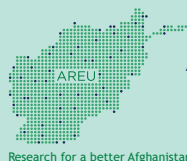


# A Taxing Narrative:

## Miscalculating Revenues and Misunderstanding the Conflict in Afghanistan

David Mansfield  
October 2021



Afghanistan  
Research and  
Evaluation Unit





Afghanistan Research and Evaluation Unit  
Issues Paper

# **A Taxing Narrative: Miscalculating Revenues and Misunderstanding the Conflict in Afghanistan**

David Mansfield  
October 2021

Author: David Mansfield  
Editor: Toby Miller  
Type of paper: Issues Paper  
ISBN: 978-9936-641-754  
Cover photo Alcis  
AREU Publication Code: 2105 E

© 2021 This publication may be quoted, cited, or reproduced only for non-commercial purposes and provided that the source is acknowledged. The opinions expressed in this publication are those of the author and do not necessarily reflect those of AREU. Where this publication is reproduced, stored, or transmitted electronically, a link to AREU's website ([www.areu.org.af](http://www.areu.org.af)) should be provided.

## About the Afghanistan Research and Evaluation Unit

The Afghanistan Research and Evaluation Unit (AREU) is an independent research institute based in Kabul that was established in 2002 by the assistance of the international community in Afghanistan. AREU's mission is to inform and influence policy and practice by conducting high-quality, policy relevant, evidence-based research and actively disseminating the results and promote a culture of research and learning. Since 2020, AREU organization is registered with Ministry of Economy (MoEc) as a non-profit NGO. As the top think-tank in Afghanistan and number three in Central Asia according to the Global Go To Think Tank Index Report at the University of Pennsylvania, AREU achieves its mission by engaging with policy makers, civil society, researchers and academics to promote their use of AREU's research-based publications and its library, strengthening their research capacity and creating opportunities for analysis, reflection and debate. AREU is governed by a Board of Directors comprised of representatives of donor organizations, embassies, the United Nations and other multilateral agencies, Afghan civil society and independent experts.

AREU's core donor is the Swedish International Development Cooperation Agency (SIDA). Specific projects in 2021 are being funded by the Global Challenges Research Fund (GCRF), the World Bank, the Foundation to Promote Open Society (FPOS), (CMI) and Institute of Development Studies (IDS).

AREU holds memberships in multiple international development consortiums including the RESOLVE Network, Global Challenges Research Fund (GCRF), The School of Oriental and African Studies (SOAS), Secure Livelihoods Research Consortium (SLRC), A Conflict Sensitive Unpacking of The EU Comprehensive Approach to Conflict and Crisis Mechanism (EUNPACK), ADB- Asian Think Tanks Network (ATTN), Sustainable Development Solutions Network (SDSN) and The Regional Environmental Centre for Central Asia (CAREC). For more information visit [www.areu.org.af](http://www.areu.org.af)

In 2018, AREU was awarded Best International Social Think Tank by Prospect Magazine.

## ABOUT THE AUTHOR

David Mansfield is an independent consultant working with AREU since 2005. He has been conducting research on rural livelihoods, illicit economies and poppy cultivation in Afghanistan for 25 consecutive growing seasons. This research has involved over 16,000 in-depth household interviews in rural Afghanistan. David has a PhD in development studies from the School of Oriental and African Studies, London, is the author of *A State Built on Sand: How Opium Undermined Afghanistan*, and has produced more than 75 research-based products on the drugs economy and rural livelihoods in Afghanistan.

## ACKNOWLEDGMENT

Thanks go to long term partners Alcis, AREU and Organisation for Sustainable Research and Development (OSDR) in the production of this report. This paper would not be possible without the hard work of colleagues at OSDR who have been conducting indepth research in Afghanistan for more than 30 years: the dedication and quality of work of the team in Kabul and those colleagues in the field are insurpassable. The team at Alcis have contributed high resolution satellite imagery analysis for this paper and the empirical work that it is built on. It is this genuine mixed methods approach integrating indepth fieldwork and high resolution satellite imagery analysis that provides the methodological rigor that is required for studying political economy in FCAS.

Thanks also go to a number of individuals who have been kind enough to offer their time and expert comments on earlier drafts: Richard Brittan, Paul Fishstein, Bianca Jinga, Jolyon Leslie, OSDR, Orzala Nemat, Graeme Smith, Alex Soderholm, Phoebe White and a further two anonymous reviewers. The paper benefits greatly from the copy editing of Toby Miller and the professionalism of Shahnaz Faqiri who has made this and other reports come to life with her vision for design and graphics. All errors are the authors, and the authors alone.

## FOREWORD

The Afghanistan Research and Evaluation Unit (AREU) is pleased to present to its highly reverent audience a timely Issues Paper titled: “A Taxing Narrative: Miscalculating Revenues and Misunderstanding the Conflict in Afghanistan” written by lead AREU researcher Dr David Mansfield.

This paper reflects a comprehensive empirical account of the monies earned by the Taliban and an appeal that features assessments of funding for the state and non-state actors, not just in Afghanistan but in other fragile and conflict-affected states. The analysis is grounded in strong evidence that is built on appropriate methods such as satellite imagery and maps as well as ground interviews, which makes it as a reliable method to get an in-depth insight of the issues on the ground. This is very critical at a time that most analysis on drugs’ taxing narratives are informed by flawed assumptions or hearsay type of conversations.

Although, major part of this study covers the pre-August 2021 context that considers the Taliban as non-state insurgent group, we believe this is still of high importance a) in order to get a clear picture of how the situation has been back then; and b) enlightening readers’ understanding of the evolution of taxation, in particular in the rural context as we move forward. The paper highlights how contradictory and inconsistent numbers in terms of revenue and earnings from illicit drugs have created confusion at the very least and contributed to not so successful responses to counternarcotics. In Afghanistan, according to the paper, inaccurate estimates of the Taliban’s finances and the depiction of the movement as a narco-insurgency have not been helpful. Misconceptions hurt the ability of Western diplomatic and aid donors to understand the insurgency: its resources, motives, supports and political ambitions and to also follow more effective approaches to address the issue. Flawed narratives drove policies that alienated the rural population, such as forced eradication of opium and the bombing of heroin labs, which led to farmers giving help to the Taliban, believing the insurgents could defend them against the counternarcotic policies of the Afghan government and its foreign backers.

I am confident this interesting and highly analytical paper is a great contribution to policy makers and those who are interested in having an in-depth view about the drug issues and its future in Afghanistan.

I would like to take this opportunity and express my gratitude to the author Dr David Mansfield for his meticulous work and Alcis Ltd. as well as OSDR team for their contribution and support and to anonymous peer reviewers for their remarkable support providing comments and suggestions that contributed to the enrichment of the paper.



Sincerely,

Dr. Orzala Nemat  
AREU Director



## CONTENTS

About the Author.....	II
Acknowledgment.....	III
Foreword .....	IV
Executive Summary .....	VI
1. Introduction.....	1
2. Methodology .....	3
3. Money Matters: The Rhetoric of the Narco- Insurgency .....	4
4. Flawed Methods: Relying on Hearsay Not Talking to those that Pay.....	10
5. Understanding Value Chains: The High Cost of Doing Business in Afghanistan .....	14
6. Domestic Sources of Taliban Funding .....	19
6.1. Illicit Drugs .....	20
6.2. The Mining Sector .....	23
6.4. Cross- Border Trade .....	28
6.5. Looking forward: The Taliban as government .....	37
7. Conclusions.....	46

## Executive Summary

For more than two decades, illicit drug production has been seen by the UN, as well as some in western governments and the media, as synonymous with the Taliban. The estimates proffered of the amount of money the Taliban earns from drugs are staggering and often amount to hundreds of millions of dollars per year. For example, the United Nations Office on Drug Control (UNODC) reported that the Taliban earned US\$ 14.5 million in taxes on opium cultivation and up to \$ 113 million on the manufacturing and trafficking of opiates in 2019; the United Nations Sanctions Monitoring Team and other analysts put the figure at as much as \$400 million.

The assumption that the Taliban collected significant amounts of money taxing the cultivation of opium, the production of opiates, and on the smuggling of drugs across Afghanistan's borders is the bedrock on which a narrative of a narco- insurgency was constructed. Allegations of the involvement of some of its senior leadership in drugs trafficking cement this narrative to the point where some Western military leaders have argued that the Taliban was little more than a criminal enterprise whose territorial ambitions were primarily driven by its involvement in the drugs business. Even the Taliban's prohibition of opium in 2000— described by a senior member of UNODC at the time as “one of the most remarkable successes ever”— is viewed by parts of the UN, western analysts, and some donors as a cynical ploy designed to increase prices and the value of what was believed to be an accumulated stock, due to the belief that the Taliban's primary source of finance was illegal drugs.

In stark contrast to this conventional wisdom on Taliban funding sits detailed analysis of the costs of the production of opium and the processing and smuggling of opiates, ephedrine and methamphetamine collected over more than two decades with those directly involved in the production and trade of illegal drugs in Afghanistan. This body of work shows that the tax rates levied on drugs are significantly less than the UN and others claim. Farmers in the south and southwest, for example, where almost three-quarters of the country's opium is produced, pay a fixed amount of opium to the Taliban per unit of land that amounts to around 2.5 percent of the final yield, significantly less than the 10 percent “*ushr*” that is typically reported. Similarly, the combined tax imposed on the production and trade of 1 kg of heroin base is less than \$6, a fraction of the sale price of between \$1,400 and \$1,900. In fact, if taxes were to be levied at 10 percent of value as claimed, the production of heroin base would become unprofitable. This work points to the administrative and economic infeasibility of a tax rate based on 10 percent of price.

This fine-grained analysis points to revenues from the tax on opiates that would amount to \$19 million in 2020, with the potential for a further \$15 million from the production and trade in cannabis and methamphetamine. This is significantly less than the monies the Taliban earned imposing taxes on the movement of legal goods, including an estimated \$83.4 million a year on the trade in fuel and transit goods in 2019 from Iran alone. In Nimroz, an area where both opiate and methamphetamine production are concentrated, and a major conduit for drugs being smuggled into Pakistan and Iran, it is estimated that Taliban earned \$5.1 million per annum from drugs in 2020, 9 percent of the total monies it earned in taxes in the province, compared to \$40.1 million from taxing the trade in legal goods on the highway between Ziranj and Delarem.

In the current climate, with the Taliban now in Kabul, and a humanitarian disaster unfolding, there is a danger that an a more accurate assessment of their funding is viewed as partisan, particularly when it challenges the prevailing narrative of illegal drugs as the Taliban's primary source of revenue. This is not the case: correctly describing the Taliban's finances does not imply sympathising with the Taliban regime. This paper represents a detailed empirical account of the monies earned by the Taliban and an appeal that future assessments of funding for state and non-state actors, not just in Afghanistan but in other Fragile and Conflict- Affected States, are grounded in evidence that is built on appropriate methods rather than informed by flawed assumptions.

In Afghanistan, inaccurate estimates of the Taliban's finances and the depiction of the movement as a narco- insurgency have not been helpful. Misconceptions hurt the ability of Western diplomatic and military officials to understand the insurgency: its resources, motives, supporters and political ambitions.

Flawed narratives drove policies that alienated the rural population, such as forced eradication of opium and the bombing of heroin labs, which led to farmers giving help to the Taliban, believing the insurgents could defend them against the counternarcotics policies of the Afghan government and its foreign backers. Anti-Taliban propaganda failed to resonate with the Afghan population, whose own experiences involved more government officials than Taliban soliciting payments and trafficking drugs. The failure to address this corruption and the Taliban's other sources of financial support, including that of foreign donors, left the US and its allies blind to the risks to the Afghan Republic and ill-equipped to counter the rise of the Taliban as a political and military force.

In the coming months, the international community needs to consider how Afghanistan could avoid state collapse. The growing economic crisis— a function of drought, the coronavirus disease (COVID-19) , sanctions and the Taliban's decision to nominate a government that will do little to instil the confidence of donors and private investors— could lead to even further political instability. In the current environment it is difficult to see how the Taliban will be able to generate more than \$0.75 billion per annum in revenues and there is a high risk of a return to the minimalist state of the 1990s, where the regime focused solely on security and justice, and basic services were provided under the rubric of humanitarian assistance.

The Taliban have few revenue- earning options to make up for the shortfall in domestic revenues, let alone the absence of international aid. The cross-border trade in legal goods has clearly been critical to the Taliban's finances and continues despite disruption, but will be impacted by the economic crisis. The trade of legal goods is likely to become more important for the Taliban government after it captured all the major official and unofficial trade routes. Leverage over the Taliban will rest primarily with neighbouring states because actions that restrict trade between Afghanistan and its neighbours could further increase the risk of a humanitarian disaster.

The Taliban have also proven effective at extending their tax base into rural areas, levying taxes on land, crops (not just opium), and in some areas, the use of groundwater. This strategy served to build links to the rural population and diversify its tax base, something the former government failed to do, preferring to draw on donor funds. This, too, will be a valuable source of revenue for the new government. The drugs trade, although not the primary source of revenue for the Taliban, will continue to be a major source of livelihood for an important rural constituency, particularly in the wake of a dramatic economic downturn. Pressing the Taliban to prohibit production in the absence of economic alternatives will serve little purpose, and greater focus should be on tackling problem-drug use and addressing the most deleterious effects of organized crime along the supply chain.

Finally, we all need to be far more discerning in our consumption and use of data, even data provided by august bodies such as the UN. There remain significant challenges in producing robust data, particularly in fragile and conflict-affected states like Afghanistan, but with the advent of high-resolution satellite imagery and a far better understanding of the how local economies in countries like Afghanistan function, there is an increased capability to correct the narratives and data produced by the institutions that make policy and deliver programmes. To fail to be more critical in our assessment of the data we are presented with, particularly at a time when there are growing demands for both sanctions and increased humanitarian assistance, is to simply repeat the errors of the past designing policy that is not only not fit for purpose but could make matters worse.

## Recommendations:

International actors need to recognize recognise that leverage with the Taliban primarily lies in its trading relationships with its neighbours and the wider region.

There is no place for conditioning development assistance on the agreement that reductions in drug crop cultivation take place; it does not work.

The structure and analytical capacity of the UNSMT needs reforming.

More broadly, scholarly articles and media work on Taliban funding lacks rigour and need to be challenged by officials.

# 1. INTRODUCTION

In the book “What Rebels Want” the author Jennifer Hazen refers to the estimates that have been proffered of insurgent funding: “the numbers sound impressive, yet they are just rough estimates that are at best good guesses and at worst politically expedient fabrications. These numbers seem to gain legitimacy through repetition rather than research into their validity.”<sup>1</sup> This statement is especially true for the Taliban, whose income is currently estimated at between US\$300 million and \$1.5 billion per annum by the UN Sanctions Monitoring Team (UNSMT).<sup>2</sup>

There remains considerable debate about the nature of the monies generated by the Taliban, and what it says about their motivations, political ambitions, the likely form of its government in the coming years and, consequently, the leverage of international donors and neighbours. To date, much of the discussion on the Taliban’s income has been dominated by the taxes they are reported to collect on the opium economy. Over the course of the last two decades there have been repeated claims that this is their primary source of income, with some parties, such as the United States Forces Afghanistan (USFOR-A) arguing that as much as 60 percent of all Taliban monies were derived from illegal opiates.<sup>3</sup> More recently, it is claimed significant monies are earned from a nascent mining industry, with some analysts and organisations arguing that the revenues earned are the equivalent of those from illegal drugs at around \$400 million per year.<sup>4</sup>

Repeatedly cited, these calculations are often lent credibility by officials, scholars and a media that help shape both policy narratives and direction.<sup>5</sup> For example, the calculations of the revenue earned by the Taliban have led to policy recommendations with dramatic consequences, from the implementation of opium poppy bans and efforts to press the Afghan government to enact a programme of aerial eradication,<sup>6</sup> to the 2017-19 bombing campaign targeting drugs labs with the specific goal of denying revenue to the Taliban.<sup>7</sup> Claims of the importance of the monies earned from minerals, such as lapis, gold and talc stones have also led for some to call for the closure of mines and the banning of exports, despite the employment and income gained by local communities, and the taxes earned by the former Afghan government.<sup>8</sup>

While it is understood that estimating the revenues of insurgent groups is challenging, many of the methods used to calculate revenue appear partial, unverifiable and biased by data collection methods that favour hearsay and exaggeration. The failure to provide disaggregated data, details on how calculations are

1 Jennifer Hazen, *What Rebels Want: Resources and Supply Networks in Wartime* (Ithaca: Cornell University Press, 2013), page 5.

2 UNSMT, “Eleventh Report of the Analytical Support and Sanctions Monitoring Team Submitted Pursuant to Resolution 2501 (2019) Concerning the Taliban and Other Associated Individuals and Entities Constituting a Threat to the Peace, Stability and Security of Afghanistan”, S/2020/415, May 2020, page 14. [https://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2020\\_415\\_e.pdf](https://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2020_415_e.pdf)

3 U.S. Department of Defense News Transcript, Department of Defense Press Briefing by General Nicholson in the Pentagon Briefing Room, 2 December 2016. <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1019029/departement-of-defense-press-briefing-by-general-nicholson-in-the-pentagon-brief/>

4 Lynne O’Donnell, “Analytical Report on Taliban Funding Sources” (Paper Commissioned by NATO, July 2020), p. 13. This report has regularly been mistakenly referred to as a “confidential report”, and references are made to it being “leaked”. As a consultancy report commissioned by NATO it has no official status or classification.

5 US Congress, Senate Foreign Relations Committee, “Afghanistan’s Narco War: Breaking the Link between Drug Traffickers and Insurgents” (A Report to the Committee on Foreign Relations, United States Senate, One Hundred and Eleventh Congress, First Session, 10 August 2009), p. 10; Senate Caucus on International Narcotics Control, “US Counternarcotics in Afghanistan” (A report to the Senate Caucus on International Narcotics Control, One Hundred and Eleventh Congress, Second Session, July, 2010), p. 6. <https://www.drugcaucus.senate.gov/sites/default/files/U%20S%20%20Counternarcotics%20Strategy%20in%20Afghanistan-July%202010.pdf>

6 SIGAR, “Counternarcotics: Lessons from the US Experience in Afghanistan”, (Washington DC: SIGAR, 2018), 27-28. <https://www.sigar.mil/pdf/lessonslearned/SIGAR-18-52-LL.pdf>

7 U.S. Department of Defense News Transcript, Department of Defense Press Briefing by General Nicholson via teleconference from Kabul, Afghanistan, 20 November 2017. <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1377753/departement-of-defense-press-briefing-by-general-nicholson-via-teleconference-fr/>

8 O’Donnell, Analytical Report on Taliban Funding Sources, p. 13.

made, and information as to how and on what taxes are collected— the “ rules of the game” – renders much of the data unverifiable and ultimately vulnerable to criticism of bias. In many cases, reports of the amount of tax collected by the Taliban, and other parties in the conflict, sit uneasily with the high cost of doing business in a conflict environment like Afghanistan. For those more immersed in some of the cross-border value chains, the tax rates reported not only conflict with experience on the ground (such as citing rates as a percentage of price) but are economically unfeasible and could result in losses to traders and ultimately to those parties looking to derive an income from preying on them, including the Taliban.

This paper examines the policy narratives on Taliban revenue, how it has evolved and the body of evidence that supports them. The paper challenges the claims of the United Nations (UN) and others that the opium trade is the primary source of funding, drawing on a rich body of empirical data on the opium economy collected over more than two decades, as well as more recent work on the production and trade of legal goods including the fuel and transit trade. This research involved an in-depth analysis of the taxation in situ, charting the rules by which monies are collected: how much, by whom, and the unit on which taxes are levied. It also involved high-resolution satellite imagery to determine the quantities of goods produced and traded, further supporting the verification and subsequent aggregation of data collected on the ground. This work points to the need for a fundamental rethink of how the revenues of rebel groups are estimated not just in Afghanistan, but in other Fragile and Conflict-Affected States (FCAS).

