



Fatal Transaction: The Funding Behind the Islamic State's Central Africa Province

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Executive Summary

In 2021, the Islamic State's Central Africa Province (ISCAP), locally known as the Allied Democratic Forces (ADF), perpetrated a series of suicide and urban bombings in the Democratic Republic of the Congo and Uganda and attempted similar plots inside Rwanda.¹ Just four years earlier, these attacks would have been virtually unthinkable for most observers of the group. In 2017, with the ADF at its nadir for both civilian violence and operational activity, the group was still a relatively little-understood rebellion whose threat was largely confined to a small area of Congo's restive east. Few predicted its current trajectory, and even fewer predicted the path it would take to get there.

Relying on the authors' own primary source research and investigations across Uganda, the Democratic Republic of the Congo, Rwanda, and Kenya, this paper details how, in just a few short years, this localized rebel group transformed into a significant regional terrorist threat. Thanks to the ADF's relationship with the Islamic State, which began with financial transfers to the former in 2017, the ADF not only overcame the loss of its previous funding streams precipitated by the arrest of its former leader, but also expanded its operations in East and Central Africa.² Officially adopting the Islamic State's moniker and identity as its Central Africa Province in 2019, ISCAP has since become one of the Islamic State's most active global branches, killing thousands and routinely featuring in the Islamic State's centrally released propaganda. ISCAP's current status as a significant regional threat is a testament to the power of the Islamic State's money flowing into its coffers.

The authors posit that the Islamic State's funding to ISCAP has largely mirrored the former's own evolution and differing tactics in which it has funded its global affiliates more broadly. Generally speaking, the Islamic State has used two main funding methods: 1) direct funding of affiliates from money gained when it controlled a territorial caliphate in Iraq and Syria, and 2) a regionally pooled approach in which regional "offices" oversee revenue generation and distribution to help finance Islamic State affiliates in their area of responsibility. As the Islamic State moved affiliates from the first to the second method, they often went through a transition period wherein the Islamic State relied on a series of financial middlemen – or interconnected financial networks around the world – to transfer money to the affiliates. In addition to these financing schemes, local affiliates at times generated income independent of the Islamic State's wider networks. Though it is difficult to provide concrete time periods for each method of financing – the evolution for each affiliate was based on both the Islamic State's resources and local needs and abilities – the authors propose general date ranges while acknowledging that there was significant temporal overlap as these financing methods evolved. The paper, however, is organized around these distinctive broad evolutionary phases.

¹ Candland, Tara, Ryan O'Farrell, Laren Poole, and Caleb Weiss, "The Rising Threat to Central Africa: The 2021 Transformation of the Islamic State's Congolese Branch." *CTC Sentinel* 15, no. 6 (June 2022).

² Though it is likely the first non-public *bay'ah*, or pledge of allegiance, of the ADF to the Islamic State happened before the first financial transfers.

The authors first find that at the height of its territorial caliphate in Iraq and Syria, roughly between 2014 and 2016, the Islamic State largely provided direct funding to its global wings from its own coffers in the Middle East. The ADF did not benefit from the Islamic State's money at this time, but rather began its relationship with the global jihadist organization during the latter's aforementioned transition phase. Around 2017, as the Islamic State was rapidly losing its territorial caliphate in Iraq and Syria, it was forced to become more decentralized in its funding to its global affiliates. One such way the authors find that the Islamic State managed this was through the reliance of financial middlemen or interconnected global financial networks, often still under the direction of Islamic State central leadership. These networks or middlemen helped channel – and at times, fundraise – the Islamic State's money to its regional affiliates. It is during this period that the ADF received its first financial transfers from the Islamic State which helped jumpstart the dying group.

With the forced decentralization of the Islamic State's funding mechanisms, the authors argue, the group has encouraged its affiliates to be more financially independent. This does not, however, preclude lateral financial ties between affiliates. In fact, it is through these lateral ties that the Islamic State's current favored method of financing exists, which the authors refer to as regionally pooled funding. Regional Islamic State financial networks help to generate funds locally and pool their resources, using nodes and cutouts to move money across the often vast geographic region to help fund Islamic State affiliates within their area of responsibility. This model thus exists outside of a truly local or truly global system for financing affiliates. Although the exact starting date for this method is unclear – this model likely started sometime after 2018 – it now appears to be the norm for the organization.

In line with this framework, the authors find that the Islamic State's Central Africa Province has largely relied on and benefited from such an interconnected network across central, eastern, and southern Africa. In fact, the manner in which ISCAP is now funded and supported acts as the quintessential model for how the Islamic State is both administratively structured and finances its global wings. Overseen by the Islamic State's Somalia Province and its Al-Karrar Office – just one of many of the Islamic State's so-called “regional offices” – financial networks and cells in Somalia, Kenya, Uganda, Tanzania, and South Africa have helped pool resources and funds to support ISCAP inside Congo. Money locally generated in Somalia and South Africa, for instance, has been transferred to ISCAP operatives through wireless transfer methods or through physical hand-offs. Given the relative amounts of income generated from the Islamic State compared to ISCAP's local sources, the authors conclude that it is primarily through the Islamic State's money and support that ISCAP has transformed itself from a relatively obscure Ugandan rebel group in Congo to a regional threat.

A Note on Nomenclature

The Islamic State, its various regional affiliates, and the Allied Democratic Forces are known by a myriad of different names and acronyms. To help streamline the names used throughout this paper, the authors utilize the Islamic State, or IS, as well as Islamic State central when explicitly referring to

its centralized leadership apparatus. Though this apparatus was exclusive to those leaders in Iraq and Syria during the height of its territorial caliphate (2014-2016), it is likely that the individuals who make up the Islamic State's central leadership are now globally dispersed and no longer exclusively congregated in Iraq and Syria (this dynamic will be discussed in greater detail in the paper).³ Additionally, although it continues to be known locally as the Allied Democratic Forces (ADF) in both Uganda and Congo, the authors instead use the Islamic State Central Africa Province (ISCAP) to refer to the group following its 2017 alliance with the Islamic State.⁴ This is the name used by both the Islamic State to explicitly refer to its Congolese branch and by ISCAP itself in its internal messaging and propaganda. It is thus a more accurate, and contemporary, name for the ADF. Other global Islamic State affiliates will likewise be referred to by their Islamic State monikers.

³ This model is not dissimilar to al-Qaeda's Hittin Committee, or its globally dispersed central leadership (often erroneously referred to as 'core al-Qaeda').

⁴ ISCAP originally referred to both the Congolese and Mozambican affiliates until the Mozambican wing ISCAP was made into its own distinct province of the Islamic State in May 2022. Today, ISCAP refers only to the Congolese branch. See: "IS designates Mozambique as its own province following battle in Quiterajo." *Zitamar*, May 13, 2022.

Introduction

“Because the ADF [Allied Democratic Forces] benefited from Jamil [Mukulu’s] financial connections when he was the leader, when he was arrested the money stopped [...]. Money started pouring in once Musa [Baluku] swore allegiance to the Islamic State and the ADF began having more powerful weapons [and] foreign fighters have come to fight with us.”
- ADF defector, May 2021

On April 18, 2019, the Islamic State shocked many observers around the world when it claimed its first attack in the Democratic Republic of the Congo, perpetrated by a group known locally as the Allied Democratic Forces (ADF). For those closely following this little-known rebel group, hints of the alliance had started to appear over a year earlier when evidence emerged of financial transfers between the Islamic State and the ADF. Nevertheless, this evidence was met with deep skepticism: the largely Ugandan ADF had a long history in Congo, where it had fled in the mid-1990s to avoid defeat at the hands of the Uganda Peoples’ Defence Forces (UPDF).⁵ In intervening years, ADF members had intermarried with local communities and settled into the forests around Beni territory in Congo’s restive North Kivu province, becoming just one of many armed groups in the region.⁶

Although Islamist in nature from the beginning – many of the ADF’s founding members came out of the Ugandan Muslim Freedom Fighters movement – the group’s goals had always been focused locally on Uganda, without pretense to a global agenda.⁷ For many years, the ADF coexisted with surrounding Congolese communities in relative peace, compared to the massacres they perpetrate against these same communities today. This change occurred around 2014, as shifting regional politics and increased military pressure by the Congolese Armed Forces (FARDC) drove the ADF out of their camps and prompted the group to respond with a series of massacres that horrified local and international observers alike.⁸ The group continued to evolve over the following years, and by mid-2019, the ADF had become the core of the Islamic State’s Central Africa Province (ISCAP).

Given this history, many questions have arisen as to the exact nature of the relationship between the historically local ADF and the Islamic State’s Central leadership. In this paper, the authors discuss a key factor in this debate: financing. This paper examines ISCAP’s stark transition from a relatively minor local threat to a major regional threat, and the ways in which Islamic State financing has contributed to ISCAP’s rise. The paper is organized around the Islamic State’s own evolving methods of financing – from direct giving to regionally pooled – and uses the group’s funding of ISCAP as a case study to examine the ways in which the former has adapted to support its global affiliates in the face of

⁵ Candland, Tara, Adam Finck, Haroro J. Ingram, Laren Poole, Lorenzo Vidino, and Caleb Weiss. *The Islamic State in Congo*. George Washington University Program on Extremism, March 2021. Available at <https://extremism.gwu.edu/sites/g/files/zaxdzs5746/files/The%20Islamic%20State%20in%20Congo%20English.pdf>.

⁶ *Ibid.*

⁷ *Ibid.*

⁸ *Ibid.*

devastating territorial loss, as well as the deadly impacts of the Islamic State's support on the ground in Congo.

Historically, the ADF relied on local resources and ties to regional businesses to finance its rebellion.⁹ To a large extent, these networks were dependent on Jamil Mukulu, the ADF's leader until his arrest in April 2015. Mukulu spent relatively little time in the bush, and instead moved around Central and East Africa and to the United Kingdom to meet with supporters and maintain financial flows to the group. With Mukulu's arrest in 2015, those networks slowly began to dry up, and by 2017, defectors report that the group was in dire need of funds.¹⁰ Already ideologically aligned with much of the Islamic State's doctrine, the group's mounting destitution acted as the catalyst that drove Musa Baluku, Mukulu's successor, to accept the Islamic State's overtures. Despite the clear objections Mukulu voiced from his prison cell, Baluku reportedly struck a deal with the global jihadist network, securing funding in exchange for pledging the ADF's allegiance to the Islamic State leadership.¹¹

The Islamic State funding received by ISCAP has had several dire consequences, both direct and indirect. The money directly funded the networks responsible for the 2021 bombing campaigns in Uganda and Congo and an attempted bombing in Rwanda. More generally, however, Islamic State financing has allowed ISCAP to rebuild its fighting force, providing the basic necessities for life in the bush and financial support for families left behind by fighters. This new army is responsible for thousands of deaths as they have pushed their area of operations to startling new limits. Money from the Islamic State has transformed the ADF from a relatively minor rebel group carrying out attacks in the Congolese hinterland, to Congo's deadliest armed faction and a regional terrorist actor carrying out a campaign of violence and bloodshed across Central and East Africa in the name of the Islamic State's so-called global caliphate.

The authors begin with a discussion of this paper's methodology and limitations before providing a brief history of the evolution of the Islamic State's structure and financing methods. The authors then discuss how the Islamic State finances its Central Africa Province as a wider case study of the Islamic State's current financial methods and its direct implications. The paper concludes by providing several policy recommendations meant to help policymakers and practitioners combat these financing methods. The authors also include an appendix outlining the key players involved in the Islamic State's financing of

⁹ For example, in the Mwalika valley southeast of Beni town, ISCAP taxes farmers, although those payments are generally provided in-kind (Authors' interview with W-72, February 2020; W-160, December 2022; W164, January 2023). In the past, the ADF has also been linked to resource exploitation, such as gold and timber, in eastern Congo (see the Group of Experts report, December 2011). This paper does not seek to minimize the impact of these schemes on the communities across Congo's North Kivu and Ituri Provinces where ISCAP operates. Though the authors recognize that these local schemes are important to ISCAP's overall context, this paper largely focuses on the flow of Islamic State money to the group and the implications therein.; "Letter dated 29 November 2011 from the Chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council. December 2, 2011.

¹⁰ Authors' interviews with W-164 in Kampala, Uganda, January 2023; Authors' interviews with W-61 in Kampala, Uganda, November 2020; Interview with W-68 conducted by Ugandan authorities in February 2021 and provided to authors.

¹¹ Information provided by Ugandan source, February 2018.

ISCAP to show the intricate geographic scope and scale of these networks, and to illustrate the Islamic State's macro strategy for funding affiliates worldwide.

Methodology and Limitations

The findings of this paper are based on primary source research conducted by the authors over the last five years. The authors have conducted more than 150 interviews with ISCAP defectors and victims, using a translator when needed. Unless otherwise stated, no other individuals besides the authors, translator, and interviewee were present for the interviews. Information from interviewees used in this paper has been anonymized to protect the interviewees' identities. Financial information contained in the report comes from bank records, remittance receipts, phone records, notes, or other documentation provided by interviewees or from interview testimony that, unless otherwise noted, was subsequently corroborated through records review. In cases where the authors received records from a third-party source, the authors then verified the records with the original owners through interviews. The interviews took place in Uganda, the Democratic Republic of the Congo (DRC), Rwanda, and Kenya. These investigations were privately funded; the authors did not receive money from any government to finance this research.

As with any paper on the subject of terrorist financing, some limitations exist. First, tracking terrorist financing, particularly financing that heavily relies on *hawala* networks or legitimate mobile money operators, is notoriously difficult.¹² The various Islamic State financial streams outlined in this paper document only what the authors were able to corroborate and, given testimony of additional transfers that the authors were unable to verify through available records, likely represent only a fraction of the total amount of money moved through Islamic State financial networks in eastern and southern Africa. The primary international network profiled in this report was shut down by authorities in September 2021, and the likely existence of other networks during and after the time the profiled network was in operation likely means that the total amount of money flowing to and between the Islamic State's various African affiliates is much higher than the authors could verify.

Second, the amount of money that ISCAP is generating locally remains highly opaque. Since these funds come from illegal activities and do not have to be transferred across national borders, there are no known receipts and only a single instance of record keeping that the authors could collect to try to verify amounts. Consequently, the authors have used information from reliable sources to estimate these amounts, and as with international funding, it is likely an underestimation. To try to avoid bias in attributing the consequences of Islamic State funding in Congo, the authors took a conservative approach in estimating the total amount of Islamic State money flowing into ISCAP coffers – only including transactions in which the authors had a medium or high level of confidence in verification – while taking a more liberal approach for including sums for locally generated revenue, all of which has a low verification rating.

¹² An informal method of transferring money between Point A and Point B through *hawaladars* (or brokers) without the actual physical transfer of money between sender and receiver.

Having discussed the methodological considerations and limitations, this paper now shifts to detailing how both the Islamic State's administrative structure and financing schemes have evolved over time.

Evolutions in Islamic State's Structure and Financing

This section explores the evolution of the Islamic State's overall structure since the loss of its territorial caliphate and the corresponding changes to its methods of financing. Broadly speaking, the Islamic State financial model has evolved from direct transfers between the core organization and its affiliates to a more distributed structure of regionally pooled fundraising and money laundering networks. This newer, geographically distributed financial apparatus has been implemented according to the Islamic State's resources and its affiliates' needs and abilities, rather than as a single policy decision instituted simultaneously across the global provinces. Additionally, there remain various self-funding operations conducted by individual affiliates. While the source of funds and their availability for transfer has varied significantly between these two models, there is overlap in the structural mechanics of both these periods. Consequently, it is difficult to provide concrete time periods for each type of financing, and when proposing general time ranges, the authors acknowledge that this evolution occurred at different times for each affiliate.

The first method, direct financing, took place roughly between 2014 and 2017 at the height of the group's territorial caliphate in Iraq and Syria. Direct financing is marked by the direct transfer of funds to regional affiliates (though often using middlemen to complete the transfer). As the Islamic State rapidly lost territory in Iraq and Syria starting in 2017, however, it was forced to then adapt its global operations – and thereby its financing methods – by taking a more decentralized approach.¹³ This adaptation was eventually formalized with the creation of what the Islamic State refers to as “regional offices,” which are regional command structures organized to help coordinate all of the Islamic State's activities and operations in a specific area. This structural regionalization gave rise to the second funding method, regionally pooled financing, wherein various networks overseen by the aforementioned regional offices work to collectively generate and transfer revenue that helps fund the associated regional affiliates. The third existing method is self-funding, in which local affiliates generate income within their area of operation, independent of money transferred from outside by the Islamic State. In many cases, these sources of self-funding pre-dated a group's affiliation with the Islamic State.

Table 1 outlines the main differences between the three methods of Islamic State financing and delineates the defining characteristics of each, including fundraising methods, movement of funds, and financial networks.

¹³ “Letter dated 15 July 2019 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council.” United Nations Security Council. July 15, 2019. 17.

