on behalf of IS and AQ, but also counter the shadowy jihadi world in cyber space with online radicalisation posing a major challenge. Indonesia's counter-terrorism laws are also inadequate to deal with the many facets of the terrorist threat.

Indonesia's geographical size, the existence of many Islamist political parties and groups that oppose measures to curb radicalisation, availability of funds, and the existence of many radical ideologues, madrasahs and publications are some of the reasons for the continued spread of extremism in Indonesia. Poverty and allegations of state repression of Muslims have also accounted for the continuous support for extremist and militant groups such as the JI in Indonesia.

Conclusion

JI has weathered through many security crackdowns and prosecutions and survived because of its history, jihadist ideology, leadership, and organisation. It traces its roots to more than 70 years of struggle for an Islamic state and believes that it has a role to play as the country with the largest Muslim population in the world.

According to Abu Rusydan, JI is no longer a regional grouping and that it is focussed on Indonesia with hopes of achieving its goals through *dakwah* (missionary work). This assertion however is no consolation to Indonesia's neighbouring countries. Members and supporters of JI, IS, AQ, and other militant groups share a similar ideology (jihadism) and objectives (to establish Islamic state and introduce *Shari'ah* laws), which transcend territorial borders and organisational identities and loyalties.

Abu Rusydan also asserts that "we must be peaceful up to a certain point" to win public support.⁵ He warned that "as long as the

⁵ "Jemaah Islamiyah Active Again", *The Straits Times*, 15 February 2016.

Indonesian government can understand our message through words” then there would be no need to resort to violence as in the past in Bali and elsewhere.⁶

The Indonesian authorities would do well to take note that JI's present non-violent approach is not unconditional; its low profile and non-militant approach may change as more hard-line JI leaders and members are released from detention in the coming months and years, and as more well-trained and ideologically-hardened fighters from Iraq and Syria return to Indonesia. Indonesian IS hardliners may also re-align themselves with AQ and JI as IS loses more ground and the caliphate collapses. Without adequate counter-terrorism laws, effective de-radicalisation programme and counter-radicalisation measures, and a strong political stand against the growing tide of religious extremism and exploitation of religion, the fight against terrorism is going to be long and challenging with serious consequences for Indonesia and Southeast Asia.

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⁶ Ibid; Author's Interview with Abu Rusydan in Kudus, 27 March 2017.

IS Footprint in Pakistan: Nature of Presence, Method of Recruitment, and Future Outlook

Farhan Zahid

Since its formation in 2014, terrorist attacks and violent incidents linked to the Islamic State (IS) terrorist group have risen steadily in Pakistan. IS in Pakistan has been active, with varying degrees, in all four provinces of the country and has forged tactical alliances with like-minded local militant groups. Looking ahead, IS is likely to assert its dominance through local affiliates in urban centres of Pakistan, specifically the Punjab province.

Introduction

In June 2014, with the proclamation of the so-called Caliphate in Iraq's al-Nuri mosque, the Islamic State (IS) terrorist group replaced Al-Qaeda as the leader of global jihad. However, the recent territorial losses that IS has suffered in Iraq and Syria have once again rendered the global jihadist landscape a hybrid of Al-Qaeda and IS. Notwithstanding its recent losses, IS has managed to retain, and even increase its strength in other conflict-prone areas around the world.

The recent spate of high-profile attacks in southwestern Pakistan indicates that IS regional affiliate, the Islamic State of Khurasan (ISK), has established itself as a force to be reckoned with in Af-Pak's saturated militant landscape. ISK has done this by exploiting the sectarian and communal fault-lines in the country (violence against Shia and Sufi Muslims), promoting the pro-Caliphate propaganda which resonates with the university-educated and urban jihadists, and waging jihad against the "taghoot" (imperial powers) namely the United States and its Western allies as well as the "murtadeen" or the "apostate regimes."

Background of IS Presence

Established in early 2015, the ISK had been able to attract support from Tehreek-e-Khilafat Pakistan, the Shahidullah Shahid Group and the Bajaur chapter of the Tehrik-i-Taliban Pakistan (TTP), Lashkar-e-Jhangvi Al-Alami (LJA) and Jundullah. The leaders of these organisations, previously linked to Al-Qaeda, have taken the oath of allegiance to IS leader Abu Bakr al-Baghdadi. Initially, IS announced Abdul Rahim Muslim Dost as its Emir for the Khurasan region. An Afghan national, Muslim Dost was a former Guantanamo Bay detainee. He had re-joined the Afghan Taliban after his release and had pledged allegiance to al-Baghdadi in 2014. However, the IS leadership had replaced Muslim Dost with Hafiz Saeed Khan Orakzai, a commander of the TTP Fazlullah faction, who had defected to IS in September 2014. Saeed hailed from the Orakzai district of the Federally Administered Tribal Areas (FATA) of Pakistan, and was commanding the group's Orakzai chapter. He was later killed in a US drone strike in Afghanistan in July 2016.¹ IS has not appointed a replacement for Saeed, but still continues its activities in both Afghanistan and Pakistan. Presently, an Afghan militant commander, Abdul Haseeb Loghari hailing from Afghanistan's Logar province, is the acting commander of the ISK.

IS' Strategy for Pakistan

IS is currently involved in a recruitment drive within the country, banking upon providing a

¹ Al Jazeera. Afghan-Pakistan ISIL's Hafiz Saeed Khan killed. August 13, 2016. <http://www.aljazeera.com/news/2016/08/report-isil-leader-hafiz-saeed-killed-strike-160812175040690.html>.

safe-haven to TTP militants who fled to border areas of Afghanistan after facing military operations (Zarb-e-Azb and Rad-ul-Fasad) across FATA. Additionally, IS is consolidating its territorial control within the Nangarhar and Kunar provinces and the Salafi belt in eastern Afghanistan. The group's visibility in Pakistan is closely linked to multiple independent and isolated IS cells that were uncovered in the country throughout 2015 and 2016.

Despite serious setbacks in Iraq and Syria, IS has extended its tentacles into Pakistan and Afghanistan. 2016 was a crucial year for the Pakistani state as rising IS-linked incidents led to the government officially acknowledging the group's presence in the country, notwithstanding the erstwhile denials. In this regard, the Director General of Intelligence Bureau, Aftab Sultan, while briefing the Senate Standing Committee on Interior and Narcotics Control said, "TTP coordinates with Daesh (IS) despite being rivals in Afghanistan... the intelligence bureau is identifying signs of the militants' presence in the country and carrying out arrests where necessary. There are reports of fighters being recruited by sectarian and other outfits, and being sent to Syria. The number of people leaving from Pakistan to Syria to join IS are in hundreds".²

It is evident that with a population of 180 million, proximity to Afghanistan, poor socio-economic indicators, and the presence of an active network of Jihadist groups, the country provides a fertile recruitment pool for IS. The Pakistani government and military establishment are making earnest efforts to counter IS influence in the country. However, progress has been moderate due to the deeply entrenched presence of a plethora of militant groups operating in and out of the country. These groups have conducted terrorist attacks on behalf of IS, with ISK providing the funding and IS central claiming responsibility through *Amaq*, its official mouthpiece.

² Ul Haq, Riaz. In rare admission, Pakistan recognises growing presence of Islamic State. Express Tribune, February 10, 2016, <http://tribune.com.pk/story/1043735/in-rare-admission-pakistan-recognises-growing-presence-of-islamic-state/>.

The Extent of IS Presence in Pakistan

IS is expanding its network in Pakistan in a gradual, yet cautious manner. The apparent focus is on recruitment at different levels and bringing already existing terrorist groups into its fold. Remarkably, IS has been able to attract attention from the educated urban youth of middle- and upper-middle class who are likely to have been inspired by the global reach of the group. IS' ability to establish the so-called Caliphate also captivated the youths who have grievances against the state and the present establishment.

In addition to the above-mentioned terrorist organisations that have pledged allegiance to IS, a number of IS-inspired urban cells (previously part of Al-Qaeda Core's broader network in Pakistan) in Karachi, Islamabad, Sialkot, and Lahore conducted recruitment activities and terrorist strikes. Overall, a sizable number of the jihadists joining IS in Pakistan were previously part of the Salafist terrorist organisation, Lashkar-e-Taiba (LeT), and Deobandi sectarian group, Lashkar-e-Jhangvi (LeJ).³

According to the Pakistan Institute of Peace Studies (PIPS) database, nine terrorist attacks were perpetrated by IS and its affiliated network in Pakistan in 2016, killing 129 people and injuring 112.⁴ A majority of the attacks were claimed by LJA, a faction of LeJ. The LeJ has tilted towards IS because both share similar ideologies in terms of opposition towards Shias and Sufis. LeJ's founder Malik Ishaq earlier attempted to merge LeJ with IS before he was killed in a staged police encounter in Muzaffargarh district of Punjab.⁵

Sindh Province

Karachi, Sindh's provincial capital, and the mainstay of Pakistan's economy has remained IS' area of focus. In December 2015, an IS-affiliated cell of educated young militants ambushed a bus carrying Ismaili-

³ Gishkori, Zahid. Some foreign elements recruiting for Daesh in Pakistan. News International, June 5, 2016, <https://www.thenews.com.pk/print/125491-Some-foreign-militants-recruiting-for-Daesh-in-Pakistan>.

⁴ Pakistan Institute of Peace Studies. Security Report: 2016. <http://pakpips.com/securityreport.php>.

⁵ Dawn. Lashkar-e-Jhangvi chief Malik Ishaq, two sons, killed in Muzaffargarh 'encounter' July 29, 2015, <https://www.dawn.com/news/1197098>.

