

Crime and Insurgency

in the Tribal Areas of
Afghanistan and Pakistan



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HARMONY PROGRAM

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Cover Photo: A Pakistani Taliban militant stands near a signboard of a police station repainted to say 'Taliban Station' in Matta, a town in the Swat Valley, 18 November 2007. Reproduced with permission from STR/AFP/Getty Images

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Gretchen Peters

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LIST OF ACRONYMS

| | |
|------|---|
| FATA | Federally Administered Tribal Areas (Pakistan) |
| HIG | Hizb-e-Islami Gulbuddin |
| HQN | Haqqani Network |
| HuJI | Harakat-ul-Jihad-al-Islami |
| IED | Improvised Explosive Device |
| IJU | Islamic Jihad Union |
| IMU | Islamic Movement of Uzbekistan |
| ISI | Inter-Services Intelligence Directorate (Pakistan) |
| JDQ | Jamaat-ud-Dawa al-Qurani Walsunna |
| KPP | Khyber Pakhtunkhwa Province (Pakistan, formerly the NWFP) |
| LT | Lashkar-e-Taiba |
| LI | Lashkar-e-Islami |
| NATO | North Atlantic Treaty Organization |
| NDS | National Directorate of Security (Afghanistan) |
| PKR | Pakistani Rupees |
| QST | Quetta Shura Taliban |
| QZG | Qari Zia Group |
| SIM | Shura Ittihad-ul-Mujahideen |
| TTP | Tehrik-e-Taliban Pakistan |
| TTS | Tehrik-e-Taliban Swat |
| TNSM | Tehrik-e-Nifaz-e-Shariat-e-Muhammadi |
| UAE | United Arab Emirates |

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EXECUTIVE SUMMARY

Insurgent and terror groups operating in the tribal areas of Afghanistan and Pakistan are deepening their involvement in organized crime, an aspect of the conflict that at once presents enormous challenges and also potential opportunities for Coalition forces trying to implement a population-centric counterinsurgency (COIN) strategy. Within a realm of poor governance and widespread state corruption, anti-state actors engage in and protect organized crime—mainly smuggling, extortion and kidnapping—both to raise funds and also to spread fear and insecurity, thus slowing the pace of development and frustrating attempts to extend the rule of law and establish a sustainable licit economy. Militant groups on either side of the frontier function like a broad network of criminal gangs, not just in terms of the activities in which they engage, but also in the way they are organized, how funds flow through their command chains and how they interact—and sometimes fight—with each other. There is no doubt that militant groups have capitalized on certain public grievances, yet their ties to criminal profiteering, along with the growing number of civilian casualties they cause on both sides of the frontier, have simultaneously contributed to a widening sense of anger and frustration among local communities. Through a series of focused and short anecdotal case studies, this paper aims to map out how key groups engage in criminal activity in strategic areas, track how involvement in illicit activity is deepening or changing and illustrate how insurgent and terror groups impose themselves on local communities as they spread to new territory. It is hoped that a closer examination of this phenomenon will reveal opportunities for disrupting the problem, as well as illustrate how Coalition forces, the international community and moderate Muslim leaders might capitalize on an untapped public relations opportunity by better protecting local communities who are the main victims of it.

Main Findings

- Organized crime funds the militants—as well as profiting corrupt state actors and regional power brokers—amplifying and sustaining the conflict by spreading insecurity and graft, slowing development and reinforcing perceptions that local governments are weak and ineffectual.

- The insurgency's involvement in organized crime presents an untapped opportunity within the wider COIN campaign. While there have been laudable efforts by the Coalition to reduce civilian casualties and to disrupt militant violence, military forces stand to further improve community relations by better protecting locals from widespread crime.
- Coupled with increased levels of violence, militant ties to crime have prompted growing numbers of local civilians to question the stated religious, political and ideological motives of the insurgents. To the extent that Coalition and local security forces and officials are seen as improving governance, they could capitalize on widening disillusionment with a strategic communications campaign that highlights the predatory behavior of the militants.
- As with criminal gangs and mob families in other parts of the globe, rivalries over criminal profits create structural weaknesses within and between insurgent and terror groups in the Afghanistan/Pakistan frontier. These structural weaknesses could be exploited in order to disrupt funds reaching militant coffers and to degrade levels of militant cooperation.

Afghanistan

- The Afghan Taliban, or Quetta Shura Taliban (QST), has reshuffled its command structure and issued a new Code of Conduct to exert control over unruly sub-commanders, streamline the flow of drug and other criminal funds and attempt to improve relations with Afghan civilians. These initiatives have not been entirely successful, although the QST does receive widespread praise for its shadow justice system, and for its practice of punishing its own commanders.
 - The QST increasingly behaves like a traditional drug cartel. Apparently seeking higher profit margins, the QST now focuses less on taxing poppy farmers, having turned its attention to the more profitable processing and exporting end of the business.
 - Taliban leaders now demand that money earned from extortion and narcotics flows direct into central coffers instead of being controlled by district-level commanders.
- The Haqqani Network (HQN) appears to collaborate closely with the Pakistani Taliban and al-Qa'ida, both in terms of launching terror attacks and, specifically with the Pakistani Taliban, engaging in illicit activity, particularly kidnapping.

Abduction may be the HQN's largest revenue-earner. The group also protects smugglers and extorts businesses in its control zones.

- Hezb-e-Islami Gulbuddin (HIG) protects the smuggling of lootable resources in the east, competing for business against local groups tied to al-Qa'ida.
- All three insurgent factions launched operations in Afghanistan's north in 2009. The manner in which insurgents set about raising funds and fought over revenue streams illustrates the financial motives behind their tactics.

Pakistan

- A web of interlocking strategic and economic bargains prompt factions of the Tehrik-e-Taliban Pakistan (TTP) to collaborate for the purposes of launching attacks and engaging in organized crime. However, internal squabbles have prevented the TTP from presenting a unified front. Many inter-group disagreements were reportedly about money.
 - While some factions appear to command powerful criminal empires, others seem to be struggling for cash.
 - There appears to be sporadic cooperation on organized crime between members of the TTP alliance and other groups, and indications that some criminal proceeds are sent up the command chain to the TTP emir. Money and technical expertise also flow between groups.
- The Afghan Taliban has tried to manage and shape the TTP's trajectory by supporting alliances, such as the Shura Ittihad-ul-Mujahidin, yet there are a number of indications that the TTP—through its violent acts and criminal activity—is tarnishing and threatening the Afghan “Taliban” brand name.
- Evidence that Pakistani Taliban and Afghan actors, such as the Haqqani Network, are cooperating on criminal and military activities contradicts Pakistani efforts to make a distinction between “good” and “bad” Taliban.
- Al-Qa'ida appears to have co-opted some Pakistani extremist groups previously under the wing of Pakistan's spy agency, the Inter-Services Intelligence (ISI). While there is little evidence directly linking al-Qa'ida to criminal activities there are widespread indications the group is gaining influence over local militant outfits, including the TTP, which often rely upon criminal enterprises for funding.

INTRODUCTION

Amid efforts to develop a population-centric strategy in the Afghanistan and Pakistan war theaters, North Atlantic Treaty Organization (NATO) commanders, local officials and members of the international community working to stabilize the region routinely overlook the extent to which local civilians are victimized and frustrated by illicit activities carried out by insurgents, extremist groups and the local gangsters with which some radical Islamists associate. The tribal areas of Afghanistan and Pakistan are not the first conflict zone where organized crime has become a major destabilizing factor. Wartime networks in Bosnia, for example, morphed into political criminal networks that were tied to tax evasion, smuggling, and human trafficking, according to a 2000 U.S. government study.¹ Ties between the Kosovo Liberation Army and Balkan smuggling networks also slowed efforts to stabilize Kosovo.² In a more recent case, organized crime in post-Ba'athist Iraq became the "unrecognized joker in the pack," as Phil Williams put it, funding al-Qa'ida and Jaish-al-Mahdi, as well as a number of Sunni tribes that initially fought U.S. forces.³ Whether it is drug trafficking, kidnap for ransom, robbery, extortion, smuggling or protection rackets, organized crime not only helps fund anti-state actors across the region, it is also a key element of their asymmetric warfare campaign, spreading instability and fear. While the insurgency's ties to crime create many challenges, they simultaneously present opportunities for the International Coalition and the Afghan and Pakistani governments.⁴ A better understanding of the criminal-insurgent relationship is therefore critical in order to define and target enemy networks, and to disrupt whatever political capital insurgents gain from this activity.⁵

¹ U.S. House of Representatives, Committee in International Relations, *Bosnia: Crime and Corruption Threaten Successful Implementation of the Dayton Peace Agreement*, Testimony by Harold J. Johnson, 19 July 2000, pg. 3.

² For more detail, see United Nations Office of Drugs and Crime, "Crime and its Impact on the Balkans and Affected Countries" (March 2008), http://www.unodc.org/documents/data-and-analysis/Balkan_study.pdf.

³ Phil Williams, "Criminals, Militias and Insurgents: Organized Crime in Iraq," *Strategic Studies Institute* (June 2009), www.strategicstudiesinstitute.army.mil/pdf/pub930.pdf.

⁴ Scholars have characterized insurgent involvement in illicit activity as being a double-edge sword. See John T. Picarelli and Louise I. Shelley, "Organized Crime and Terrorism," in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkhunus (Palo Alto, CA: Stanford University Press, 2007), 39-55.

⁵ Quote from letter to the National Security Advisor, General James Jones, from the Senate Select Committee on Intelligence, see Catherine Collins and Ashraf Ali, "Financing the Taliban: Tracing the

Perhaps the most significant challenge is that the complex relationship between insurgent actors and illicit activity serves to amplify and sustain the insurgency in both Afghanistan and Pakistan, seriously undermining the authority of both governments. To understand the immense challenge that organized criminal activity presents, it is important to acknowledge a relevant and growing body of academic literature on the role of organized crime in recent cases of insurgency and civil conflict. This literature probes the effect of illicit economies on military conflict and how the various factors influencing criminality can alter the trajectory of belligerent groups, such as the Fuerzas Armadas Revolucionarias de Colombia, or FARC. There is good reason to give this scholarship close attention and to examine the motives conflict actors may have for sustaining conflict. A well-known World Bank study by James Collier and Anke Hoeffler provides reasons to question the assumption that insurgent actors are driven solely by political grievances, showing that economic motivations also play a key role in sustaining disorder.⁶ James Fearon's 2004 study found that conflicts in which the actors depended upon "valuable contraband" lasted five times longer than other conflicts on average.⁷ As the current phase of the war in Afghanistan pushes into its ninth year, it is now more pertinent than ever to study the economic drivers of this conflict.

Collier and Hoeffler's analysis suggests that greed is a causal factor driving a majority of contemporary non-state armed actors, and there is reason to apply this assessment to the Afghan conflict. Historical assessments of the Taliban's rise note the key role that Pashtun trucking groups and smugglers played in first bankrolling the group, and by most accounts the Taliban were deeply involved in protecting the opium trade before foreign troops arrived in 2001. This report documents the continuation of those ties and explores the integrated relationship between other insurgent and criminal actors in the tribal areas of Afghanistan and Pakistan. While it is not always possible to separate whether non-state armed actors are motivated by greed or grievance, it is often clear

Dollars Behind the Insurgencies in Afghanistan and Pakistan," *Counterterrorism Strategy Initiative Policy Paper* (April 2010).

⁶ Paul Collier and Anke Hoeffler, "Greed and Grievance in Civil War," *Oxford Economic Papers* 56, no. 4 (August 2004), 563-595.

⁷ James Fearon, "Why do Some Civil Wars Last so Much Longer than Others?," *Journal of Peace Research* 41, no. 3 (May 2004), 275-301. This finding is concerning given that the Afghan war is already considered the longest war in U.S. history.

that the balance shifts over time. One can find various indications in this battle space and others where an insurgent group that was first motivated to action for political reasons later found benefits in illicit enterprise—and therefore an additional reason to continue fighting.⁸ The prevalence of organized crime, and the extent to which militant groups appear to be deepening their involvement in it, raises the possibility that certain factions of the insurgency in Afghanistan and Pakistan are motivated more by profit—or, in other words, greed—than the political grievances over which they claim to fight.

Scholars have noted how the motivation of insurgent actors can affect the duration of conflict and complicate efforts to promote stability.⁹ Militant groups on both sides of the Durand Line have capitalized on legitimate political, ethnic and economic complaints held by members of the local community, and there is scant evidence that the low-rank members of insurgent and terror groups operating in the Afghanistan/Pakistan region take up arms in order to enrich themselves, or earn much once they do. At the same time, however, there is clear evidence that the continued state of insecurity richly benefits a small number of elites on both sides of the battlefield, giving *both* corrupt state actors and militant leaders a financial incentive to sustain the disorder, regardless of whether their wider political and other goals have been met. Building a stable civil society and capable government institutions in such contexts will no doubt be difficult. Attempts to eliminate illicit behavior often serve only to stoke the flames of the insurgency, especially when the populace depends on criminal proceeds to survive, and efforts to combat the insurgency may boost demand for criminal actors to supply the insurgents and bribe corrupt local officials. This cycle is difficult to break.

The presence of lootable resources—typically narcotics, timber and gemstones—not only tends to generate substantial economic benefits for insurgent groups, but also can become a critical source of income for civilians in lethally uncertain conflict

⁸ Similar arguments have been made about other terrorist groups, for example Ryan Clarke and Stuart Lee, “The PIRA, D-Company, and the Crime-Terror Nexus,” *Terrorism and Political Violence* 20, no. 3 (Summer 2008), 376-395.

⁹ For example see, Caroline Hartzell, Matthew Hoddie and Donald Rothchild, “Stabilizing the Peace After Civil War: An Investigation of Some Key Variables,” *International Organization* 55, no. 1 (Winter 2001), 183-208; David E. Cunningham, “Veto Players and Civil War Duration,” *American Journal of Political Science* 50, no. 4 (October 2006), 875-892; Mats Berdal and David M. Malone, eds., *Greed and Grievance: Economic Agendas in Civil War* (Boulder, CO: Lynne Rienner, 2000); and Chris Dishman, “Terrorism, Crime, and Transformation,” *Studies in Conflict and Terrorism* 24, no. 1 (2001), 43-58.

environments.¹⁰ All of these lootable resources are abundant in different regions of Afghanistan and Pakistan, and this report confirms their role as an important source of funding for insurgents, especially as they move into new territory. Some scholars have argued that control over such resources, or industries, provides insurgents with opportunities to gain political capital.¹¹ For example, “by protecting the illicit economy, belligerents can protect the local population’s livelihood from government efforts to suppress it.”¹² Such regulation can help an insurgent group to curry favor or gain legitimacy and additional popular support, particularly from those who benefit from the industries being protected. According to Vanda Felbab-Brown, just how much political capital insurgents acquire is dependent upon a number of conditions, such as the nature of the illicit economy and the government’s response to it. This report also finds that the qualitative character of the insurgents’ involvement in these industries can positively or negatively affect how that activity is perceived by the community.

Insurgents in the Afghanistan-Pakistan region rely heavily on kidnapping, extortion and robbery to sustain their coffers and also to spread fear. As John Picarelli and Louise Shelly point out, such activities are attractive to insurgents and terrorists because “they have low barriers to entry and require force but limited skill.”¹³ Engaging in this type of illicit activity serves to reduce their risk by diversifying their income streams and increasing their financial liquidity.¹⁴ At the same time, kidnapping, attacks on supply convoys and widespread protection rackets have dramatically increased security and other costs for the Coalition, local governments and international organizations working in the region, slowing the pace of development and reconstruction and spreading the perception that local governments are weak and ineffective. The vicious cycle of development projects and businesses that pay protection to insurgents, who then use the funds to buy explosives and attack Coalition troops, creates a moral hazard for the international community and contributes to a self-sustaining war.

¹⁰ Karen Ballentine and Jake Sherman, eds., *The Political Economy of Armed Conflict: Beyond Greed and Grievance* (Boulder, CO: Lynne Rienner Publishers, 2003); Berdal and Malone.

¹¹ Vanda Felbab-Brown defines political capital as being comprised of legitimacy and popular support. See Vanda Felbab-Brown, *Shooting Up: Counterinsurgency and the War on Drugs* (Brookings Institution Press, 2010).

¹² *Ibid.*, 17.

¹³ Picarelli and Shelley, 39-55.

¹⁴ *Ibid.*

Most critically of all, organized crime fuels corruption, the single biggest obstacle to stabilizing the region.¹⁵ Academic research shows that more “veto players” complicate efforts to end civil wars.¹⁶ Corrupt state actors have no incentive to improve governance, and they rob their governments of critical revenue. According to a January 2010 report by the United Nations Office on Drugs and Crime (UNODC), Afghans paid \$2.5 billion in bribes in 2009, or about 23 percent of that country’s GDP.¹⁷ Meanwhile, the monitoring group Transparency International reported in 2009 that corruption in Pakistan shot up 400 percent, with police perceived as the most corrupt sector within government.¹⁸ Critics of the U.S.-led plan to stabilize the region note that anti-corruption efforts typically must come from within a nation’s political order to succeed, forming probably the greatest strategic challenge for NATO military commanders trying to implement a COIN strategy with often-unreliable local partners.¹⁹

Despite the advantages it brings, however, organized criminal activity, along with the exploding levels of violence caused by insurgents and terror groups, has also prompted growing numbers of civilians on both sides of the Afghanistan/Pakistan frontier to question the stated religious, political and ideological motives of the militants, possibly creating a yet untapped opportunity. Anti-state actors in this region have long portrayed themselves as impoverished mujahidin, battling under the flag of Islam and living off the alms of ordinary civilians who support them. A 2009 statement by the Taliban’s number two, Mullah Baradar, who was detained in Pakistan in February 2010, expresses the typical rhetoric heard from militants on both sides of the frontier:

This pious and patriotic people have offered tremendous material and soul sacrifices in the way of their sacred objectives. The mujahidin have not chosen

¹⁵ As Phil Williams notes, criminal networks functions both as creators and exploiters of corruption. See Phil Williams, “Transnational Criminal Networks,” in *Networks and Netwars: The Future of Terror, Crime and Militancy*, ed. John Arquilla and David Ronfeldt (RAND, November 2001).

¹⁶ Cunningham.

¹⁷ United Nations Office of Drugs and Crime, “Corruption in Afghanistan” (January 2010), <http://viewer.zmags.com/publication/8515c039#/8515c039/1>.

¹⁸ “Pakistan: National Corruption Perception Survey 2009,” *Transparency International*, 17 June 2009, http://www.transparency.org/news_room/latest_news/press_releases_nc/2009/2009_06_17_pakistan_cps_2009.

¹⁹ See, e.g., Ben Heineman, “Corruption – the Afghan Wild Card,” *Atlantic Monthly* (2 October 2009).

this path of strife between the truth and the evil to obtain material goals. They have lofty Islamic and nationalist aims.²⁰

Whatever legitimacy such claims may provide, there are growing indications that militant involvement in organized crime, coupled with high levels of terrorist violence, have undermined public support, particularly since local communities—virtually all of them fellow Muslims—are the main victims. While militants may protect some illicit economies—and, in doing so, gain political capital from community members who seek to protect their income source—militant interaction with civilians is also predatory in nature, both in terms of the taxes and protection fees the militants charge, and to the extent that the instability they create hampers the development of licit alternatives. Put another way, members of the local community may at times cooperate with the militants for economic reasons, or out of fear, but that cooperation does not necessarily indicate the militants have been embraced as a popular force. Indeed, in a growing number of districts on both sides of the border, where members of the public openly admit they initially welcomed the insurgents as potential emancipators from corrupt and ineffective governments, the militants are now perceived by many community members as violent gangsters. Recent public surveys confirm these accounts and indicate that approval ratings for the insurgents are dropping on both sides of the Durand Line. Thirty percent of Pakistanis had a favorable opinion of the Taliban in 2009, down from 67 percent in 2008, according to a Pew survey.²¹ Meanwhile, 90 percent of Afghans surveyed in a January 2010 *ABC/BBC News* poll preferred the government of President Hamid Karzai to the Taliban—an increase of eight points over a figure provided a year earlier—while 69 percent, a new high, described the insurgents as the nation’s greatest threat.²² Although some analysts have questioned the high favorability rates that the Karzai government earned in the *ABC/BBC* poll, low and declining levels of public support for the insurgents could be tracked across several polls taken in 2009

²⁰ For the full statement, see “Taliban Deputy Amir – Obama’s New Strategy,” 30 October 2009, <http://www.nefafoundation.org/miscellaneous/nefaAkhund1109.pdf>.

²¹ “Growing Concerns about Extremism, Continuing Discontent with U.S.,” *Pew Research Center*, 13 August 2009, <http://pewglobal.org/reports/pdf/265.pdf>.

²² “Views Improve Sharply in Afghanistan, Though Criticisms of the U.S. Remain High,” *ABC News*, 11 January 2010. This poll was conducted with the BBC and ARD German TV. Poll results can be seen at <http://abcnews.go.com/PollingUnit/afghanistan-abc-news-national-survey-poll-show-support/story?id=9511961>.

in both countries, reaffirming the general accuracy of the *ABC/BBC* poll.²³ Afghan civilians justifiably blame the Karzai government for not protecting the populace against the Taliban, and reproach Kabul for failing to provide jobs and development. At the same time, the public's hostility towards the militants was palpable in dozens of interviews conducted for this paper. Rising levels of public antipathy may account for why the Afghan Taliban appear to be trying to reduce the exploitation of civilians in their control zones, and could explain late 2009 denials by the Pakistani Taliban of involvement in suicide attacks that claimed high numbers of civilian casualties.²⁴

U.S. forces and the NATO Coalition—which also remain unpopular and are similarly blamed for widespread insecurity—could potentially improve levels of community support and capitalize on public disgust towards the militants by developing strategies to protect civilians victimized by organized crime and violence.²⁵ The Pakistan government and military, for example, was able to take advantage of a major shift in public perception toward the Taliban in Swat as part of its successful effort to retake the valley. Local governments, widely perceived as corrupt, could also improve their image by making efforts to stamp out crime and reduce corruption. Separately, rivalries over criminal profits create structural weaknesses within and between insurgent and terror groups in the Afghanistan/Pakistan war theater. Exploiting those rivalries and breeding distrust could serve to degrade levels of militant cooperation and disrupt funds reaching militant coffers. This strategy is risky, however, to the extent that it could

²³ Jean MacKenzie “Are Afghans Really Happy?,” *Global Post*, 23 January 2010. This article notes that there is little empirical evidence of optimism among many ordinary Afghans, suggesting that the numbers could reflect a sense of hope things will improve, rather than expectations. For more detail, see <http://www.globalpost.com/dispatch/afghanistan/100118/afghanistan-opinion-poll>. A 2009 survey by the Asia Foundation also found Afghans to be growing more optimistic, but by a smaller margin. That survey can be seen at <http://asiafoundation.org/resources/pdfs/2009AGpollKeyFindingsFINAL.pdf>. A 2009 survey by the same ABC/BBC/ARD conglomerate tracked dropping confidence levels. That data is found at <http://abcnews.go.com/images/PollingUnit/1083a1Afghanistan2009.pdf>.

²⁴ On 17 November 2009, al-Qa’ida’s video production arm as-Sahab issued a video statement by TTP spokesman Azam Tariq denying responsibility for recent bomb explosions in Peshawar and Islamabad, which he blamed on Pakistan’s Inter-Services Intelligence Directorate and the U.S. contracting firm Xe, formerly known as Blackwater.

²⁵ Six in ten Afghans view the work of the U.S. and the NATO Coalition poorly, according to the *ABC News* poll, although that reflects a 10 percent improvement over last year’s rate. Meanwhile, 64 percent of the Pakistani public regards the U.S. as an enemy, according to an August 2009 Pew survey, while only 9 percent describe it as a partner. See “Growing Concerns about Extremism, Continuing Discontent with U.S.”.

spark internecine violence and contribute to more civilian casualties.

The reasons for the local population supporting, tolerating or opposing illicit activity in the region are complex and varied, but they remain central to disrupting the criminal-insurgent relationship. The work of Felbab-Brown serves an important reminder that sometimes programs designed to stop the flow of funds to insurgents, such as poppy eradication campaigns, could end up strengthening them and the local support they derive.²⁶ Effective solutions to these multi-faceted challenges require an improved understanding of the criminal-insurgent nexus and the landscapes upon which this activity transpires. To that end, and as a fundamental starting point, this report aims to map out how militant anti-state actors located in the tribal areas of Afghanistan and Pakistan engage in and earn from criminal activity.²⁷ This monograph does not intend to present an encyclopedic or empirical catalogue of how insurgents and extremist groups engage in organized crime, but rather aims to provide brief anecdotal case-studies that are representative of key organizations operating in areas of strategic concern. Leveraging first-hand accounts, this report examines how these activities are perceived by local community members who live in these areas. Lastly, using the northern Afghan province of Kunduz and Pakistan's Swat Valley and Buner District as mini case-studies, this report explores how local Taliban and other militants established their criminal enterprises and began to earn off local communities immediately upon pushing into new territory. It is hoped that this study will bring some clarity to an extremely complex phenomenon and prove useful to those developing policies and plans for the Afghanistan/Pakistan region.

²⁶ Felbab-Brown.

²⁷ For additional perspectives, see Catherine Collins and Ashraf Ali, "Financing the Taliban: Tracing the Dollars Behind the Insurgencies in Afghanistan and Pakistan," *Counterterrorism Strategy Initiative Policy Paper* (April 2010); Arabinda Acharya, Syed Adnan Ali Shah Bukhari, and Sadia Sulaiman, "Making Money in the Mayhem: Funding Taliban Insurrection in the Tribal Areas of Pakistan," *Studies in Conflict and Terrorism* 32, no. 2 (2009), 95-108; Thomas H. Johnson, "Financing Afghan Terrorism: Thugs, Drugs, and Creative Movements of Money," in *Terrorism Financing and State Responses: A Comparative Perspective*, ed. Jeanne K. Giraldo and Harold A. Trinkhunas (Palo Alto, CA: Stanford University Press, 2007), 93-114.

