

Funding Sources for the Taliban*¹ (2001–2021)

Olga E. Mitrofanenkova 

Institute of Oriental Studies of the Russian Academy of Sciences, Moscow,
Russia

mitrofanenkova.olga@bk.ru, <https://orcid.org/0000-0003-0076-2956>

Abstract. The article examines the sources of financing of the Taliban* for twenty years. The author identifies internal and external sources of income of the Taliban* Movement. The role of illegal drug production in financing the activities of the Taliban in the struggle for power is emphasized.

Keywords: Afghanistan, Taliban* Movement, drug business, sources of financing

Acknowledgments: The article was prepared as part of an initiative project of the Center for the Study of Modern Afghanistan (Russia, Moscow)

For citation: Mitrofanenkova O.E. Funding Sources for the Taliban* (2001–2021). *Russia & World: Scientific Dialogue*. 2023; 2(8): 32–42, [https://doi.org/10.53658/RW2023-3-2\(8\)-32-42](https://doi.org/10.53658/RW2023-3-2(8)-32-42)

Introduction

Despite the fact that in 2001, as a result of the anti-terrorist operation “Enduring Freedom”, the «Taliban»* Movement (recognized as a terrorist organization in the Russian Federation) was almost completely defeated, in August 2021 they managed to come to power in Afghanistan again. A significant role in their re-return was played by sources of funding, which helped them not only to recover, but also to regain influence and control over the country.

¹ *The organization has been recognized a terrorist organization by the Russian Supreme Court. Unified federal list of organizations, including foreign and international organizations, recognized as terrorist in accordance with the legislation of the Russian Federation (as of June 25, 2023). URL: <http://www.fsb.ru/fsb/npd/terror.htm>; 18+

The sources of funding for the «Taliban»* in the period from 2001 to 2021 were considered in the works of both foreign (mainly Western researchers) and domestic researchers. Among the foreign works, D.Mansfield's work "A state built on sand. How opium is destroying Afghanistan" (8) stands out in particular. Despite the fact that the central place in the work is devoted to the illegal production of drugs and the fight against it in Afghanistan, the author also examines the role of drug trafficking in the financing of the «Taliban»* movement. Foreign research centers have also published studies related to the sources of funding for the «Taliban»*. Here it is worth highlighting the analytical materials of V.Felbab-Brown² from the Brookings Institution.

In the work of E.A.Stepanova "The role of drug trafficking in the political economy of conflicts and terrorism" [2], the sources of financing of the «Taliban»* movement were also considered. In addition to the role of drug trafficking in financing the «Taliban»*, the author also notes external sources (mainly financial assistance from Pakistan and some Arab states). In the work of E.A.Stepanova, the period of the 1990s and the beginning of the 2000s was mainly considered. Among domestic researchers, it is also necessary to highlight the article by U.V.Okimbekov "Afghanistan: socio-economic life under the parallel rule of the «Taliban»*" [1]. The author examines the period from 2001 to 2019. The author analyzes the sources of income of the «Taliban»* and the peculiarities of financing the Quetta Shura, the peculiarities of the Afghan economy.

The purpose of this article is to study the changes in the sources of financing of the «Taliban»* in the period from 2001 to 2021, to identify which sources of income played the most significant role.

Materials and Methods

The main sources of the research were materials from international organizations and Western scientific and analytical centers. These are the materials of the UN Office on Drugs and Crime³, The Directorate has been providing data on the Afghan drug industry and its revenues for about 30 years in its annual reports on the drug situation in the world. It is also worth highlighting the FATF (Intergovernmental Commission on Financial Monitoring) reports⁴, which provides data on the potential income of the «Taliban»* from their illegal activities.

The method of historical periodization was used in the study. The 20 – year period from 2001 to 2021 was divided into two time periods: 1) 2001–2014, the actions of the «Taliban»* to restore their fighting power and influence in Afghanistan 2) 2015–2021. The «Taliban»*'s growing influence in Afghanistan, they are already becoming a significant

² Brookings Institute. Available from: <https://www.brookings.edu/experts/vanda-felbab-brown/>.

³ UNODC. [Electronic source]. Available from: <https://www.unodc.org/unodc/en/data-and-analysis/world-drug-report-2022.html>

⁴ FATF. - Financial Action Task Force, FATF)). Electronic source]. URL: <https://www.fatf-gafi.org/en/home.html>.

force and in a number of provinces (mainly in the south of the country) have power and influence in parallel with the official government. At the same time, some sources of illegal income are completely controlled by them (drug trafficking).

