Resource flows and political power in Afghanistan
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Powerbrokers on all sides of the conflict between the Afghan government and the Taliban have stakes in large flows of resources — licit and illicit. War profiteers usually hide the sources of their wealth, so we can only speculate as to the scale and nature of these revenue streams. Afghan citizens spend a lot of time pondering where the money went, given that the country is mired in rising poverty despite decades of foreign assistance. International donors should be curious, too. Afghanistan faces urgent challenges, which may include troop withdrawals, shocks as a result of the novel coronavirus (COVID-19) and efforts to start peace negotiations. Navigating these challenges will require an understanding of the fortunes involved, and the political incentives generated by resource flows.

Learning about the serious money underpinning the war in Afghanistan had arguably been less urgent for international donors in previous stages of the conflict; Western policy-makers were focused on supporting the fledging Afghan government, and often confined their assessments of the political economy to narrow discussions of anti-corruption. Now, as the international community aims to support a peaceful settlement, this may be an appropriate time to consider the resource flows in Afghanistan more broadly. This paper represents a tentative step towards understanding the profits that contribute to the power of conflict actors, and discussing the outcomes shaped by those financial incentives.

1.1 Methodology

For this study, we conducted a desk review of relevant literature and identified gaps in public knowledge. The study considered broad sets of questions about all known sources of wealth, or “resource flows”, including government contracts, taxation by the government and by non-government actors, foreign assistance, natural resource extraction, drugs, and extortion. A large quantity of research in the public domain has described resource flows in Afghanistan from 2001 to the present. We supplemented this literature with non-public databases, recent research, and conversations with experts and interlocutors on all sides of the conflict.

1.2 Caveats

There are a number of caveats worth mentioning. Much of the available literature is location-specific, time-bound, incomplete in scope and lacks rigorous cross-checking of anecdotes with information such as satellite data and banking records. None of the sources cited in this paper are impartial. Several are explicitly partial and depend on estimates from conflict actors who make accusations to seek advantage over rivals. Data that might be considered reliable in other countries — for example, customs revenues — should be treated with caution in Afghanistan. The author reached out to several experts and consulted personal archives to address gaps in the literature, but significant weaknesses remain in the available body of knowledge. As such, the resource flow estimates in this paper are offered as approximations to illustrate order of magnitude and to provide insights about conflict actors’ perceptions of resource flows. The lack of solid information underlines the need for further research and highlights the challenges facing decision-makers as they navigate considerable uncertainty. Dollar figures are expressed in US currency.
2 Sources of profit

Resource flows are cyclical, without start or end, but for a discussion of politically relevant fortunes in Afghanistan it is helpful to examine the broad categories of revenue sources that strengthen the foundations of power for influential actors. This study begins by considering these wellsprings of money in general terms, before exploring who profits and how the influence of these actors plays out on the political stage.

2.1 Ordinary people

Despite recent urbanisation trends, Afghanistan is primarily a country of rural farmers. Most employment is agricultural and the informal economy accounts for 80% of workers (Dasgupta et al., 2019). Between 23% and 25% of Afghans live in cities (CSO, 2014; and El-Arnaout and Wang, 2017). Ordinary villagers pay taxes, bribes and tithes to government workers of all kinds that collectively amount to significant revenue streams for powerbrokers. A survey of areas under government control estimated the value of all bribes at $2.5 billion annually (Bisogno et al., 2010). The largest bribes were paid to customs officials (ibid). By comparison, in the same year as the survey, the Ministry of Finance reported domestic revenues of less than $1.3 billion (Bizhan, 2017). In another survey two years later, bribes were reported at $3.9 billion. These resources flowed upward, as officials paid their bosses to purchase or rent their positions (UNODC, 2012). For example, police officials paid hundreds of thousands of dollars to secure profitable appointments (Isaqzadeh, 2015).

The Taliban operate a parallel system of revenue collection in their territory, with grassroots sources of income representing, by some accounts, the biggest resource flow to the insurgency. They collect traditional tithes such as oshr, a share of the harvest, and zakat, an obligatory donation of alms. A United Nations (UN) report concluded that farming is the main economic activity in areas under Taliban control and that oshr represents ‘the main source of their income’ (Wittig, 2012). Previous Overseas Development Institute work on Taliban governance has noted that collection of these tithes varies in practice from province to province. Estimates of Taliban revenues differ considerably, but some indicate that the insurgents collect millions of dollars each month from provinces where they have significant influence (Jackson, 2018).

