

DRUG TRAFFICKING AND THE DEVELOPMENT OF ORGANIZED CRIME IN POST-TALIBAN AFGHANISTAN

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I. INTRODUCTION

The people of Afghanistan have suffered from a quarter-century of civil war and external military intervention. The devastation wrought by the conflict has resulted in the collapse of physical, economic, and government infrastructure across the country, a process which is only now being slowly reversed. Afghanistan was very poor before it was engulfed in persistent conflict, but the conflict made the circumstances of the country's people much worse. Recent rapid economic growth and improvements in some social indicators have not fundamentally changed the overall position (see World Bank, 2005, p. 15). Thus whatever the measure used, Afghanistan remains one of the poorest countries in the world, with indicators like life expectancy (46 years) and under-five mortality (257 deaths per 1,000 live births) placing the country's citizens at the lowest levels of global human security and development.² Ordinary Afghans deserve a better future.

Throughout the protracted period during which Afghanistan was at war, both with itself and with outside invaders, the political economy of pursuing and sustaining conflicts has been closely intertwined with illicit activities. Indeed, the link between war and illicit activities became progressively stronger over the long conflict in the country. Both a cause and a consequence of this is that a weak central state in Kabul has been unable to govern the country's "borderlands", which given their geographical position and their integration into regional trading and smuggling networks, have often had stronger links to surrounding states—Pakistan in the south and east, Iran in the west, and Central Asia in the north and northeast—than to the occupants of the seat of government in Kabul. Unable to effectively control the geographical territory of the country, the Afghan state has been propped up by external powers, with limited interaction between the state apparatus and the majority of citizens (Goodhand, 2005, p. 196).

Afghanistan now faces a daunting set of challenges. In particular, it faces the challenge of whether legitimate state formation and economic growth will be subverted by the expansion and consolidation of the illicit economy. The dangers for the new government are immense. As Barnett Rubin noted in the final year of Taliban rule: "Ending war in Afghanistan might transform the criminalized war economy into an even faster-expanding criminalized peace economy. Whoever rules Afghanistan, the incentives for misgovernment are nearly irresistible." (Rubin, 2000, p. 1799). However, the establishment of an internationally recognized and democratic state structure in Afghanistan is providing the opportunity to delineate more clearly what is legal activity and in contrast, what is criminal.

¹ UNODC. Support from the staff of the UNODC field office in Kabul, Afghanistan, as well as provincial offices in the south, north, and east of the country, is gratefully acknowledged. The United Nations Department of Safety and Security (UNDSS) and the United Nations Assistance Mission for Afghanistan (UNAMA) provided invaluable and expert inputs as well as relevant materials. Particular thanks are also due to the Afghanistan Research and Evaluation Unit (AREU) which provided access to its excellent library facilities in Kabul. Comments received from Doris Buddenberg and William Byrd are gratefully acknowledged as are inputs from Ugi Zveckic, Thomas Pietschmann, and Hakan Demirbukan on an earlier version. The views, findings, interpretations, and conclusions expressed in this chapter are those of the author and should not be attributed to the United Nations Office on Drugs and Crime or to the World Bank, its affiliated institutions, its Executive Board of Directors, or the countries they represent.

² Given lack of data Afghanistan was not included in UNDP's 2005 Human Development Index. The data that is provided is drawn from basic indicators for countries excluded from the Index. See UNDP (2005, p. 328).

In this context, the debate on the evolution of organized crime in Afghanistan has assumed increased prominence. Leading participants in the Afghan peace and democratisation process have warned of the threat that organized crime poses to state formation in Afghanistan. The former Minister of the Interior, Ahmad Ali Jalali, warned that his country was turning into a "narco-state."³ The UN Secretary-General has expressed his concern to both to the General Assembly and the Security Council about the growth of narcotics trafficking and organized crime in Afghanistan and its ability to subvert the peaceful transition to a viable democracy, the economic benefits of which should be shared by all citizens.⁴ Both Afghans and international officials express similar fears.⁵

The purpose of this chapter is to make a first attempt at an assessment of the development of organized crime in the context of post-war and newly democratic Afghanistan. Its findings suggest that organized crime, as in the case of other post-conflict societies, is a considerable threat. Two features in particular make the development of organized crime, both in extent and impact, more pronounced in Afghanistan than elsewhere. The first is the size and established nature of the illicit economy which arose during the conflict. The second is that state institutions before the onset of the transition to democracy had almost ceased to function. So strong internal and external pressures are driving the consolidation of organized crime in the country, and this process is taking place at the same time that the institutions of the state and economy are themselves consolidating. There is thus a considerable overlap between these two processes, driven not least by the fact that, on account of the country's history, many of the players involved in both the licit and illicit streams are the same, with resources generated in the illicit sector being deployed to influence events in the licit sector.

II. DEFINING AND ANALYZING ORGANIZED CRIME IN AFGHANISTAN

An accurate understanding of the nature and evolution of organized crime in any society must rely on at least a basic agreement as to what is understood by the term. However, the diversity of criminal actors and organizations across the globe—and indeed within single regions or countries—has made consensus as to the definition of "organized crime" difficult to achieve. It has been argued that organized crime groups differ from other crime groups in that they specialize in enterprise as opposed to predatory crimes, have a durable hierarchical structure, employ systemic violence (or the threat of it) and corruption, obtain abnormally high rates of return relative to other criminal activities or organizations, and extend their activities into the legal economy (Naylor, 1997, p. 6). Others have opted for a broader definition: "Organized crime consists of organizations that have durability, hierarchy and involvement in a multiplicity of criminal activities" (Reuter, 1983, p. 75).

The negotiation of the United Nations Convention against Transnational Organized Crime did not lead to full consensus on a definition of organized crime (see Vlassis, 2001). An agreement was, however, reached on what constitutes an "organized crime group, which is defined in the Convention as a "structured group of three or more persons existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences in order to obtain, directly or indirectly, a financial or other material benefit" (United Nations Convention against Transnational Crime, Article 2a).

³ The comments were made at a press conference in Kabul on 13 May 2005, see <http://stophthedrugwar.org/chronicle/338/Kabul.shtml>

⁴ Report of the Secretary-General, The situation in Afghanistan and its implications for peace and security, 12 August 2005, A/60/224-S/2005/25.

⁵ See for example the comments of the Afghan Independent Human Rights Commission (AIHRC) in "Afghanistan riddled with drug ties", 18 October 2005, Afghan News Network. Also, the Report of the independent expert on the situation of human rights in Afghanistan, 11 March 2005, E/CN.4/2005/122.

The Spectrum of Organized Crime

In defining "organized crime groups", the negotiators of the UN Convention deliberately opted for a broad definition. It was decided not to limit the scope of application to hierarchically structured or mafia-type organizations, but instead also to cover more loosely organized criminal groups characteristic of many societies and regions. Indeed, recent analyses of the phenomenon have sought to emphasize that criminal networks, not just mafia-like hierarchies, are forms of organized crime which constitute a serious challenge for law enforcement agencies.⁶ In reality, different organized crime groups, both in Afghanistan and elsewhere, can generally be represented along a spectrum: from highly organized, hierarchical mafia-type groups which dominate some markets to more loosely organized networks or gangs which are active in others.⁷

The criminal organizations which constitute the greatest threat in Afghanistan increasingly resemble closely structured criminal hierarchies and, with their networks of support and protection, would be identified as organized crime groups even if a relatively restrictive definition were applied. Such groups, in the words of a recent study of organized crime, seek to "govern the underworld".⁸ They would constitute a criminal cartel if, acting together or when a limited number of groups become dominant, they are able to regulate prices or outputs in any criminal market. In contrast, more loosely organized networks of criminal operators may constitute an organized crime group under a broad definition and indeed may acquire high levels of illicit profits, but do not seek extensive control over an illicit market or segment of it.

Organized crime groups that seek control over markets often specialize in one specific commodity—that of protection (Gambetta, 1993, p. 23). Importantly, organized crime is willing to offer protection both to legal (but poorly protected by the state) and illegal transactions (Varese, 2001, p. 5). For these reasons, organized crime is often present where state institutions are unable or unwilling to provide efficient protection to legal transactions, be this more generally or in specific markets or localities. In short, "the more confused the legal framework of a country, the more incompetent the police, the more inefficient the courts, the more the mafia will thrive" (Varese, 2001, p. 5). As a consequence, the more that protection of illegal transactions is efficiently provided, the more scope there is for illegal markets to grow.