Methodology and Caveats

Information presented in this report has been compiled mainly from local community members in areas where insurgents and extremists operate. There are advantages and drawbacks to field-based research in a conflict zone, and there are particular challenges associated with the Afghanistan/Pakistan border areas, many parts of which are inaccessible to foreign and local researchers alike. Members of the community are able to provide a level of immediacy and intimacy that few outsiders would be able to attain on their own, but reliance on their largely anecdotal information also makes the data presented herein harder to corroborate. Given this limited access, it is also difficult to establish how representative the views expressed by those interviewed are of the broader population. Complicating matters further, examining illicit activity is a challenging prospect in any environment, since most crime goes unreported and criminal actors tend to lie.

There is no way to compensate for these issues entirely, but each case study presented in this report has either been corroborated by Afghan, Pakistani and Western officials or the media and other open source reporting, or was recounted by enough sources to be considered generally accurate. Despite the fact that ten different local researchers, few of whom had any contact with each other, interviewed civilians across the conflict zone in two countries, they found a striking similarity in responses, both in terms of the types of criminal exploitation civilians suffered, as well as their quiet state of rage and frustration about the problem.

The U.S. Military also shared with the author a raft of declassified documents seized in Afghanistan and stored in the Harmony database, which also served to corroborate local reporting. Readers should be aware that analyzing such data is fraught with risk. Documents in the Harmony database were collected on the battlefield unscientifically. There is no way to know how representative documents captured by U.S. forces are of the larger body of information produced by the Taliban or other insurgents. Likewise, the vast database in which they are stored is imperfect and virtually impossible to search systematically. Readers and researchers should therefore be wary of drawing conclusions solely from these documents.

Organization of the Report

This report is divided into two main sections—Afghanistan and Pakistan—with each being further organized by sub-geographic area and the militant groups predominately active in those specific regions. Such territorial boundaries are in no way confining in actuality, since the sphere of operations of militant groups can never be confined to one specific agency, district or province. Cases of overlapping membership, foreign advisors who operate within local insurgent fighting units and the cross-border, intra-provincial relations between the various militant factions further contribute to the complexity of the subject matter. This report is not an exhaustive exploration of all militant groups operating in Afghanistan and Pakistan; for the sake of brevity and analytical focus, the report intentionally disregards smaller and less active militant entities. Section I of the report explores the criminal activities of the three main factions of the Afghan insurgency: the Quetta Shura Taliban (QST), the Haqqani Network (HQN) and Hizb-e-Islami Gulbuddin (HIG). It pays particular attention to the significant ways in which the QST has revamped its command structure and streamlined the way money flows into central coffers. Section II reviews the activities of a number of militant groups along the eastern side of the Durand Line, including the five main factions of the Tehrik-e-Taliban Pakistan, known by its Urdu acronym the TTP. To a lesser extent, it also examines other local, regional and international extremist groups, including Tehrik-e-Nifaz-e-Shariat-e-Muhammadi (TNSM), Harakat-ul-Jihad-al-Islami (HuJI), the Qari Zia Group (QZG), Lashkar-e-Islami (LI), the Islamic Movement of Uzbekistan (IMU), the Islamic Jihad Union (IJU), al-Qa’ida and Lashkar-e-Jhangvi.

Note on Transliteration

Transliteration of the short vowel “e” follows *Encyclopaedia Iranica* guidelines.²⁸

²⁸ For reference see <http://www.iranica.com/pages/guidelines>.

SECTION I: AFGHANISTAN

In parallel to U.S.-led efforts to reshape NATO strategy in Afghanistan,²⁹ Mullah Mohammed Omar, the leader of the Quetta Shura Taliban (QST) also altered his tactics, ordering his commanders to avoid killing locals or damaging their property in what could be seen as a population-centric approach, Taliban style. Central to this new approach was the 2009 release of the Taliban's thirteen-chapter Code of Conduct, which instructed its sub-commanders to treat villagers fairly, broadened its shadow government and its *Sharia* court system that settles local disputes, and appointed provincial-level commissions where civilians could bring complaints about local commanders.³⁰ The Code of Conduct represented a tacit acknowledgement by the QST leadership that its violent tactics had become a strategic risk for the insurgency. But while the "population-centric" aspects of the QST's shadow government have received attention from academic and military circles, as well as from the media, there has been less focus on a separate motivation Mullah Omar may have had for revamping strategy and tightening his grip on the sometimes-fractious insurgency he commands. As much as the Taliban Code of Conduct could be interpreted as a "hearts and minds" campaign, it can also be seen as an effort by Mullah Omar to increase his control over funds raised through illicit activity. Indeed, in addition to attempting to bring unruly village-level Taliban commanders into line, the new strategy gives lower-ranking insurgents fewer opportunities to earn money at the ground level, thus making the commanders more dependent on the Taliban's ten-man ruling council, or *Shura Majlis* (referred to as the Quetta Shura), for funding. Various chapters of the decree appear aimed at limiting local commanders from taking their own decisions or earning funds at the local level, instead ceding all authority to the provincial commissions and the Taliban supreme leadership. These initiatives appear to have been effective despite the February 2010 arrests of key Taliban officials in Pakistan, which briefly led to conjecture that the Taliban's shadow government would be significantly disrupted. It is worth noting that the Taliban's influence and reach has spread dramatically in the past 18 months, with

³⁰ An English language translation of the Code can be found at: <http://www.pbs.org/wgbh/pages/frontline/obamaswar/etc/mullahomar.pdf>.

some 80 percent of Afghanistan witnessing at least some insurgent activity and as much as one-third of the country under tight Taliban control for much of 2009.³¹

In addition to evaluating the Taliban's streamlined system, this section also examines how various components of the QST, as well as other Afghan insurgent groups, raise funds through organized crime. The three separately commanded factions of the Afghan insurgency—the QST, the Haqqani Network (HQN), and Hizb-e-Islami Gulbuddin (HIG)—appear to be well-funded, and the array of criminal activities in which their fighters have participated in recent years have widened as fresh opportunities to raise funding presented themselves. While the opium trade likely provides the largest percentage of income for the QST in southern and western Afghanistan, where the bulk of the country's poppy crop is cultivated and later refined into narcotics, insurgents also appear to have deepened their involvement in other illicit activities, mainly kidnapping, "taxing" the traffic of legal commodities and extorting local businesses and development projects. In parts of Afghanistan where there is little or no poppy grown, insurgents seem to rely more heavily on kidnapping, shakedowns and protecting other smuggled goods, ranging from timber and gemstones to people and legal goods like tires and cooking oil.

The Haqqani Network, based in southeastern Afghanistan and named for the legendary mujahidin leader Jalaluddin Haqqani, appears to depend heavily for funding on kidnapping schemes run in collaboration with factions of the Pakistani Taliban.³² The Hizb-e-Islami Gulbuddin, which operates mainly from eastern and northeastern Afghanistan, collaborates with traffickers and traders to protect licit and illicit commodities smuggled from its control zones, but there are fewer reports of HIG commanders engaging in abduction for ransom schemes.³³ In some areas, the HQN and

³¹ Personal interview by author with David Kilcullen, Washington D.C., 27 October 2009.

³² Author's interviews, Arlington, VA, 26 October 2009 and by telephone, 10 November, 2009; Ashraf Ali, "Pakistani Criminals, Taliban See Easy Cash in Kidnapping," *San Francisco Chronicle*, 13 July 2008. For a detailed account of an abduction on the Afghan side of the border, in which the victims were taken to Pakistan and shifted among compounds belonging to the Pakistani Taliban and the Haqqani network, see David Rohde, "Held by the Taliban," *New York Times*, 17 November 2009, <http://www.nytimes.com/2009/10/18/world/asia/18hostage.html>.

³³ For a breakdown of HQN and HiG spheres of influence in southeastern Afghanistan, see Sebastien Trives, "Roots of the Insurgency in the Southeast," in *Decoding the New Taliban: Insights from the Afghan Field*, ed. Antonio Guistozzi (New York: Columbia University Press, 2009), 89-100.

HIG factions seem to operate alongside the QST-established shadow regime, neither opposing it nor working within it. In other areas, there are signs of rivalry and cases where the factions have openly battled each other.

Partly in response to the arrival of thousands of U.S. troops in southern Afghanistan, local and foreign militants have become active in greater numbers in the country's north—particularly in provinces like Kunduz and Badghis—where they have immediately set to earning from the local population and collaborating with existing smuggling networks.³⁴ The manner in which QST, HIG and HQN militants began interacting with the local community—collecting taxes and extorting traders and businesses—provides a window into how they operate, and also illustrates how the three factions interact, cooperate and at times compete for dominance.

³⁴ Accounts of the numbers of foreign fighters operating in the north vary. The Kunduz governor, for example, estimated there were about fifteen to twenty Uzbek fighters operating in his province, but civilians put the number at more than one hundred. There was no way to verify the separate claims.



Map 1: General Breakdown of Taliban/Insurgent Areas of Activity in Afghanistan

SOUTHERN AFGHANISTAN

*- Kandahar, Helmand, Zabul, Uruzgan and Other Areas**

Overview: The strongest militant force in southern Afghanistan, the Quetta Shura Taliban, increasingly behaves like a sophisticated criminal cartel, controlling complex extortion and protection rackets and exerting influence over an enormous supply chain of illicit narcotics. Apparently seeking higher profit margins, the QST has also turned its attention to the more profitable processing and exporting end of the opium business. Recently, the QST has taken numerous steps to manage its image and improve relations with local community members, most notably through the 2009 release of its Code of Conduct and the establishment of provincial commissions across most of the country. While these initiatives are viewed positively by some locals, they can also be interpreted as an effort by the leadership to gain control over money flow and key aspects of strategic decision-making.

In the first half of 2009, the Quetta Shura Taliban appeared to be shoring up its political position and making strategic preparations for the surge of U.S. troops. In the early months of the year, Mullah Mohammad Omar, the reclusive one-eyed founder of the movement, named new regional commanders and shuffled the lineup of its executive council. Later, in June, he issued a new Code of Conduct in an apparent attempt both to exert control over unruly Taliban sub-commanders and to improve relations with ordinary Afghans by establishing a civilian shadow government at the local level. Under the new structure, the Taliban also created provincial-level commissions where Afghans could present their requests or complaints to a local council of religious scholars, who then answered back to the executive council.³⁶ The overhaul appears to

* The activities and influence of the Quetta Shura Taliban cannot be confined to several provinces, one geographic area or regional command, but instead are pervasive throughout Afghanistan. At the same time, while the QST is the most prominent and important actor in southern Afghanistan, it is not the only militant actor operating in this area.

³⁶ The Quetta Shura is so named because the Taliban leadership is widely believed to take operate from the western Pakistani city of Quetta, in Baluchistan province. In recent months, there have been open source reports suggesting that the Taliban leadership has shifted to the southern port city Karachi out of

have been both tactical and financial in motive. “The reason they changed their tactics is that they want to prepare for a long-term fight, and for that they need support from the people; they need local sources of income,” said Wahid Muzhdah, a former Taliban official who now tracks the insurgency on the Internet.³⁷ The command overhaul also appeared aimed at stamping out rivalries over local sources of funding, and streamlining how money made its way back to the Quetta Shura, thus giving the leadership more control over sub-commanders and other lower-ranking fighters (discussed further below). “Money is not a problem for them,” said an Afghan provincial governor, “but they are realizing that they need to control it better.”³⁸

A Kinder, Gentler Taliban?

Certain passages in the 2009 Code of Conduct, as well as the updated 2010 version, provide guidelines that aim to minimize the victimization of ordinary Afghans. “The Taliban must treat civilians according to Islamic norms and morality to win over the hearts and minds of the people,” says the new sixty-nine-page Taliban booklet, which was published shortly before the top NATO commander in the country, Gen. David Petraeus, issued guidelines that also urged soldiers to avoid civilian casualties. “All efforts must be made to avoid harming civilians in attacks.”³⁹ While the “hearts and minds” passage of the Code of Conduct has received widespread attention, there has been less focus on a parallel motivation for the new Taliban rulebook: The Code also lays out strict instructions for field commanders on money matters, literally institutionalizing how profits earned from organized crime are to be distributed within the command chain. For example, the Code says that Taliban soldiers are permitted to keep up to 80 percent of whatever “booty” they capture from “an infidel combatant” or Coalition base. But it says that one-fifth of the value or property seized must be transferred to the shadow provincial governor, in much the same way mobsters and gang members must kick a portion of their earnings to their boss. The Code similarly

fear that an intensive U.S.-led drone campaign in the FATA would be extended to Baluchistan to target QST leaders. See for example: Imtiaz Ali, “Karachi Becoming a Taliban Safe Haven?” *CTC Sentinel*, January 2010, p 13. The QST number two, Mullah Baradar, was captured in Karachi in February 2010, followed shortly thereafter by as many as four other Taliban officials in other parts of the country.

³⁷ Alissa Rubin, “Taliban Overhaul Their Image in a Bid to Win Allies,” *New York Times*, 21 January 2010.

³⁸ Afghan official, in personal interview with research assistant, Lashkar Gah, July 2009.

³⁹ Matiullah Achakzai, “Taliban Code of Conduct Seeks to Win Heart, Minds,” *Associated Press*, 3 August 2010.

outlines how to handle shakedowns and extortion fees, banning provincial or district-level Taliban commanders from directly making deals with local businesses and companies. “Disputes on issues related to businesses and companies should be referred to the leadership,” the Code insists. This would suggest the QST is evolving into an organization that more openly functions like a traditional mafia, with strict rules governing criminal earnings, and where the *Shura* has final say in all matters of collecting protection money.

One of the architects behind these reforms was Mullah Agha Jan Mutassim, a close confidant of Mullah Omar who chaired the Taliban’s powerful Financial Council until he was arrested by Pakistani officials in the southern port city of Karachi in March 2010. According to local sources, it was Mutassim, along with the Taliban number two, Mullah Barader (also arrested by Pakistani authorities in 2010), who convinced Mullah Omar of the need to reduce the financial exploitation of the local population by Taliban fighters, arguing that the insurgents risked losing the cooperation of the civilian population.⁴⁰ Afghan officials and tribal sources close to the Taliban say both Barader and Mutassim worried that internecine fighting between Taliban sub-commanders, particularly over money and resources, had become detrimental to the overall strength and unity of the movement.⁴¹ Apparently Mutassim feared a return of the kind of violence that occurred in the early 1990s, when rival mujahidin commanders turned their guns on each other and terrorized local communities across southern Afghanistan.

Before his capture, Mutassim also pressed Omar to purge unruly commanders (discussed further below) and to split from thuggish criminal gangs who cooperate with the Taliban at the village level.⁴² Perhaps even more significantly, Mutassim implemented a series of reforms (discussed further below) that streamline how funds collected at the local level reach the Taliban’s central coffers, meaning he stands to have significant intelligence value in terms of the Taliban’s finances. “He is like the Ashraf Ghani of the Taliban,” said an Afghan official who tracks the Taliban leadership, referring to the former Afghan finance minister who ran for president on a campaign to stamp out graft and who was instrumental, until he resigned from the Karzai

⁴⁰ Personal interviews by research assistant, Kabul, July and August 2009.

⁴¹ Afghan officials, in personal interviews with research assistants, Kabul and Kandahar, July 2009.

⁴² Ibid.

government in 2004, in increasing the amount of tax revenue collected provincially that reached Kabul.⁴³

Provincial Commissions: Dispensing Justice and Consolidating Control

One of the mechanisms the Taliban leadership established to reach out to civilians in 2009 were the provincial-level commissions used to settle local disputes, dispense justice and receive complaints about local insurgent fighters. Local community members interviewed for this paper in various parts of the country said they perceived the commissions, as well the Taliban's separately-run *Sharia* Court system, to be more fair—even if strict and ruthless—than the notoriously corrupt Afghan justice system. The Code of Conduct decrees that Taliban “who commit crimes should be referred to the provincial commission,” which has the right, along with the shadow Taliban governor, “to expel the perpetrator or to accept if the person repents.” As explained by a tribal elder in Ghazni: “They have been going to people in the mosques and saying any Taliban member who shows a sudden increase in wealth has to explain it.” He gave the example of Qari Wali, a Taliban sub-commander who suddenly showed up with a Toyota Corolla outside of Ghazni city. “The commission took his car. He was suspended, and he had to explain how he got the car,” said the elder. It turned out that Wali had agreed to kidnap a member of a rival tribe, using his twenty-man fighting unit to carry out the abduction. The Taliban leadership responded by taking away his command, and reassigning Wali to Helmand province.⁴⁴

One set of documents, apparently obtained from a Taliban field commander by Coalition forces, appeared to include a back and forth from the Taliban commission in Kandahar province warning a commander not to victimize community members:

Dear Lalak, Peace be upon you. Stop your people from bothering the local people. They should do everything according to Sharia [law]. The people are upset from your people. Please talk to your people as soon as possible.⁴⁵

⁴³ Afghan official, in personal interview with research assistant, Kabul, July 2009.

⁴⁴ Interview by research assistant, Ghazni, August 2009.

⁴⁵ Harmony Document AFGP-2009-K0002028. The original and an English-language translation can be viewed and downloaded from the CTC's website, www.ctc.usma.edu.

The Taliban field commander also carried a document naming two insurgent commanders who had been given “the responsibility to collect donations from all the people that have gardens... Stay away from this job, otherwise you will be in trouble.”⁴⁶ In another case, the Taliban commission in Helmand castigated a judge in Musa Qala whom the Taliban had appointed. “One judge was found taking a bribe and the Taliban put black all over his face and tied him to a tree,” businessman Eitadullah Khan was quoted as saying by the Associated Press.⁴⁷ “When he was released, he was fired.”⁴⁸

Such behavior stands in stark contrast to the Karzai government, which has largely refused to investigate accusations of widespread corruption within its ranks. Local community members interviewed for this paper praised the insurgents for their willingness to discipline their own fighters. But some civilians also said they decided to utilize the Taliban justice system partially out of fear, apparently worried about the potential consequences of local Taliban finding they had turned to the local government.

The provincial commissions are also a significant development from a financial management standpoint, having the power to issue decrees using the stamp of the Islamic Emirate of Afghanistan, the official title of the Taliban government.⁴⁹ They help the Quetta Shura maintain control over funds raised at and dispatched to the provinces. Each commission has a political and economic committee, according to locals who have dealt with them, and each gets a set budget, decided by and negotiable with the Quetta Shura. Wardak province, for example, received a budget of about \$36,000 per month through 2009, while more active combat zones like Ghazni and Zabul received as much as \$107,000 monthly, according to a senior Interior Ministry official in Kabul who has seen intercepted Taliban documents outlining the quantities.⁵⁰ The commission controls

⁴⁶ Ibid.

⁴⁷ Kathy Gannon, “Taliban’s Shadow Government Poses Challenge to Election, US Troops,” *Associated Press*, 18 August 2009.

⁴⁸ Ibid.

⁴⁹ Afghan officials, in personal interviews with research assistant, Kabul, July 2009.

⁵⁰ Interview by research assistant, Kabul, August 2009. This information was corroborated in part by an Afghan military intelligence official in Ghazni who confirmed that Taliban commanders in his zone were

how money is earned at the village level in each province, yet the Quetta leadership shuffles commission members on a frequent basis, in what appears to be a bid to prevent any one individual or group from becoming too powerful. It remains to be seen how the February and March 2010 arrests of key members of the ruling *Shura* and provincial Taliban officials will affect this process.

Taliban Command Purge: Bringing Individuals in Line

Mullah Omar also purged a number of commanders, most notably Mansoor Dadullah, who were not following orders sent down by the senior leadership, and—according to some sources—for pocketing too large a share of the money rather than sending it to Quetta.⁵¹ Several years ago, Omar also disciplined Mansoor Dadullah’s notoriously violent elder brother, Mullah Dadullah for similar transgressions. The elder Dadullah was killed in a 2007 firefight in Helmand, amid rumors that rivalries over money led to his death.⁵² A spokesman for the Taliban called the media in late 2007 to announce that Mansoor Dadullah, who had assumed many of Mullah Dadullah’s responsibilities, had been fired “because he disobeyed orders of the Islamic Emirate.”⁵³

The QST leadership also attempted to deal with was the fact that Taliban sub-commanders routinely bickered among themselves over operational issues and competed for funds raised through organized crime at the village level. Researchers for this paper heard of multiple cases where QST commanders across the south were disciplined, demoted, and shifted to new regions, or even pushed out of the group entirely if they were found to be collecting funds in areas outside their assigned control zones, or over-exploiting the local populace. In some areas, the Taliban also distanced itself from local criminal gangs during 2009, although locals and government officials alike say that insurgents continue to subcontract local criminal gangs on an as-needed basis in regions where the insurgents are less dominant or where they are attempting to establish wider control.

receiving budgets worth millions of Pakistani Rupees monthly and by a provincial official of the National Directorate of Security, who confirmed the \$36,000 budget for Wardak province.

⁵¹ Interview by research assistant, Kabul, August 2009.

⁵² For more on this episode, see Gretchen Peters, *Seeds of Terror* (New York: St Martin’s Press, 2009), 127.

⁵³ “Taliban Sacks Key Rebel Commander,” *Agence-France Press*, 29 December 2007.

There are tantalizing indications that efforts to reshuffle Taliban commanders and impose more control over their ability to earn funds independently has partially backfired for the QST leadership, possibly exposing a strategic weakness of the organization. Sources close to the movement told researchers that some QST commanders had rebelled against efforts to rein them in, sometimes violently. In a December 2009 Kabul press conference, Afghanistan's National Security Council appeared to corroborate at least one report, saying the Kabul government had received intelligence indicating that Mullah Omar had sacked two more Taliban commanders in the poppy-rich districts of Arghandab in Kandahar and Gereshk in Helmand. Jamil Bahrami, director of strategy at the National Security Council said some of the command changes "have triggered differences and oppositions among local Taliban commanders," according to a local news report.⁵⁴ The possibility that QST commanders are resisting or even revolting against efforts to cut them off from local funding sources may indicate those specific commanders were more driven by profit motives than political allegiance to the Taliban, and that the new streamlined system could be threatening, rather than strengthening, the Shura's strategic control over its network in some areas. That said it is also a sign that the QST leadership is positioning itself to govern Afghanistan, and in some parts of the country may be doing a more effective job than the Kabul government.

A Mixed Record: Local Perspectives and Enforcement of the Code

While ordinary Afghans complain about criminal victimization, many note that corrupt actors in the Afghan government engage in the same activities. In some ways, the Taliban win praise from local communities, particularly for its village justice system and its practice of punishing its own members. Yet it is important to recognize that the Taliban has neither been entirely successful in implementing its Code of Conduct, nor entirely innocent on the charge of attacking civilians. Indeed, the Taliban's efforts to reach out to civilians were undermined by an increase in suicide bombings, Improvised Explosive Device (IED) attacks and targeted killings by insurgents that were credited by the United Nations with causing 67 percent of the civilian deaths in Afghanistan that year.⁵⁵ Moreover, many Afghans continue to face—or at least perceive—a tangible level

⁵⁴ "Darz Ha Bain-e-Sofoof-e-Taliban Gushaad Tar Migardand," *Arman-e Melli* (in Dari), 23 December 2009.

⁵⁵ A January 2010 report by the UN Assistance Mission in Afghanistan (UNAMA) said the Taliban killed 2.73 times more civilians in 2009 than pro-government forces. UNAMA blamed Taliban insurgents for

of threat if they do not abide by Taliban decrees. There seems to be no let up whatsoever, for example, in the vicious punishments handed out by the insurgents, with locals in the south saying QST commanders continue to hold public executions of anyone suspected of “spying” for the Coalition.⁵⁶ “People cooperate with the Taliban out of fear,” said Abdul Ghani, director of the Afghan National Police’s anti-terrorism department in Ghazni province. “If the Taliban sense the slightest whiff of espionage by local individuals, they instantly kill those people without any mercy.”⁵⁷ When U.S. Marines pushed into Mian Posteh in Helmand province, villagers initially refused to frequent the bazaar the American troops cleared, saying the Taliban had threatened to chop off their heads if they did. “There are Taliban everywhere,” village elder Haji Fada Mohammed told the Marines. “If I tell you who they are, I will be in danger.”⁵⁸

Managing their Image: The Taliban as Impoverished Holy Warriors?

To manage public perceptions and to minimize association with illicit activity, Taliban members routinely cast themselves as poor mujahidin, living off the alms of the people, with no ambition other than driving out foreign “invaders” and establishing *Sharia* law. In one statement, posted on a jihadi website in July 2009, an alleged Taliban fighter in the south claimed: “If the people from the villages would not have fed us we wouldn’t have the money to feed ourselves.”⁵⁹ This deliberate strategy may be intended to facilitate donations from the Gulf and also to disguise militant involvement in crime. It is also likely geared to give the perception that political and ideological grievances, and not profit, are the main goals of the resistance. Closer inspection of the QST activities would appear to indicate greed plays a strong role in determining Taliban activity, however.

The Taliban ferociously rejects any suggestions it is receiving funding from foreign

1,630 civilian deaths (67 percent of the total recorded deaths) in 2009, a 41 percent increase on 2008, when 1,160 deaths, or 54 percent, were attributed to the insurgents. For detail see “Afghanistan: Over 2,400 civilian deaths in 2009 – UNAMA,” IRIN, 13 January 2010, <http://www.irinnews.org/Report.aspx?ReportId=87716>.

⁵⁶ Personal interviews by research assistant, Lashkar Gah and Kandahar, July 2009.

⁵⁷ Personal interview by research assistant, Ghazni, July 2009.

⁵⁸ Ann Scott Tyson, “In Helmand, Caught Between U.S., Taliban,” *Washington Post*, 15 August 2009.

⁵⁹ For the full statement, see “Jihadi Discussion Forum Posting Claims Taliban in Desperate Need of Money,” *NEFA Foundation*, 7 July 2009, www.nefafoundation.org/miscellaneous/nefa_talibanmoney0709.pdf.

governments, such as Pakistan, Iran and Gulf nations. Despite the clear evidence of the QST's close ties to drug smugglers in southern Afghanistan and western Pakistan, Taliban leaders also publicly deny their involvement in the country's \$4 billion poppy trade. When asked by a Western interviewer about massive opium stockpiles that were seized in Musa Qala after NATO forces retook the town from the Taliban in 2007, spokesman Zabiullah Mujahid responded:

The Taliban are not trading in opium. The Taliban want to fight their enemy and defeat them. Those who are dealing in opium are others, smugglers with nothing to do with the Taliban. As to those who were keeping the opium, the Taliban did not have any authority over them. The Taliban are against drugs. During the Taliban regime, the whole of Afghanistan was drug-free; at the time, nobody would dare to keep even a *mon* [7 kilograms] of drugs in their houses.⁶⁰

Mujahid was partially accurate. The Taliban as an organization did not at first trade in opium per se, but commanders have protected, taxed, and collaborated closely with smuggling groups that do since the Taliban first emerged in the early 1990s. The spokesman's statement also obscured the fact that the Taliban permitted and taxed the cultivation and trade in opium poppy from 1996 to 1999, only banning farmers from growing poppy in the year 2000.⁶¹ That year, Taliban officials continued to tax opium markets selling stockpiles of opium gum and also collected revenue at drug refineries.