## 2. METHODOLOGY

This paper is based on over 25 years of primary research in rural Afghanistan, and close engagement with both the international and Afghan policy making community. Empirical data on poppy cultivation in the 1990s was collected in situ during the author’s employment with the United National Drug Control Program (UNDCP), the predecessor to the United Nations Office on Drugs and Crime (UNODC), where the author managed the Annual Opium Poppy Survey between 1997 and 2000 and conducted fieldwork for the strategic studies series - a body of work that examined the causes of changing patterns of opium production and trade under the Taliban regime. Details on the Taliban prohibition of opium poppy in the 2000/01 growing season, including the views of senior Taliban officials and UN staff members at the time, were collected during the donors mission in which the author participated as an expert.<sup>9</sup> Primary data on rural taxation on opium, including the payments made to the Taliban, were collected in partnership with the Organization for Sustainable Development and Research (OSDR) and involved over 6,000 household interviews with farmers in Helmand, Nangarhar, Kandahar, Farah, Badakhshan and Balkh between 2012 and 2020, as part of a series of Natural Resources Management projects by AREU and funded by the European Union. Primary data on the taxation of other cross border value chains, including mining, fuel and the transit trade were drawn from almost 800 indepth interviews with traders, transporters and key informants in Herat, Kandahar, Nimroz, Farah, Nangarhar and Kabul conducted by OSDR, and merged with high resolution satellite imagery by Alcis Ltd. This work was designed and managed by the author and funded by USAID,<sup>10</sup> the Overseas Development Institute<sup>11</sup> and United Kingdom Research Institutes Global Challenges Research Fund (GCRF).<sup>12</sup>

- 9 Donors Missions, “The Impact of the Taliban Prohibition on Opium Poppy Cultivation in Afghanistan”, 21 May 2001, <http://www.davidmansfield.org/home/docs/field/5.pdf>
- 10 Alcis, “Managing Local Resources and Conflict: The Undeclared Economy”, A Report for USAID, May 2021, [https://c27049e9-734d-437e-9ab3-541b0cde0c47.filesusr.com/ugd/a5fe58\\_57655fc25d6f4bbb93d4a40be5f2f2c3.pdf](https://c27049e9-734d-437e-9ab3-541b0cde0c47.filesusr.com/ugd/a5fe58_57655fc25d6f4bbb93d4a40be5f2f2c3.pdf)
- 11 Alcis, David Mansfield & Graeme Smith, 2021, “War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace - A Case Study on Nimroz”, (Overseas Development Institute, August, 2021). <https://l4p.odi.org/resources/war-gains-in-afghanistan-and-the-implications-for-peace>;
- 12 David Mansfield, “Mules, Pick-ups and Container Traffic: Cross-Border Production and Trade and the Shaping of the Political Economy of Nangarhar”, June 2020, [2008E-Mules-Pick-ups-and-Container-Traffic.pdf](https://www.davidmansfield.org/home/docs/field/5.pdf); David Mansfield, “Catapults, Pickups and Tankers: Cross-Border Production and Trade and How It Shapes the Political Economy of the Borderland of Nimroz”, AREU, September 2020, file:///C:/Users/david/Dropbox/My%20PC%20(DESKTOP-9KGFRRM)/Downloads/2013E-Catapults-Pickups-and-Tankers%20(4).pdf

### 3. MONEY MATTERS: THE RHETORIC OF THE NARCO-INSURGENCY

There seems little doubt that some of the individuals within the Taliban have earned significant monies from the production and trade of drugs in Afghanistan.<sup>13</sup> There are also few doubts that there were those within the Afghan government and who were affiliated with it, who have done the same. What is under debate— and always has been— is how much the Taliban, as an institution, earn from drugs, whether it is their primary source of income and what this says about their political objectives and ambitions. The policy narrative of the Afghan government, some parts of the United States Government (USG) and elements of the UN such as United Nations Office on Drug Control (UNODC) and the UNSMT has been one where the Taliban’s political and military objectives in Afghanistan are so entwined with their links to the drugs business that they can be described as a “narco-insurgency”, or even “ a criminal enterprise.”<sup>14</sup>

Allegations of the Taliban’s close association with the opium trade date back to the 1990s when they were first in power, and focus on the collection of the agricultural tithe, *ushr*, on the opium crop. In this regard it is important to recognise that, in prohibiting opium production in 2000, the Taliban leadership were not only interested to present themselves as a credible interlocutor to the international community, they were also keen to confront the allegations that they benefitted financially from the opium trade. Taliban leaders pointed to the ban as evidence that they were not dependent on opium as a source of finance,<sup>15</sup> refuting the opinion that still prevails in some quarters that the ban was imposed to increase the price of opium and the movement’s revenues.<sup>16</sup>

The prohibition of opium succeeded in conveying an image of state authority that the Taliban wished to project to the international community. It was, after all, the only edict that was implemented consistently across the entire area that they occupied. Ironically, the Taliban’s success in implementing the ban only increased the expectations of the international community.<sup>17</sup> If the Taliban could deliver a complete cessation of cultivation, why were they reluctant to impose an immediate ban on the opium trade, particularly given concerns that over production in Afghanistan during the 1990s had led to significant stockpiles? The Taliban’s failure to act against these alleged stockpiles that some accused the Taliban of holding provoked criticism that the regime was benefitting from the dramatic rise in opium prices, both through the indirect taxation of opium and their direct involvement in the trade.<sup>18</sup>

13 Thomas Ruttig, “UNODC Sees Afghan Drug Cartels Emerging - with One Eye Closed”, (Afghan Analysts Network, 5 September 2009. <https://www.afghanistan-analysts.org/en/reports/economy-development-environment/unodc-sees-afghan-drug-cartels-emerging-with-one-eye-closed/>)

14 U.S. Department of Defense News Transcript, Department of Defense Press Briefing by General Nicholson via teleconference from Kabul, Afghanistan, 20 November 2017, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1377753/departement-of-defense-press-briefing-by-general-nicholson-via-teleconference-fr/>

15 Mullah Mohammed Hassan Rahmani, personal communication 2 May 2001; Abdul Salam Zaeef, *My Life with the Taliban*, (London: Hurst & Co, 2010), page 132; James Fergusson, *Taliban: the Unknown Enemy*, (Cambridge: Da Capo Press, 2010), pages 105- 7.

16 Amin Saikal, *Modern Afghanistan: A History of Struggle and Survival*, (London: I.B. Tauris, 2004), page 222.

17 Kathy Gannon, *I is for Infidel: from Holy War to Holy Terror: 18 Years inside Afghanistan*, (New York : Public Affairs, 2005) page 55; Chris Johnson & Jolyon Leslie, *Afghanistan: the Mirage of Peace*, (London: Zed Books, 2004) 127.

18 This states that “ The Office for Drug Control and Crime Prevention has reported that in 1998 total opium production in Afghanistan was about 2,500 tons. This nearly doubled, to 4,600 tons in 1999. These figures, plus the 3,100 tons produced in 2000, appear to confirm the view that the Taliban has accumulated a sizeable stock of opium and heroin and wanted to stop production to prevent prices from further spiraling downward. This situation also puts into question the sincerity of Mullah Omar’s fatwah. If Taliban officials were sincere in stopping the production of opium and heroin, then one would expect them to order the destruction of all stocks existing in areas under their control.” United Nations Security Council (2001) Report of the committee of experts pursuant to Security Council resolution 1333 (2000) paragraph 15a, regarding the monitoring of the arms embargo against the Taliban and the enclosure of terrorist training camps in the Taliban-held areas of Afghanistan, S/2001/501. <https://www.sipri.org/sites/default/files/2016-02/un-committee-of-experts-report-s-2001-511.pdf>

Senior leaders unsurprisingly denied the presence of stockpiles, arguing that the dramatic increase in farmgate prices that accompanied the ban was evidence that there was no such inventory and argued that “if the Iranian government can’t control traffickers, [the international community] cannot expect the Taliban to control the drugs trade.”<sup>19</sup> They also dismissed as propaganda the claims that they had appropriated the agricultural tithe and imposed a tax on the drugs trade.<sup>20</sup> Mullah Hassan Rahmani,<sup>21</sup> the Regional Governor of Southwest Afghanistan and Kandahar, further argued that, “There is massive propaganda against the Taliban with regard to the use of poppy as a source of finance for the war; now there is a ban and no opium, it shows we are not reliant on opium.”<sup>22</sup>

While these views are clearly partial, empirical evidence at the time presented a far more complex picture of Taliban finances than is often presented, particularly since the removal of the regime in 2001.<sup>23</sup> Although there is little doubt that taxes were imposed on the production and trade of opium and members of the Taliban regime did benefit from the business, the assertion that these revenue streams formed part of a regularised and national system of taxation does not sit well with the political realities of the time. For example, in considering the feasibility of a more coherent and centralised taxation system, it is important to recognise the degree of autonomy local commanders were able to maintain, even under Taliban rule,<sup>24</sup> as well as the lack of political wisdom were they to appropriate the agricultural tithe—which is essentially the salary of the village mullahs—who were viewed as the bedrock of Taliban support.<sup>25</sup>

Fieldwork during the late 1990s highlighted the varied and localised nature of payments for both *ushr* and *zakat*, contradicting claims made by the UN and others of a uniform system of rent extraction on the cultivation and trade of opium by the Taliban authorities.<sup>26</sup> Primary research with opium traders in Nangarhar, Kandahar and Helmand in the late 1990s revealed that the growth in the opium trade during the Taliban’s rule had been fuelled by the improving security environment and the removal of both the checkpoints and the taxes that had been imposed under the mujahiddin government.<sup>27</sup> Typically opium traders reported that, apart from the initial capital required for investment, there were no barriers to entering the trade; they could travel freely between areas and did not incur taxes en route. Opium traders in Musa Qala claimed that prior to the Taliban capturing the area, business had suffered due to the predation of the local mujahiddin leader Mullah Ghulam Rasul Akhundzada and moved to Sangin. With the removal of the Akhundzada family by the Taliban, business had recovered in Musa Qala and Balochi traders were once again travelling directly to the area to purchase opium in bulk. Only a small number of traders in the south reported making contributions to the local authorities. In some cases, this was referred to

19 Haqqani, personal communication 25 April 2001; Akhundzada, personal communication, 24 April 2001.

20 Mullah Kabir, personal communication, April 26, 2001, Mullah Hassan Rahmani, personal communication, 2 May 2001.

21 Barbara Elias, “The Taliban Biography: Documents on the Structure and Leadership of the Taliban 1996-2002”, (National Security Archive, 2002). [https://nsarchive2.gwu.edu/NSAEBB/NSAEBB295/Taliban\\_Structure.pdf](https://nsarchive2.gwu.edu/NSAEBB/NSAEBB295/Taliban_Structure.pdf)

22 Mullah Hassan Rahmani, personal communication, 2 May 2001.

23 Zareen Naqvi, “Afghanistan-Pakistan Trade Relations”. Unpublished Report for World Bank, 1991; Barnett Rubin, “The Political Economy of War and Peace in Afghanistan”, *World Development* 28, no. 2 (2000) : 1789-1803 ; United Nations Drug Control Programme, “Strategic Study #2: The Dynamics of the Farmgate Trade and the Coping Strategies of Opium Traders”, (Islamabad: UNDCP, 1998).

24 Peter Marsden, *Afghanistan Aid, Armies and Empires*, (London: IB Tauris, 2009), page 91; Abdulkader Sinno, *Organizations at War in Afghanistan and Beyond*, (Ithaca: Cornell University Press, 2008).

25 “Traditionally [ushr] was paid to the village mullahs for their service to the community, however in the eastern region this tax was paid directly to the local authorities under the mujahidin. Under the Taliban it is thought that this system of direct payment to the district administrator, or woliswal continues in the eastern region. However, in the southern region it is reported that payments are still paid directly to the mullahs.” United Nations Drug Control Programme, 1999, “Strategic Study #5: An analysis of the process of expansion of opium poppy to new districts in Afghanistan - Second Report”, Islamabad: UNDCP, page 26, FN 26.

26 United Nations Drug Control Programme, 1998, “Strategic Study #2: The dynamics of the farmgate trade and the coping strategies of opium traders”, Islamabad: UNDCP, page 21; United Nations Drug Control Programme, 1999, “Strategic Study #5: An analysis of the process of expansion of opium poppy to new districts in Afghanistan - Second Report”, Islamabad: UNDCP, page 26.

27 United Nations Drug Control Programme, 1998, “Strategic Study #2: The dynamics of the farmgate trade and the coping strategies of opium traders”, Islamabad: UNDCP, page 23 & 25.



as a “gift” , others paid a tax, on their overall wealth, referred to as zakat, including the money they generated from the opium trade.<sup>28</sup>

Moreover, contrary to some of the historical revisionism following the “war on terror,” the drugs trade was not the “ regime ’s sole source of foreign exchange at the time .”<sup>29</sup> The World Bank reported in 1999 that it was the taxation of the Afghan Transit Trade Agreement and the smuggling of licit goods into Pakistan that was the Taliban’s primary source of income;<sup>30</sup> a point reiterated in 2001 by the Committee of Experts appointed by the UN Security Council to monitor resolution.<sup>31</sup> Rubin (2000: 1796) concluded that “ Afghans, including the Taliban, earn relatively little from [the opium] crop,” and, “less revenue from opium trade than the transit trade.”<sup>32</sup>

Furthermore, there was no evidence to support the contention that the Taliban were holding large stockpiles in order to exploit the rise in the price of opium caused by the ban. The UN had claimed that opium production in Afghanistan had exceeded the demand for opiates for many years, hence the fall in prices. However, the estimates of global demand and supply in Afghanistan were subject to wide margins of error. Some well-placed law enforcement officials argued that there was no evidence of stockpiles in Afghanistan at all, and efforts to locate stores after the fall of the Taliban proved unsuccessful.<sup>33</sup> There may well have been inventory with farmers and some traders,<sup>34</sup> as well as further along down the value chain , but this was quite different from the UN and Afghan government officials’ argument that stockpiles were controlled by the Taliban .<sup>35</sup> As Erick de Mul, the UN coordinator in Afghanistan at the time of the ban commented, “stockpiles are not controlled from a central point; therefore, the Taliban cannot manipulate them.”<sup>36</sup>

With the attack on the United States (US) on 11 September 2001, the language changed further and the narratives of western governments and the UN became much more explicit in the links between the Taliban and the drugs trade. British Prime Minister Tony Blair was perhaps the first political leader to directly link the attack on the twin towers with the Taliban and the drugs trade. At the Labour party conference on 2 October 2001, he referred to the Taliban as “a regime founded on fear and funded on the drugs trade,” going on to claim that, “ the biggest drug hoard in the world is in Afghanistan controlled by the Taliban,” and that, “the arms the Taliban are buying today are paid for with the lives of young British people buying their drugs on British street,” before declaring “ that is another part of the regime that we should seek to destroy.”<sup>37</sup> Two days later in the House of Commons, he claimed that the Taliban and Al Qaeda “jointly exploit the drugs trade.”<sup>38</sup>

28 United Nations Drug Control Programme, 1998, “Strategic Study #2: The dynamics of the farmgate trade and the coping strategies of opium traders”, Islamabad: UNDCP; Mansfield, 1998 fieldnotes.

29 United Nations Office on Drugs and Crime /Ministry of Counter Narcotics, 2007, “United Nations Afghanistan opium Survey”, Kabul: UNODC/MCN, page iv.

30 Zareen Naqvi, Afghanistan-Pakistan trade relations. Unpublished report for World Bank, 1999;; Ahmed Rashid, *Taliban Islam, Oil and the New Great Game in Central Asia* , (London: IB Tauris, 2001) page 124.

31 United Nations Security Council (2001) Report of the committee of experts pursuant to Security Council resolution 1333 (2000) paragraph 15a, regarding the monitoring of the arms embargo against the Taliban and the enclosure of terrorist training camps in the Taliban-held areas of Afghanistan, S/2001/501, para 68. <https://www.sipri.org/sites/default/files/2016-02/un-committee-of-experts-report-s-2001-511.pdf>1333

32 Rubin, “The Political Economy of War and Peace”, p. 1796.

33 Email to author dated 23 October 2011.

34 There was very little opium available in many of the major opium bazaars in the southwest and eastern Afghanistan at the time of the ban. Some stores were closed, while other traders attended, awaiting the repayment of loans they had made prior to the opium poppy season.

35 UNSMT, 2001, “Report of the Committee of Experts, appointed pursuant to Security Council Resolution 1333 (2000) paragraph 15(a) regarding monitoring the arms embargo against the Taliban and the closure of terrorist training camps in the Taliban-held area in Afghanistan”, S/2001/511, page 11. <http://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Afgh%20S2001%20511.pdf>

36 Interview 23 April 2001.

37 Philip Berry, *The War on Drugs and Anglo American Relations: Lesson from Afghanistan 2001-2011* , (Edinburgh: Edinburgh University Press , 2019) page 43; Raphael Perl, “Taliban and the Drug Trade”, CRS Report for Congress, RS21041, 5 October 2001, page 3. <https://www.globalsecurity.org/military/library/report/crs/RS21041.pdf>

38 CNN, “Blair’s Full Statement”, 4 October 2001. <http://edition.cnn.com/2001/WORLD/europe/10/04/gen.blair.statement/>

While part of the justification to the British public for the invasion of Afghanistan, this argument ran contrary to the position of both US and UK officials at the time who argued that they “did not have clear evidence linking drugs traffickers and terrorists” and talked of “Taliban responsibility on the basis that they had de facto control over 90 percent of Afghanistan,” where both drugs and Al Qaeda could be found.<sup>39</sup> Despite the best efforts at the time to find Taliban stockpiles, none were found and those more familiar with the subject in the UK Drugs and International Crime Department and the US State Department’s INL put little weight on the claims Blair made linking the Taliban and Al Qaeda to the drugs trade.<sup>40</sup> By far the most sceptical was the US Department of Defense, then under the leadership of Donald Rumsfeld, who would not be drawn on these debates, conscious that it could lead to further pressure for the military to get more involved in counternarcotics in Afghanistan, something they were keen to avoid.<sup>41</sup>

With the fall of the Taliban regime in 2001 and then the dramatic rise in opium poppy cultivation in 2004, the debate turned to the failure of the newly installed Afghan government to counter the drugs threat, and there were growing pressures from the international donors for it to act.<sup>42</sup> However, once the Taliban were resurgent, allegations of the intimate link between them and the drugs trade resurfaced and became common currency in the media and among US officials. For example, in 2007, General Dan McNeill, the Commander of NATO and US military forces in Afghanistan, directly linked opium poppy cultivation with Taliban funding, saying, “When I see a poppy field, I see it turning into money and then Improvised Explosive Devices, AKs, and Rocket Propelled Grenades.”<sup>43</sup> Others, including Tom Schweich,<sup>44</sup> the coordinator for US counternarcotics efforts in Afghanistan between 2007 and 2008; William Wood,<sup>45</sup> the US Ambassador to Afghanistan (2007- 08) and former Ambassador to Colombia; and David Kilcullen, a counterinsurgency adviser at the US Department of State, took the funding link further and argued for ever more aggressive crop eradication as part of a counterinsurgency effort, Kilcullen arguing that “the close geographical alignment between areas of insurgent activity and areas of poppy cultivation tends to render the distinction between counternarcotics and counterinsurgency somewhat moot, as in a very real sense the two efforts are now the same fight.”<sup>46</sup>

UNODC were particularly vocal, tying the Taliban’s advances in the south to rising levels of poppy cultivation, even contradicting the position they had adopted at the time, claiming that opium was “the regimes sole source of foreign exchange [between 1996 and 2000] .”<sup>47</sup> Like Tom Schweich, William Wood and David Kilcullen, Antonio Maria Costa, the Executive Director at the time, was also an advocate of launching an aerial spraying campaign as an integral part of a counterinsurgency effort.<sup>48</sup> Costa went on to further accuse the Taliban of holding a stock of more than 12,000 MT of opium,<sup>49</sup> looking to manipulate

39 SIGAR, “Counternarcotics” page 34.

40 David Mansfield, “Bombing Heroin Labs in Afghanistan: The Latest Act in the Theatre of Counternarcotics ,” (LSE International Drug Policy Unit, January, 2018), page 7. <https://www.lse.ac.uk/united-states/Assets/Documents/Heroin-Labs-in-Afghanistan-Mansfield.pdf>

41 Berry, *The War on Drugs and Anglo American Relations* , pages 47- 9; 68- 9; 91- 3.

42 SIGAR, “Counternarcotics” page 44.

43 SIGAR, “Counternarcotics” page 34- 5 .

44 Thomas Schweich, “ US Counternarcotics Strategy for Afghanistan”, August 2007. <https://2001-2009.state.gov/documents/organization/90671.pdf>; Thomas Schweich, “Is Afghanistan a Narco State?”, *New York Times Magazine*, 27 July 2008. <https://www.nytimes.com/2008/08/10/magazine/10letters-t-003.html>; Berry, *The War on Drugs and Anglo American Relations* , pages 125- 40.

45 Sherard Cowper Coles, *Cables from Kabul: The Inside Story of the West’s Afghanistan Campaign* , (London: Harper Collins , 2011) page 19; Berry, *The War on Drugs and Anglo American Relations* , pages 128-129.

46 David Kilcullen, *The Accidental Guerrilla: Fighting Small Wars in the Midst of a Big One* , (London: Hurst Publishers, 2009) , page 66.