Shias, killed 43 people⁶, and left behind IS leaflets. Some of the cell members were arrested by January 2016 following raids across various districts in Punjab. During the investigation, the official of Counter Terrorism Department (CTD) discovered that the same cell was involved in the murder of a notable social activist Sabeen Mehmood, the targeted assassinations of a number of workers of the secular party the Mutahida Quami Movement (MQM) and police officials in different parts of Sindh. Most recently, the prominent IS attack was in February 2017 when a suicide bomber targeted the shrine of Sufi saint Lal Shahbaz Qalandar in Sehwan city, killing 75 devotees and injuring over 200.⁷

The major breakthrough against IS in Karachi came in March 2016 when a veteran militant Kamran Aslam alias Kamran Gujjar was killed in a police encounter. Gujjar had recently joined IS in Pakistan and was previously associated with Al-Qaeda in the Indian Subcontinent (AQIS).⁸

One of the major operations against active IS cells in the outskirts of Karachi was conducted by the paramilitary force, Pakistan Rangers. The Rangers' spokesperson claimed that the militants killed in this operation were formerly associated with TTP and AQ before joining IS.

Punjab Province

Asif Ramzi alias Chotoo, the commander of LeJ's Karachi chapter, was arrested in Punjab's Dera Ghazi Khan district in February 2016. Before his detention, Asif reorganised the structure of his LeJ cell in Karachi and planned and executed operations against the Shia community in the city. Asif was also involved in developing LeJ's links with IS following the killing of LeJ's chief Malik Ishaq by the authorities.

⁶ Dawn. 3 killed in attack on bus carrying Ismailis in Karachi. May 14, 2015.

<https://www.dawn.com/news/1181698>.

⁷ Al Jazeera. Blast hits Pakistan's Lal Shahbaz Qalandar Sufi shrine. February 17, 2017. <http://www.aljazeera.com/news/2017/02/blast-hits-pakistan-lal-shahbaz-qalandar-sufi-shrine-170216144747128.html>.

⁸ Express Tribune. Police kill Da'ish commander in Karachi shootout. March 18, 2016, <http://tribune.com.pk/story/1067935/police-kill-daish-commander-in-karachi-shootout/>.

In November 2016, Punjab police busted an IS cell in Lahore involved in propagating IS ideology through social media platforms. Eight cell members were arrested and IS literature, videos, mobile phones, laptops, and anti-army pamphlets were seized from them. The cell members had been able to send at least 14 people to Syria, including their families, and were planning to leave for Syria soon. A total of six IS cells were also busted in the first quarter of 2017 after security was beefed up in the province.

Balochistan Province

Only a few months after the fall of Iraqi city of Mosul to IS, pro-Caliphate graffiti eulogising and welcoming Baghdadi appeared in Balochistan.⁹ It was also reported that an IS delegation from Syria visited Balochistan in late 2014 and held meetings with the leader of Jundullah.¹⁰

Despite repeated denials, it became evident that IS is present in Balochistan when the Home Minister claimed that six IS militants had been arrested in the Noshki district, with a huge cache of arms, jihadi literature, and explosives in August 2016.

So far, IS has carried out two high-profile attacks in Balochistan in collusion with LJA, with the first attack targeting the Police Training College in Quetta which killed 61 police cadets. In the second attack, a suicide bomber targeted the shrine of a Sufi saint Shah Noorani in Khuzdar district, leaving 52 people dead and 102 others wounded.¹¹ IS and LeJA both claimed responsibility for the attacks. It appears that Balochistan is rapidly becoming a new hub of IS.

Khyber Pakhtunkhwa Province (KPK)

IS has not been successful in establishing a stronghold or presence in the KPK province. The group has also not conducted any major

⁹ Express Tribune. Writing on the walls: Quetta police to investigate graffiti supporting IS, November 13, 2014. <https://tribune.com.pk/story/790637/writing-on-the-walls-quetta-police-to-investigate-graffiti-supporting-is/>.

¹⁰ Express Tribune. IS delegation visited Balochistan: Jundullah. November 13, 2014, <https://tribune.com.pk/story/790358/is-delegation-visited-balochistan-jundullah/>.

¹¹ Dawn. At least 52 killed, 102 injured in blast at Khuzdar shrine. November 13, 2016. <https://www.dawn.com/news/1295928>.

attacks in the province. However, some factions of TTP, based in KPK, had earlier pledged allegiance to IS. In a recent operation, the CTD of KPK province revealed that IS' plans to attack the Shia Imambargah (Shia mosque) in Kaghan Valley in district Manshera were foiled in November 2016.

Major Takeaways

Despite government efforts to curb IS influence, the group poses a significant tangible and intangible threat to Pakistan. It has not only injected the issue of Caliphate as the new theme in the country's extremist narrative but it is also improving its operational capabilities to mount large-scale attacks. This could be primarily due to the wide range of terrorist groups already operating within.

IS has much more to offer to youth vulnerable to radicalisation and violent extremism in comparison with other Islamist terrorist groups as it has managed to govern a territory (albeit now shrinking), implemented Sharia laws, promulgated the Islamic Caliphate, and filled the vacuum left by the weakening Al-Qaeda after the death of its leader Osama bin Laden in May 2011.

However, it is likely that IS may not be able to exert continued influence in the long-term, unless it finds a charismatic leader for the Afghanistan-Pakistan region. As IS has not been able to bring many seasoned and experienced terrorist commanders from the existing terrorist groups to its fold, the lack of a known jihadi leader remains a hurdle to the group's on-going efforts within the country.

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Islamic State's Financing: Sources, Methods and Utilisation

Patrick Blannin

This paper examines multiple sources of Islamic State (IS) terrorist group's funding and some counter-mechanisms deployed by the global anti-IS coalition. The paper analyses: a) how IS exploits the volatile political situations and security vulnerabilities across the Middle East and North Africa to generate funding, and b) exposes the dichotomy between the terrorist group's religious rhetoric and its criminal enterprises. The paper aims to help counter-terrorism practitioners and scholars generate counter-narrative responses to enhance the efficacy of a state's counter terrorism (CT) and counter violent extremism (CVE) strategies against IS.

Introduction

This paper explores several elements of the Islamic State's (IS) criminal operations in an attempt to situate the terror group within the field of Terrorism Studies. IS control of territory, its robust use of information communication technology (ICT) and its shockingly brutal methods make it a unique terrorist entity. However, typologically, it is one among many contemporary terrorist groups to adopt a network organisational structure.

In the 21st century, the rise of the networked terrorist organisation has blurred the lines between terrorism and conventional crimes, and in some cases merged to create a crime-terror nexus. Scholars, practitioners and policymakers have theorised and discussed this 'nexus' over the past two decades.¹ This

¹ John Arquilla & D. Ronfeldt, *Networks and Netwars: The Future of terror, crime and militancy*, (Santa Monica, CA: RAND Corporation, 2001); Tamara Makarenko, 'The Crime-Terror Continuum: Tracing the Interplay between Transnational Organised Crime and Terrorism', *Global Crime* 6(1) (2004), pp. 129-145; Louise I. Shelley, et al, *Methods and Motives: Exploring*

paper follows these intellectual footprints, with the objective of complementing those who have come before and contributed to this area of research. This paper has also highlighted how the US and its allies are correlating defeat on the battlefield with a "death blow to IS bottom line."²

IS, like its predecessor Al Qaeda in Iraq (AQI or the Islamic State in Iraq (ISI)), is relatively self-sufficient, and not reliant on or beholden to either external state(s) or wealthy individual donors.³ Patrick Johnston states that "by 2008—well before Abu Bakr al-

Links between Transnational Organized Crime & International Terrorism, (Washington D.C: US Department of Justice 2005), pp. 1-115; Perri, et al, *Evil Twins: The Crime Terror Nexus*, *The Forensic Examiner*, (Winter 2009), pp. 16-29; Reyes, L. E. and S. Dinar, 'The Convergence of Terrorism and Transnational Crime in Central Asia', *Studies in Conflict & Terrorism* 38(5) (2015), pp. 380-393; Basra, R., et al, *Criminal Pasts, Terrorist Futures: European Jihadists and the New Crime-Terror Nexus* (The Hague, International Center for the Study of Radicalization and Political Violence, 2016); Gallagher, M, 'Criminalised' Islamic State Veterans – A Future Major Threat in Organised Crime Development?', *Perspectives on Terrorism* 10(5), (2016), pp. 51-67.

² Matthew Levitt, Katherine Bauer & Lori Plotkin Boghardt, 'Defeating the Islamic State: The Economic Campaign', The Washington Institute, (February 24 2014), available at <http://www.washingtoninstitute.org/policy-analysis/view/defeating-the-islamic-state-the-economic-campaign>;

For more detail see: Arquilla, J. and D. Ronfeldt, *Networks and Netwars: The Future of terror, crime and militancy*, (Santa Monica, CA, RAND Corporation, 2001), pp. 1-380; Makarenko, T. "The Crime-Terror Continuum: Tracing the Interplay between Transnational Organised Crime and Terrorism," *Global Crime*, Vol. 6, no. 1, (2004), 129-145. Basra, R., Neumann, P & Brunner, C. *Criminal Pasts, Terrorist Futures: European Jihadists and the New Crime-Terror Nexus*, (The Hague: International Center for the Study of Radicalization and Political Violence, 2016), pp. 1-56.

³ Funding ISIL (Infographic), The Washington Institute, September 12 2014; Lori Plotkin Boghardt, 'Saudi Funding of ISIS', Policy Watch 2275, *The Washington Institute for Near East Policy*, June 23, 2014.

