

# The Impact of the Islamic State in Iraq and Syria (Isis) Leadership and Organizational Funding on Sustainable Development in Iraq and Syria

Hamid Boakai Kamara

**Abstract**—The economy of Syria and Iraq is heavily dependent on oil, agriculture and tourism industries and services. These core sectors rely on the security and political atmosphere in the region. Factors that affect these core industries have far-reaching consequences on the economy. The overall economic health, growth, and development in Syria and Iraq has been curtailed to almost a point of stagnation due to the insurgency of the Islamic State in Iraq and Syria (ISIS). The unwarranted presence of the jihadist organization in Syria and Iraq gravely damaged the economy causing direct and indirect economic cost. The direct economic cost incurred include: destruction of productive physical resources, loss of human lives, infrastructure, transport systems, and machinery as well as intensified military spending (Solomon, Chazan, & Jones, 2015). A significant portion of Iraqi and the Syria government's spending during the war neither creates wealth nor improve the living standards of Syrians and Iraqis (Ianchovichina & Ivanic, 2016). The uncertainties in the financial markets and economy cause fluctuation in price controls, driving inflation. Regional and international trade is significantly hampered leading to reduced foreign direct investment due to the political and economic instability (Hawramy, Shalaw & Harding, 2014). The ISIS extremist terrorist activities not only curtails the achievement of economic growth but also hinders the establishment of economic pillars necessary in achieving sustainable growth in both nations. ISIS corrosion the consumer demand through forced migration and reduced capital per head, reduced confidence in the financial sector and government as well as intimidation of foreign investors and businesses has dramatically hindered sustainable development in Syria and Iraq. This paper will seek to critically evaluate the impact of The Islamic State in Iraq and Syria on sustainable development in Syria and Iraq.

**Keywords**—Terrorism, Sustainable Development, ISIS, Conflict, Iraq, Syria.

## I. INTRODUCTION

The Islamic State in Iraq and Syria (ISIS) was formed after the merging of Nusra front and al Qaeda affiliate in Syria with the Islamic State of Iraq formerly the al-Qaida in Iraq (AQI) group; al-Qaeda franchises (Warrick, 2015). The cities of Fallujah in Baghdad Iraq and Raqqa in Syria where the first location to fall under the influence of the ISIS.

The Islamic State in Iraq and Syria is a jihadist terrorist organization that has gained international recognition and affiliates for its ambitious activities such as the drive to set up an Islamic caliphate in the Middle East after driving the Iraqi army from key areas in western Iraq and the capture of Mosul.

Initially, the group grew in size and capacity without much resistance as little was known about its operation and organization. The instability of the Iraqi and Syria government allowed the uncontrolled spread of ISIS influence across the region. With Syria busy fighting insurgent in the other urban regions, ISIS gained a formidable foothold in the Middle East region. ISIS leadership took advantage of the unwanted American presence in Iraq to recruit fighters and gain significant influence in the Iraqi communities (Hawramy, Shalaw & Harding, 2014). Despite intensified pressure from America to degrade and destroy ISIS through infiltration of its leadership, eliminating top leadership structure of the terror group, ISIS maintained strong defiance while waging attacks against Syria and Iraq. Jihadist extremist who was mostly from the local tribes aimed to eliminate the Shiite Muslims, Yazidis, and Kurdish communities (Gunter, 2015). The group used propaganda to attract more soldiers in the war, encouraged foreign-based lone wolves' attacks as well as gain international recognition (Atran & Hamid, 2015). Through the release of hostage photos, intimidation beheading videos of foreign journalists and anti-terror victims, propaganda videos showing captives delivering messages to the public.

With control of the vast oilfields and infrastructure in Iraq and Syria, the organization could match the military capabilities leading to the overrun of police and military post (Klausen, 2015). Victory over Iraq and Syrian military bases lead to the acquisition of American made missiles and ammunition strengthening the military branch of the organization. ISIS managed to appeal to many local and foreign youth to join its ranks. This is because most of the citizens felt marginalized by the government, the Assad lead government was characterized by elite impunity, endemic corruption, oppression and violation of human rights. The Iraqi government had weak structures of governance and highly fragmented structures (Atran & Hamid, 2015). Incorporating these factors, the undesired presence of America

government in the region and by misusing the universal religion of Muslims through the promise of glory through the establishment of a caliphate in the region. The Islamic State of Iraq and Syria effectively drove pro-jihadist propaganda recruit and radicalize many of the isolated citizens in Syria and Iraq as well as abroad (Klausen, 2015).

## II. SOURCE OF THE GROUP'S FUNDING

Based on the initial success, delayed eradication and financial soundness of the jihadist organization, ISIS enjoyed a resilient and strategic leadership organization and structure. A significant portion of their wealth originated from the illegal oil exports from oilfields under its control; at its peak, the jihadist organization controlled over 300 wells in Iraq and controlled over 60% of Syria's production capacity (Solomon, Chazan & Jones, 2015). Control of Syrian border crossing and the petroleum infrastructure enabled the terrorist organization to generate millions of dollars per day through the sale of the oil product in the black market.