QST Increasingly Engaged in Processing and Exporting Narcotics

Western estimates of the QST's annual earnings from narcotics vary by hundreds of millions of dollars. Although most analysts agree that it is not possible to determine precisely how much the QST earns from opium, nor estimate what portion of its total budget comes from narcotics, senior U.S. military intelligence officials and members of the Afghan Threat Finance Cell, an interagency body tracking Taliban finance, believe the Afghan insurgency is now self-financed and that narcotics likely represents the

⁶⁰ For the full statement, see "Exclusive Interview with Taliban Spokesman," *NEFA Foundation*, 4 January 2008, www1.nefafoundation.org/miscellaneous/nefatalibanintvu0108.pdf.

⁶¹ For further detail, see United Nations International Drug Control Program, "Afghanistan Opium Survey 2001"; Peters, Ch. 3.

largest portion of QST funding.⁶² The Taliban profits from the opium trade in four main sectors: by taxing poppy farmers 10 percent (*ushr*) of their farm output; by charging fees to protect opium shipments and heroin refineries; by taxing and, increasingly, running their own drug labs; and by collecting large cash payments made to the Quetta Majlis by major trafficking groups. Of these sums, tax collected from the farmers appears to represent the smallest portion of the insurgents' take, and these earnings by and large remain at the village level. Sub-commanders often collect opium in kind, later reselling what they collect to local agents in order to cover their own operational costs.

Following the arrests of a number of leading Afghan drug traffickers, senior Taliban commanders in the south appear to be taking a broader role in the drug trade, moving into the more profitable processing and exporting end of the business, and shifting their focus off of taxing poppy farmers and drug convoys. This shift in focus from farm-level taxation to the processing and exporting end of the drug trade indicates that the QST is behaving more like a drug cartel. U.S. law enforcement and military officials are now tracking more than three-dozen separate smuggling operations, many of which appear to answer directly to the QST.⁶³ "To separate the drug smugglers from the insurgency in the south is now almost impossible," said a U.S. officer who closely tracks the opium trade.⁶⁴

Large, Pakistan-based smuggling rings that have long collaborated with the Taliban, known collectively as the Quetta Alliance, appear to have lost a degree of influence following the arrests of a number of key drug kingpins. The Quetta Alliance has historically included four clan-run smuggling organizations. Haji Juma Khan (HJK) ran the largest, known as the Khan Organization, until his October 2008 arrest in Indonesia. Haji Bashir Noorzai reportedly commanded another clan-based group until his 2005 arrest. The 2009 capture of Haji Bagh Chagul, a.k.a. Haji Bajcho, who arrived in the United States in June 2009, was another significant interdiction that illustrated the financial scale of the smuggling operations. When U.S. agents raided Bajcho's lair they found logbooks indicating that \$169 million had passed through his hands in the past

⁶² Personal interviews by author, Washington, DC; see also "Afghanistan's Narco-War," 14.

⁶³ Personal interviews by author with U.S. law enforcement and military intelligence officials, Washington D.C. and by telephone August and September 2010.

⁶⁴ Personal telephone interview by author, September 2009.

nine months.⁶⁵ Meanwhile, Haji Juma Khan's gang dominated a major opium market out of Marjah, a town in the Helmand River floodplains where Coalition forces in February 2010 launched a major operation to clear out the Taliban, and maintained multi-ton storage depots and drug refineries in Baram Chah, a dusty outpost that straddles the Afghan-Pakistan border. His organization appears to have continued functioning under the command of Khan's nephew and former chief of operations, Haji Hafiz Akhtar, although Taliban commanders in some districts of Helmand appear to have muscled in on his group's operations.⁶⁶

The immense scale of Taliban drug operations became clear in May 2009, when NATO and Afghan troops launched a major offensive to clear militants out of an opium market based in Marjah ahead of a suspected assassination plot being launched from there against the Helmand governor.⁶⁷ After three days of intense fighting, sixty Taliban lay dead and the troops had seized a staggering ninety-two metric tons of heroin, opium, hashish and poppy seeds, as well as hundreds of gallons of precursor chemicals, making it the second largest drug haul in global history. Indicating how closely opium merchants and insurgents now work, the market also housed a Taliban command center, complete with elaborate communications systems, suicide vests and a large weapons cache.⁶⁸

Reliable local media reports have also indicated that with the declining farm-gate price of raw opium, there has been a dramatic increase in the number of refineries inside Taliban-held regions of southern Afghanistan capable of refining opium into crystal heroin, the high-value and most potent version of the drug. An October 2009 drug raid on a Taliban base in Helmand recovered forty-five metric tons of opium, along with a stunning 1.8 metric tons of processed heroin, according to a press release from the

⁶⁵ Michael Braun, former Drug Enforcement Agency official, in personal interview with the author, August 2009.

⁶⁶ U.S. military intelligence officials, in personal interview with the author, October 2009 and September 2010.

⁶⁷ For a detailed account of the offensive, confirmed by military officials who took part in it, see "Afghanistan's Narco-War: A Report to the Committee on Foreign Relations, U.S. Senate" (Washington, DC: Government Printing Office, 10 August 2009), 19, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_senate_committee_prints&docid=f:51521.pdf.

⁶⁸ Personal interviews by author, by email, July 31, 2009 and San Diego, August 21, 2009. Heidi Vogt, "Troops Make Large Drug Seizure in Afghanistan," *Associated Press*, 23 May 2009.

Afghan Defense Ministry.⁶⁹ The heroin alone would have been worth \$4.3 million on the local wholesale market.⁷⁰ The number of refineries south of the bend in the Helmand River (Garmser and Deshu districts) has reportedly climbed in recent years, although officials say it is hard to determine a precise number since the operations have become smaller and more mobile. One lab worker in Marjah indicated there were more than one hundred refineries operating in the district before the February 2010 offensive took place there.⁷¹ Because the labs are increasingly mobile and operate in Taliban-dominated zones, it is difficult to assess how much control the Quetta leadership maintains over taxes collected at the refineries. Western counternarcotics officials told *Time Magazine* there was evidence that traffickers operating in Marjah had packed up and fled with their goods before NATO troops arrived. Prior to the offensive, a squad of American and Afghan paramilitary troops raided a major opium bazaar, finding shop after shop stacked to the ceiling with bundles of opium, heroin, hashish, guns and IEDs used in roadside bombings. "If anybody needed proof that there was a nexus between the Taliban and drug traffickers, this was it," said a Western counternarcotics agent in Kabul.⁷²

Not only do Taliban commanders increasingly take on the role of running or managing heroin labs, but local and Western official sources say there are indications that Taliban forces are increasingly getting into the business of moving drug shipments across Afghanistan's border into Pakistan and Iran, where the wholesale value of drugs more than doubles.⁷³ These drug shipments tend to avoid the country's major roadways, traveling instead on smuggling trails and usually by night, according to Afghan and Western officials interviewed for this paper. Drug convoys tend to be made up of a few heavily-armed SUVs that can race along smuggling trails or across the parched moonscape in the southern provinces of Zabul, Helmand and Kandahar, according to witnesses and officials who track them. The Taliban protect drug shipments in two ways: by putting armed fighters on the convoys and by launching diversionary attacks to distract NATO and Afghan security forces. Widespread corruption plays a critical

⁶⁹ "Afghan Drug Haul Nets 50 Tons of Opium," *Associated Press*, 9 October 2009.

⁷⁰ United Nations Office of Drugs and Crime, "World Drug Report 2009," § 3.4, http://www.unodc.org/documents/wdr/WDR_2009/WDR2009_Statistical_annex_prices.pdf.

⁷¹ Aziz Ahmad Tassal, "Heroin Menace Grows," *Institute for War and Peace Reporting*, 4 February 2010.

⁷² Tim McGirk, "Drug Trade Complicates U.S. Task in Marjah," *Time Magazine* (6 March 2010).

⁷³ U.S., Afghan and Pakistani officials, in multiple interviews with the author and research assistants.

role in ensuring that drug and other illicit shipments get through, supported by an elaborate web of payoffs made by the smugglers directly to provincial officials, police and border guards to make sure that the roads are clear and that vehicles do not get intercepted. A colorful dispatch published in the December 2009 issue of *Harper's Magazine* illuminates the links between the Afghan border police commander and the drug trade in the Kandahari border town of Spin Boldak.⁷⁴ Studies of other post-conflict zones have found that trying to transform rebels who engaged in crime to support their war effort into law enforcement officers, not surprisingly, often results in corrupt police operations.⁷⁵

Other Fees Collected by the Taliban

Village-level Taliban sub-commanders do not just collect a farm tithe on poppy crops, but demand monthly payments from various members of the community, which they define as taxes or “donations,” but which are rarely a matter of choice. The Taliban collect a portion of all farm output, whether licit or illicit, usually in the range of 10 percent, but negotiable depending on the wealth of the farmer and the level of influence the Taliban commands in a given area. Researchers for this report heard stories of poor farmers handing the local Taliban sub-commander as little as a bag of fruit from their annual harvest, but there were also reports that large landowners had to pay a significantly higher agricultural tithe, as much as 20 percent in certain districts of Farah province, for example. In some villages, the Taliban sub-commander has to split what he collects fifty/fifty with the local Mullah, and in most zones, he must send 10 percent of his take to his provincial-level commander. When village-level sub-commanders collect a commodity for which they and their troops have no use, they will often sell it to a local broker, known as a *jalab* in Pashto. Although this practice is not universal, in some areas the Taliban have begun handing out tax receipts to ensure that villagers and shopkeepers are not charged more than once (see Appendix B). This practice has been implemented in northern Kunduz province, where the QST has made significant inroads in the past year.⁷⁶ Local perceptions of the taxation system vary. While some

⁷⁴ See Matthieu Aikins, “The Master of Spin Boldak,” *Harper's Magazine* (December 2009), <http://www.harper.org/archive/2009/12/0082754>.

⁷⁵ Jeremy McMullin, “Organized Criminal Groups and Conflict: The Nature and Consequences of Interdependence,” *Civil Wars* 11, no. 1 (March 2009), 93.

⁷⁶ Information for this paragraph was compiled by six researchers across Afghanistan in July and August 2009.

privately complain that they do not want to hand over money to the insurgents, many also gripe about having to pay off corrupt local officials, saying that at least the Taliban have standardized their rates. In some areas, the Taliban does provide some rudimentary government services, including its shadow justice system and other conflict resolution services. It also provides security for poppy farmers in some areas.

In rural areas where there is little use for hard cash, and where opium is often used as a form of currency, Taliban fighters often collect tax in kind, literally carting off 10 percent of a farmer's crop. This is one reason why Coalition troops often find large opium stashes at Taliban bases. In addition to the receipts, recent seizures indicate that Taliban and traffickers keep careful books to document their activities. It bears mentioning that when NATO forces capture or raid a Taliban hideout, the most valuable piece of evidence in that compound could very well be the grubby notebook full of numbers, which ordinarily might seem quite unimportant. One logbook, obtained by Coalition troops in 2009, appears to catalogue local measurements and values of opium either collected from members of the community or traded.⁷⁷ It is unclear if the logbook came from a local trafficker or represents a tax collection record, but the account book notes when individuals had arrears to pay off, and appears to have been updated in cases when an individual paid off his balance.

Coalition forces in Kandahar in 2009 captured another set of documents from Haji Abdul Ghani Mohammad, a known Taliban financier and drug trafficker, which include ordinary receipts for agricultural equipment, fuel, motorcycles, and, in one case, 349 bags of opium seed.⁷⁸ In addition to ordinary customs receipts paid to the Afghan government, Mohammad was found with a logbook listing his opium sales, along with a detailed record of the *zakat*, an Islamic tax, that he paid to the Taliban. While some logbooks measure quantities in kilograms, many employ traditional rural forms of measurement including *chaharak* (about 1 kilo), *mons* (about 7 kilos) and *kharwars* (about 560 kilos). They sometimes compute the value using Pakistani Rupees, which are often referred to as *Kaldars*. Other times value is calculated in Afghani, the Afghan currency,

⁷⁷ Harmony document AFGP-2009-K0000640. This document and an English-language translation can be viewed and downloaded from the CTC's website, www.ctc.usma.edu.

⁷⁸ Harmony document AFGP-2009-39722613. This document and an English-language translation can be viewed and downloaded from the CTC's website, www.ctc.usma.edu.

or in *Tomans*, an informal term for an Iranian currency unit. Some logbooks appear to incorporate crude codes or local slang, referring to heroin, for example as “powder” or simply “white,” and in some instances referring to drugs as “groceries.”

Extorting Local Businesses for Commodities, not Cash

Shopkeepers and other small businesses, including pharmacies, teashops and automotive repair stations, are required to hand over a portion of their monthly proceeds to the Taliban—usually in the range of 10 percent, although this figure is often dependent on total earnings. In many cases, Taliban will ask the shopkeepers for supplies useful to their war effort, rather than money. One grocer in Ghazni described having to supply local insurgents with cooking oil and rice in lieu of a monthly payment, and said he received a receipt.⁷⁹ Researchers for this paper found that Taliban fighters routinely requested to be paid in the form of telephone handsets and top up cards for airtime credit, apparently wanting to change their phones regularly to avoid surveillance. Shopkeepers also reported that Taliban will resell commodities that they have collected as “tax” or confiscated from looted convoys. “They will call up and say, we have some telephones or generators or whatever, if you want to buy them,” said a local businessman.⁸⁰ Shopkeepers interviewed for this report also described having to on-pass messages for the Taliban as they moved through town. Some claimed they did not want to serve as messengers, nor hand over a monthly share of their revenue, but feared the consequences of not helping the insurgents. The apparent resentment that villagers harbor towards the insurgents could represent an untapped opportunity for the Coalition, if NATO forces were able to protect local businesses from this practice.

Seeking to Control the Protection Racket

Although QST sub-commanders continue to “tax” farmers and small-time businesses at the local level, there is also evidence that the *Shura Majlis* has moved to regulate how protection money is collected from larger businesses, aid and development projects, as well as the trucking firms that operate on the busy Kandahar-Quetta corridor and other southern highways. Sources close to the QST leadership say this decision was directly tied to Mullah Mutassim’s concern of a replay of the anarchy that existed on the roads in southern Afghanistan in the early 1990s. A half-dozen truck drivers and the owners

⁷⁹ Personal interview by research assistant, Ghazni, August 2009.

⁸⁰ Telephone interview by author, November 2009.

of two large trucking firms interviewed for this paper said that QST forces in the south no longer collect payments on the Quetta-Kandahar highway, for example. Instead, under a system Mutassim developed, trucking firms now must deposit protection payments with specified moneychangers in Quetta and Kandahar. The moneychangers record the license plate numbers of the trucks and details about what cargo they will carry, and the money is handed over directly to Mutassim's Financial Council.⁸¹ Drivers reported receiving a code that they could give to armed men who stop them on the road. "The tiger is wounded but alive," was a code one driver gave as an example.

Trucks carrying goods for the local market, or transiting across Afghanistan, can expect to pay about 10 percent of the value of their shipment. Convoys carrying goods for the Coalition get charged a higher rate, which can range from 25 to 40 percent of the total value being carried, according to truckers and officials at trucking firms.⁸² A member of the Achakzai tribe, which has long dominated the transport business on the Quetta-Kandahar route, said he paid the Taliban between \$95,000 and \$130,000 every six months to protect convoys he sends to supply the Kandahar Air Field. "This is very organized between the [Taliban] fighters and the Shura," he said. "You give the name of the driver and the license plate, and your truck is safe." Low-ranking Taliban who ply the roads between Kandahar and the Pakistan border continue to hit up passenger cars for protection payments, but the large sums now go direct to Quetta.⁸³

The Afghan Taliban appear to rely on an elaborate network of informants—the so-called village underground—to help them determine how much they can charge each trucking firm they target, as well as families, businesses and aid groups. The informants get paid off for the information they provide, and local sources say they believe bus and taxi drivers and merchants who have excuses for leaving the village on a regular basis are routinely part of the information network. Trucking firms who try to avoid paying the Taliban usually end up paying a higher price. One trucker in Kandahar recalled the story of a trader who imported spare parts from Pakistan, and who made the mistake of

⁸¹ Personal interviews by research assistants, Kabul and Kandahar, August 2009.

⁸² Personal interview by research assistant, Kandahar, August 2009.

⁸³ So far, this system seems to operate only in Kandahar and Helmand. In other parts of Afghanistan where there is a mix of insurgent factions and criminal gangs, truckers can expect to be hit up for cash on the roads.

bragging in a teashop at the border that he didn't plan to pay off the insurgents. His four vehicles barely made it outside the government-controlled border town of Spin Boldak before Taliban gunmen overtook the convoy, and it cost him close to \$200,000 to buy his equipment back.⁸⁴ It is not always clear if such tales are actually true. The important thing is that they are widely believed among the trucking community, which does not take chances. There has been documented evidence that the Taliban has tried to regularize its tax collection system. In 2009, the Taliban in Helmand issued its local representative with a notice "to all Kajaki shopkeepers and truck drivers... The bearer of this letter is our new representative. Please cooperate with him like ever before."⁸⁵

The Quetta Shura also collects protection money from larger businesses, notably the telecommunications sector and construction projects funded by international aid organizations and the Coalition. Sargon Heinrich, a Kabul-based businessman in the construction and service industries was quoted in a September 2009 *Time Magazine* report as saying that 16 percent of his gross revenue went to paying "facilitation fees," mostly to protect shipments of valuable equipment coming from the border.⁸⁶ The report aptly describes the circular nature of the problem: the U.S. government provides money to local contractors to build roads, schools and bridges as part of the counterinsurgency campaign, but the contractors must pay off insurgents to avoid having those projects attacked. The insurgents then spend the money they raise to purchase weapons and explosives, which in turn get used to kill American soldiers. "It becomes a self-sustaining war," says an adviser to the Afghan Ministry of Interior. "A self-licking ice cream."⁸⁷ In parts of the country where there is little or no poppy grown, especially in districts where there is major construction work or central roadways pass through, extortion is believed to be the largest source of income for the insurgents. This creates a moral hazard for the international community, which seeks to stabilize Afghanistan but inadvertently ends up financing the insurgency and the explosives rebels use to kill Coalition troops and Afghan civilians. The U.S. Agency for International Development has opened an investigation into allegations that its funds

⁸⁴ Personal interview by research assistant, Kandahar, August 2009.

⁸⁵ Harmony document, AFGP-2009-B0000598. This document and an English-language translation can be found in Appendix A and viewed and downloaded from the CTC's website, www.ctc.usma.edu.

⁸⁶ Aryn Baker, "How Crime Pays for the Taliban," *Time Magazine* (7 September 2009).

⁸⁷ *Ibid.*

for road and bridge construction in Afghanistan are ending up in the hands of the Taliban, with Congress set to hold hearings on the issue.⁸⁸ Investigating the problem will be challenging enough, since few contracting firms admit to making security payments. How to stop the phenomenon—and provide adequate protection for development projects around the country—is yet another issue.

The Taliban has also targeted Afghanistan's mobile phone network. The four main Afghan telecommunications firms, which service about two million subscribers between them, must pay monthly protection fees in each province, or face having their transmission towers attacked. Payments are usually in the range of \$2,000 per tower, per month, but it depends on who controls the zone around each tower. "In the Taliban areas, you have to deal with their commissions," said a local businessman whose firm builds transmission towers and who estimates that about a quarter of his company's budget goes to protection fees on the roads and at building sites. "Most of them, they act just like businessmen in a way. They tell you: 'We will make sure your people are not kidnapped and your sights are not burned.' But they expect regular payments." However, he said in Helmand and Kandahar, the QST had established a new system in which payments must go directly to Quetta. The businessman routinely sends a representative to Pakistan to pay off the Taliban leadership, he said.

In some areas, local communities eager for phone service have offered to protect the sites themselves, and the company has thus avoided stiff protection fees. "When you rely on the locals, they help you out more than anyone," he said. However he complained that costs were the highest in areas where several factions of the insurgency operated, or where criminal gangs calling themselves Taliban demanded protection money. "In [the western provinces] Farah and Nimroz, the [gunmen] take the name of Taliban but they are just former warlords and criminals," he said. "They are just trying to make money."⁸⁹ Multiple sources interviewed for this report described the insurgents in the west as Taliban in name only, suggesting that criminal gangs may be using the Taliban brand name in order to spread fear, but may have less formal ties to the Quetta Shura. In areas where the armed combatants play no role in local governance, the Coalition has a distinct opportunity to separate them from the local population by

⁸⁸ Jean MacKenzie, "Are U.S. Taxpayers Funding the Taliban?" *GlobalPost*, 2 September 2009.

⁸⁹ Telephone interview by author, October 2009.

protecting the community from their criminal activities and working with local officials to improve governance.

Cooperation with Other Insurgent Groups

The QST appears to have made deals with the other two factions of the Afghan insurgency, the HQN and the HIG, to operate alongside each other and to divide the proceeds they earn in some zones where more than one faction operates. A senior investigator with Afghanistan's National Directorate of Security says that representatives of the QST, HQN and HIG met at the beginning of 2009 "to resolve differences that existed between them ... and [to settle on] the appointment of governors and other Taliban authorities."⁹⁰ Both Haqqani and Hekmatyar were told they could operate under the banner of the Islamic Emirate of Afghanistan—the QST flag—but could no longer maintain their own command, according to Afghan intelligence officials.⁹¹ This deal appears to have held in some areas, but there have been reports of squabbling over earning rights among the various factions of the insurgency in the northern province of Kunduz, and March 2010 reports of fighting between the HIG and QST forces in Baghlan province. In one particular instance, the Pashto-language Afghan newspaper *Hewad Wrazpana* reported that HIG and QST fighters had battled over the collection of "tax" from the populace. The report quoted Mohammad Ameen Mangal, a senior police officer, as saying that forty-five militants, thirty of them from HIG, were killed in the fighting.⁹²

⁹⁰ Personal interview by research assistant, Ghazni, August 2009.

⁹¹ Personal interview by research assistant, Kabul, July 2009.

⁹² "Weekend Fighting Between Hizb-i-Islami and Taliban," *Urdu-Pashtu Media Project*, Special Dispatch 2850, 9 March 2010, <http://memri.convio.net/site/R?i=2N5cMLtXbM5P8QPIWdupeA>.

SOUTHEASTERN AFGHANISTAN

- Paktika, Paktia, Khost, Ghazni and Logar

Overview: There are signs the HQN is becoming closer to al-Qa'ida and the Pakistani Taliban under the command of Sirajuddin Haqqani, in terms of launching tactical operations and attacks and, specifically with the Tehrik-e-Taliban Pakistan (TTP), in smuggling, extorting protection money from local and regional businesses and kidnapping wealthy or influential individuals around the Khost region and northwest Pakistan. The HQN commands a sprawling mini-state extending from Paktika, Paktia and Khost in southeast Afghanistan to its rear base in North Waziristan, where it appears to depend on good relations with Pakistan's Inter-Services Intelligence (ISI), or at least a non-interference pact. Although the group does not appear to have deep ties to the narcotics trade, the HQN behaves in many ways like a mafia organization, engaging in widespread smuggling, abduction and shakedowns to raise funds.

The Haqqani Network, which mainly operates in the southeastern provinces of Paktika, Paktia and Khost (P2K), has a much closer relationship to foreign jihadist elements than the QST. Led by the ageing mujahidin commander Jalaluddin Haqqani, a legendary fighter during the Soviet resistance, the HQN also maintains a close working relationship with the Pakistani Taliban and appears to collaborate with the TTP in holding kidnap victims snatched on both sides of the Durrand Line.

With the elder Haqqani in poor health, his son Sirajuddin has assumed day-to-day command of the HQN and is believed by U.S. military intelligence to have eclipsed his father in terms of brutality and reach. The HQN has been credited with masterminding a series of sophisticated attacks in Afghanistan in the past two years, including the April 2008 assassination attempt on President Hamid Karzai, the January 2009 attack on the Serena Hotel in Kabul, the July 2009 car bomb attack on the Indian Embassy in Kabul and a multi-stage suicide attack at a U.S. military base in Khost in August 2008.

Although there has been no concerted effort to improve relations with the local community, as with the QST, the HQN is known to pay its operatives, as well as local

people who take up arms or launch attacks on its behalf, for successful missions against the Afghan government and NATO. Security forces in Khost say locals can expect to be paid several hundred U.S. dollars to destroy a bridge or school or kill an Afghan policeman or soldier. Killing a senior provincial official, a U.S. soldier or destroying a Coalition vehicle can bring in \$5,000 or more. The fees are normally paid in Pakistani Rupees, and can go higher if the attackers manage to video the event.⁹³ The network also issues Night Letters instructing locals not to collaborate with the Coalition, and warning of dire consequences if they disobey. In one 2009 Night Letter distributed in Paktika, which carried the name of the Islamic Emirate but the logo of the former Haqqani madrassa, the group prohibited members of the local community from using roads being built by the Coalition, barred community members from sending their kids to school and said “tribal meetings that have been established by the government are also prohibited.”⁹⁴

Familial and Tribal Command Structure

The HQN command structure remains looser and more familial than that of the QST, with most members coming from Haqqani’s own Zadran tribe. Unlike the QST, there has been no documented evidence of an effort by the HQN leadership to assert control over upward money flows over the past year. Afghan officials and locals in the southeast and in North Waziristan say the organization does not appear to suffer a lack of funding.⁹⁵ *New York Times* reporter David Rohde, who was kidnapped and held by the HQN for more than seven months along with two Afghan colleagues, described, both in a newspaper series and in a conversation with the author, Haqqani’s well-supplied operation in North Waziristan, the rear operations base for the network, as a “Taliban mini-state.”⁹⁶ Narcotics do not appear to play a major role in HQN finances—since little if any poppy is cultivated in southeast Afghanistan—and the network appears to depend far more heavily on kidnapping, protection rackets and extortion to raise funds locally, according to Western and local officials who track the organization.⁹⁷

⁹³ Personal interview by research assistant, Khost, August 2009.