Post-conflict societies are particularly vulnerable to the growth of organized crime. The decline of authoritarian rule or the ending of conflict often leads to a transition to democratic governance and in many cases steps toward the establishment of market economies. This may frequently take place in the context of a legislative void, lack of transparency, lack of capacity in key government institutions, and, as a result, increased vulnerability to criminal and corrupt practices. Historical and institutional factors, such as continuing political tensions, the existence of patronage networks, non-applicability of the rule of law, and fragile civil society complicate the path to democracy and provide fertile grounds for organized criminal activities. In such circumstances law enforcement agencies often are not capable (due to extensive corruption or involvement in criminal activities themselves), or lack adequate resources or credibility, to effectively combat or prevent illegal activities. Organized crime groups, warlords, terrorists, opponents, and even members of the government (or a combination of these) may take advantage of institutional and legal weaknesses and engage in illegal activities, impeding the establishment of democratic norms and principles. Law

⁶ See Coles (2001), and also Chattoe and Hamill (2005).

⁷ See the five typologies of organized crime groups in UNODC (2002).

⁸ For example, at the height of their power the Medellín and Cali Cartels in Columbia together controlled 90% of the world's cocaine business (Cooper, 1990, pp. 11-12).

enforcement (including any international presence) may be slow in adjusting to new trends, whereas organized crime groups are able to rapidly adapt to changing social, economic, and political contexts (see UNODC, 2004, pp. 15-17).

A Note on Methodology

Understanding the nature and monitoring the growth of organized crime in transitional and post-conflict societies is therefore of utmost importance. This is complicated by the fact that collecting information on organized crime in such contexts is a challenging process. Topics of a sensitive kind, such as organized crime, remain ill-suited to study by means of large and impersonal surveys; hence qualitative interviews are essential to gain adequate levels of understanding (See Brannen, 1988). Organized criminal activity is generally well hidden, and actors engaged in it have good reasons, both to protect their profits and their identities, for not being active and willing participants in data gathering activities. See, for example, Finckenauer and Waring (1998, introduction), as well as Hobbs (1995).

Despite the difficulties involved, detailed studies of criminal networks and organized crime groups generally adopt the same approach: large numbers of unstructured and structured interviews with individuals within the criminal networks themselves, those on the margins of the criminal underworld, or law enforcement professionals—such as policemen or prosecutors, or policy makers in the justice sector—who have access to information or have specific insights on the nature and role of organized crime groups or networks.⁹ Such interviews are supplemented by secondary source material, such as published studies, police reports, and media accounts. The key aim of an organized crime threat assessment is, at a relatively high level of abstraction, to draw these various reports together into a single overview of the issue, highlighting new developments, raising issues of concern, and identifying possible future trends.¹⁰

Information for this chapter was gathered during a month-long period of fieldwork in Afghanistan in October 2005. Over 70 interviews were conducted, with work being undertaken in Kabul and in the north, south, and east of the country by the author. Additional interviews were conducted by UNODC Afghanistan-based staff in the west. Interviews were conducted with Afghan officials at all levels of government, representatives of international organizations, international military and police personnel, representatives of civil society, and several unaffiliated individuals and businessmen identified as having specific knowledge of the changing nature of criminal organizations in Afghanistan. Interviews were also conducted with individuals involved in, or on the margins of, the trafficking networks themselves.¹¹

⁹ See, for example, the approach adopted in Shaw (2002, p. 293). An excellent example with multiple information sources and interviews with a range of actors is Varese (2001). Also see Winlow et al (2001).

¹⁰ For example, see the introduction to the National Criminal Intelligence Service, UK Threat Assessment: The threat from serious and organized crime 2004/5 - 2005/6.

¹¹ In a limited number of cases, two or more interviews were conducted with the same person given either that the interviewee wished the meeting to take place in a different location or to explore specific additional issues not adequately covered in the first interview. Given the sensitivity of the study, all interviews were conducted off the record and have not been attributed to any individual. Interviews were not tape recorded since this would have greatly inhibited an open exchange. Interviews were structured as open-ended dialogues, beginning with a more general discussion and then focusing on specific issues highlighted. Notes were taken in the vast majority of interviews and the contents of key interviews typed up. Where it was not permissible to take notes, the key themes of the interview were recorded immediately afterward. A particularly useful method to focus the discussions was to ask interviewees to represent the nature of criminal organizations and networks diagrammatically. Some of this work is reflected in the various illustrations that follow.

In Afghanistan this research process was made more complicated by a number of factors, including: (i) the rapidly changing nature of the political, economic, and social developments occurring in the country; (ii) inadequate law enforcement capacities and widespread allegations of police corruption; (iii) the lack of adequate public reporting, such as official police accounts and statistics on the nature and extent of criminal activities; (iv) the link between criminal activities and state actors; and (v) widespread rumours about the extent of criminal activities and/or who is or may be involved in them. The comments on general trends and the nature of criminal organizations presented in this chapter have all been collaborated by on several interviewees. It is recognized, however, that this assessment represents an initial attempt to take stock of a difficult and complex area, and it is hoped that it serves to provoke further research and wider debate on the subject.

III. DRUG TRAFFICKING AND THE CONSOLIDATION OF CRIMINAL ORGANIZATIONS

In Afghanistan, both the nature and extent of drug trafficking, and who controls it, have been strongly shaped by political and military factors. Prior to the outbreak of war, i.e. from the late 1950s to the late 1970s, Afghanistan was a weak rentier or allocation state. The state financed just under half of its total budget from external sources, which were used to create basic infrastructure, such as a national network of roads, and a modern police force and army (see Rubin, 2002, pp. 62-105). Despite this, rural communities remained isolated from the state and dependent on agricultural production to survive. An important new dimension was brought to the rural economy in Afghanistan in the mid-1970s when opium poppy cultivation expanded, as opium production was halted in Iran. By the late 1970s opium poppy reportedly was cultivated in half of Afghanistan's provinces (Goodhand, 2005, p. 197). Afghanistan's delicate balancing act between global powers externally and between various political forces and currents internally came undone in 1978, when there was a communist coup and subsequently occupation of the country by the Soviet Union. The early 1980s saw continued expansion of opium poppy cultivation.

War and the Control of Illicit Drug Trafficking

During the major conflict from 1979 to 1992, the value and quantity of illicit activities grew considerably. The counter-insurgency war waged by government and Soviet troops devastated the rural subsistence economy, with food production estimated to have fallen by as much as two-thirds (Rubin, 2000, p. 1792). Massive resource flows were directed to opposition groups, with foreign intelligence agencies using Afghan political parties in Pakistan and Iran as logistical conduits to supply opponents of the central government. Profits accumulated from these flows of external support were invested in, and supplemented by, a number of illicit activities. Critically, and in line with an increase in opium production in Pakistan, Afghanistan developed into a major supplier of opium, producing one-third of total global production by the mid-1980s. As Goodhand (2005, p. 198) notes, in the mid-1980s, "there was an arms pipeline going in, and a drugs pipeline coming out of Afghanistan". By 1989 the seven major Mujahideen groups were responsible for total production of over 800 metric tons of opium.

The flows of foreign aid to opposition groups in effect created both military and economic actors among them. When Soviet troops withdrew in 1989, there was a weakening in the military pressure on the Mujahideen, leading also to a reduction in external financial

assistance to these groups. Combined with the devastation of the rural economy, this created strong incentives for cash producing activities, primarily the smuggling of all kinds of goods and the cultivation of opium poppy. After 1992 when the Mujihadeen took Kabul, the country fragmented into a series of sub-conflicts as local warlords fought each other or turned inward to consolidate their economic activities. This fragmentation of the conflict, with regional warlords having few economic or political incentives to recreate the central state, saw a rapid expansion of cross-border smuggling, and the production of narcotics grew rapidly. By the mid-1990s, Afghanistan produced between 2,200 and 2,400 metric tons of opium per year.¹²

The fragmentation of Afghanistan by the mid-1990s, along with discontent among the population about predatory warlords and commanders and their militias, provided the opportunity for the rise of the Taliban. Expanding from its base in the south with its headquarters in Kandahar, the Taliban eventually conquered most of the country's territory. Taliban-ruled Afghanistan became strongly integrated into regional trading and smuggling networks, providing the new regime with an important source of revenue. These networks grew in strength and "involved a web of commercial players with far better international contacts and market access than the Taliban themselves" (Johnson and Leslie, 2004, p. 147).

