



Operation Inherent Resolve and the Islamic State: Assessing “Aggressive Containment”

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By C. Alexander Ohlers

C. Alexander Ohlers specializes in warfare and politics with a focus on transnational movements. He is also a former senior analyst and diplomatic liaison for the U.S. Department of State in Baghdad, Iraq. He holds a Ph.D. from the London School of Economics and Political Science.

Abstract: Operation Inherent Resolve was originally conceived as a strategy to defeat the Islamic State by containing it territorially and degrading it through attrition or what is referred to as “aggressive containment.” While Operation Inherent Resolve has changed tactics and is now beginning to make significant territorial gains against IS, long-term strategies of aggressive containment have been ineffective in the past because they fail to address IS as a territorial insurgency and transnational network. As such, aggressive containment has two key drawbacks. First, this long-term strategy allowed IS time and sanctuary in Iraq and Syria that has enabled it to retain control, suppress moderate Sunni opponents, generate revenues and legitimacy, and expand regionally and internationally. Second, because the strategy has not successfully established political solutions or built moderate Sunni forces required for a lasting victory, there is an increased likelihood that IS will survive as a traditional or regional insurgency or be succeeded by other extremist groups.

The Islamic State (IS) emerged from al-Qaeda in Iraq (AQ-I) under the leadership of Abu Musab al Zarqawi, who was killed in 2006 by U.S. troops and succeeded by Ibrahim Awad Ibrahim al-Badri al-Samarra’i (a.k.a. Abu Bakr al-Baghdadi).¹ As a result of the “surge” and Awakening (Sahwa) Movement, the once successful group was all but defeated and largely relegated to the desert countryside and part of Mosul by 2010. Following the

¹ AQ-I was also known as *Tawhid wal Jihad* (monotheism and Jihad) and al-Qaeda in the Land of Two Rivers in Iraq. The group later became known as the Islamic State in Iraq (ISI), then the Islamic State of Iraq and al-Sham/Islamic State of Iraq and Syria (ISIS) and the Islamic State in Iraq and the Levant (ISIL), and finally the Islamic State (IS).

2013 United States troop withdrawal, however, the organization entered Syria and expanded in Iraq, reemerging as one of the most violent modern insurgencies. At its peak, IS was able to seize and control expansive territories the size of the country of Georgia, command an estimated annual budget between \$700-800 million, and attract approximately 30,000 fighters from 86 or more countries.² The group has also expanded through multiple governorates (wilayats) throughout the Middle East, North Africa, and Afghanistan and Pakistan, and continues to disseminate global propaganda and perpetuate an international terror campaign.

Strategies and tactics to address the rising threat of the Islamic State varied greatly. Some analysts and policymakers argue, as Senator John McCain did in a Senate Foreign Relations Committee hearing, "Time is not on our side." They have called for using ground troops (e.g., special operations forces and quick reaction forces) in a more aggressive effort to defeat the Islamic State.³ Others submitted that time is a resource that works against IS, thus they propose long-term strategies of containment or, similarly, what political-military affairs analyst James Fromson and counterterrorism expert Steven Simon refer to as "aggressive containment."⁴ Containment strategies seek to limit the geographical expansion of IS, often through a combination of air power and local partners on the ground. Aggressive containment, or attrition, also attempts to kill IS operatives, train and equip local and regional opposition forces, curtail sources of financing and support, and address political and ideological challenges over time.

Containment and attrition strategies are attractive to policymakers and the general public because they permit the United States and its coalition partners to counter IS with relatively low costs, few casualties, and little political risk in the short-term. Such policies, however, have conceded both time and maneuverability to a highly adaptable transnational insurgent network. This policy allowed IS an effective sanctuary in Iraq and Syria (and elsewhere) from which to build its organization and expand regionally and internationally. Strategies of containment and attrition have also failed to generate moderate Sunni forces in Syria and Iraq that can secure a more lasting victory against IS and other extremist groups.

² Center for the Analysis of Terrorism (CAT). *ISIS Financing 2015*, Politiets Efterretningstjeneste, May 2016, p. 4, <http://cat-int.org/wp-content/uploads/2016/06/ISIS-Financing-2015-Report.pdf>.

³ United State Senate Foreign Relations Committee, U.S. Strategy to Counter the Islamic State of Iraq and the Levant and U.S. Policy toward Iraq and Syria, 114th Congress, 1st Session, Room SD-106, Dirksen Senate Office Building, Dec. 9, 2015, p. 3; see also, Kimberly Kagan, Frederick W. Kagan, and Jessica D. Lewis. "A Strategy to Defeat the Islamic State." Institute for the Study of War, Middle East Security Report, Sept. 2014, <http://www.understandingwar.org/report/strategy-defeat-islamic-state>.

⁴ James Fromson and Steven Simon, "ISIS: The Dubious Paradise of Apocalypse Now," *Survival*, June/July 2015, p. 9.