⁹⁴ Harmony document AFGP-2009-ISAF0484. The original document and an English-language translation are available in Appendix A and can be found on the CTC’s website, www.ctc.usma.edu.

⁹⁵ Personal interviews by author and research assistants in Kabul, Khost and North Waziristan.

⁹⁶ David Rohde, “You Have Atomic Bombs, but We Have Suicide Bombers,” *New York Times*, 19 October 2009.

⁹⁷ Personal interviews by author and research assistants in Kabul, Khost and North Waziristan.

Ever since Jalaluddin Haqqani's days as a resistance fighter, his organization has enjoyed close ties with the ISI. Recent media reports have suggested the Pakistan military wants to play a role in reconciliation efforts and may be willing to use its ties to the HQN to gain more influence over any negotiations.⁹⁸ However, the HQN also has traditionally close ties to al-Qa'ida and leaders of the TTP, raising the important question of whether the group today is more loyal to the ISI or its local and foreign partners.⁹⁹ Sirajuddin, himself half-Arab and fluent in Arabic, appears to work closely with foreign militant outfits including al-Qa'ida and the Islamic Jihad Union (IJU), as well as with the Pakistani Taliban, indicating that Pakistani security forces may have less influence over the group than they and other analysts may claim.¹⁰⁰

Extortion and Protection Money

Local sources say the Haqqanis receive substantial funds in the form of *Hawala* transfers from the Gulf, which are often termed "donations," but which in some cases could be better described as "security investments" by Afghan traders who live in the United Arab Emirates (UAE) and who want to ensure that the militants do not interfere with or destroy their businesses or properties back home. According to an insurgent commander interviewed in Ghazni: "A businessman that I know from the past sent \$3,000 to my 135 men last year from Dubai. In this way, other traders and businessmen help us."¹⁰¹ Dozens of expatriates contributed to HQN commanders, he said, adding that many contributors were "businessmen who smuggle precious stones, sculptures and other historic artifacts [who] pay dues to the Taliban to avoid trouble on the

⁹⁸ See, for example, Jane Perlez, "Pakistan is Said to Pursue Role in U.S.-Afghan Talks," *New York Times*, 9 February 2010.

⁹⁹ Towards the end of the Soviet resistance, Usama bin Ladin helped fund the construction of a tunnel camp in the mountains of Jaji, in Khost province, which was the scene of a battle with Soviet airborne troops that has become part of militant legend. Jalaluddin Haqqani and bin Ladin both reportedly fought in the battle of Jaji, although there are conflicting reports about the level of the al-Qa'ida leader's participation. Further cementing ties between the two groups, the elder Haqqani is fluent in Arabic, and one of his wives—the mother of Sirajuddin—is reportedly from the Gulf. The elder Haqqani reportedly raised funds during the 1980s during frequent visits to the Gulf, and there are indications that money continues to flow from the Arab world.

¹⁰⁰ Anand Gopal, "Haqqani Network, the Most Deadly U.S. Foe in Afghanistan," *Christian Science Monitor*, 1 June 2009.

¹⁰¹ Personal interview by research assistant, Ghazni, July 2009.

road.”¹⁰² Such traders will also provide funds to the central HQN leadership, and sources close to the Haqqani family name Abdullah Tanai, a commander based in Miramshah, as the man responsible for distributing cash coming through the *Hawala* network from the Gulf among the commanders.¹⁰³ In July 2010, Nasiruddin Haqqani, the brother of Siraj, was also identified as a key Haqqani network financier. According to the U.S. Treasury Department, from mid-2007, Nasiruddin Haqqani “reportedly received funding from donations from the Gulf region, drug trafficking, and payments from al-Qa’ida.”¹⁰⁴

The HQN also taxes commodities moving through its control zones, with a particular focus on timber operations, stone and marble quarries and weapons smuggling, according to locals in the southeast. Trucks coming from the southeast towards Kabul carrying timber and stone for construction purposes are typically taxed in the range of 10-20 percent of the value of their carriage, with fees negotiable. HQN insurgents also charge hefty fees to construction firms, telecommunications companies and aid groups that operate in their control zones. For example, one contractor in the Shamana District of Khost who won a \$6 million contract to build a road from the U.S. military reported having to pay a flat fee of 25 percent to the Haqqani Network before he could get the road built.¹⁰⁵ Pillaging Coalition convoys is another major source of income for the HQN, according to commanders and government officials in the southeast. “The Taliban capture a lot of booty during the war with the government and foreign fighters [NATO forces],” said Mullah Bashir, a commander in Ghazni.¹⁰⁶ He said insurgents keep what they need and sell what they do not need, usually across the border in Pakistan. “For instance, some time ago, the Taliban captured a truck carrying 500 laptop computers in Moqor district. They have captured dozens of trucks loaded with various equipments, all of which they sold for large sums in Pakistan.”¹⁰⁷

¹⁰² Ibid.

¹⁰³ Personal interview by research assistant, Kabul, July 2009.

¹⁰⁴ U.S. Treasury Press Release, “Treasury Targets Taliban and Haqqani Network Leadership: Treasury Designates Three Financiers Operating in Afghanistan and Pakistan” (22 July 2010), <http://www.ustreas.gov/press/releases/tg782.htm>.

¹⁰⁵ Personal interview by research assistant, Khost, July 2009.

¹⁰⁶ Personal interview by research assistant, Ghazni, July 2009.

¹⁰⁷ Ibid.

Kidnapping

The HQN collaborates with the Pakistani Taliban and local criminal gangs to operate an elaborate cross-border kidnapping network in southeast Afghanistan and northwest Pakistan that has snared many local businessmen, their relatives and government officials. The most well known case was Rohde of the *New York Times*, who was kidnapped in Logar province, near the capital Kabul, and taken by his captors across the Pakistani border into North Waziristan, where he was held for more than seven months by the Haqqanis. In a six-part series published in the *New York Times* following Rohde's escape from captivity with his translator Tahir Luddin, he described being held in relative comfort and given bottled water and English-language newspapers. Badruddin Haqqani, a brother of Sirajuddin, even took the trouble of driving Rohde several hours across the tribal agency to film a ransom video in a snowy mountain area in order to make it appear he was being held in crude conditions.¹⁰⁸ Rohde's case illuminates how the militant mindset has changed since the last high profile capture of a Western journalist: the *Wall Street Journal's* Daniel Pearl, who was beheaded on camera by al-Qa'ida-linked militants in Karachi. Pearl became a political statement for the militants. Rohde was, as his captors put it, "the golden hen," through which they expected to earn millions in ransom payments. Their hopes were dashed due to his escape.¹⁰⁹

¹⁰⁸ Rohde, 19 October 2009.

¹⁰⁹ David Rohde, in telephone interview with the author, November 2009. It is important to note that on several occasions, lower ranking militants threatened to kill Rohde and his Afghan colleagues as a matter of principle or in revenge for U.S. drone strikes in the FATA, but their commanders always intervened.

NORTHEASTERN AFGHANISTAN

- Kunar and Nuristan

Overview: A mix of militant actors, largely comprised of the HIG, al-Qa'ida and Lashkar-e-Taiba, operate in Afghanistan's northeast, especially the provinces of Kunar and Nuristan. Similar to the activities of the QST and the HQN further south, the HIG relies on smuggling and extortion to raise funds locally. Though some HIG commanders appear to collaborate with foreign fighters and Pakistan's ISI, others appear to fight amongst each other and there are signs that Pakistan's spy agency is losing control over militants operating in this region.

The Hizb-e-Islami Gulbuddin, whose stronghold spans the eastern provinces of Kunar and Nuristan, has long maintained a strict control over funds collected by its commanders at the ground level, demanding since the days of the Soviet resistance that a portion of money earned at the village level filters up the command chain to the organization's leader, Gulbuddin Hekmatyar, a former Afghan prime minister. The hard-line HIG, which, like the HQN, has long enjoyed close ties to the ISI, has protected and taxed the opium trade in eastern Afghanistan since the 1980s, when Hekmatyar invested in a string of drug refineries located along the Pakistan border and engaged in a vicious internecine battle with Nasim Akhundzada, a mujahidin commander in Helmand, for control of the fertile valleys there.¹¹⁰ In 2009, HIG commanders pushed north into the provinces of Kunduz and Baghlan, where locals said they immediately set to collecting extortion payments from local residents and taxing trucks heading for the northern border with Tajikistan.

Like their comrades across the border in Dir and Bajaur, HIG commanders in Kunar and Nuristan have long been tied to protecting shipments of semi-precious gemstones, mainly tourmaline and lapis that are smuggled out of the region, as well as the opium poppy grown in the Pesh and Korengal Valleys. The HIG also protects a bustling timber trade in the Korengal Valley, an enterprise that received a boost after the Karzai

¹¹⁰ For further detail, see Peters, 34-35.

government banned timber exports. The insurgents and the timber mafia use long-established smuggling routes to move timber to the Pakistan border, apparently working in collaboration with the local al-Qa'ida commander, Abu Ikhlas al Masri, an Egyptian-born militant based in Korengal who married locally during the Soviet resistance and who is considered a key target by American troops operating in Regional Command East.¹¹¹ Another HIG commander, Kashmir Khan, appears to have defected from HIG. He may have re-allied with the QST, or possibly repositioned himself with al-Qa'ida-linked Afghan fighters in Bajaur, such as the Qari Zia Group, or to the Tehrik-e-Nifaz-e-Shariat-e-Muhammadi (Movement for the Enforcement of Islamic Law) led by Mawlana Sufi Mohammad. Locals say the split occurred when Khan fought with Hekmatyar over the dispersion of funds.¹¹²

Competing with HIG for control of the area—and the funds they can earn from extorting locals and taxing gem, poppy and timber exports—are members of Lashkar-e-Taiba (Army of the Pure), or LT, and its local partner organization Jamaat-ud Dawa al-Qurani Walsunna (Devotees to the Quran and Sunna), or JDQ.¹¹³ LT has deep ties to the region, having been founded in 1990 in Kunar province as the armed wing of the group Markaz Dawa-wal-Irshad (Center for Preaching and Guidance). Historically, LT has been supported by Pakistan's ISI and has focused its jihadist activity on liberating Indian-occupied Kashmir. More recently, as the November 2008 LT terrorist attack in Mumbai and the arrest of LT operative David Coleman Headley in Chicago illustrate, there are signs that LT is increasingly global in its outlook and orientation.¹¹⁴ There are also indications that a number of LT members have forged deeper connections to al-

¹¹¹ Personal interviews by author in Washington, DC and by research assistant in Kabul, July 2009; Sebastian Junger, "Into the Valley of Death," *Vanity Fair* (January 2008); Michael Moore and James Fussell, "Kunar and Nuristan: Rethinking U.S. Counterinsurgency Options," *Afghanistan Report 1, Institute for the Study of War* (July 2009).

¹¹² Personal interview by research assistant, Kunar, August 2009.

¹¹³ Junger; For a review of other militant actors active in the area, see Moore and Fussell.

¹¹⁴ David Coleman Headley was in communication with and visited Ilyas Kashmiri in the tribal areas of Pakistan on several occasions to discuss a terrorist plot against the Danish newspaper (*Jyllands Posten*) that released the cartoons of the Prophet Muhammed. For a review of LeT and the Mumbai attacks, see Stephen Tankel, "Lashkar-e-Taiba: From 9/11 to Mumbai," *International Center for the Study of Radicalization* (April 2009). For information on David Headley, see U.S. Department of Justice Press Release, "Chicagoans Tahawwur Rana and David Headley Indicted for Alleged Roles in India and Denmark Terrorism Conspiracies; Ilyas Kashmiri and Retired Pakistani Major Charged in Denmark Plot" (14 January 2010), http://www.justice.gov/usao/iln/pr/chicago/2010/pr0114_01.pdf.

Qa'ida and are lending their considerable military and tactical expertise to the Afghan insurgency.¹¹⁵ LT reportedly operates a number of training facilities in Kunar and “is believed to be behind the 13 July 2008 Battle of Wanat, which killed nine U.S. soldiers—the second single greatest loss of life by U.S. forces in Afghanistan.”¹¹⁶

Amid indications that the HIG has splintered in recent years, and faces growing competition for dominance in Kunar and Nuristan, there were unconfirmed media reports ahead of the August 2009 presidential elections in Afghanistan that Hekmatyar tried to negotiate a settlement with President Hamid Karzai to join the government.¹¹⁷ For a time, the HIG appeared to pull back on launching attacks against the Coalition and the Afghan government.¹¹⁸ In a November 2009 statement on Pakistani television, Hekmatyar appeared to separate himself from the HQN and al-Qa'ida and offered to oversee “safe withdrawal” of American forces from Afghanistan.¹¹⁹ In March 2010, fighting between HiG forces and the QST in Kunduz reportedly prompted eleven HIG commanders and their men to “surrender” and join the Karzai government.¹²⁰ Some Afghan analysts suggest Pakistani officials are backing whatever efforts exist to place HIG commanders inside the Kabul regime.

The eastern provinces of Kunar and Nuristan have routinely been cited as cases where development projects, including a key roadway linking Asadabad, the capital of Kunar, to Jalalabad in neighboring Nangarhar, have helped win over ordinary civilians, improve local governance and expand economic opportunities beyond smuggling.¹²¹ The Asadabad-Jalalabad road, for example, has cut travel time between the two

¹¹⁵ U.S. officials, in interviews with the author; “Cross Border Hardcore,” *Jane's Intelligence and Security Monitor*, 5 September 2008.

¹¹⁶ *Stars and Stripes*, 9 November 2008, as originally cited in Moore and Fussell. Other sources say that Jaish-e-Mohammed conducted the attack.

¹¹⁷ See, for example, Christina Lamb and Jerome Starkey, “Karzai in move to share power with warlord wanted by US,” *Time Online* (10 May 2009), http://www.timesonline.co.uk/tol/news/world/middle_east/article6256675.ece.

¹¹⁸ *Ibid.*

¹¹⁹ “Pakistan: Hekmatyar Discloses Usama Bin Ladin ‘Alive,’” *Aaj TV News*, 9 November 2009.

¹²⁰ “Hizb-i-Islami Militants Fight Taliban, Defect to Afghan Government,” *Agence France-Presse*, 8 March 2010.

¹²¹ See, for example, Carter Malkasian and Gerald Meyerle, “Provincial Reconstruction Teams: How Do We Know They Work,” *Strategic Studies Institute* (March 2009), <http://www.strategicstudiesinstitute.army.mil/pdf/PUB911.pdf>.

provinces from more than twelve to three hours, making it possible for fishermen and farmers to sell their goods in the large Jalalabad bazaar. That has prompted telecommunications firms to invest in Kunar, after local tribal elders approached one of the mobile phone operators and offered to protect its operations if the firm would establish transmission towers. Communications, the locals said, were vital to their new businesses.¹²² In September 2009, the local government and the Provincial Reconstruction Team in Kunar signed a pledge to build five new schools in the province.¹²³ As the rate of construction has increased, so has the extortion problem that plagues other parts of Afghanistan, according to contractors interviewed for this report. One described having to pay off the wide range of militants who operated in Korengal where he was building a road, adding as much as 25 percent to the overall cost to the project. He said making the security payments would provide a measure of safety for his work crews and equipment. The contractor said he would receive receipts from the local insurgent representative for the payments he made, as well as warnings when there was going to be an attack against Coalition troops there. "Don't work tomorrow," one caller told him. "The sky is going to be cloudy."¹²⁴

¹²² Telephone interview by author, November 2009.

¹²³ For more detail, see North Atlantic Treaty Organization Press Release, "Afghan government signs pact for schools in Eastern Afghanistan" (1 October 2009), <http://www.reliefweb.int/rw/rwb.nsf/db900sid/JBRN-7WEHDL?OpenDocument>.

¹²⁴ Personal interview by research assistant, Kunar, August 2009.

NORTHERN AFGHANISTAN

- Kunduz and Other Provinces

Overview: The three main Afghan insurgent factions—the QST, HQN and HIG—have pushed into Kunduz province, where some elements appear to be fighting each other over criminal spoils. The QST so far is the most dominant armed group, having established a shadow government and started collecting taxes from local communities. Foreign fighters are also in the mix and appear well supplied. The militants also appear to be working with narcotics smuggling groups, protecting drug shipments on this key logistics artery into Central Asia and attacking Coalition convoys along the northern supply route.

One of the most closely watched developments in 2009 was the increase in militant activity in the once-peaceful north, particularly in ethnically-mixed Kunduz, a province strategically situated along the main northern artery into Afghanistan. There, a Taliban-run shadow government, complete with a governor, courts and a tax system, now wields greater authority than its official counterpart in at least three districts (discussed further below), where the Taliban have closed schools and warned women against venturing out in public without a male relative.¹²⁵ Meanwhile, insurgent roadblocks and ambushes have become common, spurred in part by a new NATO supply line running south from Tajikistan.

Four overlapping factors may explain the increase in militant activity in Kunduz. One is the January 2009 agreement by Russia and Central Asian nations to allow NATO to send supplies down the highway through Kunduz that passes through the Salang Pass in neighboring Baghlan province and continues south to Bagram.¹²⁶ Second, the arrival

¹²⁵ Bilal Sarwary, "Taliban Infiltrate Once Peaceful North," *BBC News*, 8 July 2009.

¹²⁶ The fact that highway attacks increased soon after NATO sealed a deal to use northern supply routes spawned a conspiracy theory that Pakistani intelligence, fearing a loss in leverage over the Coalition, brought hundreds of Taliban insurgents and Uzbek militants into the north by helicopter in a bid to worsen security conditions on the northern artery. President Karzai himself made veiled references to this alleged plot, one that Western military officials describe as farfetched. That said, several local residents

of thousands of U.S. Marines in southern and western Afghanistan appears to have prompted some insurgents to decamp to the north, recalling the old adage that counterinsurgency (and counternarcotics) is like squeezing a balloon: When you pressure it in one place, it pops out in another. Third, as Afghanistan's Counternarcotics Minister, General Khodiadad, put it during a 2009 visit to neighboring Takhar province: "The war in the north is a war about drugs."¹²⁷ The minister said smugglers are paying the Taliban to destabilize the region, so they can move their illicit shipments more easily over the Tajik border, in much the same way the Taliban was able to make its resurgence in the south in the last decade by charging criminal smugglers for the Taliban's protective services.¹²⁸ The deteriorating situation has prompted some locals to dub Kunduz "the Helmand of the north." But while senior NATO officials say they are concerned about growing violence there, a senior U.S. military intelligence official points out that Kunduz has a long way to fall before it reaches the level of problems faced in Helmand.¹²⁹ Lastly, the movement of insurgent factions into Kunduz is widely seen as an attempt to fracture the NATO Coalition by targeting battle-hesitant German forces.

Insurgent Infiltration and Cooperation and Competition

Fighters from all three factions of the Afghan insurgency moved into Kunduz in 2009, along with foreign mentors, most of them reportedly Uzbek, Pakistani and other Central Asians. In addition to its strategic location and opportunities to profit off the brisk smuggling that takes place along the northern artery, there are historical ethnic and tribal reasons why all these groups might be attracted to Kunduz. Nestled against the Tajik border, the ethnically mixed province is home to Tajiks but Pashtuns make up about 40 percent of the provincial population.¹³⁰ When the Taliban was in power, Kunduz was its administrative seat for the north, and the province was also home to an Islamic Movement of Uzbekistan base, from which the group staged attacks into

interviewed for this project insisted they had seen unmarked helicopters arrive in Kunduz and unload Taliban fighters.

¹²⁷ Personal interviews by research assistant, Kunduz, August 2009.

¹²⁸ Ibid.

¹²⁹ Personal interviews by research assistant, Kunduz, August 2009 and personal interview by author, Washington, DC, November 2009.

¹³⁰ Carlotta Gall, "Taliban Open Northern Front in Afghanistan," *New York Times*, 26 November 2009; "Provincial Overview: Kunduz," *Program for Culture and Conflict Studies*, 15 September 2009, http://www.nps.edu/programs/ccs/Kunduz/Kunduz_Executive_2009.pdf.

Central Asia. “We’re very active in Kunduz,” said Mullah Abdul Salam, the QST’s provincial shadow governor, before he was captured in Pakistan in February 2010.¹³¹ “Historically, this area is our home, and people cooperate with us.”¹³² Gulbuddin Hekmatyar is also a Kunduz native, and the Zadran tribe, from which many HQN fighters hail, populates parts of the province.¹³³

Violence has been largely isolated to two districts: Imam Saheeb, where HIG operates, and Char Dara, where QST and HQN fighters compete for dominance. The way in which insurgents have arrived in these areas and immediately set about raising funds at the local level is illustrative both of the financial motives behind their tactics and the way in which they financially victimize the local community. Hekmatyar’s HIG fighters mainly operate in Imam Saheeb, near the Tajik border, and in neighboring Baghlan province, where they raise money by collecting agricultural taxes and protecting smugglers who ply back roads heading for the porous Tajik border. One well-informed local source in the northern part of Kunduz said HIG commanders worked closely with Tajik drug smuggling gangs that brought the militants weapons in return for protecting their drug shipments.¹³⁴ Although HIG commanders at times stage attacks against Western troops and Afghan security forces in the north, Hekmatyar appears simultaneously to be making political inroads in the region, possibly to position himself for a power-sharing deal in the new Karzai administration.¹³⁵ “Hekmatyar is looking for more political influence here,” the *LA Times* quoted Habiba Urfan, a provincial council member in Kunduz, as saying.¹³⁶ Indeed, in Baghlan, an entire tier of provincial officials, from the governor on down, is reportedly allied with Hekmatyar.¹³⁷ Meanwhile, local officials say HIG fighters neither oppose nor cooperate with QST fighters, after an apparent deal was struck between their leaders.¹³⁸ A recent documentary produced by *Frontline* about a HIG fighting unit in Northern Afghanistan also indicates how HIG is

¹³¹ Laura King, “Militants Deepen their Foothold in Afghanistan’s North,” *Los Angeles Times*, 22 October 2009.

¹³² *Ibid.*

¹³³ Personal interviews by research assistant, Kunduz August 2009.

¹³⁴ Personal interview by research assistant, Kunduz, August 2009.

¹³⁵ For a review of how one particular HiG fighting unit conducts these attacks, see “Behind Enemy Lines,” *PBS Frontline*, <http://www.pbs.org/wgbh/pages/frontline/talibanlines/>.

¹³⁶ King.

¹³⁷ *Ibid.*

¹³⁸ Personal interviews by research assistant, Kunduz, August 2009.

cooperating with and receiving assistance from local *and* globally-oriented insurgent entities.¹³⁹ The particular HIG group featured in the documentary was mainly composed of local Afghan fighters, but the group benefited from an Arab and Pakistani advisor as well as foreign bomb technicians reportedly trained by al-Qa'ida.¹⁴⁰

Internecine Fighting Over Spoils

There appears to be some tension, however, between the QST in Kunduz and HQN fighters who operate in a part of Char Dara district that is home to members of the Zadran tribe. Local officials and residents say the HQN does not have many fighters in Kunduz, but those that are present have caused a disproportionate amount of violence. "This group plays an important role in suicide attacks," said a local official in Kunduz town.¹⁴¹ It was reportedly HQN fighters who hijacked two fuel tankers on 4 September in the Omar Kheil village of southern Char Dara district, which then prompted German forces, fearing the trucks would be used in an attack on a nearby German base, to call in a deadly air strike. Amid allegations that dozens of civilians died in the strike, the incident led to the resignation of the German chief of military staff. While no one is denying that civilians died in the incident, local officials in Kunduz point out that most casualties came from the villages of Haji Amanullah, Rahmatbay and Zadran, which are all populated by members of the Zadran tribe from which most HQN fighters operating in the north reportedly hail.¹⁴²

Mawlawi Inayatullah, a Zadran tribe member who was governor of Baghlan province when the Taliban was in power, commands the HQN forces in Kunduz.¹⁴³ "This group is well equipped, with good vehicles, weapons and money," said a local official. On 6 July 2009, insurgents planted an IED under a Humvee that killed four U.S. soldiers and two Afghans.¹⁴⁴ Kunduz Governor Engineer Mohammad Omar told the local media that the local contractor building a road with German government money was paying off the QST to protect his project. The governor provided a clear link between aid projects and the growing violence in Kunduz. But the day after the IED attack, Inayatullah's

¹³⁹ "Behind Enemy Lines."

¹⁴⁰ Ibid.

¹⁴¹ Personal interviews by research assistant, Kunduz, August 2009.

¹⁴² Ibid.

¹⁴³ Personal interview by research assistant, Kunduz and Kabul, August 2009.

¹⁴⁴ Baker; personal interview by research assistant, Kunduz, August 2009.

men torched a bulldozer and twelve trucks belonging to the local contractor. Apparently Inayatullah attacked because he had not also been paid off. "These groups are fighting now after a dispute over the collection of taxes," said a local official, who didn't want to be named.¹⁴⁵

Taliban Shadow Government

The QST is without question the dominant militant group in Kunduz, and appears to collaborate with foreign militants from Central Asia.¹⁴⁶ The Taliban has established a shadow government, led until February 2010 by governor Mullah Abdul Salam, a Kunduz native, with a district governor and a security chief posted in Char Dara. A researcher for this project interviewed the shadow Taliban governor before his capture, and he sat with two foreign fighters of Central Asian origin. "The Taliban receive financial support from the common people only," he claimed.¹⁴⁷ "Foreign Muslims and the Islamic Emirate leadership equip us with weapons, ammunitions and other needs."¹⁴⁸ He claimed to have 500 fighters under his command, not specifying how many were local and how many foreign.¹⁴⁹ Salam admitted that it was the Pakistani Taliban who carried out the bulk of the suicide attacks in Kunduz, but said: "The local Taliban try not to use violence against the people since we want their cooperation."¹⁵⁰ As a researcher journeyed through the district, he saw Taliban fighters patrolling on motorcycles, and locals complained to him that schools for girls had been closed and women were barred from leaving home. It is unclear how Salam's capture will affect the shadow government in Kunduz, but given the rivalries between the three factions, it raises the possibility of a power struggle.