In the first years of Taliban rule there was an increase in opium poppy cultivation; in 1997/98 total production was 2,700 metric tons, a 43% increase over the previous year, with cultivation spreading to new areas. Production peaked in 1998/99 at 4,500 metric tons, representing three-quarters of the world's supply (UNODC, 2003). A drought, the most serious in three decades, then struck the country, and the rural economy, already severely weakened by years of conflict despite some recovery during the 1990s, was devastated. The overall result was an economy further skewed toward illicit activities such as smuggling and opium poppy cultivation (see Maley, 1998, p. viii). The subsequent Taliban edict banning opium cultivation, the reasons for which remain debated, sharply reduced the country's overall output of opium to almost negligible levels, although cultivation increased in areas, most prominently the northeast, outside of the Taliban's control. Following the fall of the Taliban, opium poppy cultivation increased to previous levels and has spread to include all of the country's provinces (albeit remaining very small in many of them). As will be seen below, the political transition since 2001 has had important implications for how illicit drug trafficking is organized and controlled.

The Political Transition and the Evolution of Organized Crime

The Bonn Agreement, signed on December 5, 2001, provided a roadmap for political transition in Afghanistan, culminating in the September 2005 Parliamentary elections. Much has been achieved in this period, including the building of basic state functions and the establishment of rudimentary controls by the centralized state, with the Karzai Government being able to extend its authority to most areas of the country and to curtail the influence of prominent warlords. As a recent assessment of the Bonn process concluded: "Media reports about Afghanistan continue to present the familiar narrative of a stable Kabul, governed by a beleaguered central government, encircled by a lawless periphery that is dominated by voracious warlords. This picture, perhaps accurate in 2001 and 2002, has given way to a more nuanced situation today." (Sedra and Middlebrook, 2005, p. 3). Similarly, static and overly simplistic assessments about who controls the drug trade, and by implication what form organized crime is taking in the new state, need to be avoided.

The assertion that drug trafficking is in the hands of warlords and commanders, while containing some elements of truth, no longer reflects the greater complexity of the situation. Recent assessments of drug trafficking in Afghanistan have noted some important changes, including that "there are disturbing signs that the opium industry is beginning to move toward greater vertical integration, with increased involvement by organized crime" (Rubin, 2004, p. 1). Others have concluded that entry and exit of participants appears to be relatively easy for both production and trafficking, although fewer and more powerful actors control opium refining and cross-border trading (Ward and Byrd, 2004, p. 33). However, there has been no systematic study of the evolution of organized crime and its involvement in drug trafficking in recent years. To facilitate assessment of the evolution of organised crime in Afghanistan, six overlapping indicators can be used to gauge the extent to which organized criminal activities have evolved and/or consolidated in the period since 2001. The indicators are as follows:

- **From fragmentation to consolidation:** The decline in the number of smaller criminal operators (individuals, loose networks, or small groups) and the appearance of a limited number of larger and more powerful operators.
- **From individuals to groups:** The identification of clear organized criminal groups as opposed to just the naming of individual "smugglers" or "traffickers".
- **A symbiotic relationship between government, business, and criminal individuals / operators:** Evidence of close associations between government, business, and criminal enterprises, including elements of the state or business regularly identified as being in criminal hands.
- **Exclusion of new criminal operators / groups:** The exclusion from criminal markets of new operators or groups and the forced exit of some individuals / groups.
- **Dynamic responses to law enforcement interventions:** The evolution of tactics in response to increasingly vigorous law enforcement interventions, including the establishment of higher levels of secrecy in respect of the operation of criminal markets.
- **The rise of a criminal protection industry:** The development of well-organized and systematic mechanisms of criminal protection which are well understood and coordinated by key players in the criminal markets.

While these indicators will not be assessed one by one, they constitute a general guide for the analysis that will follow. Given the important role that warlords have played in the drug trade, an initial examination of their evolving role serves as a useful starting point.

The Transformation of Warlords and Illegal Armed Groups

The year 2003 is cited as a critical period in the transformation of organized criminal activity in Afghanistan from essentially a relatively fragmented and open market to one where a limited number of operators have begun to dominate. A key factor in this shift was the changing nature and flow of resources to warlords and illegal armed groups.

In the immediate aftermath of the Bonn Agreement in late 2001, the core group of Mujahideen fighters that had captured Kabul from the Taliban, as the only cohesive local security formations available, was used to bring a modicum of stability. While these forces were organized under the Ministry of Defence, they were mainly loyal to a small number of key commanders. An important element in maintaining their loyalty was financial payments

channelled through the Ministry of Defence. By late 2002, however, most payments by US military special forces to militia groups and warlord commanders appear to have been stopped, although there is speculation that some payments may have continued particularly in the southeast. This was in part due to the perception that in many parts of the country the war to defeat the Taliban was effectively over, but some groups in the east of Afghanistan, where a threat remained, appear to have been retained on the payroll. A key contributing factor was also that there was public exposure of a number of cases where Mujahideen groups were implicated in human rights abuses. Direct payments from the US military—the simple "handing over of cash" in the words of one well-placed interviewee—began to dry up.

Resources to pay the armed groups were subsequently shifted to the Ministry of Defence, which was to pay the groups directly (through the budget). In theory at least, this should have provided the finances to ensure a degree of control over the armed groups involved. However, pervasive corruption in the Ministry of Defence meant that only a small proportion of the money budgeted for the purpose reached its intended beneficiaries. The total amount to be provided to the groups identified was approximately US \$100 million. An assessment conducted at the time concluded that about 60% of the funds were diverted within Kabul itself and did not reach the intended groups in the provinces. Divisional commanders were supposed to receive in the region of US\$20,000 each, but in many cases only a fraction of this amount, or in some cases no money at all, was provided. With the system of funding established to buy loyalty during the war weakened in this way, armed groups increasingly began to seek resources through the organized cultivation of opium poppy, opium trafficking, or selling of protection.

While a key requirement was to disarm the formal militarised groups that had taken part in the fighting and ensure their reintegration into society, this process, given the socio-economic realities of Afghanistan, could only achieve so much. A country-wide Disarmament, Demobilisation and Reintegration (DDR) program, which had begun to be implemented in late 2003, completed its disarmament and demobilisation components by mid-2005. Just over 60,000 individuals were successfully disarmed, with all their heavy weaponry collected. What has been less successful, which is in part a reflection of the lack of broader economic opportunities, has been the effort to effectively reintegrate these former soldiers into society; for example, the number of qualified applicants from the former militias able to join the new Afghan National Army (ANA) has been small.

Some armed militias had been excluded from the DDR process either because commanders had kept elements of their forces back as a form of security, or because some groups had never been part of the formal process and had no link with the Ministry of Defence. As DDR itself achieved some impact, the remaining armed groups not included in this process found themselves in a position where they could exert greater influence. Thus as the DDR program neared completion, planning began on a process termed the Disbandment of Illegal Armed Groups (DIAG). Unlike DDR which focused on recognised, structured military forces, DIAG is a program designed to disarm and demobilise armed militias operating outside formal military units.¹³

¹³ The aim of DIAG is to remove caches of weapons and ammunition and to monitor the groups identified for continuing involvement in illegal activities. Throughout 2005 a process has been underway to classify illegal armed groups; 1,870 groups have been identified with a membership of 136,835. The initial phase of DIAG calls for voluntary compliance, followed by negotiated compliance and then a final phase involving enforcement.

In summary, two key processes have impacted, and continue to impact, on illegal armed groups. The first is significant changes in the resource flows to such groups, and the second is efforts to disarm them and to de-link their members from their former military structures. The result has been a weakening of the control that military structures have had over their members, although the networks and personal connections remain, in a context in which external resource flows have dried up. A third process, however, also has been underway: entry into the formal political process by former warlords and commanders. This in particular is having an important impact on who is involved in illicit drug trafficking as well as what roles they play. These shifts are critical to understanding the evolving nature of criminal organizations, notably including, at least on the surface, a potentially widening gulf between the formal political process and illegal activities, but also the corresponding development of a criminal "underworld" having complex relationships of pay-offs and patronage with political players operating in the "upperworld".