47 UNODC, “Afghanistan Opium Survey 2007” , October, 2007: page iv. <https://www.unodc.org/documents/crop-monitoring/Afghanistan-Opium-Survey-2007.pdf>

48 SIGAR, “Counternarcotics” , page 98.

49 UNODC, “Drugs Finance Taliban War Machine, Says UN Drugs Tsar”, UN, 27 November 2008. <https://www.unodc.org/unodc/en/press/releases/2008-11-27.html>; Rajeev Syal, “ Taliban Treats Heroin Stocks as Savings Accounts ,” *The Guardian*, 20 December 2010. <https://www.theguardian.com/world/2010/dec/20/wikileaks-cables-taliban-heroin-stockpile>

prices, and operating as a cartel.<sup>50</sup> This claim was not accompanied with evidence and seemed speculative at best.<sup>51</sup> The allegation of the Taliban acting as a cartel prompted long-time Afghan analyst and expert Thomas Ruttig to rebuke UNODC's failure to reflect on the growing evidence of those in the government's deep involvement in the drugs trade.<sup>52</sup>

While the narrative of the narco-insurgency subsided during the Obama government, with the Special Representative for Afghanistan and Pakistan, Richard Holbrooke, arguing that the Taliban's primary source of funding was foreign donors,<sup>53</sup> it once again began to feature prominently during the Presidency of Donald Trump. In late 2016, it was General Nicholson, Commander of USFOR-A, that claimed 60 percent of Taliban funding came from narcotics. By late 2017, the rhetoric around the narco-insurgency was gathering a pace among specific parts of the US administration. For example, William Brownfield, Assistant Secretary of State at INL— and another former US ambassador to Colombia— stated in the August of that year: “I pretty firmly feel [the Taliban] are processing all the harvest,” a point that even UNODC challenged at the time, arguing that there was only “anecdotal evidence” that some commanders were involved.<sup>54</sup>

By November 2017, the rhetoric had reached a crescendo, with General Nicholson arguing that the Taliban had “evolved into a criminal organization and truly fit the definition of a narco-insurgency.”<sup>55</sup> He went on to further claim the Taliban had “increasingly lost whatever ideological anchor they once had. They fight to preserve and expand their sources of revenue,” and that, “at least \$200 million of this opium industry goes into the Taliban's bank accounts.”<sup>56</sup> It was no coincidence that this heightened pitch accompanied the announcement of an aerial bombing campaign against heroin labs across southern Afghanistan in November 2017. By August 2018, USFOR-A were claiming to have destroyed as many as 200 heroin labs and deprived the Taliban of \$46 million in revenue,<sup>57</sup> a claim that had little veracity according to an independent evaluation.<sup>58</sup> At this stage, USFOR-A, drawing on data provided by the US Drug Enforcement Agency, were alleging that the Taliban received 20 percent of the value of the opium trade, which included “licensing fees for labs and markets, transportation and protection fees, taxations at harvest, and profits from direct participation.”<sup>59</sup>

50 Richard Opiel, “UN sees Afghan Drug Cartels Emerging” , *New York Times*, 2 September 2009,. [https://www.november.org/stayinfo/breaking09/Afghan\\_Drug\\_Cartels.html](https://www.november.org/stayinfo/breaking09/Afghan_Drug_Cartels.html)

51 Costa's argument that stocks were being held seemed to be a function of confusion at UNODC as to why cultivation might rise at a time when farmgate prices were falling. For others, this was not an altogether atypical phenomenon when considering the growing levels of violence in the south at the time and the oft-cited attribute of opium poppy as a “low risk crop in a high-risk environment”. The claim that these stocks were being held by the Taliban did not seem to have any basis in fact at all.

52 Ruttig, “UNODC sees Afghan drug cartels emerging”.

53 Interview with Kirk Meyer , Global ECCO, CTX 4, No.3, August 2014, cited in Mansfield, “Bombing heroin Labs in Afghanistan” , page 8.

54 AFP, “From Poppy to Heroin: Taliban Moves into Afghan Drug Production,” 8 August 2017. <https://www.independent.co.uk/poppy-heroin-taliban-move-afghan-drug-production/>

55 U.S. Department of Defense News Transcript, Department of Defense Press Briefing by General Nicholson via teleconference from Kabul, Afghanistan, 20 November 2017, <https://www.defense.gov/Newsroom/Transcripts/Transcript/Article/1377753/departament-of-defense-press-briefing-by-general-nicholson-via-teleconference-fr/>

56 U.S. Department of Defense, News Transcript.

57 Kyle Remfer, “US Airstrikes against Taliban Drugs Labs Extend to Western Afghanistan” , *Flashpoints*, 10 April 2018. <https://www.militarytimes.com/flashpoints/2018/04/10/airstrikes-against-taliban-drug-labs-extend-to-western-afghanistan/> ; Dion Nissenbaum, “Months of U.S. Strikes have Failed to Curtail Taliban Opium Trade: The Effort to Put Pressure on the Insurgency in Afghanistan Hasn't Crippled a Major Source of the Group's Revenue” , *Wall Street Journal*, 8 August 2018. <https://www.wsj.com/articles/taliban-drug-trade-persists-despite-u-s-strikes-1533726120>

58 David Mansfield, “Denying Revenue or Wasting Money? Assessing the Impact of the Air Campaign Against ‘Drugs Labs’ in Afghanistan” , (LSE International Drug Policy Unit, April, 2019). <https://www.lse.ac.uk/united-states/Assets/Documents/mansfield-april-update.pdf>

59 SIGAR, Quarterly Report to the US Congress, 30 July 2018, page 186. <https://www.sigar.mil/pdf/quarterlyreports/2018-07-30qr.pdf>

The narrative of the narco-insurgency has waxed and waned, depending on the US administration, the individuals driving policy, and the specific interventions protagonists sought to pursue. At particular moments, some policy makers have drawn heavily on the image of the Taliban as the primary actor in the production trade in illicit drugs and argued that it has been central to its funding. Terms such as “narco-insurgency” and now “narco-state”<sup>60</sup> have been used to suggest that they have monopoly control over the workings of Afghanistan’s illicit drugs economy. Yet, this is an assertion that is disconnected from the realities of rural Afghanistan, where economic and political power are negotiated rather than imposed, and whose model of taxation has no empirical basis, as the next two sections will show.

60 Elaine Shannon, “ Now Comes the Narco State” , *Washington Post*, 17 August 2021. <https://www.washingtonpost.com/opinions/2021/08/17/taliban-narco-state-afghanistan/>

## 4. FLAWED METHODS: RELYING ON HEARSAY NOT TALKING TO THOSE THAT PAY

Estimates of the revenues earned by the Taliban on the production and trade in drugs are typically built on the claim that taxes are levied at a rate of 10 percent of the crop, and subsequently on the price or value of its derivatives further up the value chain. Therefore, if the price of opium is US \$100 /kg, then the Taliban is assumed to earn \$10 /kg as tax, \$100 on a 1,000 kg of heroin base. The basis for this assessment is the use of the term *ushr*, which literally means one-tenth and, according to Islamic tenets, is the amount payable in kind on agricultural production in irrigated areas. In Afghanistan, the term is often used generically to refer to tax, and along with the word *zakat*, which according to Islamic scriptures is a tax of 2.5 percent on capital, describes a whole range of payments made to powerholders, few of which are in accordance with their precise meaning under Islamic law.

Estimates of the amounts the Taliban earn from drugs vary considerably over time and source (see Table 1). Historically, UNODC assessments of Taliban earnings on drugs are based on just such a simplified understanding of the tax system.<sup>61</sup> Derived from direct questioning of rural elites— UNODC refers to the “village headmen”— they ask whether they pay tax to the Taliban. Using the term *ushr*, and assuming payments constitute 10 percent of the opium crop, UNODC typically extrapolated this rate of tax to the production and trade of opiates as a whole, resulting in estimates of Taliban revenues from drugs that typically registered in the hundreds of millions of dollars per year, peaking at \$470 million in 2008.<sup>62</sup> Despite consistent reports of a non-uniform taxation system that varied between and even within provinces, of payments that were not a percentage of yield in the south where production was concentrated, and the evidence that there was considerable room for farmers to negotiate,<sup>63</sup> it became the accepted wisdom that the Taliban levied a 10 percent tax on the drugs trade, and the estimates of Taliban revenues produced by the UNODC continue to litter policy discussions, the media and the academic literature.<sup>64</sup>

61 It was not until 2016 that UNODC began to differentiate rates of payment rather than impose a standard rate of ten percent tax across the country as a whole, but even then reported rates as a percentage of yield in the south western and western regions rather than a fixed rate of tax per unit of land. By 2021, UNODC were reporting taxes of “roughly 6 percent of earnings from drugs sales” and “assuming the same tax rate.... on the revenues from manufacturing and trafficking,” producing an estimate of “US \$61 to US \$113 million for non state actors”. The year before, another UNODC report, drawing on direct interviews with traffickers themselves, reported: “This study demonstrated that traffickers did interact with and pay the Taliban and other insurgent groups. But the extent of this negotiation was unclear. Some traffickers suggested that they only pay the Taliban when they were stopped and asked to, and the amounts traffickers paid to AGE’s was rather low”. UNODC/ NSIA, “ Afghanistan Opium Survey 2019 - Socio economic survey report: Drivers, causes and consequences of opium poppy cultivation”, February 2021, page 37-38. [https://www.unodc.org/documents/crop-monitoring/Afghanistan/20210217\\_report\\_with\\_cover\\_for\\_web\\_small.pdf](https://www.unodc.org/documents/crop-monitoring/Afghanistan/20210217_report_with_cover_for_web_small.pdf); UNODC, “ Voices of the Quchaqbar— Opiate Trafficking in Afghanistan from the Perspective of Drug Traffickers”, Afghan Opiate Trade Project Update, 2020, page 43. [https://www.unodc.org/documents/data-and-analysis/AOTP/AOTP\\_Voices\\_of\\_Quchaqbar\\_2020\\_web.pdf](https://www.unodc.org/documents/data-and-analysis/AOTP/AOTP_Voices_of_Quchaqbar_2020_web.pdf)

62 United Nations, “Drugs finance Taliban war machine, says UN drugs tsar”, 27 November 2008, <https://www.unodc.org/unodc/en/press/releases/2008-11-27.html>

63 David Mansfield, “ Briefing Paper 4: Taxation in Central Helmand”, Unpublished paper for UK Embassy, January 2012. <http://www.davidmansfield.org/home/docs/field/51.pdf>; David Mansfield, “ Between a Rock and a Hard Place: Counternarcotics efforts and their efforts in Nangarhar and Helmand in the 2010-11 growing season” , (AREU October 2011), page 28; David Mansfield, “ Briefing Paper 7: Taxation in Central Helmand and Kandahar” , Unpublished paper for UK Embassy, March 2013. <http://www.davidmansfield.org/home/docs/field/56.pdf>

64 Gretchen Peters, *Seeds of Terror: How Heroin is Bankrolling the Taliban and Al Qaeda* , (New York: St. Martin's Press, 2010) , page 14; US Congress, Committee on Foreign Relations, ‘Afghanistan’s Narco war: Breaking the link between drug traffickers and insurgents’, A Report to the Committee on Foreign Relations, United States senate, August 2009, page 10. [https://fas.org/irp/congress/2009\\_rpt/afghan.pdf](https://fas.org/irp/congress/2009_rpt/afghan.pdf); Kilkullen, *The Accidental Guerrilla* , page 64; Victoria Greenfield, Bryce Pardo and Jirka Taylor, “ Afghanistan in the Era of Fentanyl: Considering Potential Economic and Political Impacts of a Collapse in Demand for Afghanistan’s Opiates” , RAND, Perspectives, 21 July 2021, pages 5-6. [https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1000/PEA1088-1/RAND\\_PEA1088-1.pdf](https://www.rand.org/content/dam/rand/pubs/perspectives/PEA1000/PEA1088-1/RAND_PEA1088-1.pdf)

In particular, the United Nations Security Council’s Sanctions Monitoring Report has repeatedly lent credibility to these claims. With origins in the UN Security Council resolution of the late 1990s<sup>65</sup> and the subsequent imposition of sanctions on the Taliban regime in 1999 following their refusal to hand over Bin Laden, the annual sanctions monitoring report offers estimates on the revenues the Taliban derived from the production and trade in illegal drugs, and repeatedly cites the Taliban imposing a tax rate of 10 percent on opium production. Produced by the Analytical Support and Sanctions Monitoring Team (UNSMT), these estimates are almost entirely drawn from information from member states, including the former Afghan government (2002- 21), and those in the UN system, most notably UNODC.<sup>66</sup> The UNSMT’s recycling of UNODC’s claims of a 10 percent tax, adding further allegations from the former Afghan government, most notably the National Directorate of Security, has provided the “legitimacy through repetition” that Jennifer Hazen (2013: 5) critiques.<sup>67</sup>

**Table 1: Estimates of the Amount Collected in Taxes by the Taliban on the Production and Trade in Opiates (in US\$)**

	UNSMT	UNODC	Other
			30 million (Rubin)
2001	15-27 million		40 million ( Dept of State)
2008		250-470 million	
2009	155 million (citing UNODC)	90-160 million	70 million (CIA) 500 million (Peters)
2012	100 million		
2013	155 million (2012)		
2014	50 million (Helmand)		
2016	400 million		
2017		76-121 million	200 million (USFOR-A)
2018	400 million	9 million	
2019	400 million	61-113 million	
2020			416 million (O’Donnell)

In fact, over the course of its reporting, the UNSMT has often asserted a position of Taliban control over the production and trade of illegal drugs in Afghanistan, ignoring both the realities of the opium economy and the way that political power is negotiated across much of rural Afghanistan rather than imposed. For the UNSMT, evidence of Taliban’s regulation of the opium economy is manifold: from those who are alleged to have financed the Taliban, characters like Hajji Bashir Noorzai<sup>68</sup> and Hajji Juma Khan, Mullah Omar’s prohibition on opium poppy cultivation in July 2000 and subsequent failure to act against

65 UN Security Council, Resolution 1267, S/RES/1267 (1999), 15 October. [https://undocs.org/S/RES/1267\(1999\)](https://undocs.org/S/RES/1267(1999)).

66 UN security Council, 2020, Resolution 2557 (2020), 18 December. <http://unscr.com/en/resolutions/doc/2557>

67 For further evidence of this, see the description of the structure of the opium economy in Financial Action Task Force, “Financial Flows Linked to the Production and Trafficking of Afghan Opiates”, (FATF/OECD, 2014) pages 42-43. <https://www.fatf-gafi.org/media/fatf/documents/reports/Financial-flows-linked-to-production-and-trafficking-of-afghan-opiates.pdf>

68 UNSMT, “Report of the Analytical Support and Sanctions Monitoring Team on specific cases of cooperation between organized crime syndicates and individuals, groups, undertakings and entities eligible for listing under paragraph 1 of Security Council resolution 2160 (2014)” , S/2015/79, [http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2015\\_79.pdf](http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2015_79.pdf).

stocks,<sup>69</sup> but primarily the revenue they earn from the tax imposed on production and trade of opiates. The political challenges of prohibiting trade while incurring the ire of swathes of the rural population following the opium ban— a point the Taliban leadership made at the time— alongside the often equally problematic relationships between those in the Afghan government and drug traffickers, has not deterred the UNSMT in its line of argument.

In September 2011, the UNSMT was reporting that the Taliban earned \$155 million on the drugs trade in 2009, citing UNODC (see Table 1).<sup>70</sup> By June 2019, its annual report cited Afghan official estimates of the Taliban earning \$400 million in taxes on the production and trade in drugs over the course of the previous 12 months, and made claims that “the Taliban now control all aspects of production,” arguing that this, “likely indicates revenues are even higher.”<sup>71</sup> In 2020, UNSMT were also claiming Taliban, “control over 60 percent of methamphetamine labs in Farah and Nimroz,” asserting that there was, “no estimate of how much revenue the Taliban were deriving from it.”<sup>72</sup> They also cited UNODC, claiming that, “methamphetamine production had a profit margin that far exceeded that of heroin,” despite offering no evidence.<sup>73</sup>

More recent assessments of Taliban finances have also been widely cited despite obvious flaws. For example, a paper commissioned by NATO in the summer of 2020 claimed that the Taliban had increased its earnings from \$120 million per year in 2015 to \$416 million in 2020, arguing that the reason for the uptick was the insurgency’s extended writ in the rural areas.<sup>74</sup> This occurred over a period where opium prices fell by up to two- thirds and the farm gate value of opium production almost halved according to UNODC.<sup>75</sup>

- 69 For example, in May 2001, the UNSMT claim that rising levels of opium production in the late 1990s that preceded the Taliban ban “appear to support the view that the Taliban has accumulated a sizeable stock of opium and heroin and wanted to stop production to prevent prices spiralling downward,” further arguing that “were Taliban officials sincere in stopping the production of opium and heroin, then one would expect them to order all stocks existing in areas under their control”. UNSMT, ‘Report of the Committee of Experts, appointed pursuant to Security Council Resolution 1333 (2000) paragraph 15(a) regarding monitoring the arms embargo against the Taliban and the closure of terrorist training camps in the Taliban-held area in Afghanistan’, S/2001/511, page 11-12. <http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/Afgh%20S2001%20511.pdf>. This was a theme the UNSMT returned to in 2015, arguing that the failure to impose a ban on the production and trade in heroin was evidence of a “market induced desire to reduce supply”. UNSMT, 2015, ‘Report of the Analytical Support and Sanctions Monitoring Team on specific cases of cooperation between organized crime syndicates and individuals, groups, undertakings and entities eligible for listing under paragraph 1 of Security Council resolution 2160 (2014)’, S/2015/79, page 17. [http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2015\\_79.pdf](http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2015_79.pdf)
- 70 UNSMT, 2012, ‘First report of the Analytical Support and Sanctions Implementation Monitoring Team submitted pursuant to resolution 1988 (2011) concerning the Taliban and associated individuals and entities’, S/2012/683, page 14. [http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2012\\_683.pdf](http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2012_683.pdf)
- 71 UNSMT, 2019, ‘Eleventh report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2501 (2019) concerning the Taliban and other associated individuals and entities constituting a threat to the peace, stability and security of Afghanistan’, June 2019m S/2019/481, page 10. [https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2020\\_415\\_e.pdf](https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2020_415_e.pdf)
- 72 UNSMT, 2020, ‘Eleventh report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2501 (2019) concerning the Taliban and other associated individuals and entities constituting a threat to the peace, stability and security of Afghanistan’, S/2020/415, page 29. [https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s\\_2020\\_415\\_e.pdf](https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2020_415_e.pdf).
- 73 In contrast to these claims, the net profits on methamphetamine production are only \$28 /kg, compared to \$45 on heroin base. See EMCDDA, “Emerging Evidence of Afghanistan’s role as a Producer and Supplier of Ephedrine and Methamphetamine”, EU4MD Special Report, November 2020, page 16. <https://www.emcdda.europa.eu/system/files/publications/13410/emcdda-methamphetamine-in-Afghanistan-report.pdf>; Mansfield, “Denying Revenue or Wasting Money”, 46.
- 74 O’Donnell, “Analytical Report on Taliban Funding Sources”, 13.
- 75 UNODC/NSIA, 2020, Afghanistan Opium Survey 2020: Cultivation and Production- Executive Summary, April, page 8. [https://www.unodc.org/documents/crop-monitoring/Afghanistan/20210503\\_Executive\\_summary\\_Opium\\_Survey\\_2020\\_SMALL.pdf](https://www.unodc.org/documents/crop-monitoring/Afghanistan/20210503_Executive_summary_Opium_Survey_2020_SMALL.pdf)

Other scholars offer Taliban sources who report earnings in 2014 -15 of “ \$225 million in drug revenue from Helmand alone, and another \$60 million from Kandahar,” but offered no explanation as to the economic feasibility of raising this amount of money from drugs production in a single province— even a major opium- producing one like Helmand— or information on the source or data to establish the veracity of the claim.<sup>76</sup> The author of the NATO report subsequently penned an article claiming that “the Taliban seek to expand and consolidate their control over the production and trafficking of narcotics,” citing an Afghan government counternarcotics officer, and an international counternarcotics expert declaring “the Taliban as the world’s biggest drug cartel.”<sup>77</sup>

There is also a history of these kinds of “elite narratives” in both political and intelligence reporting. Human intelligence has often drawn on information from elites and key informants who have referred to the payment of taxes to the Taliban and even claims that farmers have been coerced to plant opium poppy, despite the obvious economic benefits of growing the crop.<sup>78</sup> The levels of taxes reported on opium in these reports have often exceeded the potential yield of the land.

However, with little knowledge of agronomy and the economics of opium production, those collecting, documenting and consuming these claims were often inadequately equipped to filter the information provided, allowing erroneous data to gain wider currency. Repeated enough times, these assessments became a part of the calculus, and shaped perceptions of the Taliban, its finances, their interaction with rural communities and workings of the Afghan economy. These claims do not reflect the complex reality of taxation and the high cost of doing business in conflict- affected areas like Afghanistan, largely because they rely on misinterpretations, generalisations and the narratives of those most likely to engage in aggrandisement for political gain.