Assets seized in institutions found previously in oil-rich regions such as the cash deposits in the central bank and other bank branches in Mosul as well as across Iraq. Valuable artifacts, antiquities, and manuscripts worthy millions of dollars (Taub, 2015), alongside taxing transportation agencies, traffickers and smugglers using its territory; the Islamic State of Iraq and Syria made millions of Dollars.

Moreover, the organization controlled large parts of arable agricultural lands such as wheat farming across the Tigris and Euphrates region and in Syria. Taxation of farmers and rental fees for leasing the farming equipment was a common practice by the jihadist organization in these agriculture regions (Jaafar & Woertz, 2016). Taxations such as Jizya; a historical tax founded from the holy book was levied against non-Muslims as a protection contract within the Islamic State in Iraq and Syria territory (Khan & Estrada, 2016).

The systematic and delicate financial record recovered from the groups indicated the meticulous spending of the organization as well as the fact that the Islamic State in Iraq and Syria (ISIS) financial strength was incomparable to another terrorist organizations thus making it easier to seek donor assistance (Gunter, 2015). Interestingly the jihadist organization raised most of the funds within Iraq rather than from outside donations. Ransom from kidnapping, the sale of ammunition, illegal sale of oil as well as extortion rackets made up over 20% of the generated income by the jihadist organization (Bronstein, Griffin, Besaslan & As, 2014). These funds were collected by cell leaders and passed through the leadership ranks. The high-level leadership structure would redistribute the additional funds to the less privileged regions to support jihadist operation. Through its adoption of social media sites such as WhatsApp, Facebook, and YouTube, the jihadist organization propagated its propaganda against American and non-Muslim. The group was able to gain

formidable support from amongst locals in the Middle East, Europe and other corners of the world (Gunter, 2015).

## III. IMPACT ON SUSTAINABLE DEVELOPMENT

Sustainable development plays an important role in preventing extremism. Improvement of the livelihoods and governance in the region is a critical element necessary for suitable economic development in Syria and Iraq. This can be achieved by addressing social-economic issues such as the creation of equal opportunities for young people, elimination of marginalization and fragmentation in the society through inclusive strategies (Ianchovichina & Ivanic, 2016). Harnessing the energy and creativity of the young people into good use can greatly hamper terrorist activities.

The al-Qaida affiliate insurgency rose following the US-led invasion of Iraq in 2003. The ISIS organization was estimated to command over 30,000 active and cell fighters during its peak. It operated with a budget of over \$1 billion and commanded large portions of Syria and almost one-third of Iraq with a population of between 2.8 million to 8 million (Solomon, Chazan, & Jones, 2015). Given its brief, yet devastating presence in a significant portion of Iraq and Syria, the jihadist group has left lasting damage through its displacement and destruction of properties and human lives.

Jihadist activities of the organization led to one of the largest humanitarian crises in the modern history. The mass migration of Syrians to Europe and other parts of the world, loss of professional and labor necessary to drive sustainable growth and development in the region (Khan & Estrada, 2016). The resulting loss of livelihood and deterioration of the earning capacity of the Syria and Iraqi people greatly hindered entrepreneurship as most of them were limited by their refugee status in the new nations. The Islamic State in Iraq and Syria proved the regions instability and ease of radicalization. This increased investment risk in the future thus keeping away foreign investor interest in the region (Solomon, Chazan & Jones, 2015). With focus concentrated on the provision of humanitarian aid to the population rather than economic development, strengthening of the military forces and other anti-ISIS organization, the reconstruction process will take longer than expected.

ISIS played a crucial role in undermining the authority of the Syrian and Iraqi arms of government by running a similar form of authority in the regions it controlled. ISIS terror activities significantly damaged and derailed the petroleum and agriculture sectors in Syria and Iraq. These sectors greatly contributed to the economy of the two nations; the agricultural sector was responsible for job opportunities to almost 30% of the Iraqi citizens (Jaafar & Woertz, 2016).

The Islamic State in Iraq and Syria funds are mostly contributed by sympathizers in the Middle East region such as Saudi Arabia and Syria. A wide network of donors such as prominent Arab businessmen, government officials in oil-rich nations such as Saudi Arabia, Qatar, and Kuwait have been instigated in the US led efforts to curtail the group's sources of

finances (Bronstein, Griffin, Besaslan & As, 2014). Under the pretense of humanitarian organizations, many donors have channeled millions of dollars, technological know-how to enable the jihadist group advance its causes and operations.

The deliberate destruction of UNESCO world heritage sites such as the ancient city of Palmyra, Assyrian city in Nimrud, iconic religious sites especially Shiite mosques and valuable antiques such as those found in Mosul museum that were against its radical extremists Islamic views curtailed economic activities and development in Syria and Iraq (Taub, 2015).

