

3. *Protection Payments for Safe Passage Are a Significant Potential Source of Funding for the Taliban*

Finding: Within the HNT contractor community, many believe that the highway warlords who nominally guard the trucks in turn make protection payments to insurgents to coordinate safe passage. This belief is evidenced in numerous documents, incident reports, and e-mails that refer to attempts at Taliban extortion along the road. The Subcommittee has not uncovered any direct evidence of such payments and Commander Ruhullah, the Popal brothers, and Ahmed Wali Karzai all adamantly deny that any convoy security commanders pay insurgents. According to experts and public reporting, however, the Taliban regularly extort rents from a variety of licit and illicit industries, and it is plausible that the Taliban would try to extort protection payments from the coalition supply chain that runs through territory in which they freely operate.

Every truck costs about \$200 as a bribe I pay on the route – to police or Taliban. The Taliban don't care about small money: they ask for \$10,000, \$20,000 or \$50,000 when they kidnap people.

– Haji Fata, CEO of Mirzada Transportation Company, as quoted in a November 13, 2009 Financial Times article, *High Costs to Get NATO Supplies Past Taliban*, by Matthew Green and Farhan Bokhari

Many within the HNT contractor community believe that a large portion of their protection payments to local warlords for convoy security subsequently go to the Taliban or other anti-government elements, the forces that actually control much of Afghanistan and many of the key routes used for transportation of U.S. supplies. According to a former HNT project manager, it is widely known that the operational environment in Afghanistan requires payoffs to local warlords and the Taliban for safe passage of trucking convoys.¹²⁴

A former employee of an HNT contractor that utilizes Watan Risk Management for security described a symbiotic relationship between Commander Ruhullah and the Taliban. According to this account, Commander Ruhullah only pays off Taliban forces if they are persistent enough to create a problem for Watan Risk Management guards on the road. Many firefights are really

negotiations over the fee.¹²⁵ Another former HNT program manager who spent many years in the military said that he had “no doubt whatsoever” that Commander Ruhullah collaborated with insurgents.¹²⁶

Asked whether Commander Ruhullah coordinated safe passage with insurgent groups, one security company executive stated:

[W]e believe that Ruhullah serves his own needs at all times ... We are of the opinion that, when it suits his need, he will engage with Taliban or similar elements. He will provide supplies and sell weapons to those elements but generally he is operating for his own benefits. So yes, he has links to [the Taliban] but he is not aligned with them. He doesn't consider himself a part of the Taliban.¹²⁷

Documents Reflect Concern Regarding Taliban Extortion

Documents provided to the Subcommittee by the Department of Defense and contractors also reflect concerns regarding protection payments to hostile actors. For example, according to notes from a meeting of all HNT project managers and military logisticians, the participants specifically discussed protection payments “funding the insurgency”:

The PM [Project Manager] HNT from [an HNT contractor] asked LtCol Elwell if there was any progress on the Up Arming Authority [a request to be able to use greater armaments]. It was highlighted that this authority would enable IDIQ Carriers the flexibility to choose PSC to perform convoy security. **By gaining this authority IDIQ Carriers would stop funding the insurgency of what is estimated at 1.6 – 2 Million Dollars per week.**¹²⁸

In an incident report filed by an HNT contractor in late 2007 (before the HNT contract started), the security manager wrote:

Contacted through the carrier by the Taliban commander that we have to pay for safe passage if we want our truck to go through the area ... [W]e were informed that this was a statement from the Taliban that if we did not want our assets engaged we had to pay a protection fee.¹²⁹

In addition, as discussed in Finding 7, *infra*, many of the military logisticians that oversaw the contract were under the impression that the Taliban did receive protection payments, though this information was largely based on information provided to them by HNT contractor representatives.

Security Providers Deny Paying the Taliban

Commander Ruhullah and Watan Risk Management adamantly deny paying the Taliban. Rashid Popal stated that neither Watan nor convoy security companies could be “making deals” with the Taliban, and to suggest otherwise represented a lack of understanding of the Taliban’s organizational structure. He argued that it would be “impossible to pay them off” because the Taliban is too decentralized and will not take money from “infidels.”¹³⁰

Commander Ruhullah pointed to his frequent firefights with the Taliban as evidence that he does not pay them. He claims to have lost 450 men in the last year alone and stated that his men had killed 20 Taliban in a major engagement earlier in the week. In the middle of his interview with Subcommittee staff, Commander Ruhullah received a call on his mobile phone and got up to speak in a hushed voice in the corner.¹³¹ Later that day, his associate said that the sub-commander who had led the attack that killed the 20 Taliban had himself been slain in a retaliatory ambush. Commander Ruhullah had been informed of the slaying on the call during the interview, he said.¹³²