2.1.1 Land acquisition

Since the 1990s, as Afghanistan’s population doubled, demand for property has increased, putting ‘severe pressure on urban services and the demand for housing’ (Javid and Kidokoro, 2015). Ordinary people have been forced to navigate a maze of powerbrokers to purchase or rent property in recent years, as ‘land mafia’ affiliated with strongmen and government officials have manipulated the system of titles and deeds, or grabbed land by force (Larson and Coburn, 2016). Shifting battle lines have given the Taliban control over a greater proportion of Afghan territory, where Taliban civil courts adjudicate land disputes (Jackson, 2018). Rather than selling land outright, Taliban rent-seeking behaviour usually involves leasing and taxation, and establishing new bazaars and townships (Muzhary, 2020).

2.1.2 Kidnapping

Kidnapping, extortion and arbitrary detention are lucrative sources of profit for both sides of the war. It is difficult to estimate the scale of resources flowing to powerbrokers from such activities; in Kabul, kidnapping rings and protection rackets reportedly operate under the supervision of politically connected mafias (Foschini, 2020). The Taliban also collect significant revenues from kidnapping: between 2005 and 2013, a UN study estimated that ransoms paid to the Taliban for international hostages exceeded $16 million (McLay, 2015).

2.2 Narcotics and smuggling

Opium is thought to be the most lucrative product smuggled across Afghan borders, in terms of gross revenue, although gems, timber, talc, vehicles, marijuana, methamphetamine, rare earth minerals, and victims of human trafficking also raise the fortunes of smugglers (personal communication with narcotics expert, 2020).
UN estimates of revenues from the Afghan opium trade have varied in recent years, between $1.2 billion and $6.6 billion annually, in an industry that employs hundreds of thousands of people (Mansfield 2019; UNODC, 2019). Net returns could be significantly smaller than gross income for drug dealers, after expenses. Armed actors on both sides collect opium taxes estimated at almost $40 million annually, including $31 million from six southern provinces. Helmand province generated the biggest revenues, providing an estimated $20 million a year for armed groups (Mansfield, 2019).

Western experts have claimed that a majority of Afghan drug profits are collected by pro-government figures, and only a minority by anti-government actors, in part because transportation is more efficient via border crossings than across informal routes over mountains. However, pro- and anti-government mafias are sometimes functionally indistinct, with triangular relationship between government officials, insurgents and drug dealers (Smith, 2009). Many powerbrokers’ networks cross battle lines, with some armed ‘opposition’ groups linked to criminal government authorities (Weigand, 2017).

2.3 Customs and imports

Overlapping with smuggling, resource flows associated with legal trade across borders have also contributed to major fortunes. After the fall of the Taliban regime, regional strongmen seized control of border crossings, giving them control over ‘the bulk of domestic revenue’ (Bizhan, 2017). The recipients of customs profits have changed in recent years, as discussed in section 6, but the importance of border points has been constant. Ministry of Finance records show that the largest payments remitted to the central treasury arrived from the customs offices in seven provinces: Balkh, Farah, Faryab, Herat, Kandahar, Nangarhar and Nimroz (Ministry of Finance, 2019). Interviews with traders shipping legal goods across the border concluded that ‘most rules and procedures are flouted at every step’ (Grawert et al., 2017).

2.4 International donors

Many aforementioned sources of income depend on control of the periphery, but control of the political centre in Kabul also emerged as a source of riches after 2001. The total amounts spent by donors to support the Afghan government are unknown, as significant spending has been covert (see section 4.4.1). Another persistent issue has been the challenge of distinguishing between money spent on Afghanistan and in Afghanistan due to the fragmented and often ineffective off-budget donations that have been provided by 30 different countries in recent years (ATR Consulting, 2018).