Baghdadi became the IS leader, ISI funded itself in Mosul by exploiting the same local revenue sources which ISIS currently exploits.⁴ Baghdadi's predecessor, Abu Mus'ab al-Zarqawi—the founder of Tawhid Wal Jihad or Al-Qaeda in Iraq (AQI), and Abu Omar al-Baghdadi (ISI) were part of several smuggling rackets in Iraq's north-western Anbar province. Reportedly, they earned US\$70-200 million annually from oil smuggling and US\$36 million from kidnapping for ransom.⁵ Burns and Semple presciently stated this amount of capital would allow an organisation like IS to be self-sufficient and could be used to support other terrorist organisations outside Iraq.⁶

Aymenn Jawad al-Tamimi estimates that IS is spending as much as US\$5.6 million per month or about US\$70 million annually, in the eastern Syrian province of Deir az-Zor alone. Unsurprisingly, the largest budgetary item is salaries of the fighters, accounting for 43.6 percent of the budget or about US\$30 million a year. IS intelligence apparatus, *the Emni*, receives a significant share of the budget, which is used for propaganda and paying intelligence agents and informants. Counter financing operations have not impacted *Emni* operations as it, until recently, appears to have sufficient cash balance.⁷

The rest of IS budget covers maintaining encampments, which amounts to 19.8 percent of total expenditures; media, 2.8 percent; Islamic Police, 10.4 percent; the Services Department, 17.7 percent; and aid to families 5.7 percent.⁸ Conservative

⁴ Patrick Johnston, 'Countering ISIL's Financing', Testimony before the Committee on Financial Services United States House of Representatives, November 13, 2014, RAND Corporation, p. 2, available at http://www.rand.org/content/dam/rand/pubs/testimonies/CT400/CT419/RAND_CT419.pdf; For more details, see Combating Terrorism Center at West Point, "Analysis of the State of ISI (English translation), p. 23, available at <https://www.ctc.usma.edu/posts/analysis-of-the-state-of-isi-english-translation-2>.

⁵ Christina Schori Liang, 'The Criminal-Jihadist: Insights into Modern Terrorist Financing', op.cit, p. 8.

⁶ J.E. Burns & K. Semple, "US Finds Iraq Insurgency Has Funds to Sustain Itself", *New York Times*, 26 November 2006,

⁷ Anne Speckhard, & Ahmet S. Yayla, 'The ISIS Emni: The Inner Workings and Origins of ISIS Intelligence Apparatus', *The International Center for the Study of Violent Extremism (ICSVE)*, December 2016, available at <http://www.icsve.org/2016/12/>

⁸ Aymenn Jawad al-Tamimi, "Unseen Islamic State Financial Accounts for Deir az-Zor Province,"

estimates of IS monthly expenditure across its area of control total US\$80 million.⁹ Therefore, the question that needs to be asked is how does IS fund itself and remain solvent?

According to the U.S. Department of Treasury, IS earns a substantial amount of its income from criminal activities: extortion in the form of 'taxation', kidnapping, robbery, counterfeiting-pharmaceuticals and currency, racketeering, charging for protection from the violence that they themselves inflict, and smuggling of oil, weapons, people and antiquities.¹⁰ These activities raise revenues second only to their black market oil operations. Keith Crane from the RAND Corporation testified before the U.S. Senate "total annual funding in 2015 of as much as US\$1.2 billion."¹¹

Matthew Levitt, Aymenn al-Tamimi, and Jacob Shapiro are among researchers who argue that IS "does not have a sustainable economic model (because) none of its

Jihadology.net, October 5, 2015 available at <http://jihadology.net/2015/10/05/the-archivist-unseen-islamic-statefinancial-accounts-for-deir-az-zor-province/>
⁹ "Islamic State Monthly Revenue Totals \$80 million, IHS Says," *IHS Newsroom*, December 7, 2105 available at <http://press.ihs.com/press-release/aerospace-defense-security/islamic-state-monthly-revenuetotals-80-million-ihs-says>

¹⁰ See Mark Hanna, 'Transnational Organized Crime in an Era of Accelerating Change', In William Mendel & Peter McCabe (eds.), *SOF Role in Combating Transnational Organized Crime*, (Florida: Joint Special Operations University, 2016), p. 41; Celina Realuyo, "Leveraging the Financial Instrument of National Power to Counter Illicit Networks," Congressional Hearing entitled "A Dangerous Nexus: Terrorism, Crime, and Corruption," before the Task Force to Investigate Terrorist Financing, Committee on Financial Services, U.S. House of Representatives, May 21, 2015, p. 3, available at <http://financialservices.house.gov/uploadedfiles/hhrg-114-ba00-wstate-crealuyo-20150521.pdf> ; "The Revival of Slavery Before the Hour," *Dabiq* 4, July 2014, available at <http://media.clarionproject.org/files/islamic-state/islamic-state-isis-magazine-Issue-4-the-failed-crusade.pdf>; Orlando Crowcroft, "ISIS: People Trafficking, Smuggling, and Punitive Taxes Boost Islamic State Economy," *International Business Times*, June 16, 2015, available at <http://www.ibtimes.co.uk/isis-people-trafficking-smuggling-punitive-taxes-boost-islamic-state-economy-150647>

¹¹ Keith Crane, 'The Role of Oil in ISIL Finances', Testimony presented before the Senate Energy and Natural Resources Committee, RAND Office of External Affairs, (December 10, 2015), p. 3.

sources of income are renewable.”¹² In October 2015, the Deputy Director for Politico-Military Affairs at the U.S Joint Staff, J-5 Rear Admiral Michael Dumont stated that:

“IS doesn't have anything to back up their governance. Their resources are stolen and pilfered and taken at the end of a gun. So, their margins are razor thin, and I think that at times they'll be holding on by a thread. Our challenge, as a military, a government and as a coalition will be identifying where they're vulnerable and taking action.”¹³

This paper does not test the validity of these assessment's but seeks to highlight how the counter-financing strategy impacts the various components of IS criminal network.

Multiple Levels of IS Funding

IS oil revenue

According to a 2015 study, IS has prioritised the hydrocarbon sector in the Middle East, attacking, holding, operating and/or targeting infrastructure in Libya, Iraq, Egypt and Syria.¹⁴ Crane calculated that “IS revenues from the sale of oil and refined oil products ran at US\$40 million” per month in 2015.¹⁵ IS

directly controls petroleum infrastructure in parts of Iraq, Syria and Libya, whilst any investment in them also requires allegiance to Baghdadi. However, no such allegiance is required for someone to purchase oil from IS and then refine or sell the oil inside or outside IS territories. IS operates oil refineries of various sizes and output capacities, and earns revenue from the sale of refined petroleum products.¹⁶

IS sells oil at substantially discounted prices to a variety of traders or intermediaries in domestic markets in Iraq and Syria, including adversaries such as the Kurds in Iraq, the Assad regime in Syria, as well as agents in Turkey, who then transport the oil to be resold into legitimate markets.¹⁷ One report (2015) estimates daily revenue of US\$ 1.5 million from oil based on ranges given for number of barrels of oil produced per day (34,000-40,000) and price per-barrel (US\$ 20-45).¹⁸ However, other reports indicate these production rates and prices are inflated, showing oil is sold well below US\$ 20 per barrel.¹⁹ Regardless of the per-barrel price and the sustainability of their production capacity, the revenue raised has been significant.

As Crane, Levitt and others have noted, the revenue generated from oil was recognised and actively targeted early in Operation Inherent Resolve, the ongoing US-led

¹² Matthew Levitt, Katherine Bauer & Lori Plotkin Boghardt, 'Defeating the Islamic State: The Economic Campaign', *The Washington Institute*, op.cit; Jacob Shapiro, A Predictable Failure: The Political Economy Of The Decline Of The Islamic State, *CTC Sentinel*, Vol. 9, no.9, (September 2016), pp. 28-32 available at <https://www.ctc.usma.edu/posts/a-predictable-failure-the-political-economy-of-the-decline-of-the-islamic-state>; Aymenn Al-Tamimi, "A Caliphate Under Strain: The Documentary Evidence," *CTC Sentinel*, Vol. 9, No. 4, (April 2016), pp. 1-8, available at <https://www.ctc.usma.edu/posts/a-caliphate-under-strain-the-documentary-evidence>

¹³ Paul Cruickshank & Brian Dodwell, A View From the Foxhole": An Interview with RDML Michael Dumont, BG Michael Kurilla, and COL Stephen Michael, *CTC Sentinel* Vol. 8 (10), October 2015, p. 10

¹⁴ Geoff D. Porter, Terrorist Targeting of the Libyan Oil and Gas Sector, *CTC Sentinel*, February 25, 2015, pp. 8-10, available at <https://www.ctc.usma.edu/posts/terrorist-targeting-of-the-libyan-oil-and-gas-sector>; Stephen Starr, Attacks in the Suez: Security of the Canal at Risk?, *CTC Sentinel*, January 15, 2013 .

¹⁵ Keith Crane, 'The Role of Oil in ISIL Finances', Testimony presented before the Senate Energy and Natural Resources Committee, op.cit, p. 3; Daniel Glaser, Assistant Secretary of Treasury, *Aspen Security Forum*, (July 15, 2015), available at

<http://aspensecurityforum.org/wp-content/uploads/2015/07/Iraq-or-Syria-Worse-Now-Than-Before.pdf>

¹⁶ Aymenn Al-Tamimi, "A Caliphate Under Strain: The Documentary Evidence," op.cit, pp.1-8.

¹⁷ Anne Speckhard, & Ahmet S. Yayla, 'The ISIS Emni: The Inner Workings and Origins of ISIS Intelligence Apparatus', *The International Center for the Study of Violent Extremism (ICSVE)*, December 2016, available at <http://www.icsve.org/2016/12/>; Anne Speckhard, 'ISIS revenues include sales of oil to the al-Assad regime. ICSVE Brief Reports, (April 27, 2016), available at <http://www.icsve.org/brief-reports/isiss-revenues-include-sales-of-oil-to-the-al-assad-regime/>

¹⁸ Erika Solomon, Guy Chazan, and Sam Jones, "ISIS Inc: How oil fuels the jihadi terrorists," *Financial Times*, (October 14, 2015), available at <https://www.ft.com/content/b8234932-719b-11e5-ad6d-f4ed76f0900a>; See also Celina Realuyo, 'Leveraging the Financial Instrument of National Power to Counter Illicit Networks,' Congressional Hearing entitled "A Dangerous Nexus: Terrorism, Crime, and Corruption".