Table 1. Methods of Islamic State Financing.

Defining Characteristics	Direct (2014 - 2016)	Regionally Pooled (2017 - Present)	Self-Funded
Movement	Transfers and physical cash movements directly from the Islamic State's central leadership in Iraq and Syria and regional affiliates (sometimes using middlemen)	Transfers and physical cash movements between Islamic State affiliates and regional networks, directed by the Islamic State's regional offices ¹⁴	Physical transfers, mobile money
Networks	Front companies established in Turkey and Arab Gulf countries; bank transfers; <i>hawala</i> networks	Transfers using <i>hawala</i> networks, multiple nodes, and front companies within the same general region or adjacent regions	Couriers and mobile money transfers within a local affiliate's area of operation
Fundraising	Extortion, taxes, looting, oil and gas sales, donations	Donations, extortion, taxes, looting, robberies	Extortion, robberies, taxes

This chapter provides a brief overview of the creation of the Islamic State's so-called global caliphate and the formation of its first regional branches. Given the substantial existing literature on the history of the Islamic State, this paper focuses specifically on the group's first affiliates outside Iraq and Syria and how they were funded, rather than revenue-generating activities by the Islamic State in Iraq and Syria. The discussion then turns to outlining how the Islamic State was forced to adapt due to significant military pressure, which correlated with an important change to its financing model.

Creation of the Caliphate and First Regional Affiliates

The creation and early history of the Islamic State is well-established. The focus of this paper is on the period following the creation of its so-called caliphate in the summer of 2014 and of its regional branches, or what it calls "provinces." Shortly after its declaration, jihadist groups and sympathetic individuals from around the world began swearing fealty to the new Islamic polity. While some of these early adopters, such as Ansar Bayt al-Maqdis in the Sinai Peninsula or Jund al-Khilafa in Algeria, were

¹⁴ Given the likely current geographically dispersed global leadership model of the Islamic State, it is possible that other Islamic State leaders outside the general region of a particular regional office also have input on this direction when necessary.

splinters from al-Qaeda, the Islamic State had a direct hand in creating some of its first global affiliates during this period – particularly Islamic State-Libya (IS-L) and Islamic State-Khorasan (IS-K) – by implanting senior officials from its territorial caliphate to help consolidate and direct local supporters and defectors from al-Qaeda.¹⁵ This continued into 2015, with Boko Haram in Nigeria breaking away from the al-Qaeda network and joining the Islamic State.¹⁶ Likewise, in the Sahel and Somalia, prominent commanders of al-Qaeda's groups in those countries – Al-Murabitoon and Al-Shabaab, respectively – defected to the Islamic State, forming what would become the Islamic State's official provinces in those areas.¹⁷

Direct Funding of Regional Affiliates

As the Islamic State rapidly incorporated global affiliates during the height of its territorial caliphate, the group's central organization in Iraq and Syria provided direct financial support to these external provinces. The group sent envoys, trainers, and other personnel from its central organization to strengthen and streamline far-flung affiliates and provided substantial financial flows to ensure these newly incorporated provinces had appropriate resources.

This first generation of Islamic State financing, in which large amounts of money were laundered from the Islamic State's then-vast reserves to outlying affiliates, was most clearly evident in Libya. The Islamic State's three Libyan provinces, which the group recognized in November 2014, were far more directly linked to IS's central organization than other, later affiliates. The Libyan branch was led by an Iraqi commander sent by the central leadership with "millions of dollars" to establish the group amid Libya's fractious militia landscape.¹⁸ Perhaps most importantly, the Islamic State in Libya served as an early regional financial hub, transferring hundreds of thousands of dollars from the Islamic State's central leadership to its affiliate in the Sinai.¹⁹ Such decentralization would become an important feature of the later iterations of Islamic State financing described in subsequent sections.

Similar direct transfers were made to affiliates in Nigeria, Afghanistan, and the Philippines from early 2015 through mid-2017. Nigeria was the Islamic State's first affiliate in sub-Saharan Africa, locally referred to as Boko Haram and rebranded as the Islamic State's West Africa Province (ISWAP) after its leader Abubakar Shekau pledged allegiance in March 2015. ISWAP received nearly \$800,000 from

¹⁵ Islamic State: Egyptian militants pledge loyalty." *BBC News*, November 10, 2014.; "Jund al-Khalifa: The IS-linked group that shot into the spotlight." *France 24*, September 23, 2014.

¹⁶ "Nigeria's Boko Haram pledges allegiance to Islamic State." *BBC News*, March 7, 2015.

¹⁷ Weiss, Caleb and Héni Nsaibia. "The End of the Sahelian Anomaly: How the Global Conflict between the Islamic State and al-Qa`ida Finally Came to West Africa." *CTC Sentinel* 13, no. 7 (July 2020).; Weiss, Caleb. "Reigniting the Rivalry: The Islamic State in Somalia vs. al-Shabaab." *CTC Sentinel* 12, no. 4 (April 2019).

¹⁸ "Who pays for ISIS in Libya?" Hate Speech International. August 24, 2016. <https://www.hate-speech.org/who-pays-for-isis-in-libya/>.

¹⁹ "Letter dated 19 July 2016 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council," United Nations Security Council. July 19, 2016. Pg.10. <https://digitallibrary.un.org/record/836853?ln=en>.

the Islamic State between March 2015 and mid-2016.²⁰ Other funds were directly transported by Nigerian couriers who collected money in Saudi Arabia or the United Arab Emirates. Transfers ranged between \$10,000 and \$100,000 each and were sent every two weeks.²¹

Elsewhere, the Islamic State in Syria and Iraq used cash couriers, alternative remittance systems, and bank transfers through third-party countries to facilitate the movement of several million dollars to IS-K in Afghanistan between early 2015 and mid-2016.²² In the Philippines, though confirmed transfers were much lower, there was still a direct financial link between the two groups from the outset. The Islamic State transferred at least \$70,000 to its affiliate in the Philippines in July and August 2016, with the primary facilitator arrested a year later after arriving in Manila from Saudi Arabia.²³

As military and financial pressure mounted, the Islamic State in Iraq and Syria began to struggle to pay salaries and attract and retain both foreign and local fighters. By late 2016, military pressure had forced the group into a “crisis budget.”²⁴ These cuts were not initially reflected in transfers to affiliates who continued to receive funding in order to maintain the worldwide caliphate in the event that the Islamic State was unable to resist military pressure in its core territories.²⁵ In fact, the Islamic State continued to send as much as \$100,000 per month to IS-K in early 2017, demonstrating the group’s deep reserves despite its loss of territory and revenue.²⁶ Not all affiliates benefitted from such consistent financial assistance, though, and some provinces were struggling to raise revenue themselves by the end of 2016.²⁷

This dilemma for the Islamic State and its affiliates – whereby the Islamic State’s central organization in Iraq and Syria began to come under financial strain, but its affiliates were still dependent on its

²⁰ “6 Nigerians Convicted In UAE Over ‘B/Haram Funding’.” *Daily Trust*, November 9, 2020. <https://dailytrust.com/6-nigerians-convicted-in-uae-over-b-haram-funding/>.

²¹ Foucher, Vincent. “The Islamic State Franchises in Africa: Lessons from Lake Chad.” International Crisis Group. October 29, 2020. <https://www.crisisgroup.org/africa/west-africa/nigeria/islamic-state-franchises-africa-lessons-lake-chad>.

²² “Report of the Secretary-General on the threat posed by ISIL (Da’esh) to international peace and security and the range of United Nations efforts in support of Member States in countering the threat.” United Nations Security Council. May 31, 2016. Pg 9. <https://undocs.org/Home/Mobile?FinalSymbol=S%2F2016%2F501&Language=E&DeviceType=Desktop&LangRequested=False>.; “Letter dated 19 July 2016,” 12.

²³ “Treasury Sanctions ISIS Facilitators Across the Globe.” US Department of the Treasury, February 9, 2018. <https://home.treasury.gov/news/press-release/sm0284>.; Seldin, Jeff “US Clamping Down on Islamic State’s Global Network.” VOA, February 9, 2018. <https://www.voanews.com/a/us-clamp-down-islamic-state-network/4247839.html>.

²⁴ “Letter dated 11 January 2017 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da’esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council.” United Nations Security Council. January 13, 2017. Pg 9. <https://digitallibrary.un.org/record/858437?ln=en>.

²⁵ “Letter dated 19 July 2016,” 18.

²⁶ “Letter dated 9 May 2017 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council.” United Nations Security Council. May 25, 2017. Pg 18. <https://digitallibrary.un.org/record/1288932?ln=en>.

²⁷ “Letter dated 11 January 2017 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da’esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council,” United Nations Security Council. January 13, 2017. Pg 11. <https://digitallibrary.un.org/record/858437?ln=en>.

largesse – forced the Islamic State to diversify its funding and laundering mechanisms. This intense pressure resulted in the Islamic State moving away from more direct methods of payment and towards a system the authors describe as “regionally pooled financing” — or the increased reliance on regional networks and local criminality to support and entrench its international expansion.

A Brief Transition Phase

As the Islamic State was losing its core territory in the Middle East, the group began a notable shift in how it financed its far-flung affiliates. In July 2019, the United Nations Analytical Support and Sanctions Monitoring Team concerning the Islamic State, al-Qaeda, and the Taliban, found that “cells within the core conflict zone and affiliates abroad are encouraged to be financially self-sufficient.”²⁸ The UN report goes on to state that affiliate groups were being treated as “start-up businesses, receiving ‘seed money’ and advice from the head office, while it is made clear that independence is the expectation.”²⁹ Though the UN reported this directive in 2019, the order by the Islamic State’s leadership likely happened much earlier. This is seemingly also corroborated by internal Islamic State documents leaked by an anti-Islamic State channel within pro-al-Qaeda spheres between late 2022 and early 2023, which included one such letter from the Islamic State’s “Directorate of Remote Provinces” from January 2019.³⁰ In this letter, addressed to the leaders of all provinces, the central leadership admonishes all provincial leaders except for those of the Iraq province for failing to heed an earlier directive to “activate their own economies” and contribute revenue to the Islamic State’s central treasury. The letter further states that the proportion of funds raised by the provinces that is to be given to the central treasury should be held by the provinces themselves, but only dispersed or used with the treasury’s knowledge and approval.

Evidence that the Islamic State was attempting to decentralize its financial apparatus could be seen as early as 2017 when the group was already relying on a complicated web of fundraising and money laundering networks outside of its territory in Iraq and Syria. These networks raised revenue, often via illicit economic activity, which they laundered to both the Islamic State’s core territories and other affiliates around the world. These funds not only created new revenue streams for the Islamic State itself, but also gave its affiliates access to financial resources under the Islamic State’s authority without risking the depletion of its limited reserves within its core territories. The most prominent of these money laundering networks was the so-called Rawi Network in Iraq.³¹ By 2017, the network had become crucial to the Islamic State’s efforts to move money between Europe, Turkey, Iraq, Syria, and other countries in the Middle East and Africa.³² Notably, the network facilitated the movement of donations from supporters abroad into Iraq and Syria which the Islamic State used to fund operations and to pay

²⁸ “Letter dated 15 July 2019,” 17.

²⁹ *Ibid.*

³⁰ Directorate of Remote Provinces letter dated for January 22, 2019, as leaked by “Exposing the Servants of al-Baghdadi,” as found on pro-al-Qaeda channels in late 2022.

³¹ “Treasury Designates Key Nodes of ISIS’s Financial Network Stretching Across the Middle East, Europe, and East Africa.” United States Department of the Treasury. April 15, 2019.

³² *Ibid.*

personnel and their families.³³ Further hints that Islamic State's "Directorate of Remote Provinces" was integrated into such a structure came with a leaked November 2018 letter from Islamic State in Somalia (ISS) head Abdul Qadir Mu'min, in which he agrees to move money from Somalia to Yemen, where it could then be further transferred into Turkey.³⁴

Networks like the Rawi's appear to have served as a prime example of what the authors refer to as a "transitional phase" in the Islamic State's funding schemes, helping entrench a decentralized but well-coordinated system for distributing funds around the world. Though still likely centrally directed, these networks helped move money, fundraise, or crowd-source money from the Islamic State's global supporters and then facilitated the transfer of these funds to various regional affiliates. While the global networks of this transitional period are almost certainly still active, the Islamic State appears to have further geographically organized the structure of its financial apparatus.

Officially Regionally Pooled

With the defeat of its territorial caliphate in Iraq and Syria that left far-flung provinces as the most active components of the Islamic State's global project, the Islamic State has sought to improve its resilience by placing significant authority in so-called "regional offices" around the world. Indeed, by 2022, the Islamic State had established at least four active regional offices that helped coordinate its global affiliates, alongside at least four other defunct or low-functioning offices.³⁵ Operating under the auspices of Islamic State's General Directorate of Provinces, these regional offices, institutionalized at different speeds and with significant variation in success, help coordinate revenue-generation, financial flows, operational capabilities, and personnel.³⁶ This has created what the authors refer to as a regionally

³³ "Letter dated 15 July 2021 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council." United Nations Security Council. July 21, 2021. Pg 17. <https://undocs.org/Home/Mobile?FinalSymbol=S%2F2021%2F655&Language=E&DeviceType=Desktop&LangRequested=False>. The centrality of the Rawi Network to the Islamic State's restructuring of its global financial apparatus in this period, and indeed to the Islamic State as a whole, was illustrated by reports in Arab media that one of the Rawi Network's members was the third caliph, known as Abu al-Hassan al-Hashimi al-Quraishi, who was killed in southern Syria in October 2022. See: Essam, Wael. "What is the Story of the Mysterious Islamic State Leader Who Was Killed in Deraa?" Al-Quds al-Arabi. December 2, 2022. Translated from Arabic.

³⁴ Letter from Abdul Qadir Mu'min addressed to the Emir of the Directorate of Remote Provinces dated Nov. 22, 2018, as leaked by "Exposing the Servants of al-Baghdadi," as found on pro-al-Qaeda channels in late 2022.

³⁵ Letter dated 11 July 2022 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015)... S/2022/547. July 15, 2022. Pg 5.

³⁶ A series of leaked internal letters from Ali Salman Jassim al-Jubouri (aka Abd al-Ra'ouf al-Muhajir or Abu Sarah al-Iraqi or Kafush), named head of the General Directorate of Provinces in June 2020, sheds some light on the formal institutionalization of these regional offices and their role in IS's financial architecture. In October 2020, Jubouri wrote to the leaders of regional offices that IS was severely short of funds, and that the General Directorate of Provinces established a General Economic Office to coordinate financial resources. Both regional offices and provinces were directed to establish dedicated economic divisions subordinate to the regional office chief and provincial leaders, respectively. Another leaked directive, though likely written during the same time period, directs the economic divisions at both the regional office and provincial level to establish horizontal connections between themselves rather than through Walis, and further directs 25% of revenue to be given to the administration of large provinces and 25% to IS's central treasury, with the remainder retained by the province raising the money. Al-Jubouri was ultimately later killed in a US drone strike in northwestern Syria in

pooled funding model: regional offices oversee local fundraising and the consolidation and distribution of funds between Islamic State affiliates and networks in that office's area of responsibility, raising money where it is possible and sending money where it is needed.

This model acts as the new standard for Islamic State affiliates. Somalia's Al-Karrar Office effectively acts as the regional command for the Islamic State affiliates in the DRC and Mozambique, while the Al-Furqan Office covers Islamic State affiliates in Nigeria and the Sahel, and the Al-Sadiq Office covers activities in Afghanistan and Pakistan.³⁷ Other regional offices are effectively defunct or function at a lower tempo, including in Libya (the Al-Anfal Office), Yemen (the Umm al-Qura Office), and Egypt and Sudan (the Zu al-Nurayn Office).³⁸ Another regional office was set up to coordinate activities in Turkey and much of Eastern Europe (Al-Faruq Office), though it is unclear how active it remains outside of Turkey and there are some indications that the office is now based in Syria.³⁹ It is likely – though unconfirmed – that individuals from these regional offices also function as components of the Islamic State's central leadership. For instance, the activities of Bilal al-Sudani, a Sudanese Islamic State operative in Somalia who likely helmed the group's Al-Karrar Office, suggest that he played a much larger role in the Islamic State's global operations outside of Al-Karrar's designated area of responsibility.⁴⁰ More about the role and nature of these offices, particularly Al-Karrar and how it relates to ISCAP, will be discussed in the following section.

Self-Funded Financing

While this section has largely detailed the history and evolution of the Islamic State's leadership model and financing operations, a brief discussion of its third financing method is warranted here. Though potentially less consequential than direct or regionally pooled financing from outside, many regional affiliates also engage in revenue-generating activity independent of transfers from the Islamic State. This self-funded financing remains an important avenue for many of the Islamic State's regional affiliates, and in some cases, may even constitute a majority of an affiliate's total income. These revenue-generating activities largely exist outside of the timeline of the evolution in financial flows described above, in that they have occurred concurrently with the Islamic State's broader financing evolution and in some cases – especially for those affiliates that existed before joining the Islamic State – predate this structural evolution entirely.