76 Antonio Giustozzi, *The Taliban at War 2001-2018*, (London: Hurst, 2019) , page 207.

77 Lynne O’Donnell, “The Taliban are Breaking Bad”, *Foreign Policy*, 19 July 2021. <https://foreignpolicy.com/2021/07/19/taliban-expanding-drug-trade-meth-heroin/>

78 Claims of Taliban coercion to plant have often been reported by western military forces and repeated in the media. However, in conducting research in Afghanistan for more than 20 years involving over 16,000 household interviews, the author has never come across a farmer who says he has been coerced to grow opium poppy. .



## 5. UNDERSTANDING VALUE CHAINS: THE HIGH COST OF DOING BUSINESS IN AFGHANISTAN

Several arguments about Taliban revenues from drugs do not ring true considering how they would play out on the ground. The most obvious is the claim that taxes on opium constitute 10 percent of the yield, *ushr*. Levying a tax on agricultural yields is challenging, given the degree to which productivity can vary by soil type, irrigation, varieties of crops grown and climate. In his pioneering work on agricultural tithe, Scott (1987:425) cites farmers in Malaysia arguing “give a little, and they won’t bother you,” offering numerous examples of how they succeeded in paying significantly less than the 10 percent of total agricultural yields expected of them, typically no more than 2 percent.<sup>79</sup>

Empirical research in rural Afghanistan involving over 6,000 in-depth household interviews in Badakhshan, Balkh, Farah, Helmand, Kandahar and Nangarhar between 2012 and 2020 shows the same kind of practices adopted by farmers to reduce the tax burden on their opium crop including: understating land size, underreporting yields, claiming crop failure and drawing on patron client relationships. Yields typically go underreported and the payment in low- quality opium (the opium extracted later in the harvesting season or subject to excess moisture) reduces the tax burden on farmers. In-cash equivalence payments at deflated market prices provide farmers with further opportunities to reduce the amount they pay. For most farmers, it is important to make some kind of payment— even if it is inaccurate— than make none at all, as being reported as failing to pay could be seen as opposing the Taliban’s authority in the area.

This work also shows localised systems of payments that varied between provinces and sometimes within them. For example, in Nangarhar, farmers typically paid taxes in cash, as they did in Badakhshan and Balkh, often little more than US\$20 after the crop had been harvested.<sup>80</sup> Evidence points to the fact that in most of these provinces farmers paid tax of no more than 3 percent of the value of their final crop when it was converted into price equivalent, significantly less than the 10 percent that *ushr* has been so often reported as. Moreover, in the southwest, where more than three- quarters of Afghanistan’s opium crop is grown, taxes are levied by the Taliban on a fixed weight of 1 *khord* (112.5 grams) for each labourer harvesting the crop, which typically translates to 2 *khord* (225 grams) per *jerib* (one- fifth of a hectare), around 2.5 percent of the final yield. To many, these lower rates of *ushr* should be of little surprise given that, as in the 1990s, the village mullah still has precedent over the tithe, requiring his traditional payment for the religious services rendered to the community.

The second erroneous claim that features so heavily in the estimates of Taliban revenues from drugs is that taxes are levied on price or value further up the value chain, rather than on volume or weight, as is the practice. It is the same pattern across other commodities from minerals and transit goods to people smuggling and methamphetamine; the tax imposed takes little to no consideration of the price of the good being produced or moved. Indeed, reporting from a variety of other sources shows the degree to which taxes are typically imposed on weight or volume not price.<sup>81</sup> In fact, expecting the Taliban, or any rural insurgency, to run an effective value added tax on the production and sale of goods in Afghanistan, let alone opium, seems somewhat far-fetched.

79 James C Scott, “Resistance Without Protest: Peasant Opposition to the Islamic Zakat and Christian Tithe” , *Comparative Studies in Society and History* 29, No. 3, July (1987): pp . 417-452. <https://www.jstor.org/stable/179032>

80 David Mansfield, “Understanding Control and Influence: What Opium Poppy and Tax Reveal about the Writ of the Afghan State”, (AREU, August 2017), page 41. <https://areu.org.af/publication/1724/>

81 David Zucchini and Fahim Abed, “On Afghan Highways, Even the Police Fear the Taliban’s Toll Collectors”, *New York Times*, 1 November 2020. <https://www.nytimes.com/2020/11/01/world/asia/afghanistan-taliban-bribery.html>; Sayed Mohammed Aref Musavi, “Drivers Protest Extortion on Key Northern Highway”, *Tolo News*, 2 December 2019. <https://tolonews.com/index.php/afghanistan/drivers-protest-extortion-key-northern-highway>; Hikmat Noori, “The Taliban’s Highway Robbery”, *Foreign Policy*, 23 October 2020. <https://foreignpolicy.com/2020/10/23/taliban-coal-tax-highway-toll-afghanistan/>; Sulaiman, “Taliban Extortion Money from Farah Used to Buy Russian Weapons”, *Salaam Times*, 21 December 2017. [https://afghanistan.asia-news.com/en\\_GB/articles/cnmi\\_st/features/2017/12/21/feature-02](https://afghanistan.asia-news.com/en_GB/articles/cnmi_st/features/2017/12/21/feature-02);

The reason for imposing taxes on volume and weight is probably a matter of simplicity compared to the obvious challenges of running a tax system based on the value or price. This is more so in conflict-affected areas, as well as with illegal goods, such as drugs, where the price can fluctuate rapidly, a function of changing risks and the associated transport and transaction costs. It is far harder to provide oversight and manage corruption among those tasked with collecting taxes when prices are subject to constant change; monitoring the number of trucks, pickups, kilograms, passengers and metric tonnes is far easier to implement and supervise.

The fact that taxes are levied on weight or volume also means it is impossible to produce a meaningful estimate of the tax earned by any of the warring factions— corrupt officials, local strongmen, or the Taliban— by assigning a percentage of the value of a good as revenue, as the UN has done. Instead, it is necessary to identify the amount paid per volume or weight of the good at the point of production and as that good moves along its journey within Afghanistan and who any payments are made to.

Estimates of the amounts earned are made all the more complicated by the fact that the weights and measures on which taxes are levied will often vary along that journey, as the good is cross- decked from one mode of transport to another. For example, in the case of fuel smuggled across the border from Iran via Kang in Nimroz prior to the former Afghan government’s collapse, taxes were initially levied by the Afghan Border Police (ABP) on each bushka (20 litres) transported across the border by tractor, then per pickup vehicle (2,400 litres) along the route to Ziranj. Once unloaded, stored and mixed with lower- quality export fuel in Ziranj, further taxes were levied by Afghan National Police (ANP), Customs and the Taliban against each fuel tanker on the highway, which may vary from 25 to 45 metric tonnes. The only time that the price of fuel was factored into the rate of tax charged was on the main highway by the Taliban, and here it was only relevant with regard to the relative value of fuel compared to other goods plying this route and the fact that taxes were levied to reflect this, with lower- valued goods like food items incurring much lower taxes ( \$187 per truck, compared to \$560 for a tanker of fuel or \$1,625 for cigarettes). In each case, the taxes levied by the Taliban rarely exceeded the equivalent of 3% of the value of the goods carried (see Table 2).<sup>82</sup>

**Table 2: Taxes Levied on Drugs Production and Trade in Southwestern Afghanistan**

	Tax Levied/Unit	Estimated Value of Unit		Tax as equivalent as % of price	
		Low	High	Low	High
Diesel	\$ 562.5/truck	\$16,250	\$29,250	1.92	3.46
Vehicle Spare Parts	\$ 562.5/truck	\$25,000	\$35,000	1.61	2.25
Steel Bars	\$ 250/truck	\$18,600	\$33,480	0.75	1.34
Foodstuff	\$ 187.5/truck	\$10,000	\$15,000	1.25	1.88
Tyres	\$ 625/truck	\$25,000	\$32,500	1.92	2.50
Cigarettes	\$ \$1,625/truck	\$100,000	\$138,000	1.18	1.63
People	\$ 12.5/pick up vehicle	\$3,190	\$4,510	0.28	0.39
Talc Stone	\$ 6.25/MT	\$78	\$100	6.25	8.01

Source: Alcis, 2021, “Managing Local Resources and Conflict”.

82 The tax on talc stone is an exception at up to 8% of value because this tax is collected by the Taliban in Peshawar, Pakistan.

In the case of opium taxes at the farmgate are levied on the *jerib* and a fixed payment per kilogram when smuggled. If processed into “powdah”— morphine base, heroin base, or heroin hydrochloride— taxes are levied on each kilogram at a fixed rate per kilogram not a percentage of the price, the same when opiates are transported across the border. In early 2021, the taxes imposed in Bakwa and Nimroz, major drug-producing areas, was \$1.88 /kg for production, and up to \$3.75/kg on transportation, of any “powdah”. Even when combined, a tax of almost \$6 /kg is significantly less than the 10 percent of value reported by the UN given morphine base and heroin base prices of \$820 and \$1,750 /kg, respectively (see Table 3).<sup>83</sup>

**Table 3: Taxes Levied on Drugs Production and Trade in Southwestern Afghanistan**

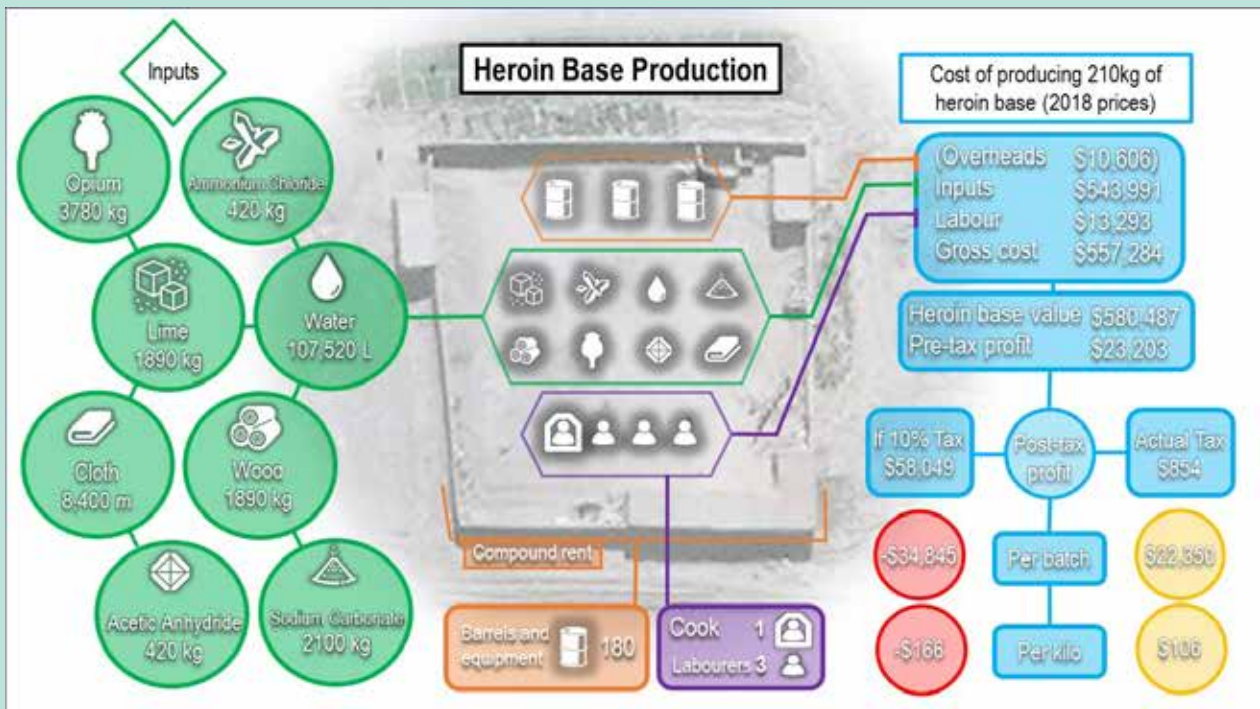
	Tax Levied/Unit	Estimated Value of Unit		Tax as equivalent as % of price	
		Low	High	Low	High
Opium poppy cultivation (south)	0.225 kg/jerib	\$675	\$1,181.25	1.67	2.50
Opium (trade)	\$1.25/kg	\$75	\$87.5	1.43	1.67
Cannabis (trade)	\$1.25/kg	\$50	\$56.5	2.21	2.50
Morphine base (production)	\$ 1.88/kg	\$812.5	\$875	0.21	0.23
Heroin base (production)	\$ 1.88/kg	\$1,500	\$1,750	0.11	0.13
Ephedrine (production)	\$ 0.62/kg	\$43.75	\$50	1.24	1.42
Meth (production)	\$ 1.88/kg	\$250	\$312.5	0.6	0.8
Morphine base (trade)	\$ 3.75/kg	\$812.5	\$875	0.4	0.5
Heroin base (trade)	\$ 3.75/kg	\$1,500	\$1,750	0.2	0.3
Meth (trade)	\$ 3.75/kg	\$250	\$312.5	1.2	1.5

Source: Alcis, David Mansfield & Graeme Smith, 2021, “War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace - A Case Study on Nimroz”.

Finally, it is also noteworthy that there is not sufficient profit at key points along the different parts of the value chain in opiates to be able to carry the level of tax rates that UNODC and others have reported. For example, earlier costings on the production of heroin base and methamphetamine show that producers would incur losses were a 10 percent tax on price imposed (see Figures 1 and 2). The failure to factor the costs of production, particularly given the high costs of inputs and transport in a FCAS like Afghanistan, further highlights the weakness in the UN’s estimates of the Taliban’s earnings on drugs. Taxing goods to the point where production and trade are no longer profitable would be self-defeating, undermining a future revenue stream for those levying the tax but also wrecking the livelihoods of the population groups an insurgent group like the Taliban looked to gain support from.

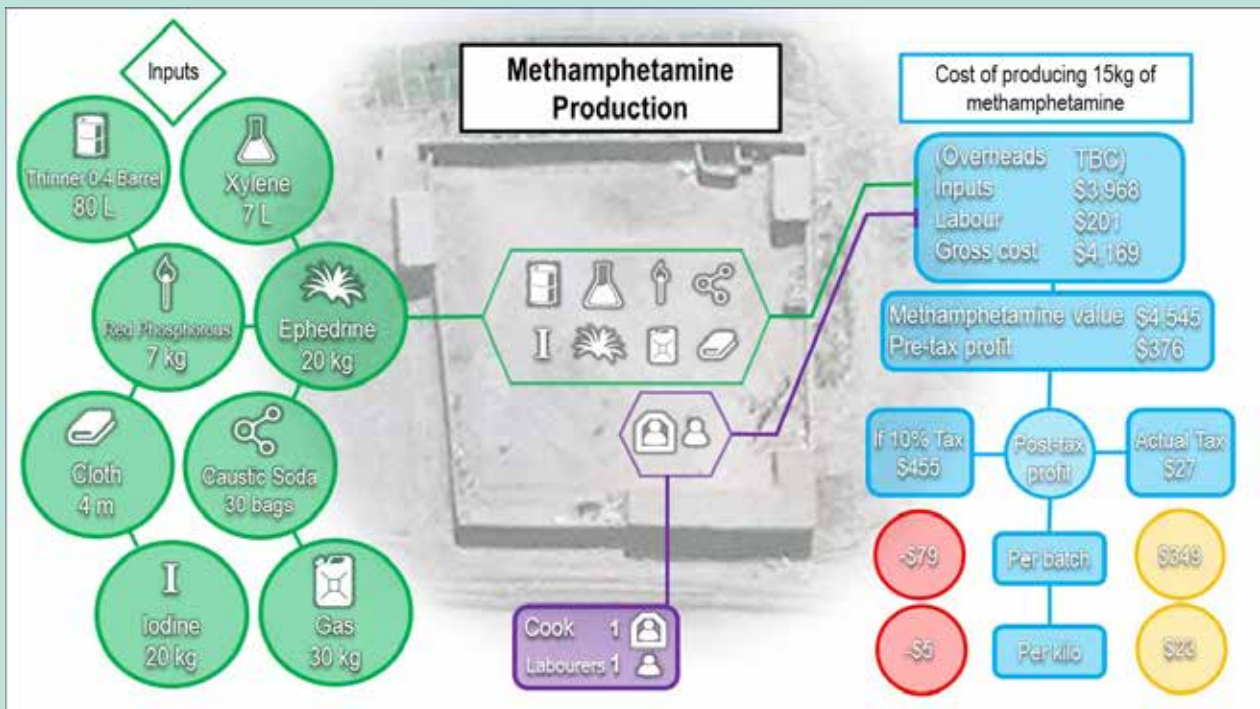
83 Alcis, David Mansfield & Graeme Smith, “War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace - A Case Study on Nimroz”, (Overseas Development Institute, August, 2021). <https://l4p.odi.org/resources/war-gains-in-afghanistan-and-the-implications-for-peace>; EMCDDA, “Emerging Evidence of Afghanistan’s Role as a Producer and Supplier of Ephedrine and Methamphetamine”, EU4MD Special Report, November 2020. <https://www.emcdda.europa.eu/system/files/publications/13410/emcdda-methamphetamine-in-Afghanistan-report.pdf>; Mansfield, “Denying Revenue or Wasting Money” , page 30.

Figure 1: Infographic Showing the Costs of Production and Pre- and Post- Tax Profits on Heroin Base



Source: Mansfield, “Bombing heroin Labs in Afghanistan”, 2019.

Figure 2: Infographic Showing the Costs of Production and Pre- and Post-Tax Profits on Methamphetamine Production



Source: EMCDDA, “Emerging Evidence of Afghanistan’s Role as a Producer and Supplier of Ephedrine and Methamphetamine”, EU4MD Special Report, November 2020.

In sum, it is poor methodology, a flawed understanding of how taxes are levied in Afghanistan and the failure to include the high cost of doing business in Afghanistan— thereby calculating taxes on gross rather than net returns— that led to such exaggerated claims of the revenues the Taliban earned from drugs. It has been rare for the UN and others to have to account for the calculations they have proffered; all too often, the claims of the former Afghan government, or alleged elites within the Taliban, have been taken at face value, despite the obvious bias and potential tales of aggrandisement. Narratives of the Taliban having a commanding control over the drugs trade have prevailed despite such claims running contrary to the economic and political realities of life in rural Afghanistan, and the experiences of the Taliban’s own efforts to ban opium poppy cultivation between 1994 and 2001.

The next section uses empirical data collected over many years to proffer a more realistic estimate of the revenues earned by the Taliban from drugs and from the production and trade in other commodities prior to the Afghan government’s fall. It further highlights how estimates of the Taliban insurgency’s earnings of up to \$1.5 billion per annum have been woefully misplaced and show a poor understanding of Afghanistan and its economy, as well as ignorance of the relationship between the Taliban and the rural population from where it has often found support.

## 6. DOMESTIC SOURCES OF TALIBAN FUNDING

It is important to offer some words of caution before offering an estimate of the Taliban's funding as an insurgency and prior to their capture of Kabul. There remain many unknowns. As the previous two sections have shown, flawed assumptions and official narratives have played a significant role in shaping the estimates of the UN and others, and thereby our understanding of the Taliban. This section focuses on those parts of the domestic economy that can be measured using a combination of in-depth fieldwork and high-resolution satellite imagery, combining this data with what we know about how taxes are actually levied. It does not include the monies earned from donations from individuals or governments, or indeed from extortion and kidnapping. Nor do these estimates include the amounts earned by those individuals within the Taliban directly involved in the production and trade of commodities such as drugs and minerals and who thereby accrue profit on their businesses.

However, it is worth noting that claims of direct ownership and control of natural resources by the Taliban and other insurgent groups, particularly agricultural land and mines, are often overstated. Access to resources, even common land, is primarily governed by tradition in rural Afghanistan and any group that transgresses these rules risks the ire and potential resistance of the local population. For example, while desert land is formally owned by the central government in Afghanistan, villagers with nearby irrigated lands perceive the surrounding desert as theirs and have rules that govern access and ownership. This includes how desert lands are distributed between households, which is typically done in accordance with patterns of land ownership in the irrigated areas nearby. Similarly, the irrigated villages at the foot of the mountains have rights over the products of what they view as common land. This can include fodder crops for their animals, timber and indeed minerals, which are also distributed in accordance with patterns of landownership in the irrigated areas who have rights over the mountain land.