¹⁹ "Archive of Islamic State Administrative Documents," Specimens 5T & 5U; "Archive of Islamic State Administrative Documents" Specimens 13Z, 14A, & 14B in Aymenn Al-Tamimi, A Caliphate Under Strain: The Documentary Evidence, op.cit, pp 6-7.

coalition campaign in Iraq. Just as IS relies, in part, on new models to fund its terrorist operations, anti-IS forces are also adapting their tools and techniques to combat its financial activities. Matthew Levitt claimed that a series of targeted strikes against IS oil production and distribution capabilities brought down IS oil production roughly by 33% in January 2016 alone.²⁰ Among the many 'departments' within IS bureaucracy is the *Diwan al-Rikaz* (Department of Precious Resources), an administrative body for overseeing resources in the so-called caliphate. The *Diwan al-Rikaz* oversees the petroleum sector, as well as antiquities and thus plays a significant role in managing the group's ability to tap into these funding streams.

IS is also engaged in other forms of smuggling, including human trafficking. Christina Schori Liang mapped Trans-Saharan smuggling routes, which demonstrated IS manipulation of ideological linkages with violent non-state actors in Nigeria, the Sahel, Libya, Egypt, Iraq and Syria.²¹ Prior to a concerted campaign by the Libyan Government of National Accord in mid to late 2016,²² IS controlled 260 kilometres stretch of the Mediterranean coastline around Sirte, Libya. It taxed those involved in facilitating the movement of at least 250,000 people travelling into Europe through the Mediterranean Sea in 2016, according to the International Organisation for Migration. The 2016 *Global Terrorism Index* cites instances where IS "orchestrated attacks on civilians in the refugee camps to increase the flow of migrants and subsequently profit from the taxation."²³ Although IS activity and access to refugee populations across this region has been affected by counter-IS operation in 2017, these trafficking channels will remain a

²⁰ Matthew Levitt, Katherine Bauer & Lori Plotkin Boghardt, 'Defeating the Islamic State: The Economic Campaign', *The Washington Institute*, op.cit.

²¹ Christina Schori Liang, 'The Criminal-Jihadist: Insights into Modern Terrorist Financing', op.cit, pp. 1-15.

²² Meir Amit Intelligence & Terrorism Information Center, *Spotlight on Global Jihad* (December 1-7, 2016), pp. 12-14 available at http://www.terrorism-info.org.il/Data/articles/Art_21105/E_222_16_20252325_1.pdf

²³ Institute for Economics and Peace, 'Global Terrorism Index', p. 85 available at <http://economicsandpeace.org/wp-content/uploads/2016/11/Global-Terrorism-Index-2016.2.pdf>

viable source of funding, manpower, equipment, etc.²⁴

Illicit antiquities trading

IS criminal involvement in the antiquities trade covers the entire gamut from extraction through to the collector in varying levels of automation and precision.²⁵ John Pipkins claims that "IS profits from the illicit sale of antiquities through two primary methods; IS run excavation and looting operations and the taxation of any non IS-run excavation, looting, or smuggling operations."²⁶ IS also recruits experts in this field to identify where and what items to extract as well as how and whom to sell these items.²⁷

The Iraqi Intelligence services revealed in June 2014 that the group made as much as US\$36 million from the sales of antiquities raided from al-Nabuk, an area located in the Qalamoun Mountains.²⁸ By early 2015, IS controlled more than 4,500 archaeological sites in Iraq, many listed as UNESCO World Heritage sites. By mid-2015, it took control of museums, private collections and archaeological sites, such as the 9th century B.C. grand palace of Assyrian king Ashurnasirpal II. This gave IS group an

²⁴ Joseph Siegle, 'ISIS in Africa: Implications from Syria and Iraq', *Africa Center for Strategic Studies*, (March 17, 2017), available at

<http://africacenter.org/spotlight/islamic-state-isis-africa-implications-syria-iraq-boko-haram-aqim-shabaab/>

²⁵ Peter B. Campbell, "The Illicit Antiquities Trade as a Transnational Criminal Network: Characterizing and Anticipating Trafficking of Cultural Heritage," *International Journal of Cultural Property*, (2013), p. 116. Campbell points out that there are more parties complicit in these transactions than just the terrorists. pp. 116-7; Brigadier General (Ret.) Russell Howard, Marc Elliott, and Jonathan Prohov, "Digging In And Trafficking Out: How The Destruction Of Cultural Heritage Funds Terrorism," *CTC Sentinel Vol. 8, Issue 2*, (February 2015), pp. 14-17,

<https://www.ctc.usma.edu/v2/wp-content/uploads/2015/02/CTCSentinel-Vol8Issue27.pdf>

²⁶ John Pipkins, 'ISIL and the Illicit Antiquities Trade', *International Affairs Review*, Vol. XXIV, (Spring 2016), p. 102.

²⁷ Remarks by Andrew Keller, Deputy Assistant Secretary for Counter Threat Finance and Sanctions, Bureau of Economic and Business Affairs, Metropolitan Museum of Art, New York, NY, September 29 2015, 'Documenting ISIL's Antiquities Trafficking' available at <http://www.state.gov/e/eb/rls/rm/2015/247739.htm#OrgChart>

²⁸ Joris D Kila, 'Protecting the World's Cultural Heritage from Destruction', *Newsbrief*, Royal United Services Institute, September 25, 2015 available at <https://rusi.org/publication/newsbrief/protecting-world%E2%80%99s-cultural-heritage-destruction>

expansive supply of precious art and historical artefacts. Early in 2017, the group still had at least 4,500 cultural sites under its control.²⁹

The previously mentioned '*Diwan al-Rikaz*' grants licenses for the excavation of ancient sites.³⁰ *Al-Rikaz* "refers to anything that can be extracted from the ground" and al-Tamimi states *al-Rikaz* strictly regulates the extraction and movement of antiquities and precious metals in Iraq and Syria with the General Supervisory Committee of '*al-Rikaz*' ensuring "that only those with permits issued by the *Diwan al-Rikaz* can excavate antiquities."³¹

Apart from direct confrontation to expel IS from areas of historical significance such as Palmyra in Syria, legislation has been drafted which directly targets IS bottom-line. For example, the UN Security Council Resolution (UNSCR) 2199, adopted in February 2015, along with the previously mentioned oil related provisions, explicitly criminalises the trade in antiquities from Iraq and Syria.³² UNSCR 2199 "Notes with Concern" that IS:

"are generating income from engaging directly or indirectly in the looting and smuggling of cultural heritage items from archaeological sites, museums, libraries, archives, and other sites in Iraq and Syria, which is being used to support their recruitment efforts and

strengthen their operational capability to organise and carry out terrorist attacks."

Additionally, the US Justice Department, using information obtained from documents seized during a US Special Forces counter-terrorism raid in Syria in May 2015, filed a lawsuit against IS in December 2016 which noted the terrorist organisation profited from archaeological sites under its control.³³

Taxation in the Caliphate

Notwithstanding recent gains by anti-IS forces, IS still controls territory across Iraq and Syria where it levies taxes on the businesses and locals. Some of these taxes are like normal state taxes; others are religious taxes (involving fines and penalties for not following IS extremist social and political codes) or extortion. Reportedly, IS imposed a 10% income tax, 10-15% tax on business revenues, 2% Value Additional Tax (VAT) as well as road and customs tolls for vehicles crossing IS-held territory and taxes for smuggling drugs and weapons. IS also levies "departure taxes of up to US\$1,000 from those able to pay to leave ISIS territory."

IS also profited from the agriculture sector. Previous assessments from the UN Food and Agriculture Organisation estimated IS controlled "over 40 per cent of Iraq's wheat cultivating land."³⁴ Moreover, IS levied taxes on utilities such as electricity and water, telecommunications, cash withdrawals from bank accounts, employee salaries, and trucks entering IS-controlled territory at checkpoints.³⁵ Some estimates calculate this system of extortion/taxation generated "as

²⁹ Loveday Morris, 'Islamic State isn't just destroying ancient artifacts — it's selling them', *The Washington Post*, June 8, 2015, available at https://www.washingtonpost.com/world/middle-east/islamic-state-isnt-just-destroying-ancient-artifacts--its-selling-them/2015/06/08/ca5ea964-08a2-11e5-951e-8e15090d64ae_story.html?utm_term=.8b7cc52612c3; Matthew Levitt, *Terrorist Financing and the Islamic State*, Testimony submitted to the House Committee on Financial Services November 13, 2014, The Washington Institute for Near East Policy available at <http://www.washingtoninstitute.org/uploads/Documents/testimony/LevittTestimony20141113.pdf>

³⁰ Aymenn Jawad Al-Tamimi, 'The Islamic State's Diwan al-Rikaz in Mosul', *Aymenn Jawad Al-Tamimi's Blog*, (July 6, 2015), available at <http://www.aymennjawad.org/2015/07/the-islamic-state-diwan-al-rikaz-in-mosul>

³¹ Aymenn Jawad Al-Tamimi, 'Unseen Documents from the Islamic State's Diwan al-Rikaz', *Middle East Forum*, (October 12, 2015), available at <http://www.meforum.org/5735/unseen-documents-from-the-islamic-state-diwan-al>

³² United Nation Security Council, 7379TH Meeting (AM), SC/11775 February 12, 2015 available at <http://www.un.org/press/en/2015/sc11775.doc.htm>