A Case against Containment and Aggressive Containment Strategies

There have been several arguments for long-term containment strategies. First, advocates maintain that upheaval in the Middle East and North Africa is driven largely by underlying political disagreements, such as the Iranian-backed Alawite government in Syria, Shiite control and Iranian influence in Iraq, and general Sunni and Shiite divisions. Hence, dismantling IS was thought to only precipitate the emergence of another insurgent group. Containment and aggressive containment apologists have also asserted that the ideological underpinnings behind extremist groups in the Middle East and Africa cannot be purged with force alone or in the short-term. Accordingly, Nelly Lahoud, Daniel Milton, and Bryan Price, in a report by the Combating Terrorism Center at West Point, propose a sustained response to IS that would involve both kinetic and non-kinetic activities over time. The authors cite George Kennan's Cold War argument that the Soviet Union was a "combination of ideology and circumstance," as well as his corresponding recommendation for a "long-term, patient, but firm and vigilant approach."⁵

Aggressive containment also has assumed that, while difficult to eradicate in the short-term, the Islamic State is economically, politically, and ideologically unsustainable over the long-term. Professor of economics and former economic advisor in Iraq, Frank Gunter, for example, contends that IS requires territorial expansion and the gains of conquest to survive and will eventually perish if geographically contained.⁶ Others have argued that IS revenues are incommensurate with those required to run a state, and further note that IS lacks the necessary components of a successful economy. These elements, combined with the growing costs and difficulties of maintaining infrastructure, social services, and a war machine, are thought to put the organization on a path to economic implosion and vulnerability to internal strife. Additionally, the Islamic State's harsh methods and extreme ideology were expected simultaneously to sow rebellion within its governed areas and impel the cooperation of neighboring states. Hence, as Fromson and Simon argue, "Those features which, in the near to medium term, make ISIS

⁵ Nelly Lahoud, Daniel Milton, and Bryan Price. "The Group That Calls Itself a State: Understanding the Evolution and Challenges of the Islamic State," Combating Terrorism Center at West Point, Dec. 2014, <https://www.ctc.usma.edu/posts/the-group-that-calls-itself-a-state-understanding-the-evolution-and-challenges-of-the-islamic-state>; George F. Kennan, "The Sources of Soviet Conduct," *Foreign Affairs*, July 1946.

⁶ Frank R. Gunter. "ISIL Revenues: Grow or Die." *FPRI E-Notes*, June 2015, <http://www.fpri.org/article/2015/06/isil-revenues-grow-or-die/>; for additional economic arguments, see, Eli Berman and Jacob N. Shapiro, "Why ISIL Will Fail on Its Own," *Politico Magazine*, Nov. 29, 2015.

impossible to destroy from without also appear to make its gradual decline from within nearly inevitable.”⁷



U.S. Army Sgt. Jared Belisle participates in Operation Inherent Resolve training exercise at Erbil, Iraq, Aug. 20, 2016.(Photo: U.S. Army Sgt. Katie Jones)

Operation Inherent Resolve (OIR), and the *Global Coalition to Counter ISIL* (Coalition), initially represented a form of aggressive containment, designed to degrade and eventually eliminate IS over the long-term with limited use of troops for training and advising. The nine lines of effort outlined by the White House include: supporting effective governance in Iraq, denying ISIL safe-haven, building partner capacity, enhancing intelligence collection on ISIL, disrupting ISIL’s finances, exposing ISIL’s true nature, disrupting the flow of foreign fighters, protecting the homeland, and providing humanitarian support.⁸ As the Islamic State continued to expand under aggressive

⁷ Fromson and Simon, "Dubious Paradise."

⁸ "Fact Sheet: The Administration’s Strategy to Counter the Islamic State of Iraq and the Levant (ISIL) and the Updated FY 2015 Overseas Contingency Operations Request," The White House, Office of the Press Secretary, Nov. 7, 2014, <https://www.whitehouse.gov/the-press-office/2014/11/07/fact-sheet-administration-s-strategy-counter-islamic-state-iraq-and-leva>.

containment, U.S. strategy has shifted from containing IS to actively reclaiming IS-held territories. As a result, *Operation Inherent Resolve* has expanded the number of U.S. troops from 750 to over 5,700 soldiers. It has supported ground operations, has escalated the number of air strikes in Iraq and Syria, and has extended the air campaign to fight IS in Libya.

Assuming continued success and even the defeat of IS in key strongholds, the central flaw of both containment and aggressive containment is that it primarily addresses one aspect of IS operations through force: geographical expansion in Iraq and Syria. IS, however, is more than a geopolitical entity; it is a territorial insurgency and a transnational insurgent network. As a territorial insurgency, the Islamic State has been able to acquire and govern territory while remaining an asymmetric force that can, if necessary, revert to a traditional insurgency or terrorist group and can be succeeded by other extremist groups. At the same time, as a transnational network, IS has been able to expand in the region through international propaganda and a network of regional and international operations, activities, and affiliates.

The territorial insurgency and transnational network enabled IS to grow through what can be termed “vertical” and “horizontal” expansion. Vertically, IS used time and maneuverability to consolidate control of its core territories, as well as to eliminate and absorb moderate Sunni adversaries, and generate local revenues to build and expand its organization. Horizontally, IS used time and its success in Syria and Iraq to expand transnationally through a range of affiliated insurgent groups, criminal organizations, international cells, and outside supporters. Through this network, IS established outside governorates for regional operations and even future expansion or relocation. It also developed regional and international flows of foreign fighters, foreign funding, and illicit revenues, and facilitated an international terrorism campaign. Hence, even assuming that the territorial caliphate is territorially defeated in Iraq and Syria, the group may have metastasized in the region and internationally beyond the grip of aggressive containment, could transform into a non-territorial guerilla insurgency, or might be succeeded by similar groups.