From Warlords to Politicians

Associated with the DIAG process described above has been the vetting of individuals linked to illegal armed groups who stood for public office in the Parliamentary and Provincial Council elections of September 2005. Two hundred and fifty five candidates were targeted in this regard and their weapons were handed over, with a limited number of individuals being excluded from the election altogether. In this process, an attempt was made to target districts where there has been ongoing conflict or illegal taxation imposed by armed groups, and also districts where government officials are linked to illegal armed groups. While it is still too early to determine the overall outcome of this process, all observers agree that its success is essential not only for ensuring government control over all of Afghanistan's territory, but also for reducing the opportunities for such armed militias to engage in illegal activities or to receive payments for protecting those engaged in criminal activity.

In the past, one senior Afghan official charged with administering the process of disarmament noted, commanders with the "greatest number of weapons held the greatest amount of power". Disarmament has effectively changed this situation, leading to critical shifts in local power relations. In the past, political parties were heavily involved in drug trafficking, particularly in the north of the country, whereas now the political parties and key individuals who are engaged in national politics want to distance themselves from drug trafficking, while retaining some of the advantages associated with the trade. "What used to be business conducted in the open", one senior Afghan official working in the Ministry of the Interior stated, "is now well hidden. The networks are still in place, but the organization is now fundamentally different".

One of the positive outcomes of the process of disarming illegal armed groups and attempting to identify election candidates' links to criminal activities is that former warlords turned politicians are reluctant to be seen to be associated with criminal activities. Even though few candidates were excluded from the election on this basis, the threat that they could be was regarded by several well-informed observers to be key in pushing them to formally de-link themselves from illegal activities. The increasing threat of internationally-driven law enforcement interventions targeting well-known political players is also said to have been a key factor in making political figures much more cautious about direct involvement in drug trafficking. In many cases the individuals involved are said to have garnered

enough resources from earlier involvement in illegal activities and are eager to legitimise themselves by integrating into the formal political process. What cannot be doubted, however, is that, given the volume of resources involved, many retain an interest in illegal activities and still receive resources from these activities in exchange for the "political protection" that they provide.

The overall result of this process is that actual drug trafficking operations have been shifting into the hands of a limited number of key players, who have political connections but do not generally operate overtly in the political arena. These key traffickers, some of whom are relatively new players who have emerged in the last three years, are essentially self-styled "businessmen". The system has evolved into one where emerging criminal organizations engage in a complex system of pay-offs, and where the resulting protection and patronage benefits both parties. In short, criminal activities such as trafficking are less overtly the business of political leaders and more the province of an emerging criminal underworld with strong political connections. Despite the separation between the political "upperworld" and the criminal "underworld", it must be emphasized that it remains impossible to operate in the latter without support from the former. This is achieved by compromising key state institutions to support criminal activities. Nowhere is this process clearer than in the Ministry of Interior.

The Compromising of the Ministry of Interior

In the initial period after the fall of the Taliban in late 2001, the Ministry of Defence was a pivotal institution in the political transition and the key focus of international attention. As this institution became progressively "cleaned up", the locus of interactions between state institutions and criminal interests shifted to the Ministry of Interior. The country was moving toward a phase where institutions of law enforcement, the police, and other criminal justice institutions assumed prominence. While the process of forming the ANA remained critical, it could only involve a limited number of people and so excluded others who were either left to their own devices or were to be absorbed into the institutions of the Ministry of Interior.

The Ministry of the Interior, in addition to being responsible for a number of other functions, also controls the police. The process of police reform and restructuring remains critical to the overall success of the transition to a stable democracy in Afghanistan. The country last possessed a legitimate national police force (albeit with extremely limited presence outside the cities) during the 1960s and 1970s. Police structures broke down during the Soviet occupation. Efforts to re-establish a professional police force were resumed in 1989 under then-President Najibullah, but were short-lived as conflict continued (Sedra, 2003, p. 32). Recent attempts at reforming the police have been hamstrung by the fact that there are very few professional police officers to form the foundation of any new force, with many former Mujahideen unsuccessful at making the transition from guerrilla fighter to civilian police officer.

It is possible that appointment processes in the police have been used by powerful interests in the Ministry of Interior to both protect and promote criminal interests. The presence of high-level protection from elements within the police provides two important advantages for any criminal enterprise. The first, and most obvious, is that it insulates criminal activi-

ties from law enforcement interventions. But secondly, and less obviously, it provides a useful tool to effectively counter the growth of other competing criminal groups in profitable illegal markets. Many interviews highlighted the degree to which the appointment of some provincial or district police chiefs sometimes served to facilitate and consolidate criminal activities. These appointments are essential parts of a now established system of protection in some parts of the country, with state functionaries such as police officers playing a key role. "The majority of police chiefs are involved" stated a senior professional police officer, "if you are not, you will be threatened to be killed and replaced." This statement was echoed in various forms across several interviews.

In short, there is evidence that the provision of state protection to organized criminal activities may often be linked to the appointment process for senior police officials at the provincial and district levels. While it is tempting to suggest, as was done by several interview respondents, that powerful criminal elements control the Ministry and are in a position to exert considerable control over the drug trade, the actual situation is more complex. Political influence (both from within and outside the Ministry) may be brought to bear to ensure specific appointments or to promote or prevent law enforcement interventions. Despite the difficulty of obtaining hard evidence, this process involving elements of the Ministry of Interior is critical to understanding the nature and recent evolution of organized crime in Afghanistan. The protective network for illicit activities in many areas has been, in the words of one official, "folded into" the formal institutions of the state.

The Development of Pyramids of Protection and Patronage

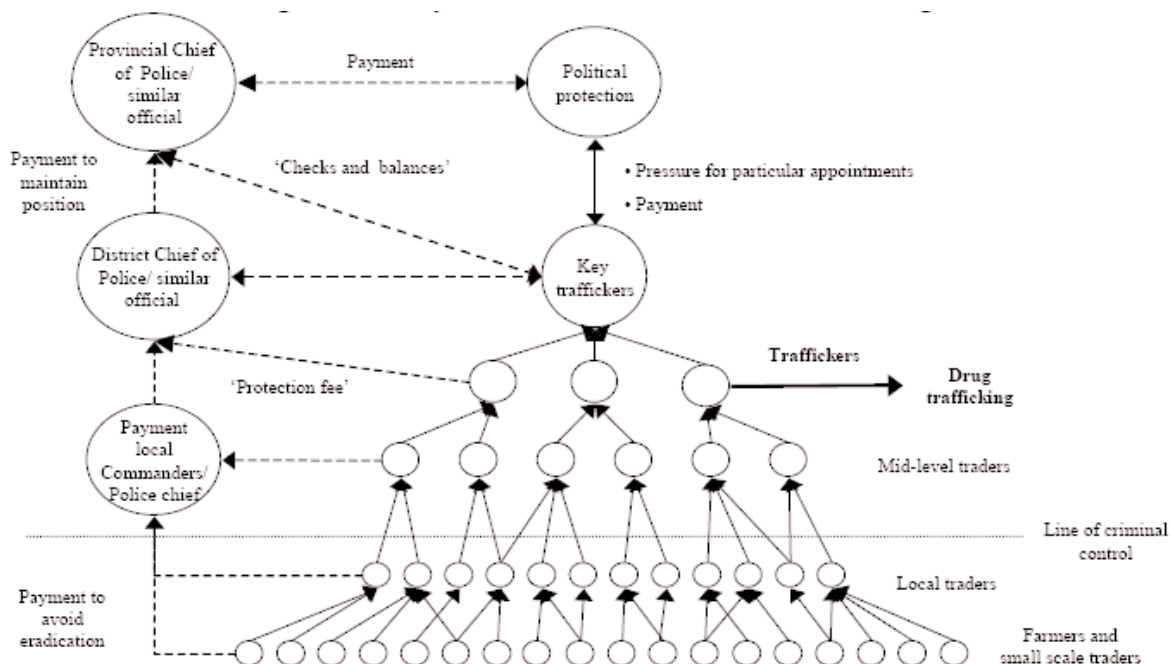
The analysis presented above suggests that several key developments have contributed to the shaping of emerging organized criminal groups in Afghanistan:

- The ending of most external assistance paid directly to militia forces and the fact that Ministry of Defence resources never reached their intended beneficiaries resulted, from 2003 onward, in the declining significance of armed groups linked to various commanders. While continuing to provide local protection for criminal activities, their overall role has become significantly weaker than in the past.
- The political normalization process, combined with international influence and oversight, has resulted in pressure for those who wish to participate in the formal political process to distance themselves, at least visibly, from illegal activities, including the trafficking of narcotics. However, given the resources involved, many of these links remain, albeit in a less open form than in the past. A network of influence therefore connects the political process and illicit drug economy.
- The increasing role of elements in the Ministry of Interior in organizing "protection" for criminal markets, including through key appointments in the police structure at provincial and district level, allows both the facilitation of illicit activities and also the "policing" of opposing competitors. The control of police structures at district and local levels, more than other influences, is often critical to the control of criminal activities.