The Taliban also appear to be better organized than the HQN and HIG in Kunduz province, especially in raising funds. Organized crime serves the QST's twin goals of destabilizing the NATO supply route and protecting smuggling, says General Mohammad Raziq Yaqoobi, the chief of police in Kunduz.¹⁵¹ In pursuit of these goals,

¹⁴⁵ Personal interviews by research assistant, Kunduz, August 2009; see also Baker.

¹⁴⁶ There are reports that elements of both the IMU and IJU are active in Kunduz.

¹⁴⁷ Personal interviews by research assistant, Kunduz, August 2009.

¹⁴⁸ Ibid.

¹⁴⁹ Ibid.

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

Taliban forces appear to be moving into the border districts (Dasht-e-Archi, Imam Sahib and Qala-e-Zaal) and forming alliances with former mujahidin commanders in these districts to foment instability. In addition, not long after entering Kunduz, the Taliban implemented its 10 percent agricultural tithe and began taxing vehicles along the roadways. It even replicated its receipt system (see Appendix B) so that individuals would have proof they had paid their dues. Taliban fighters in Kunduz send a portion of the proceeds they collect on the ground back to their commanders. Locals believed that most of the money was being sent to Pakistan. The Taliban appears to avoid putting its money in local banks, according to shopkeepers and *Hawaladars*, preferring to use a local network of shop-owners and *Hawaladars*.¹⁵²

Relations with the Local Community

Some local residents in Char Dara admitted to supporting the Taliban when the group first arrived in Kunduz, either out of fear or because these locals believed the militants would be more effective and less corrupt than the local government. Yet, some residents complained that over time they grew tired of the routine harassment for contributions. “I received several threats from Taliban that if I did not help them they would kill me,” said a former mujahidin commander in Kunduz.¹⁵³ “Eventually, I bought them twenty guns in order to save my life.”¹⁵⁴ Shopkeepers in Kunduz, who are also forced to pay the insurgents, say they sometimes hand over commodities that the fighters deem useful to their war effort, like food, petrol and top-up cards for their cell phones.

On occasion, the QST has punished local residents accused of spying for the Coalition or government, although locals say the local Taliban have released them after mediation by local tribal elders. “They do not kidnap people here because they realize it would make the people angry,” said a local elder.¹⁵⁵ Kunduz residents complained that arriving Pakistani Taliban and foreign militants are far more violent and seemed unconcerned when locals were affected by their violence. That said, locals also suggest that the foreign Taliban are less often spotted in public and leave matters of local governance to their local counterparts. “The foreign Taliban only participate in fighting

¹⁵² Personal interviews by research assistant, Kunduz, August 2009.

¹⁵³ Ibid.

¹⁵⁴ Ibid.

¹⁵⁵ Ibid.

and attacks,” said Ajabgaul, a Kunduz farmer.¹⁵⁶ Mohammad Omar, the provincial governor, has been open about the Afghan government’s failure in Kunduz: “We don’t have enough police to guard the people of our districts,” he told the BBC.¹⁵⁷ “The Taliban are well-resourced. They have funding from abroad and through drug-deals. They are able to intimidate people into accepting high rates of taxation and close down schools in places where we don’t have any physical presence.”¹⁵⁸

Narcotics Smuggling

Although Kunduz once produced a moderate amount of poppy in its farmlands, locals say the Taliban have not tried to force farmers to grow poppy since reappearing in the northern province. Nevertheless, there is evidence suggesting that insurgents have tight relations with drug traffickers based along the border and that the Taliban profit financially and militarily from protecting drug shipments. General Zia-u-ddin Mahmoody, the chief of police in Takhar province, said insurgents help move drug shipments across the border into Tajikistan and then bring weapons on return for the Taliban.¹⁵⁹ Police on at least two occasions have arrested drug smugglers in Takhar’s Dasht-e-Qala district and Taloqan city while they were trying to bring weapons, including Kalashnikov, PK and Kalakov machineguns from Tajikistan, to the Taliban in Kunduz province, Mahmoody said.¹⁶⁰ In another case, a man named Jamaluddeen was arrested in Dasht-e-Qala trying to take weapons from Takhar to Kunduz for the Taliban. “He was a well-known smuggler who took heroin to Tajikistan and brought weapons for the Taliban,” the police chief said.¹⁶¹ In addition, agents with the National Directorate of Security in Takhar have twice apprehended trucks carrying weapons for the Taliban from the border to Kunduz.

Over the past year, the Taliban has become increasingly active in Darqad, Dasht-e-Qala, Rustaq and Khwaja Bahawuddin, four districts along the Tajik border in Takhar, at times even attacking central district government offices. Local officials believe the group seeks to destabilize the border districts in both Takhar and Kunduz to make it

¹⁵⁶ Ibid.

¹⁵⁷ Bilal Sarwary, “Taliban Infiltrate Once Peaceful North,” *BBC News*, 8 July 2009.

¹⁵⁸ Ibid.

¹⁵⁹ Personal interview by research assistant, Kunduz, August 2009.

¹⁶⁰ Ibid.

¹⁶¹ Ibid.

easier to move drug shipments unimpeded.¹⁶² A number of local residents interviewed for this paper said that some corrupt government officials collaborate with the same smugglers that work with the Taliban to move drug shipments. Both the Taliban and government officials deny any role in the drug trade. Mullah Ahmad, the Taliban shadow governor in Kunduz who was arrested in Pakistan in February 2010, has confirmed that local traders and mujahidin commanders provide the Taliban with weapons, but claims they do so “only for God’s will and not for any other purpose.”¹⁶³

Insurgent Activity in Other Northern Provinces

In Takhar province, locals and officials describe the Taliban as a blend of former mujahidin and criminal smuggling gangs who have adopted the brand name “Taliban” to spread fear and intimidation. Local police name Commander Rasoul, a former mujahidin commander, saying he has forty well-armed supporters and fights under the Taliban banner in Rustaq. Local officials say thirteen other criminal gangs have also joined the Taliban, and from time to time clash with the police. It appears the QST leadership has little influence over these groups, but it often cites them as the QST’s own when the gangs launch a successful attack.¹⁶⁴ Complicating the picture is the involvement of local government officials in protecting the drug trade. In some areas, it appears that criminal gangs operating under the Taliban banner are fighting with criminal gangs allied to corrupt state officials. Efforts to promote better governance will be critical to staving off a destabilization of the north, which could become a gathering ground for displaced militants, criminal gangs and smugglers as thousands more U.S. troops pour into the south.

¹⁶² Personal interview by research assistant, Takhar, September 2009.

¹⁶³ Personal interview by research assistant, Kunduz, August 2009.

¹⁶⁴ Personal interview by research assistant, Takhar, September 2009.

SECTION II: PAKISTAN

Four overlapping developments brought significant change to the militant landscape in Pakistan in the past four years. First, the Pakistani Taliban have emerged and launched jihad against the state, pushing into and, in some cases, being repulsed from new territory, and causing dramatic increases in levels of violence, particularly in the Federally Administered Tribal Areas (FATA) and the Khyber Pakhtunkhwa Province (KPP).¹⁶⁵ The widening unrest prompted the Pakistan military to take action against the militants, and fighting between them sent at least 2.5 million Pakistanis fleeing to other parts of the KPP.

Second, violence in recent years has spilled into central, non-Pashtun parts of the country previously unused to Taliban activity. As many as forty-nine terrorist attacks took place in the Punjab, Pakistan's most populous province in 2009. Meanwhile, two years prior, a showdown in the capital Islamabad at the *Lal Masjid*, or Red Mosque, had security forces battling militants less than one mile from the heavily fortified U.S. Embassy and Pakistan's National Assembly. After the Pakistani government's crackdown on the *Lal Masjid*, a collection of Pashtun, Punjabi and foreign jihadi groups coalesced around a shared purpose of attacking the Pakistani state.

Third, coupled with the soaring violence, widening perceptions that the militants were little more than thugs, engaged in various types of extortion, smuggling and kidnapping, turned the majority of Pakistan's public firmly against the militants, according to a number of public opinion polls. Locals also voice bitterness over the Pakistani Taliban's exploitation of key industries in areas they dominate, including mining, timber, gemstones and import-export. Lastly, 2009 witnessed numerous brazen attacks against sensitive Pakistan military installations and offices of the country's spy agency, the Inter-Services Intelligence, amid regional media reports suggesting that some Pakistani extremist organizations that once accepted financial and logistical

¹⁶⁵ The KPP was formerly known as the Northwest Frontier Province, or NWFP. The Pakistan Institute for Peace Studies (PIPS), an Islamabad think tank, and the U.S. State Department both reported that terrorist violence in Pakistan soared 70 percent in 2008, claiming 2,239 lives. In January 2010, PIPS reported that the 2009 figure climbed even higher, to 3,021. For further details see <http://san-pips.com>.

support from the ISI, including Lashkar-e-Taiba, Jaish-e-Mohammed and Lashkar-e-Jhangvi, have been at least partially co-opted by al-Qa'ida.¹⁶⁶

Senior militant leaders, both local and foreign, have issued a series of statements claiming they are collaborating closely and united in goal, but that they still maintain separate command structures. Pertinent comments include an October 2008 statement by Mawlana Faqir Mohammed (who is believed to have been killed in an airstrike in March 2010) insisting that the Tehrik-e-Taliban Pakistan closely supports the activities of al-Qa'ida in Pakistan and Afghanistan because its operations represent the "will of all Muslims," and an August 2008 statement by the TTP spokesman Mawlawi Omar saying that the TTP considers the Afghan leader Mullah Omar as its "emir," but functions separately.¹⁶⁷ Similarly, when TTP Emir Baitullah Meshud was killed in an August 2009 drone strike, Ayman al-Zawahiri, the al-Qa'ida number two, eulogized him as a "heroic martyr."¹⁶⁸ Money appears to flow back and forth between TTP elements, as does technical expertise, according to sources close to the militants who describe suitcases of cash moving between the leaders along with regular high-level meetings where they coordinate strategy.¹⁶⁹

Where there is money to be made, there also seems to be cross-border collaboration on criminal activities, including smuggling and kidnap for ransom, as well as cooperative efforts to launch major terror attacks. Kidnap victims are routinely passed between safe houses belonging to different factions of the TTP and the HQN, and there are reports that militants collaborate to protect shipments of smuggled goods, both licit and illicit, as they pass their adjoining control zones.¹⁷⁰ A January 2010 TTP video featuring the

¹⁶⁶ Pakistani official, in personal interview with research assistant, 29 October 2009; see also Amir Mir, "Al-Qa'ida, HUIJ, LJ Nexus Suspected in Marriott Attack," *News*, 26 September 2008.

¹⁶⁷ For a full transcript of the interviews, see "Exclusive Interview with Maulana Faqir Mohammed," October 2008, <http://www1.nefafoundation.org/multimedia-intvu.html>; "Interview with Haji Muslim Khan – Chief Spokesman of Tehrik-i-Taliban Swat Valley," May 2009, <http://www1.nefafoundation.org/multimedia-intvu.html>.

¹⁶⁸ For a transcript of the audio recording, see "Dr. Ayman Al-Zawahiri Eulogizes Baitullah Mehsud," *NEFA Foundation*, 28 September 2009, <http://www.nefafoundation.org/miscellaneous/FeaturedDocs/nefazawahiri0909.pdf>.

¹⁶⁹ Personal interviews by research assistants, FATA and KPP, August 2009.

¹⁷⁰ Multiple interviews by author and research assistants in Washington DC, Kabul and Kandahar, June and July 2009.

TTP emir Hakimullah Meshud sitting alongside the Jordanian suicide bomber who had blown himself up inside a Central Intelligence Agency base in southeastern Afghanistan in December, killing seven, indicates that the Pakistani Taliban was likely working more closely than ever with al-Qa'ida and the Haqqani Network.¹⁷¹ Days before the video was released, Mustafa Abu al-Yazid had issued a statement about the attack on the base, saying "the assigned media outlet will publish his [the suicide bomber's] story."¹⁷² There are also indications that Pakistani militants linked to al-Qa'ida are operating in greater numbers inside Afghanistan, according to Afghan and Western military officials, and are engaged in at least small-scale regional narcotics smuggling.¹⁷³ That said, internecine rivalries within the various factions have prevented the TTP and other extremist organizations from presenting a totally unified front, particularly since the 5 August 2009 death of TTP leader Baitullah Meshud, which spawned increased competition over funding streams among rival militant commanders. Hakimullah Meshud, who was injured in a January 2010 U.S. drone strike, succeeded Baitullah, bringing the TTP even closer to al-Qa'ida.

Efforts by the Pakistani military to protect ordinary civilians could help win back territory and public support in the FATA and the KPP where the militants, as one Pakistani military officer put it, "go around like kings, with no one to stop them."¹⁷⁴ David Rohde, the *New York Times* reporter who was abducted in Afghanistan and held captive in the FATA by HQN militants for more than seven months, wrote that the

¹⁷¹ The Jordanian attacker Humam Khalil Abu Mulal al-Balawi (also known by his jihadi name Abu Dujana al-Khorasani) allegedly spent the year prior to the attack "becoming close to Zawahiri" or at least trying to link up with him. See Christina Lamb and Miles Amooore, "How This Suicide Bomber Opened a New Front in Al-Qa'ida's War," *Sunday Times*, 10 January 2010; Tim Reid and Zahid Hussain, "Suicide Attack on CIA Agents 'Was Planned by Bin Laden Inner Circle,'" *Times Online*, 7 January 2010. Abu Dujana was also interviewed by al-Qa'ida's primary print publication, *Vanguards of Khorasan*. Al-Qa'ida has also released several media statements by prominent Pakistani Taliban commanders within the past two years.

¹⁷² Vahid Brown, "CIA Bomber a Jihadi Blogger," *Jihadica*, 4 January 2010, <http://www.jihadica.com/cia-bomber-a-jihadi-blogger>; "Mustafa Abu al-Yazid: 'Infiltrating the American Fortresses,'" *NEFA Foundation*, 31 December 2009, <http://www.nefafoundation.org/miscellaneous/nefaAbul-Yazid0110.pdf>.

¹⁷³ Author's interviews; "Pakistan Seizes 7 Militants with Explosives, Drugs," *Associated Press*, 24 August 2009.

¹⁷⁴ For a discussion of the Pakistan military's emerging COIN strategy, see Haider Ali Hussein Mullick, "Lions and Jackals," <http://ispu.org/articles/articledetailpb-83.html>; Pakistani official, in personal interview with research assistant, October 2009.

Haqqanis oversaw a sprawling Taliban mini-state in the tribal areas “with the de-facto acquiescence of the Pakistan military.”¹⁷⁵ While there may be generals in Rawalpindi who still resist the idea of letting go of “friendly” militant factions, such as the Haqqani Network, there are indications that growing numbers of Pakistanis have had enough of militant attacks inside Pakistan, and are willing to do something about it. Local armed militias, known as *lashkars*, have formed in Swat, Buner and Dir, among other places, to push militants out of local communities. In some cases, *lashkars* have been supported by the Pakistan military; others have arisen independently to resist militant activity and encroachment.¹⁷⁶

The *lashkars* have demonstrated a mixed record of success, although the threat that some appear to pose to Pakistani militants is evident given the assassination by the Taliban of several tribal elders and *lashkar* leaders.¹⁷⁷ Militants in Swat also struck back against Sarfraz Ahmad Naeemi, an anti-Taliban cleric who had issued a series of *fatwas* against them. A mosque bombing in June 2009 killed Naeemi and eleven others.¹⁷⁸ That did not stop a *jirga* of elders in Swat from issuing an official condemnation of the Pakistani Taliban in October 2009 that demanded compensation for financial losses suffered by farmers, property owners and the tourism industry.¹⁷⁹ Although Washington still gets the ultimate blame for creating Pakistan’s problems, Urdu- and English-language newspapers are increasingly publishing editorials that denounce the Taliban as violent gangsters.¹⁸⁰ In one stinging condemnation in an English-language daily, a respected retired Air Marshal, Ayaz Ahmad Khan, wrote of the TTP:

They are well armed, and experienced in suicide bombings, guerrilla attacks, ambushes, kidnapping for ransom, extortion, and murders. What is their common bond? It is not Islam. It is crime, making illegal money from warlords

¹⁷⁵ Rohde, 19 October 2009.

¹⁷⁶ See, for example, “Dir Lashkar Pushes Taliban to Last Hideout,” *News*, 11 June 2009; “Lashkar Struggles to Dislodge Holed-up Militants,” *News*, 13 June 2009.

¹⁷⁷ See “Anti-Militant Tribal Militia Chief Killed in Bajaur Agency Explosion,” *News*, 28 December 2009; “Slain Leaders Brother Chosen as New Chief of Volunteer Force in NWFP,” *News*, 5 January 2010.

¹⁷⁸ “Anti-Taliban Cleric Among 12 Killed in Pakistan Blasts,” *Deutsche Presse-Agentur*, 12 June 2009.

¹⁷⁹ “Swat Jirga Calls for Action Against Sufi,” *Dawn*, 31 October 2009.

¹⁸⁰ See, for example, Athar Nadeem, “Taliban Disgracing Lovers,” *Aaj Kal*, 19 October 2009; Chaudhry Zabiullah Balgan, “Taliban, Myth And Reality,” *Jinnah*, 15 October 2009; Rauf Amir, “Ilyas Kashmiri: An Islamic Hero or The Killer of Humanity,” *Azadi*, 9 November 2009.

and contractors by blackmail and extortion. It is monetary reward from drug mafia's and enemy agents to create mayhem and anarchy. The way they have been bombing mosques during Friday prayers, and launching suicide bombers to massacre hundreds of fellow Pakhtuns, and Pakistani citizens proves that they are paid brainwashed barbarians, who must be eliminated to save the Pakistani nation. They do not read or understand [the] Quran and have no comprehension of Islam or Sharia. They are violent, intolerant and trigger-happy.¹⁸¹

Such assessments represent a dramatic change in public opinion towards the Taliban in a country where an alliance of pro-Taliban parties swept to power in two of the country's four provinces in 2002. Pakistani voters swept the same alliance out of power in 2008, while militant groups suffered a dramatic decline in popularity. These changing attitudes could perhaps be capitalized upon, with the caveat that the Obama administration and U.S. forces are equally despised according to recent polls, and widely viewed by segments of Pakistan's populace as the primary driver of the country's security problems.¹⁸² Some senior military and intelligence officials continue to insist that there remains a dividing line between the "good" and "bad" non-state actors, although Western officials and Pakistani analysts alike say that this distinction is not possible to draw.¹⁸³ The move by Pakistani authorities to arrest almost two-dozen Afghan Taliban officials—at least five of whom remained detained when this report went to press—was initially hailed by U.S. military leaders as a striking evolution in how the Pakistan military perceived the militants. "Pakistan has put a lot of short sticks into a lot of hornets nests," said General David Petraeus at the time.¹⁸⁴ However, the arrests appear not to have limited QST activity inside Afghanistan, nor have Pakistani officials allowed American intelligence officials more than limited contact with the

¹⁸¹ Ayaz Ahmad Khan, "Terrorism - The Changed Dimension," *Frontier Post*, 10 September 2009.

¹⁸² For a good analysis of Pakistani pop culture's attitudes towards the Taliban, see Adam Ellick, "Tuning Out the Taliban," *New York Times*, November 2009, <http://vodpod.com/watch/2528110-world-tuning-out-the-taliban-nytimes-comvideo>. The 2009 Pew survey cited earlier found that just 9 percent of Pakistanis consider the U.S. a partner, see "Growing Concerns about Extremism, Continuing Discontent with U.S.," Pew Research Center, August 13, 2009, <http://pewglobal.org/reports/pdf/265.pdf>

¹⁸³ U.S. officials, in interview with the author, Washington, DC, October 2009; Professor Hassan Abbas, in interview with the author, Denver, January 2010.

¹⁸⁴ Nicholas Shifrin, "Gen. Petraeus Now Praises Pakistan's Taliban Fight," *ABC News*, 23 February 2010.

captured Taliban figures.¹⁸⁵ Separately, it is not clear how floods that ravaged Pakistan in August 2010, displacing millions across the country, will affect the country's battle with insurgency. With tens of millions left homeless, and the state under fire for not doing enough to help, there is potential that recent gains against the militants in Pakistan could be lost.

¹⁸⁵ Dexter Filkins, "CIA and Pakistan Work Together, Warily," *New York Times*, 24 February 2010.



Map 2: General Breakdown of Insurgent Command Zones in the FATA and KPP

KHYBER PAKTUNKHWA PROVINCE

- Swat, Dir, Malakand and Buner Agencies

Overview: Pakistan's Khyber Paktunkhwa saw a tremendous expansion of militant activity during 2008 and 2009, as the Taliban of Swat stormed across the verdant valley and moved briefly into neighboring Buner district. Militants across the northwest appeared to rely on many of the same activities to raise funds, namely abduction, looting and extortion, along with exploiting natural resources ranging from timber to marble to gemstones. The predatory tactics employed by the militants has alienated locals and eroded public support. Dozens of locals interviewed for this report admitted they contributed willingly to the militants at first, but over time became disillusioned with the Taliban's rigid version of Islam, and came to see requests for money as less and less a matter of choice. Pakistani military operations in the region, while criticized for their heavy-handedness, have inflicted significant losses to militant entities and led to a dramatic reduction in the territory they once controlled. The challenge now for the Pakistan military and government is to sustain these gains, improve levels of governance, and build lasting trust with locals. Recent floods will make that challenge all the more difficult.

There are conflicting indications about the status of the Tehrik-e-Nifaz-e-Shariat-e-Muhammadi (TNSM), headquartered in the Maidan Tehsil of Dir. Some local residents report that the group has declined in power and reach since the July 2009 detention of Mawlana Sufi Mohammad, the group's charismatic leader.¹⁸⁶ The white-bearded militant, renowned for delivering fiery sermons that once convinced villagers to hand over money, has fallen from favor among many in Dir who blame him for widespread loss of life due to militant violence and fighting with the Pakistan military that has displaced tens of thousands.¹⁸⁷ However, other local residents predict that Mawlana Sufi

¹⁸⁶ Mawlana Sufi Mohammad's detention has been extended by an order of the provincial government of NWFP, according to a 22 October 2009 press release by the state news agency, the Associated Press of Pakistan.

¹⁸⁷ Following the 9/11 attacks, Mawlana Sufi Mohammad delivered a series of speeches, convincing women to hand over their gold jewelry and recruiting hundreds of young men to cross into Afghanistan

Mohammad would still receive a hero's welcome if released from detention. Still other prominent members of the Dir community interviewed for this report suggested that more ruthless TTP commanders now dominate the district and extort members of the local community by force, rather than relying on lofty oratory skills.¹⁸⁸ Locals who are close to the militants give a more nuanced interpretation, insisting the TNSM and the TTP are tightly allied, and saying TNSM simply represents "a peaceful front" for the "more aggressive Taliban," as one Maidan Tehsil resident put it.¹⁸⁹ "These two cults are actually manifestations of the same movement aimed at achieving the same objectives," said an elder from Dir who is a neighbor and confidant of Mawlana Sufi Mohammad.¹⁹⁰ He and other sources said a portion of all money raised by the militants was handed over to Mawlana Sufi Mohammad until his arrest.

The Tehrik-e-Taliban Swat (TTS, also referred to as TTP, Swat Branch) operating in Dir, Malakand and Swat, witnessed a dramatic reversal of fortune over the first half of 2009, first securing control of the region in a February peace accord (which permitted the militants to impose *Sharia* law), and later losing much of that territory after the Pakistan military launched a three-month campaign to clear out the militants. The fighting prompted the largest displacement of people since the genocide in Rwanda, sending 2.3 million fleeing to refugee camps elsewhere in KPP.¹⁹¹

Commanded by Mullah Fazlullah, the thirty-three year old son-in-law of Mawlana Sufi Mohammad, the TTS became notorious in the local and international media for its brutality. Militants blew up barber shops and girls' schools, targeted feudal land owners and hung the dead bodies of their enemies in busy squares around Swat.¹⁹² The

to fight invading U.S.-led forces. American forces killed hundreds of these fighters in Afghanistan, and their relatives still blame Mawlana Sufi Mohammad, say locals.

¹⁸⁸ Personal interviews by research assistant, Dir, August 2009.

¹⁸⁹ Personal interview by research assistant, Dir, 13 August 2009.

¹⁹⁰ Personal interview by research assistant, Dir, 12 August 2009. The two wings are much like Jamaat-ud-Dawa and Lashkar-e-Taiba, with the first as the "peaceful" front, the latter the militant wing.

¹⁹¹ Tamur Mueenuddin, United Nations Children's Fund official, in telephone interview with the author, 19 November 2009; see also Caroline Wadhams and Colin Cook, "Interactive Map: Fighting Pushes Pakistanis from their Homes and Threatens Further Instability," *Center for American Progress*, 19 June 2009, http://www.americanprogress.org/issues/2009/06/pakistan_idp_map.html.

¹⁹² Zubair Torwali, "From Swat with no Love," *News*, 8 January 2009; Jane Perlez and Pir Zubair Shah, "Taliban Exploit Class Rifts in Pakistan," *New York Times*, 16 April 2009. The *New York Times* article

release of a grainy videotape showing Taliban militants flogging a young woman accused of adultery shocked Pakistanis around the nation.¹⁹³ However, a less-often reported aspect of the February 2009 peace accord, and the accompanying power it bestowed on the militants, was the fact that it provided the TTS an unprecedented opportunity to exploit the rich natural resources and local industry in the verdant Swat Valley, Dir and Malakand.

Taliban Looting and Killing

TTS commanders immediately began demanding a cut of local businesses and engaged in kidnapping for ransom, extortion and widespread looting aimed at both filling their coffers and upending the traditional feudal power structure. In Swat, long a tourist destination for Pakistanis, TTS militants looted hotels and resorts, earning millions of Pakistani Rupees from auctioning off computers, cutlery, carpets and furniture.¹⁹⁴ In perhaps the most famous case in June 2008, militants emptied the Malam Jabba Ski Resort, the country's only alpine destination, later burning down half the stately building and torching the ski lifts.¹⁹⁵ In another case, the militants looted a provincial tourism development office, selling off millions of Pakistani Rupees worth of computers and office supplies, according to witnesses.¹⁹⁶ Targeting the tourism industry, which employed more people than any other industry in Swat, enraged many locals, according to news reports and interviews.¹⁹⁷ In addition to hotels and tourist sites, militants also looted homes and shops that had been abandoned by fleeing residents, along with food storage depots, including a World Food Program warehouse.¹⁹⁸ They commandeered dozens of vehicles, particularly 4X4 trucks and jeeps, from various

provides a useful analysis of the efforts by the TTS to rupture the traditional feudal power structure in Swat and to exploit grievances among the poor to attract supporters. Militants in many areas partnered with local criminal gangs to push out feudal lords, although most locals eventually came to resent the new power structure.