February 2023. Internal IS documents leaked by "Exposing the Servants of al-Baghdadi," as found on pro-al-Qaeda channels between late 2022 and early 2023.

³⁷ Zimmerman, Katie. "Is ISIS in Crisis." *Critical Threats*, March 11, 2022.; "Explainer: ISIS-Khorasan in Afghanistan." The Wilson Center, August 27, 2021. Available at [https://www.wilsoncenter.org/article/explainer-isis-khorasan-afghanistan#:~:text=ISIS%2DK%20Attacks%20in%202021&text=Assistance%20Mission%20in%20Afghanistan%20\(UNAMA\)%20recorded%2077%20attacks%20either%20claimed,according%20to%20a%20other%20UNAMA%20report](https://www.wilsoncenter.org/article/explainer-isis-khorasan-afghanistan#:~:text=ISIS%2DK%20Attacks%20in%202021&text=Assistance%20Mission%20in%20Afghanistan%20(UNAMA)%20recorded%2077%20attacks%20either%20claimed,according%20to%20a%20other%20UNAMA%20report).

³⁸ "Letter dated 11 July 2022," 5.

³⁹ *Ibid.*

⁴⁰ Schmitt, Eric. "Ties to Kabul Bombing Put ISIS Leader in Somalia in U.S. Cross Hairs." *The New York Times*, February 4, 2023. <https://www.nytimes.com/2023/02/04/us/politics/isis-somalia-kabul-bombing.html>; Weiss, Caleb and Ryan O'Farrell. "Analysis: U.S. Military kills key Islamic State leader in Africa." FDD's Long War Journal. Available at <https://www.longwarjournal.org/archives/2023/01/analysis-u-s-military-kills-key-islamic-state-leader-in-africa.php>.

Though nearly all Islamic State affiliates engage in such methods, affiliates utilize this locally generated income differently depending on their respective role in the network. The money generated by some affiliates, such as ISCAP or the Islamic State's Mozambique Province, for example, is likely only intended for use by each affiliate in its own respective area of operation. For others, such as the Somalia Province, affiliates likely earmark a significant proportion of their locally generated income for distribution through the regionally pooled system, with the remainder of funds being retained for internal use.

The majority of self-funded financing comes from extortion or from levying taxes on civilian populations under the influence or direct control of the affiliates. These extortion or illegal taxation rackets are often framed by jihadist groups as the Islamic concept of *zakat*, or almsgiving, and are frequently touted in the Islamic State's media to demonstrate a degree of local governance and control. Inside Africa, the Islamic State has long been known to engage in this activity, such as in Libya and Nigeria.⁴¹ By 2018, the local Islamic State branch in Somalia was making at least \$70,000 a month through "taxes" levied on individuals and businesses in the northern semi-autonomous region of Puntland.⁴² Four years later, Mogadishu's famous Bakara Market was shut down for several days after Islamic State Somalia militants levied substantial taxes on local business owners.⁴³ A similar scene took place in April 2023, in which a local business in Puntland's Bosaso was burned down after refusing to pay \$500,000 to the group.⁴⁴

This tactic is not exclusive to Africa, however, as it has also been used in Afghanistan. The Islamic State's Khorasan Province has made money from both *zakat* and involvement in local resource extraction.⁴⁵ Khorasan Province focused much of its attention on seizing areas with lucrative talc and chromite mines as early as May 2015, and by mid-2016 was directly managing extraction rather than merely taxing miners as the Taliban had previously done.⁴⁶ Extortion and illegal taxes thus constitute one of the Islamic State's most public-facing local revenue generation activities.

Other lucrative self-funding methods used both in Africa and abroad are kidnap-for-ransom and fundraising disguised for charitable purposes. For example, by late 2019 the Islamic State in the

⁴¹ "Report of the Secretary-General on the threat posed by ISIL (Da'esh) to international peace and security and the range of United Nations efforts in support of Member States in countering the threat." United Nations Security Council. May 31, 2016. Pg 9. <https://undocs.org/Home/Mobile?FinalSymbol=S%2F2016%2F501&Language=E&DeviceType=Desktop&LangRequested=False>; Al-Lami, Mina. "In its latest video, IS' West Africa Province (ISWAP) flaunts its religious outreach activities, presumably in NE Nigeria,..." Twitter, June 15, 2022; Bulama Bakart, "The latest ISIS' al-Naba magazine claimed that ISWAP has in the past two months extorted over N51m as Zakat...", Twitter, May 29, 2021.

⁴² Weiss, "Reigniting the Rivalry: The Islamic State in Somalia vs. al-Shabaab."

⁴³ Khalif, Abdulkadir. "Mogadishu traders close Bakara market stalls over illegal 'taxes.'" *The East African*, January 28, 2022. Available at <https://www.theeastafrican.co.ke/tea/news/east-africa/mogadishu-traders-close-bakara-market-stalls-3697288#:~:text=By%20ABDULKADIR%20KHALIF,to%20be%20affiliated%20to%20ISIS>.

⁴⁴ "Boosaaso: Xarumo ganacsi oo loo xiray "baad" ay soo rogtey ISIL." *Garowe Online*, April 12, 2023.

⁴⁵ At Any Price We Will Take The Mines: The Islamic State, the Taliban and Afghanistan's White Talc Mountains. Global Witness. May 2018. Pg 21.

⁴⁶ *Ibid*, 19-21.

Philippines was engaged in kidnap-for-ransom operations and online fundraising efforts often conducted by female sympathizers that purported to support women and orphans but who instead funneled the money towards the Islamic State.⁴⁷ In another complicated financial scheme, the Islamic State's Khorasan Province also used an ostensible charitable organization, the Nejaat Social Welfare Organization, to help facilitate and launder transfers of money from the Arabian Peninsula to finance the group's local operations in Afghanistan.⁴⁸

This section discussed how and why both the Islamic State's administrative structure and broad financial schemes have evolved over time. The next section, essentially a case study of the Islamic State's evolving financing models, discusses how and why the Islamic State began financing the ADF, the ADF's evolution into ISCAP as a result of Islamic State money, and how the financing method for ISCAP fits into the Islamic State's current wider financial model.

⁴⁷ Franco, Joseph. "Islamic State-linked Groups in the Philippines: Fragmented and Weakened." George Washington Program on Extremism. April 11, 2022. https://extremism.gwu.edu/sites/g/files/zaxdzs5746/files/Islamic-State-in-Philippines_Franco.pdf; "Letter dated 20 January 2020 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015) concerning Islamic State in Iraq and the Levant (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities addressed to the President of the Security Council." United Nations Security Council. January 20, 2020. Pgs 16-17. Available at <https://undocs.org/Home/Mobile?FinalSymbol=S%2F2020%2F53&Language=E&DeviceType=Desktop&LangRequested=False>.

⁴⁸ Joscelyn, Thomas. "U.S. designates ISIS-supporting brothers based in Turkey." FDD's Long War Journal. November 18, 2019. Available at <https://www.longwarjournal.org/archives/2019/11/u-s-designates-isis-supporting-brothers-based-in-turkey.php>.

Funding the Central Africa Province

Before discussing how the Islamic State began financing the ADF, it is first important to lay out the historical context in which the ADF exists. The ADF's transformation that ultimately led to its pledge of allegiance to the Islamic State began around 2015, but the group's foundations for both jihadism and opportunistic alliances started years earlier. Despite its secular name and historical ties to non-Muslim communities and armed groups, the ADF has always had a stated militant Islamist agenda, which, like this group's politico-military efforts, has become increasingly extreme over time. Throughout its history the ADF has demonstrated a willingness to form alliances and leverage international support to further its aims.⁴⁹ Tracing the arc of these two dynamics is important for understanding how the group became ISCAP.⁵⁰

While the ADF was formed in the mid-1990s, and fought a brief insurgency inside Uganda before moving across the border to Congo, the most salient points of the ADF's history for the purposes of this paper begin in the 2010s. Between 2007 and 2010, the ADF lived in relative peace with the local communities in eastern Congo.⁵¹ However, between 2010 and 2011, the ADF began targeting local civilians in an attempt to prevent them from collaborating with the Congolese military which had launched a major offensive against the group in 2010.⁵² Following further Congolese military pressure against the ADF in July 2013 and again in 2014, the group began retaliating against civilians en masse.⁵³ The 2014 military offensive against the ADF inflicted major casualties and also forced ADF leader Jamil Mukulu to flee from Congo.⁵⁴ A year later, Mukulu was arrested in Tanzania and extradited to Uganda, leading to one of his senior deputies, Musa Baluku, becoming the new leader.⁵⁵

Under Baluku, the ADF attempted to reassert itself by participating in a vicious series of massacres in late 2014 and 2015, reportedly alongside other armed groups and with the complicity of some Congolese military officers.⁵⁶ Though the ADF managed to survive, the group's fortunes had waned,

⁴⁹ Tamm, Henning. "The Origins of Transnational Alliances: Rulers, Rebels, and Political Survival in the Congo Wars." *International Security* 41, no. 1 (August 2016):147-181.

⁵⁰ A minor splinter faction disagreed with Baluku's decision to pivot towards the Islamic State and left the ADF in 2018, retaining their loyalty to Jamil Mukulu despite his arrest and imprisonment. This faction, however, never consisted of more than 150 individuals, and no armed activities by the group have ever been confirmed. The vast majority of the ADF's senior leadership and rank-and-file membership remained with Baluku and accepted his pledge to the Islamic State. A senior leader of this splinter faction, Benjamin Kisokeranio, was arrested in January 2022, and the splinter group itself was violently destroyed by the main Baluku-led faction in January 2023 with some leaders of the splinter rejoining the larger Islamic State-loyal group.

⁵¹ Candland, et.al, "The Islamic State in Congo."

⁵² *Ibid.*

⁵³ *Ibid.*

⁵⁴ *Ibid.*

⁵⁵ *Ibid.*

⁵⁶ Mass Killings in Beni Territory: Political Violence, Cover Ups, and Cooptation. Congo Research Group. September 2017. Pgs 2-3. Available at <https://www.congoresearchgroup.org/wp-content/uploads/2017/09/CRG-Beni-2017-report-updated.pdf>.

and former ADF members recount that by 2017, morale in the group was incredibly low.⁵⁷ With the arrest of Mukulu, the lynchpin for the ADF's external financing, much of the group's international funding began to dry up. Mukulu had previously moved freely between the camps in Congo, major cities around East Africa, and even the United Kingdom to maintain those financial relationships, but with him gone, the flow of money eventually stopped, pushing the group almost to its breaking point.⁵⁸ By 2017, ADF operations were in decline, with only one recorded ADF-caused fatality in the first eight months of the year. It is within this context that Baluku began to look for funding elsewhere to keep the ADF alive.

Under the leadership of Baluku, the ADF became more outwardly facing, whereas previously the group had maintained a strict, secretive *modus operandi*. In 2016, the group – by then rebranded as *Madinat Tauheed wau Muwahideen* (MTM), or “City of Monotheism and Monotheists”⁵⁹ – began rudimentary propaganda efforts that put itself more in line with the rhetoric of the global jihadi movement.⁶⁰ This included a 2017 video featuring one of its senior foreign leaders known as “Jundi,” or Tanzanian Ahmed Muhamood, calling on people to join the “Islamic State in Congo.”⁶¹ This video is the earliest public evidence of the group's relationship with the Islamic State. In April 2019, the Islamic State began publicly claiming attacks inside Congo on behalf of the ADF.⁶² A little over a year later, Musa Baluku explicitly acknowledged the group's newfound identity when, in an internally distributed sermon, he declared that the ADF name was no more and that the group was now known as the Islamic State's Central Africa Province (ISCAP).⁶³

Islamic State funding to its Central Africa Province — which dates back to at least late 2017 — began during the Islamic State's brief transition phase between direct funding and its current regionally pooled model. These transfers continued to evolve, with the various schemes to fund ISCAP representing one of the clearest examples of the Islamic State's current regionally pooled method. At the same time, and predating the Islamic State affiliation, ISCAP has also relied on several self-funding tactics.

The Transition: First Flows of Islamic State Money to the ADF

While there are varying accounts of exactly how the ADF became connected to the Islamic State, former ADF/ISCAP members generally agree that the driving force behind Baluku's decision was largely financial — although as outlined above, a clear ideological shift to a more global jihadi outlook was

⁵⁷ Authors' interviews with W-61 in Kampala, Uganda, November 2020; and interview with W-68 conducted by Ugandan authorities in February 2021 and provided to authors.

⁵⁸ Authors' interviews with W-164 in Kampala, Uganda, January 2022; Authors' interviews with W-67 in Beni, DRC, February 2021; Authors' interviews with W-57 in Kampala, Uganda, December 2019; Interview with W-68 conducted by Ugandan authorities in February 2021 and provided to authors. United Nations Security Council, 15 November 2012, “Letter dated 12 November 2012 from the Chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo addressed to the President of the Security Council.”

⁵⁹ The ADF used this name as early as 2012, mainly to refer to its main camp where its leadership was based. By 2016, it began using this name to refer to the group as a whole.

⁶⁰ Candland, et.al, “The Islamic State in Congo.”

⁶¹ *Ibid.*

⁶² *Ibid.*

⁶³ *Ibid.*

already taking place internally.⁶⁴ The ADF was running out of money, unable to provide even basic necessities like salt or medicine as group morale plummeted and attacks fell to almost nothing. It was in this context that the two groups brokered their alliance. While the exact process, conditions, and requirements for local insurgent groups to become an Islamic State affiliate are unknown, it is clear that the ADF was promised assistance for its desperate financial situation, and in November 2017, the ADF received its first confirmed financial transfers from the Islamic State.

The first confirmed transfer from the Islamic State to ISCAP came via Kenyan Islamic State financier Waleed Ahmed Zein in late 2017. Three years prior in 2014, Zein's father and brother had joined the Islamic State in Syria, but Zein chose not to go.⁶⁵ He remained in Kenya and was working as a truck driver when his father contacted him and asked him to help move money on behalf of the Islamic State. Together with Halima Adan Ali – a woman who had planned to travel with Zein's father to Syria as his fiancée but was arrested before they left and later released – Zein directed money being moved through a financial network that spanned Europe, America, the Middle East, and Africa.⁶⁶ They were initially able to avoid detection by transferring the money through a personal account connected to a family business and through the *hawala* system, but both Zein and Ali were eventually arrested in July 2018.⁶⁷ In total, the pair moved over \$150,000 to Islamic State affiliates in Central Africa, Syria, and Libya.⁶⁸

At least \$11,000 of those funds went to known ISCAP operatives in Uganda. Zein's first recorded transfer to an ISCAP collaborator was on November 17, 2017, when he transferred a little over \$2,000 to an ISCAP operative based in Kampala.⁶⁹ A month later – on December 30 – Zein wired almost \$9,000 to a second ISCAP collaborator.⁷⁰ Both of the recipients received instructions directly from ISCAP leadership alerting them to the transfers and directing them on what to do with the funds. Although confirmed transfers from Zein totaled a relatively minor amount compared to later transfers to

⁶⁴ Former ADF/ISCAP members have disagreed about whether it was Meddie Nkalubo (a.k.a. Punisher) or Ahmed Mohamood (a.k.a. Jundi a.k.a. Abuwakas) who first connected the ADF and the Islamic State. The most popular narrative appears to be that Ahmed Mohamood, likely recruited to the Islamic State himself during his time studying in South Africa, connected with Meddie Nkalubo over social media and traveled to the camps in order to convince the group to pledge allegiance.; Authors' interviews with W-61 in Kampala, Uganda, November 2020; Authors' interviews with W-67 in Beni, DRC, February 2021.

⁶⁵ Nyaga, Beth. "Police arrest duo involved in terrorism facilitation for ISIS." *KBC*, July 5, 2018.

⁶⁶ *Ibid.*; "Treasury Designates Key Nodes of ISIS's Financial Network Stretching Across the Middle East, Europe, and East Africa." US Treasury Department. April 15, 2019.; "Treasury Sanctions East African Facilitator of Intricate ISIS Financial Network." US Treasury Department, September 7, 2018. Receipts reviewed by authors. June 2021.

⁶⁷ *Ibid.*; The authors have also reviewed receipts documenting receipt of approximately one-third of the funds Zein and Halima are accused of transferring on behalf of the Islamic State. The transfers tended to be relatively small, with over two-thirds of them being for \$1000 or less. Over half of the transfers were sent from European countries, with the largest total coming from Sweden. To note, Sweden has long had a problem with terrorist financing, first to al-Qaeda and then to the Islamic State. For instance, see: "6 on trial in Sweden for funding ISIS in Syria." *Diyaruna*, January 7, 2019; Yousuf, Eteaz. "Krävs på miljonbelopp efter terrorfinansiering." *Göteborgs-Posten*, December 13, 2016.; and "Sweden detains four over Islamic State funding: Report." *Agence France Presse*, February 18, 2015.