Deepening Roots in Iraq and Syria

The ability of the Islamic State’s and other groups to acquire territory and remain an insurgency that can shift from conventional to indirect tactics has been a significant achievement in asymmetric warfare. Through sophisticated methods of political and military control, IS expanded through

Syria and Iraq, consolidated power in its strongholds to suppress, eliminate, and absorb Sunni groups, and generated resources and propaganda for local, regional, and international expansion and operations.

Samir Abd Muhammad al-Khlifawi (a.k.a. Haji Bakr), a former Baathist under Saddam Hussein, originally masterminded the Islamic State's system of political expansion and control to build the Islamic State's caliphate in Syria and Iraq from 2013 to 2015.⁹ In targeted Syrian communities, Bakr established *dawah* offices (Islamic missionary centers) "which would not only function as a means of social outreach and recruitment of members of the local population but also as a front for gathering intelligence on ISIS rivals in the local area, plainly with the intention of undermining and destroying them."¹⁰ Centers recruited spies and established a system of surveillance that identified the prominent families and their sources of incomes, the rebel brigades and the political views of their leaders, and criminal activities (under Sharia law) for the purpose of blackmail. Military operations often then were used to secure weapons caches and engage in asymmetric attacks, assassinations, and kidnappings to expel opponents and control the population. IS also established Islamic Courts and basic services and outreach to fortify its influence.

After making significant gains in Syria, the Islamic State consolidated its territory to include contiguous areas around Raqqa, repeated its original strategy in Fallujah, Iraq, and announced a Caliphate in June 2014.¹¹ Following the implementation of *Operation Inherent Resolve*, IS went on to expand its organizational system of governance. *Divans*, or government departments, were created to oversee a range of activities including defense (i.e., the military and training manuals for recruits), the enforcement of law (i.e., public security, fatwas, enforcement of public morality, the Islamic police, the Islamic Court and judiciaries, *dawahs*, and mosques), communications (i.e., public relations and tribal outreach), and social services (i.e., agriculture, electricity, water, street cleaning, public facilities, education, and finance). The self-proclaimed Caliphate also appointed leaders of provinces, districts, cities, and villages, and its al-Hesbah police were allegedly given authority under Sharia law that can surpass emirs (leaders) and senior commanders. As Aymenn Al-Tamimi noted in late 2015, "The current

⁹ See: Christoph Reuter, "The Terror Strategist: Secret Files Reveal the Structure of Islamic State," *Spiegel Online*, April 18, 2015.

¹⁰ Aymenn Al-Tamimi, "The Evolution in Islamic State Administration: The Documentary Evidence," *Perspectives on Terrorism*, Aug. 2015, p. 120.

¹¹ Al-Tamimi, "The Evolution in Islamic State Administration," p. 122; Laith Alkhouri and Alex Kassirer, "Governing the Caliphate: The Islamic State Picture," *CTC Sentinel*, Aug 21, 2015; Aaron Y. Zelin, "The Islamic State's Territorial Methodology," *The Washington Institute for Near East Policy, Research Notes*, Jan. 2016, pp. 3-5, <http://www.washingtoninstitute.org/policy-analysis/view/the-islamic-states-territorial-methodology>.

bureaucratic system has reached a level of complexity and professionalism that probably makes the Islamic State sustainable, even under containment, provided it maintains control of its strongholds.”¹²

Following its expansion, IS reinforced the intelligence networks developed by Haji Bakr. Regional emirs oversee assassinations, kidnappings, snipers, and communications, and district emirs manage local spy cells and groups charged with training Sharia judges in the art of intelligence gathering. Furthermore, the Islamic State created a parallel clandestine structure of “power brokers who transfer or demote provincial and town emirs or even make them disappear at will” and also control decisions normally made by the Sharia Councils. As such, under containment, the Islamic State became increasingly potent in eradicating dissidents and controlling everyone from its leaders to the common individual, which has served to suffocate rather than seed local uprisings. “The subjects may be unhappy, but there is minimal room for them to organize, arm themselves and rebel.”¹³

Moderate Sunni Forces

As the Islamic State has deepened its control in its core territories in Iraq and Syria over time, it also has largely subverted the establishment of moderate Sunni forces that are essential for a lasting defeat against IS and other extremist groups. The inability of the United States and its coalition partners to build moderate Sunni forces has resulted, in part, from their inability to establish an adequate political solution in Iraq or offer one in Syria to justify Sunni participation. At the same time, the minimal (non-combat) troops under aggressive containment that the United States and its coalition partners have provided are insufficient to build, protect, and reinforce moderate Sunnis, while allowing the time and maneuverability that IS and other groups use to eliminate or absorb Sunni opposition groups.

The importance of establishing Sunni opposition forces to defend Sunni territories was highlighted in early 2014 when a group of 20,000 mostly Shiite Iraq Security Forces (ISF) was defeated in Tikrit by a few hundred IS fighters. Similarly, in May 2015, the largely Shiite and pro-Iranian groups of the Popular Mobilization Front (PMF), an Iraqi government-sponsored group of militias, were forced to take refuge from IS in a barricaded government compound in Ramadi, Iraq. IS forces devised an armored mechanical digger to break through the barricades and breach the compound. The digger was then exploded to clear a path for IS fighters, followed by the subsequent

¹² Al-Tamimi, "Evolution in Islamic State Administration," p. 117.