¹⁹³ Declan Walsh, "Video of Girl's Flogging as Taliban Hand out Justice," *Guardian*, 2 April 2009.

¹⁹⁴ Animesh Roul, "Resourceful Taliban Milk the Land," *Asia Times Online*, 5 May 2009; interviews by research assistant, Swat, August 2009.

¹⁹⁵ "Malam Jabba Ski Resort Torched," *Nation* (27 June 2008).

¹⁹⁶ Interviews by research assistant, Swat, August 2009.

¹⁹⁷ Torwali; interviews by research assistant, Swat, August 2009.

¹⁹⁸ Interviews by research assistant, Swat, August 2009.

government entities, among them the Matta College, the Family Planning Department and an engineering team working on the Lowari Tunnel link to Dir.¹⁹⁹

TTS militants targeted security forces in particular, killing, abducting or wounding hundreds of police, army and the Frontier Constabulary. By May 2009, when Taliban spokesman Muslim Khan claimed the TTS controlled 90 percent of Swat, the militants had ransacked and looted ninety-four police stations in the valley, according to one official count.²⁰⁰ This brought TTS a windfall of weapons and ammunition. Locals in Khwazakhela, for example, recounted an incident in which an entire company of the constabulary surrendered to the Taliban, which rode away with dozens of vehicles and several trucks piled with weapons.²⁰¹ The TTS also robbed a half dozen local bank branches and attacked armored vehicles transporting cash to local banks. In one incident in Gulibagh in February 2009, militants slaughtered twelve security guards and stole \$119,000, according to witnesses and authorities. In a separate incident in March, militants attacked a National Bank of Pakistan armored truck heading towards Mingora, abducting six security guards and making off with eight kilograms of gold, according to a police report.²⁰² There were similar reports of banks and armored vehicles carrying money being attacked in Dir district.²⁰³

Targeting and Exerting Control over Natural Resources

Across Dir, Malakand and Swat, TTS militants muscled in on the region's brisk timber trade, collaborating with smugglers to move rare hardwoods out of the region, and taking a percentage of the value of each timber shipment, usually 10 percent. Locals were explicit that the Taliban did not take over the timber smuggling racket themselves, but rather collaborated closely with the well-entrenched timber mafia, ensuring that both sides increased their earnings. "I personally witnessed Taliban in my area collecting a 10 percent share of each timber truck," said Ahkbar Jan, a farmer in the Maiden Tehsil of Swat, echoing what other eyewitnesses also reported.²⁰⁴ "They

¹⁹⁹ Ibid.

²⁰⁰ Ibid.; "Militants Occupy Government Offices in Swat," *News*, 6 May 2009.

²⁰¹ Interviews by research assistant, Swat, August 2009.

²⁰² Interviews by research assistant, Swat, August 2009.

²⁰³ Interviews by research assistant, Dir, August 2009.

²⁰⁴ Interviews by research assistant, Swat, August 2009.

normally collected cash rather than wood itself.”²⁰⁵ With no regulation in place, smugglers and Taliban clear-cut vast areas of forest, and by one official count, more land in KPP was deforested in 2008 than in the past two decades put together. Local traders said the smugglers dumped the timber at below-market rates, boosting their short-term sales.²⁰⁶

In Swat, the militants reportedly reopened three emerald mines that had shut down when fighting had begun in 2008.²⁰⁷ The Taliban negotiated a deal with the miners to return to work under the condition that the TTS earned one-third of the profits and the miners could keep the remainder, thus ousting owners and foreign managers from the emerald operations.²⁰⁸ “All these minerals have been created by Allah for the benefit of his creatures,” said TTS spokesman Muslim Khan, as justification for the takeover.²⁰⁹ However, over time, some miners came to doubt that the Taliban actually wanted to help the poor. “In [the] beginning [the] Taliban were receiving just a one-third share of the total,” said an emerald miner who identified himself as Agha Jan.²¹⁰ “But once they became aware of the value of the business, they began demanding a 50 percent share of the total sales.”²¹¹

One local news report indicated that Afghan gemstone traders in Peshawar used their contacts with the Afghan Taliban to muscle in on the Swat market, thus pushing out Swati gemstone traders based in Mingora.²¹² In multiple interviews and media reports, the TTS were reported to have earned as much as \$600,000 per week from the emerald trade.²¹³ Kamran Khan, a Peshawar-based gem trader and vice-chair of the All Pakistan Association of Rough and Unpolished Precious and Semi-Precious Stones, confirmed

²⁰⁵ Ibid.

²⁰⁶ Interviews by research assistant, Swat, August 2009; see also Roul.

²⁰⁷ Roul.

²⁰⁸ Interview by research assistant, Swat, August 2009.

²⁰⁹ Roul. Before working as a spokesman for the TTS, Muslim Khan, fifty-four, held a variety of jobs, including working as a merchant marine and running a shop selling electronics. In search of high-paying jobs, he also worked in Dubai, Kuwait and the United States, according to reports in the Pakistani media. He was captured by Pakistani authorities in September 2009.

²¹⁰ Interview by research assistant, Swat, August 2009.

²¹¹ Ibid.

²¹² Riaz Ahmed, “Low-Priced Sale of Emerald During Taliban Occupation Reported,” *Mashriq*, 4 November 2009.

²¹³ Ibid.; Roul; personal interview by research assistant, Swat, August 2009.

there were multiple reports that the Taliban had taken over emerald mines in Swat and dumped gemstones on the black market, but said the fact that regular mine officials and gem dealers fled the valley during the fighting made the values earned by the TTS impossible to confirm with any detail.²¹⁴

Of course, exploiting natural resources was not a new tactic for the Pakistani Taliban. In April 2008, the TTP took over the Ziarat marble quarry in Mohmand Agency, earning millions of Pakistani Rupees by taxing trucks leaving the area loaded with white stones.²¹⁵ As in Swat, the Ziarat mines offered the Taliban not just an opportunity to fill its coffers, but also supported its wider political goal of overturning the long-standing political order in rural Pakistan. The militants stepped into a vacuum left by the ineffectual and often corrupt local government, settling local tribal disputes that had kept the mines out of use and, at least initially, winning the support of poor workers and peasants who spotted a chance to share in the economic spoils that had previously been enjoyed only by a small elite.²¹⁶

Locals Extorted and Abducted

By the time the militants controlled the majority of the Swat Valley, Malakand and Dir, locals were required to hand over a portion of their income each month to the Taliban, whether the locals still supported the group or not. While the percentage depended on each family's income, the going rate for local farmers and small businesses was 10 percent and was referred to as "*ushr*," the same word (derived from the Arabic word for ten) used by the Afghan Taliban to refer to its 10 percent farm tithe. However, there did not seem to be a uniform tax collection policy across Swat. In some areas, Taliban imposed set extortion fees, like in Khwazakhela, where shopkeepers reported having to pay \$360 per month to the local TTS commander no matter what they earned.²¹⁷ Meanwhile, Swati families who received monthly payments from relatives living abroad were required to contribute as much as half of those remittances to the militants.²¹⁸ Taliban commanders across Dir, Malakand and Swat often recruited local

²¹⁴ Telephone interview by author, 15 January 2010.

²¹⁵ Pir Zubair Shah and Jane Perlez, "Pakistan Marble Helps Taliban Stay in Business," *New York Times*, 14 July 2008.

²¹⁶ Roul; Shah and Perlez, 14 July 2008.

²¹⁷ Interview by research assistant, Swat, August 2009.

²¹⁸ Interviews by research assistant, Malakand and Swat, October 2009.

criminal gangs to collect fees and act as enforcers when families did not pay up. On some occasions when families resisted paying the militants, the TTS responded by abducting a member of the family and returning the individual only after the fees were paid.²¹⁹

As in other parts of Pakistan and Afghanistan, kidnapping became a major source of income for TTS militants, with members of the local elite becoming the main targets. Militants routinely staged attacks on the homes of wealthy landowners or local politicians, often looting and destroying the compounds before abducting their target. For example, Malik Sadique, a deputy mayor in Swat, was kidnapped and held for forty days, and later released for a reported ransom of \$240,000.²²⁰ In another case, the Taliban engaged a local gangster named Hafeezullah to snatch a professor at Swat's Timergara Degree College and then move him to a militant hideout in the Maidan Tehsil of Lower Dir district. The lecturer was eventually released for a ransom of \$24,000.²²¹ Separately, in March 2009, Hafeezullah kidnapped a bank manager named Shoaib and handed him over to Commander Faqir Muhammad, who heads the TTP in neighboring Bajaur Agency. The bank manager was eventually released for a settlement of \$180,000.²²² A member of Hafeezullah's gang confirmed both cases, including the ransom payments, and bragged that his mob alone had abducted more than one hundred civilians between Dir and Swat, stolen more than 200 vehicles and collected about \$1.17 million for their efforts.²²³ It was not possible to separate truth from bravado in the gangster's account, but authorities and locals alike agree that rates of kidnapping and theft have skyrocketed.²²⁴

Exploiting Class Divisions

The militants, who by and large come from low-income families, signed up resentful peasants and local criminal gangs as their shock troops. At the same time, they exploited Pakistan's deep class divisions by targeting about four dozen powerful feudal landowners in Swat, as well as wealthy families and anti-Taliban politicians, who were

²¹⁹ Ibid.

²²⁰ Interview by research assistant, Swat, August 2009.

²²¹ Ibid.

²²² Interview by research assistant, Mardan, September 2009.

²²³ Interview by research assistant, Swat, August 2009.

²²⁴ Interview by research assistant, Dir, August 2009.

abducted, attacked and murdered at astonishing rates.²²⁵ In August 2009, for example, the anti-Taliban Awami National Party, a Pashtun nationalist political movement in the KPP, released a list of 207 party officials who had died as a result of Taliban violence or targeted killings.²²⁶ One month earlier, the *New York Times* had reported on the case of Sher Shah Khan, a feudal landowner from the Kuz Bandai area of Swat who lost four family members, eight servants and saw twenty-three of his properties razed in repeated attacks by the militants.²²⁷ Along with other landowners, Khan returned to Swat after the Pakistan military drove out the Taliban, and he helped to organize local militias to patrol the streets and keep the militants out.²²⁸

Although the specter of class warfare initially raised concern that the militants could spark wider revolution across Pakistan against feudal families who control a large percentage of the country's land and wealth, it is important not to overlook the Islamic crusade the militants simultaneously used to justify their violence and their need for funds. As the veteran reporter Rahimullah Yusufzai has observed: "At times it looks like a class-based battle pitting the have-nots against the haves. But it is obviously more than that as the militants are convinced they are waging 'jihad' against the U.S.-backed Pakistan Army and its agents."²²⁹

TTS Tactics Erode Local Support in Swat

TTS leader Mullah Fazlullah at first enjoyed broad local support among the landless peasantry in Swat, mesmerizing villagers with colorful sermons that were broadcast on his illegal FM radio station. Before the TTS was able to gain power in Swat, Fazlullah raised funds in much the same way his father-in-law did, by making pleas for donations to support what Fazlullah defined as his sacred mission to bring *Sharia* law to the

²²⁵ Perlez and Shah, 16 April 2009.

²²⁶ Pakistani officials could not verify the list, but a separate report in the *News* (Rahimullah Yusufzai, "Claiming Victory Too Early," *News*, 14 July 2009) reported that the Afghan National Police had lost 150 party workers in the Swat Valley alone, indicating the ANP list may be incomplete. The list is online at http://khyberwatch.com/nandara/index.php?option=com_content&task=view&id=744&Itemid=1.

²²⁷ Jane Perlez and Pir Zubair Shah, "Landowners Still in Exile from Unstable Pakistan Area," *New York Times*, 27 July 2009.

²²⁸ Declan Walsh, "Swat Valley Civilians Turn to Arms as Uneasy Peace Takes Hold," *Guardian*, 2 October 2009.

²²⁹ Rahimullah Yusufzai, "Time to Rethink Swat," *News*, 4 October 2008.

valley.²³⁰ In addition to local villagers, the Pakistani diaspora was at first a major source for donations.²³¹ Islamic clerics sympathetic to the TTS agenda in the UAE and the Gulf would target Pakistani families based in those nations, while Pakistanis living further afield would receive appeals through relatives back home. These funds provided the TTS the momentum it needed to gain power, and by 2006 the group had established a treasury department termed the *Baitul-mal* (Arabic for “house of money”) to administer funds.²³² There have been persistent but unconfirmed reports that when the Pakistan military eventually drove the TTS from the populated areas of Swat, militants fled to their mountain hideouts carrying truckloads of cash and other booty. In one recent operation that would lend credibility to these reports, Pakistani security forces captured Bakht Zaman, the TTS financial secretary, who was found hiding in the Kabal Tehsil with about \$1 million in cash.²³³

Nevertheless, recent reports from Swat indicate that large numbers of low-ranking Taliban fighters, among them low-income locals who joined the movement as it grew in strength, have dropped out. There are also reports that local criminal gangs once allied with the TTS have also separated from the militant leadership.²³⁴ This would imply that members of the community—even ordinary criminals—who once saw the TTS as a worthy cause have lost admiration for the group’s motives, or fear the implications of being allied with them. Indeed, dozens of locals interviewed for this report admitted they contributed willingly to the militants at first, but over time became disillusioned with the Taliban’s rigid version of Islam and came to see requests for money as less and less a matter of choice. “On [the] surface, the villagers support them and offer them food and shelter,” wrote Yusufzai. “But once beyond the sight of the Taliban, some of them admit they are helpless even though they don't like the militants and their system of tough and harsh administration and justice.”²³⁵

²³⁰ Interviews by research assistant, Malakand and Swat, October 2009. Locals said Fazlullah’s supporters would come to each village, put out a charpoy covered in a white sheet, and villagers would be expected to leave cash and other valuables, which the Taliban would collect at day’s end.

²³¹ Ibid.

²³² Interview by research assistant, Swat, August 2009.

²³³ Ghulam Farooq, “Fazlullah Aid Held with RS81.5M,” *Daily Times*, 5 November 2009.

²³⁴ Interviews by research assistant, Malakand and Swat, October 2009.

²³⁵ Yusufzai.

Taliban Storm Buner

In April of 2009, militants from Swat snuck into neighboring Buner, seizing control of the strategically important district for three weeks before retreating back into the Swat Valley.²³⁶ During their brief time in Buner, the heavily armed militants were led by TTS commander Fateh Mohammed, and worked to establish a shadow government and *Sharia* courts where they heard complaints, settled local disputes and communicated with the local populace. The militants sought to recruit young men from the community, offering starting wages of \$120 per month to work as Taliban fighters.²³⁷ Although initial efforts by the TTS to improve local governance appeared to win the group some support, the Buner community soon turned against the militants, according to locals interviewed for this paper. Specifically, the tide of public support turned after the militants embarked on a looting spree, robbing banks, government offices and non-governmental organizations of vehicles, computers, printers and generators, as well as food and nutrition packets.²³⁸ They looted hospitals in Jowarh, Nawagai and Dewana Baba, stealing, among other equipment, three ambulances that had been supplied to the Buner district government by the U.S. Agency for International Development.²³⁹ The Taliban also laid siege to police stations in the district, as it had in Swat, making off with police jeeps and assorted rifles and heavy weaponry. In addition, militants established checkpoints at Baba Jee Kandaw, Ambela, Khadokhel and Sultanos—four busy intersections in the district’s roadways—where they snatched cars, mobile phone handsets and cash from passers-by.²⁴⁰

Exploiting Lootable Resources

Seizing another opportunity to take over the dominant local industry, the TTS commandeered thirty-five marble shops in the towns of Sultanos and Gadozia and took roughly 300 truckloads of marble waiting to be taken to market. Copying tactics that

²³⁶ Buner, home to about one million people, is about seventy miles from the capital Islamabad, and the fact that militants encountered so little resistance raised alarm that they would continue to push unimpeded into the heart of Pakistan.

²³⁷ Interviews by research assistant, Buner, September 2009.

²³⁸ Ibid.; “Buner Falls into the Hands of the Swat Taliban,” *Dawn*, 22 April 2009.

²³⁹ Interviews by research assistant, Buner, September 2009. For detail on theft and the destruction of health facilities in Buner, see “Assessment of Public Health Facilities in Buner District,” Merlin, July 2009, http://www.whopak.org/idps/documents/assessments/Merlin_Assessment_of_Public_Health_Facilities_in_Buner_July2009.pdf.

²⁴⁰ Interviews by research assistant, Buner, September 2009.

had brought them fast cash in Swat and Dir, the militants dumped the marble on the market for 50 percent its market value, still raising by some estimates as much as \$719,000 in just one week.²⁴¹ The militants also targeted wealthy members of the Buner community for kidnapping, demanding—and usually receiving—between \$12,000 and \$240,000 per individual abducted. In some cases, such as when two students were abducted from the villages of Amnawar and Shalbandai, families were able to bargain down the ransom fees. There were widespread but unconfirmed reports that militants in Buner kept 50 percent of everything they earned from looting, marble and kidnapping and sent the other half to the TTS leadership in Swat, using *Hawala* and militant couriers.²⁴²

²⁴¹ Ibid.

²⁴² Ibid. Although unconfirmed in Buner, it is a typical practice of the Pakistani Taliban, as well as the group's counterparts in Afghanistan, that village-level commanders are forced to send a percentage of their earnings to their senior leaders.

FEDERALLY ADMINISTERED TRIBAL AREAS

Overview: A mix of criminal groups posing as militants and militants who increasingly behave like criminals exists across the FATA. Now under greater pressure by the Pakistan military and an intensified U.S. drone campaign, the various militant groups based in or operating from the FATA engage in organized crime to fund themselves, primarily through extortion and an elaborate and inter-connected abduction campaign.

In Khyber Agency, Laskhar-e-Islam is a criminal gang posing as a religious force. It maintains ties with the Pakistani Taliban, but has not been swept up in global jihadist goals or anti-Pakistan violence. The group is well armed and financed and has created significant security problems for the local community and traders and truckers operating in the Khyber Pass region. Pakistani military operations in Bajaur appear to have limited militant activity there, along with the fact that large numbers of the local population have fled the area. Locals in this agency describe the branch of the Pakistani Taliban led by Mawlawi Faqir Muhammad (reportedly killed in a drone strike in March 2010) and other extremists based in the region, such as Harakat-ul-Jihad-al-Islami and the Qari Zia Group, with open and unbridled hatred. This represents a sea change from years past when few locals would have dared speak out, and many supported the militants. The change appears largely due to the militants' criminal exploitation of the local communities. Speculative reports also suggest that the TTP in Bajaur has factionalized due to internal disagreements over the distribution of funds.

Militant actors in North Waziristan, mobilized by the agency's two main power-brokers, the Haqqani Network and Hafiz Gul Bahadur, wield a considerable amount of influence and control. By some estimates militants in this region even run their own Taliban "mini-state." The TTP in North Waziristan engages in many of the same criminal activities as other factions of the Pakistani Taliban: extorting locals for monthly "protection fees," robbing vehicles and engaging in sophisticated kidnapping rackets in collaboration with other TTP factions in South Waziristan and Bajaur, as well as the Haqqani Network. Recently there have been signs that the militants are struggling for money, in part because tens of thousands of North Waziristan residents have fled the agency. To keep the funds flowing, extremists in the agency appear to rely on help from

their richer Afghan partners and other external sources.

The two main Pakistani Taliban factions in South Waziristan—the Wazir and Mehsud branches—also rely on kidnapping, extortion and smuggling to raise funds locally, activities which have turned the local populace against them, or simply sent people fleeing to safer regions of Pakistan. Internal rifts among Pakistani Taliban commanders, some reportedly tied to squabbles over money, have prevented the Pakistani Taliban from presenting a unified front, while each generation of TTP leaders appears to become more closely allied with al-Qa’ida.

As is well known, there are a number of foreign jihadist groups based in and spread across the FATA, and to a lesser extent the KPP. North and South Waziristan are the primary areas where local and foreign jihadist entities are most closely intertwined. Researchers for this report found little evidence directly linking al-Qa’ida and other international terror groups to criminal activities in the FATA. There are widespread indications, however, that al-Qa’ida is gaining influence over local militant actors such as the TTP, which are themselves becoming more violent and dependent upon criminal activities to sustain their operations.

- Khyber Agency

The Lashkar-e-Islam (LI) is a well-organized and well-equipped criminal gang posing as a religious force. It maintains ties with the Pakistani Taliban, but has not been swept up in global jihadist goals or anti-Pakistan violence. The group is well armed and financed and has created significant security problems for the local community and traders and truckers operating in the Khyber Pass region. The group is headed by Manghal Bagh, a former bus conductor, who claims to command a 120,000-strong fighting force and to be working to rid Khyber Agency of criminals and terrorists. “Every single person of the agency who is involved in the liquor business, gambling, kidnapping for ransom or is selling narcotics is our enemy,” he declared in a May 2008 interview.²⁴³ Like the Pakistani Taliban, LI runs its own illegal FM radio program,

²⁴³ See “NEFA Exclusive: An Interview with Mangal Bagh (Lashkar-e-Islam),” *NEFA Foundation*, 1 May 2008, www.nefafoundation.org/miscellaneous/nefamangalbagh0608.pdf.

through which broadcasters seek to convince skeptical listeners of the group's pious intentions. "I swear that Lashkar-e-Islam is not an enemy of Islam, rather it has taken up its cause," an LI cleric said in a November 2009 broadcast.²⁴⁴ "Some people are of the view that we are enjoying all the luxuries of life but I want to inform you that I am speaking to you on this FM transmission from a site where there is no water for drinking and we are facing severe cold weather."²⁴⁵

Extortion and Reports of Drug Smuggling

By all accounts, Bagh and the LI militants engage in many of the same criminal activities as the TTP militants, including charging shopkeepers, construction teams and aid projects monthly extortion fees. As with the Pakistani Taliban, the extortion fees are referred to as *Zakat*, an Islamic tax, and charged at an average rate of 2.5 percent of total income by LI operatives. The LI also takes a cut of the lucrative truck traffic through the Khyber Pass, with rates varying depending on the value of the goods in carriage. One recent report suggested Bagh has also forged a deal with the notorious former drug kingpin Haji Ayub Afridi to help smuggle counterfeit cigarettes produced in the Khyber Agency.²⁴⁶ U.S. authorities believe Bagh may also be tied to protecting shipments of drugs smuggled through Bara district, a former hub of heroin and hashish trafficking in Khyber that local authorities say has recently seen a fresh upsurge in narcotics activity.²⁴⁷ One recent news report described the brisk business in smuggling ammonium nitrate through the Khyber Pass, with the acquiescence of corrupt police and local officials, while a separate investigative article reported that that LI militants were collecting \$50 to \$150 from smugglers per truck loaded with various commodities, including fertilizer.²⁴⁸ The report said Pakistani authorities tried to close down the smuggling rings, but battled a serious graft problem "as the smuggling is supported by important members of provincial government."²⁴⁹

²⁴⁴ Notation from Research assistant, Khyber, November 2009.

²⁴⁵ Ibid.

²⁴⁶ Aamir Latif and Kate Wilson, "The Taliban and Tobacco," *Center for Public Integrity*, 28 June 2009, <http://www.publicintegrity.org/investigations/tobacco/articles/entry/1442>.

²⁴⁷ Personal interview by author, May 2008; personal interview by research assistant, Peshawar, October 2009.

²⁴⁸ Alex Rodriguez, "Pakistani Smugglers Supplying Afghan Bombmakers," *Los Angeles Times*, 1 May 2010. Said Nazir Afridi, "Smuggling of Commodities to Afghanistan Goes Unchecked," *News*, 4 May 2010.

²⁴⁹ Afridi.

Kidnapping Rings in Khyber

Local authorities and media reports have also tied LI militants to kidnapping well-to-do members of nearby communities including Peshawar, Nowshera and Hyatabad. Wealthy families in the Khyber are routinely extorted for vehicles, cash or other commodities that LI militants deem as useful to their day-to-day operations, according to several members of the community.²⁵⁰ On Bagh's FM radio station, LI clerics frequently name on air those individuals or local businessmen who have refused to pay the monthly extortion fees his men collect.²⁵¹ "Often names are being announced on his FM radio, asking them to appear before Mangal Bagh or be ready to face dire consequences," said a Khyber resident who allowed only his first name, Illyas, to be published.²⁵²

Bagh and his supporters seem to command the fear—or at least the respect—of prominent members of the Khyber community, many of who have appeared before him and handed over the fees he demanded. "Lashkar-e-Islam of Mangal Bagh twice threatened Federal [Environment] Minister Hameed Ullah Jan [Afridi] to appear before their court and collected a huge sum of \$240,000 from him," according to a local journalist close to the Afridi clan.²⁵³ LI also threatened Imran Afridi, the provincial vice president of the Awami National Party and asked him to appear before their court. Sixty thousand dollars "was demanded from him and when Afridi did not appear, they kidnapped his cousin," another member of the Afridi clan reported.²⁵⁴ LI also collected taxes of roughly \$24,000 from the district leaders of the Pakistan Muslim League and the Pakistan People's Party, according to locals.²⁵⁵ In December 2009, LI henchmen took eighteen people hostage in a remote part of Bara district, demanding ransom payments from their relatives. There are also indications that the group's reach may be spreading. In January 2010, police in the Punjab arrested five Pakistanis for kidnapping a local

²⁵⁰ Interviews by research assistant, Khyber, September 2009.

²⁵¹ Ibid.

²⁵² Ibid.

²⁵³ Ibid.

²⁵⁴ Ibid.