⁶⁸ "Treasury Sanctions East African Facilitator of Intricate ISIS Financial Network."

⁶⁹ Authors' interview with W-59 in Kampala, Uganda, March 2019. Information corroborated by transfer receipt reviewed by authors.

⁷⁰ Authors' interview with W-5 in Kampala, Uganda, February 2018. Information corroborated by bank records reviewed by authors.

ISCAP, they came at a time of serious financial need and undoubtedly provided a significant lifeline to the group. That Islamic State was able to transfer at least \$11,000 in two months also demonstrated the lucrative nature of the ADF's emerging relationship with the Islamic State. For comparison, verified pre-Islamic State transfers to the ADF through Jamil Mukulu's London-based fundraising network provided the group with \$13,471 between June 2013 and June 2014, though this is unlikely to be a comprehensive total either.⁷¹ Furthermore, these transfers through Zein are the first verified incidence of material support from the Islamic State, and therefore, represent an important progression in the alliance between the groups.

These early transfers also provided a significant psychological victory to ISCAP leadership as they gave the leaders a patina of international credibility within their own demoralized, and at times, fractious ranks. In the beginning, Baluku publicly announced the transfers, likely in a bid to reinforce the wisdom of his decision to ally with the Islamic State.⁷² The alliance was controversial, even within the camps; Jamil Mukulu sent a message from prison forbidding the alliance, and a senior group of Mukulu loyalists publicly dissented from Baluku's decision.⁷³ Baluku quashed the resistance publicly and brutally by ordering the beheading of two of Mukulu's adult children and then distributing a video of the executions to the other camps.⁷⁴ Although Benjamin Kisokeranio, another senior leader at the time, took a small group of about 30 people and fled the group following the beheadings, the vast majority of the group, approximately 500 members, fell in line with Baluku.⁷⁵

More globally, these early transfers from the Islamic State to ISCAP demonstrate the transitional period as the Islamic State shifted from directly funding groups through its reserves in Iraq and Syria towards a more decentralized fundraising and laundering model. The documented funds transferred through Zein were raised outside of the Islamic State's core territories, even though the transfers themselves were still orchestrated by the Islamic State central's financial apparatus. This transitional period illustrated by Zein's network and financial flows to ISCAP ultimately gave way to the Islamic State's current financial architecture, evolving into a new hybrid model as these schemes became more regionally institutionalized. It was through this evolution that a horizontally structured series of networks emerged that were neither wholly global nor wholly local: regionally pooled financing.

⁷¹ "Letter dated 12 January 2015 from the Chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council. January 12, 2015. Pgs 10-11.

⁷² Authors' interviews with W-61 in Kampala, Uganda, November 2020; and authors' interviews with W-69 in Beni, DRC, February 2021.

⁷³ *Ibid.*

⁷⁴ *Ibid.*; Authors' interviews with W-83 in Kinshasa, DRC, September 2021; Authors' interviews with W-164 in Kampala, Uganda, January 2023.

⁷⁵ Authors' interviews with W-73 in Beni, DRC, February 2021; Authors' interviews with W-83 in Kinshasa, DRC, September 2021. WhatsApp messages between a member of the breakaway group and an external collaborator reviewed by authors, April 2019.

Regionally Pooled: A Complex Web of Interconnected Islamic State Networks

A demonstration of this relatively new hybrid method for the Islamic State, in which it can rely on both regional and local methods of revenue generation to pool resources for regional affiliates, can best be seen with ISCAP. Although this section is explicit to the Islamic State's operations across East, Central, and Southern Africa, the standardization of such a regional model suggests this method is employed by the Islamic State elsewhere around the world.

Testimony from ISCAP defectors and corresponding financial transfer receipts indicate that there are multiple Islamic State financial networks emanating out of Somalia and South Africa. While some of these have yet to be fully understood, an in-depth exploration of one of the networks can shed light on the current regional coordination of financing. Working locally, both the Islamic State Somalia Province and Islamic State-loyal cells in South Africa have generated income through localized tactics and schemes, such as extortion or robberies, which are then pooled together to help support ISCAP and, to an ostensibly lesser degree, the Islamic State's Mozambique Province. The pooling of the funds and its subsequent laundering and facilitation are overseen by Islamic State Somalia and its Al-Karrar office. Formed in late 2015 as an Islamic State-loyal splinter faction from al-Qaeda's al-Shabaab and led by a former al-Shabaab commander, Abdul Qadir Mu'min, the Islamic State in Somalia plays a pivotal role in this regional funding relationship.⁷⁶ It acts as the command hub for much of this financial network and is both the source of much of the regional network's financial resources and the glue that binds these affiliates together.

In July 2019, at which point Islamic State Somalia (ISS) was making at least \$70,000 a month, the United Nations noted that ISS had been tasked with overseeing financing of Islamic State affiliates and had directed funds to support operations in the DRC, where ISCAP's pledge of allegiance became public in April 2019.⁷⁷ By late 2019, this role had expanded, with Islamic State central designating the ISS as the "command center" coordinating "affiliates operating in the Democratic Republic of the Congo and Mozambique, and for loose networks and sympathizers of these affiliates."⁷⁸ By September 2020, ISS was facilitating the movements of "trainers, tactical strategists, and financial support" from Islamic State central to ISCAP and Islamic State-Mozambique, and by July 2021, these activities were named as being the purview of ISS's Al-Karrar Office.⁷⁹ Al-Karrar, based in ISS's stronghold in Puntland and reportedly headed by Mumin himself, has thus played an extensive role in providing financial resources and strategic direction to ISCAP on behalf of Islamic State central since at least 2019.⁸⁰ As an example,

⁷⁶ Warner, Jason and Caleb Weiss. "A Legitimate Challenger? Assessing the Rivalry between al-Shabaab and the Islamic State in Somalia." *CTC Sentinel* 10, no. 10 (November 2017).

⁷⁷ Weiss, "Reigniting the Rivalry."; As of late 2022, the UN estimates ISS makes at least \$100,000 a month from extortion. See: "Letter dated 13 February 2023 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015)..." United Nations Security Council. February 13, 2023. Pg. 8.; "Letter dated 15 July 2019," 13.

⁷⁸ "Letter dated 20 January 2020," 12.

⁷⁹ "Letter dated 21 January 2021 from the Chair of the Security Council Committee pursuant to resolutions 1267 (1999), 1989 (2011) and 2253 (2015)..." S/2021/68. United Nations Security Council. Pg 11.; "Letter dated 15 July 2021," 9.

⁸⁰ "Letter dated 11 July 2022," 9.

the United Nations also states that Musa Baluku “receives guidance from Al-Karrar to recruit, expand the group [ISCAP], and develop strategic attacks,” in addition to receiving financial support.⁸¹

Cells in South Africa loyal to the Islamic State constitute another important hub in the financing of both ISCAP and the Islamic State in Mozambique. While not formally organized as one of the Islamic State’s so-called “provinces,” the cells in South Africa play an outsized role in the group’s revenue generation and coordination for central, eastern, and southern Africa, as well as local revenue generation for the Islamic State elsewhere. In regard to local revenue generation inside South Africa, the activities of the Islamic State-loyal cells have predominantly been criminal in nature. For instance, after the execution of the British couple in KwaZulu-Natal in 2018, Islamic State supporters Fatima Patel and Sayefudeen Del Vecchio used the couple’s credit cards to raise funds for the group.⁸² Additionally, the alleged Durban-based Islamic State cell led by Farhad Hooper was reportedly involved in kidnapping-for-ransom and extortion rackets in both Durban and the town of Kliprivier.⁸³ Hooper’s plots to raise funds for the Islamic State were later confirmed by the United States (US) Treasury Department when it sanctioned Hooper and three other South Africa-based individuals in March 2022 for terrorism financing.⁸⁴ Two of these individuals also utilized criminal activities to raise funds: Sirraaj Miller trained Islamic State-loyal individuals to commit robberies in and near Cape Town to raise money for the jihadist group in 2018, and Abdella Hussein Abadigga reportedly extorted members of two of his mosques for these fundraising efforts.⁸⁵

Other sources have additionally confirmed the interconnected nature between ISCAP, Islamic State Somalia, and Islamic State cells in South Africa. For example, the US Treasury Department reported that Abadigga coordinated his extortion efforts with the leadership of the ISS, in particular Bilal al-Sudani, a Sudanese member of the group.⁸⁶ Moreover, individuals linked to ISCAP have worked with South Africa-based Islamic State cells. Two former ISCAP members describe traveling to South Africa – one in 2018, the other in 2021– to receive military training and religious indoctrination.⁸⁷ The first reported the presence of “Arabs” among the trainers in 2018, while the second said the 2021 training was led by an Indian national and that participants openly spoke of their Islamic State loyalty.⁸⁸ According to the 2021 trainee, the purpose of the military-style training was to conduct robberies and

⁸¹ *Ibid.*

⁸² “ISIS-linked Indian-origin couple arrested for abducting UK pair in S Africa.” *Business Standard*, February 26, 2018. Available at https://www.business-standard.com/article/international/isis-linked-indian-origin-couple-arrested-for-abducting-uk-pair-in-s-africa-118022600353_1.html.; “No bail for Isis-linked couple accused of killing elderly botanists.” *African News Agency*, May 10, 2018.

⁸³ Fabricius, Peter. “Kliprivier kidnapping cell was funding Islamic State terrorism, say sources.” *Daily Maverick*, July 30, 2020. Available at <https://www.dailymaverick.co.za/article/2020-07-30-kliprivier-kidnapping-cell-was-funding-islamic-state-terrorism-say-sources/>.

⁸⁴ “Treasury Sanctions South Africa-based ISIS Organizers and Financial Facilitators.” US Treasury Department, 1 March 2022.

⁸⁵ *Ibid.*

⁸⁶ *Ibid.*

⁸⁷ Authors’ interviews with W-53 in Kampala, Uganda, September 2019; and W-138 in Kampala, Uganda, April 2022.

⁸⁸ The term “Arab” is often used by former ISCAP members as a term for any light-skinned individual. It is thus unknown if the witness was referring to people from the Middle East or to lighter-skinned Africans of Arab descent.

kidnappings-for-ransom to raise funds for the Islamic State.⁸⁹ The ISCAP defector further alleged that the individuals in the cell told him that they had already committed several robberies around Johannesburg for the Islamic State, though the witness did not know how much money the cell had made from these activities.⁹⁰

While their revenue-generating activities are significant, the most important role played by Islamic State-loyal cells in South Africa appears to be that of middlemen, consolidating funds from those provinces and support networks that are primarily focused on generating revenue, and transferring the money to the provinces that are mainly financing recipients. Money generated by the Islamic State in both Somalia and South Africa is therefore often pooled inside South Africa and subsequently laundered across East Africa through an intricate network that finances the Islamic State's activities in the DRC, Uganda, Tanzania, and Mozambique. Indeed, this method of consolidation and regional distribution is now a standard model for Islamic State financing globally.

How the Money is Moved

Key nodes in this network include Kenya, Tanzania, and South Africa; funds are moved through these nodes to ISCAP and to the Islamic State in Mozambique.⁹¹ Much of the money flowing to ISCAP has been sent to Uganda, where ISCAP's networks receive the funds to use locally or smuggle across the border into Congo. It is likely that much of the money sent to Tanzania is similarly smuggled into northern Mozambique.

In the case of this network, which operated from 2019 to late 2020, much of the money was sent through *hawala* networks under the auspices of Heeryo Trading Enterprise, a Somalia- and South Africa-based company. Registered in Johannesburg and with operations in Mogadishu, Heeryo facilitated the movement of hundreds of thousands of dollars from Somalia to South Africa, as well as transfers from South Africa to Kenya for further distribution.⁹² Facilitators in Kenya either directly disbursed the funds or, on instructions from Heeryo's manager in Johannesburg, sent them to other money transfer offices where recipients withdrew them.⁹³

⁸⁹ *Ibid.*

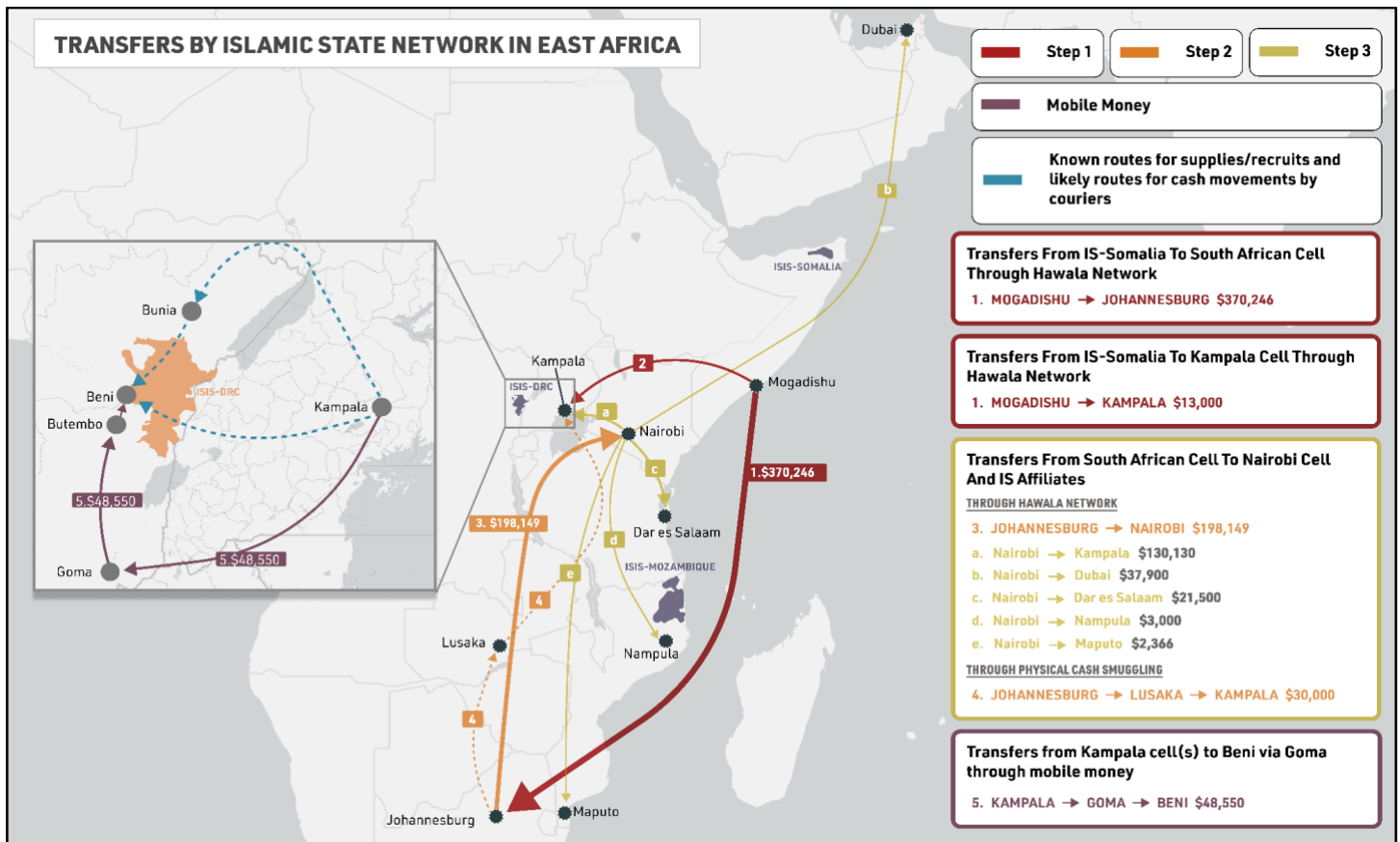
⁹⁰ *Ibid.*

⁹¹ Islamic State-Mozambique has now been its own independent province within the Islamic State's hierarchy since May 2022.

⁹² "IS-Somalia financier slapped with 15-year imprisonment by military court." *Garowe Online*, August 24, 2021. Available at <https://www.garoweonline.com/en/news/somalia/is-somalia-financier-slapped-with-15-year-imprisonment-by-military-court>.; Receipts reviewed by authors, September 2021.

⁹³ Information from a South Africa-based witness, February to April 2022; Authors' interview with W-100, October 2021.

Figure 1. The Islamic State, directed by its Al-Karrar office in Somalia, has used a complex network of financiers and middlemen to move money to its affiliates in Central and Southern Africa.