- Increased international pressures and selective domestic law enforcement pressures, in combination with the other factors outlined above, have forced the illicit trade "underground" into the criminal underworld, while at the same time consolidating it in the hands of a relatively small numbers of operators with close links to the political "upperworld".

These developments, in the specific circumstances of Afghanistan, have resulted in complex pyramids of protection and patronage, effectively providing state protection to criminal trafficking activities. A schematic representation of such a pyramid of protection and patronage is shown in Figure 7.1 below. A brief description of the various levels illustrated in the figure is as follows.

Figure 7.1: Pyramid of Protection and Patronage



Farmers: At the base of the pyramid are the opium poppy farmers themselves. A great deal of excellent work has focused on the factors contributing to decisions by farmers to cultivate opium poppy as well as the specific dynamics of the Afghan rural economy. While these issues largely fall outside the scope of this assessment, several specific points are worth recording. First, there is still relatively free entry at the cultivation stage. Farmers who have access to land, credit, and seed (the latter two typically provided by the trafficking organisations themselves) are able to farm cultivate opium poppy. Second, the process of poppy eradication has imposed additional financial burdens on farmers in some areas. That is, payment must be provided to local authorities, usually the police or the local commander, to avoid eradication (see Chapter 4).

Small-scale traders: Also at the base of the pyramid are small-scale traders. These traders generally live within the rural communities and know the opium poppy farmers in their areas well. Farmers often sell directly to such small-scale traders, both because they know them and have developed a relationship of trust over a period of time, and also for the sake of convenience, as it may be difficult for farmers to travel to the village to sell directly

to village traders. Moreover, farmers may, for example, fear that they would have to pay off the local police during such a journey. The market at this, the lowest level, is relatively open, and a farmer generally may choose the small-scale trader to whom he sells. Such small-scale traders are normally local shopkeepers or general traders who may exchange goods such as sugar, flour, or food directly for opium.

Local traders: Generally situated in villages, local opium traders buy up the produce of a number of small-scale traders or farmers. The market at this level also remains relatively open, with there being some choice with respect to who small-scale traders can sell their produce to, although this is generally based on existing networks and connections. Depending on the area, such local traders may have to provide payments to the local police, administration officials, or local commander. Interviews suggest, however, that the relationship between local traders and those they sell to is now much more organized and operates with a greater degree of secrecy than in the past.

Middle-level traders: These traders buy up opium from local traders. The market at this level remains relatively fluid, with middle-level traders still having some degree of choice on who they sell to at the next level. Nevertheless, several informants reported that levels of secrecy at this level are considerably higher now, and that there are now restrictions on who can enter the market. Middle-level traders therefore operate on the edge of the criminal underworld (represented by the "line of criminal control" in Figure 7.1). The individuals and operations above this point in the pyramid are highly secretive, and entry is very restricted for new players without the necessary resources or connections.

Traffickers: Traffickers buy opium from middle-level traders and sell it to connections on the other side of the border. These individuals are reported to be highly organized and comparatively wealthy. Their link to the next level is on the basis of key contacts and connections. Interviews repeatedly confirmed that new operators are excluded from entering at this level, and that the relationship between traffickers and the "trafficking elite" is characterised by a high degree of secrecy and "discipline". In some cases, traffickers at this level may have connections to two or three of the key traffickers (described below), but in the vast majority of cases they owe their allegiance to a single individual. There may, however, be some cooperation between such traffickers, particularly where they owe their allegiance to the same member of the "trafficking elite". Traffickers are engaged in the movement of the drugs themselves and also pay off local commanders and police chiefs as required.

Key traffickers: The apex of the operational component of the pyramid is the "trafficking elite". This constitutes a limited number of players country-wide. The individuals at this level have important political connections which ensure that their operations are not compromised and for which they provide payments. These individuals are extremely wealthy and sometimes play key roles in their communities or political environment. For this reason, they do not "dirty their hands" with the actual process of trafficking. They do appear in most cases to play a critical role in regulating supply, in two ways. The first is supervision of the laboratories and the processed heroin that is produced at them. This includes control over the trafficking of precursor chemicals, although the actual work is done by the traffickers described above. The second is regulating the market through the stock they hold, and when it is released for trafficking. It is estimated that as many as 20-30 traffickers may be clustered around each of the key traffickers.

Paying for Protection

The provision of protection to the trafficking pyramid is surprisingly complex, with what several interviewees described as an in-built system of checks and balances. Protection is paid at all levels of the pyramid, although such payments are much more clearly regulated at its apex. Key issues in relation to the system of protection payments are summarized below:

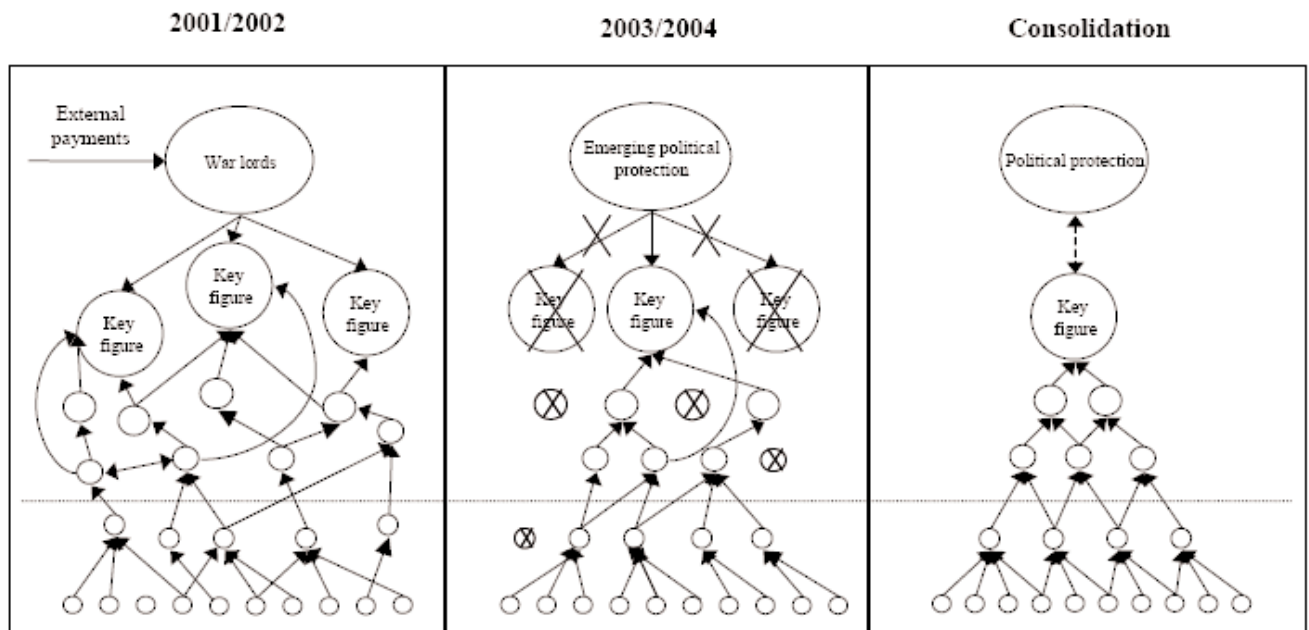
- Farmers may in some areas have to pay in order to cultivate their crops. The threat of opium poppy eradication has also introduced new protection payments into the system. This generally takes two forms. The first is direct payment to the local police or other authority not to eradicate. The second is an undertaking to turn over a portion of the crop in exchange for not having it eradicated. It was reported in a number of cases that farmers may be "taxed" in this way several times (see Chapter 4). Small-scale, local, and middle-level traders may have to pay some form of protection fee, whether to the local police or to relevant commanders, for them to be able to continue trading.
- The district chief of police (or an equivalent official) receives payment directly from traffickers in order to operate. A separate set of payments is made to move the products themselves (for more detail on this aspect see below). The district level official makes a payment to the provincial police chief (or equivalent official) who in turn provides payment to the individual who provides overall political protection (either at a high level in the provinces or at the center) for the trafficking pyramid to operate.
- The system of checks and balances operates when the key trafficker, who maintains relations with all of the other principal players, "checks" with both the district chief of police (or his equivalent) and his provincial counterpart as to the amounts that have been received. This contact is in part to ensure that traffickers working within the net work are not withholding protection payments for themselves and also to ensure that all relations are being adequately maintained to facilitate trafficking. If the key trafficker is displeased with the protection that is being provided, he may petition the individual providing overall political protection to replace the chief of police, or for the provincial chief of police to replace one of the district chiefs. Players outside of the trafficking pyramid who do not have the required protection will be excluded from the system, which, as argued above, has led to a consolidation of trafficking activities in fewer hands.
- If the district police chief (or equivalent official) does not provide adequate payment (which means of course ensuring payment from others in the system), he runs the risk of being replaced (or killed). Thus while such posts are lucrative in that a portion of the payments is kept for personal enrichment, there are also inherent dangers in occupying them, and these relationships may often be relatively fragile. For these reasons swapping of police chiefs from various districts or provinces is very destructive to established trafficking networks. Equally, there is anecdotal evidence that some new appointments may have been carried out to favor certain traffickers over others.

