Targeting the de-materialised “Caliphate”
Extremism, Radicalisation and Illegal Trafficking
Policy Background Paper

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Although the Islamic State has lost nearly 98% of the territory it once controlled, the group is ripe for a comeback in Sunni-majority areas of Iraq and Syria. This resilience is explained by its capability to keep a substantial war chest; when it controlled territory, it amassed billions of dollars through extortion, taxation, robbery, and the sale of pilfered oil. At the height of its territorial control in 2015, the Islamic State in Iraq and Syria (ISIS) generated over $6 billion - the equivalent of the gross domestic product of Liechtenstein.

Now, despite the territorial loss, the organisation retains the skill at developing new streams of revenue, with the marginal advantage of a drastically reduced operating budget: ISIS goal is to sustain a prolonged terrorist and guerrilla campaign throughout Iraq and Syria. Some activities are old (extortion, robbery, trafficking in antiquities - a revenue that was hidden in the media by the spectacular destructions in Palmyra and other old cities), others are relatively new in the portfolio like kidnapping for ransom theft, drug smuggling and other types of illegal trafficking.

Crime, of course, has its own risks, but much less than a terrorist attack: as of today there are still no security or police forces in Iraq or Syria capable of carrying out the type of policing that would deter widespread criminality or seriously disrupt trafficking networks.

At a strategic level, one should avoid the error of underestimating and limiting radicalism’s abilities and
potential only to Syria and Iraq because one has to include the more diffuse risk posed by home-grown radicalism. Indeed, although Abu Bakr al-Baghdadi and Ayman al-Zawahiri, the leaders of the Islamic State and Al-Qaeda, respectively, are being actively searched by several security forces, they still manage to mobilize affiliates and allies from different armed groups in a wide zone extending from Morocco to Indonesia.

Fortunately, the six main areas of counterterrorism against ISIS and similar groups – Euro-Atlantic, SYRAQ, Yemen, AFPAK, Chad Lake and the Horn of Africa – influence each other only indirectly from an operational point of view (including the circulation of foreign fighters from one area to another). Moreover, in the latter five areas, ISIS’s endeavour is less centred around global jihad and more focussed on national and regional civil wars, often fought by proxies.

In such areas, the foreign fighters still play a role but are not decisive for the entrenchment of terrorism, because what counts are the interests of local groups, often involved in internal or regional struggles. This suggests that although jihadism gets an undue and inflated global significance when it affects the Euro-Atlantic zone, the key to eradicate ISIS from the other areas lays on regional policies.

This does not mean that there should be no global approach to defeat what remains of ISIS. Multilateral coalitions and international organizations such as NATO and the EU play a crucial role both on the ground – the former is committed in Afghanistan, Iraq and Jordan, while both organisations are present in Kosovo – and in the cyber domain, especially in protecting the communication space to prevent, debunk and neutralise the jihadi propaganda and recruitment. In this respect, there is the need to examine and take stock from the most successful regional CVE examples.

The Aarhus model (Denmark) addresses the full-life cycle of radicalization to violence, from prevention to intervention, to rehabilitation and reintegration; and the Gjilan/Gnjilane model (Kosovo), set up in coordination with UNDP, aims at preventing terrorist radicalisation by involving local stakeholders in counter-messaging and engaging in the community through debates, lectures and meetings. The apparent success rate of these programs is 8:10 and 7:9, respectively. Such experiences highlight the need to beat terrorists at the recruitment game and to invest in a long-term strategy.

Historical evidence shows that it can take up to three generations before toxic ideologies may be uprooted from societies. Exclusion, disenfranchisement, sectarianism, and oppressive government centralization are political problems that require political solutions supported by economic assistance, wealth redistribution and, where feasible, decentralization. Furthermore, in conflicts where transnational terrorists have embedded among local rebels with legitimate grievances, it is impossible to
distinguish Counter Terrorism from Counter Insurgency — or to separate either strategy from the formidable task of government re-building.

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