One estimate of US military and civilian assistance over the last two decades was $978 billion (Crawford, 2019). Since 2001, US Congress has committed $137 billion in reconstruction aid for Afghanistan (CRS, 2020). Germany estimated its total spending in Afghanistan between 2010 and 2019 at $1.1 billion, of which $0.7 billion was assigned to reconstruction and $0.4 billion on security (Brzozowski, 2020). Overall donor spending has decreased in recent years, with official development assistance falling from a peak of about $6.7 billion in 2011 to $3.8 billion in 2018 (World Bank, 2020a). Humanitarian assistance also declined during the same period, from $895 million in 2011 to $302 million in 2020 (OCHA, 2020).

It is difficult to estimate what portion of this donor money is diverted by conflict actors. An unpublished US study reviewed US contracts totalling $31 billion and concluded that $360 million was siphoned off by the Taliban, criminals, and powerbrokers (Riechmann, 2011). That analysis would put the diversion rate at barely more than 1% — likely underestimating the scale of the phenomenon. A study of deposits in tax havens concluded that aid leakage in aid-dependent countries such as Afghanistan could be 7.5% (Andersen et al., 2020).

2.4.1 Security assistance

Some of the largest Afghan fortunes are reportedly linked to capture of security assistance. The US has devoted $86 billion to overt support for Afghanistan’s regular security forces since 2001 (Sopko, 2020a). Covert assistance to elite forces and irregular militias has also been significant, but the scale of those programmes is hard to estimate. A three-year study of militia programmes in Afghanistan found that the US Central Intelligence Agency appears to be funding irregular forces – but ‘it is unclear how much’ (Clark et al., 2020).

Whether overt or covert, much security assistance is earmarked for salaries. US Special Inspector General for Afghanistan Reconstruction John Sopko has repeatedly expressed concern about ‘ghost’ personnel inflating the police and army payrolls (Sopko, 2019a). One attempt to put a dollar figure on
fraud among the Afghan police estimated that $200 million was illegally diverted in 2014 (Strand, 2017). A single scheme involving stolen fuel and fraudulent insurance claims for vehicles generated millions of dollars per month (Hakimi, 2015). The Special Inspector General for Afghanistan Reconstruction conducted 70 investigations of fuel theft and identified supplies worth $154 million that were illegally diverted from 2001 to 2017, but concluded ‘it is likely that even more fuel has been stolen in Afghanistan’ (SIGAR, 2018).

### 2.5 Regional Actors

Regional actors devote resources to influencing Afghanistan. Money flows in both directions: as discussed in section 5.6 on international financiers, officials and businessmen in regional countries participate in the drug trade and other illicit business surrounding the Afghan war. Those are usually private actors extracting profits out of the country; at the same time, state-sponsored financing also sends assets into Afghanistan. These flows are summarised in Figure 1 and are explained, starting at top right and moving clockwise around the figure, in the following paragraph.

India and Pakistan (shown top-right of Figure 1) play out their rivalry by supporting opposite sides of the war. India invests in the Afghan government to unsettle Pakistan, and allegedly makes payments to anti-Pakistan politicians. Pakistan seeks to preserve its regional influence by supporting the Taliban and backing a variety of militants such as Islamic State Khorasan Province (ISKP) to maintain asymmetric threats against India. Donors in Saudi Arabia and other Gulf countries raise funds for the Taliban, but also support the Taliban’s rivals: ISKP. Qatar gives the Taliban a diplomatic base, while supporting Iranian policy against its rivals in the Gulf. Iran backs the Afghan government but also provides limited support for the Taliban, for example against ISKP near the Iranian border. Turkey has a longstanding affinity for the Uzbek-dominated National Islamic Movement of Afghanistan (‘Junbish’) party, and to a lesser extent the Jamiat-e Islami (‘Jamiat’) party. Russia and other members of the Collective Security

**Figure 1  Reported flows from regional actors**
Treaty Organization (CSTO) support the Kabul-based government while forging relationships with armed groups, including the Taliban. China backs the government of Pakistan, and to a lesser extent Afghanistan, while monitoring ethnic Uyghurs in both countries (Hooper and Garrigues, 2012; Waldman and Wright, 2014; Bose and Panda, 2016; Rubin, 2018; US Department of Defense, 2019).