Usurping these traditional rights is a direct conflict with these communities that the Taliban has often sought to avoid, favouring taxing production and trade over direct ownership. In this sense, the Taliban has often adopted a “small government” approach to their engagement with the rural economy, acutely aware that it is the more overt interventionist approaches of the communist government in the 1980s, and the Ghani government— especially in sectors such as mining<sup>84</sup>— that will be resisted by the very people from whom they seek support. Individual Taliban commanders may have direct business interests in a mine, growing poppy or even running a lab or trading drugs, but this is typically done under the rubric of their traditional rights as a landowner or elite in that area, and can be as much a source of financial autonomy from leadership as a contribution to the central coffers. For this reason, the estimates below focus only on the taxes collected at the point of production and trade in commodities and not those with direct business interests. Any effort to do this would need to look at their specific output and market share, as well as work with net returns on output if it were to offer a meaningful assessment of the amount of monies accrued.

84 The talc stone industry in the district of Shirzad in Nangarhar offers a good example of the economic and political ramifications of government efforts to control and regulate local artisanal mining. In response to the Ghani administration issuing a single contract for the export of all talc stone to a company owned by an individual who was from Logar, local mines ceased operation denying the company access to both mines and the stone they produced bringing the industry to a virtual halt. See Alcis, 2021, “Managing Local Resources and Conflict: The Undeclared Economy”, A Report for USAID, Afghanistan Peace Support Initiative, page 10-30. [https://c27049e9-734d-437e-9ab3-541b0cde0c47.filesusr.com/ugd/a5fe58\\_57655fc25d6f4bbb93d4a40be5f2f2c3.pdf](https://c27049e9-734d-437e-9ab3-541b0cde0c47.filesusr.com/ugd/a5fe58_57655fc25d6f4bbb93d4a40be5f2f2c3.pdf)

## 6.1. ILLICIT DRUGS

Afghanistan is best known for the production of opium and its derivatives, alongside its long history of cannabis cultivation. However, in the last few years, Afghanistan has also become a major source of plant-based methamphetamine. This industry developed from a more complex and costly industry that initially used over-the-counter medicines to extract ephedrine to one that used ephedra, a crop that grows wild in Afghanistan's mountains. As with opiates and cannabis, the production and trade of ephedra and its derivatives have been taxed by Taliban commanders over the last few years.

Combining estimates of the taxes levied with reports of levels of opium poppy cultivation derived by UNODC, along with reports on estimated yields and prices, it is hard to see how the tax on opiates would have exceeded US \$19 million in 2020, almost 80 percent of which would have been collected on production and trade in the south and southwest where the Taliban dominated as an insurgency (see Table 6).

With regard to ephedra and its derivatives, taxes are collected on the trade of the plant at \$1,000 per truck (15 metric tonnes),<sup>85</sup> as well as on the production of ephedrine, and both the production and trade of methamphetamine. Based on current estimates of levels of production from the 448 ephedrine labs identified so far,<sup>86</sup> and its conversion into methamphetamine, the potential earnings in taxes could be between \$7.1 million and \$10.2 million per annum (see Table 7, and Figures 3 and 4).

Estimating the potential revenue from taxes imposed on the production and trade in cannabis is far more problematic and needs to be treated with caution. In contrast to UNODC and USG surveys of opium poppy cultivation and work done on methamphetamine by EMCDDA and others, there are no recent estimates of levels of cannabis cultivation in Afghanistan and past estimates were viewed as unreliable.<sup>87</sup> In 2020, prices of hashish were particularly low, at less than \$50 /kg in the southwest and many farmers had been deterred from cultivation. Taking the lower levels of cultivation that were estimated in the past and drawing on what we do know about potential yields (which vary considerably) and current taxation rates in the southwest, it could be speculated that the taxes on cannabis could generate between \$1.5 million and \$5.9 million per annum (see Table 8).

As such, the total potential taxes to be earned by the Taliban from drugs— opiates, methamphetamine and cannabis combined— would be between \$27.5 million and \$35 million per year in 2020, a difference of magnitude from the \$400 million repeatedly reported by the UNSMT.

85 David Mansfield, OSDR and Alex Soderholm, "Long Read: The Unknown Unknowns of Afghanistan's New Wave of Methamphetamine Production", 30 September 2019. <https://blogs.lse.ac.uk/usappblog/2019/09/30/long-read-the-unknown-unknowns-of-afghanistans-new-wave-of-methamphetamine-production/>

86 There are, in all likelihood, ephedrine and methamphetamine labs in other parts of the country but it is believed that production and trade remains largely concentrated in the southwest in the districts of Bakwa, Khashrud and Gulistan; there are even reports of methamphetamine from Bakwa being smuggled through Nangarhar to Pakistan.

87 Former UK government official cited in James Bradford and David Mansfield, "Known Unknowns and Unknown Knowns; What We Know about the Cannabis and Hashish Trade in Afghanistan", *EchoGeo* 48, 2019, <https://journals.openedition.org/echogeo/17626>



**EPHEDRA LAB**  
Khashrud  
Nimroz

March 2019



June 2019



Copyright © Alcis 2021. For errors, omissions or more information please contact info@alcis.org. Aerial Imagery copyright © ISIAACE

Figure 3 Imagery Showing Ephedrine Lab in Khashrud in Nimroz Province



# DRUG PRODUCTION

Ephedra Lab Density  
Bakwa and Khashrud Districts

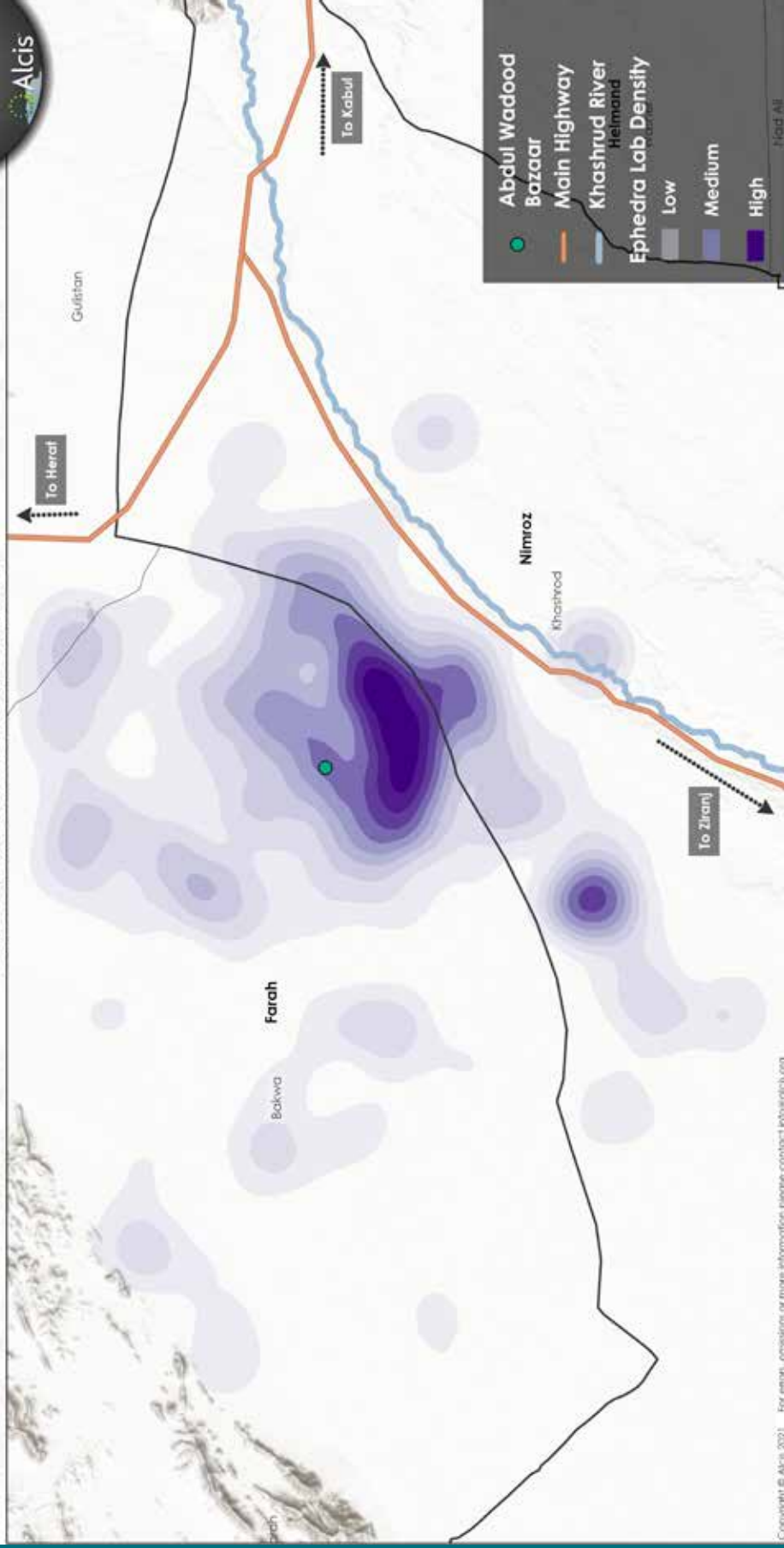


Figure 4: Imagery Analysis Showing Density of Ephedrine Labs in Bakwa, Khashrud and Gullistan in Southwest Afghanistan

## 6.2. THE MINING SECTOR

Estimates of the Taliban earning as much as US\$464 million from the production and trade in minerals are far-fetched.<sup>88</sup> The former Afghan government reported a mining sector with a total export value of only \$88.6 million in 2019,<sup>89</sup> falling to \$31.8 million in 2020.<sup>90</sup> While it is to be expected that official records underestimate the volumes and values of activity in the mining sector, it is hard to believe that the degree of underreporting is such that production and revenues are sufficient to raise the kind of money that have been reported.

In fact, detailed empirical work for USAID on the talc stone industry revealed the degree to which official records differ from the levels of production and exports found in practice. This work involved high-resolution imagery and fieldwork along the value chain (see Figures 5 and 6). It found that at its peak the talc stone industry was exporting as much as 876,000 MT, two and a half times the amounts reported by the government, with a value of almost \$90 million, five times that accounted for in official statistics.<sup>91</sup> However, even at these high levels of production, the Taliban's earnings on the talc stone industry were estimated at only \$5.5 million per annum, based on taxes of \$6.25 per metric tonne.<sup>92</sup>

While this empirical work did not examine the coal industry in the same level of detail, it found evidence of significant levels of underreporting, including large amounts of coal being exported through the border in Dand e Patang in Khost in 2019, which at the time was not an official border crossing into Pakistan (see Figure 7). With the Taliban levying tax rates of \$150 per truck of coal (the equivalent of \$3.33 per MT), even if the level of underreporting found in the volume of talc stone were factored in, the amounts earned in tax on coal would be little more than \$6.0 million per annum prior to their capture of the country (see Table 9).

Coal and talc stone made up 99 percent of the value of official mineral exports in 2019. The remaining 1 percent consisted of marble, precious stones, onyx, lapis lazuli and "other". Perhaps the scale of the underreporting in these minerals is significantly greater than in the production and trade in talc and coal. But even were that the case, given such low total volumes and values, it is hard to imagine the Taliban generated more than \$20 million per year in taxes from the mineral sector as a whole. For example, even working with the UNSMT's estimate that the marble mines in southern Helmand produce between 124,000 and 155,000 MT per year, this would still only generate annual taxes of \$0.6 and \$1.9 million, with taxes of between \$238 and \$572 per truck (See Figure 8).<sup>93</sup>

While a more rigorous analysis of the mining sector that combines high-resolution imagery and detailed value chain analysis would offer a more robust assessment of the potential tax base, it is clear that, as with drugs, the reports of monies earned by the Taliban from the mineral sector have been grossly exaggerated.

89 , " Afghanistan Trade Statistics Yearbook 2019" , July, 2020, page NSIA 267. <https://www.nsia.gov.af:8080/wp-content/uploads/2020/10/Afghanistan-Trade-Statistics-Yearbook-2019.pdf>

90 NSIA, " Afghanistan Trade Statistics Yearbook 2020" , April, 2021, page 328. <https://www.nsia.gov.af:8080/wp-content/uploads/2021/04/Afghanistan-Trade-Statistics-Yearbook-2020.pdf>

93 Cited in Matthew DuPee, 2017, The Taliban Stones Commission and the Insurgent Windfall from Illegal Mining. March, Vol. 10, No 3. <https://ctc.usma.edu/the-taliban-stones-commission-and-the-insurgent-windfall-from-illegal-mining/>



# TALC TRUCKS

Shirzad  
Nangarhar, Afghanistan

2020



Copyright © Alcis 2021. For errors, omissions or more information please contact info@alcis.org. Imagery copyright © 2021 Maxar Technologies

Figure 5: Imagery Showing Storage Area for Talc Stone in Shirzad, Nangarhar

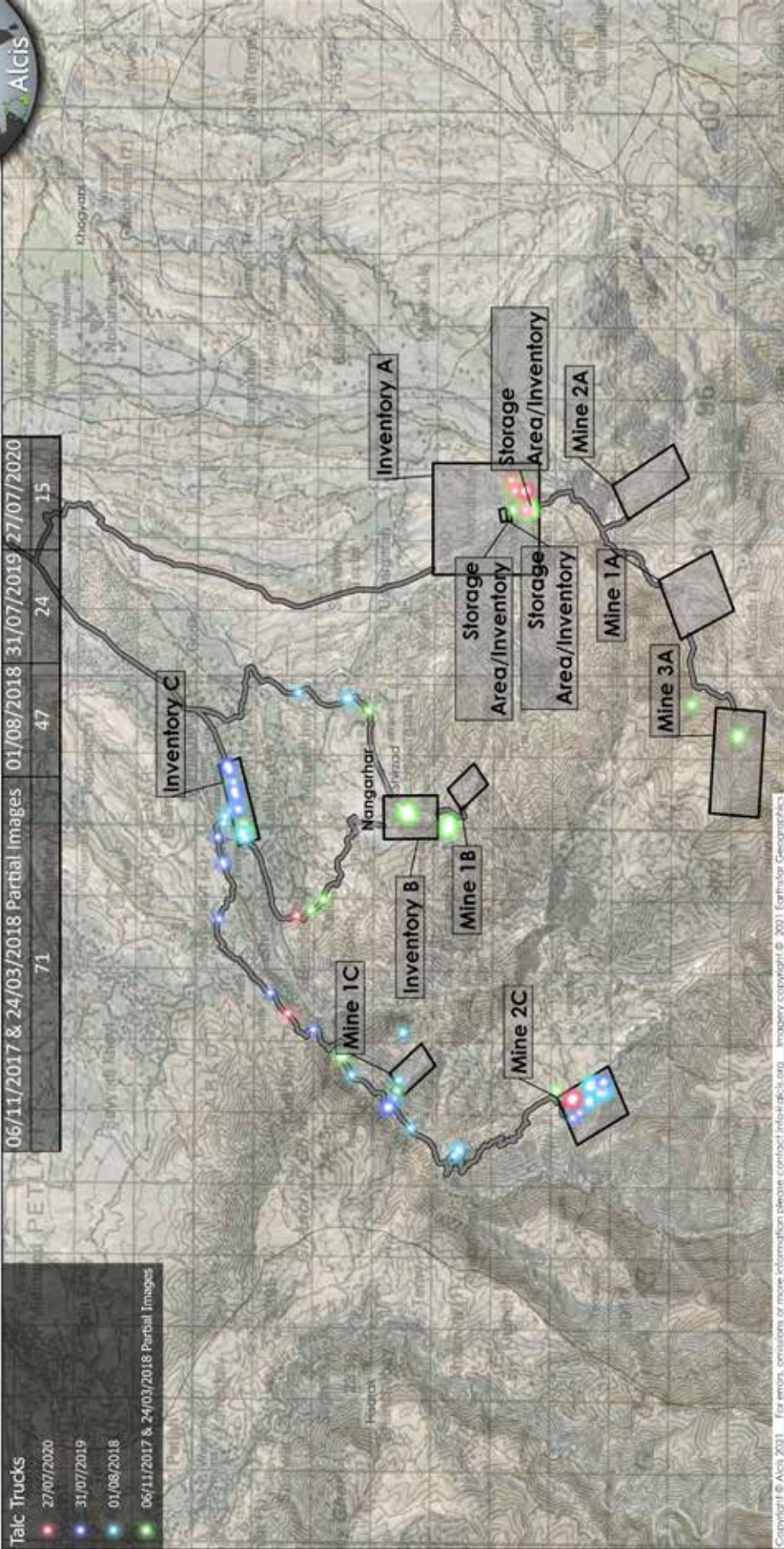


# TALC MINING TRUCK ACTIVITY

Shirzad  
Nangarhar, Afghanistan

Talc Trucks  
27/07/2020  
31/07/2019  
01/08/2018  
06/11/2017 & 24/03/2018 Partial Images

06/11/2017 & 24/03/2018 Partial Images 71  
01/08/2018 47  
31/07/2019 24  
27/07/2020 15



Copyright © Alcis 2021. For more, visit [www.alcis.com](http://www.alcis.com) or email [info@alcis.com](mailto:info@alcis.com). Imagery copyright © 2001 Earthstar Geographics.

Figure 6: Imagery Showing Number of Trucks in Operation at the Talc Mines and Storage Areas in Shirzad, 2017- 20.



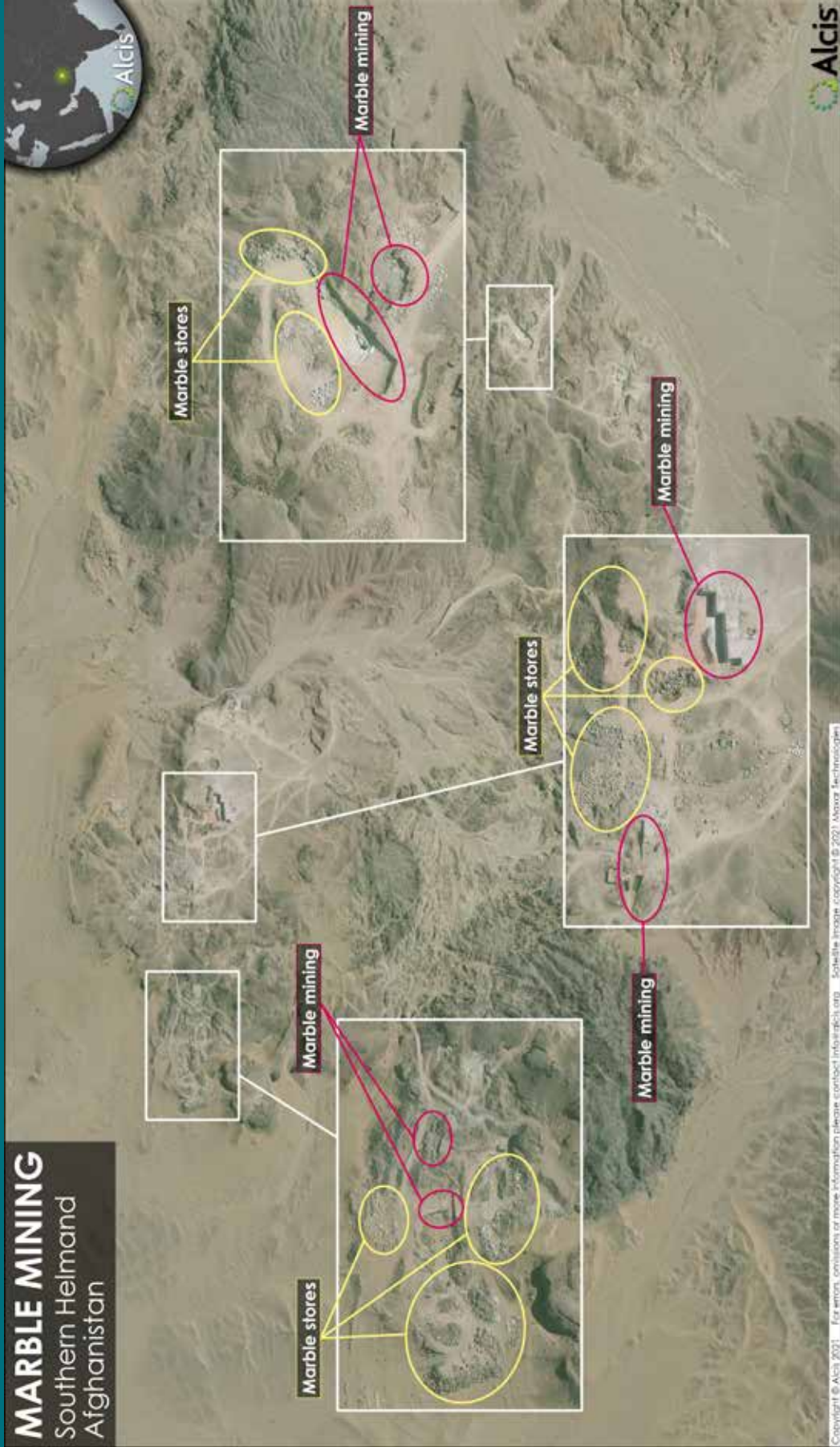
## COAL TRUCKS

Dand wa Patan  
Afghanistan/Pakistan border

Figure 7: Imagery Showing Queues of Trucks Transporting Coal across the Border at Dand wa Patan Where It Is Cross-Decked at Karlachi, Pakistan before Being Shipped Onward

# MARBLE MINING

Southern Helmand  
Afghanistan



Copyright © Alcis 2021. For errors, consultations or more information please contact: info@alcis.org. Satellite imagery copyright © 2021 Maxar Technologies.