¹³ Reuter, "Secret Files Reveal the Structure of Islamic State."

explosion of a gasoline tanker and two lorries and a retreat ordered by Iraqi prime minister Abadi in which hundreds were killed.¹⁴

Non-Sunni forces also lack local legitimacy and knowledge. They are less effective in holding territory, providing security, or governing Sunni areas reclaimed from IS, and they risk provoking sectarian tensions. For example, when the Iraqi Army and Shi'ite militias retook Tikrit in 2015, Iranian militias claimed credit for the success and left graffiti in Farsi and posters of Iranian clerical leaders on the streets. Similarly, in July of the same year, the United Nations reported that a Shi'ite militia within the PMF may have abducted 900 civilians who were fleeing IS controlled Fallujah and executed 50 or more of them. There are also reports of Kurdish forces detaining, displacing, and destroying homes of Arabs in areas retaken from IS, and civilian displacements and severe human rights violations against Sunnis in Diyala, Iraq, where Badr militias comprise the majority of security forces. Consequently, many analysts argue that Sunnis are the "center of gravity in any strategy to defeat the group [the Islamic State]" and are the key to reclaiming, holding, and governing Sunni territories.¹⁵

Sunni groups, however, have been targeted increasingly under aggressive containment. In Syria, anti-IS fighters have been challenged by IS and, prior to July of 2016, al Nusra Front, which strategically attacked moderate Sunni movements to prevent the emergence of a non-extremist resistance to the Assad regime, and suffer barrel bombing from the Assad government and attacks by Russian air power. In a previous battle for Aleppo, for example, the Free Syrian Army fought to expel IS while also combating the Assad regime and the al-Nusra Front. Rebel groups later surrendered the city in late 2016 under heavy air assaults from Russian-backed Assad forces and Iranian-backed militia. Since the beginning of the conflict, the United Nations reports that over 400,000 Syrians have been killed and over 4.8 million have fled the country. Iraqi civilian casualties (overall) also have been rising: from 4,600 in 2012 to over 17,500 in 2015 and are anticipated to be over 16,000 in 2016.¹⁶

Many Sunnis have converted under pressure. In June of 2014, as IS consolidated territory in northern Iraq and Syria, the Daoud Brigade and a

¹⁴ Richard Spencer, "Shia Militias and Sunni Tribal Fighters Join Forces against Islamic State in Ramadi," *The Telegraph*, May 18, 2015.

¹⁵ Joby Warrick, Will McCants, and Aaron Y. Zelin. "The Rise of ISIS: 'Remaining and Expanding'." The Washington Institute, *Policy Analysis*, Policywatch 2522, Nov. 12, 2015, <http://www.washingtoninstitute.org/policy-analysis/view/the-rise-of-isis-remaining-and-expanding>; see also, "UN Urges Iraq to Prevent 'Full-Throttle Sectarian' War," *Al Jazeera*, July 6, 2016; and "Iraqi Kurdistan: Arabs Displaced, Cordoned Off, Detained," *Human Rights Watch*, Feb. 25, 2015.

¹⁶ "Monthly Civilian Deaths from Violence, 2003 Onwards," Iraq Body Count 2003-2016, [https://www.iraqbodycount.org/database:CNN Library](https://www.iraqbodycount.org/database:CNN+Library). "Syrian Civil War Fast Facts," Dec. 22, 2016, <http://www.cnn.com/2013/08/27/world/meast/syria-civil-war-fast-facts/>.

number of Sunni leaders from the more moderate Free Syrian Army crossed over to IS, as well as members of the al-Nusra Front, the Islamic Front, and local tribes and groups. In 2016, the embattled Free Syrian Army consolidated with Jaysh al-Fateh (Army of Conquest), a group formed by the al-Qaeda-linked Jabhat Fateh al-Sham (formerly the al-Nusra Front or Jabhat al-Nusra prior to its claimed split from al-Qaeda in July of 2016). Similarly, in 2015, while the Coalition attempted to recruit fighters to counter IS, powerful tribal leaders, such as Sheikh Ahmed Dara al-Jumaili, joined IS, citing a lack of support by the Iraqi government and its use of Iranian-backed Shi'ite militias as influencing factors. IS also monitored for and suppressed "insurgencies" or replications of the "Awakening" strategy that undermined al-Qaeda in Iraq, and has accepted prior participants in Sunni Awakening Councils, thereby inviting the allegiances of past Sunni adversaries.¹⁷

The Coalition has and continues to train and support Sunni fighters in Iraq, but at a slow pace that relies on Kurdish groups and Iraqi and Iranian Shi'ite-dominated security forces that lack legitimacy. In Syria, a U.S.-led program to train more than 5,000 anti-IS fighters resulted in fewer than 60 fighters, many of whom were killed or captured by the al-Nusra Front. The Coalition has trained more Sunnis in Iraq but never established a substantial force. As the strategy against the Islamic State has evolved from long-term aggressive containment to expeditious territorial advances, non-Sunni fighters have filled the vacuum. For example, the predominantly Shi'ite and often Iranian-backed militia groups of the Popular Mobilization Front (PMF) have proliferated to an estimated 110,000 fighters in Iraq, while Iranian-backed Iraqi and Afghan militias and fighters from Lebanese Hezbollah support the Assad regime in Syria.