³³ Jessica Gresko, 'Lawsuit details Islamic State profits from antiquities' sale', *The Associated Press*, (December 15, 2016), available at <http://www.militarytimes.com/articles/lawsuitdetailsislamicstateprofitsfromantiquitiessale>; Spencer S. Hsu, *The Washington Post*, (December 15, 2016), available at https://www.washingtonpost.com/local/public-safety/us-steps-up-fight-to-cut-islamic-state-financing-and-trade-in-looted-antiquities/2016/12/15/77a7b40e-c2e1-11e6-9578-0054287507db_story.html?utm_term=.ff8b95ecafac

³⁴ Financial Action Task Force, *Financing of the Terrorist Organisation Islamic State in Iraq and the Levant*, (February 2015), p. 15 available at <http://www.fatf-gafi.org/documents/documents/financing-of-terrorist-organisationisil.html>

³⁵ Patrick Johnston, 'Countering ISIL's Financing', *op.cit.*, p. 6.

much as \$360 million per year for the terrorist organisation.³⁶

IS also levies taxes on the businesses involved in the group's previously mentioned petroleum distribution and antiquities smuggling racket. This taxation conforms to traditional religious taxation of *khums*, which along with *zakat* (compulsory tax) is an obligation for business and individuals respectively.³⁷ *Khums* usually represents a 20% tax on all businesses operating in a certain territory; however, some reports indicate IS charges up to 50%.³⁸ For example, US counter-terrorism expert Jessica Stern notes "at some sites IS outsources digging jobs to locals and collects a 20 to 50 percent Islamic *khums* tax, historically levied on the spoils of war, on artefacts that are excavated."³⁹ IS, therefore, has the alleged religious justification to maintain its commercial taxation. IS also deploys its religious police or '*Diwan al-Hisbah*' (Ministry of Accountability) officers to, at times brutally, assist people to obediently follow IS interpretation of proper standards of morality. Pecuniary punishments can be handed out for infringements such as smoking, drinking alcohol or not conforming to dress regulations.⁴⁰ The '*rijaal al-hisbah*' (men who guard against infringements) have a particular role to play in businesses, ensuring that businesspersons and their customers conduct their business transactions in proper,

fair, and ethical manner and extract payment for non-compliance.⁴¹

However, IS strict enforcement of their particular brand of Salafism has had a twofold impact on their ability to draw upon the religious taxation stream. First, Syrians, Libyans, and Iraqis living in IS-controlled territories have been fleeing or dying, thereby diminishing the pool of taxpayers. To offset this, IS has attempted to maintain the perception of 'normalcy' in areas under its influence or control, encouraging businesses to remain open and targeting blue collar skillsets in its migration promotions. Second, the Iraqi government stopped paying employees in IS-controlled territory in mid-2015, denying them access to personal income.⁴² This reduction of personal income has reduced the amount of revenue raised through *zakat*. *Zakat*, is an obligation for any Muslim with the financial means to do so as an act of pious giving. Azim A. Nanjii states that the paying of *zakat* is invariably linked by the Qur'an to the performance of prayer, accentuating its ritualistic role as well as preserving social equilibrium.⁴³ The *zakat* is collected and distributed among the Muslim community and there is no credible evidence indicating that IS has used *zakat* for any other purpose than for what it is intended.

However, as Reza Aslan has noted, "at the height of the Caliphate, it was common practice to use *zakat* to fund the army, a practice that caused uproar from many in the Muslim community."⁴⁴ Even so, if the *zakat* is contributing less to the Muslim communities in Iraq, Libya and Syria, then the short-fall will need to be made up for by the governing entity, IS. The terrorist group could possibly accrue revenue from taxing the *Dhimmi* (people of the book) with the *jizyah*

³⁶ Anan Swanson, 'How the Islamic States makes its money', *The Washington Post*, (November 18, 2015), available at

https://www.google.com.sg/?gfe_rd=cr&ei=GM39WJPsOliFogQa7q3oCg&gws_rd=ssl#q=Anan+Swanson,+%E2%80%98How+the+Islamic+States+makes+its+money+%E2%80%99,+The+Washington+Post

³⁷ Reza Aslan, 'No God But God: The Origins, Evolution and Future of Islam', (London: Arrow Books, 2005) p. 147; The *zakat* is collected and distributed among the Muslim community and there is no indication that ISIS is using *zakat* for any other purpose than for what it is intended.

³⁸ Brigadier General (Ret.) Russell Howard, Marc Elliott, and Jonathan Prohov. "Digging In And Trafficking Out: How The Destruction Of Cultural Heritage Funds Terrorism," op.cit, p. 16.

³⁹ Jessica Stern, 'ISIL and the Goal of Organizational Survival', Center for Complex Operations, US Department of Defence, October 25, 2016. p, 198

⁴⁰ Mona Mahmood, 'Double-layered veils and despair ... women describe life under Isis', *The Guardian*, February 17, 2015, available at <https://www.theguardian.com/world/2015/feb/17/isis-orders-women-iraq-syria-veils-gloves>

⁴¹ Mohammad al-Dairi, 'Mohammad al-Dairi', *Institute for War & Peace Reporting*, March 4, 2015, available at <https://iwpr.net/global-voices/islamic-state-crackdown-syrias-deir-al-zor>

⁴² Aymenn Al-Tamimi, A Caliphate Under Strain: The Documentary Evidence, op.cit, p. 3; Erika Solomon & Sam Jones ISIS Inc: Loot and taxes keep jihadi economy churning, *Financial Times*, December 15, 2015, available at <https://www.ft.com/content/ae89a00-9ff1-11e5-beba5e33e2b79e46#axzz3uOWe00Fn>

⁴³ Azim A. Nanjii, Ethics and Taxation: The perspective of the Islamic tradition', *The Journal of Religious Ethics*, Vol. 13, no. 1, (Spring, 1985), pp. 161-178 available at https://www.jstor.org/stable/40015005?seq=1#pagescan_tab_contents

⁴⁴ Reza Aslan, *No God but God: The origins, Evolutions and Future of Islam*, (London: Arrow Books, 2006), p. 147

(protection tax)⁴⁵ although IS has so far demonstrated little tolerance for people of any faith who do not subscribe to their extremist worldview.⁴⁶

Hacking, identity theft & cyber-jacking

IS has a substantial online presence and its 'United Cyber Caliphate' (UCC) rivals its physical Caliphate in many respects. The former US Director of National Intelligence James Clapper warned "IS is by far the most capable, most sophisticated user of the cyber domain."⁴⁷ The UCC's raison d'être is to build a cyber-army and create forums to enable followers to wage cyber-terror campaigns. The UCC has called supporters to conduct "Electronic Jihad" by hacking into energy networks. It coaches its followers on using anonymous browsers such as ZeroNet network technology which makes IS websites difficult to remove, as well as providing instructive security manuals.⁴⁸

IS Twitter, YouTube and Telegram accounts, its 24/7 official news channel *Amaq* and its online magazines (Dabiq and Rumiya) which are released in multiple languages are all well-known and have been extensively researched.⁴⁹ IS is among a growing list of

nefarious entities which use the 'world's greatest open space,' the 4th dimension to secure a percentage of the estimated US\$70 billion and US\$140 billion annually extracted from the US alone through cybercrime and cyber espionage.⁵⁰ For example, IS cyber-jihadis openly advise their online supporters how to use Dark Wallet, an anonymous bitcoin transfer application, as well as "how to set up an anonymous donations system to send money, using bitcoin, to the mujahedeen."⁵¹ Whilst providing a communication channel with mass reach, IS online forums serve as virtual marketplaces for "cybercrime tools such as malware and ransom-ware, as well as for skilled hackers, who can be hired for criminal services."⁵²

The Islamic State Hacking Division (ISHD) is one of IS unofficial cyber-battalions which regularly publish hit lists of US and other Western military personnel, including photos, postal and email addresses, phone numbers, among others.⁵³ The ISHD encourages supporters to carry out lone-wolf attacks in Western countries targeting both hard and soft targets. One of IS 'electronic soldiers' declared: "Go ahead oh lone lions and kill those crusaders and those who support them, and especially the soldiers and military officers, these are their addresses so don't let them get away."⁵⁴

The Internet has globalised fraudulent schemes, giving fraudsters access to millions of potential victims. British IS supporters

⁴⁵ Financial Action Task Force, Financing of the Terrorist Organisation Islamic State in Iraq and the Levant, February 2016, p. 10 available at <http://www.fatf-gafi.org/documents/documents/financing-of-terrorist-organisationisil.html>

⁴⁶ Natana, J. Delong-Bas, *Wahhabi Islam: From Revival and Reform to Global Jihad*, (London: Oxford University Press, 2004), p. 62

⁴⁷ Jeff Seldin, 'Cyber War Versus Islamic State 'Work in Progress', *Voice of America*, May 18, 2016, available at <http://www.voanews.com/content/cyber-war-versus-islamic-state-work-in-progress/3336773.html>

⁴⁸ Schori Liang, C., 'Cyber-Jihad: Understanding and Countering Islamic State Propaganda', *GCSP Policy Paper* 2015/2, February, 2015 available at <http://www.gcsp.ch/NewsKnowledge/Publications/Cyber-Jihad-Understanding-andCountering-Islamic-State-Propaganda> See also 'Use of the ZeroNet Network by the Islamic State', Institute for Counter Terrorism, IDC, The Cyber Desk, October 9, 2016, available at <https://www.ict.org.il/Article/1790/use-of-the-zeronet-network-by-the-islamic-state>

⁴⁹ J. M Berger & J. Morgan, 'The ISIS Twitter Census: Defining and describing the population of ISIS supporters on twitter. The Brookings Project on U.S. Relations with the Islamic World. Washington, D.C., Center for Middle East Policy at Brookings, (2014). pp.1-68; Steven Stalinsky and R. Sosnow, "Hacking In The Name Of The Islamic State," *MEMRI-Inquiry & Analysis Series Report No. 1183*, August 21, 2015, available at <https://www.memri.org/reports/hacking-name-islamic-state-isis>; Michael Barak, The Telegram Software as an Arena of Activity to Encourage the 'Lone

Wolf' Phenomenon, International Institute for Counter-Terrorism, May 24, 2016, available at <https://www.ict.org.il/Article/1673/the-telegram-chat-software-as-an-arena-of-activity-to-encourage-the-lone-wolf-phenomenon>

⁵⁰ Mark Hanna, 'Transnational Organized Crime in an Era of Accelerating Change', In William Mendel & Peter McCabe (eds.), *SOF Role in Combating Transnational Organized Crime*, (Florida: Joint Special Operations University, 2016), p. 39.