²⁵⁵ Interviews by research assistant, Khyber, September 2009.

doctor, Dr. Aslam Khan, in Lahore.²⁵⁶ The group was reportedly directed by Mangal Bagh and tried to extort \$350,000 as ransom, which was to be spent in support of jihad.²⁵⁷

No Apparent al-Qa'ida Ties, But Cooperation with the TTP

Bagh claims to have no formal links to al-Qa'ida or the Taliban, either in Afghanistan or Pakistan. "They have their own aims and objectives and...we don't have any association with them," he said in the 2008 interview.²⁵⁸ Although LI fighters battled the rival Ansar-ul-Islam group for dominance in Khyber's Bara district in 2006, there has been a marked lack of conflict between LI fighters and TTP militants, who are also active in Khyber, mainly attacking and plundering convoys bringing supplies to the NATO Coalition in Afghanistan.²⁵⁹ This lack of conflict has prompted local authorities to suspect Bagh has at least forged a deal to split earnings and plunder collected, and may well have come to represent a fundraising wing of the TTP in Khyber. In addition, Bagh reportedly enjoys a cordial relationship with Hakimullah Meshud, now the leader of the TTP in Waziristan, a group that has been tied to terrorist violence.²⁶⁰ In December 2009, a judge at the Anti-Terrorism Court in Peshawar called for the arrest of Bagh and seven of his cohorts for their alleged involvement in a suicide attack on a local police station.²⁶¹

- Bajaur Agency

The Tehrik-e-Taliban Pakistan – (Faqir Muhammad Branch) is based out of Damadola in the Bajaur Agency, a stronghold of both local and foreign militants that has been repeatedly targeted in an intensive campaign of U.S. Predator strikes in recent years. In one recent hit, an American drone fired three missiles at a bunker in Damadola where

²⁵⁶ Author's interviews; see also "Ransom for 'jihad': Five arrested for kidnapping doctor," *Dawn*, 5 January 2010; "Who is Mangal Bagh?," *Times Online*, 5 January 2010.

²⁵⁷ "Ransom for 'jihad': Five arrested for kidnapping doctor."

²⁵⁸ "Who is Mangal Bagh?."

²⁵⁹ Hassan Abbas, "Pakistan's Grip on Tribal Areas is Slipping," *Asia Times Online*, 4 October 2007.

²⁶⁰ Interviews by research assistant in Khyber, September 2009; see also Imtiaz Ali, "Khyber Tribal Agency: A New Hub of Islamist Militancy in Pakistan," *Terrorism Monitor*, Vol. 6, Iss. 11, 29 May 2008.

²⁶¹ "Adalat Nay Aatth Laskar-e-Islam Rahnamawo Ko, Jin May Mangal Bagh Bhey Shamil Hai, Mulzim Qarar Deya Hay," *Mashriq* (in Urdu), 16 December 2009.

TTP and foreign militants had gathered.²⁶² Pakistani officials now believe the local TTP commander, Mawlawi Faqir Muhammad, was killed in March 2010 when Pakistani helicopter gunships struck the compound in Mohmand agency, where Mawlawi Faqir Muhammad was meeting with the Afghan Taliban commander Qari Ziaur Rehman.²⁶³ Between the dramatic increase in drone strikes in the FATA and a massive operation in Bajaur by the Pakistan military, TTP militants in Bajaur appear to have come under pressure and may be facing difficulties raising funds at the local level. That said, the Pakistan military was stunned to discover the elaborate and well-supplied underground tunnel system the militants had developed when they overran Bajaur in October 2008. Some tunnels stretched for more than half a mile and were equipped with ventilation systems so that fighters could withstand a long siege.²⁶⁴ They were heavily stocked, according to Pakistani officers who visited them, with advanced weapons, ammunition, food supplies, clothing and cold weather gear.²⁶⁵

The military operation flattened Bajaur homes and markets, sent an estimated 300,000 fleeing the agency and shattered the local economy, thereby dramatically reducing the number of shopkeepers and local residents from whom the militants could demand monthly protection fees. Afzal Khan, a resident of Chahar Mong, said to date most Bajaur residents who fled the agency have refused to return home, but that the Taliban continue to extort those who have come back, collecting about \$60 from each family.²⁶⁶ A handful of shopkeepers who have re-opened since the 2008 offensive say the militants still charge extortion fees, but due to the slow pace of business, they rarely collect more than about \$6 per month per shop. Some local residents still admit to giving the militants cash handouts upon demand. "The Taliban send us simple letters saying: 'We need money,' and then we send them [Pakistani Rupees] PKR10,000 to 50,000 [\$119-600] per month," said one local tribal elder, who did not want his name published.²⁶⁷

²⁶²"Bajaur Agency Drone Strike Toll Rises to 33," *News*, October 26, 2009.

²⁶³ Munir Ahmad, "Leading Pakistani Taliban, Deputy Believed Killed," *Associated Press*, 6 March 2010.

²⁶⁴ Jane Perlez and Pir Zubair Shah, "Pakistanis Mired in Brutal Battle to Oust Taliban," *New York Times*, 10 November 2008.

²⁶⁵ Interviews by research assistant, Bajaur and Rawalpindi, September 2009; Perlez and Shah, 10 November 2008.

²⁶⁶ Interview by research assistant, Bajaur, August 2009.

²⁶⁷ *Ibid.*

Villagers Loathe the Taliban “Gangsters”

Most villagers interviewed complained bitterly of the continued Taliban activity in Bajaur, in particular the late night visits by militants who demand money, food and other commodities useful to their war effort. These villagers also describe an increased level of desperation. “One night the Taliban came to my house and said, ‘We need urgently PKR50,000 [\$600],’” said Malik Jabbar, a tribal elder in Chahar Mong.²⁶⁸ “But I pledged that I had only PKR5,000 [\$60] in my home, and after much begging on my part, they agreed to take whatever I had.”²⁶⁹ Three separate shopkeepers interviewed in Inayat Kali openly expressed hope that the Pakistan military and U.S. drone strikes would finish off the TTP for good, with one man remarking: “These Taliban gangsters are the same people who used to sell vegetables and fruits outside bus stands. But these days they think they can dictate religion to us, and claim to be bringing Islam to the region. We were already Muslims, and we don’t want the kind of Islam they seek to impose on us.”²⁷⁰

Extortion and Kidnapping

The Pakistan military has sealed roads linking Khar, the district capital, to the Nawa Pass on the Afghan border, where truckers say TTP militants used to charge as much as \$600 per truck to pass. The military has also sealed roads leading to mountain strongholds along the border where the militants still dominate, further restricting their ability to extort local residents and businesses.²⁷¹ Prior to the operation, homeowners were routinely coerced or paid to allow the militants to use their premises as bases, according to Pakistani military officials, and those who resisted were killed, often by beheading.²⁷² As in Swat, the TTP in Bajaur engaged in grand theft, robbing the local branch of Habib Bank in 2008 and carting off millions of Pakistani Rupees, and attacking an armored vehicle bringing salaries for locally-based teachers.²⁷³

The TTP’s involvement in kidnapping also played a role in hardening the local

²⁶⁸ Ibid.

²⁶⁹ Ibid.

²⁷⁰ Ibid.

²⁷¹ Ibid.

²⁷² Perlez and Shah, 10 November 2008.

²⁷³ Interview by research assistant, Bajaur, August 2009; “Armed Men Rob Bajaur Teachers’ Salaries,” *News*, 2 November 2007.

population against the Taliban. "A great surge in the abductions of respected people came with the arrival of the Taliban," said a local shopkeeper in Khar, mentioning the 2008 abduction of a local tribal chief.²⁷⁴ "We want the government to flush them out once and for all."²⁷⁵ Working in cooperation with the TTP in South and North Waziristan, militants in Bajaur participate in a brisk kidnapping trade that has snared dozens of wealthy individuals from KPP and the FATA. Cooperation between the TTP factions means that individuals kidnapped in Bajaur and Mohmand are shifted to Waziristan and vice versa so as to avoid rescue by tribal posses or security forces. Ransoms collected are also shared between the commanders, according to militants interviewed for this paper. "We give our commander a 25 percent share of ransoms collected in each kidnapping," said a Taliban commander interviewed in Inayat Kalay.²⁷⁶ "Before we kidnap someone we investigate the family's wealth and we demand a ransom according to the family's financial position."²⁷⁷ Individuals across KPP interviewed for this paper who had had relatives kidnapped by the militants remarked that the TTP appeared to maintain concise and up-to-date financial intelligence on their targets and seemed to know family property holdings, as well as annual income from family businesses.²⁷⁸

Factionalized Militant Groups

A local resident in Kamar Sar who is well-informed of the Taliban's inner workings in Bajaur said there are currently two opposing Pakistani Taliban factions in the agency. Faqir Muhammad, who was close to al-Qa'ida and other foreign elements in the area, leads one faction. Ismael Khan and Salar Masood, a former TTP spokesman, command the breakaway faction reportedly called Tehrik-e-Taliban al-Jihad, which re-allied with TNSM following a squabble with Faqir Muhammad over the distribution of funds.²⁷⁹

²⁷⁴ Interview by research assistant, Bajaur, August 2009.

²⁷⁵ Ibid.

²⁷⁶ Various interviews by research assistant, Bajaur, August 2009.

²⁷⁷ Ibid.

²⁷⁸ Various interviews by research assistants, FATA and KPP, 2009.

²⁷⁹ Interview by research assistant, Bajaur, August 2009; Anwarullah Khan, "Three TNSM Workers Killed in Battle with Militants," *Dawn*, 20 April 2009. Pakistan's *Dawn* newspaper reported in June 2009 that violent clashes erupted between the two groups after Salar Masood's group kidnapped a member of Faqir Muhammad's group. See "Panic Grips Bajaur as Militant Groups Clash," *Dawn*, 8 June 2009; Hasbanullah Khan, "Local Taliban Split into Two Factions in Bajaur Agency After Infighting," *Daily Times*, 29 July 2008.

Militants interviewed for this report described high levels of cooperation between Faqir Muhammad's faction and the Afghan Taliban, describing militants from Afghanistan arriving with suitcases full of cash when the Pakistani Taliban in Bajaur appeared to be running low. TTP fighters also crossed the border to join the Afghan Taliban in their fight against NATO forces, locals said.

The organization Harkat-ul-Jihad-al-Islami (HuJI), a Punjabi cadre of militants, operates from the Salarzai mountain area of Bajaur, near the Afghan border.²⁸⁰ Although previously under the command of Qari Saifullah Akhtar, there have been conflicting reports as to whether he remains in Pakistani custody or was released earlier this year by Pakistani authorities. Some Pakistani news sources claim that HuJI and/or some of its leadership have merged with the TTP and are helping to prepare suicide bombers for the latter group.²⁸¹ A number of HuJI members also appear to have overlapping membership with al-Qa'ida. The case of legendary HuJI commander, Ilyas Kashmiri, illustrates the complex inter-linkages between militant entities in Pakistan, and how Pakistan's militant landscape is changing. Kashmiri, who for many months was believed to have been killed in a drone attack in North Waziristan in September 2009, was HuJI's operational chief for Azad Kashmir and is now reportedly al-Qa'ida's head of military operations.²⁸²

Ties to International Terror Plots and Local Abductions

According to the Federal Bureau of Investigation, Kashmiri met on several occasions and was conspiring with U.S. Lashkar-e-Taiba operative David Coleman Headley, who was arrested for his involvement in the 2008 November terrorist attack in Mumbai and his ties to a terrorist plot in the Netherlands.²⁸³ Pakistani authorities have also linked

²⁸⁰ Locals in Bajaur said HuJI militants rarely appeared in the agency's main towns after the military operation in 2008.

²⁸¹ "Harkatul Jihad-e Islami Merges with Tehrik-i Taliban Pakistan, Preparing Suicide Bombers Squad," *Daily Express*, 20 September 2008.

²⁸² Ilyas Kashmiri is now believed to be alive. See Syed Saleem Shahzad, "Al-Qa'ida's Guerilla Chief Lays Out Strategy," *Asia Times Online*, 14 October 2009; see also "FBI Investigating Ex-Army Majors Links with Terror Group," *News*, 9 December 2009; "Two al-Qa'ida Leaders Reported Killed in North Waziristan Strike," *Long War Journal*, 16 September 2009,

http://www.longwarjournal.org/archives/2009/09/two_al_qaeda_leaders.php.

²⁸³ *United States v. David C. Headley*, Case number not listed, N.D. Ill., Criminal Complaint, 29 October 2009.

HuJI to the September 2008 Marriott Hotel blast in Islamabad and the October 2007 attack on the late Benazir Bhutto's convoy in Karachi that killed 130 people.²⁸⁴ It has also been reported that HuJI operatives work closely with al-Qa'ida-linked Uzbek fighters, and appear to profit off kidnapping and smuggling schemes that extend into Afghanistan, where locals say HuJI's operations are currently focused.²⁸⁵ Numerous charge sheets have been filed against Kashmiri, as he is wanted in Pakistan for the November 2008 murder of Major General Amir Faisal, the former Commanding Officer of the Pakistani Army's Special Services Group, and for his alleged involvement in the kidnapping of a film producer.²⁸⁶

The Qari Zia Group (QZG), a militant faction of the Afghan Taliban that until March 2010 was commanded by Kunar native Qari Ziaur Rahman, operates from Bajaur with its activities focused on the neighboring Kunar and Nuristan provinces in Afghanistan. Rahman, who was reportedly killed in a Pakistani military operation in Mohmand, headed a force of 500 well-trained fighters, most of them Afghans. Some of these fighters filter back and forth between Kunar and Bajaur, as Rahman did.²⁸⁷ Locals say the QZG maintains a base in Charmang near the Nawa Pass, with a number of al-Qa'ida operatives, IMU and other foreign fighters. The QZG appears to enjoy cordial relations with the Quetta Shura Taliban and the TTP, and Rahman was recently praised in a militant radio sermon broadcast on an illegal station allegedly run by Faqir Mohammad's faction of TTP.

In a 2008 interview with the *Asia Times Online*, Rahman described himself as the QST's financial chief for Kunar and Nuristan.²⁸⁸ More recently, he has been described as the QST commander for that region.²⁸⁹ The QZG has been linked to protecting timber shipments smuggled out of the Korengal Valley in Kunar, and some Western and Pakistani officials interviewed for this paper suspect QZG is tied to moving opium

²⁸⁴ Mukhtar Khan, "A Profile of Militant Groups in Bajaur Tribal Agency," *Terrorism Monitor* 7, no. 6 (19 March 2009).

²⁸⁵ Interview by research assistant, Bajaur, August 2009; Mukhtar Khan, 19 March 2009.

²⁸⁶ *U.S. v. Headley*.

²⁸⁷ Claudio Franco, "Militant Groups Active in the Bajaur Region," *NEFA Foundation Special Report*, August 2009.

²⁸⁸ Syed Saleem Shahzad, "Ducking and diving under B-52s," *Asia Times Online*, 22 May 2008.

²⁸⁹ "Afghan Taliban Say No Links with Pakistani Taliban," *News*, 10 January 2010.

shipments out of the Korengal and Pesh valleys. Rahman gave a tepid denial of his involvement in the poppy trade in Kunar, telling the *Asia Times*: “It is a controversial issue whether poppy cultivation is prohibited in Islam or not. But the Taliban are not dependent on poppy cultivation at all.” Instead, parroting claims made earlier by other militant leaders, Rahman claimed the militants raised money “through contributions by the people.”²⁹⁰

- North Waziristan

The Haqqani Network, discussed more fully in the Afghanistan section of this report, maintains its rear base out of Miramshah, the capital of North Waziristan, where it intermingles with foreign militants and the TTP. By some estimates, the HQN may be the strongest actor in the agency, running what the *New York Times* reporter David Rohde described as “a Taliban mini-state.”²⁹¹ Indeed, while on a three hour road trip through North Waziristan during his time as a captive of HQN, Rohde observed Taliban policemen patrolling the streets and Taliban road crews carrying out construction projects. “The Haqqani network’s commanders and foreign militants freely strolled the bazaars of Miram Shah and other towns,” he wrote.²⁹² “Young Afghan and Pakistani Taliban members revered the foreign fighters, who taught them how to make bombs.”²⁹³ In addition to Rohde’s abduction, the Haqqani Network has been tied to the kidnapping of Private First Class Bowe Bergdahl, an Idaho native who went missing near his base in Khost in June 2009. Specifically, news reports have tied Mullah Sangeen Zadran, a deputy to HQN commander Sirajuddin Haqqani, to the abduction amid suggestions that Bergdahl has been shifted to Pakistani territory.²⁹⁴

In the past, the HQN operated out of a sprawling madrassa in North Waziristan, known as the *Manba’ul Uloom* (Source of Knowledge), which U.S. military intelligence officials

²⁹⁰ Shahzad.

²⁹¹ Rohde, 19 October 2009.

²⁹² Ibid.

²⁹³ Ibid.

²⁹⁴ Matthew Cole, “Missing U.S. Soldier May be in Pakistan,” *ABC News*, 20 July 2009. There are unconfirmed reports that Mullah Sangeen may no longer be an HQN member, and could be acting independently. His demand that the U.S. halt all air strikes against the militants would appear to suggest he remains part of HQN, which has been a target of U.S. drone attacks.

described as a clearing house for local Haqqani fund-raising activities and as a command center.²⁹⁵ After the compound was targeted in a 2008 missile strike, operations have scattered amid an intensive U.S. campaign to target the HQN inside Afghanistan and in North Waziristan. Although the Pakistan military has so far resisted U.S. pressure to support an attack against HQN operations in North Waziristan, news reports in late 2009 suggested that attitudes in Rawalpindi may be changing due to Sirajuddin Haqqani's "tendency to support extremist violence, his lack of popular appeal in the majority Pashtun areas of Afghanistan and his broad control over the TTP, whom the Pakistani government has declared an enemy."²⁹⁶

The Tehrik-e-Taliban – (Hafiz Gul Bahadur Group) operates out of North Waziristan, maintaining a sometimes-shaky alliance with counterparts in South Waziristan, Swat and Bajaur. Bahadur and his band of militants began taking control of North Waziristan in late 2006, releasing a grainy video in which they rejoiced over dead bodies, supposedly members of a local criminal gang whom the militants had slaughtered, which were then dragged through the streets behind a truck. Bahadur was reportedly a legendary fighter during the anti-Soviet resistance, and continues to operate in much of North Waziristan. Although he has clashed from time to time with other TTP factions and with Uzbek fighters in his area of influence, he is said to have remained close to the al-Qa'ida leadership and the QST in Afghanistan.²⁹⁷

Illicit Activities

The TTP in North Waziristan engages in many of the same illicit activities as other factions of the Pakistani Taliban: extorting locals for monthly "protection fees," robbing vehicles and banks and engaging in sophisticated kidnapping rackets in collaboration with other TTP factions in South Waziristan and Bajaur, as well as the Haqqani Network. The most well-known kidnap victim currently in the custody of the gang is

²⁹⁵ U.S. officials, in interviews with the author, Bagram, 2007; see also Shaiq Hussain, "U.S. Missiles Said to Kill 20 in Pakistan Near Afghan Border," *Washington Post*, 9 September 2008.

²⁹⁶ Saeed Shah, "Will the Pakistan Military go After Taliban in North Waziristan?," *Christian Science Monitor*, 16 December 2009; see also "Haqqani Network Challenges US-Pakistan Relations," *New York Times*, 29 December 2009.

²⁹⁷ For more on this, see Sadia Sulaiman, "Hafiz Gul Bahadur: A Profile of the Leader of the North Waziristan Taliban," *Terrorism Monitor* 7, no. 9 (10 April 2009), http://www.jamestown.org/programs/gta/single/?tx_ttnews%5Btt_news%5D=34839&tx_ttnews%5BbackPid%5D=412&no_cache=1.

Canadian Beverly Giesbrecht, a Muslim convert and freelance writer who goes by the name Khadija Abdul Qahar. She was abducted last September when she traveled to North Waziristan to report on the situation there, and the TTP is demanding a \$400,000 ransom for her release. That demand has been discounted from an earlier \$2 million ransom that tribal negotiators convinced the militants to be unrealistic. Thus far, the Canadian government has reportedly refused to discuss ransom demands with the militants.

Struggling for Cash or Getting Help from Friends?

Of late, there are signs that the militants are struggling for money, in part because tens of thousands of North Waziristan residents have fled the agency.²⁹⁸ In 2008, the militants intensified a longstanding campaign to kill tribal leaders in North Waziristan, in what appeared to be a bid to upend traditional power structures much like the strategy in Swat.²⁹⁹ If so, the policy has backfired on two fronts. First, it turned powerful members of the community against the Taliban. Second, it left far fewer ordinary people to extort, rob and abduct. “There is no doubt the militants are currently suffering a cash crunch,” said one North Waziristan native who himself fled with his family, but who has been in telephone contact with the militants.³⁰⁰

That said there are also numerous reports that Afghan militants have arrived in Miramshah bringing much-needed cash infusions, according to sources close to the TTP.³⁰¹ The group also reportedly receives funds from the Gulf through *Hawala*, South Asia’s informal money transfer network.³⁰² Bahadur appears to enjoy close ties to the Afghan Taliban as well as Arab, Central Asian and other foreign militants who move between South and North Waziristan. According to recent reports, foreign fighters who had previously sheltered with the late TTP Emir Baitullah Meshud shifted to Bahadur’s control zone following the 5 August drone strike that killed Meshud.³⁰³

²⁹⁸ Interviews by research assistant, Bannu and North Waziristan, October 2009.

²⁹⁹ Ibid.; see also “Homes of Anti-Taliban Tribal Elders Attacked in Pakistan,” *Voice of America*, 15 November 2009; “Tribal Leaders Defy Taliban,” *Associated Press*, 3 January 2010.

³⁰⁰ Interviews by research assistant, Bannu and North Waziristan, October 2009.

³⁰¹ North Waziristan native, in telephone interview with the author, August 2009.

³⁰² Interviews by research assistant, Peshawar and Rawalpindi, September 2009.

³⁰³ Interviews by research assistant, Bannu and North Waziristan, October 2009.

- South Waziristan

The Tehrik-e-Taliban Pakistan – (South Waziristan/Wazir Branch) is commanded by the former mujahidin fighter Mawlawi Nazir and controls much of southern South Waziristan. This faction is seen as close to the Afghan Taliban and Nazir, who fought under Gulbuddin Hekmatyar during the Soviet resistance, is seen by some as remaining cooperative with the ISI. When Nazir enforced his rigid version of Sharia law in 2006 in his control zone, he gave instructions to his supporters to avoid combating Pakistani armed forces. A year later, with the support of the Pakistan military, Nazir's forces engaged Uzbek militants in bloody clashes that killed hundreds of militants and bystanders. Various factors led to the clashes between Nazir and the Uzbeks, but there was a financial backdrop to the violence, with both sides squabbling over lucrative control over goods being smuggled in and out of Afghanistan, according to Pakistani officials.³⁰⁴

In February 2009, Nazir appeared to reverse course when he signed onto the Shura Ittihad-ul-Mujahideen (Council for United Holy Warriors, or SIM) with the late Baitullah Meshud and Hafiz Gul Bahadur, apparently after senior members of the Afghan Taliban helped negotiate the short-lived alliance. In theory, members of the SIM agreed to set aside their differences and form a unified force against NATO troops in Afghanistan. However, following Baitullah Meshud's death in August 2009, a group of his fighters attacked some of Nazir's men, resulting in the deaths of at least seventeen militants.³⁰⁵ More recently, Nazir appeared to form a truce with the Pakistan army during its offensive against the Mehsud branch of the TTP, even allowing Pakistani forces to use his control zones to launch operations.³⁰⁶ Nazir's branch of the TTP is said to raise funds locally by engaging in many of the same criminal activities as do the other factions of the Pakistani Taliban. Furthermore, in another sign of collusion between Nazir's forces and the Pakistan military, some sources point to a connection between Nazir, the Afghan Taliban and the opium trade in Afghanistan. Specifically, these

³⁰⁴ Author's interviews, Rawalpindi, April 2007. For other factors, see also Ismael Khan, "The Game is up for Uzbeks," *Dawn*, 5 April 2007.

³⁰⁵ Hassan Betal Zaidi, "Maulvi Nazir – an Ally of Necessity?," *Daily Times*, 23 October 2009.

³⁰⁶ "Implications of the Waziristan Operation," *Pak Tribune*, 23 October 2009.

sources hold that Nazir's men, working with corrupt officials from the Frontier Constabulary, protect shipments of opium and heroin that leave Afghanistan through a border crossing near Angoor Adda, then ship the contraband southwest to smugglers in Baluchistan province.³⁰⁷

The Tehrik-e-Taliban Pakistan – (South Waziristan/Meshud Branch) suffered weeks of internal squabbling following the August 2009 drone strike that killed its former emir, Baitullah Meshud. By the end of the month, Hakimullah Meshud, an exceptionally brutal sidekick to the late emir, was recognized as the new leader. In a brief, handwritten autobiographical sketch Hakimullah said he got his start as a young militant fighting amongst the Afghan Taliban in Khost and Helmand, and later sheltered Arab and Uzbek fighters when he became a TTP lieutenant to Baitullah.³⁰⁸

Those ties to Afghan and foreign militants may have helped Hakimullah secure the leadership of the TTP, since both Mullah Omar and Sirajuddin Haqqani reportedly sent emissaries to a Taliban hub in Makeen district to help negotiate the transition of power within the TTP following Baitullah's death. "The Taliban from Afghanistan played a key role in resolving differences among various TTP commanders. They continued their talks with the Mehsud Taliban Shura and then negotiated with each and every commander," said a Taliban commander.³⁰⁹ There are signs the TTP has grown even closer to al-Qa'ida since Hakimullah took command.³¹⁰ Indeed, a 2009 video released by al-Qa'ida's media production arm, as-Sahab, featured an interview with Hakimullah and Mufti Wali Rehman, a key decision-maker from the TTP Shura who was originally considered a possible contender for the TTP emirship.³¹¹ Their appearance in an as-Sahab video is considered a clear sign that the new TTP leadership either places more value than before on its association with al-Qa'ida or is more willingly to openly cooperate with the group, especially since Baitullah Mehsud always handled his own media releases. Hakimullah's close ties to al-Qa'ida were further revealed in January 2010, when he appeared in a video with the Jordanian suicide bomber who killed seven

³⁰⁷ Interviews by research assistant, Tank and Rawalpindi, September 2009.

³⁰⁸ The sketch is online at, "Translation of Hakimullah Mehsud's Autobiographical Handwritten Notes," NEFA, 3 October 2009, <http://www.nefaoundation.org/miscellaneous/Hakimullahnotetranslation.pdf>.

³⁰⁹ "Baitullah's death finally confirmed by Taliban," *News*, 26 August 2009.