As a result, *Operation Inherent Resolve* depends on Shi'ite-dominated Iraqi security forces (ISF), Iranian-backed Shi'ite militias (in both Iraq and Syria), Kurdish groups, Syrian and Turkish troops, and Russian air power. These non-Sunni forces are capable of eradicating the Islamic State as a territorial insurgency but have enabled the increasing encroachment of varying interests that could further destabilize Iraq and Syria. Additionally, if IS reverts to a non-territorial insurgency or is succeeded by Jabhat Fateh al-Sham and other groups, it will be difficult for Shi'ite-majority Iraqi security forces, Iranian-backed militias, Kurdish (and the predominantly Kurdish Syrian Democratic Forces), or pro-Assad forces to provide governance, security, and counterinsurgency operations without the support of moderate Sunni groups and contingent political solutions. Hence, the failure to develop moderate

¹⁷ Warrick, McCants, and Zelin, "Remaining and Expanding," Shashank Bengali, "Onetime U.S. Allies in Sunni Awakening Sit out New Iraq Conflict," *Los Angeles Times*, June 24, 2014.

Sunni forces and corresponding political solutions under aggressive containment threatens to leave in place, and even intensify, much of the vacuum that drove the rise of IS and destabilization in Iraq and Syria.

Generating Revenues and Expanding

The concession of time and maneuverability under aggressive containment has enabled the Islamic State to use its territorial holdings and transnational networks to generate expansive funds and foreign fighters. These resources empowered the group to maintain its operations, advance governance and services that control its population, project legitimacy as a caliphate, and expand regionally and internationally.¹⁸

Unlike al Qaeda, IS raises the majority of its resources through local means that are dynamic, adaptable, and difficult to disrupt without ground offensives. Some revenues burden its local population but generate significant resources to build its organization and military and dominate its populations. Examples include business taxes and religious alms (*zakat*) for shops and farmers, a banking fee on all withdrawals, student fees, utility taxes, and religious taxes (*jizyah*) for the protection of certain religious communities.

Other revenues, however, were generated within its territories but sourced exogenous streams of income that are less detrimental to its populace. For example, the Islamic State profited from natural resources such as oil exports, the expropriation of cement, sulfur extraction, and natural gas plants, and the seizure of the Akashat Phosphate Mine and the Al-Qaim manufacturing plant. In addition, IS has charged customs fees for transports through the border areas that it controls and has profited from bank robberies, the taxation of government salaries, and the sale of antiquities or levying of excavation taxes. The Islamic State also engages in kidnappings, and last year abducted over 200 Assyrian Christians from Hasakah province in Syria, reaping millions in ransoms.

As an aspiring state entity, the Islamic State was not able to demonstrate a strong ability to plan and maintain heavy and complex infrastructure. However, IS was successful in providing a broad range of basic services, such as immunizations, food, welfare, and even bus services and a consumer protection office, and other services that induced dependence and inculcated control over its subjects. The group also took hold of a

¹⁸ For IS revenues, *Financing of the Terrorist Organisation Islamic State in Iraq and the Levant (ISIL)*, The Financial Action Task Force, Feb. 2015, p. 16, www.fatf-gafi.org/topics/methodsandtrends/documents/financing-of-terrorist-organisation-isil.html; Carla E Humud, Robert Pirog, and Liana Rosen, *Islamic State Financing and US Policy Approaches*, Congressional Research Service (CRS), April 10, 2015; and Oscar Williams-Grut, "Here's Where Terrorist Groups Like ISIS and Al Qaeda Get Their Money," *Business Insider*, Dec. 7, 2015; and for services and governance, see Humud, Pirog, and Rosen, "Islamic State Financing; and Alkhouri and Kassirer, "Governing the Caliphate."

significant portion of agricultural resources and land in the Euphrates and Tigris river valleys, which risked food shortages, but provided revenues and further empowered IS politically through local food distribution. The provision of services, while inefficient, also engendered regional and international legitimacy for its international propaganda campaign.

IS regional and international expansion also generates revenues through the exploitation of governed areas, foreign funding, transnational crime, and the recruitment of foreign fighters. In Libya, the destabilization that followed its civil war has created fertile ground for insurgencies and criminal groups. A United Nations report finds that armed groups (including IS) benefited from government salaries paid to fighters, local extortion, black market smuggling of subsidized goods, kidnappings, arms trade, and outside state support, as well as an estimated \$2 million in cash that was confiscated from banks in Sirte. The group has also controlled smuggling routes in Libya that was estimated in 2015 to command some portion of a \$255-\$323 million human trafficking industry.¹⁹

While IS does not receive the majority of resources from outside supporters, it has used the provision of time to develop foreign funding networks. The Al-Qaida and Taliban Monitoring Team determined that IS has received several million dollars from wealthy donors and fundraising. Additionally, regional funds have been moved physically across borders and through international money transfer (MVTs).²⁰ The Coalition has attempted to address IS international financial criminal networks; however, a Financial Action Task Force (FATA) study in late 2015 found that two-thirds of jurisdictions had never “taken any practical actions related to targeted financial sanctions.”²¹ The Islamic State also took control of a preexisting secret banking network known as the *hawala* system, which consists of security exchange offices and agents in the region that traffic millions of dollars in non-monetized transfers between IS territories in Syria and Iraq and Amman, Jordan, and Gaziantep and Istanbul, Turkey. Through this network, IS was