The Consolidation of Control over Drug Trafficking

The system of protection described above has been critical in consolidating the criminal organizations engaged in the drug trade, but also in concentrating control over drug trafficking in fewer hands. As already indicated, two inter-linked processes have been underway in the last few years. The first is consolidation among drug traffickers at all levels, with some players excluded. The second is that overall control of drug trafficking now lies in fewer hands, with the emerging locus of control of the drug market lying increasingly among criminal organizations in the south of the country.

Figure 7.2 provides a simplified diagrammatic overview of the process through which consolidation has been occurring. As already described, until 2001/02 drug trafficking was more loosely organized, with opium being traded openly. While at the more senior levels of the trafficking hierarchy some key figures did exist, below them the market was relatively open, with new players able to enter with relative ease. In some parts of the country local or regional strongmen/warlords levied a "tax" on trafficking and provided protection. Warlord-controlled armed groups remained relatively cohesive and in many cases received external payments, although when these were transferred to the Ministry of Defence the flow of financial resources diminished and slowed.

Figure 7.2: Schematic Overview of the Process of Consolidation of Criminal Groups



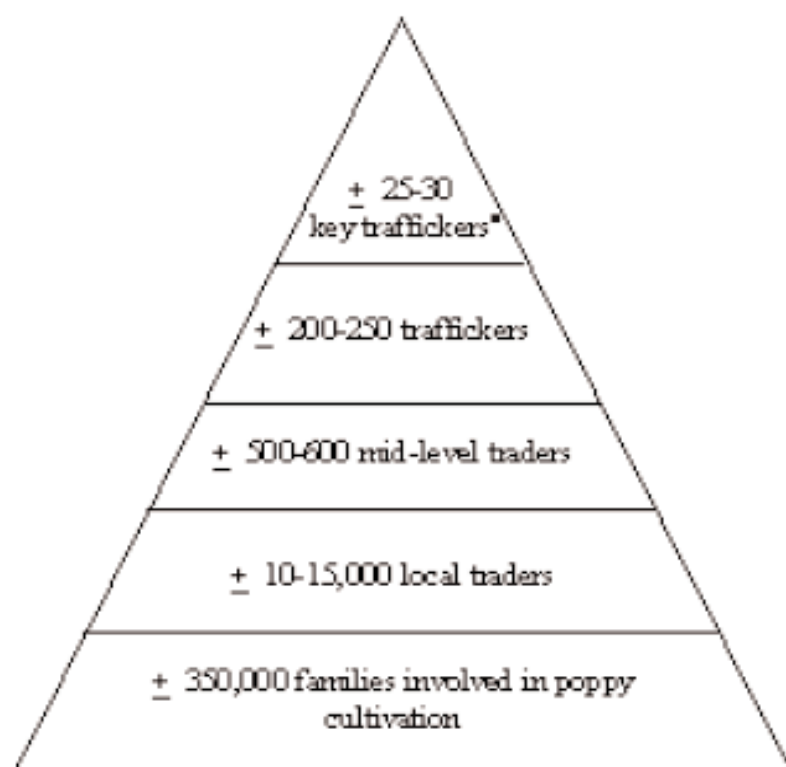
The deepening of the political normalization process resulted in important changes during 2003/04. Most critical was the role of political developments in ensuring that (at least publicly) prominent individual warlords and commanders were not involved in drug trafficking. Interest groups within the state used their influence and connections to eliminate some of those involved in drug trafficking at several levels. Some key players who did not have political protection in the emerging order were excluded, as were others further down in the trafficking pyramid. As international pressure increased, and with the closing of open mar-

kets for opium, the level of secrecy under which trafficking is conducted and the level of "organization" and "discipline" also has increased. New players have been effectively prevented from entering the market. The net result resembles the pyramid of protection and patronage described earlier. This process continues to evolve.

It is difficult based on currently available information to provide a reliable indication of the numbers of individuals involved in drug trafficking at various levels, and in particular the number of key traffickers who exert control. Figure 7.3 provides rough estimates of the numbers of people involved in the trafficking hierarchy. These are drawn from various interviews and should be seen as an illustration of the scale of the problem rather than as a conclusive picture.

This process of consolidation and control has been particularly pronounced in the south. UNODC (2003, pp. 54-56) suggested that during the 1990s, "in economic terms, competition in southern Afghanistan could be described as being atomistic". A number of bazaars operated openly, with traders travelling from Pakistan, Iran, and sometimes further afield to purchase opium. In contrast, in the east of the country at the time, control was much more centralised, with trading concentrated in one location. The closing of the opium markets in the south, significant international and law enforcement pressure in the east, and the greater secrecy under which opium trafficking and trading now operate, have led to important shifts in the last few years in how and by whom the illicit drug market is controlled.

Figure 7.3: Rough Estimates of Numbers of People at Each Level of Trafficking



▪ Of which an estimated of 15 are based in South

The southern region of the country (broadly covering the provinces of Zabul, Kandahar, Uruzgan, Helmand, and Nimroz) has been of great importance in the history of Afghanistan. "If you want to understand changes in the country", one prominent observer based in the south suggested, "you must begin in Kandahar". Significant changes have been occurring in the nature of drug trafficking and the criminal organisations that control it in the south. These changes also appear to have important implications for trafficking in other parts of the country and thus for Afghanistan as a whole. The two most important and interconnected changes in the south are that drug trafficking has been consolidated in the hands of a relatively small number of people, and that trafficking networks from the south have extended northward and have played a pivotal role in the expansion of opium production in the north.

The economic situation in the south of the country is particularly harsh, and the drought starting in 1999 had an especially strong impact there. The vast majority of economic activity in the south is agricultural, and there are not many other licit alternatives. Cultivating opium poppy is therefore attractive to many farmers who have few other ways of earning a livelihood. It should be noted as well that poor security conditions in the south have prevented extensive access by either Kabul-based government officials or international agencies with development funding. Indeed, the vast majority of donor agencies and international NGOs have withdrawn their operations from the southern part of the country due to security problems. The lack of an international presence, high levels of insecurity, and the poor economic situation have provided the conditions in which both cultivation of opium poppy has expanded and control over it has been consolidated.

In 2005 the south accounted for 50% of all opium produced in Afghanistan, with cultivation levels showing strong or very strong increases in three of the southern provinces during 2005 (Nimroz, Helmand, and Kandahar). The southwestern province of Farah also showed a strong increase (UNODC, 2005, p. 17). In Kandahar there used to be an open market where opium was traded. This market has now been closed, and trading of opium takes place outside the city. The risks have also become higher, most notably for smaller dealers operating at the base of the market; if they are caught by the police, their stock is confiscated and then often sold by the police themselves. In this process it is reported that a number of small and medium-level traders have become excluded from the market, with one estimate suggesting that about half of all traders have been excluded in this way, leaving the trade to a smaller number of people who have connections with the emerging organized criminal structure.