As with most *hawala* networks, depositors handed over cash at an origin point while recipients withdrew the funds at the destination. Funds at the withdrawal point were initially provided to recipients on credit, and then transfers through official banking networks covered the withdrawal point's balance.⁹⁴ For example, an individual could deposit money with Heeryo in Mogadishu, while the recipient withdrew money from Heeryo in Johannesburg. Heeryo could then cover this balance by simply transferring money between its own accounts in the legitimate banks with which Heeryo maintained its Somali and South African accounts.⁹⁵ These institutions would not know that these transfers were actually on behalf of Islamic State agents, and Heeryo also utilized several banks to cover its balance through official transfers, most consistently Somalia's Salaam Bank.⁹⁶ *Hawala* networks rely heavily on trust between brokers at the point of deposit and withdrawal, and nodes in Mogadishu, Johannesburg, Nairobi, and Kampala were all managed by Somali nationals, many of whom had long-standing personal relationships.

⁹⁴ The Role of Hawala and Other Similar Service Providers in Money Laundering and Terrorist Financing. Financial Action Task Force. October 2013. Pg 16.

⁹⁵ Information from a South Africa-based witness, February to April 2022.

⁹⁶ *Ibid.*

This system mirrors some of the most common means of transferring money to and between members of terrorist organizations. The Islamic State in Iraq and Syria relied on complicated *hawala* networks with multiple transfer nodes to move funds from outside Iraq and Syria to the organization's core areas.⁹⁷ The network operated by Waleed Ahmed Zein in Kenya also received funds from the Islamic State and then transferred funds to ISCAP operatives in Uganda through *hawala* networks. However, the network operated by Heeryo was significantly more complicated, likely intended to obscure the origins and destinations of funds through multiple layers of intermediaries.

Funds were sent through a variety of regional *hawala* and remittance networks, including Taaj, Juba Express, and Mama Money, some of which have branches throughout East Africa, the Middle East, and various Western countries.⁹⁸ This opaque and multi-layered network helped insulate Islamic State agents from being recognized as the senders and recipients of the funds. Not only was the network able to avoid the official banking system, but nodes within the *hawala* networks were not always aware of the identities of their customers or the purposes of their transactions.⁹⁹ Those who were aware of customer identities and/or purposes often cooperated for financial rather than ideological reasons, and the secondary nodes did not realize the primary nodes were conducting transactions on behalf of the Islamic State.¹⁰⁰ Indeed, using *hawala* operators as nodes allowed the Islamic State to mask the senders' identities: if senders were asked to provide phone numbers, they were typically fake, and in many cases senders were not required to provide any identification or phone number at all.¹⁰¹

Conversely, recipients often had to verify their identity, such as in Uganda where photo identification was frequently required.¹⁰² In addition, recipients needed to be able to receive and show a confirmation text sent to the phone number provided by the sender, which demonstrates that these networks were able to consistently communicate the identities and phone numbers of recipients to the individuals initiating the transfers in South Africa.¹⁰³ This information was then forwarded to the operator of the node in Nairobi. Despite this risk of being exposed by using such relatively unsecure methods, the use of *hawala* networks in remittance payments throughout East Africa and beyond helped recipients avoid suspicion. Indeed, many other transactions conducted through the same network were completely unrelated to the Islamic State or other illicit activities.¹⁰⁴

⁹⁷ Joscelyn, Thomas. "US continues to expose Islamic State's global financial network." FDD's Long War Journal, October 19, 2018. Available at <https://www.longwarjournal.org/archives/2018/10/us-continues-to-expose-islamic-states-global-financial-network.php>.

⁹⁸ Information from a South Africa-based witness, February to April 2022; Authors' interview with W-100 in Nairobi, Kenya, October 2021. Receipts reviewed by authors, September 2021.

⁹⁹ *Ibid.*

¹⁰⁰ *Ibid.*

¹⁰¹ Transaction logs and receipts viewed by the authors.

¹⁰² Information from a South Africa-based witness, February to April 2022; Authors' interview with W-100 in Nairobi, Kenya, October 2021; Authors' interviews with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-103 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

¹⁰³ *Ibid.*

¹⁰⁴ Information from a South Africa-based witness, February to April 2022; Authors' interview with W-100 in Nairobi, Kenya, October 2021. Transaction logs and receipts viewed by the authors.

The recipients themselves were sometimes unaware of the purposes of the transfers they were receiving, having been recruited to collect funds at various foreign exchange bureaus and *hawala* brokers.¹⁰⁵ In several cases, they participated as a favor to people they already knew or in exchange for small payments.¹⁰⁶ In all cases where recipients did not know the purposes of the transfers they were receiving, the recipients were chosen and recruited because they already possessed the necessary identification documents or could obtain them without raising suspicion.¹⁰⁷ Recipients almost always handed the funds to a courier soon after receipt, in some cases immediately outside the withdrawal point office.¹⁰⁸ Sometimes the recipients knew the couriers, while in most cases, they were given vague descriptions and locations that enabled the recipients to know to whom they were to hand over the funds.¹⁰⁹ These couriers then used the funds for local operations in Uganda or physically transported the money across the border into Congo, either carrying it themselves, or handing the funds off to other couriers.¹¹⁰

This financial network overseeing Islamic State money to ISCAP is currently managed by Meddie Nkalubo, a high-ranking Ugandan who joined the group around 2016 as an IT and media specialist and who helped facilitate the then-burgeoning relationship with the Islamic State. He has since risen through the group's ranks to become its leader of external operations, overseeing from ISCAP's jungle camps a vast network of subordinates and collaborators across central, eastern, and even southern Africa. Nkalubo has often been personally involved in identifying and recruiting recipients and providing them with instructions on how to receive transfers, as well as forwarding their necessary personal information to the senders in South Africa.¹¹¹ It is likely that similar operatives facilitated transfers to Tanzania and Mozambique, though the identity and structures of these corresponding networks are less clear.

¹⁰⁵ Authors' interviews with W-103 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

¹⁰⁶ Authors' interviews with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-103 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

¹⁰⁷ Authors' interviews with W-103 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

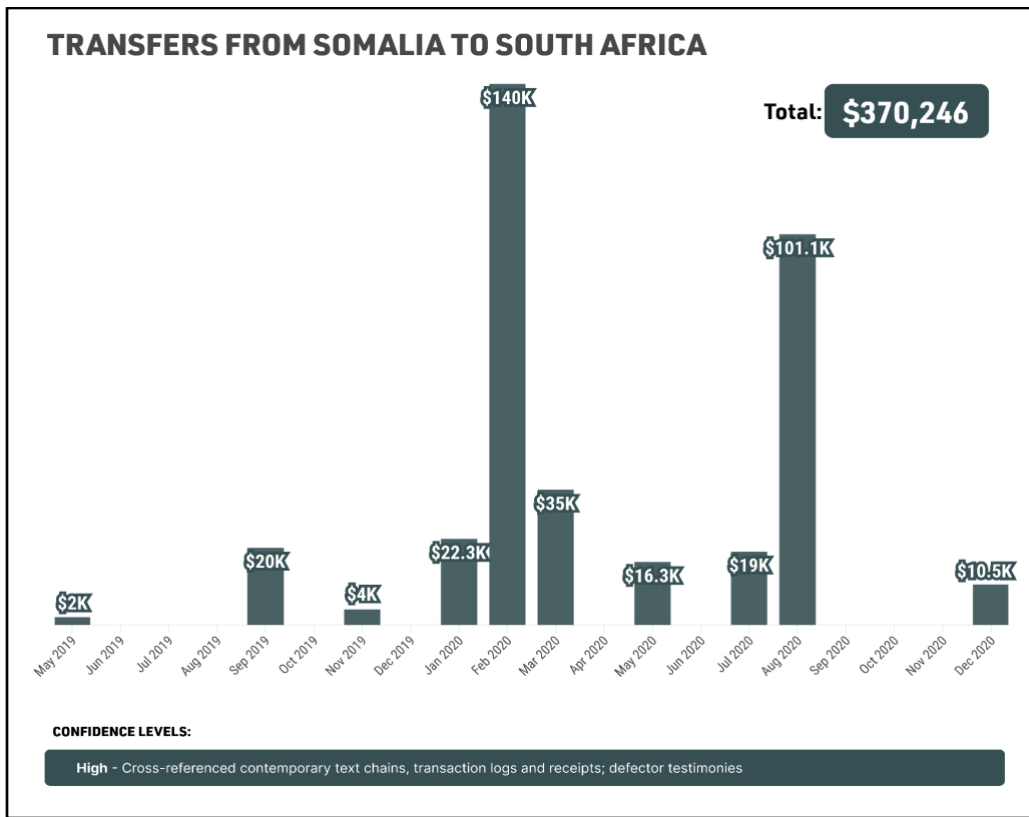
¹⁰⁸ W-59 interview conducted by Ugandan authorities and provided to the authors, March 2020; Authors' interviews with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-103 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

¹⁰⁹ W-59 interview conducted by Ugandan authorities and provided to the authors, March 2020; Authors' interviews with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-103 in Kampala, Uganda, November 2021; Author's interview with W-105 in Kampala, Uganda, November 2021; and authors' interview with W-114 in Kampala, Uganda, February 2022.

¹¹⁰ Authors' interview with W-66 in Kampala, Uganda, November 2020; and authors' interview with W-102 in Kampala, Uganda, November 2021.

¹¹¹ Information from a South Africa-based witness, February to April 2022; Authors' interview with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-138 in Kampala, Uganda, April 2022.

Figure 2. In one network, which operated for approximately 18 months, the authors were able to confirm the transfer of almost \$400,000 from ISS to affiliates in South Africa.

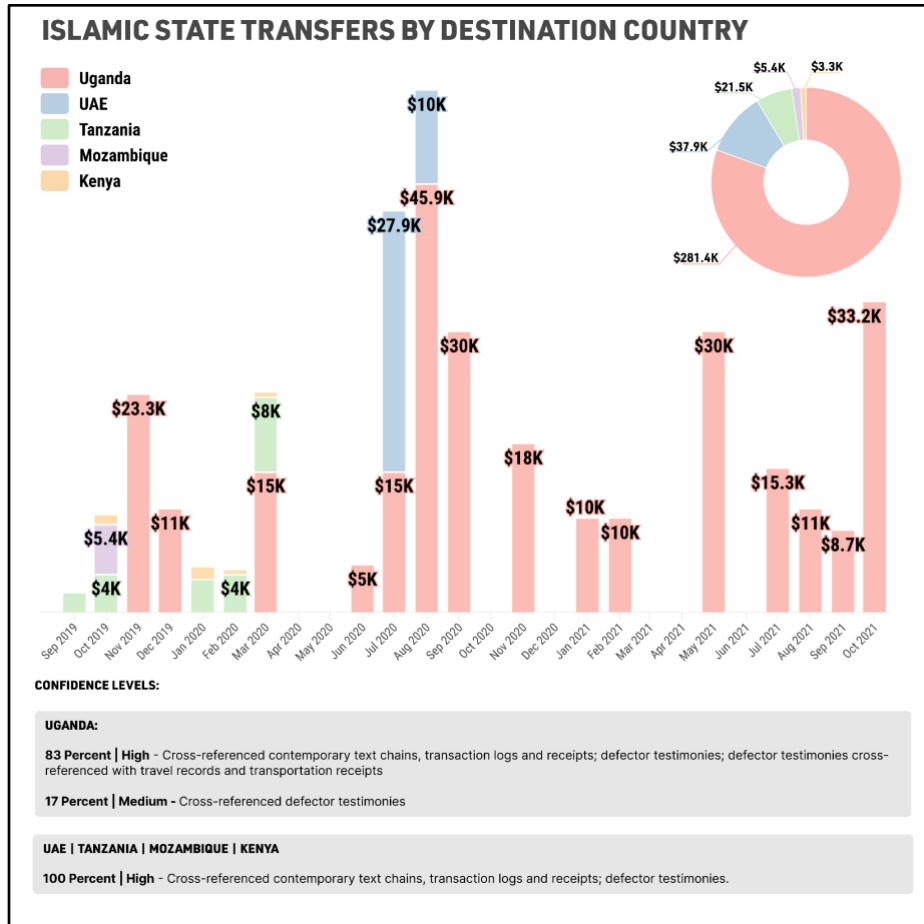


Somali authorities documented that the Heeryo network transferred at least \$400,000 from the Islamic State cells in Somalia directed by Bilal al-Sudani to South Africa, of which at least \$370,000 could be confirmed by the authors through a review of transfer records.¹¹² The authors were further able to document that at least \$211,000 was then transferred by Islamic State agents through the node in Nairobi to recipients in Uganda, the United Arab Emirates, Tanzania, Mozambique, and Kenya between September 2019 and September 2020.¹¹³ The transfer of nearly \$40,000 to Dubai in July and August 2020 further suggests that Al-Karrar was able to provide financial resources to Islamic State’s global networks relatively early, potentially magnifying Al-Karrar’s importance to the Islamic State’s global financial apparatus. All transfers were directed by members of the Islamic State cell in South Africa.

¹¹² “IS-Somalia financier slapped with 15-year imprisonment by military court.” *Garowe Online*, August 24, 2021. Available at <https://www.garoweonline.com/en/news/somalia/is-somalia-financier-slapped-with-15-year-imprisonment-by-military-court>.; Receipts reviewed by authors, September 2021.

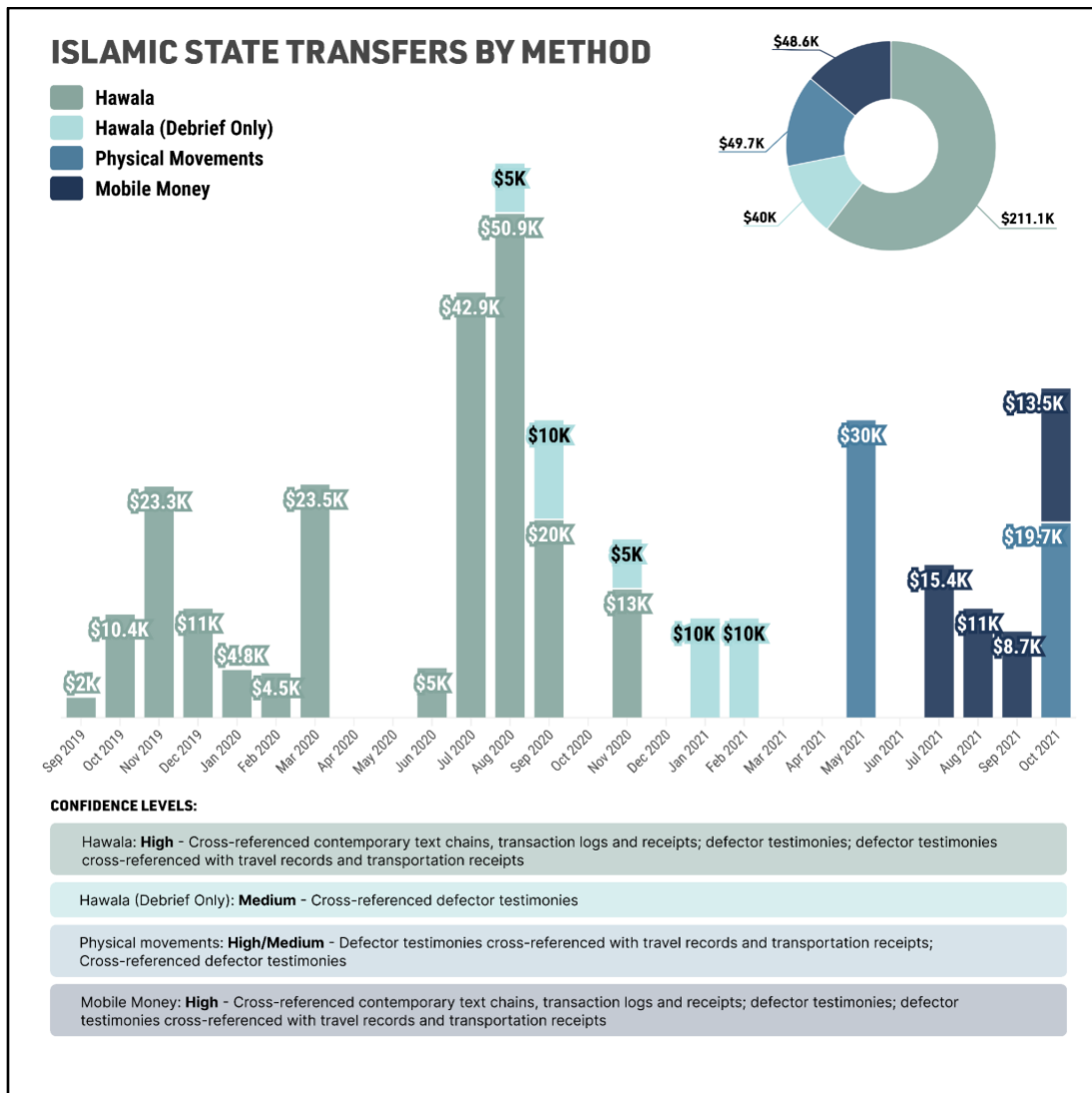
¹¹³ Information from a South Africa-based witness, February to April 2022; Authors’ interview with W-100 in Nairobi, Kenya, October 2021. Transaction logs and receipts viewed by the authors.