⁵¹ Financial Action Task Force, 'Emerging Terrorist Financing Risks', op.cit, p. 36.

⁵² Mark Hanna, 'Transnational Organized Crime in an Era of Accelerating Change', p. 40

⁵³ "ISIS Supporters Publish Hit-List Of 100 US Military Personnel, With Pictures And Addresses," *MEMRI Jihad & Terrorism Threat Monitor*, March 22, 2015, available at <https://www.memri.org/jtm/isis-supporters-publish-hit-list-100-us-military-personnel-pictures-and-addresses>

⁵⁴ 'ISIS Supporters Publish Hit-List Of 100 US Military Personnel, With Pictures And Addresses'; Steven Stalinsky and R. Sosnow, 'Hacking In The Name Of The Islamic State', The Middle East Media Research Institute, (August 21, 2015), pp. 9, 32-33.

committed a large-scale fraud by pretending to be police officers and targeting the UK pensioners for their bank details, earning more than US\$1.8 million.⁵⁵ Magnus Ranstorp has found that IS operatives have used fake identities and payslips to apply for funds through online applications. They have used these identities to secure soft bank loans, quick loans (SMS loans), government and private welfare schemes as well as lease motor vehicles, such as the ubiquitous Toyota Hilux SUV for reselling purposes.⁵⁶ Supporters have also established shadow or shell companies for importing and exporting goods with profits being transferred to the group as well as using these shell companies to commit tax fraud, receiving tax credits and VAT payments before dissolving the company.⁵⁷

Ranstorp states intelligence officials have flagged crowd funding as an emerging source of financing for IS, combining “clever social media and emotional telethons with the fundraising power of a multitude of individuals” under the guise of a charitable non-profit organisation.⁵⁸ Establishing such organisations can attract funding through diverse social media sites.⁵⁹ According to Treasury and Counter Terrorism agency’s reports, there are numerous cases where the appeals for supply and equipment were quickly matched and specific instructions

were given over encrypted platforms about where to direct the funds.⁶⁰

Cyber-jacking (an under-researched area) is another element of IS funding with the potential to raise billions of dollars.⁶¹ Cyber-jacking can occur at the individual and corporate level.⁶² Obviously, attacking individual personal computers can be a relatively simple process and the outcome would be generally favourable for the cyber-jacker (as long as the ransom demand was not exorbitant).

IS virtual network will be attracted to cyber-jacking given the simplicity of the process coupled with its limited reporting to law enforcement. The lack of reporting also makes it difficult to gather data on the prevalence of this activity and its attribution to IS specifically. Cyber-jacking a commercial entity requires a greater level of skill; however, the reward is also increased. In May 2015, the FBI Director James Comey noted that that IS was “waking up” to the idea of initiating a cyber-attack with sophisticated malware, saying: “Logic tells me it’s coming.”⁶³ One report indicates that as of December 2016 “there is no indication that terrorist organisations are using ransomware to attain financing for terrorist activity...the wide use of these malware and their media exposure is likely to encourage terrorist organisations to adopt these tools.”⁶⁴

⁵⁵ Magnus Ranstorp, “Microfinancing the Caliphate: How the Islamic State is Unlocking the Assets of European Recruits,” *CTC Sentinel*, Vol. 9, no. 5, (May 2016), p.13, available at

<https://www.ctc.usma.edu/posts/microfinancing-the-caliphate-how-the-islamic-state-is-unlocking-the-assets-of-european-recruits>; See also Jonathan Owen, “British pensioners targeted in scam by extremists raising funds for Isis,” *Independent*, (March 5, 2015), available at <http://www.independent.co.uk/news/uk/crime/british-pensioners-targeted-in-scam-by-extremists-raising-funds-for-isis-10086277.html>

⁵⁶ Magnus Ranstorp, “Microfinancing the Caliphate: How the Islamic State is Unlocking the Assets of European Recruits,” op.cit, pp. 11-15; see also Peter Dominiczak, Tom Whitehead, & Christopher Hope, “Jihadists funded by welfare benefits, senior police officer warns,” *Daily Telegraph*, (November 26, 2014), available at

<http://www.telegraph.co.uk/news/uknews/terrorism-in-the-uk/11256882/Jihadists-funded-by-welfare-benefits-senior-police-officer-warns.html>

⁵⁷ Magnus Ranstorp, “Microfinancing the Caliphate: How the Islamic State is Unlocking the Assets of European Recruits,” op.cit, p. 13.

⁵⁸ Ibid, pp. 13-14.

⁵⁹ Financial Action Task Force, ‘Emerging Terrorist Financing Risks’, op.cit, pp. 1-50.

⁶⁰ “Islamic State using social media as crowdfunding platform for terrorist activities, expert warns,” *ABC News*, November 17, 2015, available at <http://www.abc.net.au/news/2015-11-17/is-using-social-media-to-crowdfund-terrorist-activities/6948374>

⁶¹ Vinaya Deshpande, ‘Future of asymmetric warfare: Cyberjacking or ships as WMD?’, *Sunday Guardian Live*, (October 9, 2016), available at <http://www.sundayguardianlive.com/news/6875-future-asymmetric-warfare-cyberjacking-or-ships-wmd>

⁶² N/A, ‘DDoS attacks have gone from a minor nuisance to a possible new form of global warfare’, *Quartz*, (December 13, 2016), available at <http://qz.com/860630/ddos-attacks-have-gone-from-a-minor-nuisance-to-a-possible-new-form-of-global-warfare/>

⁶³ James B Comey, ‘Third Annual Cybersecurity Law Institute,’ Georgetown University, May 20, 2015, available at <https://www.law.georgetown.edu/news/press-releases/third-annual-cybersecurity-law-institute.cfm>

⁶⁴ ‘Analysis of Cyber Trends 2016’, ICT Cyber-Desk, International Institute for Counter-Terrorism, November 2016, p. 12

Conclusion

While researching the four funding areas discussed in this paper, the dichotomy between IS extremist ideology and their criminal practices to generate funds is obvious. However, the terrorist group has justified its criminal actions by providing an ideological justification, amending and sometimes re-writing its operational doctrines as and when necessary. In its flagship online English magazine *Dabiq*, IS sets out its reasoning for upholding slavery of women and girls who are bought and sold at 'slave auctions.' IS Research and Fatwa Department established guidelines for slavery in November 2014, releasing a lengthy 'how-to manual' justifying violence, and elevating sexual assault as spiritually beneficial.⁶⁵ While the prices of slaves are generally quite low, family members who are able to buy back their children and wives pay ransoms as high as US\$3,000.⁶⁶

IS opposes modernity and Western society to which attributes depravity, amorality, and secularity. Yet, it has managed to justify and manipulate Western tools such as affordable global travel and multiculturalism, mass communication and the Internet as weapons against it. The antipathy for idolatry in Islam is a fundamental principle and is central to the Kaa'ba in Mecca becoming the most sacred site in Islam.⁶⁷ Yet IS justifies profiting from the sale of these idols in black-market instead of destroying them. Ironically, while performing the so-called jihad, it is not *haram* (unlawful) for IS to sell antiquities to fund their pursuit of victory.

Due to IS self-reliant nature, traditional sanctions regime will not be as effective against the terror group as they have been against Al-Qaeda, Al-Shabaab, Boko Haram, and Lashkar-e-Taiba. However, the UN Security Council Resolutions have the necessary provisions to expose IS external and internal revenue sources, as do entities such as the UNESCO, UNODC, the FATF, and the Counter-IS Finance Group.

⁶⁵ Islamic State (ISIS) Releases Pamphlet On Female Slaves', MEMRI Jihad & Terrorism Threat Monitor, December 3 2014 <https://www.memri.org/jttm/islamic-state-isis-releases-pamphlet-female-slaves>

⁶⁶ Christina Schori Liang, 'ISIL INC.: A Portrait Of A Modern Terrorist Enterprise 2015', in Global Peace Initiative, *2015 Global Terrorism Index*, (2015), p. 78.

⁶⁷ Resa Aslan, 'No God but God', op.cit, pp. 23-49.

The recruitment and sustainability of IS, with membership ranging between 15,000 and 50,000, is more important than the operational aspect of counter-funding programs. Operational capacity naturally improves with the structural integrity of territorial governance and the associated steady stream of foot soldiers. Aymenn al-Tamimi found that IS documents obtained from pro- and anti-IS sources pointed to a "bureaucratic system with a level of complexity and professionalism that probably makes the terror group sustainable, even after facing territorial setbacks in Iraq, Syria and Libya."⁶⁸

Matthew Levitt confidently claims that IS will remain a threat "not only after the fall of Mosul but also after the fall of Raqqa ... (because) ... it maintains an online presence and produce(s) ideological justifications for its setbacks." This allows the terrorist group to survive the loss of its exalted Caliphate.⁶⁹ However, the importance of 'territory' for IS cannot be ignored. Territory is central for the survival of its Caliphate. The Caliphate is the dominant recruitment 'pull-factor' for IS and it generates the majority of its revenue from this territory. Although IS may be able to explain away its loss of territory as part of a broader grand narrative, without Iraq and Syria, and a depleted source of funding the group will need to rebrand.⁷⁰

The lessons learned in countering IS, just as they were in countering previous terrorist groups, should inform tactics and strategy of states, therefore enhancing the capacity to counter IS 3.0 and beyond.