Many villages and towns were destroyed by the jihadist group when fighting with the military forces. During its uprising, it used to destroy non-Muslim business as well as Shiite Muslim properties (Lister, 2016). This will have a long-term impact due to reduced income from the tourism industry as the culture and history of the region is destroyed.

The jihadist ground destroyed a lot of oil wells as well as shelling many buildings leaving a trail of destruction as it retreated to its stronghold in Mosul during the intensified US-led coalition against the terror group. This reduces Syria and Iraq oil production as it takes time to rehabilitate, construct and operate new oil and petroleum infrastructure (Solomon, Chazan & Jones, 2015). The war greatly hindered sustainable economic development. The continued military exchange between the Syrian and Iraqi forces against the militant group led to redirecting of funds and resources from more social needs to cater for the war expenses and humanitarian needs (Ianchovichina & Ivanic, 2016).

The Iraqi military initially suffered numerous setbacks, losing ammunition and expensive advanced military equipment to the jihadist. The countries involved in the fight against ISIS incurred huge direct and indirect economic consequences as a result of the effort to curtail the militant insurgency (Warrick, 2015). Trade ties among nations in the region were greatly hindered as the ISIS-controlled vast border crossing areas in Syria and Iraq. Both nations wasted many years in the conflict with the jihadist organization. This economical expense meant that these nations could not achieve their forecasted economic growth strategy, GDP projection since many critical sectors of the economy stalled or experienced retarded growth. The war against ISIS disrupted intraregional integration and cost the region loss of human capital and infrastructure as most professions ceased offering their services or migrated to more peaceful regions while critical infrastructural development was destroyed (Ianchovichina & Ivanic, 2016).

#### IV. CONCLUSION

Despite the jihadist group providing the locals with social amenities such as food and refuge as well as free fuel. The insurgents committed crimes against humanity and war crimes; doing more long-term damage than good to the economy of both nations. It took four years for US, Russia, United Arab Emirates, Turkey, Syria, Iraq military coalition, and

coordinated attacks to quell the Islamic State of Iraq and Syria (ISIS) (Lister, 2016).

This indicates the resilience and adaptability of the ISIS leadership and organization. As a fact, despite reduced capacity and casting a dream to form a global caliphate under sharia law into oblivion. The terrorist organization adopted different types of insurgency thus conducting attacks against these governments and derailing the economy whenever possible.

ISIS has delayed the achievement of economic stability in Syria and Iraq. It is important to address socio-political issues that have fueled the terror group's popularity in the region to achieve any economic stability and sustainability in the future. As evident in the above analysis, the presence of ISIS in Syria and Iraq has had a damaging impact on the economy, and it will take immense financial, political and global support for the two nations to return to the prosperity of middle-income nations.

#### REFERENCES

- [1] Stern, J., & Berger, "ISIS: The state of terror. Harper Collins." J. M. 2015.
- [2] Atran, S., & Hamid, N. "Paris: The war ISIS wants. New York Review of Books." 2015.
- [3] Warrick, J. "Black flags: The rise of ISIS. Anchor." 2015.
- [4] Taub, B. "The real value of the ISIS antiquities trade. The New Yorker, 4." 2015.
- [5] Klausen, J. "Tweeting the Jihad: Social media networks of Western foreign fighters in Syria and Iraq. *Studies in Conflict & Terrorism*" pp.38(1), 1-22, 2015.
- [6] Gunter, M. M. "Iraq, Syria, ISIS and the Kurds: Geostrategic concerns for the US and Turkey. *Middle East Policy*" pp.22(1), 102-111, 2015.
- [7] Jaafar, H. H., & Woertz, E. "Agriculture as a funding source of ISIS: A GIS and remote sensing analysis. *Food Policy*" pp.64, 14-25, 2016.
- [8] Solomon, E., Chazan, G., & Jones, S. Isis Inc: "How oil fuels the jihadi terrorists." *Financial Times*, pp.14, 2015.
- [9] Hawramy, F., Shalaw, M., & Harding, L. Inside "Islamic State's oil empire: how captured oil fields fuel Isis insurgency". *The Guardian*, pp.19, 2014.
- [10] Bronstein, S., Griffin, D., Besaslan, T. C., & As, I. S. I. S. "How ISIS Makes Its Millions" *CNN*. October 7, 2014.
- [11] Ianchovichina, E., & Ivanic, M. "Economic Effects of the Syrian War and the Spread of the Islamic State on the Levant." *The World Economy*, pp.39(10), 1584-1627, 2016.
- [12] Khan, A., & Estrada, M. A. R. "The effects of terrorism on economic performance: the case of Islamic State in Iraq and Syria (ISIS). *Quality & Quantity*," pp.50(4), 1645-1661, 2016.
- [13] Lister, C. R. "The Syrian Jihad: Al-Qaeda, the Islamic state and the evolution of an insurgency" Oxford University Press, 2016.