³¹⁰ Mukhtar Khan, "A Profile of the TTP's New Leader Hakimullah Mehsud," *CTC Sentinel*, October 2009.

³¹¹ "Taliban Video Production Developments & Bugs," www.IntelCenter.org, 17 November 2009.

at a Central Intelligence Agency base in nearby Khost.

Rivalries over Money Cause Leadership Squabbles

A former spokesman to Baitullah, Mufti Wali Rehman, was a rival for the TTP emirship after Baitullah's death and is now seen to be running some of the TTP's day-to-day operations. More reserved and bookish than the fiery Hakimullah, he administered the TTP purse strings under Baitullah.³¹² The rivalry for the TTP leadership reportedly centered around who would take control of the substantial funding streams the TTP emir commands.³¹³ Another possible contender, who reportedly was uninterested in the post, was Qari Hussain, a cousin of Wali Rehman who is considered to be closer to al-Qa'ida and other Pakistani extremist groups like Jaish-e-Mohammed and Lashkar-e-Jhangvi.³¹⁴ Hussain trains suicide bombers in South Waziristan, and militants operating there say he appears to have a separate source of funding through his links to Punjabi and foreign militants.³¹⁵

Another leading member of the TTP's inner circle in South Waziristan, who wanted to be identified only as Qari, explained why the rivalry for the TTP leadership in South Waziristan became so fierce in the wake of Baitullah's death. He said the bulk of the Taliban's criminal revenue comes from abductions that take place across the FATA and KPP, but that militants in other zones were required to send half of their kidnap earnings to Baitullah, a funding stream that the new TTP emir would take over. "Whenever a wealthy man was abducted, it was necessary for the kidnapers to inform Baitullah Mehsud, and then the *Shura* would decide how much money they should demand from the family of the abductee," Qari said.³¹⁶ The militant said ransom fees varied depending on the wealth of the family, but cited the case of Tariq Azizuddin, the former Pakistani ambassador to Afghanistan, who was kidnapped in the Khyber Agency while driving to Afghanistan, saying the former envoy was released after the Pakistani government paid a ransom of \$240,000, half of which allegedly went to Baitullah.³¹⁷ TTP militants in Waziristan have kidnapped two other diplomats: Abdul

³¹² Interviews by research assistant, Tank and by telephone, September 2009.

³¹³ Ibid.

³¹⁴ Ibid.

³¹⁵ Ibid.; Mukhtar Khan, October 2009.

³¹⁶ Telephone interview by research assistant, September 2009.

³¹⁷ Ibid.

Khaliq Farahi, Afghanistan's ambassador designate to Pakistan, who was abducted in September 2008 near his residence in Hyatabad; and Heshmatollah Attarzadeh, the former commercial attaché at the Iranian Consulate in Peshawar, who had been abducted in November 2008 and released in March 2010, after a "complicated" cross-border mission.³¹⁸

Kidnapping, Extortion and Smuggling

As in Swat, the Taliban did not start out kidnapping prominent members of the local community in South Waziristan. In the first half of the decade, its coffers were filled mainly by voluntary donations from local families who either supported the group's cause or thought it best not to indicate otherwise. Donations ranged from as little as \$2.20 to \$600, according to Waziristan residents who donated funds. In an apparent attempt to protect their interests, many families also provided the militants with a young man from the family. By 2007, the Taliban began sending letters to wealthy families demanding that they hand over at least \$60 per month. These letters were also sent to families living in southern Pakistan or in the UAE, Waziristan natives said.

Attitudes hardened against the militants once they launched a campaign to target anti-Taliban tribal elders, which eventually claimed the lives of hundreds of people. Thousands of families decamped to nearby cities in the so-called "settled areas," mainly Tank and Dera Ismael Khan. When these families re-located, they stopped paying security insurance to the Taliban. It was then, according to locals and militants alike, that the TTP began kidnapping and threatening locals to generate funds. As in other parts of the FATA, the group demands monthly fees from shopkeepers and also tax wheat farmers, usually carting off a portion of their harvested crop, locals say. The militants also target Waziris living outside the agency. The Taliban commander Qari said the TTP continued to receive funds from hundreds of prominent families that had left Waziristan, often in the range of \$240 per month. Other local sources said some families continued to pay extortion fees to insure the militants did not destroy or takeover their properties in Waziristan, but many believe the Taliban is now not

³¹⁸ Individual held hostage in Waziristan, in telephone interview with the author, November 2009; "Afghan Envoy Kidnapped," *Nation*, 23 September 2008; "Iran: Agents Free Diplomat Kidnapped in Pakistan," *Associated Press*, 30 March 2010.

receiving nearly the funds it once did from local sources.³¹⁹

Fighters loyal to Baitullah also hijacked vehicles traversing the roads in Waziristan, targeting particularly the military and Frontier Constabulary, but also robbing vehicles from ordinary civilians. They were blamed in robberies around the FATA and other parts of the country, including one case where militants robbed a money changer in the southern port city Karachi and brought the cash all the way to South Waziristan.³²⁰ Some credited Hakimullah's rise through the TTP ranks to his brazen attacks on truck convoys carrying NATO supplies through the Khyber Pass, a campaign said to have raised millions of Pakistani Rupees for the Taliban. Hakimullah made a splash at his first press conference with local journalists when he arrived in a U.S. Humvee that he reportedly commandeered in the Khyber Pass, with his bodyguards trailing in a United Nations vehicle he had also stolen.³²¹

Before taking over the TTP in South Waziristan, Hakimullah commanded the faction's forces in Orakzai, Khyber and Khurram Agencies, where he was reportedly disliked but tolerated by locals. He was blamed for sparking sectarian feuds between Sunni Muslims and the minority Shi'a community. Hakimullah also ordered his fighters to demolish homes belonging to the minority Sikh community in the Ferozkhel area of Orakzai Agency after they failed to pay a previously negotiated "tax" of \$186,440 that the Taliban decreed would be levied against all non-Muslims. Earlier, Hakimullah's men had demanded \$590,000 a year from the Sikhs and, to enforce their demands, they abducted the local Sikh leader, Sardar Saiwang Singh, and occupied a number of Sikh-owned houses.³²² In the end, the Taliban simply confiscated property of Sikhs who did not pay up, and the episode sent hundreds of minority Sikh and Christian families that had been living in the FATA fleeing for other parts of the country.³²³

Although locals in South Waziristan say the militants have no ties to Afghanistan's narcotics trade, a Pakistani intelligence officer was quoted as saying that all the militant

³¹⁹ Interviews by research assistant, Tank and by telephone, September 2009.

³²⁰ Waziristan native, in telephone interview with the author, August 2009.

³²¹ Rahimullah Yusufzai, "Hakimullah Mehsud Unveils Himself to Media," *News*, 30 November 2008.

³²² Roul.

³²³ *Ibid.*

groups along the border help protect commodities—both legal and illegal—that are being smuggled over the border into Afghanistan, or back into Pakistan to avoid Islamabad’s stiff protectionist taxes. “They provide safe passage to the transporters and smugglers, who smuggle goods from Iran and Afghanistan to Pakistan. In return, they pay them hefty amounts as taxes,” the official said, adding that smugglers normally use remote mountain trails, which are virtually inaccessible for security forces.³²⁴ “It’s almost impossible for security forces to cover all such routes. If we block one route, they find a new way with the help of local tribesmen or militants, because they don’t consider it smuggling. They call it a trade.”³²⁵ Western diplomats, who note the difficulty of trying to sneak into the FATA unnoticed, have complained to the author that Pakistani officials routinely claim they cannot control the border, when there is evidence that some border and intelligence agents simply accept bribes to look the other way.

An ongoing 2010 offensive against militants in South Waziristan was ongoing at the time of reporting this paper, with the Pakistan military claiming that the militants had been driven out of their main strongholds and aid groups estimating that more than 250,000 residents had been displaced by the fighting.³²⁶ The financial exploitation of the local community in South Waziristan, combined with what locals see as the senseless violence of the militants, has turned a region once staunch in its support for the Taliban into increasingly less fertile ground. “It is strange that you are asking if the locals support the Taliban,” a South Waziristan resident in the Tank bazaar told a researcher for this paper.³²⁷ “We never experienced beheadings, suicide attacks and abductions until the arrival of Arabs and Uzbeks. Our economy is destroyed and our social system shattered. What the Taliban are doing in the name of Islam is totally brutal. They are beasts.”³²⁸

³²⁴ Aamir Latif, “Pakistan Militant Groups,” *Islam Online*, 6 February 2008.

³²⁵ *Ibid.*

³²⁶ “Pakistani Troops Capture Most Towns From Militants in Waziristan,” *Agence-France Presse*, 17 November 2009.

³²⁷ Interviews by research assistant, Tank, September 2009.

³²⁸ *Ibid.*

- Other Militant Entities

International jihadist groups, such as the Islamic Movement of Uzbekistan (IMU), the Islamic Jihad Union and al-Qa'ida, have become much less visible in the FATA over the past two years, ever since the launch of an intensified campaign of Predator strikes. By one count, there were more than thirty strikes in 2008 alone in the FATA, and locals report that foreign militants rely ever more heavily on local colleagues to do their shopping and conduct day-to-day business.³²⁹ Although Pakistani authorities estimate there are still thousands of Uzbek and other foreign militants operating in the FATA, multiple sources interviewed for this paper said they are increasingly crossing the border to embed within Afghan Taliban fighting units, working as trainers, snipers and expert bomb-makers.³³⁰ While there is little evidence directly linking al-Qa'ida operatives to criminal activities in the FATA, there are widespread indications the group is gaining influence over local militant outfits, including the TTP, which are themselves becoming more radical, brutally violent and involved in criminal activities. As in Afghanistan, al-Qa'ida operatives in Pakistan appear to take on an advising role, guiding local fighters who may be able to operate more freely. Perhaps most significantly, "al-Qa'ida appears to have utilized its media prowess and ideological authority to discredit the Pakistani state and to promote cooperation among a wide variety of Pakistani militants to challenge the state's authority and undermine its support for U.S. efforts in Afghanistan."³³¹

Both al-Qa'ida and the IMU issued statements in 2009 claiming to be low on funds and appealing for "donations," however, locals in Waziristan and Bajaur say the foreign militants appear to be well supplied and to have sophisticated weapons and good uniforms, even if they tend to be less visible on the streets. A March 2009 IMU video produced by the group's official media wing, Jundullah Studios, features black-turbaned militants working on at least a half-dozen laptops, with a video projector and a photocopy machine in the background. In contrast to the notion that foreign extremist groups in the FATA subsist on public support and dwell in frigid caves, this was clearly

³²⁹ Pakistan's *Dawn* newspaper believes forty-four drone strikes were conducted in 2009. "Over 700 Killed in 44 Drone Strikes in 2009," *Dawn*, 2 January 2010.

³³⁰ For one account, see, "Behind Enemy Lines."

³³¹ Don Ressler, "Al-Qa'ida's Pakistan Strategy," *CTC Sentinel* (June 2009).

a well-supplied office using modern technology and reliant on a steady power supply.³³² There are also signs the Pakistani Taliban are collaborating ever more closely with foreign militants, both in terms of planning and launching attacks around Pakistan and in terms of the group's media/public relations. Several recent video statements by the Pakistani Taliban, for example, have been released through al-Qa'ida's media arm, and the rise in the TTP command structure of Hakimullah Meshud and Qari Hussain is seen by some local analysts to represent a strengthening of the alliance between al-Qa'ida and the TTP.

Pakistani officials suspect one reason the militants are building a nationwide network is to support criminal fund-raising activities, including smuggling. In August, Pakistani police in Karachi arrested seven operatives from Lashkar-e-Jhangvi who had in their possession three suicide vests, thirty-three pounds of explosives, ten assault weapons and about 4.5 pounds of heroin. "It is often talked about that militants do drug business to finance their needs, but this is the first time we have arrested such a gang," said Fayyaz Khan, a Karachi police official, adding that the raid had yielded intelligence about where the drugs were sold and how the profits made their way back through Pakistan to the Afghan Taliban.³³³ Part of the drug money was transferred to a Taliban commander named Abdul Samad in Chaman, an area on Pakistan's western border with Afghanistan, Khan said.³³⁴

³³² Video posted at http://counterterrorismblog.org/2009/03/nefa_foundation_a_unique_look.php.

³³³ "Pakistan Seizes 7 Militants with Explosives, Drugs," *Associated Press*, 24 August 2009.

³³⁴ *Ibid.*

CONCLUSION

Organized crime—and specifically the opium trade—has dramatically aggravated, prolonged and reshaped the conflict in Afghanistan. The spread of organized crime on both sides of the Afghanistan-Pakistan border illuminates the vulnerability of conflict zones to this phenomenon, emphasizing the need for a holistic strategy in such environments that works to simultaneously implement security, development and the rule of law. Within an environment of improving governance and security, the Coalition could potentially capitalize on local resentment about insurgent ties to crime in order to bolster public relations efforts and intelligence gathering.

Militant groups on either side of the frontier function like a broad network of criminal gangs, not just in terms of the activities in which they engage, but in the way they are organized, how funds flow through their command chains and how they interact with each other. While pockets of the insurgency on either side of the Durand Line appear to be increasingly motivated by profit, various hard core elements are clearly still bent on ideological goals driven by violent tactics. Complicating matters is the fact that criminal gangs on both sides of the border cloak themselves in Islam or use the Taliban brand name to gain fear and respect.

Within this complex adaptive system, criminal profits fund the insurgency and terrorist violence helps militants to coerce and exert a level of control over local communities. Insurgents find ways to justify criminal behavior as part of their jihad, claiming, for example, that they live off the alms of the people, or that they deal in drugs in order to make addicts of infidels. As with Mafia families and street gangs operating in the West, criminal insurgent behavior can be simultaneously protective and predatory towards the communities where insurgent entities operate.

More specifically, data gathered for this report illustrates that the QST is increasingly behaving like a traditional drug cartel, having moved into refining and exporting narcotics, rather than just taking a cut for protecting drug shipments and taxing poppy farmers. Meanwhile, on the Pakistan side of the border, the various factions of the TTP appear to have placed less value on the ideology they once claimed to possess, and, at least in the eyes of the Pakistani public, behave like little more than common gangsters.

The fact that militant groups on both sides of the frontier are becoming increasingly criminalized should come as little surprise. In conflicts around the globe and throughout history, the pattern of rebels morphing into reprobates is all too common.

Within that broad context, this report makes the following more specific conclusions:

- Militant groups sometimes collaborate with each other and at other times fight amongst themselves, much like Mafia families and criminal gangs in the West. Since mutual trust on some level is a prerequisite for organized crime to occur, targeting practices that breed suspicion among the militant factions, like disrupting opium convoys in ways that suggest insider betrayal, could weaken criminal insurgent networks and diminish their money flow.³³⁵ Indications that there is already a great deal of competition between rival Taliban commanders on both sides of the frontier give this strategy real potential. That said, it is critical to make a distinction between strategies that would spark violence between or amongst the militants, which could cause civilian casualties, and those that would simply cause them to stop collaborating with each other, both in terms of criminal and terrorist activities.
- There is clear evidence of cooperation on the tactical and criminal level between factions of the Pakistani Taliban and factions of the Afghan insurgency. Despite this evidence, there are signs that Pakistani officials continue to draw the line between “good” and “bad” Taliban. The wave of abductions that have targeted leading community members and Pakistani officials, which demonstrate clear collaboration between the various elements of the insurgency, should help convince reluctant officials in Islamabad and Rawalpindi that there is no such thing as a “good” extremist. For example, the S Wing of Pakistan’s ISI is reported to continue to provide at least logistical support to the HQN, and yet it is known that the HQN, working in collaboration with the TTP, has abducted a number of journalists, diplomats and other prominent community members in both

³³⁵ I am indebted to Dr. Phil Williams for his thoughts on this matter in “Criminals, Militias and Insurgents: Organized Crime in Iraq.”

Afghanistan and Pakistan.³³⁶ Both the HQN and the TTP earn criminal profits, which the TTP likely uses, in part at least, to attack Pakistani government and intelligence installations.

- The frustration and rage that ordinary civilians feel towards militant crime is palpable on both sides of the frontier. This is an opportunity that could be capitalized on but only if local governments on either side of the frontier are perceived as preferential to the Taliban, or at least improving. Local leaders in Afghanistan and Pakistan have some soul-searching to do about what kind of future they want for their countries, and would serve their own people best by working to improve levels of governance.
- The QST Code of Conduct, along with denials by the Pakistani Taliban of their involvement in some of the bloodiest attacks there, indicate that militant groups are sensitive to the widening public rage and see it as a strategic liability. Coalition efforts to expose their criminal behavior and to protect communities from it could boost public support for NATO, Afghan and Pakistani troops and increase force protection.
- Military commanders and Western policy-makers need to consider the primary motivation for insurgent and extremist leaders in this conflict. Amid international efforts to offer negotiations to the Taliban, and in the wake of numerous failed efforts by the Pakistan military to strike deals with the militants, it is worth considering that rebel leaders motivated mainly by profit will not cease their activities no matter what political accommodations they are granted. In such an environment, it is worth considering whether greed or grievance, or what combination of the two, is the driving force sustaining conflict, an issue which will likely differ across the battle space, given the wide variety of actors and their disparate motivations.

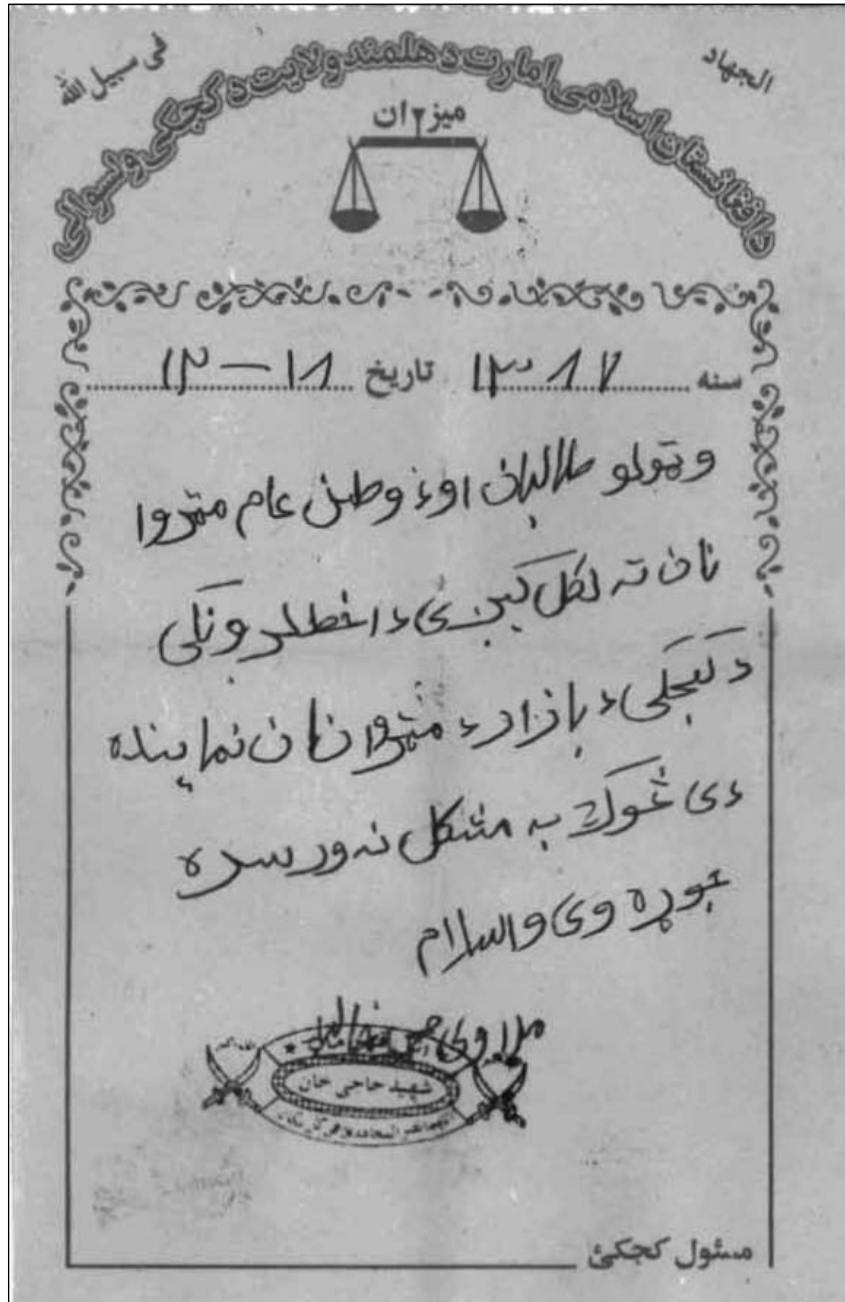
The central implication of this paper is that as much as drug trafficking and other organized crime have had debilitating effects on NATO's efforts to combat militancy and establish stability, the spread of criminality in Afghanistan and Pakistan has been

³³⁶ Mark Mazzetti and Eric Schmitt, "Afghan Strikes by Taliban Get Pakistan Help, U.S. Aides Say," *New York Times*, 25 March 2009.

even more deleterious for ordinary civilians there. Protecting local communities from organized crime represents a yet untapped opportunity within the wider counterinsurgency strategy. If security providers (including foreign and local troops and police) were able and willing to provide adequate community-level security, Afghans and Pakistanis would suffer far fewer shakedowns, abductions and thefts. Just as American soldiers expect relative security from crime for themselves and their families back home, Afghans and Pakistanis also long for a safe atmosphere in their communities.

APPENDIX A: SAMPLE HARMONY DOCUMENTS*

AFGP-2009-B0000598 (Original)



* For additional Taliban/Harmony documents see www.ctc.usma.edu.

AFGP-2009-B0000598 (English Language Translation)

Source Language: Pashto

Translation Type: Gist Translation/Gist/Full Translation/N/A

Log Date: 2009

Announcement!

TO: All Kajaki Shopkeepers and Truck Drivers

The bearer of this letter is our new Representative to collect money.
Please cooperate with him like ever before.

Signed and sealed by HAJI KAHN

Taliban chief for Kajaki

د (پاکستان) ولایت د افغانستان اسلامي امارت تاریخ ۱۹ / ۲۱ / ۱۳۸۱ ل
د (کراچۍ) مدیر/معاونت ولسوالۍ ضروری خبرتیا ګڼه: ۵۵

اول: ټولې هغه لارې او سرکونه چې د فعلی مفسدې ادارې لخوا رغول کېږي او جوړېږي ورساندې تګ اورانګ به کلکه سره بند او ممنوع ده مسلمانان وروڼه به له نن ورځې وروسته په هېڅ وخت کې تګ اورانګ نکوي که ناکرده څوک دغه خبرتیا عملی نکړي او د فهم وړيې ونه بولي بیا به یې شرعی مسئولیت پر خپله غاړه وي !!! ځکه چې ټولې همدغه لارې له همدانن ورځې څخه له ماینونو وکې شوي دي !!!

(((هغه لارې به لاندې ډول دي)))

له خانخیل تر خیرکوټ / له خیرکوټ تر کخیل / له خیرکوټ تر مینست / له مسیت تر مشخیل له مشخیل تر ولایت / له مسیت تر یخې خیل / له یخې خیل تر اوښي دوهم: مکتبونو ته (بېسوڅې) مطلقاً بند دي هېڅ مکتب ته اجازه نشته چې خلاص او یا ورڅخه استفاده وکړي !!!

دریم: حکومتې ځایونو ته به هېڅ څوک دی هېڅ نوع ضرورت لپاره نه ورځي لکه ولسوالۍ ، ولایت لیا ، قوهاندانې ، کمپاین او پوسټه !!!

څلورم: حکومتې شورا وي بلکل بندې دي او د حکومت لخوا قومي شورا وي هم بلکل منع دي !!! پنځم: د حکومت هر راز هر نوعه مسز دورې جدا منعه دي لکه تعینراتي کارونه ، انسجینري کارونه سرکې کږول ، اویا تریکټرا او موټر بسکټي لگول او که هر حکومتې مزدور یا کار یگر گرفتار شو په سختو سزا به محکوم شي اوله مسؤساتو سره هر نوعه کومک کول اویا کومک ځینې اخستل جسداً منع دي

نوب: ماین افشا کول ، مخلص کور او مجاهد افشا کول اوله خارجي او داخلي دینمانو سره دریدل او د مجاهد او طالب خلاف تبلیغ کول جدا منعه دي او مخالف به یې سخت مجازات شي !!!

(((ومن الله التوفیق)))



چاپ ځای: ښار - کابل

AFGP-2009-ISAF0484 (English Language Translation)

DESCRIPTIVE TITLE: Taliban night letter for the people of Paktika Province.

Islamic Emirate of Afghanistan Urgent Warning

Date: May 9, 2009

Province: Paktika

Issue #: 55

District: Provincial Capital

1-Those routes and highways that have been fixed or built by the infidels are prohibited to use. If anybody does not listen or ignores this warning, he/she will be responsible for anything that happens to them because all the routes have been mined.

- The routes that we are referring to are:

From Jan-Khail to Khair-Kot
From Khair-Kot to Bak-Khail
From Khair-Kot top Masit
From Masit to Mash-Khail
From Mash-Khal to Provincial capital
From Masit to Ahya-Khail
From Ahya-Khail to Omani

2-The schools are absolutely closed; nobody is allowed to open schools for the students or for any other purposes.

3-Nobody is allowed to go to government office buildings for any reason.


4-Government meetings are absolutely prohibited; the tribal meetings that have been established by the government are also prohibited.

5-Any kinds of work such as construction, engineering or road work are prohibited. You are even prohibited from leasing your tractor or car to the government. If we capture any government employee, we will punish him severely. Helping the foreign companies or getting help from them is absolutely prohibited.

Note: Disclosure of mines, disclosure of Mujahids' homes, cooperating with foreign and domestic enemies and propaganda against the Taliban and Mujahideen are absolutely prohibited.

((We hope God gives us success))

APPENDIX B: EXAMPLE OF TALIBAN TAX RECEIPT

| | |
|---|---|
|  | د افغانستان اسلامي امارت د کنډز ولايت د عشر او زکات اداره |
| شماره : | تاريخ |
| د ورکونکي نوم : | |
| د منطقي نوم : | |
| جنس : | مقدار |
| د عشر لاسليک | د ورکونکي لاسليک |