The role of regional actors is not well-documented because much of their support is covert. According to persistent rumours, Afghan political figures receive monthly stipends from intelligence agencies (Rosenberg, 2013). Afghan officials claim that the Taliban receive arms and ammunition from regional actors. Recovered weapons appear to have been manufactured during the Soviet period — some of them retained in stockpiles and never used, with serial and batch markings removed (Djani, 2019).

2.6 Domestic business

Afghanistan's largest non-agricultural private sector is telecommunications, with mobile phone companies providing about 200,000 jobs. Telecommunications executives complain of growing pressure in recent years to increase formal tax payments and informal bribes of all kinds. The telecoms industry spends around $1 million every month on security payments to local communities, to incentivise them to protect mobile towers (personal communication with telecommunications executive, 2020). Airline companies have also been squeezed for bribes by figures associated with the Palace and other senior levels of government (Bizhan, 2017).

For their part, the Taliban also pressures domestic businesses for bribes. Afghanistan's state-owned electricity company estimated that Taliban billing of customers cost the utility more than $50,000 in lost revenues every month in the province of Kunduz alone (Jackson, 2018).

2.7 Mining and extractives

Afghanistan has billions of dollars' worth of minerals and natural resources, but much of that wealth remains in the ground. One report estimated that armed groups made $12 million from mining the semi-precious stone lapis lazuli in 2015, of which the Taliban share was $4 million (Global Witness, 2016). Illegal talc, chromite and marble mining also reportedly produced millions of dollars in annual revenues for the Taliban and other militant groups (Global Witness, 2018). However, analysts who visited the same mines cautioned that these numbers may be exaggerated (personal communication, 2020).

A UN study found that decreasing prices for talc, marble, lapis lazuli and other stones have made these industries less attractive recently: ‘The Taliban and other terrorist organizations do not currently receive significant revenues from illegal mining’ (Djani, 2019).

Extractives also represent a comparatively small part of licit industry. The government reported that mining and quarrying amounted to less than 0.7% of Afghanistan's gross domestic product in 2016, with about a quarter of that activity confined to a single state-owned coal mining enterprise (Ministry of Mines and Petroleum, 2019). China purchased rights to a copper mine in Logar province and the oilfields in the north-east, but both projects have stalled (Downs, 2012). Gas fields in the north of the country remained dormant for four decades and started to produce output only in 2020, with revenues projected at a modest $8.5 million a year (Saif, 2020). India has delayed plans to develop the iron mines in Afghanistan's central highlands (Swami, 2015).
3 Profiteers

This study focuses on the relationship between power and money. For this reason, the following section does not include all recipients of war profits. Rather, it describes the categories of actors that capture resource flows at a significant scale. The question is not, ‘Who gets money?’, but rather ‘Who gets rich?’ Considering the size of resource flows in Afghanistan, large fortunes are necessary to be politically relevant.

3.1 Government officials

The administration of former President Hamid Karzai has been described as ‘a criminal enterprise with billions of dollars at stake in the status quo’ (Ignatius, 2009). For the current occupants of the Palace, the stakes are higher. President Ashraf Ghani has centralised resource flows within government, allowing the Palace to circumvent some of the hurdles that prevented his predecessor from spending the entire government budget. Across the five years of Karzai’s second term in office, national development budget spending totalled $3.8 billion – a figure that rose to $6.8 billion during the first five years of President Ghani’s government (IWA, 2020). Changes in the procurement law meant that ‘more and more contracts require the President’s approval’ (Olaya et al., 2017).

Concentration of resource flows within government has generated fierce competition for positions. In a single 18-month period, the Finance Ministry had three deputy revenue and customs ministers, three deputy administration ministers and three deputy finance ministers (Byrd, 2020). About half of the national budget is supervised by the National Procurement Authority, an institution that has been a subject of persistent accusations of corruption (Atakpal, 2019; NPA, 2019). A review of alleged corruption at the NPA has reportedly been blocked from publication (Sohaib, 2020).

3.2 Provincial strongmen

Some political figures based in Afghanistan’s provinces are understood to have vast financial empires, built on the foundations of Soviet-era militias that evolved into networks profiting from smuggling, contracting and other licit and illicit enterprises. The size of the savings amassed by these figures is disputed; some interlocutors claim that the most influential strongmen are billionaires, while others guess at fortunes in the tens or hundreds of millions (author archives and personal communication with experts, 2020).