Another method used in the study was the historical-comparative method, since the sources of income of the «Taliban»* were compared over two periods. A historical and systematic method was used with the help of which the relationship between the sources of financing of the «Taliban»* movement and their re-coming to power was shown.

Results

The Role of Drug Trafficking in the Financing of the Taliban* Movement 2001–2014.

As a result of the introduction of foreign troops led by the United States in 2001 The «Taliban»* and other anti-government groups suffered greatly and were forced to flee to Pakistan, neighboring Afghanistan. During this period, the «Taliban»* were in dire need of financial resources, since in addition to ensuring their anti-government activities, they also needed to resist the foreign military contingent.

Their main tasks in the 2000s were to build up their forces and regain their former positions in Afghanistan.

Gradually, the remnants of the «Taliban»* began to regroup and recover. It was reported that Mullah Omar contacted his deputies and instructed them to organize their fighters, pick up recruits from Pakistani madrassas, find weapons caches and raise funds. Drug traffickers were among the first to provide funds to help the «Taliban»* [9:17].

According to some estimates, the income from drugs could be from 20 to 40% of the total income of the «Taliban»* during this period⁵. This source of financing has always played a significant role in their financial support. The drug business has become a significant source that has contributed to the beginning of the restoration of the «Taliban»* Movement. At the same time, it can be attributed to internal sources of financing.

Despite the fact that in 2003 the «Taliban»* had not yet fully regained their strength (as well as influence in Afghanistan) and were poorly organized, they managed to establish control over drug production in a number of areas in the south of the country. During this period, due to financial revenues from drug trafficking, the Quetta Shura (the main military-political body of the «Taliban»* operating in Pakistan) managed to maintain control over the poorly organized «Taliban»* [9:17].

Tax revenues from peasants became another internal resource of finance. In the 2000s, the «Taliban»* secretly collected opium taxes from peasants in the territories

⁵ Felbab-Brown V. High and low politics in Afghanistan: The terrorism-drugs nexus and what can be done about it// Brookings Institute [Electronic source]. URL: <https://www.brookings.edu/articles/high-and-low-politics-in-afghanistan-the-terrorism-drugs-nexus-and-what-can-be-done-about-it/>.

under their control. They began to resort to such tax collection back in the 1990s. In those areas where there was no obvious dominant force, there were periodic clashes between «Taliban»* commanders, criminal groups and officials who also received illegal income from drug trafficking. During this period, there was an active competition between various forces for control of the drug business. There was no single center that would completely control the production of drugs in the country. The current situation contributed both to the destabilization of the situation in certain areas of Afghanistan and to the undermining of the influence of the central government.

In order to receive a stable income from drugs, the «Taliban»* acted as defenders of peasants growing opium poppies.

The traditional collection of income from drugs in the 2000s looked like this (as noted earlier, the scheme of collecting taxes from peasants has remained unchanged since the 1990s.):

1) the «Taliban»* commanders collected the ushr tax from the poppy farmers, which is equal to 10% of the value of the crop,

2) to increase their income, «Taliban»* fighters very often worked in poppy fields during the harvest (of the entire drug production process, it is the collection of raw opium that is the highest paid, as well as the most time-consuming),

3) small traders who bought raw opium from peasants also paid a tax to the «Taliban»*. In addition, drivers who were engaged in the transportation of drugs paid the «Taliban»* a transit tariff for each kilogram of raw opium or finished drug smuggled out of Afghanistan,

4) the «Taliban»* also received payment for the protection of drug laboratories, where heroin was produced from raw opium,

5) the most significant source of income for the «Taliban»* from drugs were regular payments to large organizations involved in drug trafficking. These payments were received directly to the Quetta Shura ("Council of Quetta"), which included «Taliban»* leaders who lived in or near the city of Quetta, the capital of Balochistan province in Pakistan [6:42–43].

Drug trafficking was an important source of financing for the «Taliban»*. At the same time, the main thing was that they had the opportunity to earn income in a very short time, which allowed them to re-assert their claims to influence in Afghanistan at the beginning of the 2000s.

It is worth noting that the neighboring countries of Afghanistan also played a significant role in the growth of their income from drug trafficking. First of all, the main routes of Afghan drug trafficking ran through their territory. At the same time, illegal money transfers were made through the hawala system (an informal system of transferring funds and valuables based on the offset of claims and obligations between brokers) through the same countries.