⁶⁸ Aymenn Al-Tamimi, 'A Caliphate Under Strain: The Documentary Evidence', op.cit, p. 5.

⁶⁹ Matthew Levitt, Comments made at the 'The Salafi-Jihadi Movement Post 'Caliphate'', The Washington Institute, October 27, 2016, available at <https://www.youtube.com/watch?v=naw9t1t5tOA>

⁷⁰ Craig Whiteside, "Lighting the Path: the evolution of the Islamic State Media Enterprise (2003-2016)," ICCT Research Paper, November 2016, available at <https://icct.nl/wp-content/uploads/2016/11/ICCT-Whiteside-Lighting-the-Path-the-Evolution-of-the-Islamic-State-Media-Enterprise-2003-2016-Nov2016.pdf>; see also Patrick Tucker, 'Inside the US's New War with Brand ISIS', Defence One, June 9, 2016, available at <http://www.defenseone.com/technology/2016/06/navy-seal-isis-messaging/128938/>

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The Islamic State in India: Exploring its Footprints

Mohammed Sinan Siyech

In March, the Islamic State (IS) terrorist group was allegedly involved in the bombing of a passenger train in India's Madhya Pradesh (MP) state, making it the first attack by the terror group in the country. Notwithstanding the debate and controversy surrounding the identity of the attackers, IS links in the attack are unmistakable. Against this backdrop, it is crucial to examine the veracity of the group's involvement in the train attack as well as the nature of its presence in India.

Introduction

On 5 March, the Anti-Terrorist Squad (ATS) killed Saifullah, a suspected terrorist in the Indian state of Uttar Pradesh (UP). A pro-IS media channel on telegram proclaimed Saifullah as a "soldier of the Khilafah from India." The following day, remaining members of the cell were arrested after they targeted a passenger train en route to Ujjain from Bhopal in the State of Madhya Pradesh (MP) with an improvised explosive device. The attack left nine people injured.¹

ATS initially declared the group as an IS cell, but later retracted the statement and said they were IS-inspired, not directed. Additionally, the terrorist organisation never claimed the attack. Regardless, the recovery of IS' magazine *Dabiq* from the cell members, and their past travels to different states such as Kerala and Gujarat in an attempt to establish contact with IS Central, proves IS' influence, if not involvement, in the train attack.²

¹ 2017. "Pro-ISIS group praises Saifullah as 'example' for Indian Muslims". Deccan Chronicle. March 17. Accessed April 22.

² See statement by National Intelligence Agency who interrogated the cell members: 2017. "India Timeline – Assessment 2017". South Asia Terrorism Portal. March 27. Accessed April 27, 2017.

Unlike some countries like Pakistan, Afghanistan, and the Philippines, IS does not have a significant presence in India. This article examines the nature and footprint of IS presence in the country and reasons for its failure to grow and expand its influence.

A typology of IS' presence in India

IS has a twofold presence in India: self-radicalised individuals (or cells) and breakaway factions of existing militant groups who have pledged allegiance to IS leader Abu Bakr al-Baghdadi. The average size of a self-radicalised cell is usually less than ten people who are recruited, trained, and indoctrinated online by their handlers in Iraq and Syria. Mehdi Masroor Biswas, a Bangalore-based engineer, was one example of a self-radicalised individual. He posted approximately 120,000 tweets on Twitter in support of IS under the handle 'ShamiWitness'.³

The second category of IS affiliates in India are members of the breakaway factions of existing Indian militant groups. The two groups in India aligned with IS includes splinters of the Student Islamic Movement of India (SIMI) and the Indian Mujahideen (IM). An IM splinter group called Ansar ut-Tawhid fi Bilad al-Hind (Supporters of Monotheism in the Land of India), was formed in late 2013; it pledged its allegiance to IS in October 2014. The group was headed by Bhatkal-born citizen Sultan Armar who died in 2014, and was succeeded by his younger brother Yusuf Ali Hindi also known as Shafi Armar.⁴ Shafi is the most significant IS link to India. He radicalised 30 individuals, including

³ Chowdhury, Sagnik. 2015 "Mehdi Masroor Biswas: Terror's propaganda tweets via Gulf, India". The Indian Express November 20. Accessed April 25, 2017. Mehdi was arrested in December 2014.

⁴ Rajkumar, Vikram. "The Changing Jihadist Threat in India: Indian Mujahideen's ISIS Link". RSIS Commentaries. October 27. Accessed April 29, 2017.

people from Karnataka and Andhra Pradesh⁵ and is believed to be giving orders to various IS members in India.⁶ He was also responsible for forming the other IS affiliate in India, Junud ul-Khilafa e-Hind (Soldiers of the Indian Caliphate), in early 2015 to facilitate activities for Indian fighters who were unable to travel to Syria/Iraq. He had sent a large sum of money to operatives in India to establish and increase membership and conduct training. However, the NIA had arrested these operatives in January 2016 before they could do any damage.⁷

Indian IS Cells

According to Indian official accounts, apart from the above group, seven IS cells have been discovered or disrupted since the declaration of the group's 'caliphate' in June 2014. These cells were located across different states in India. They included the Madhya Pradesh (MP) cell, which was busted by the police in May 2015,⁸ the Kalyan cell of four men from Mumbai who travelled to Iraq from July 2014 to March 2015⁹ and the Kerala group that travelled to Afghanistan in May 2016 whose members were killed in a US airstrike in March 2017.¹⁰

Additionally, other cells included the Hyderabad cell, which was disrupted in July 2016,¹¹ followed by another cell that was discovered in April 2017. The latter comprised eight people from the state of Tamil Nadu and one from the state of Telangana.¹² The most recent cells

discovered were the nine-member Uttar Pradesh-MP cell involved in the Ujjain train attack and the three-member cell from the state of Maharashtra arrested in subsequent security sweeps.¹³

In total, India's Intelligence Bureau reported in January 2017 that an estimated 100 people have travelled to IS-controlled territories, including the 23 who travelled to Afghanistan. The remaining moved to Syria or Iraq. 70 others have been arrested, and another 300 have been placed under watch.¹⁴

The evidence suggest a high degree of radicalisation through IS online propaganda. IS' mastery of the internet and social media has enabled it to cultivate more recruits than previous groups such as IM and SIMI.¹⁵

Other than pro-IS cells branching out of SIMI and IM, IS Central has also tried to exploit the unrest in the Indian state of Kashmir. The conflict in Kashmir, much like the issue of Palestine and the plight of the Rohingyas, features in IS rhetoric to arouse support and increase membership in India.¹⁶ Fears arose over reports of IS flags being waved by Kashmiri youth in the anti-government protests in late 2015 as well as in recent months.¹⁷ However, Indian security forces in Kashmir maintain that these actions were acts of mischief and do not represent serious threats.¹⁸ Furthermore, no real IS links to Kashmiri groups have been uncovered.¹⁹

⁵ 2016. "[Indian national ISIS recruiter Mohammad Shafi Armar killed in drone strike in Syria](#)". India India April 25. Accessed April 20.

⁶ Rajput, Rashmi. "[NIA probes Islamic State 'kill-list' of I-T engineers who tracked group online, 70 from Mumbai](#)". Indian Express. February 09. Accessed April 27, 2017.

⁷ Tiwary, Deeptiman. "[NIA arrests: Shafi Armar wanted terror units in every state, major city](#)". The Indian Express. January 28, 2017. Accessed April 29, 2017.

⁸ Krishna, Surya Valliappan & Routray, Bibhu Prasad. 2015. "[Islamic State's Indian Brigade](#)". Mantraya Special Report. July 16. Accessed April 21, 2017

⁹ Ibid

¹⁰ Woody, Christopher. 2017. "[The 'Mother of All Bombs' blast site is still off-limits, but here's who it may have killed](#)". Business Insider. April 21. Accessed April 27, 2017.

¹¹ 2016. "[NIA busts suspected IS terror module in Hyderabad; 5 arrested, 6 detained](#)". Deccan Chronicle. June 29. Accessed April 23, 2017.

¹² Chaitendra, Jayendra. 2017. "[Eight from Tamil Nadu, one from Telangana joined Islamic State in Syria: NIA](#)". Indian Express. February 07. Accessed April 27, 2017.

¹³ 2017. "[UP ATS arrest 3 ISIS suspects across multiple states in joint operation](#)". Times Now. Accessed April 29, 2017.

¹⁴ See statement by Intelligence Bureau on the Muslim community. 2017. "[India Timeline – Assessment 2017](#)". South Asia Terrorism Portal. January 15. Accessed April 27, 2017.

¹⁵ Rajkumar, Vikram. 2015. "[Tamil Nadu in the Shadow of ISIS](#)". Counter Terrorist Trends and Analysis. July. Accessed April 24, 2017.

¹⁶ Zee News. 2016. "[DNA: New ISIS video released showing for Indians threatening India's unity](#)". YouTube. May 23. Accessed April 27, 2017.

¹⁷ 2017. "[Clashes erupt in Jammu and Kashmir as protestors wave ISIS flags in Srinagar](#)". Financial Express. February 17. Accessed April 17, 2017. For previous incidents where the IS flag was waved in Kashmir refer to: Rashid, Toufiq. 2015. "[ISIS flags in Kashmir 'more adventure and mischief than inspiration'](#)". Hindustan Times. December 26.

¹⁸ Ibid

¹⁹ 2017. "[Court sends Islamic State men to jail for 7 years in terror case](#)". Wion. April 21. Accessed April 29, 2017.