The idea of individual wealth may be fungible in the Afghan context, where strongmen often feel responsible to families or tribes with thousands of members. Their followers, in turn, are a source of strength. Some of the largest militias grew into influential political parties such as the Jamiat factions, primarily in the country’s north; the two major factions of Hezb-e Wahdat, with strongholds in the central highlands; Junbish, the dominant actor in the north-west; and Hizb-e Islami factions in central and eastern areas (ICG, 2013).

Informal powerholders profited from a variety of revenue streams after 2001, including narcotics, customs, smuggling, mining, unofficial taxation, and oil and gas supplies (Mukhopadhyay, 2014). One provincial governor, son of a mujahideen commander, reportedly earned $300 million during his time in office (ibid). The brother of a senior Kabul politician, who gained his position based on his strength as a militia leader, won several contracts worth tens of millions of dollars supplying fuel to the Afghan government and its foreign allies (Malejacq, 2020).

3.2.1 Parliamentarians

Many parliamentarians are ‘strongmen’, including a number of female politicians. One estimate suggested that 40% of Afghan parliamentarians have alleged connections to the narcotics trade or other smuggling activities (Schmeidl, 2016). A large number of parliamentarians profited from their proximity to international forces, for example by raising pro-government militias (Münch, 2013).
Parliamentarians have also turned gifts-for-votes into routine business (Clark, 2010).

3.3 Taliban

Little is known about the size of fortunes amassed by Taliban leaders and all estimates quoted in this paper should be treated with caution. Information about insurgent financing is especially muddled with faulty intelligence and propaganda aimed at discrediting opponents. For example, in May 2016 when a drone strike killed then-Taliban leader Akhtar Mansur in Pakistan, there were reports of feuds among senior insurgents over ‘$900 million’ that allegedly went missing from Mansur’s bank accounts (author archives and personal communication with experts, 2020). Yet legal proceedings over several properties allegedly owned by Mansur in Pakistan have revealed a humble collection of apartments worth barely more than $200,000 (Sahoutara, 2020).

Speculation about the Taliban’s riches often focuses on opium. One author cited unpublished US estimates that 70% of Taliban income derives from the drug trade, a figure supported in part by estimates that hawala dealers (money brokers) in southern Helmand and Kandahar provinces allegedly handle more than $1 billion in drug money annually (Peters, 2011). Afghan officials have persistently accused their enemies, the Taliban, of collecting hundreds of millions of dollars annually from narcotics (Djani, 2019). UN estimates are orders of magnitude smaller, with one survey finding that insurgents and other non-state groups raised $29 million annually from opium taxes (UNODC, 2019). Another calculation estimated revenues from opium fields in Taliban territory at $40 million annually, excluding narcotics traffickers’ donations (Mansfield, 2019). Previous ODI work on Taliban revenues notes that actors associated with the insurgency are reluctant to share local profits with the main Taliban organisation (Jackson, 2018). A distinction should be drawn between the Taliban’s relatively modest profits at the central level and the larger, more complicated resource flows associated with pro-Taliban figures and drug dealers who align themselves with the insurgency.

The Taliban organisation is reportedly disciplined about collecting taxes – including revenues from opium fields. A detailed analysis of Taliban revenues from two districts in southern Afghanistan concluded that insurgent taxes on land and harvests of opium and wheat provided the Taliban revenues of $3.7 million in a single year (Mansfield, 2017). One leading researcher said that Taliban taxation in many provinces includes government-controlled urban areas, where tradespeople and shopkeepers receive letters from insurgents reminding them to send annual payments. The same researcher estimated that a mid-sized province in 2018 provided the Taliban with approximately $375,000 in annual taxes, while noting the difficulty of assessing insurgents’ additional non-tax revenues and the high levels of uncertainty surrounding the topic of insurgent finances (personal communication, 2020).

3.3.1 Militia commanders

A related category of profiteers is the militia commanders who have since 2001 received direct financial support from the US and its allies. These included leaders of the Afghan Local Police, Afghan National Auxiliary Police and dozens more. Commanders of such units have been implicated in bribe-taking, salary fraud, theft and even selling the lives of their own personnel to insurgents (ICG, 2015). Recent iterations of these militia programmes – such as the Afghan Territorial Force – followed a similar template while trying to curb the influence of local commanders (Clark, 2019).