Pakistan, Iran, Saudi Arabia and the United Arab Emirates (UAE) have become the main transaction centers for "financial flows related to the production and trafficking of Afghan opiates." Money laundering also took place in these countries. Subsequently, money was transferred from here back to drug traffickers in Afghanistan [3:31].

Diversification of Sources of Financing for the «Taliban»* Movement 2001–2014

In the 2000s, the sources of financing for the «Taliban»* began to diversify. In providing their activities with finances, they tried not to rely on one source of income, but to be able to receive money from different sources. There were created conditions in which, having lost one type of income, it was possible to replace it with another. The situation in which the «Taliban»* could find themselves completely without funds was thus minimized.

Gradually, the threat of the «Taliban»* in Afghanistan began to intensify again.

In the early 2000s, the «Taliban»* by the nature of their actions resembled the mafia (extortion from businesses, etc.). During this period, the «Taliban»* were not as organized as in the 1990s. They were more a collection of separate "bandit" groups united into a some unified whole, each of these groups operated with a different degree of autonomy in Afghanistan, having a rear in Pakistan [5:9].

In addition to collecting taxes on opium from peasants and drug trafficking, the «Taliban»* also collected a 10% "tax" (usr) from local small business owners. Quite often they also resorted to outright extortion [5:9].

A number of illegal activities acted as sources of financing for the «Taliban»*. According to some information (for example, FATF, the Financial Action Task Force on Money Laundering), each of the types of income in the «Taliban»* budget served to provide specific tasks. The income received from taxation of the local economy served to conduct local operations and only in some cases were sent up to the top leadership of the movement. Part of the income received from the drug business, deductions from construction and trucking companies, from mobile operators, mining companies and from aid and development projects went to the «Taliban»* finance commission (the movement already had a clear structure by that time, which in the 2010s included various "ministries"). The commission was controlled by the top leadership of the movement. Various types of donations, mainly from Arab countries, went directly to the top leadership of the «Taliban»*. According to the UN data in the period from 2011 to 2012 The «Taliban»*'s budget was \$400 million, one third of it was obtained through drug trafficking [6:42]. Of course, internal sources of financing accounted for a significant share of the budget. In addition to drug trafficking, they included various illegal taxes from peasants and businesses, transport duties, racketeering and all kinds of extortion. External sources included, of course, donations from Arab foundations (mainly from Saudi Arabia) that supported terrorist activities.

«Taliban»* Revenues from Drug Trafficking 2015–2021

Since 2015, most of the proceeds from drug trafficking began to flow directly to the «Taliban»*. The processing of raw opium into a finished product was also almost under their complete control. Drug revenues, as before, consisted of taxes that they collected from the harvest of opium from peasants, from laboratories where heroin was produced, and from

taxes paid by traffickers for the export of drugs from the country⁶. During this period, the «Taliban»* became a key force that controlled the drug trade in Afghanistan.

The «Taliban»* also used an extensive and multi-channel network to generate income from drug trafficking. Thus, drivers were charged a transport fee for using highways in regions controlled by the «Taliban»*. They also continued to collect ushr and zakat. These tax revenues, which can be considered as extortion, brought in up to \$160 million a year⁷.

If we discuss the income of anti-government groups, local warlords and the «Taliban»* from crop taxation, then all together they could receive from \$50 million to \$90 million in income. In 2018, the «Taliban»* could have received about \$10 million from taxes on the opium poppy crop. If we consider all the «Taliban»*'s drug-related activities, then the «Taliban»*'s income could reach \$400 million per year [4:6].

It is important to note that the estimates of the United Nations Office on Drugs and Crime of the «Taliban»*'s income took into account mainly income from raw opium and taxes. Reports from other international organizations (for example, the RAND Corporation) have already considered the total income from the entire drug industry. At the same time, it was noted that drug trafficking was not the only source of income for the «Taliban»*⁸. The greatest income was generated by the supply of raw opium processed into heroin to the final markets, as well as the process of subsequent money laundering.

Drug production and smuggling remained a very lucrative source of income for the «Taliban»* until August 2021. The connection between the armed group and the drug mafia expanded the capabilities of the latter, allowing it to come to power again in Afghanistan⁹.