Ahmed Wali Karzai also stated that private security companies were not paying the Taliban for safe passage. “It’s impossible to pay everyone... The Taliban is not one any longer. There are different tribes and groups. One person does not control a 400 kilometer road. Maybe there is one leadership in Pakistan, but when you come down here, there are different tribes, different groups, different people.” Mr. Karzai gave an example: “a guy in Helmand bought 30 dump trucks and paid one Taliban commander to get them through, but soon another [Taliban commander] heard of this and came and burnt all the trucks.”¹³³

Mr. Karzai argued that the increased danger on the road was partially a result of a *fatwa* issued by the Taliban that amounted to a “license to steal from Americans.” As a result, there is no one group that could be bought off, but “hundreds and hundreds of groups trying to steal whatever they can along the road.” Because unemployment is so high – and the fact that “an AK-47 is like a mobile phone, everyone has one” – the road has become virtual anarchy and the private security companies must fight their way through.

Discrepancies in Incident Reporting

According to the U.S. Army’s 2006 “Counterinsurgency Manual,” “[l]ogistic providers are often no longer the tail but the nose of a [counterinsurgency] force... Logistic units are perceived by insurgents as high-payoff targets and potential sources of supplies; thus lines of communications (LOCs) are a main battle area for insurgents.”¹³⁴ Despite the insecurity of Afghanistan and the vulnerability of the supply lines there, many in the military believed that there were suspicious discrepancies in the incident rates for different HNT carriers and different security providers.¹³⁵

There is little hard data regarding the number and location of security incidents on the HNT contract in Afghanistan, and the data that is available is unreliable, but some evidence does support the discrepancies of concern to the military. For example, the manager of one HNT trucking company that used Watan Risk Management for much of its security said that his company had run over 10,000 truck missions from May 2009 to April 2010, but had only lost seven trucks and two drivers due to hostile action during that period.¹³⁶ Another contractor that also used Watan Risk Management had run roughly 15,000 missions from October 2009 to March 2010 but had only lost six trucks during the same period.¹³⁷ Meanwhile, other contractors were reporting a “high number of casualties.”¹³⁸



Photo Credit: Militaryphotos.com

According to the former director of the Armed Contractor Oversight Directorate, his group had analyzed the incident reporting and determined that the discrepancies between companies reporting very low incident rates and companies reporting much higher incident rates was more than coincidence and should be further analyzed by the intelligence community.¹³⁹ If accurate, the low number of incidents reported by two of the carriers that were using Watan Risk Management for security would call into question the veracity of Commander Ruhullah’s statement that he is engaged in daily gun battles with insurgents but failing to report them.

The Taliban Regularly Attempt to Extort from U.S. Contractors and Projects

According to U.S. officials, public reporting, and multiple experts, the Taliban regularly attempt to extort money from contractors for U.S. and coalition logistics and development work. Indeed, in December 2009, Secretary Clinton acknowledged before the Senate Foreign Relations Committee that “one of the major sources of funding for the Taliban is the protection money.”¹⁴⁰

Such protection payments are alleged to be widespread across a number of different industries in Afghanistan: reconstruction projects, telecommunications systems, poppy cultivation and smuggling, and transportation.¹⁴¹

A 2009 report on private security contractors in Afghanistan published by New York University alleged widespread protection payoffs to insurgents:

Illicit taxation of PSPs [private security providers] escorting convoys and other scams on private transport and security are also an important source of funding for corrupt police and insurgents... Although it is transportation and construction companies, both international and national, who are the main source of “protection” revenue, private security escorts also pay Taliban not to be attacked. According to an Afghan intelligence official, there are examples of PSPs paying as much as 60 percent of their gross profits for convoy security to the Taliban and other insurgent-cum-criminal groups for “protection.”¹⁴²

Several recent articles have described Taliban extortion of USAID-funded reconstruction projects. According to one author, the Afghan Threat Finance Cell, along with “military and embassy officials confirmed the insurgents also use extortion of U.S. development money for their funding, citing supply convoy shakedowns, construction protection rackets, Taliban ‘taxes’ on corrupt officials, pay-offs from NGOs and skims from poorly overseen government projects of the National Solidarity Program.”¹⁴³ According to a quote attributed to a former security consultant in Afghanistan, “I have yet to find a security company that doesn’t rely on payoffs to the Taliban.”¹⁴⁴

In another article, a journalist examined a small \$200,000 dam and irrigation project: “In spite of the U.S. intervention in this Taliban-ridden region, the dam project has been counter-intuitively free of attack, leaving soldiers here suspicious. [Agri-business Development Team] commander Col. Brian Copes says: “The Taliban might have taken 30 or 40 percent right off the top, and now [the contractor’s] struggling to perform, because he’s got less than 100 percent of budget because the Taliban took their cut right off the top.”¹⁴⁵