3.4 ISKP and other militants

The war in Afghanistan is primarily a two-sided conflict, with 93% of battle deaths occurring in hostilities between pro-government forces and the Taliban insurgency (UCDP, 2019). Of the minor militant groups responsible for the remaining violence, the so-called Islamic State Khorasan Province (ISKP) is the most prominent, with a small foothold in the eastern provinces. Afghan authorities have estimated that ISKP earns approximately $85,000 per month from timber smuggling (Umarov, 2018). An expert who interviewed ISKP members has observed that the militants often lack funding, with commanders struggling to feed their own fighters (personal communication, 2020). Such poverty could be linked to ISKP banning opium and marijuana crops in their territory (Mansfield, 2017).

3.5 Private contractors

During the years of greatest international presence in Afghanistan, as troop levels peaked in 2010 and 2011, about 40% of the population lived within five kilometres of the 800 military bases scattered across
the country (Minnion, 2013). With so many people neighbouring the troops, many found employment in the thriving sector that provided trucking, logistics, construction, diesel, security guards, bottled water, and other goods and services. Locations of military deployment saw increased wages and commodity prices (Bove and Gavrilova, 2014). The number of contractors often dwarfed the number of troops. In 2016, for example, the US deployed 9,800 uniformed personnel and 25,000 Pentagon contractors; of these 36% were U.S. citizens, 41% were Afghans and the remainder were from other countries (Peters et al., 2017). Many of the firms that enjoyed windfalls had not existed before the war, and ‘several firms went from being “undercapitalized start-ups” to profitable companies earning upwards of $75 million in annual revenues in just a handful of years’ (Mahoney, 2016).

Of all contractors in Afghanistan, trucking and logistics firms were among the biggest. At one point, US military contracts purchased between 6,000 and 8,000 truck shipments per month (US House of Representatives, 2010). Trucking routes emerged as a way of milking security budgets, as international clients would pay to avoid interruption of supplies: ‘Convoy commanders ran what was in essence a protection racket’ (Aikins, 2012).

### 3.6 International financiers

An intergovernmental organisation, the Financial Action Task Force, has noted that proceeds from Afghanistan’s drug trade and other illicit business are usually sent abroad, with a majority of funds moving to the United Arab Emirates. Authorities have intercepted millions of dollars in cash coming into Dubai in suitcases (FATF, 2014). Interlocutors in Dubai have indicated that Afghans seeking to move tens of millions of dollars can avoid detection by working with local business interests (personal communication with businesspeople in Dubai, 2020). Assets are also shifted out of Afghanistan through the purchase of properties in countries such as Uzbekistan, Turkey, India, the US and especially the United Arab Emirates. One Afghan politician was described as owning ‘whole blocks in Dubai’ (personal communication with Western official, 2020). A report found large property holdings in Dubai associated with relatives of two former Afghan presidents, a presidential candidate and a senior Afghan intelligence official (Purkiss, 2019).
The broad categories of profit and profiteers identified in this paper have remained largely consistent since 2001. But this level of generalisation can obscure major changes over time as powerbrokers rise and fall. One of the most dramatic political upheavals in recent years came in 2015 with the conclusion of the former administration of President Hamid Karzai and the start of a new presidency under Ashraf Ghani. This moment of transition allows for an initial case study of shifting resource flows.

After taking power, President Ghani took steps to control resource flows in Afghanistan’s provinces, including from customs. Government revenues grew, rising from 10% of GDP in 2015 to an estimated 14% in 2019 (World Bank, 2020b). Some authors have noted that the year-on-year increases in revenues did not result entirely from stricter enforcement of the rules, as the Afghani-denominated influx also resulted from currency depreciation, rising inflation and new measures such as doubling of the rate of Business Receipts Tax (BRT) from 2% to 4% (Byrd and Payenda, 2017). However, the Ghani administration’s tighter enforcement can be seen in the rising levels of revenue from customs duties on imports, excluding BRT, which increased from 24.4 billion to 28.6 billion Afghani ($0.3 billion to $0.4 billion)1 in the three fiscal years that started in March 2014 (Ministry of Finance, 2017).