Internationally, the presence of a significant Indian diaspora in the Gulf States may pose a concern for security agencies in India. Many reports of Indians travelling to Syria, Iraq or Afghanistan from UAE and Saudi Arabia have emerged.²⁰ More connections were also discovered when both UAE and Saudi Arabia deported some Indians for their links to IS.²¹ The risks to the eight million strong expatriates in the Gulf are however low due to the heavy scrutiny by the Gulf security agencies and strict clampdowns on extremist speeches in public.

IS Plans in India

The undisputed presence of IS in the so-called Khorasan region (referring to Afghanistan and Pakistan) and in Bangladesh and parts of West Bengal is concerning for India. Abu Jandal al-Bangali, the then emir of IS' Bengal faction (who was killed in August 2016) mentioned in an interview published in *Dabiq* that creating chaos and fear and then capturing territory in India (after defeating the Pakistani and Afghan regimes) was the ultimate goal of the terror group.²² While this is over-ambitious and unrealistic, given India's 1.3 billion population, any attempt to create chaos and mayhem through terrorist attacks would disrupt inter-religious harmony and undermine social cohesion in the country.

Taking into account the broader picture, IS regularly targets countries such as the USA, Turkey, and Bangladesh among others. However, beyond a few token references to India, it does not focus too much on the country.²³ This lack of interest has persisted even after the group called for more attacks in their supporters' respective countries since 2016. This is significant considering the

²⁰ Nanjappa, Vicky. 2016. "[Kerala, ISIS and the Gulf: The connection is back again](#)". OneIndia. October 06. Accessed April 28, 2017.

²¹ See reports of UAE and Saudi Arabia deporting Indian nationals in: 2017. "[India Timeline – Assessment 2017](#)". South Asia Terrorism Portal. January 19, February 09, February 10. Accessed April 27, 2017.

²² 2016. "[Among the Believers Are Men: Abu Jandal al-Bangali](#)". *Dabiq*. April. Accessed April 27, 2017. Abu Jandal, also known as Tamim Chowdury was killed by the Bangladesh in August 2016. Narayanan, Sumith Kutty. 2016. "[ISIS Plan to Terrorize India](#)". National Interest. July 20. Accessed April 17, 2017.

²³ 2017. "[MP train blast points to rise in radicalisation of Muslim youth](#)". Hindustan Times. March 08. Accessed February 12, 2017.

growing signs of Hindu extremism which IS could readily exploit to arouse anti-Hindu feelings among Muslims to cause communal strife. Indeed, IS is already exploiting anti-Muslim sentiments in Western countries to disrupt relations between Christian and Muslim communities.²⁴

IS Targets

IS has consistently targeted religious and cultural symbols globally; India is no exception in this regard. On 8 March, the National Investigation Agency (NIA) issued a statement that the Ujjain train attack was a precursor to a larger attack on a Sufi Shrine in Uttar Pradesh. This provides credence to the assertion that soft targets, such as the shrine in Uttar Pradesh, are potential targets for IS.²⁵ Additionally, revelations that IS (both local and central command) had threatened to attack a temple in February 2017, a rally addressed by PM Modi in March 2017, and the Taj Mahal in March 2017, provide insights into the strategic targets of the group.²⁶

The crowded train systems of India are another attractive target, just like the attack on the Ujjain train. This is evident from the recovery of maps of train systems from the leader of an IS cell.²⁷ Protecting the sprawling rail networks and 22 million daily commuters present a huge security challenge. Indeed, over the past 20 years, extremist groups (mainly far left) have launched 200 attacks on Indian railways via bombings or derailments.

Buffers and Safeguards against Terrorism

Despite the various vulnerabilities, IS has not carried out any spectacular attacks in India.

²⁴ Hussain Murtaza. 2015. "[Islamic State's goal: 'Eliminating the grayzone' of coexistence between Muslims and the West](#)". The Intercept. November 18, 2015. Accessed April 28, 2017.

²⁵ 2017. "[ISIS suspects of Ujjain train blast plotted to attack Sufi shrine: report](#)". Asian Age. March 08. Accessed April 21, 2017.

²⁶ 2017. "[Ujjain ISIS Outfit Planned Attack at Modi's Lucknow Rally: NIA](#)". The Quint. March 30. Accessed April 15, 2017. Also see: Dave, Hiral. 2017. "[ATS arrests Gujarati brothers for IS links, foils plan to attack Chotila temple](#)". Hindustan Times. February 27. Accessed April 21, 2017.

²⁷ Pandey, Alok and Ghosh, Deepshikha. "[ISIS Flag, Train Time Table Found Near Terror Suspect's Body In Thakurganj Near Lucknow](#)". NDTV. March 08. Accessed April 20, 2017.

There are several reasons for this. First, effective coordination between various national and international security agencies and monitoring of suspected radicals has been a key factor in preventing IS-directed or IS-inspired attacks in India.²⁸

Second, the Indian Muslim community has played a crucial role in preventing attacks. A radicalised individual is often spotted and counselled or reported to the police. This has also been pointed out by the Home Minister Rajnath Singh.²⁹

Third, major Muslim movements and madrassas in India have been vocal in their opposition to terrorism and violent extremism. Interestingly, the Salafist movement, which is usually criticised for its role in contributing to radicalisation globally, is relatively syncretic in India, providing another level of institutional buffer against IS.³⁰

Fourth, countries that sent Muslim volunteers to fight in the Afghan War during the 1980s, had to contend with returning foreign fighters forming jihadist networks in their home countries. India, due to its partnership and defence ties with Russia, ensured that its citizens did not travel to fight in Afghanistan.³¹ This has prevented jihadist networks from establishing a strong foothold in India.

Lastly, the better integration of Muslims into mainstream society in India has prevented sentiments of dissatisfaction and marginalisation from arising and being exploited.³² This is in contrast to Muslim communities in Europe where the lack of integration and consequent marginalisation

have contributed to resentment and radicalisation.³³

The existing buffers against terrorism have not only been effective against IS but also against other militant groups in India. SIMI and IM have not had more than 1,000 active members since their formations in 1977 and 2002 respectively. Al Qaeda in the Indian Subcontinent (AQIS) has also not been successful in recruiting a sizeable following.

Conclusion

The number of IS members who have travelled to Syria and Iraq and those who have been arrested do not exceed 200 members, a miniscule fraction of the Indian Muslim population, which amounts to about 160 million. This figure is much lower in contrast to Western nations, such as France, which has a foreign fighter presence 10 times larger than India but a Muslim population that is 40 times smaller.³⁴ Maoists and Naxalites pose far greater physical threats to Indian security than isolated IS cells. Yet, due to IS' transnational ambitions, gruesome acts, and sensational media coverage of IS-related activities, their attacks will be far more visible and potentially damaging to communal relations in India.

India appears to have contained the potential threats from IS which is already on the decline in its heartlands in Iraq and Syria. The Indian Muslim community has played a pivotal role in preventing radicalisation within the country. However, with the strengthening of the Bharatiya Janata Party (BJP) government and its perceived increasing 'saffronisation' agenda, some commentators have predicted a change in such a stance.³⁵ The growing fear of Hindu extremism in the nation is threatening to disrupt the social fabric of the country and alienate members of the Muslim community, rendering vulnerable youths susceptible to radical influences.

²⁸ Jhai, Rajshekhar. 2016. "[CIA leads help Indian agencies bust ISIS cells](#)". Times of India. January 23. Accessed April 20, 2017.

²⁹ See statement by Rajnath Singh on the Muslim community. 2017. "[India Timeline – Assessment 2017](#)". South Asia Terrorism Portal. February 2. Accessed April 27, 2017.

³⁰ Siyech, Mohammed Sinan. 2017. "[Salafism in India: Diversity and Challenges](#)". Counter Terrorist Trends and Analysis. April. Accessed April 21, 2017.

³¹ Fair, Christine. *Madrassah Challenge: Militancy and Religious Education in Pakistan*. (Washington: Unites States Institute of Peace, 2008).

³² Friedman, L. Thomas. 2014. "[Why India's Muslims are so moderate](#)". The Economist. September 08. Accessed April 19, 2017.

³³ Lyons-Padilla, S., Gelfand, M. J., Mirahmadi, H., Farooq, M., & van Egmond, M. (2015). Belonging nowhere: Marginalization & radicalization risk among Muslim immigrants. *Behavioral Science & Policy*, 1(2), pp. 1–12.

³⁴ Kir, Ashley. 2016. "[Iraq and Syria: How many foreign fighters are fighting for Isis?](#)". Telegraph. March 24. Accessed April 27, 2017.

³⁵ 2017. "[Digvijaya Singh blames radicalization by BJP for Lucknow terror module](#)". Times Now. March 08. Accessed April 21, 2017.

Against this backdrop, it is imperative that Indian authorities ensure the containment of IS' presence in the country to prevent terrorist incidents and the consequent communal backlash. It is also crucial that policies and actions taken promote greater inclusiveness, social cohesion, and inter-religious harmony to diminish systemic risks of radicalisation.

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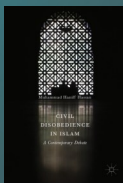
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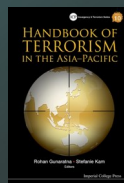
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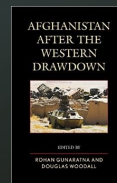


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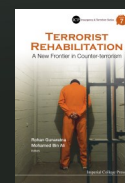
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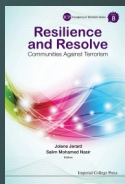
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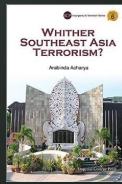
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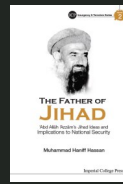
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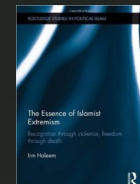
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