Figure 8: Imagery Showing Marble Mines in GarmSir in Helmand, Southern Afghanistan

## 6.4. CROSS- BORDER TRADE

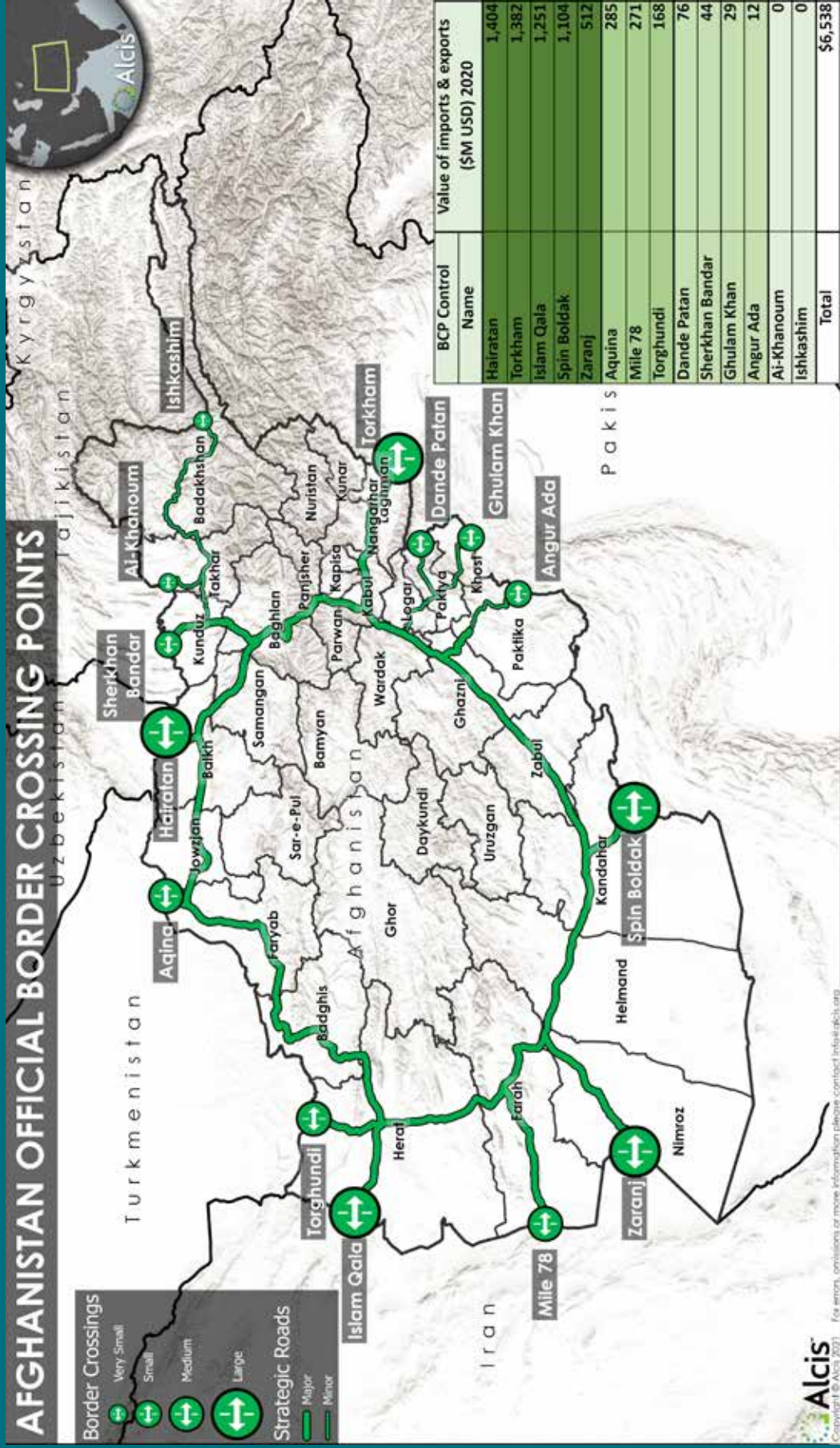
Since at least 2017, the Taliban has been taxing the movement of goods along Afghanistan's main arterial roads.<sup>94</sup> Checkpoints have been strategically positioned to exploit the \$7.6 billion in official trade with neighbouring states, in particular the growing volume of imports from Iran and the Central Asian Republics (CARs). This trade includes many items consumed in Afghanistan, as well as goods that enter the country only to be smuggled into Pakistan, such as vehicles, car parts, cigarettes and food items.

Detailed fieldwork and high-resolution imagery highlights the extent of the under reporting in this cross-border trade and estimated that as much as 2.5 million MT of fuel entered Afghanistan from Iran in 2019, as opposed to the 1 million MT reported in the Afghan government's official trade statistics. The volume of trade presented the Taliban with a valuable source of revenue given the hundreds of TIR vehicles and fuel tankers entering the country each day through the country's 14 official border crossings (see Figures 9 and 10).

It is estimated that as much as \$83.4 million in taxes was collected by the Taliban at Farahrud in Farah, and in Khashrud in Nimroz on goods entering Afghanistan from Iran in 2019, with a further \$26.7 million at Muqur in Ghazni on those transit goods joining the main highway from the Spin Boldak border with Pakistan.<sup>95</sup> This work also revealed that the rerouting of trade through Iran due to the Ghani administration's desire to reduce Afghanistan's economic dependency on Pakistan and the Government of Pakistan's protracted closure of its borders in reaction to the COVID-19 pandemic, favoured the Taliban financially. With checkpoints on the main highway at Farahrud and Khashrud, the Taliban were well positioned to levy taxes on imports from Iran. They had no such permanent collection points on goods entering from Pakistan through the official borders at Torkham and Spin Boldak.

94 INSO, "Overview of IEA Taxation in Afghanistan" , 20 February 2019. David Mansfield, " Catapults, Pickups and Tankers: Cross Border Production and Trade and How It Shapes The Political Economy of the Borderlands of Nimroz" , AREU, August, 2020. <https://areu.org.af/wp-content/uploads/2020/09/2013E-Catapults-Pickups-and-Tankers.pdf/>

95 Alcis, 2021, " Managing Local Resources and Conflict" , page 6.



Copyright © Alcis 2021. For errors, omissions or more information please contact info@alcis.org

**Alcis**

Figure 9: Map of Afghanistan's Official Border Crossings and the Value of Trade



# TRUCKS AT BORDER CROSSING

Ziranj, Nimroz



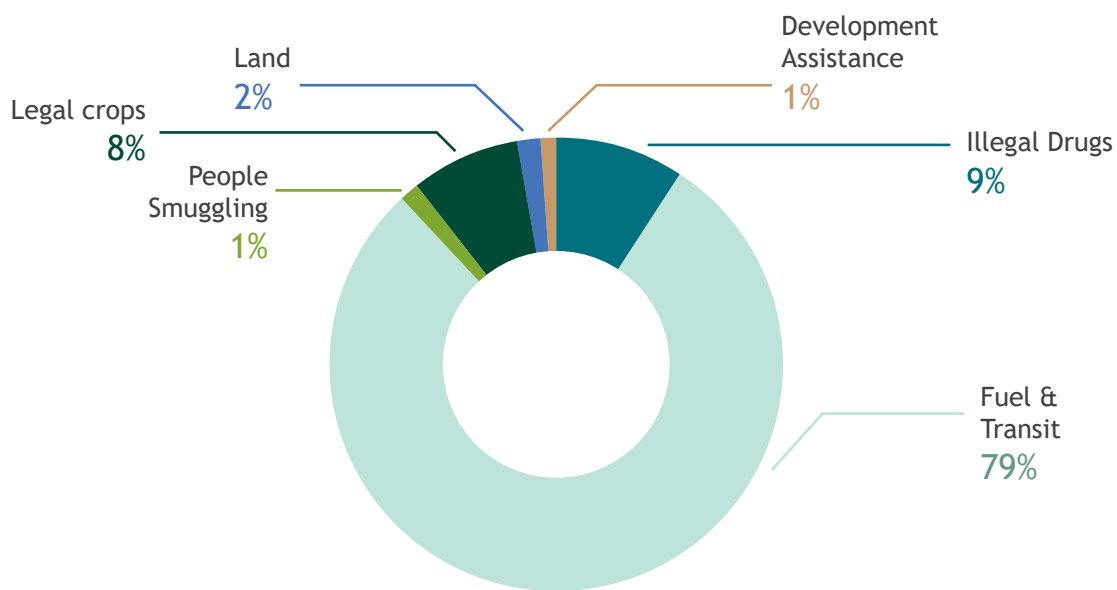
Copyright © Alcis 2021. For emails, comments or more information please contact [info@alcis.org](mailto:info@alcis.org). Satellite imagery copyright © 2021 Maxar Technologies

Figure 10: Imagery Showing Fuel Tankers and TIR Containers at the Official Border Crossing at Ziranj, Nimroz

The Taliban were reported to have further checkpoints on the highway in northern Afghanistan, including in Khan e Char Bagh in Faryab and in the district of Dushi in Baghlan, allowing it to collect taxes on goods imported from Turkmenistan, Uzbekistan and Tajikistan. <sup>96</sup> With \$1.3 billion of official trade passing through the crossings at Hairatan, Aqina and Sherkhan Bandar in 2019— only \$200 million less than the trade with Iran— it is reasonable to assume the Taliban collected a further \$72 million taxing imports from the CARs. This would result in a total of around \$183 million in taxes levied on the cross-border trade in legal goods entering through all but four of Afghanistan’s 14 official border crossings. It would also mean that the taxes earned from the trade in fuel and transit goods far outweighed the amounts earned from drugs and minerals combined, further highlighting the problems of the narco-insurgency narrative and the estimates provided by the UNSMT and others.

More granular analysis in the southwest province Nimroz further illustrates the relative importance of the cross-border trade to the Taliban’s earnings as an insurgency. This work showed that the Taliban collected a potential \$40.1 million— 80 percent of its total revenues in the province in 2020— from taxing the trade in legal goods on the main highway, compared to only \$5.1 million— 9 percent— from the production and trade in illicit drugs (see Figures 11 and 12). This was despite the fact that both opiate and methamphetamine production are centred in Nimroz and the province is a major entrepot for drugs smuggled into Pakistan and Iran. It is clear from this and other work that, despite the rhetoric, drugs was but one of a number of sources of revenue for the Taliban as an insurgency and certainly not the most remunerative, particularly in the latter years and the run up to its military success in July and August 2021.

Figure 11: Estimates of Taliban Revenue by Activity



Source: Alcis, David Mansfield & Graeme Smith, 2021, “War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace - A Case Study on Nimroz”.

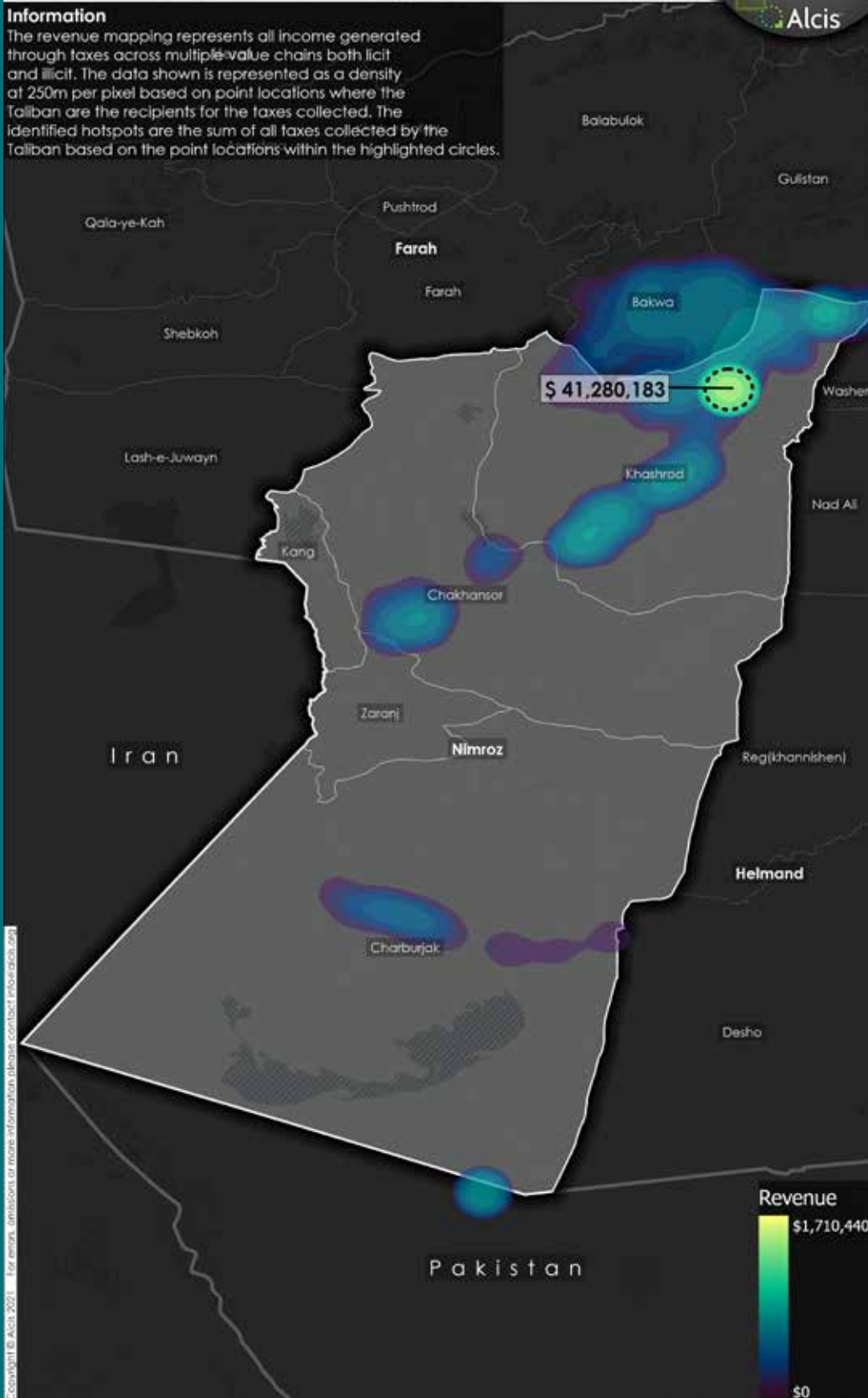
96 Tolo News, “Taliban Checkpoints Removed from Baghlan-Balkh Highway” , 20 January 2021. <https://tolonews.com/afghanistan-169159>; INSO, “Overview of IEA Taxation in Afghanistan” , 20 February 2019; Heyatullah, “Taliban Torch Tankers in Baghlan after Drivers Refuse Extortion”, *Salaam Times*, 19 January 2019. [https://afghanistan.asia-news.com/en\\_GB/articles/cnmi\\_st/features/2021/01/19/feature-03](https://afghanistan.asia-news.com/en_GB/articles/cnmi_st/features/2021/01/19/feature-03)

# TALIBAN REVENUES

Nimroz  
Afghanistan

## Information

The revenue mapping represents all income generated through taxes across multiple value chains both licit and illicit. The data shown is represented as a density of 250m per pixel based on point locations where the Taliban are the recipients for the taxes collected. The identified hotspots are the sum of all taxes collected by the Taliban based on the point locations within the highlighted circles.



Copyright © Alcis 2021. For errors, omissions or more information please contact info@alcis.com

Figure 12: Map Showing Estimates of Total Revenues Collected by the Taliban in Nimroz

Table 6: Potential Tax Revenue of Production and Trade in Opiates

	Opium Poppy Cultivation				Cooked Opium		Morphine Base				Heroin Base		
	Cultivation (ha)	Tax in opium equivalent (kg)	Price of fresh opium at harvest (US\$/kg)	Total value of tax (US\$)	Amount <sup>97</sup> (kg)	Tax on production <sup>98</sup> (US\$)	Tax on trade <sup>99</sup> (US\$)	Amount <sup>100</sup> (kg)	Tax on production <sup>101</sup> (US\$)	Tax on trade <sup>102</sup> (US\$)	Amount <sup>103</sup> (kg)	Tax on production <sup>104</sup> (US\$)	Tax on trade <sup>105</sup> (US\$)
Badakhshan	6,395	6,197	20.93	129,667	68,853	125,312	86,066	11,475	21,517	43,033	5,738	10,758	21,517
Badghis	22,402	12,366	51.33	634,680	137,399	250,066	171,749	22,900	42,937	85,874	11,450	21,469	42,937
Baghlan	572	554	31.66	17,550	6,159	11,209	7,698	1,026	1,925	3,849	513	962	1,925
Balkh	5,946	5,530	31.66	175,087	61,442	111,824	76,803	10,240	19,201	38,401	5,120	9,600	19,201
Bamyan	0	0		0	0	0	0	0	0	0	0	0	0
Dai Kundi	550	574	31.66	18,181	6,380	11,612	7,975	1,063	1,994	3,988	532	997	1,994
Farah	10,483	11,793	44.77	528,025	102,384	186,339	127,980	17,064	31,995	63,990	8,532	15,997	31,995
Faryab	13,083	12,167	31.66	385,244	135,191	246,048	168,989	22,532	42,247	84,494	11,266	21,124	42,247
Ghazni	290	357	31.66	11,294	3,963	7,213	4,954	661	1,239	2,477	330	619	1,239
Ghor	2,848	1,572	51.33	80,688	17,468	31,791	21,835	2,911	5,459	10,917	1,456	2,729	5,459
Hilmand	115,597	130,047	40.86	5,313,784	1,128,997	2,054,775	1,411,247	188,166	352,812	705,623	94,083	176,406	352,812
Hirat	455	251	51.33	12,891	2,791	5,079	3,488	465	872	1,744	233	436	872
Jawzjan	1,124	1,045	31.66	33,097	11,615	21,139	14,518	1,936	3,630	7,259	968	1,815	3,630
Kabul	284	296	31.66	9,388	3,294	5,996	4,118	549	1,030	2,059	275	515	1,030
Kandahar	20,555	23,124	40.86	944,862	200,754	365,372	250,942	33,459	62,736	125,471	16,729	31,368	62,736
Kapisa	178	133	31.66	4,210	1,477	2,689	1,847	246	462	923	123	231	462
Khost	0	0		0	0	0	0	0	0	0	0	0	0
Kunar	595	730	50.79	37,083	8,112	14,764	10,140	1,352	2,535	5,070	676	1,267	2,535
Kunduz	0	0	20.93	0	0	0	0	0	0	0	0	0	0
Laghman	723	887	50.79	45,060	9,857	17,940	12,321	1,643	3,080	6,161	821	1,540	3,080
Logar	0	0		0	0	0	0	0	0	0	0	0	0
Nangarhar	2,225	2,730	50.79	138,671	30,334	55,208	37,918	5,056	9,479	18,959	2,528	4,740	9,479

97 Assumes 50% of opium harvested is converted into cooked opium at a conversion rate of 3:2.

98 Tax at \$1.82/kg

99 Tax at \$1.25/kg

100 Assumes 25% of opium harvested is converted into morphine base at a conversion rate of 9:1.

101 Tax at \$1.88/kg

102 Tax at \$3.75/kg

103 Assumes 25% of opium harvested is converted into heroin base at a conversion rate of 18:1.

104 Tax at \$1.88/kg

105 Tax at \$3.75/kg

	Opium Poppy Cultivation				Cooked Opium		Morphine Base				Heroin Base		
	Cultivation (ha)	Tax in opium equivalent (kg)	Price of fresh opium at harvest (US\$/kg)	Total value of tax (US\$)	Amount <sup>97</sup> (kg)	Tax on production <sup>98</sup> (US\$)	Tax on trade <sup>99</sup> (US\$)	Amount <sup>100</sup> (kg)	Tax on production <sup>101</sup> (US\$)	Tax on trade <sup>102</sup> (US\$)	Amount <sup>103</sup> (kg)	Tax on production <sup>104</sup> (US\$)	Tax on trade <sup>105</sup> (US\$)
Nimroz	2,931	3,297	44.77	147,634	28,626	52,100	35,783	4,771	8,946	17,891	2,386	4,473	8,946
Nuristan	0	0		0	0	0	0	0	0	0	0	0	0
Paktika	0	0		0	0	0	0	0	0	0	0	0	0
Paktya	0	0		0	0	0	0	0	0	0	0	0	0
Panjshir	0	0		0	0	0	0	0	0	0	0	0	0
Parwan	0	0		0	0	0	0	0	0	0	0	0	0
Samangan	0	0	31.66	0	0	0	0	0	0	0	0	0	0
Sari Pul	2,607	2,425	31.66	76,766	26,939	49,029	33,674	4,490	8,418	16,837	2,245	4,209	8,418
Takhar	0	0	20.93	0	0	0	0	0	0	0	0	0	0
Uruzgan	13,954	15,698	40.86	641,440	136,284	248,037	170,355	22,714	42,589	85,178	11,357	21,294	42,589
Wardak	0	0	31.66	0	0	0	0	0	0	0	0	0	0
Zabul	408	459	40.86	18,755	3,985	7,252	4,981	664	1,245	2,491	332	623	1,245
Sub Totals				9,404,056		3,880,792	2,665,379		666,345	1,332,690		333,172	666,345
											Total		18,948,779

Source: Author; UNODC/NSIA, 2021, "Afghanistan Opium Survey 2019 - Socio-economic Survey Report: Drivers, Causes and Consequences of Opium Poppy Cultivation", February 2021, UNODC; UNODC/NSIA, 2020, Afghanistan Opium Survey 2020: Cultivation and Production- Executive Summary, April.