As the «Taliban»* seized power in Afghanistan in recent years, the level of their income from drug trafficking, as well as from the collection of transport duties, has also increased. In addition, they actively levied taxes in almost all areas in those areas that were under their control [7].

The Role of other Sources of Income in Financing the «Taliban»* Movement 2015–2021

After 2015, the «Taliban»* continued to use other sources of financing besides drug trafficking. These sources were related to the drug business by the illegal nature of their origin. They often openly extort money from legitimate businesses, acting as an organized criminal group.

⁶ *The organization has been recognized a terrorist organization by the Russian Supreme Court. Unified federal list of organizations, including foreign and international organizations, recognized as terrorist in accordance with the legislation of the Russian Federation (as of June 25, 2023). Available from: <http://www.fsb.ru/fsb/npd/terror.htm>. (accessed: 25.06.2023);18+

⁷ Ibid.

⁸ Azami D. Afghanistan: how do the «Taliban»* make money? BBC news. Available from: <https://www.bbc.com/news/world-46554097>

⁹ Afghan neighbors need to intervene if they want stability. AlJazeera. Available from: <https://www.aljazeera.com/opinions/2021/7/26/afghanistans-neighbours-need-to-step-in-if-they-want-stability>

Many mining companies, both small businesses and large companies, were forced to pay the «Taliban»* to be able to continue their business. Often the «Taliban»* threatened death to those who refused to pay them¹⁰. And since the local population remained afraid of the «Taliban»*, everyone knew that they were capable of extremely cruel actions, this forced many to pay them. The «Taliban»*'s main tools for obtaining money from the population remained violence and the fear they inspired.

They continued to receive secret financial donations from private donors around the world. Many of these donations came from charities and private foundations located in the Persian Gulf countries – from a region with which the «Taliban»* have always had close ties and which has supported them in the past. These donations could range from \$150 to \$200 million per year. According to the US government, these charities are on the list of groups that finance terrorism¹¹.

Among them, a special place is occupied by funds from Saudi Arabia, as well as from the UAE. They account for the largest volume of donations to the «Taliban»*.

Among the funds from Saudi Arabia, it is worth noting Al-Haramain foundation*, Al-Furqan.

Al-Haramain Islamic Foundation* has its branches also in Indonesia, Somalia. Allegedly it was liquidated, but there are mentions of its activity in the first half of 2022¹².

Al-Furqan¹³ is connected with Al-Haramain Islamic foundation*¹⁴, it was based in Bosnia. In 2015, she was already in Pakistan and Afghanistan. According to the UN, at the beginning of 2022 it is based in Nigeria on Lake Chad. Both organizations have been seen financing the «Taliban»* in recent years¹⁵.

Money to the «Taliban»* also came from Pakistan. In addition, they received money from poaching – hunting bustards¹⁶ for Saudi and Emirati sheikhs¹⁷. The sources of funding for the «Taliban»* were very diverse, which provided stable funding for their anti-government activities. As a result, they were not dependent on one or two sources of income.

¹⁰ The Taliban* are megarich – here's where they get the money to wage war // ThePrint [Electronic source]. URL: <https://theprint.in/opinion/the-taliban-are-megarich-heres-where-they-get-the-money-to-wage-war/564305/>.

¹¹ The «Taliban»* are megarich – here's where they get the money to wage war. The Print. Available from: <https://theprint.in/opinion/the-taliban-are-megarich-heres-where-they-get-the-money-to-wage-war/564305/>

¹² Al-Haramain Foundation*. United Nations security council. Available from: https://www.un.org/securitycouncil/sanctions/1267/aaq_sanctions_list/summaries/entity/al-haramain-foundation-%28pakistan%29

¹³ U.S. Blacklists Al-Furqan Islamic Heritage Foundation*. Available from: <https://tolonews.com/afghanistan/us-blacklists-al-furqan-islamic-heritage-foundation>

¹⁴ Treasury announces joint action with Saudi Arabia against four branches of Al-Haramain* in the fight against terrorist financing. U.S. Department of Treasury. Available from: <https://home.treasury.gov/news/press-releases/js1108>

¹⁵ The U.S. and Saudi Arabia take joint action against terrorist financing entity attempting to evade U.S. and UN sanctions and violate Saudi laws. U.S. Department of Treasury. Available from: <https://home.treasury.gov/news/press-releases/jl10019>

¹⁶ Bustard is a large, rare bird, listed in the Red Book, valued in sport hunting.