Figure 3. Money transferred through the Islamic State network from South Africa to affiliates in Africa and the United Arab Emirates, according to receipts reviewed by the authors and credible defector testimony. These numbers represent a conservative tally and are likely an undercounting.



Authorities shut down this network in September 2021, but it can be assumed that parallel networks operated during this same time period and after. While the authors have high confidence in the figures above, they represent money that was moved through only one network during a specific time period. Receipts indicate that there were at least two alternative financial paths to funnel external financing to ISCAP during this period, although the authors have not yet fully mapped those networks. Accordingly, the figures above represent only a portion of the total funds moving through Islamic State networks in the region; the flow of money to ISCAP and other Islamic State affiliates and networks is undoubtedly much higher.

Figure 4. Confirmed Islamic State transfers to affiliates in central, eastern, and southern Africa and the United Arab Emirates, disaggregated by transfer method.



In addition to transfers through *hawala* networks to withdrawal points near final destinations, other funds were smuggled in cash from South Africa to Uganda, Congo, and possibly other destinations. It is likely that much of these funds were transferred from Islamic State Somalia to affiliates in South Africa, just like the funds transferred through *hawala* networks from South Africa to the destinations listed above. But rather than being transferred to those destinations, these funds were withdrawn as cash in South Africa and then smuggled north over land. A network of safehouses in South Africa, Botswana, Zambia, Tanzania, Uganda, and Congo facilitated this smuggling, while Ugandan nationals – in some cases the same individuals who had previously received funds transferred through *hawala* agents in Uganda –

traveled abroad to receive the funds before handing them off to couriers in Uganda.¹¹⁴ This sometimes involved traveling as far as Tanzania or Zambia, while in other cases it involved traveling to the Uganda-Tanzania border and picking up the money from another courier who had brought it north from South Africa.¹¹⁵

The reason behind the physical smuggling of large amounts of cash is unclear. It is possible that the quantity of the funds was simply too risky to transfer through financial networks, even those as opaque as the *hawala* system. In one case, as much as \$30,000 was taken in a single trip, with the defector claiming to have smuggled a total of nearly \$50,000 in cash into Uganda over several trips that handed off the funds to couriers coordinated by Nkalubo and his associates.¹¹⁶ While these amounts could not be verified, the defector's testimony was consistent with official travel records. In some instances, money was hidden inside electronics, and other ISCAP network collaborators have frequently described conveying electronics of the same type in which those funds were concealed.¹¹⁷ Since collaborators were often directed to leave the equipment in its package, it is unclear how much hidden money they may have transported, and it may suggest that the actual total of physical cash movements is much higher than documented in this paper.

Self-Funding Operations in DRC

While the majority of documented financing for ISCAP over the last few years has come through the Islamic State network described above, the group has also reportedly supplemented these funds with monies raised in Congo. ISCAP has exploited local opportunities in the past, including in gold and timber, although there is no verified information on how much the group made from these ventures.¹¹⁸ Some evidence exists that the group was exploiting timber again in 2018-19, but the amounts were relatively minor and would have accounted for around \$15,000 in annual profit.¹¹⁹

Kidnapping-for-ransom is another, slightly more lucrative, fundraising approach ISCAP has taken in recent years. As with timber, kidnappings-for-ransom represent a return to ISCAP's past as the ADF; local sources reported the occurrence of suspected ADF kidnapping-for-ransom schemes in 2012,

¹¹⁴ Authors' interview with W-92 in Kinshasa, DRC, September 2021; authors' interview with W-102 in Kampala, Uganda, November 2021; authors' interview of W-105 in Kampala, Uganda, November 2021; and authors' interview of W-138 in Kampala, Uganda, in April 2022.; Authors' interviews with W-102 in Kampala, Uganda, November 2021.

¹¹⁵ *Ibid.*; authors' interview with W-105 in Kampala, Uganda, November 2021.

¹¹⁶ Authors' interviews with W-102 in Kampala, Uganda, November 2021.

¹¹⁷ Authors' interview with W-92 in Kinshasa, DRC, September 2021; authors' interview with W-102 in Kampala, Uganda, November 2021; authors' interview of W-105 in Kampala, Uganda, November 2021; and authors' interview of W-138 in Kampala, Uganda, in April 2022.

¹¹⁸ Scorgie-Porter, Lindsay. "Economic Survival and Borderland Rebellion: The Case of the Allied Democratic Forces on the Uganda-Congo Border." *The Journal of the Middle East and Africa* 6, no. 2 (2015): 191-213. Despite widespread rumors of ISCAP involvement, no evidence has been found to support claims that the group raises money through cacao farming or exploitation (See: "Letter dated 10 June 2021 from the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council. June 10, 2021. Pg 12.). While the group has been known to attack cacao farmers, this appears to be part of their normal operations against cultivators.

¹¹⁹ Interview with Congolese source, November 2022.; Receipt book viewed by authors, November 2022.

though these were operationally limited in scope.¹²⁰ More recently, a few defectors stated that the group began re-engaging in kidnapping-for-ransom operations around 2018, with the number of incidents appearing to increase around 2020 and continuing through at least the end of 2022.¹²¹ Although the details are anecdotal, ISCAP is estimated to have raised around \$20,000 annually from this scheme, utilizing the tactic in both southern Ituri and in Beni territory.¹²²

While important, these local funding schemes – totaling approximately \$35,000 annually – represent a fraction of the \$163,000 transferred through the Islamic State's network in a year. As outlined above, Islamic State financing to the ADF helped it transform into the Islamic State's Central Africa Province. This funding was illustrative of the Islamic State's transitional phase and regionally pooled method, using complicated international networks to avoid detection. The next section discusses the deadly ramifications of such funding across Central and East Africa.

¹²⁰ "Eastern Congo: The ADF-NALU's Lost Rebellion (Africa Briefing No. 93)." International Crisis Group. 19 December 2012.

¹²¹ Authors' interview with W132 in Beni, DRC, March 2022; Interview with W-68 conducted by Ugandan authorities in February 2021 and provided to authors; Interview with Congolese source, March 2022; Kivu Security Tracker.

¹²² Authors' interviews with Ugandan sources (December 2021) and W-132 (March 2022). Interview with W-68 conducted by Ugandan authorities and provided to authors, March 2021.

Direct Implications of the Steady Flow of Money to ISCAP

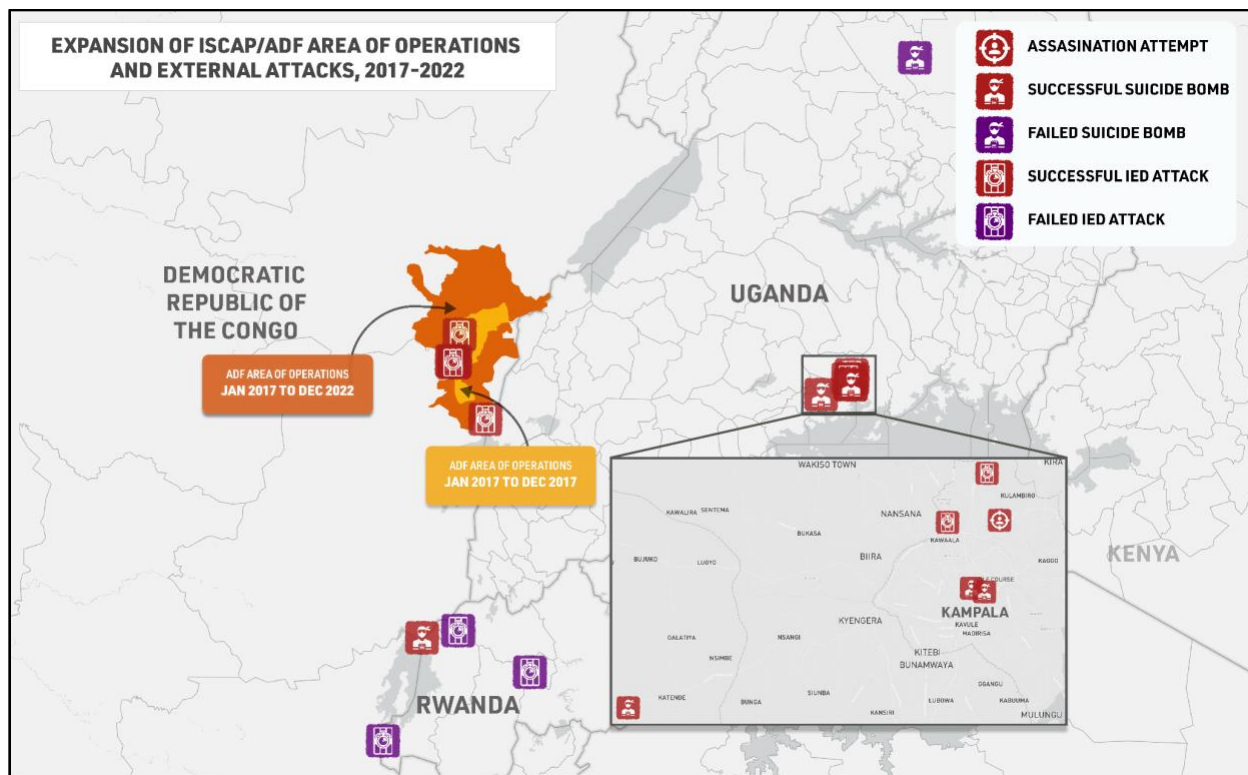
The Islamic State funding received by ISCAP as outlined above has had dramatic consequences. Approximately \$68,000 was given to individuals connected to the cells that were responsible for the series of suicide bombings in Uganda in 2021. The same network is likely also responsible for an attempted attack in Rwanda and the 2021 to 2022 bombing campaign in Congo. The specific use of the remaining \$213,000 that the authors have verified through receipts and/or credible defector testimony is unknown, but the influx of Islamic State funding since 2017 correlates with a significant and sustained increase in violence.

As will be briefly discussed later, alternative theories attempting to explain this explosion of violence by ISCAP that fail to account for the role of the influx of resources from the Islamic State are incomplete or unpersuasive. The authors instead conclude that the substantial and sustained flow of financial resources from the Islamic State has enabled ISCAP to become not only a significant regional terrorist actor, threatening Congo and its neighbors across Central and East Africa, but also a vastly more deadly armed group brutalizing communities within its areas of operation.

Becoming a Regional Terrorist Actor

Although specific transfers can rarely be tied to individual attacks, the timing of the attacks and the identities of individuals receiving and moving funds indicate that approximately \$68,000 of Islamic State money covered in this paper helped fund the series of attempted and successful improvised explosive device (IED) blasts and suicide bombings in Uganda, Congo, and Rwanda from at least August 2021 to the end of 2022. The manner and methods in which funding was distributed and operations were planned and carried out also demonstrate a clear transformation of ISCAP from a group predominantly perpetrating attacks in the Congolese countryside to a more regional terrorist actor.

Figure 5. Map showing the growth in ISCAP's area of operations both in Congo and throughout the region.



The funding and preparations for the vast majority of ISCAP's plots since the summer of 2021 have been coordinated by Meddie Nkalubo. As outlined above, Nkalubo oversaw the network that transferred money via the Islamic State from South Africa to collaborators in Kampala.¹²³ This included both electronic and cash transfers, such as the cash brought up from Zambia in May 2021 and given to one of Nkalubo's lieutenants in Kampala.¹²⁴ After receiving this money, Nkalubo and this lieutenant recruited and directed the cell responsible for ISCAP's first suicide bombing attempt in Pader, Uganda in August 2021.¹²⁵ The lieutenant was also in charge of procuring the materials needed to make the explosive vest which was then transported from the Kampala area to the northern Ugandan town of Pader.¹²⁶ Though the attempt ultimately failed, the Pader plot nevertheless marked the beginning of Nkalubo's bombing campaign in Uganda utilizing money provided by the Islamic State.

Fueled by this steady flow of money, Nkalubo's activities in Uganda continued through the end of 2021. In October, improvised explosive devices (IEDs) were detonated near a police station in Kampala's

¹²³ Authors' interviews with W-102 in Kampala, Uganda, November 2021; Authors' interviews with W-136 in Kampala, Uganda, April 2022; and Authors' interviews with W-39 in Kampala, Uganda, March 2021.

¹²⁴ Authors' interviews with W-102 in Kampala, Uganda, November 2021.

¹²⁵ *Ibid.*

¹²⁶ Authors' interview with W-84 in Kampala, Uganda, September 2021.

Kawempe district and later at a pork joint in the Komamboga neighborhood.¹²⁷ Two days later, a suicide bomber detonated himself on a passenger bus just outside of Kampala's city limits, killing only himself.¹²⁸ These attacks culminated in the November 16 triple suicide bombings in downtown Kampala that left at least three people dead.¹²⁹ In each instance, in the weeks leading up to the operations, Nkalubo coordinated the transfer of tens of thousands of dollars to the cell responsible, often moving the funds in cash from South Africa.¹³⁰ For example, Nkalubo facilitated the transfer of \$5,000 in early November to one of the members responsible for the November 16 bombings.¹³¹

Nkalubo has not just overseen violent operations in Uganda. During the same period that his network was receiving the documented Islamic State funds, Nkalubo masterminded a series of bombings in Congo and attempted bombings in Rwanda. For example, an attempted bombing plot in Rwanda in the summer of 2021 that targeted three separate areas was coordinated and conducted through Rwandan members of the group directed by Nkalubo.¹³² In early 2022, ISCAP attacked a restaurant near Katindo military camp in Goma, the biggest city in eastern DRC and capital of North Kivu Province.¹³³ Using a Tanzanian female suicide bomber, Nkalubo funded, guided, and coordinated the cell responsible for that explosion.¹³⁴ While specific transfers cannot be tied to attacks and plots in Rwanda and Congo as they can be to the bombings in Uganda, the timing of money transfers and attacks and the individuals involved suggest that Islamic State financing was key to ISCAP's growth as a regional terror threat.

¹²⁷ Mahtani, Dino. "The Kampala Attacks and Their Regional Implications." International Crisis Group. November 19, 2021.; Weiss, Caleb and Ryan O'Farrell. "Analysis: Islamic State targets Uganda with bombings." FDD's Long War Journal. November 17, 2021. Available at <https://www.longwarjournal.org/archives/2021/11/analysis-islamic-state-targets-uganda-with-bombings.php>.

¹²⁸ Mugabi, Sully. "Museveni: Swift bus bomber was ADF terrorist Isaac Matovu 'Musafala.'" *Chimp Reports*, October 26, 2021. Available at <https://chimpreports.com/museveni-swift-bus-bomber-was-adf-terrorist-isaac-matovu-musafala/>.

¹²⁹ Weiss and O'Farrell, "Analysis: Islamic State targets Uganda with bombings."

¹³⁰ Authors' interviews with W-102 in Kampala, Uganda, November 2021; W-59 interview conducted by Ugandan authorities and provided to the authors, March 2020; Interview conducted by Ugandan authorities in December 2021 and provided to authors, and authors' interview with W-136 in Kampala, Uganda, April 2022.