Table 7: Potential Tax Revenue on Production and Trade in Ephedra, Ephedrine and Methamphetamine

	Estimated Number of Labs	Amount (kg)	Tax/kg		Potential Tax collected (US\$)	
			Low	High	Low	High
Ephedra (trade)		48,384,000	0.07	0.07	3,225,600	3,225,616
Ephedrine (production)	448	1,612,800	0.31	0.63	504,000	1,008,000
Methamphetamine (production)		1,064,448	1.25	1.88	1,330,560	1,995,840
Methamphetamine (trade)		1,064,448	1.88	3.75	1,995,840	3,991,680
Total					7,056,000	10,221,136

Source: Author; Alcis, David Mansfield & Graeme Smith, 2021, "War Gains: How the Economic Benefits of the Conflict are Distributed in Afghanistan and the Implications for Peace - A Case Study on Nimroz"; EMCDDA, "Emerging Evidence of Afghanistan's role as a Producer and Supplier of Ephedrine and Methamphetamine", EU4MD Special Report, November 2020.

Table 8: Potential Tax Revenue of Production and Trade in Cannabis

	Estimated Hectares		Potential Yield		Price (US\$/kg)		Total Output		Potential Tax Collected (US\$)	
	Low	High	Low	High	Low	High	Low	High	Low	High
Cultivation	10,000	15,000	60	120	48.48	78.79	600,000	1,800,000	872,727	4,254,545
Trade							600,000	1,800,000	545,455	1,636,364
									1,418,182	5,890,909

Source: Author.

Table 9: Potential Tax Revenue from Minerals

	Value - Official (US\$)	Exports - Official (MT)	Exports - Estimated (MT)	Potential Tax Collected (US\$)
Coal	69,500,000	772,137	1,814,522	6,048,407
Talc Stone	18,500,000	370,926	874,000	5,462,500
Marble	408,816	13,900		
Precious Stones	33,942	43.5		
Onyx	24,524	45.0		
Lapis Lazuli	8,034	0.7		
Other	398	1.1		

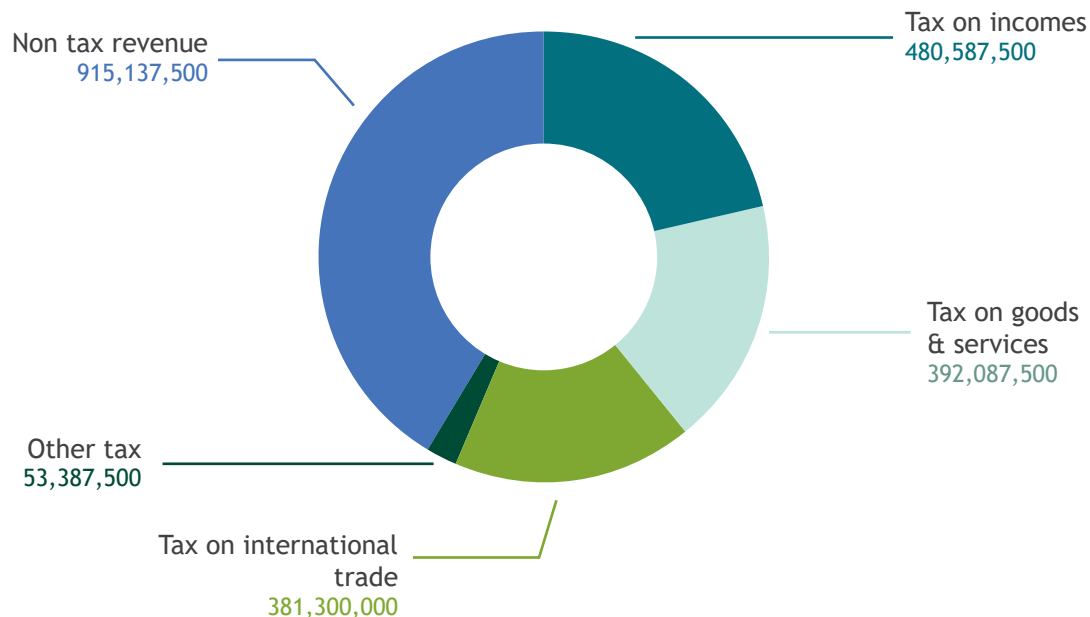
Source: Author; NSIA, “Afghanistan Trade Statistics Yearbook 2020”, April, 2021.

## 6.5. LOOKING FORWARD: THE TALIBAN AS GOVERNMENT

Now that the Taliban are the government, they are responsible for the running of Afghanistan and delivering services to the population, a task that they have had before in the 1990s but under very different circumstances and with a population that had not been through the socio-economic and political transformation of the last two decades. As an insurgency, it is difficult to see how the Taliban could have earned much more than \$240 million per annum taxing drugs, minerals and the cross-border trade, with the vast majority of their earnings derived from taxing the trade in legal imports like fuel, tyres, cigarettes and car parts. However, as a government there are other sources of revenue at the Taliban’s disposal, including income tax, the rent on government land and properties, as well as the profits from Afghan state enterprises in the mining, transport and agricultural sectors. In 2020, the Afghan Republic generated the equivalent of \$2.2 billion in domestic revenues and was given \$8.5 billion in grants from the international community (see Figure 13).<sup>106</sup> With the Taliban’s capture of Kabul, these grants have now stopped and the Central Bank of Afghanistan’s assets of \$9.5 billion, largely held in the US, have been frozen, at least for now, leaving the new government largely reliant on the domestic revenues it can generate and an inevitable shortfall in the monies available for financing government expenditure.

106 NSIA, “Afghanistan Statistical Yearbook”, May, 2021. Page 254 <https://www.nsia.gov.af:8080/wp-content/uploads/2021/04/Afghanistan-Statistical-Yearbook-first-Version.pdf>

Figure 13: Different Sources of Domestic Revenue for the Afghan Government in 2020  
(in US dollars)



Source: NSIA, “Afghanistan Statistical Yearbook”, May, 2021

In government, it is particularly challenging to estimate what the Taliban could earn. The Taliban leadership have provided few indications of what their economic policies will be and have offered little information regarding their development priorities and how they will be funded. There is also a great deal of uncertainty as to how the economic crisis facing the country might play out: a crisis overlaid on top of a severe drought, primarily impacting on the northwest (see Figure 14), and both the health and economic effects of the COVID-19 pandemic. As such any estimates of future revenues proffered would be highly speculative.

It does seem likely that, as with the Taliban as an insurgency, international trade is likely to take a prominent role in the Taliban’s strategy for financing itself as a government. In fact, reports indicate it has already abandoned its previous tax regime on the main highways and adopted the former government’s customs duties but at much lower rates, e.g. 70 percent lower for food items and 30 percent lower on all non-food items including fuel. In theory, even with these reduced duties, the Taliban government could increase the amount of tax it collects on international trade by reducing the rampant corruption seen under the Republic, if the volume of trade remained constant.

While there are media reports of border closures and a shortage of foreign exchange limiting trade, high-resolution satellite imagery and reports from those at the borders point to increasing levels of trade with Pakistan and continued trading across all the major official crossings with Iran and the CARs (see Figures 15, 16, 17 and 18). There are signs, such as a backlog of vehicles on the Afghan side of the border, that trade is disrupted but there are still large volumes of traffic moving across Afghanistan’s borders. There is considerable interest among Afghanistan’s neighbours that cross-border trade continues, particularly Iran and Pakistan, both of whom have experienced an economic decline in the wake of COVID-19, Iran more so on top of the impact of US sanctions.

# 2021 Drought - Afghanistan

## Information

Alcis has used NDVI - a proxy indicator of crop health - to monitor the impact of the 2021 drought in Afghanistan. This map uses the peak NDVI per pixel for the 1st cropping cycle between February and June, comparing 2021 values to the long term average. The map shows that the northern provinces, such as Badghis, Faryab and Jowzjan are most affected by the drought. Although there was a precipitation deficit in the south of the country, many of the areas in the south show a slight increase in NDVI and it is likely that these will be agricultural systems irrigated by solar powered systems that pump ground water to holding reservoirs.

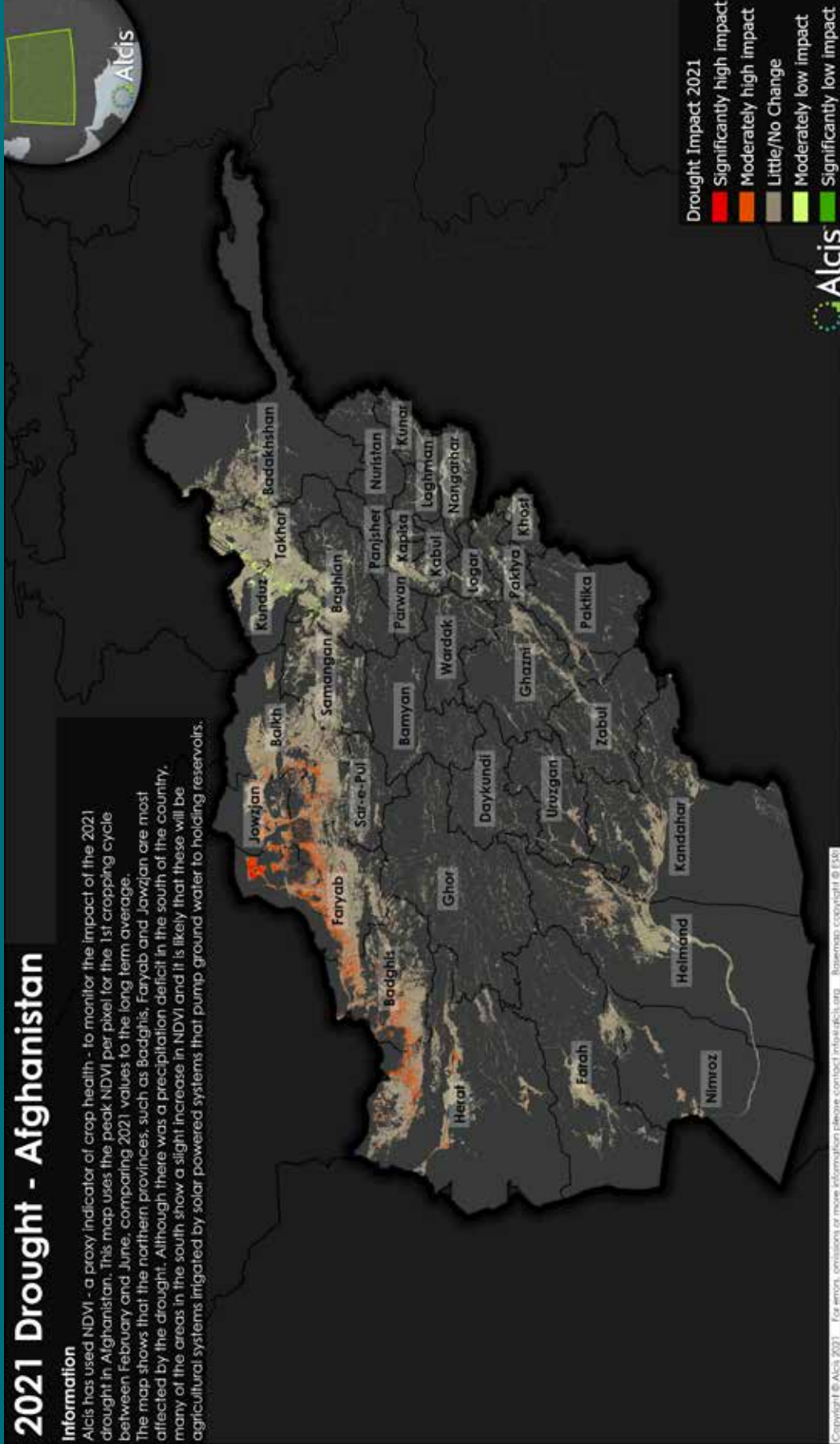


Figure 14: Imagery Analysis Showing the Geographic Distribution of Drought in Afghanistan in 2021



However, a downturn in the volume of international trade between Afghanistan and its neighbours seems inevitable. With the new government currently unable to pay public sector salaries or finance development programmes, the demand for imports such as food and construction materials is likely to fall dramatically. With lower duties but much less corruption on the country's borders, a 50 percent fall in trade would lead to a 40 percent fall in the revenues earned (see Figure 19). Furthermore, with much of the income tax in Afghanistan collected on public sector salaries, the Taliban government's inability to pay public sector employees will have a further knock-on effect on domestic revenue, possibly reducing income tax revenues by up to 80 percent. The reduction in economic activity will also impact on the taxes on goods and services, cutting further into the new government's revenues.

Non-tax revenues, which made up 41 percent of domestic revenues for the Republic in 2020, are particularly vulnerable to the current economic crisis, almost half of which were direct transfers from the central bank of Afghanistan and derived from profits earned on its foreign exchange reserves.<sup>107</sup> With these assets frozen, the amounts the Taliban can generate in non-tax revenue will already be half of what they were in 2020. With 35 percent of non-tax revenues derived from administrative fees, primarily passport fees and work permits, there is a high likelihood that non-tax revenues could fall dramatically— perhaps by as much as 80 percent— now that the Taliban is in power.

One area that the Taliban may be able to increase domestic revenues is in mineral exports. The Ministries of Mines and Petroleum earned \$27 million in revenues in 2020, largely from royalties. Further revenues are collected on mining in the form of Corporate Income tax and Business Tax Receipts. As with imports, were the Taliban government able to reduce the large volume of talc stone, coal, marble, chromite and other minerals that went undeclared under the former Afghan government, it could significantly increase the domestic revenues earned from the mineral sector, even without increasing levels of production. However, at the current scale of production and without significant foreign investments, the mining sector is unlikely to generate more than \$150 million<sup>108</sup> in revenue, inadequate compensation for the significant shortfall in development assistance that has occurred since the Taliban's capture of Kabul.

A further source of increased revenue is the illicit drugs economy. However, even here there is little respite for the current fiscal crisis the Taliban faces: with a threefold increase in the farmgate price of opium compared to 2020, the taxes collected on opiates would still only amount to only \$37.8 million ( \$52.7 million were taxes on cannabis and methamphetamine production included), i.e. less than 10 percent of total potential revenues. In contrast to the claims in the media and from the UNSMT, it would appear that the revenues from mining and drugs will remain almost as inconsequential for the Taliban in government as they did when they were an insurgency. Moreover, as resources whose production and trade are difficult to monitor and control, the taxes collected may remain a source of funding for local commanders and groups within the movement rather than paid into the central coffers, a source of financial autonomy that some may be unwilling to relinquish.

107 In 2020, 46 percent of non-tax revenues.

108 For example, the Afghanistan Extractive Industries Transparency Initiative estimated that the total revenues earned by the Afghan government from the extractive sector in 2017 was US \$48 million. Factoring in the level of underreporting in the talc stone industry across the extractive sector would give the Taliban government a revenue of US\$120 million per annum. See Afghanistan Extractive Industries Transparency Initiative (AEITI), " EITI Report for the Fiscal Years 1395-1396", June 2019, page 13. [https://eiti.org/files/documents/aetitireport1395-1396\\_2015-2017.pdf](https://eiti.org/files/documents/aetitireport1395-1396_2015-2017.pdf)



Figure 15: Imagery Analysis Showing Cross-Border Trade at Torkham Following the Taliban's Takeover

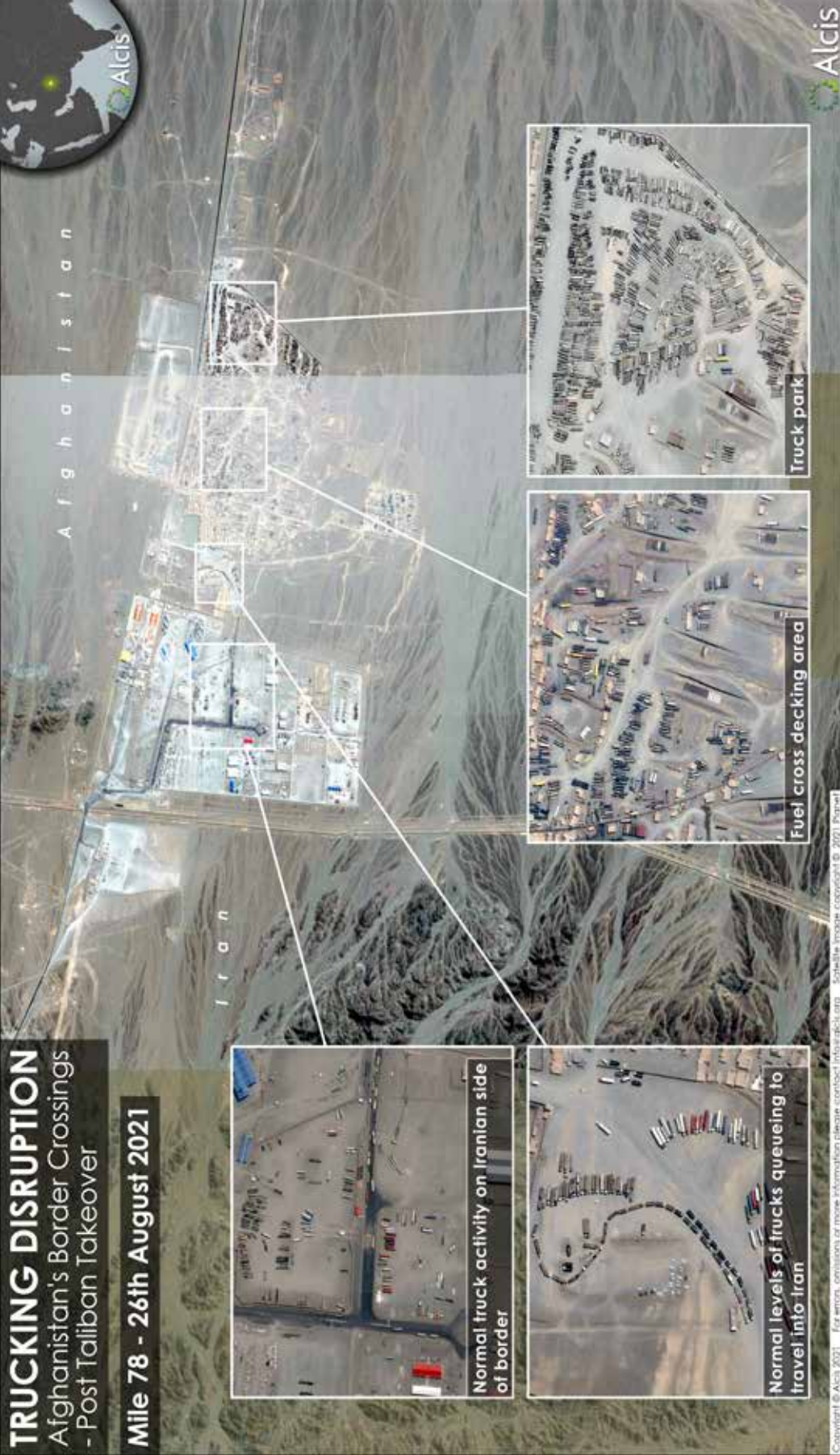


Figure 16: Imagery Analysis Showing Cross-Border Trade at Islam Qala Following the Taliban's Takeover

