

FACT SHEET: TAKING STOCK OF THE COUNTER ISIL FINANCE GROUP'S ACHIEVEMENTS IN ITS FIRST YEAR

Following the CIFG special session with FATF of last February, on April 7-8, 2016, the Counter ISIL Finance Group (CIFG) convened 36 member states and multilateral bodies and five observer states in Rome to mark the one year anniversary of the CIFG's formation. Co-chaired by Italy, Saudi Arabia, and the United States, the CIFG was established in March 2015 with the aim of enhancing the sharing of information and developing coordinated countermeasures to disrupt ISIL's financing. The CIFG Action Plan's four key objectives are to:

- (1) Prevent ISIL's use of the international financial system;
- (2) Counter the extortion and exploitation of economic assets and resources that transit, enter, or are derived from ISIL-held territory;
- (3) Deny ISIL funding from abroad;
- (4) Prevent ISIL from providing financial or material support to foreign affiliates in an effort to expand its global ambitions.

At this meeting of the CIFG participants discussed the impact that ongoing engagements have had on degrading ISIL's financial strength and identified the need for enhanced efforts to disrupt ISIL's financial linkages to its foreign affiliates, particularly in Libya. Member states discussed how to improve engagement with the private sector by sharing ISIL-specific terrorist financing risk indicators, as well as how to improve coordination with the other Coalition working groups on messaging and foreign terrorist fighters. The CIFG's four project groups delivered presentations on their progress and next steps in developing and implementing specific countermeasures to disrupt cross border illicit financial flows, ISIL's financial support to affiliates, oil and resource exploitation, and looting of antiquities.

Marking the one year anniversary of the formation of the CIFG, this meeting focused on the significant progress CIFG states have made in disrupting ISIL's finances. Today ISIL is struggling to pay its fighters and meet basic needs of populations in the territories that it controls. The CIFG's members have taken actions that have prevented ISIL from accessing millions of dollars of revenue and destroyed tens of millions of dollars of ISIL's cash holdings. The CIFG will continue to support its members' efforts to restrict ISIL's ability to generate and move funds and further undermine ISIL's capacity to recruit fighters and govern territory. The following is an illustrative list of CIFG achievements in its first year.

(1) Prevent ISIL's Use of the International Financial System

- **Banks**: The Government of Iraq has taken steps to prevent ISIL from exploiting the Iraqi banking sector by cutting off the approximately 90 bank branches located in ISIL-controlled territory from the Iraqi and international financial systems. CIFG member states have engaged with the private sector in their domestic jurisdictions to raise awareness of the risks of ISIL financing and assist them in identifying and reporting activity potentially connected to ISIL.

- Money Exchanges and Transfer Companies: The Central Bank of Iraq has identified and prohibited nearly 150 ISIL-related money exchanges and transfer companies in Iraq from accessing Iraq's currency auctions and published a list of these exchanges on its website. CIFG member states are taking steps to identify connections to these prohibited money exchanges and transfer companies to prevent them from conducting financial transactions in their domestic jurisdictions.
- Information Sharing: The CIFG has helped improve the collective understanding of how ISIL generates and moves funds through information sharing at each CIFG meeting and the report on ISIL's cross border illicit financial flows. CIFG members have also shared financial intelligence bilaterally, underscoring the need to enhance coordination between law enforcement, intelligence, and policy communities both within and across domestic jurisdictions.
- Sanctions: CIFG member states collectively have designated a significant number of ISIL individuals and ISIL affiliated groups both domestically and at the UN. These designations inhibit ISIL's financial officials from accessing the international financial system and disrupt the group's financial operations. In December 2015, UNSC Finance Ministers unanimously passed a resolution to renew and strengthen the ISIL and al-Qaeda Sanctions Regime by expanding the listing criteria, making it easier to designate ISIL supporters, and strengthening the bodies overseeing the resolution.
- Technical Assistance: CIFG member states are providing technical assistance or technical assistance funding to help strengthen anti-money laundering/countering the financing of terrorism (AML/CFT) regimes.

(2) Counter the Extortion and Exploitation of Economic Assets and Resources

- Disrupt Oil and Gas Revenue Generation: In October 2015, the Coalition launched an intensified campaign to disrupt ISIL's oil activities, targeting its oil supply chain, including oil tanker trucks. This campaign has degraded ISIL's production of oil and gas and reduced ISIL's revenue from energy sales. The CIFG has also developed an illustrative list of equipment that ISIL may need to gain access to and shared it with governments and local industry to prevent the shipment of this equipment and related material to ISIL-controlled territory.
- Reduce Liquidity in ISIL-Controlled Territory: The Government of Iraq took significant steps to prevent ISIL from profiting off of cash and other assets going into ISIL-controlled territory. Most notably, in August 2015 the Government of Iraq banned the distribution of government salaries into ISIL-held areas, thereby curtailing ISIL's ability to tax these funds. Regional CIFG member states, specifically Turkey and Jordan, have ramped up border security efforts to prevent ISIL from levying taxes on commercial truck traffic. Additionally, coalition military airstrikes have targeted ISIL bulk cash storage sites, destroying millions of dollars and further limiting ISIL's available resources.

- Disrupt Antiquities Smuggling: CIFG member states have engaged law enforcement and art collectors around the world to encourage greater vigilance in tracking and stopping the sale of cultural artefacts looted and sold by ISIL. In November 2015, UNESCO unanimously adopted a resolution on the creation of a coordinated mechanism (“task force”) for emergency interventions to ensure the safety of cultural heritage and for the prevention of illicit trafficking of antiquities and cultural property.

(3) *Deny ISIL Funding from Abroad*

- Foreign Donations: CIFG member states have domestically adopted and implemented regulations to prevent supporters from fundraising and moving funds into the conflict zone to support ISIL.
- Kidnapping for Ransom (KFR): In May 2015, the CIFG adopted a KFR Communiqué in which member states rejected the payment or facilitation of ransoms to ISIL and urged states to remain engaged with private sector entities and individuals to prevent the payment of ransom by private parties, whether on their territories or in exchange for the release of their nationals.

(4) *Prevent ISIL from Providing Financial or Material Support to Foreign Affiliates*

- Improve Understanding: The CIFG has deepened its understanding of ISIL’s financial linkages to its foreign affiliates and is working to develop a strategy for engaging and supporting countries in which ISIL’s affiliates operate in order to disrupt ISIL’s ability to raise, move, and use its funds.
- Information Sharing and Technical Assistance: CIFG member states share information on the financial linkages between ISIL and its foreign affiliates on a multilateral and bilateral basis and are providing support to countries where ISIL operates in enhancing their capacity to monitor and regulate their domestic financial systems.