¹⁷ Felbab-Brown V. Afghanistan's opium production is through the roof – why Washington shouldn't overreact// Brookings Institute. Available from: <https://www.brookings.edu/blog/order-from-chaos/2017/11/21/afghanistans-opium-production-is-through-the-roof-why-washington-shouldnt-overreact/>

It has already been noted that the «Taliban»* receive money from criminal sources of income. On average, taking into account all sources of financing, their income has fluctuated in recent years from \$300 million to \$1.6 billion. The sources note that in 2020, the «Taliban»* could earn about \$460 million in drug trafficking¹⁸, including taxes collected, subsequent processes of production, illegal sale of drugs and money laundering obtained in this way. At the same time, they managed to establish control over the main provinces where large drug production is concentrated in Afghanistan (for example, over Helmand province, which is considered a «Taliban»* stronghold)¹⁹. In 2019–2020, the «Taliban»*'s budget amounted to about \$1.6 billion²⁰.

Conclusions

The «Taliban»* movement has always been distinguished by the fact that they formed their financial security for the struggle for power well. At the same time, the development of the state's economy and economic policy were their weak side both in the 1990s and after August 15, 2021.

All sources of financing of the «Taliban»* Movement for twenty years can be divided into internal and external. Internal sources of income include various tax revenues (which were collected illegally), income from drug trafficking, and all types of extortion. External sources of financing include illegal cash receipts from Arab funds, as well as from Pakistan.

If we evaluate the sources of financing by importance, then one of the most significant resources is the drug business. It was during the first period of the «Taliban»* Movement in power in the 1990s in Afghanistan that the drug business was finally formed into a full-fledged illegal industry. It was the drug business that became one of the sources of financing that helped the «Taliban»* regain their strength and influence in Afghanistan after 2001.

References

1. Okimbekov U.V. Socio-economic life under the parallel rule of the Taliban*. Eastern analytics. 2019; 4: 91–103. Available from: <https://cyberleninka.ru/article/n/afghanistan-sotsialno-ekonomicheskaya-zhizn-pod-parallelnoy-vlastyu-talibov> [In Russian].
2. Stepanova E. A. The role of drug trafficking in the political economy of conflicts and terrorism. Moscow: 2005 [In Russian].
3. Afghanistan. Narcotrafficking: illicit financial flows. EastWest Institute, 2017 [In English].
4. Afghanistan opium survey 2020. UNODC, Vienna, Kabul. 2021 [In English].
5. Afghanistan's NARCO war: breaking the link between drug traffickers and insurgents. A report to the committee on foreign relations united states senate. 2009 [In English].
6. Financial flows link to the production and trafficking of Afghan opiates. FATF Report, 2014 [In English].

¹⁸ The «Taliban»* in Afghanistan. Council on foreign relations. Available from: <https://www.cfr.org/background/taliban-afghanistan> (21.09.2021)

¹⁹ U.S. – «Taliban»* peace deal: what to know// Council on foreign relations. Available from: <https://www.cfr.org/background/us-taliban-peace-deal-agreement-afghanistan-war> (22.03.2021)

²⁰ Ibid.

7. Letter dated 19 may 2020 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council. UN Security Council. 2020 [In English].
8. Mansfield D. A state built on sand. How opium undermined Afghanistan. Oxford University Press, NY, 2016 [In English].
9. Peters G. How opium profits Taliban*. United States Institute of Peace. 2009 [In English].

About the author

Olga E. MITROFANENKOVA. CandSc (Hist.). Researcher at the Institute of Oriental Studies of the Russian Academy of Sciences, <https://orcid.org/0000-0003-0076-2956>. Address: 12, Rozhdestvenka str., Moscow, e-mail: info@ivran.ru

Contribution of the author

The author declares no conflicts of interests.

Article info

Submitted: 2023. Approved after peer reviewing: May 16, 2023. Accepted for publication: May 22, 2023. Published: June 25, 2023

The authors read and approved the final manuscript.

Peer review info

«Russia & World: Scientific Dialogue» thanks the anonymous reviewer(s) for their contribution to the peer review of this work.

* The organization has been recognized a terrorist organization by the Russian Supreme Court. Unified federal list of organizations, including foreign and international organizations, recognized as terrorist in accordance with the legislation of the Russian Federation (as of June 25, 2023). Available from: <http://www.fsb.ru/fsb/npd/terror.htm>. (accessed: 25.06.2023);18+