¹³¹ *Ibid*,

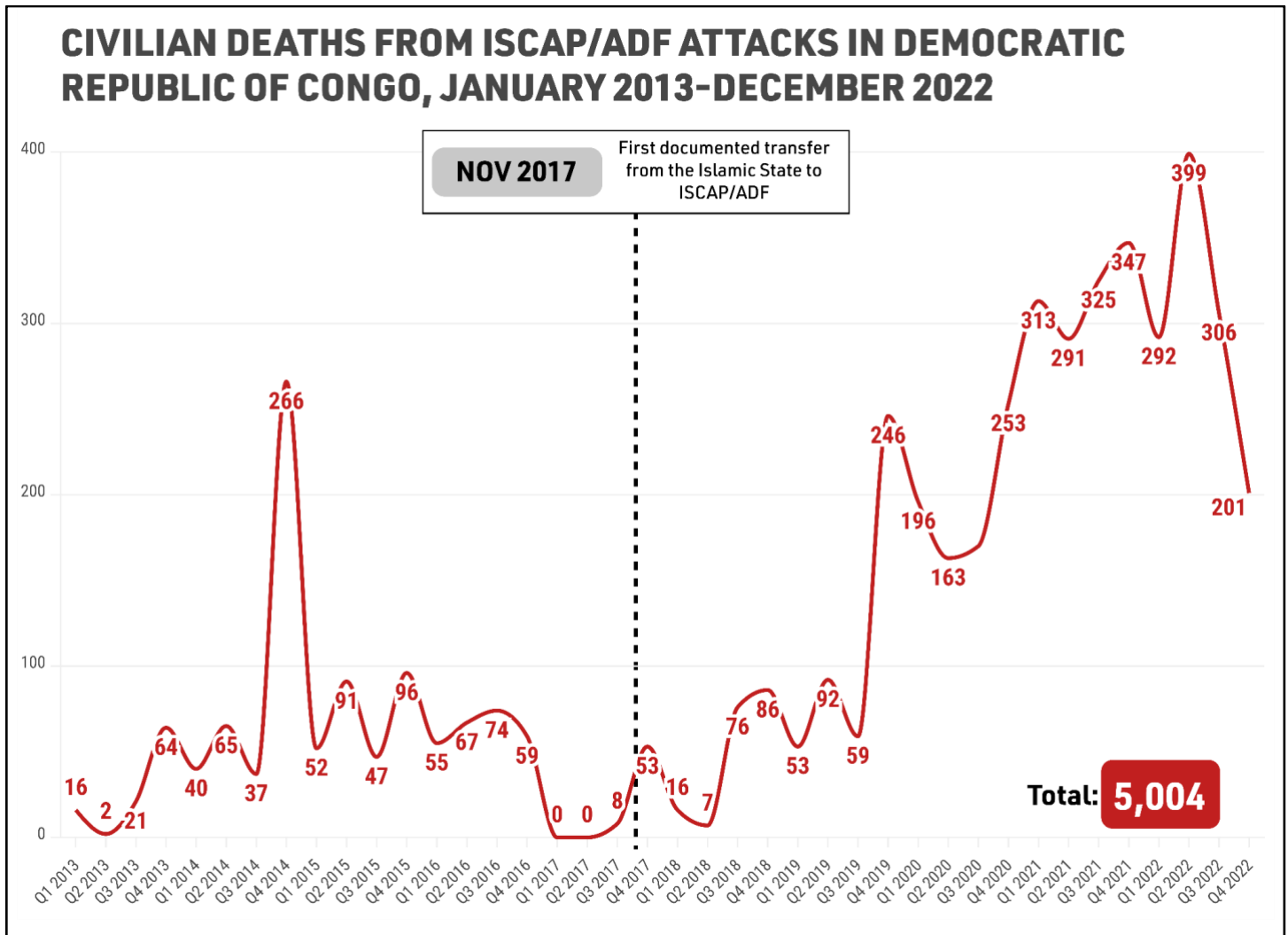
¹³² Authors' interview with W117 in Kigali, Rwanda, February 2022.

¹³³ "Letter dated 16 December 2022 from the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council.

¹³⁴ *Ibid*.; Interview with Congolese source in Beni, DRC, February 2023.

Growing the province

Figure 6. Islamic State funding has correlated with a sustained upward trend in ISCAP violence.



The remainder of the \$213,000 in Islamic State funding traced in this paper appears to have supported ISCAP’s more quotidian expenses for supporting a regional terrorist group. While not linked to specific attacks, the reception of these funds correlates with a significant rise in violence perpetrated by ISCAP.

Having operated inside Congo since 1995, ISCAP has long maintained a sophisticated network of collaborators for procuring supplies, transporting recruits, paying for medical care, and other purposes, all of which require substantial financial resources and a diligent management apparatus. According to some of these collaborators, ISCAP leadership relayed instructions to procure items including medical supplies, electronics, and food stuffs, as well as to purchase land and to care for the families that ISCAP

fighters had left behind.¹³⁵ While this sophisticated financial apparatus predated ISCAP joining the Islamic State, the integration of the ADF's pre-existing support networks into the Islamic State's much larger and well-resourced regional financial and recruitment networks has vastly magnified the resources available to ISCAP, and is a core determinant of ISCAP's rapid expansion in Congo since 2017.

This procurement and support apparatus purchases goods in both Uganda and Congo and transports them to pre-arranged drop-off points where ISCAP personnel collect them and take them to the group's camps. Most supplies procured in Uganda – as well as the remaining funds – are transferred to Congo, although it is less clear what happens to the money once it crosses the border. As organized by Nkalubo, much of it has likely ended up in ISCAP's various camps in eastern Congo, and it is likely that ISCAP maintains some type of cash reserve used to pay for supplies, fuel, payments to collaborators, and other needs that have sustained and increased the group's ability to undertake its violent campaign against civilians and security forces. In some cases, money smuggled into Congo was deposited onto Congolese mobile money accounts which could then be used to pay collaborator networks inside Congo without physically moving cash.¹³⁶ Many collaborators are motivated by financial opportunities rather than ideological conviction.¹³⁷

Other expenditures further demonstrate the group's transition from a relatively cash-strapped rebel group to a flush regional terror network. One of the most pertinent examples is the funding of travel for either new recruits or operatives of the group. For instance, the aforementioned trip in which a collaborator journeyed to Zambia in order to pick up a shipment of cash was paid for in advance by Nkalubo.¹³⁸ In other scenarios, the group has had the resources to pay for identity cards, passports, mobile phones, sim cards, and other supplies for various recruits and collaborators.¹³⁹ One such collaborator was even given roughly two million Ugandan shillings to open and operate a clothing shop in Kampala which was then likely used as a means for the group to acquire clothing for those living in the jungle camps.¹⁴⁰

The influx of financial resources into ISCAP's pre-existing support networks has enabled the group to rapidly grow its numbers, rebuilding its capacity for violence after the funding shortfall following Mukulu's arrest which had limited the group's ability to maintain a sizable armed force. While precise numbers are difficult to ascertain, estimates included in UN reports indicate that ADF membership fell from a peak of 1,600 to 2,500 total members (including 1,200 to 1,500 combatants) in 2013 to only 400

¹³⁵ W-59 interview conducted by Ugandan authorities and provided to the authors, March 2020; and authors' interviews with W-102 in Kampala, Uganda, November 2021.; Authors' interviews with W-102 in Kampala, Uganda, November 2021.; Interview conducted by Ugandan authorities in December 2021 and provided to authors.

¹³⁶ Authors' interviews with W-143 in Beni, DRC, May 2022.

¹³⁷ Authors' interviews with W-133 in Beni, DRC, March 2022. Authors' interviews with W-102 in Kampala, Uganda, November 2021. Authors' interviews with W-59 in Kampala, Uganda, June 2021. Authors' interviews with W-174 in Kampala, Uganda, April 2023.

¹³⁸ Authors' interviews with W-102 in Kampala, Uganda, Nov. 2021.

¹³⁹ Authors' interviews with W-103 in Kampala, Uganda, Nov. 2021.

¹⁴⁰ Authors interviews with W-105 in Kampala, Uganda, Nov. 2021.

to 450 combatants by the beginning of 2018.¹⁴¹ Since then, ISCAP numbers have returned to at least their highest known levels: the UN's Analytical Support and Sanctions Monitoring Team estimated that ISCAP included between 1,500 and 2,000 adult male fighters in February 2023.¹⁴² Driven in large part by ideologically motivated foreign recruits from around the region, this rapid increase in ISCAP's manpower has almost certainly been made possible by the Islamic State's financial resources.¹⁴³ With huge amounts of money flowing into a well-established support network, ISCAP has been able to provide basic necessities to a much larger population in its camps, even as military pressure has forced the group to relocate large numbers of personnel over great distances.

Rising Civilian Violence in Congo

Islamic State financing – and the growing fighting force it has funded over the last five years – has correlated with a significant spike in ISCAP activity and lethality on the ground in eastern Congo. Between 2017 and 2022, ISCAP's area of operations inside eastern DRC has more than quadrupled, while the number of civilian casualties as a result of ISCAP attacks rose from 61 in 2017 to 1,198 in 2022, a more than 1800% increase.¹⁴⁴ The average monthly death toll from ISCAP attacks between October 2014, when the group first began massacring civilians en masse, and November 2017, when it received its first confirmed financial transfer from the Islamic State, stood at roughly 23 civilians killed per month.¹⁴⁵ Between November 2017 and December 2022, ISCAP's average monthly death toll rose to 63 civilians killed per month, which amounts to a more than 270% increase in lethality.¹⁴⁶

These numbers, however, fail to fully convey the rapid increase in fatalities since ISCAP began receiving money from the Islamic State, as shown in Figure 6 above. In the two years prior to ISCAP's first confirmed financial transfer from the Islamic State, its average monthly death toll had fallen from 23 to eight; in fact, the ADF killed only one person in the first eight months of 2017. Since November 2017, the average monthly death toll has risen steadily until 2022, from 15 killed per month in 2018 to

¹⁴¹ "Letter dated 22 January 2014 from the Coordinator of the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council. January 22, 2014. Pg 19. "Letter dated 20 May 2018 from the Group of Experts on the Democratic Republic of the Congo addressed to the President of the Security Council." United Nations Security Council. May 20, 2018. Pg 9.

¹⁴² "Letter dated 13 February 2023," 8.

¹⁴³ Authors' interview with W61 in Kampala, Uganda, in November 2020. Authors' interview with W68 in Beni, DRC, in February 2021.

¹⁴⁴ Based authors' compilation of Kivu Security Tracker (KST) data, available at <https://kivusecurity.org/>. This includes all attacks attributed to the ADF, as well as KST-verified attacks in which KST researchers have been unable to positively identify the perpetrators but that the authors have been able to independently verify as ADF. We rely on KST data starting in mid-2017, when it first became available. Bridgeway Foundation is a founding partner of the Kivu Security Tracker but has no role in the incident tracking process.

¹⁴⁵ Raleigh, Clionadh, Andrew Linke, Håvard Hegre, and Joakim Karlsen. "Introducing ACLED-Armed Conflict Location and Event Data." *Journal of Peace Research* 47, no.5 (2010): 651- 660.

¹⁴⁶ Based authors' compilation of Kivu Security Tracker (KST) data. This includes all attacks attributed to the ADF, as well as KST-verified attacks in which KST researchers have been unable to positively identify the perpetrators but that the authors have been able to independently verify as ADF. We rely on KST data starting in mid-2017, when it first became available. Bridgeway Foundation is a founding partner of the Kivu Security Tracker but has no role in the incident tracking process.

100 per month throughout 2021 and 2022. A concerted joint offensive by the Congolese and Ugandan militaries since December 2021 appears to have contributed to a decrease in ISCAP violence towards the end of 2022, but it remains to be seen whether the downward trend will persist or whether it represents a temporary setback for the group.

While there are undoubtedly multiple factors that contributed to the steady rise of violence, Islamic State financing has been a key factor for increasing and sustaining ISCAP's capacity for violence far beyond what the group was able to perpetrate prior to this influx of resources. Based on the relative amounts known to fund ISCAP during the period under question, it appears that this new force is largely funded by the Islamic State. One alternative theory for the rise in violence is that it is a response to successive offensive operations that have targeted ISCAP since January 2014. ISCAP has a well-documented history – going back to its days as the ADF – of reprisals against civilians in response to government operations to try to undermine public confidence in the government and compel security forces to take defensive positions, which at least in part accounts for the spike in fatalities from late-2014 through 2016. This theory does not, however, explain the sustained, consistent increase in both the lethality and geographic scope of ISCAP's violence over the past five years. Current ISCAP operations far outpace any earlier period, including the massacres of late-2014 through 2016. While reprisals against civilians have long been a core strategy of the group, it is apparent that their capacity to implement this strategy has dramatically increased since the Islamic State began providing financial support in 2017.

Conclusion and Recommendations

The progression of Islamic State funding to its Central Africa Province in Congo has gone through considerable changes over the last five years, largely mirroring the Islamic State's own internal transformation and adaptations to its global financing schemes. Though the Islamic State originally directly financed its foreign affiliates from its own coffers during the height of its territorial caliphate between 2014 and 2016, it was forced to adapt in the face of intense military pressure. As a result, the terrorist group began to use interconnected financial networks and middlemen around the world, directed by the Islamic State's central leadership, to launder and transfer money from both its core territories in the Middle East and from its international supporters to various regional affiliates. It is during this so-called transition phase that funding to ISCAP began in 2017.

But as the Islamic State continued to evolve and adapt, so too did its global funding schemes. The brief transition phase gave way to the group's current favored model: regionally pooled financing. With local affiliates and disparate cells working locally in their respective areas of operation to generate income, these networks then pool revenue together to help support a designated regional affiliate (these rough periods are outlined in the table below). These schemes, as well as the coordination and facilitation of such fundraising, are overseen by the Islamic State's various so-called "regional offices" which act as the Islamic State's local or regional administrative hubs for their designated area of responsibility. For ISCAP, this means that the Al-Karrar office of Islamic State's Somalia Province and Islamic State-loyal cells in South Africa work to generate income by means of extortion or criminal activity, respectively. Under the direction of Al-Karrar leadership, the funds are then pooled together in South Africa before being sent further along the figurative pipeline across East Africa to finance ISCAP inside Congo. It is only through this elaborate funding mechanism that ISCAP has been able to rebound from its moribund position in 2017 and now poses a significant regional terrorist threat across Central and East Africa, all in line with the Islamic State's own motto of "remaining and expanding."

The evolving nature of Islamic State financing has some important policy implications for how to combat the international terrorist group. Regional Islamic State financial networks are used to fill gaps or supplement local self-funding, leading to international systems, as outlined above. This means that countries must work together to identify and dismantle these networks, particularly as it relates to removing key financial nodes, such as individuals outlined in this paper like Meddie Nkalubo or Bilal al-Sudani. With the intricacies of the *hawala* and mobile money networks, it will be difficult for isolated countries to discern which transfers are suspicious; cooperation between intelligence and financial investigators at both the point of origin and withdrawal is essential to make these connections. This is especially true as it relates to successful operations against key financial nodes in which effectively sharing critical intelligence gathered from such raids between affected states must be prioritized in a timely manner in order to move on other individual links in the financial chain.

Table 2. Methods of Islamic State Financing.

Defining Characteristics	Direct (2014 - 2016)	Regionally Pooled (2017 - Present)	Self-Funded
Movement	Transfers and physical cash movements directly from the Islamic State's central leadership in Iraq and Syria and regional affiliates (sometimes using middlemen)	Transfers and physical cash movements between Islamic State affiliates and regional networks, directed by the Islamic State's regional offices ¹⁴⁷	Physical transfers, mobile money
Networks	Front companies established in Turkey and Arab Gulf countries; bank transfers; <i>hawala</i> networks	Transfers using <i>hawala</i> networks, multiple nodes, and front companies within the same general region or adjacent regions	Couriers and mobile money transfers within a local affiliate's area of operation
Fundraising	Extortion, taxes, looting, oil and gas sales, donations	Donations, extortion, taxes, looting, robberies	Extortion, robberies, taxes

Furthermore, given the heavy involvement of intelligence and military agencies in these investigations, it will be necessary to ensure all parties are properly trained in the collection and preservation of evidence. Too often those involved in these schemes are acquitted for lack of proper procedures or evidence and ultimately return to their illicit activities. Dismantling these financial networks is only possible by having investigators who are aware of and work to the legal standard required to successfully prosecute the Islamic State's civilian collaborators.

While many aspects of the Islamic State's financing methods have changed over time, some have not. This includes methods of revenue generation, such as extortion and illegal taxation, as well as methods of transfers, such as the *hawala* system. The former presents a significant challenge in countries where the central government has difficulty securing its entire territory which leaves citizens without legal recourse to withstand the Islamic State's demands. It is essential that states provide, at the very least,

¹⁴⁷ Given the likely current geographically dispersed global leadership model of the Islamic State, it is possible that other Islamic State leaders outside the general region of a particular regional office also have input on this direction when necessary.

a secure method for reporting extortion or illegal taxing, and where possible, strengthen local law enforcement to be able to respond to these reports. In the case of the latter – the use of hawala systems – states must do more to regulate these entities, including requiring identification from senders and instituting basic checks on personal data, such as requiring the sender to verify their phone number with a confirmation text.

In addition to these challenges, investigators must always be vigilant to discern new Islamic State funding schemes as they adapt, progress, and/or develop. The Islamic State's financial network has proven remarkably malleable as it has adjusted to significant setbacks over the years while still allowing for the growth of numerous affiliates in Africa and around the world. It is unlikely that the current favored method of Islamic State funding will be the last, and while the move to each new archetype indicates a win on behalf of law enforcement as they shut down previous networks, it also represents a new challenge for security agencies. This challenge can only be confronted by further critical and timely intelligence sharing, particularly as it relates to these shifting tactics, between domestic and international intelligence and security agencies across the African continent and beyond. Key players in the fight against the Islamic State's money-making empire must be kept up-to-date on the international terrorist organization's latest financial *modus operandi*. By effectively and efficiently working together to take down the Islamic State's financial networks in Africa, governments can stop the spread of the so-called caliphate across the continent.