Interviews conducted in the south of the country suggest that the opium trade has become much more organized in the last two to three years, and that trafficking is now controlled by a limited number of individuals with powerful political connections. The conclusion of a judicial official in the south encapsulates this point: "The drug business is getting into the hands of fewer and fewer people. The number of traders has been reduced a lot in the last two years. The people at the very top are high-level; they cannot be touched." A judge agreed: "The top drug dealers are beyond the law –no one can touch them. Small-scale traffickers and smugglers are sometimes brought to the court –it gives me shame to sentence them as none of the big traffickers are arrested –they cannot be stopped, their hand is law".

Organized Crime and the Control of Trafficking from the South

The consolidation in the number of key traffickers in the south appears to have been relatively rapid. Asked how many traffickers they believe there were in the past, local law enforcement officials suggest as many as 100. It is estimated currently that trafficking in the south, which also has important trafficking links to other parts of the country (most notably the north), is now controlled by at most an estimated 15 individuals and their trafficking groups. Law enforcement initiatives appear to have had the most consequences for small and medium-sized traders, forcing many of them out of the market, leaving only those with enough resources and political clout to protect themselves. "Police work in the south, such as it has occurred", argues one enforcement official, "has been used to the advantage of a small number of key traffickers. I can't catch them, otherwise they will catch me".

The approximately 15 key traffickers in the south appear to come from a variety of backgrounds and generally style themselves as businessmen. This is very different from the general conception of the warlord-trafficker. The key traffickers appear to be a mix of businessmen, former political players, religious figures, former NGO heads, and simple "bandits". "What unites all of them", according to an international official "is business acumen and a desire to get rich". This consolidation has not been well documented, partly because there is little international media coverage of developments in the south, these developments have occurred under a high degree of security, and ongoing security problems make access difficult.

In short, the south of Afghanistan is the center of the country's illicit drug trafficking economy; it is the "gateway" for smuggling and the place where the major criminal groups, with strong connections to the center, have consolidated. One key development is the link between the growth of a small group of increasingly powerful trafficking organizations in the south of the country and the strong connections between southern traffickers and opium cultivation and trade in the north.

In the north, local and middle-level traders sell their opium to a limited number of traffickers from the south, or to their intermediaries. The traffickers from the south supply money for credit and seed directly to the local traders, who then distribute it to farmers. A senior Afghan counter-narcotics official in the north reported that with plants based on local poppy seed from the north farmers can only collect gum six times, but with seed brought from the outside they can collect gum nine times. Traffickers from the south provide not only better-quality seeds but also expert harvesters from the south who provide skilled support and training in the north. The result has been substantial expansion of cultivation in the north over the last several years. Three northern provinces--Balkh, Sari Pul, and Samangan--have shown a "strong increase" in poppy cultivation during 2005 (UNODC, 2005, p. 17).

A major factor which has encouraged trafficking between north and south is the price differential, with prices being lower in the north than in the south. For instance, in 2005 4.5 kg of opium in Mazar-i-Sharif in northern Balkh province was valued at Afs 16,000-18,000, while the same amount was valued at Afs 40,000-50,000 in Kandahar and Helmand. It cost the dealer an additional Afs 7,000 to transport this amount of opium, but he would nevertheless make a substantial profit on each shipment (see Chapter 6).

It is also important to note that there are no processing laboratories in the north. Opium is transported from the north to the south for processing and then trafficking over the Iranian border. One indication of the extent to which the southern region dominates the drug markets in the north, but also elsewhere in the country, is the amount of funds transmitted from the south to the north through the hawala system. A recent assessment of hawala dealers in the south reported, that with one exception, every small, medium, and large hawaladar surveyed in Kandahar and Helmand provinces remits the majority of drug related funds to Mazar-i-Sharif in the north (see Chapter 6).

The North-South Axis

Interviews suggest that political protection for the operation of trafficking networks from the south in the north runs through Kabul. Traffickers in the north of the country have based themselves in Chara Bolak and Chintal, Pashtun areas with close connections and networks in the south. They are estimated to number about 100. Local (mid-level) traders use motorcycles to go to the villages to collect opium, which they bring to sell to the traffickers, often clearly identified by the expensive cars they drive (4 x 4s). The people who collect the harvest are locals, but the traffickers are from the south, one of them said to even pay for opium in Pakistani Rupees. The trafficking networks that move opium from the north to the south also require the protection of provincial officials and chiefs of police in strategic provinces. In one important northern province, it is reported that the Chief of Police has for the last number of years been appointed from Kandahar. An exasperated local law enforcement official reported that "Most of the 'businessmen' who come from Kandahar stay with the Chief of Police; at one point one of the biggest traffickers was living with the Chief of Police."

One of the factors which have facilitated the development of the north-south axis is that, as already indicated, the ongoing political process in the country has forced powerful warlords in the north to avoid being closely associated with drug trafficking. There is now, several interviewees reported, much greater oversight over what key political figures in the north are doing, and so they have personally withdrawn from direct control over illicit trafficking, allowing the bulk of trafficking to be conducted by traffickers from the south. "The political parties in the north", one observer noted, "want to distance themselves from drug trafficking while still earning the benefits. So they are not now directly involved—but make profits from payoffs, protection fees and 'taxation'. This is essentially a relationship built on money." The turning point in the north was identified by several informants to be around October 2003, after which key faction leaders began to pursue political careers, and so the trajectory of politics (and by implication direct control over illicit trafficking) in the north began to shift.

The drug markets in the east and northeast display different patterns. Of all regions, the east has received the greatest attention from the international community and the Afghan government. As a result there have been significant reductions in cultivation in the eastern provinces during 2004/05, reflecting both high-profile eradication campaigns and various related law enforcement interventions. Officials in the east report that while in the past most of the commanders were involved in drugs, the number of key traffickers in the east has been reduced to only a handful, possibly 5-6. Law enforcement initiatives have also forced many of the laboratories in the east to close, or to shift to more inaccessible areas in the mountains. Drug traders from the south (primarily Kandahar) were reported to have been

active in the east until the fall of the Taliban. Now, however, several informants reported the re-emergence of internal trade between the east and the south, reinforcing the role of the south of the country as the key locus for trafficking.

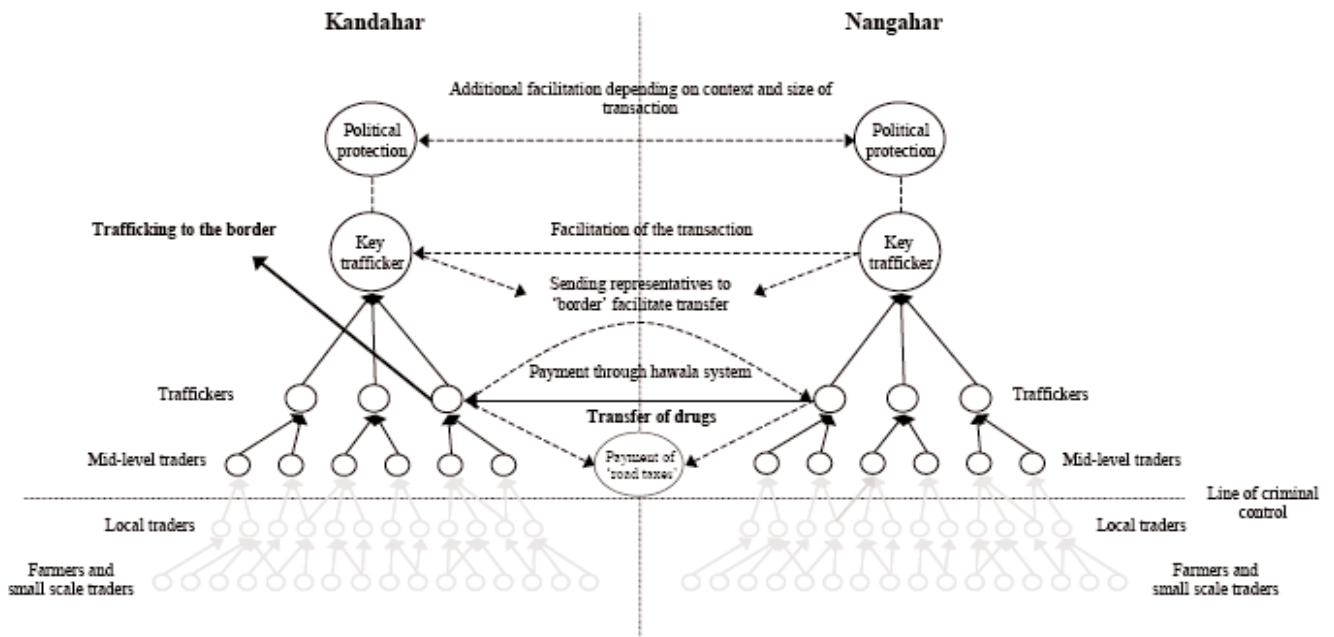
Badakhshan in the northeast, partly due to its geographical position, appears to have remained relatively isolated from the rest of the country's trafficking economy, although even in this case Kandahar is said to be an important source for drug money transmitted through the hawala system (Chapter 6). Most processed heroin from Badakhshan may now be trafficked directly over the border to Tajikistan. Importantly, the northeast has its own well-developed laboratories, making it, unlike the north, able to complete the stages of production to heroin or morphine.