The Afghanistan country director for a major international NGO reported that “the Taliban and local warlords typically take between 10-20% of the value of any project as the price to provide protection. The United States and international community are unintentionally fueling a vast political economy of security corruption in Afghanistan.”¹⁴⁶

Allegations of protection payments are not limited to contractors. In October 2009, the *Times of London* reported that the U.S. Ambassador to Rome had launched a formal protest to the Italian government that their military had a regular practice of paying the Taliban tens of thousands dollars in bribes to maintain peace in Herat, an area under their supervision.¹⁴⁷ Reportedly,

when the French took over the area from the Italians and did not pay these bribes, they came under immediate attack and ten soldiers died.¹⁴⁸ Prime Minister Berlusconi denied that his government had ever authorized such payments, although his administration was only three-months old when the transition from the Italians to the French took place.¹⁴⁹

In the few public interviews with members of the Taliban, there is additional evidence that insurgents feed off of the massive influx of U.S. and coalition funds. A member of the Taliban publicly bragged in an interview that U.S. aid money funds their operations. When asked “what is the source of the Taliban’s financing,” he responded: “[f]rom U.S. dollars from the U.S. authorities!” He further explained, “[U.S. authorities] distribute dollars to the tribal chiefs, local administrators and other concerned people for welfare projects... Not every penny, but most goes into Taliban pockets to refuel their struggle.”¹⁵⁰

For his video series “Talking to the Taliban,” journalist Graeme Smith conducted 42 video interviews with Taliban fighters. Mr. Smith concluded that “many kinds of negotiations with the Taliban have sprung up as the insurgents assert their presence in the outlying districts. Aid agencies and cell phone companies regularly negotiate safe passage of their workers across Taliban territory.”¹⁵¹

Taliban Extortion of Other Industries

The Taliban’s principal and most lucrative source of income in Afghanistan is its control of the opium trade. The Taliban have long profited off of the ten percent *ushr* tax levied on opium farmers, an additional tax on the traffickers, and a per-kilogram transit tariff charged to the truckers who transport the product.¹⁵² In recent years, however, they have been “taking a page from the warlords’ playbook,” and regional and local Taliban commanders have been demanding “protection money from the drug traffickers who smuggle goods through their territory.”¹⁵³ A 2007 analysis by the Jamestown Foundation described “arrangements whereby drug traffickers provide money, vehicles and subsistence to Taliban units in return for protection.”¹⁵⁴ In addition, at even higher Taliban command levels, “senior leadership in Quetta are paid regular installments from narcotics kingpins as a general fee for operating in Taliban controlled areas.”¹⁵⁵ Through these various forms of taxation and extortion, the Taliban have been estimated to earn nearly \$300 million a year from the opium trade.¹⁵⁶

While certainly the most lucrative, opium is not the only illicit business in Afghanistan and Pakistan from which the Taliban extorts payments to fund their operations. Throughout the Northwest Frontier Province (NWFP) and Federally Administered Tribal Areas (FATA) along Pakistan’s border with Afghanistan, the Taliban have reportedly established a “symbiotic tie” with groups like the “timber mafia,” for whom they serve as the “cavalry.”¹⁵⁷

In Afghanistan, the Taliban's ability to construct protection schemes extends beyond ungoverned, unprotected, or illicit industries. Since 2008, they have repeatedly extracted significant rents from the country's cell phone industry. According to several cell phone company executives quoted in a recent *Wall Street Journal* report, cell phone operators or their contractors "routinely disburse protection money to Taliban commanders."¹⁵⁸ These payments are in addition to money "openly passed to local tribal elders to protect a cell-tower site – cash that often ends up in Taliban pockets."¹⁵⁹

In several provinces, including Kandahar, all of the national cell phone carriers (some of which are partly owned by major European companies) have made the joint decision to abide by a Taliban decree requiring them to shut off service from sun-down to sun-up. While the Taliban's ban was initially imposed to prevent potential informants from calling U.S. forces under the protection of darkness in order to provide tips on Taliban locations, it appears to have evolved into yet another form of extortion.

Amir Zai Sangin, the Afghan Minister of Communications, originally asked the companies to resist the Taliban's order. When the companies complied with the government's request and kept mobile service on during the evening, 40 telecommunications towers were destroyed at a cost of \$400,000 each, and company employees were killed.¹⁶⁰ The government has since ceased demanding that the towers stay on at night. In a revealing admission, Mr. Sangin acknowledged that "there is no other way... We don't have the security to protect the towers."¹⁶¹

The Taliban's widespread extortion of people, businesses, contractors, NGOs, and criminal operations indicates that they are willing to finance their operations in whatever way possible, regardless of where those funds originate. With \$2.16 billion being spent on the HNT contract, it is likely that the convoys would be yet another target for Taliban extortion.