As noted in section 4.3, customs are an important source of income for powerbrokers. Three years of customs data (Figure 2) suggest that Ghani’s crackdown resulted in higher revenues from some provinces, but not others. The uneven distribution may reflect political trends, suggesting that the president’s centralisation programme was not – or not entirely – a neutral technocratic exercise. For example, influential figures in Nangarhar province backed Ghani’s election campaign, and the arrival of his administration did not result in major changes to customs revenue in that province (Sharan and Bose, 2016). Similarly, the Junbish party supported Ghani in 2014, which may be linked to declining customs revenue from the party’s stronghold in Faryab province, with powerbrokers in that province perhaps feeling empowered to take a greater share of the revenue flows after their election win.

By contrast, Ghani swept Karzai’s associates out of his new cabinet, disrupting patronage networks in Karzai’s home province of Kandahar (Sharan and Bose, 2016). In February 2016, the National Directorate of Security (NDS) arrested several Kandahar officials including the head of customs at the Spin Boldak border crossing. The detainees were

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1 Historical Afghani—US dollar exchange rates taken from Xe.com: 2014—0.018; 2017—0.014; 2020—0.013.
released after an armed standoff with other factions of the security forces, but not before intelligence officers reportedly obtained confessions that accused Karzai-era figures of generating tens of millions of dollars in illegal revenue annually from the border crossing (author archives, 2020). These events could be correlated with the doubling of revenues to the central treasury from Kandahar’s import duties.

The Ghani administration was also disruptive in Balkh province, where strongman Atta Noor opposed the new president so vociferously that he threatened civil war (ICG, 2015). Correlation is not necessarily causation, but in the years after the provincial strongman lost his showdown with the new president, Balkh gave the central treasury 50% more customs duties from imports.

These observations emerge from only a few years of customs data at four border crossings; a fuller archive of Afghan government financial records would be required for further research. Any rigorous assessment of how resource flows have changed over time would need a better sense of scale, for comparison of ‘before’ and ‘after’ scenarios. When considering the customs data, for example, are the numbers written in official ledgers a tiny fraction of revenues from border crossings? Or is the government capturing most of the income from those locations? One way of checking would involve correlating the reports from customs points with remote sensing and other techniques that allow for measurement of road traffic volume (Kaack et al., 2019). Such avenues for potential research are further explored in the next section.
5 Policy implications

A complex picture emerges from the literature on resource flows. The major sources of profit, and the primary categories of profiteers, are tangled in a web of financial relations. International donors are enmeshed with a system of profiteering on both sides of the conflict, and foreign assistance represents only one pillar in the construction of politically significant fortunes.

These complex flows and relationships are illustrated in Figure 3, but this sketch should be treated with caution. By assigning equal weight to each flow, Figure 3 could give mistaken impressions — for example that Taliban revenues from small-scale mining are equal to the insurgents’ large-scale taxation for opium fields. Without better ways of quantifying resource flows, it is impossible to provide a more representative overview.

5.1 Failing to address complexity

The tangle of relationships in Figure 3 is barely mentioned in much of the high-level policy debate on Afghanistan. Donors have recently funded assessments on a variety of topics relating to how best to engage with the troubled country – topics such as how to end the war, which now ranks as the world’s deadliest (ICG, 2020b), and how to reduce economic shocks from the global pandemic (World Bank, 2020c). None of these studies include an overall picture of resource flows, a knowledge gap that seems likely to impede progress on these complex issues. The most immediate challenge in this regard has been raised by COVID-19, which reduced global aid spending (Rubin, 2020). As many analysts have noted, aid cut-offs could precipitate the collapse of the Afghan state (personal communications, 2020; Maley, 2016). Assessing the impact of reductions in donor assistance would require, at minimum, an understanding of how resources compare – that is, does foreign aid represent a bigger or smaller resource flow than, for example, narcotics, and who profits? So far, the literature contains only guesses.