Appendix: Profiles of Select Individuals Involved in Financing ISCAP¹⁴⁸

1. Abdul Qadir Mu'min - Puntland, Somalia



Abdul Qadir Mu'min, a former ideologue within al-Shabaab, al-Qaeda's East African branch, serves as the leader, or *wali* (governor), of the Islamic State's Somali Province (or Islamic State Somalia, ISS).¹⁴⁹ Mu'min became the leader of ISS in October 2015 after the Islamic State officially recognized a presence in Somalia – though it would not be promoted to a full province until December 2017.¹⁵⁰ While other pro-Islamic State cells emerged in Somalia prior to October 2015, Mu'min's faction became the core of ISS as the other cells were crushed by al-Shabaab.¹⁵¹ ISS is largely based in the semi-autonomous region of Puntland in northern Somalia, though it retains networks across southern and central Somalia.¹⁵²

Given Mu'min's rank of *wali* of ISS, he is assessed by United Nations member states to also act as the head of the Islamic State's Al-Karrar Office, though this remains disputed.¹⁵³ As the potential director of Al-Karrar, it is Mu'min who oversees and directs not only the local generation of funds inside Somalia,

¹⁴⁸ Numbers do not necessarily reflect the actual placement or rank of the individuals in the network.

¹⁴⁹ Warner and Weiss, "A Legitimate Challenger?"

¹⁵⁰ Joscelyn, Thomas and Caleb Weiss. "Islamic State video promotes Somali arm, incites attacks during holidays." FDD's Long War Journal. December 27, 2017. Available at <https://www.longwarjournal.org/archives/2017/12/islamic-state-video-promotes-somali-arm-incites-attacks-during-holidays.php>.

¹⁵¹ Warner and Weiss, "A Legitimate Challenger?"

¹⁵² *Ibid.*; Weiss, "Reigniting the Rivalry."

¹⁵³ "Fifteenth report of the Secretary-General on the threat posed by ISIL (Da'esh) to international peace and security and the range of United Nations efforts in support of Member States in countering the threat." United Nations Security Council. July 2022. Pg. 5.; Author interview with Voice of America Somali journalist Harun Maruf, August 2022.

but also the transfer of funds across much of eastern and southern Africa. Mu'min and his underlings thus coordinate these activities with other Islamic State personnel in these regions. Additionally, the director of Al-Karrar is also likely responsible for the flow of information, guidance, and/or direction between the Islamic States' central leadership and its groups in Somalia, Mozambique, and the DRC. This is made evident by the document recovered in Mozambique showing direct communication between the local Islamic State branch and Mu'min and others inside Somalia.¹⁵⁴

2. Bilal al-Sudani - Puntland, Somalia



Sudani, whose real name was Suhayl Salim Abd el-Rahman, was a Sudanese national and key leader of the Islamic State's Al-Karrar office in Somalia. Originally joining al-Qaeda's Shabaab in 2007, he acted as one of the group's key coordinators and facilitators of foreign recruits, according to his official US sanction description in 2012.¹⁵⁵ After almost a decade of belonging to Shabaab, al-Sudani defected to the Islamic State around 2016.¹⁵⁶ He then played a prominent role within both the Islamic State Somalia's overall leadership and within the Al-Karrar Office, and thus the Islamic State's regional coordination efforts. For instance, al-Sudani was identified as a deputy emir underneath Mu'min by Somali media in August 2021.¹⁵⁷ As such, al-Sudani helped facilitate and oversee the flow of funds emanating from Somalia into the coffers of the Islamic State inside Congo, Mozambique, and elsewhere such as Afghanistan (which directly led to the deaths of US service members).¹⁵⁸ According to the US

¹⁵⁴ Document reviewed by authors, February 2022.

¹⁵⁵ "Treasury Targets Regional Actors Fueling Violence and Instability in Somalia." US Treasury Department. July 5, 2012.

¹⁵⁶ Cade, Cabdi. "Nin kooxda Daacish u qaabilsanaa Lacag kala gudbinta oo Xukun Adag lagu riday." *All Banadir*, August 23, 2021.

¹⁵⁷ *Ibid.*

¹⁵⁸ Schmitt, "Ties to Kabul Bombing Put ISIS Leader in Somalia in U.S. Cross Hairs."

Treasury Department, it is al-Sudani who coordinated with a South Africa-based Islamic State operative, Abdella Hussein Abadigga.¹⁵⁹ Sudani was killed in a US special operations raid in Somalia's northern Puntland region in late January 2023.¹⁶⁰

3. *Meddie Nkalubo - DRC*



Nkalubo is a Ugandan national born in 1987. Since joining the ADF in 2016, Nkalubo has since risen through the ranks to become one of the group's most important leaders. His first role appears to have been as the head of the group's social media, during which time he is largely credited with the group's shift to releasing videos via Facebook, YouTube, and WhatsApp and publicly branding itself as Madina Tauheed wau-Muwahadeen (City of Monotheism and Monotheists, MTM) in 2016-17.¹⁶¹ Nkalubo produced videos and photos of ADF members in combat, religious officials giving sermons, and other media designed to rally supporters and new recruits.¹⁶² The presentation and aesthetics of this media closely mimicked that of the Islamic State, pivoting the group towards the transnational jihadist identity of the Islamic State.

Nkalubo has since become a key figure in ISCAP's external operations, organizing and overseeing its external financing and regional attack strategy. He was implicated by several detained individuals as having directed the August 2021 attempted suicide bombing in Pader, Uganda; the September 2021

¹⁵⁹ "Treasury Sanctions South Africa-based ISIS Organizers and Financial Facilitators."

¹⁶⁰ Weiss and O'Farrell, "Analysis: U.S. Military kills key Islamic State leader in Africa."

¹⁶¹ The use of MTM dates back to at least 2012, but it was unclear if the moniker referred specifically to the ADF's main camp, known simply as Madina, or if it referred to the group as a whole. By 2016, however, MTM was indeed being used publicly to refer to the group writ large.

¹⁶² Candland, et. al. "The Rising Threat to Central Africa."

bombing plots in Rwanda; and the November 2021 triple suicide bombing in Kampala.¹⁶³ Though it is currently unconfirmed, it is also likely Nkalubo played a role in the June 2021 attempted assassination of Ugandan General Katumba Wamala.¹⁶⁴ There are rumors that Nkalubo is no longer in charge of social media as his external coordination responsibilities have grown. As such, Nkalubo is the ISCAP leader tasked with overseeing and coordinating much of the flow of Islamic State money into ISCAP's coffers.

4. Musa Baluku - DRC



Musa Baluku, a Ugandan from the Mukonjo tribe, became the emir of the ADF in 2015 following the arrest of the group's first leader, Jamil Mukulu.¹⁶⁵ Baluku is a historical member of the group, first joining in the 1990s in Uganda before moving with the group to the DRC.¹⁶⁶ Over the years, Baluku has occupied various roles, one of the most important being the ADF's chief Islamic judge, or *qadi*, who is responsible for deciding punishments according to *Shari'a* law.¹⁶⁷ He is notoriously violent, presiding over beheadings, crucifixions, and deaths by firing squad.¹⁶⁸ In records of his speeches, he openly preaches about the virtues of dying while participating in jihad and that cohabitating with polytheists or infidels is a sin.¹⁶⁹

¹⁶³ Authors' interview with W-84 in Kampala, Uganda, September 2021; authors' interviews with Ugandan and Rwandan sources, September 2021 to February 2022; and authors' interview with W-136 in Kampala, Uganda, April 2022.

¹⁶⁴ "Uganda links Islamist rebels to attempted murder of minister." *Reuters*, July 1, 2021. Available at <https://www.reuters.com/world/africa/uganda-links-islamist-rebels-attempted-murder-minister-2021-07-01/>.

¹⁶⁵ Inside the ADF - Leadership Biographies. Congo Research Group. November 2018.

¹⁶⁶ *Ibid.*

¹⁶⁷ *Ibid.*

¹⁶⁸ *Ibid.*

¹⁶⁹ *Ibid.*

Given his status as the overall emir of the group, this also likely makes him the *wali* of the ISCAP, though this has not been confirmed by the Islamic State itself. As such, Baluku presides over Meddie Nkalubo in coordinating and facilitating the transfer and movement of Islamic State money into ISCAP's coffers. Prior to the creation of a distinct province inside Mozambique in May 2022, it is also likely that Baluku leveraged some authority over activity inside Mozambique when ISCAP represented a province for both the DRC and Mozambique, though this has never been definitively proven.¹⁷⁰

5. *Bashir Abdi Hassan - Islamic State Financial Cutout in Johannesburg, South Africa and Mogadishu, Somalia*¹⁷¹



Bashir Abdi Hassan is an Islamic State financial cutout based in Johannesburg, South Africa with business interests also in Mogadishu, Somalia. He played an important role in the movement of Islamic State money from Somalia across East Africa. Working with Abdirizak Mohamed Abdi Jimale, an Islamic State financier in Mogadishu, Hassan orchestrated the transfer of hundreds of thousands of dollars via his own *hawala* network. He denies ideological affiliation to the Islamic State, maintaining that he facilitated the financial flows because of the payouts he received.

¹⁷⁰ Authors' interview with W67 in Beni, DRC, February 2021; Authors' interview with W69 in Beni, DRC, February 2021; Authors' interview with W164 in Kampala, Uganda, January 2023.

¹⁷¹ Photo of Bashir Abdi Hassan sourced from The Sunday Times. See: Hyman, Aron, Graeme Hosken, and Tankiso Makhetha. "How millions in terror funding flowed through SA." *The Sunday Times*, April 23, 2023. Available at <https://www.timeslive.co.za/sunday-times/news/2023-04-23-how-millions-in-terror-funding-flowed-through-sa/#:~:text=The%20money%20was%20transferred%2C%20often,money%20transfers%20between%20African%20countries>.

6. *Abdirizak Mohamed Abdi Jimale - Mogadishu, Somalia*



Abdirizak Mohamed Abdi Jimale is a Somali operative of the Islamic State who acted as a middleman between the Islamic State-Somalia and other Islamic State operatives in South Africa. Previously a member of al-Shabaab, Jimale defected to the Islamic State's local affiliate alongside Bilal al-Sudani.¹⁷² Likely due to his connections with al-Sudani, Jimale later helped facilitate the transfer of at least \$400,000 between IS-Somalia and South Africa utilizing the Heeryo Trading Enterprise *hawala* network in Mogadishu between 2019 and 2020.¹⁷³ Some of this money was then transferred along the financial network outlined in this paper to the ADF in Congo. Jimale was arrested in Mogadishu in March 2021 and later sentenced to 15 years in prison for his role in the financing of the Islamic State.¹⁷⁴ Given the Islamic State-Somalia's role in the financing of the Islamic State's operations across eastern and southern Africa, Jimale has likely been replaced within the network.

7. *Islamic State Financial Cutout in Nairobi, Kenya*

The Islamic State financial cutout based in Nairobi, Kenya was the direct underling of Bashir Abdi Hassan in Johannesburg, South Africa. Working under Hassan, the Nairobi cutout helped move and transfer hundreds of thousands of dollars of Islamic State money to personnel across eastern and southern Africa using the *hawala* system owned by Hassan. Like Hassan, the Nairobi cutout maintained that he was not ideologically aligned with the Islamic State but operated on behalf of the organization due to the money he received.

¹⁷² Cade, "Nin kooxda Daacish u qaabilsanaa Lacag kala gudbinta oo Xukun Adag lagu riday."

¹⁷³ "Military court sentences ISIS member to 15 years in prison." *Hiraan*, August 23, 2021.

¹⁷⁴ *Ibid.*

8. Farhad Hoomer - Durban, South Africa



Farhad Hoomer is a Durban, South Africa-based Islamic State operative involved in both financing and recruitment for the jihadist group in South Africa. He was the alleged ringleader of an attack on a Shi'a Mosque in Durban in 2018 in which one person was killed.¹⁷⁵ He was also connected to an attack on another mosque in Verulam.¹⁷⁶ He was later arrested by South African authorities for his reported role in these attacks, but was released and charges were dropped in July 2020 due to prosecutorial delays.¹⁷⁷

Hoomer was sanctioned by the US government in March 2022 for his connections to the Islamic State. According to the US Treasury Department, “[he] helped organize and begin the operations of a Durban, South Africa-based ISIS cell.”¹⁷⁸ Treasury also states that Hoomer “recruited and trained cell members and was in contact with members of ISIS-Democratic Republic of the Congo (ISIS-DRC) and Islamic State supporters throughout South Africa.”¹⁷⁹ Hoomer and his associates, who were also later sanctioned by the US Treasury Department in November 2022, were directly involved in raising funds for the Islamic State through kidnapping-for-ransom, extortion, and through the use of a series of fraudulent businesses.¹⁸⁰ Additionally, Hoomer reportedly personally traveled to the DRC in 2017 where he allegedly coordinated with the ADF on an attempted plot in Kinshasa.¹⁸¹

¹⁷⁵ Pillay, Kailene. “KZN terror suspects accused of Woolworths bombings and deadly mosque attack free after 2-year court battle.” Independent Online, July 14, 2020. Available at <https://www.iol.co.za/news/south-africa/kwazulu-natal/kzn-terror-suspects-accused-of-woolworths-bombings-and-deadly-mosque-attack-free-after-2-year-court-battle-50948917>.

¹⁷⁶ *Ibid.*

¹⁷⁷ *Ibid.*

¹⁷⁸ “Treasury Sanctions South Africa-based ISIS Organizers and Financial Facilitators.”

¹⁷⁹ *Ibid.*

¹⁸⁰ “Treasury Designates Members of ISIS Cell in South Africa.” US Treasury Department. November 7, 2022.

¹⁸¹ Briefing provided by a Congolese source, February 2021.

9. Abdella Hussein Abadigga - Johannesburg, South Africa



Abdella Hussein Abadigga is an Ethiopian national and Islamic State operative based in Johannesburg, South Africa.¹⁸² Alongside Hooper, Abadigga was sanctioned by the US Treasury Department for his role in financing and recruiting for the Islamic State in South Africa.¹⁸³ According to the US Treasury Department, Abadigga has “recruited young men in South Africa and sent them to a weapons training camp.”¹⁸⁴ In his role as the leader of two mosques, Abadigga has also “used his position to extort money from members of the mosques.”¹⁸⁵ Coordinated by Bilal al-Sudani, who considered Abadigga a “trusted supporter,” this money was then sent to Islamic State personnel elsewhere in Africa utilizing the financial networks outlined in this paper.¹⁸⁶ And like Hooper, Abadigga has also reportedly personally traveled to the DRC in late 2017 to coordinate activities with the ADF.¹⁸⁷

¹⁸² Nationality and place of residence as listed in his entry on the Office of Foreign Assets Control’s list of sanctioned individuals.

¹⁸³ “Treasury Sanctions South Africa-based ISIS Organizers and Financial Facilitators.”

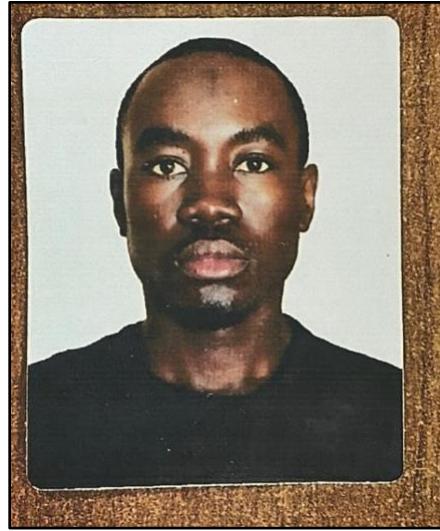
¹⁸⁴ *Ibid.*

¹⁸⁵ *Ibid.*

¹⁸⁶ *Ibid.*

¹⁸⁷ Briefing provided by a Congolese source, February 2021.

10. Abubakar Swalleh - Lusaka, Zambia, and South Africa



Abubakar Swalleh, a Ugandan in his early thirties, is a South Africa- and Lusaka, Zambia-based ISCAP operative.¹⁸⁸ Swalleh is involved in the physical transfer of funds from South Africa to ISCAP's other financial cutouts in Uganda.¹⁸⁹ He has been implicated in the physical transfer of cash through the Mutukula border crossing between Uganda and Tanzania and through a safe-house utilized by the group in Lusaka, Zambia.¹⁹⁰ At the same time, Swalleh is also involved in the movement of ISCAP-affiliated individuals from Uganda to South Africa and vice versa through the aforementioned safe-house in Lusaka.¹⁹¹ Swalleh coordinates these activities with and on the orders of Meddie Nkalubo.¹⁹²

¹⁸⁸ Authors' interview with W-102 in Kampala, Uganda, November 2021; authors' interview with W-105 in Kampala, Uganda, November 2021; and authors' interviews with W-138 in Kampala, Uganda, April 2022.

¹⁸⁹ *Ibid.*

¹⁹⁰ Authors' interview with W-105 in Kampala, Uganda, November 2021.; Authors' interview with W-102 in Kampala, Uganda, November 2021.

¹⁹¹ *Ibid.*; authors' interviews with W-138 in Kampala, Uganda, April 2022.

¹⁹² *Ibid.*



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