¹⁹ Analytical Support and Sanctions Monitoring Team, *Final report of the Panel of Experts on Libya established pursuant to resolution 1973 (2011)*, UN Doc. S/2016/209, United Nations Security Council, March 9, 2016, pp. 3, 48; The Global Initiative Against Transnational Organized Crime, *Libya: A Growing Hub for Criminal Economies and Terrorist Financing in the Trans-Sahara*, Africa Center for Strategic Studies, May 31, 2015, <http://africacenter.org/security-article/libya-a-growing-hub-for-criminal-economies-and-terrorist-financing-in-the-trans-sahara/>.

²⁰ The Al-Qaida and Taliban Monitoring Team, *The Islamic State in Iraq and the Levant and the Al-Nusra Front for the People of the Levant: report and recommendations submitted pursuant to resolution 2170 (2014)*, UN Doc. S/2014/815, United Nations Security Council, Nov. 14, 2014, p. 25; FAFT, “Financing of the Terrorist Organisation.”

²¹ *Terrorist Financing FATF Report to G20 Leaders - Actions Being Taken By The FATF*, The Financial Action Task Force, Nov. 2015, p. 2, <http://www.fatf-gafi.org/media/fatf/documents/reports/Terrorist-financing-actions-taken-by-FATF.pdf>; “Financing of the Terrorist Organisation” pp. 18-9.

able to purchase supplies and food in outside territories (which are later balanced with smuggled cash), tax other exchanges through the system, and take profits through currency disparities.²²

The Islamic State also was able to recruit foreign fighters through its propaganda and transnational networks. IS regional and international clusters comprised of family, friends, acquaintances and local leaders that drive recruitment and, in some cases, could be used in reverse to plan and execute international attacks. According to a Soufan Group study, the number of foreign fighters entering Syria and Iraq more than doubled during the 18 months leading up to December 2015: from 12,000 fighters from 81 countries to between 27,000 and 31,000 from 86 or more countries.²³

Over the past one and a half years, Islamic State inefficiencies have diminished revenues from natural resources, caused the loss of governed areas, as well as migration. In addition, the Iraqi government's curtailing of federal salaries taxed by IS have depressed the group's income.²⁴ However, the more recent erosion of IS can be attributed to the expansion of air strikes in Iraq and Syria, the extension of the air campaign to Libya, and territorial victories on the ground. Conversely, long-term aggressive containment strategy has not forced the Islamic State to decline but rather it has allowed IS to further embed itself in its core territories, advance its global propaganda campaign, and to generate large-scale resources and legitimacy regionally and internationally.

Regional and International Expansion

Islamic State regional and international expansion has been accomplished through transnational networks that largely have bypassed containment and attrition policies. Strategically, IS partners with local tribal leaders and absorbs individuals and pieces of fractured groups, often formally affiliates with groups that pledge allegiance (*baya`a*) to al-Baghdadi and establish governorates (*wilayts*). It also has an international network of cells and partnering groups. Since *Operation Inherent Resolve* began, IS has branched out through affiliates and operations in Lebanon, Jordan, Palestine, Turkey, Egypt, Saudi Arabia, Yemen, Afghanistan and Pakistan, Libya, Nigeria, Tunisia, Somalia, Bangladesh, Niger, Chad, Cameroon, the Philippines, and Algeria and is active in North America, Europe, and Asia.

²² Margaret Coker, "How Islamic State's Secret Banking Network Prospers," *The Wall Street Journal*, Feb. 24, 2016.

²³ Richard Barrett, et al., "Foreign Fighters: An Updated Assessment of the Flow of Foreign Fighters into Syria and Iraq." The Soufan Group, Rfiiyon, Dec. 2015, http://soufangroup.com/wp-content/uploads/2015/12/TSG_ForeignFightersUpdate_FINAL.pdf.

²⁴ Center for the Analysis of Terrorism, "ISIS Financing 2015" p. 18; Humud, Pirog, and Rosen, "Islamic State Financing," p. 14.

IS horizontal expansion serves a number of purposes. First, IS created key wilayats in Afghanistan-Pakistan, Libya, and Egypt as strategic hubs for regional and international operations and attacks on Western targets and areas to expand its caliphate or relocate if forced out of Iraq and Syria. In Afghanistan, IS capitalized on the disorder that followed the death of Taliban leader, Mullah Omar, which resulted in a leadership contest, disagreements over strategies of negotiation with the Afghan government, and other fissures in Taliban loyalties. IS has asserted that Baghdadi is the rightful leader of the Taliban following Omar's death and established Wilayat Khorasan, which made inroads in Afghanistan and parts of Pakistan. In 2016, the group suffered substantial setbacks from the Taliban, U.S. forces, and local militia groups, but retained a foothold and has continued to carry out terrorist attacks, including a claimed attack in Kabul, Afghanistan and Quetta, Pakistan.²⁵

Historically, IS has raised foreign fighters from Libya, and has since sent a number of these combatants back to the country where it established wilayats in Cyrenaica Province (Wilayat Barqa), Tripoli (Wilayat al-Tarabulus), and in the south (Wilayat al-Fizan). The group also took control of Sirte for a period of time, where it waged economically destabilizing attacks on the state's oil infrastructure and established its most effective systems of governance outside of Iraq and Syria. As the United Nations Analytical Support and Sanctions Monitoring Team has noted, Libya represents both a strategic "geographical location at the crossroads between the Middle East, Africa and Europe," a hub for foreign fighters, and is "the 'best' opportunity to expand its so-called caliphate."²⁶ To address the threat, the United States extended its air campaign to Libya through *Operation Odyssey Lightning* with the Libyan Government of National Accord (GNA), which reclaimed Sirte in December 2016. The Islamic State was repelled from its governorate of Derna earlier in 2015 and has been forced to the countryside, but retains a presence in a dysfunctional Libya that is confronted with competing militia groups.