5.2 Money on the table in the peace talks

The knowledge gap is especially acute in peace-making. In any war, powerbrokers who amass wealth may seek to influence the outcome of negotiations, or to spoil them. The decisions of conflict actors sometimes have no connection to their financial interests, but empirical research has concluded that parties fight harder for more valuable prizes (Kimbrough et al., 2017). In practice, war profiteers are already taking steps to resist changes in the status quo of armed conflict in Afghanistan, as peace negotiations emerge for the first time as a serious prospect that could disrupt resource flows. At the same time, the uncertainty generated by the promise of peace talks has energised actors who sense opportunity in the anticipated changes to the political system. This affects both sides: influential figures in the Taliban leadership hope for sanctions to be lifted and for a share of the profits from rebuilding the country; conversely, anti-Taliban provincial strongmen want to renegotiate their relationships with central authorities, aiming for a bigger slice of revenues from border crossings and other sources (personal communication with Taliban and anti-Taliban factions, 2020). As shown in this paper, for major players there are billions of dollars at stake.

5.3 Financial leverage for peace?

The role of money in peace talks started to gain public prominence in early 2020, when the US declared a $1 billion aid cut as part of an effort to push Afghan politicians towards agreement on a list of peace negotiators (Mashal, 2020). US pressure also helped to persuade the reluctant Afghan government to proceed with prisoner releases (ICG, 2020a). The US signalled potential linkages between financial support and a political settlement by sending AdamBoehler, the chief executive of the US International Development Finance Corporation, to join US Special Representative for Afghanistan Reconciliation Zalmay Khalilzad in meetings with the Taliban and other interlocutors on the peace process (AFP,
Foreign ministers and senior officials from Afghanistan’s major donors emphasized financial leverage in their speeches at the opening of Doha peace talks between the major Afghan parties to the conflict in September 2020. This included U.S. Secretary of State Mike Pompeo, who told the negotiating teams: “Your choices and conduct will affect both the size and scope of future U.S. assistance” (Pompeo, 2020).

Some commentators have advocated a ‘peace dividend’ to encourage both sides to make a deal and offer hope for the future after an agreement (Wayne and Llorens, 2020). Taliban interlocutors often indicate that they expect billions of dollars from the international community as part of a peace settlement, although it’s unclear how such funding could be raised given the legal, regulatory and political hurdles of supporting a militant group (personal communication with Taliban, 2020).

However, as foreign aid trends downwards, dreams of a peace dividend may be far-fetched. Even before COVID-19, the World Bank predicted that grants to the Afghan government would decrease from $8.5 billion in 2018 to $5 billion by 2024 (World Bank, 2019). The International Monetary Fund also noted the trend of ‘growth falling after the withdrawal of international troops coupled with a spike in violence and a reduction in aid’ (IMF, 2019). Even in a situation of reduced aid, donors hoping to use their money as leverage for peace should remain mindful of their poor track record with imposing – and enforcing – conditions on their assistance in Afghanistan (Sopko, 2020).

5.4 New methods for estimating flows

To the extent that donors remain in Afghanistan in the coming years, they should take advantage of new methods to estimate the flows of licit and illicit resources. The International Monetary Fund has called for money flows to be tracked more closely, including by monitoring hawala operations (IMF, 2019). Some researchers have already started using techniques that rely on remote sensing: in one study, satellite observations of night-time light served as a proxy for aggregate economic activity, and this data was analysed alongside satellite-based measurements of opium fields (Galdo et al., 2020). Another pioneering approach has paired high-resolution imagery with the extensive use of field research to monitor ‘choke points’ in the supply lines of minerals, drugs and other commodities (Mansfield, 2020). These techniques could give policy-makers an approximate sense of scale, helping them to gauge the economic and political ramifications of future decisions.
6 Conclusion

Foreign observers often over-estimate the role of money in the decisions of Afghan conflict actors; one review of a failed peace programme concluded that ‘providing economic incentives ignores the reasons why many people fight and why many are angry with and distrustful of the government’ (Cleary et. al., 2016). Still, the fortunes spawned by the conflict have grown into behemoths and cannot be ignored. Political actors inside the country and outside its borders make enormous sums, and their impulse towards ‘business as usual’ impedes peace-making. Such inertia is anachronistic in the new political environment, with anticipated withdrawals of foreign troops, dwindling aid budgets and global shocks related to the COVID-19 pandemic. Policy discussions should embrace a clear-eyed assessment of the profits at stake, and the behaviour of profiteers.
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