# TRUCKING DISRUPTION

Afghanistan's Border Crossings  
- Post Taliban Takeover

Mile 78 - 26th August 2021



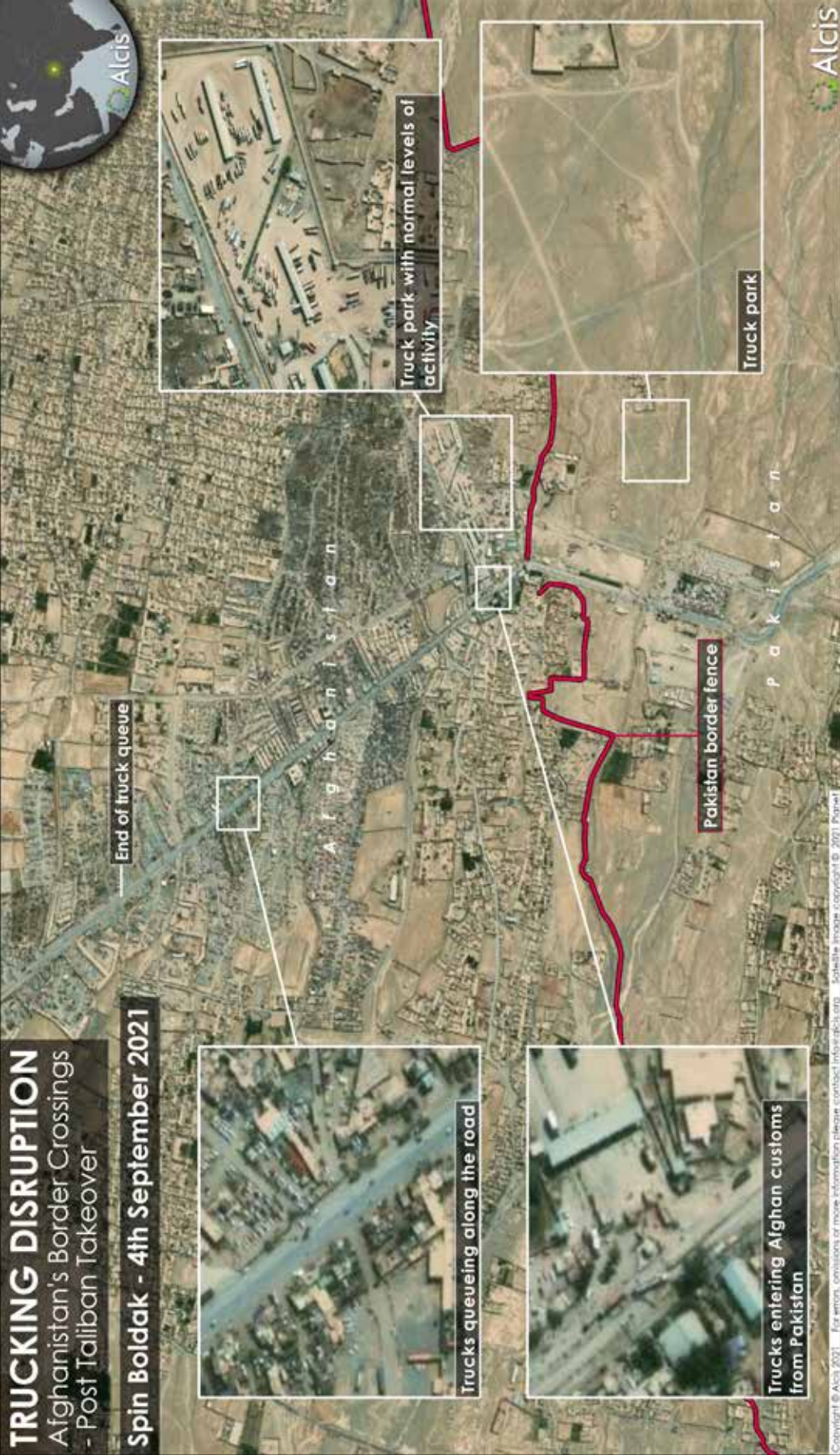
Copyright © Alcis 2021. For more information or more information please contact info@alcis.org. Satellite imagery copyright © 2021 Esri.

Figure 17: Imagery Analysis Showing Cross-Border Trade at Mile 78 Following the Taliban's Takeover

# TRUCKING DISRUPTION

Afghanistan's Border Crossings  
- Post Taliban Takeover

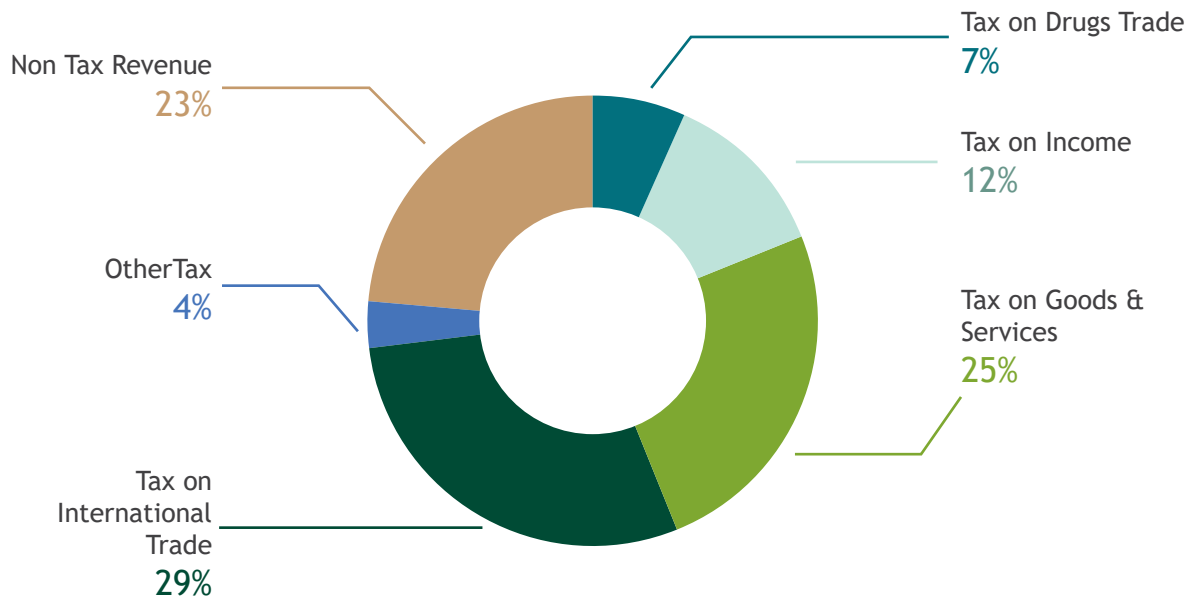
Spin Boldak - 4th September 2021



Copyright © Alcis 2021. For errors, corrections or more information please contact info@alcis.org. Satellite image copyright © 2021 Planet

Figure 18: Imagery Analysis Showing Cross-Border Trade at Spin Boldak Following the Taliban's Takeover

Figure 19: Estimate of Future Earnings of the Taliban Government



Source: Author.

## 7. CONCLUSIONS

Far from the US\$400 million the UN has repeatedly claimed the Taliban earns each year on opiates, empirical data show the figure was closer to \$19 million in 2020. The taxes levied on cannabis and methamphetamine may have raised a further \$15 million per year. As this paper has shown, the reasons for such exaggerated estimates of Taliban earnings on the drugs trade are manifest. Reliant on a flawed understanding of how taxes are levied in Afghanistan, as well as the claims of one of the main protagonists in the conflict, i.e. the former Afghan government, the UNSMT has typically provided estimates of revenues from drugs and a narrative on the drugs trade that does not fit with the realities of life in rural Afghanistan, where power is negotiated and even the drugs economy is highly localised.

Moreover, claims for what the Taliban earns from the trade in opiates are economically unfeasible given the high cost of doing business in Afghanistan. Profit margins in Afghanistan simply do not allow for the degree of predation and punitive taxes that the UN claims the Taliban impose on the drugs economy. Rather, the Taliban has operated with a deep knowledge of how the drugs trade and other economies operate in rural Afghanistan where taxes are agreed locally and are often relatively low; set so as not to deter trade and provoke the ire of the local population. Setting taxes at lower rates serves both an economic and political function. From an economic perspective, lower taxes can encourage a volume of production and trade that can subsequently generate significant revenues, whereas high taxes can drive a business under and provoke resistance from the rural population and traders who can be a vital political constituency for a nascent insurgency.

Politically, there is even greater advantage in a policy of relatively low taxes, particularly where it has the potential to show the government to be predatory and lacking a coherent tax system. For example, in-depth fieldwork with traders and transporters revealed that in late 2020, there were 32 checkpoints between Islam Qala on the Iran- Afghanistan border and Kabul, 29 of which were staffed by members of the Afghan National Defense and Security Forces (ANDSF), and only three by the Taliban. Payments were demanded at each of the 29 government checkpoints, while the Taliban charged at only one, issuing a receipt that could be shown as proof of payment by the truck driver at any subsequent Taliban checkpoints where they were stopped. The former government's record was such that the Taliban's efforts to remove ANP checkpoints from the main highway were welcomed by traders and truckers.

With regards to the drugs economy, it was also those in the former government, i.e. the Afghan Border Police, the ANP and the NDS, that were seen to be more predatory than the Taliban, particularly given their official responsibilities for countering the narcotics business yet local perception of their direct involvement in the trade. In this context, the Taliban's taxation of the opium crop and the production and trade of opiates and methamphetamine, can be seen as more of a political act rather than an economic one, particularly in the context of the Afghan government's efforts at the behest of western donors, primarily the US, to destroy the standing crop, regardless of whether farmers had viable alternatives. Far from denying the insurgency finance as those advocating for widespread eradication claimed, this policy served to alienate the rural population and position the Taliban as their protectors, strengthening the political bond between insurgents and an important rural constituency, particularly in the early days of the Taliban's resurgence.

In the last few years, it is the cross-border trade in legal goods that seems to have provided the Taliban's single greatest source of domestic revenue. It is a step back in time. In 1999, it was estimated that the Taliban derived at least \$75 million from taxing the Afghanistan Pakistan transit trade, five times the value that Rubin (2000) estimated the Taliban earned from taxing the opium crop, with any further monies needed to prop up the regime donated by the Government of Pakistan.<sup>109</sup> In 2021, the Taliban's earnings on cross- border trade with Iran and the CARs was of a similar multiple compared to that of the taxes earned on the production and trade of drugs. Current contributions from neighbours remain unquantified.

109 Rubin, "The Political Economy of War and Peace", p. 1796.

The Taliban seem likely to continue their dependence on licit trade with their neighbours, after taking over the country. Most of Afghanistan's official borders remain open to trade, although many are experiencing varying levels of disruption, a function of temporary closures, the loss of qualified staff, and the cross-decking of goods. The high levels of activity at the borders runs contrary to reports of the lack of foreign exchange and an inability to pay for imports but it remains unclear how long this might last. However, in removing the former government's border controls, as well as the multiple checkpoints extracting payments on the main highway, the Taliban will have reduced the costs of transport and trade and potentially the profits. This, combined with their decision in the immediate term to reduce taxes to rates that are markedly cheaper than the former government's, is likely to have gained the approval of many involved in cross-border trade— the kind of “bazaaris” that supported the rise of the Taliban in the wake of the predatory mujaheddin rule of the early to mid-1990s.

However, this is not a strategy that can generate the funds necessary to deliver services to an Afghan population that has gone through such significant social and economic transformation over the last two decades. While there are many in the Taliban leadership that might believe that they can run the Afghan state much more efficiently than the Ghani administration, with its bloated ANDSF and civil service and flagrant corruption, sources of finance remain extremely limited in the absence of donor monies. No doubt the Taliban will be looking to increase the volumes of trade with neighbours and the region in the hope that this will provide an income for both the population and their government. It is in trade where any leverage with the Taliban might lie, primarily with neighbouring states. However, as this paper has shown, it is difficult to envisage the Taliban being able to earn \$0.75 billion per annum in domestic revenues, even were it to clamp down on the rampant corruption that led to significant amounts of trade— both imports of fuel and consumer items and the export of minerals— going undeclared under the previous government.

One danger is of a return to the minimalist state of the 1990s, where the Taliban authorities focused solely on internal security, leaving the UN and NGOs to deliver services such as education, health and even agricultural projects under the banner of humanitarian assistance. This was a protracted period of economic crisis with repeated drought, large numbers of migrants and opium production acting as an economic mainstay for many rural communities. While the drugs economy is currently on the wane in terms of profitability, it continues to offer an economic lifeline, particularly were there to be a contraction in the number of government jobs and a dwindling service sector that would compel many to return to the land. With Afghanistan diversifying production into high-quality, low-cost methamphetamine with expanding markets in Africa, the Middle East and Australia, the drugs economy is also much better placed to absorb much larger numbers of people than it was in the 1990s. With an economic crisis pending— a function of COVID-19, drought, sanctions and the Taliban's announcement of a government that will do little to instil the confidence of foreign governments or private investors — there is every likelihood that the drugs economy will gain a growing importance in the livelihoods of many rural Afghans.

The prospect of any ban on drugs by the Taliban are limited. The Taliban leadership recognise the limits of their authority over the countryside and will reflect on their own experience of banning opium in the past, as well as the efforts made by the Karzai and Ghani administrations. It is particularly difficult to believe that many of the Taliban's local commanders would be willing to abandon opium poppy and the financial independence they have gained through its taxation at the behest of a Taliban leadership in Quetta, Peshawar, or anywhere else. Moreover, were they to attempt to force a ban, they would find themselves facing the ire of local farmers.

For the last decade or more, the Taliban has sought to exploit the counternarcotics policies of the Afghan government and western donors, and the perception that crop destruction was at the forefront of their efforts. They have done so to gain the support of farmers by encouraging cultivation with offers to protect the crop. In doing so, the Taliban positioned themselves as protectors of a rural population that faced the threat of crop destruction; they sought to present themselves as a movement that understood the economic needs of their compatriots in the countryside in stark contrast to an Afghan government portrayed as “puppets” of American counternarcotics policy with no regard for the welfare of the population. It is



hard to see how a Taliban leadership, and in particular local commanders and soldiers who live among these farming communities, would retain authority and credibility with a rural population that gave them succor during the conflict, were they to about-face and announce a ban on opium production. To do so in the midst of a growing economic crisis would only destabilise Afghanistan further.

## Recommendations

**International actors need to recognise that leverage with the Taliban primarily lies in its trading relationships with its neighbours and the wider region.** Research points to the overwhelming importance of the cross-border trade in legal goods to the revenue of the Taliban. There are significant investments being made to expand cross-border trade, including renegotiation of the Afghanistan Pakistan Transit Trade Agreement, the opening of official crossings between Pakistan and Afghanistan, and facilitating trade between Central Asia and Pakistan via Afghanistan, many supported by bilateral and multilateral donors. These are initiatives that can benefit both the Afghan population but also the Taliban regime, the implications of which need closer consideration.

**There is no place for conditioning development assistance on the agreement that reductions in drug crop cultivation take place; it does not work.** The lessons learned from the experiences of the Taliban prohibiting opium production in 2001, and the subsequent bans implemented under the Karzai governments, need to be applied. International donors should give greater focus to tackling drugs use and addressing the most deleterious effects of organised crime along the supply chain.

**The structure and analytical capacity of the UNSMT needs reforming.** The UNSMT lacked the analytical capacity to advise member states of the amounts earned by the Taliban. It relied far too heavily on the official narratives of governments and the views of UN agencies and failed to draw on in-depth research on the workings of the Afghan economy, including geospatial analysis. In the likelihood of continued sanctions and the need for monitoring how future humanitarian aid and development monies are spent, there is need for an immediate review of the UNSMT's capacity so that it can adequately fulfil its function.

**More broadly, scholarly articles and media work on Taliban funding lack rigour and need to be challenged by officials.** Too often, these estimates are speculative and fail to account for the high cost of doing business in FCAS, resulting in grossly exaggerated estimates of rebel funding. Hearsay and rumour, even when in published peer-reviewed journals, is not a substitute for rigorous in-depth research. In the case of Afghanistan, much of the data on Taliban funding have been misleading and helped shape policies that have alienated the rural population and left donors blind to the risks to the Afghan Republic and ill-equipped to counter the rise of the Taliban as a political and military force. Officials need to be much more discerning consumers of data and the methodologies deployed to generate it, investing in more robust methods where required.

## Request for Feedback

AREU is very interested to hear from its research users. Whether you are a regular reader of our publications, have attended an AREU lecture or workshop, use the library, or have only just become familiar with the organisation, your opinions and feedback are valuable. They can help us deliver on our mandate as best we can by informing our approach to research and the way we communicate results. The easiest way to provide feedback is to email [areu@areu.org.af](mailto:areu@areu.org.af).

Alternatively, you can call +93 (0)799 608 548. You are free to tell us what you like, but some potentially useful information is:

- How you engage with AREU (i.e., through publications, meetings, etc.)
- What you use AREU research for
- How you receive AREU publications
- Whether you use hard or soft copy versions
- How publications could better present information to you
- Your thoughts on our research processes or results
- Suggested areas of research
- Your favourite AREU publications or events
- What you believe we could do better
- Your field of interest, employment or study, as well as location

## Recent Publications from AREU

All publications are available for download at [www.areu.org.af](http://www.areu.org.af), and most in hardcopy for free from the AREU office in Kabul.

Date	Publication Name	Author	Available in Dari	Available in Pashto	Research Theme	Publication Type
June 2021	Understanding Men and Masculinities: Towards Creating Egalitarian Gender Relations in Afghan Society	Munazza Ebtikar	✓	✓	Gender Studies	Case study
February 2021	JUDICIAL INDEPENDENCE IN AFGHANISTAN: LEGAL FRAMEWORK AND PRACTICAL CHALLENGES	Shoab Timory			Legal Studies and Constitutional Review	Issues Paper
February 2021	JUDICIAL INDEPENDENCE IN AFGHANISTAN: LEGAL FRAMEWORK AND PRACTICAL CHALLENGES	Shoab Timory			Legal Studies and Constitutional Review	Policy Note
February 2021	Drugs and development in Afghanistan National policy and actor analysis	Adam Pain, Kaweh Kerami, Orzala Nemat			Governance and Political Economy	Working paper
December 2020	In War, No One Distributes Sweets ASSESSING TRANSITIONAL JUSTICE RESPONSES & APPROACHES IN POST-2001 AFGHANISTAN	Dr. Orzala Nemat, Dr. Srinjoy Bose				
December 2020	Jangul		✓	✓		Comic Book
October 2020	Solidarity, Strength and Substance: Women's political Participation in Afghanistan	Anna Larson, Noah Coburn			Gender Studies	Issues Paper
September 2020	Catapults, Pickups, and Tankers: Cross-Border Production and Trade and How It Shapes the Political Economy of the Borderland of Nimroz	David Mansfield			Governance and Political Economic	Issues Paper

September 2020	Women's Participation in the Afghan Peace Process: A Case Study	Shukria Azadmanesh and Ihsanullah Ghafoori	✓	✓	Gender	Case Study
July 2020	Gender Alert on COVID-19 in Afghanistan   Issue XII: The Impact of COVID-19 on Women Affiliated with Opium Poppy Cultivation				Gender	Newsletter
July 2020	Mules, Pick-ups and Container Traffic: Cross-Border Production and Trade and the Shaping of the Political Economy of Nangarhar	David Mansfield			Governance and Political Economy	Issues paper
June 2020	When the Water Runs Dry: What is to be done with the 1.5 million settlers in the deserts of southwest Afghanistan when their livelihoods fail?	David Mansfield	✓	✓	Natural Resources management	Briefing Paper
May 2020	The Helmand Food Zone: The illusion of Success	Shahlla Matin			Natural Resources Management	Policy Note
May 2020	Surface-groundwater interaction in the Kabul region basin	Najibullah Sadid			Natural Resources Management	Policy Note
April 2020	When the Water Runs Out: The Rise (and Inevitable Fall) of the Deserts of Southwest Afghanistan and its Impact on Migration, Poppy and Stability	David Mansfield		✓	Natural Resources Management	Synthesis Paper
April 2020	Surface-groundwater interaction in the Kabul region basin	Najibullah Sadid		✓	Natural Resources Management	Issues Paper
March 2020	Can the Afghan state intervene successfully in the conflict between nomads and settlers?	Dr. Antonio Giustozzi	✓	✓	Natural Resources Management	Policy Note





**Afghanistan  
Research and  
Evaluation Unit**

All AREU publications can be downloaded from our website ([www.areu.org.af](http://www.areu.org.af)). Many are also available for free in hardcopy from the AREU office in Kabul.

Phase A, Street 1, District 10,  
Shar-e Naw  
Kabul, Afghanistan  
Phone: +93 (0) 799 608 548  
Email: [areu@areu.org.af](mailto:areu@areu.org.af)  
Website: [www.areu.org.af](http://www.areu.org.af)

ISBN 978-9936-641-75-4