²⁵ Harleen Gambhir, "ISIS's Global Strategy: A Wargame," Institute for the Study of War, *Middle East Security Report*, July 2015, <http://www.understandingwar.org/report/isiss-global-strategy-wargame>; Hannah Byrne, John Krzyzaniak, and Qasim Khan, "The Death of Mullah Omar and ISIS in Afghanistan," Institute for the Study of War, *Background*, Aug. 17, 2015, <http://www.understandingwar.org/sites/default/files/Mullah%20Omar%20Background.pdf>; and Casey Garret Johnson, "The Rise and Stall of the Islamic State in Afghanistan," United States Institute of Peace, 2016.

²⁶ *Report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to paragraph 13 of Security Council resolution 2214, 2015, concerning the terrorism threat in Libya posed by the Islamic State in Iraq and the Levant, Ansar al Charia, and all other Al-Qaida associates*, UN Doc. S/2015/891, Analytical Support and Sanctions Monitoring Team, United Nations Security Council, Nov. 19, 2015.

In Egypt, IS partner Ansar Bayt al-Maqdis pledged bay'a to al-Baghdadi and became Wilayat Sinai in Egypt's Sinai Peninsula. Wilayat Sinai represents a highly strategic territory for IS that enables maneuverability in the region and the ability to access international targets in the area, as exemplified by an attack on Multinational Force and Observers base at al-Jura in June 2015. During that period, IS attacks in the Sinai have demonstrated increasing complexity, coordination, and use of improvised explosive devices (IEDs). For example, an attack in July 2015, targeted up to 21 Egyptian military and police positions in North Sinai and lasted nearly eight hours. Wilayat Sinai also claims responsibility for downing Russia's Metrojet flight 9268 over the Sinai Peninsula. Since its peak in 2015, the Egyptian government has launched counteroffensives that have tempered the Islamic State's ability to execute large coordinated attacks. At the same time, IS remains a terrorist threat, and in December 2016 it bombed a Coptic Church in Cairo, killing 25 people and wounding over 50 more.

Second, IS expansion into the wider region is an attempt to extend its reach and influence through strategic attacks, operations, and sanctuaries for its fighters. These attacks are often designed to destabilize and weaken states and inflame sectarian strife in order to cultivate IS expansion. Hence, while containment and aggressive containment attempts to foster long-term ideological and political solutions in the region, it has instead allowed IS to elevate political and ideological drivers of extremism.

In the al-Sham (Lebanon, Jordan, and Israel, and the southern strip of Turkey), the group waged attacks on Jordan and targeted the Israeli West Bank. In Lebanon, IS has been effective in recruiting and attracting hundreds of supporters, particularly in depressed areas of the city of Tripoli. In November 2015, a Syrian IS cell carried out twin bombings of a Shia suburb of Beirut. It also has challenged both Hesbollah and the Lebanese army and temporarily captured the border town of Aarsal. In Turkey, IS has increased attacks and is suspected of a twin bombing in Ankara that killed more than 100 people in October 2015, claimed responsibility for a car bomb attack in Diyarbakir in November 2016, and is suspected of other attacks. The group also has elevated its terrorist activities in Iraq, likely in an effort to destabilize the increasingly fractured government and divert resources from the offensive in Mosul. An attack in July 2016 in central Baghdad left 250 people dead that prompted protests and the resignation of the interior minister, and has since been followed by strings of attacks.

In Yemen, IS established Wilayat Hadramout and Wilayat Lahij and, in Saudi Arabia, Wilayat al-Najd, Wilayat al-Hijaz, and Wilayat Bahrain. In both countries, IS affiliates have attacked Shia areas to create upheaval, delegitimize the government, and discredit Iranian proxies in the region, and legitimize the Islamic State. In Yemen, IS attacked a number of mosques, including a series

of attacks that killed 137 in Sana'a in 2015 and multiple suicide bombings in Aden that have killed the governor and numerous military recruits. IS Saudi affiliates have attacked a Shiite mosque in Kuwait City, the Shia Imam Ali mosque in al-Qadeeh (a Shiite-dominated area of the Eastern Province of Saudi Arabia), and coordinated attacks in July 2016 that included the Prophet's Mosque in the holy city of Medina and a Shiite mosque in Qatif. IS, however, has been more of a destabilizing factor than a threat of expansion, as Saudi authorities have increased pressure against the Islamic State, and IS faces long-term competition with a more dominant al Qaeda in the Arabian Peninsula (AQAP) in Yemen.

The Islamic State established a number of loose affiliations and nascent governorates that extend its operational reach, helped to recruit foreign fighters, and have extended its legitimacy. In Africa, for example, Baghdadi has accepted a pledge of *baya`a* from Boko Haram of Nigeria and established Wilayat Gharb Afriqiyah (West African Wilayat), but the group receives little or no Islamic State resources. IS also claims governorates or affiliates in Niger, Chad, Cameroon, Bangladesh, and the Philippines, and established a minor presence in Algeria through Wilayat al-Jaza'ir. These and other IS territories are often contested by competing extremist groups and, in many cases, could be absorbed by al-Qaeda or other groups in the event that IS declines regionally. The Islamic State also has gleaned 6,000 or more fighters from Tunisia and has waged a number of economic attacks targeting Tunisia's tourism industry. In March of 2016, IS launched a failed attempt to take over the Tunisian border town of Ben Gardane.

Third, Islamic State expansion has sought to build an international network of cells and partners to conduct its campaign of global jihad. IS global attacks compete with al-Qaeda's program of international terror and promote IS international propaganda. In June 2015, IS declared a Wilayat Qawqaz in the North Caucasus region of Russia with pledges of allegiance from IS supporters in the regions of Dagestan, Chechnya, Ingushetia, and KBK (Kabarda, Balkaria, and Karachay). More often, however, IS international attacks are executed by cells or groups inspired by IS.²⁷

IS has carried out significant attacks in Europe that include a sophisticated group of attacks in Paris, killing at least 130 people in November 2015 and, months later, a bombing at Zaventem airport and Maelbeek metro station in Brussels, Belgium that killed over 30 people. IS operatives also

²⁷ Harleen Gambhir. "ISIS Declares Governorate in Russia's North Caucasus Region." Institute for the Study of War, *ISIS Global INTSUM Project*, June 23, 2015, <http://www.understandingwar.org/backgrounder/isis-declares-governorate-russia's-north-caucasus-region>.

killed a priest in Saint-Etienne-du-Rouvray, France. Attacks inspired by IS (without evidence of direct support) have also taken place in Brussels, Belgium, Tours, Leon, Paris, and Nice, France, Berlin and Ansbach, Germany, Copenhagen, Denmark, London, United Kingdom, Jakarta, Indonesia, Dhaka, Bangladesh, and Aktobe, Kazakhstan. In North America, IS inspired attacks have taken place in Saint-Jean-sur-Richelieu, Quebec Parliament Hill, Ottawa, New York, a suburb of Dallas, Ohio State University and San Bernardino, California and Orlando, Florida. There have also been IS inspired attacks in Sydney and Melbourne Australia and on the Bangladeshi capital of Dhaka and the Bogra district of northern Bangladesh.

As the Islamic State loses territory in Syria, Iraq, and Libya, it is uncertain if the group will maintain its regional and international activities without its caliphate, and the resources and legitimacy that it generates, or be replaced by al Qaeda and other groups. In either case, the regional and international expansion of the Islamic State that has occurred under aggressive containment has engendered destabilization and furthered extremism.

Conclusion

The policy of aggressive containment and *Operation Inherent Resolve* began in 2014 as an attempt to contain the Islamic State from further expansion and to hasten its political and economic internal implosion through means of attrition. However, by conceding time and maneuverability, the strategy has enabled the group to deepen its control, expand its reach, foment instability, and extend its life. As a result, since late 2015, OIR has more than doubled its air strikes, expanded its Special Operations Forces, engaged in more forceful ground offensives through regional actors, and extended its operations to Libya.

While the more aggressive use of military force is diminishing the Islamic State's territory, revenues, and legitimacy and may result in a territorial victory, long-term aggressive containment remains ineffective. First, long-term strategy of aggressive containment has not forced IS into decline, rather it has enabled the group to deepen its roots vertically through increasing political control and local revenue generation and eliminating and absorbing opponents, and to expand horizontally through regional affiliates and regional and international propaganda, resource generation, and terrorist activities. Additionally, because the strategy employs limited, non-combat U.S. ground forces, it has also failed to develop political solutions and build moderate Sunni forces to provide governance and counterinsurgency operations against IS and other groups. As a result, the current and expanded ground operations rely on Shiite-dominated Iraqi security forces, Iranian-backed Shiite militias (in both Iraq and Syria), Kurdish groups, Syrian and Turkish troops, and Russian

air power that could lead to further destabilization. Hence, there is an increased risk that a territorial victory against IS will result in a more irregular (less territorial) manifestation of the group, the re-emergence of al Qaeda and other extremist groups in Iraq and Syria and regionally, or a combination of both.

Strategies of containment and attrition are attractive to policymakers because they offer the option of countering IS with low political risk, few casualties, and modest costs, but are not potent against highly adaptable and innovative territorial insurgencies and transnational networks. A successful strategy to defeat IS would provide enough military and economic support to build, protect and reinforce a Sunni opposition to IS and seek to quickly reclaim territory that has driven IS vertical and horizontal expansion. Additionally, an increased Coalition military and economic commitment would build leverage to develop and promote political solutions in Iraq and Syria (and elsewhere) that could include the partitioning of Syria and the allocation of greater Sunni autonomy in Iraq. These measures would require greater risk and costs to the United States and its coalition partners, but would significantly reduce the long-term risks posed by IS and other