The processes by which internal trafficking occurs, and the organization of the necessary payments and protection that are required, are complex. When consignments are moved from the north to the south, local strongmen (often now appointed as police) are paid off to ensure a smooth transfer. It is reported that, as in the case of the systems of political protection that have already been described, there is some "oversight" of this process, with interventions from central or provincial level possible if required. Bulk consignments are moved southward in convoys, complete with sophisticated communication systems and armed guards.

If transfers are made between the east and the south, representatives of key traffickers may be sent to the "borders" between provinces or areas of influence to meet the consignment and ensure a trouble-free handover. The practical organization of the transfers takes place between middle-level traffickers, although several interviewees report higher levels of "oversight" of the process, including contacts between the key traffickers or if necessary those responsible for political protection at a higher level. The necessary "taxes" are paid to ensure smooth transfer of shipments, and payments for consignment are generally handled through the hawala system. The arrangements required for transferring drug consignments between two criminal organizations in the east and south are illustrated in Figure 7.4.

There is general agreement among those interviewed that Afghan trafficking groups control the drug trade up to the borders of Afghanistan, from where consignments are sold to trafficking networks in the surrounding countries. There is, however, substantial evidence that the networks and contacts of Afghan traffickers, particularly those based in the south, extend well beyond the borders of the country, with Dubai serving as a key financial hub for transactions conducted outside of Afghanistan. There is limited evidence that some Afghan trafficking groups have sought to transport drugs to their end destinations in Europe (where some arrests have been made), but this is not yet a widespread phenomenon.

Figure 7.4: Arrangements for Cross Provincial Trafficking from the East to the South



IV. CONCLUSIONS

Obtaining reliable data on organized crime in any setting is a significant research challenge. In Afghanistan in particular, this challenge is accentuated by the weakness of state institutions, the blurring of political and criminal interests, and the increasing secrecy in which drug trafficking is being conducted. Studying organized crime in such a context has been compared to paleontology (the study of fossils), i.e. the collection of small fragments of evidence from which broader hypotheses can be constructed and tested against other ideas and new finds. Such a process is crucial, since understanding the evolving nature of organized crime in a fragile post-conflict setting such as Afghanistan has critical policy implications.

While the unique circumstances of Afghanistan make the drawing of parallels with other societies difficult, evidence from other post-conflict settings, such as Southeastern Europe and West Africa, indicate that organized crime has strong potential to consolidate itself in the immediate post-conflict phase, constituting an important challenge to state consolidation. It would be incorrect to argue in such cases that the phenomenon is new; indeed, illicit trafficking may often have been linked to the activities of armed groups or to the state itself (for example in "sanction-busting" activities). However, the post-war phase of political and economic change, including increased international oversight and transparency, leads to the consolidation of such activities in an emerging "underworld" (albeit with links to actors operating in the "upperworld"). In such post-war contexts it becomes easier to define these activities as "criminal" and organized for profit by a number of groups or actors (i.e. emerging "organized crime"). Ideological, political, or ethnic motivations which may have provided the organizing framework for illegal activities during or immediately before conflict may fall away, with the strongest motivation in the post-war period (as with organized crime elsewhere) being profit. This may involve various actors of different ethnic or political affiliations

working together for criminal purposes. There are strong parallels between this general picture and the emerging nature of organized crime in Afghanistan.

The chronology of the evolution of Afghanistan's drug industry in terms of its organization (summarized in Box 7.1) highlights the importance of conflict and, more recently, state-building in influencing developments.

Box 7.1: Summary Chronology of Evolution of Drug Industry Organization in Afghanistan

Opium cultivation increased during the period of the occupation. Internal trafficking was engaged in by a growing number of traders who sold opium to trafficking groups at the border of Afghanistan. Local warlords retained control of the internal trafficking of opium by taxing traders.

After the Soviet withdrawal (1989) and especially after the fall of the Communist regime (1992), opium increasingly became the means of financing the activities of warlord groups as foreign assistance to these groups was phased out. This resulted in more comprehensive control of trafficking activities through taxation of traders. Nevertheless the market remained open, with relatively free access for new entrants.

Under the Taliban (1994-2001) the market remained open. The Taliban themselves levied taxes on traders, using the profits to finance their own activities.

The Taliban banned opium cultivation (but not trade) in 2000, in an attempt to win greater international recognition. As a result opium prices soared, which greatly increased the resources of prosperous traders who held sizable inventories of opium.

In the immediate aftermath of the fall of the Taliban (in late 2001), there was to some extent a return to the fragmented control by warlords, although traders who had accumulated resources were in a position to play a more prominent role, both in terms of encouraging cultivation and also in ensuring the necessary protection for their activities.

International intervention in Afghanistan brought new pressures, including the beginning of a process of democratisation and greater public and international oversight over the political process. Two factors in particular influenced the control over the drug trade. First, international pressure forced prospective political players (including a number of warlords) to distance themselves from open involvement in drug trafficking. Second, backed by international resources, the central state began to reassert its influence and thereby gained a greater ability to regulate criminal activities. The Ministry of Interior (important for being in charge of the police and vulnerable because it was not reformed) has become a key instrument in this regard.

By late 2005 consolidation of control over drug trafficking by a limited number of key traffickers, the majority of whom operate from the south of the country, was well underway. This emerging "underworld" is connected through payment and patronage to senior political figures who provide the required protection.

In Afghanistan the most powerful criminal organizations (unsurprisingly given the amount of resources involved) are engaged in the trafficking of drugs. In this respect there is evidence of consolidation of control into fewer hands and of the emergence of a limited number of criminal organizations. The locus of this control is in the south of the country, with strong links to Kabul. The nature of the emerging criminal organizations suggests a close linkage with state institutions—indeed, the protection provided by state functionaries is critical for their survival and prosperity. While it is clear that a considerable degree of consolidation is occurring in the control of drug trafficking in Afghanistan, and that those involved have powerful political protectors, there is no evidence that the key traffickers act together to set prices and regulate the market through a cartel. However, as outlined in this assessment, there does appear to be a surprising level of contact between key traffickers and those who provide them with political protection, particularly in facilitating cross-provincial trading. What form such communications take is difficult to discern, and whether there have been detailed discussions among key players on issues such as how much drugs are "in-stock" and how much should be released is impossible to say. The overall impression is that the market at higher levels still remains competitive, in part because the process of consolidation of organized criminal control is not yet complete. Given the rapidity with which the current consolidation has taken place, it is not inconceivable that a cartel of powerful groups could form in the future.

How best then to respond to the emerging issue of organized crime in Afghanistan? Experience from elsewhere suggests that there are no easy answers, simple formulas, or quick-fix solutions. The response requires an integrated approach involving several elements, some of which are already underway in Afghanistan. Three aspects are worth highlighting in this regard.

First, there needs to be a recognition that the emergence of organized criminal activities may require using new analytical frameworks and dispensing with pre-accepted notions (for example that "different ethnic groups do not work together"). This of course implies more from an analytical and strategic perspective, and that organized crime with its important political implications must not be seen purely as the perquisite of law enforcement (including national or international law enforcement institutions). It should be emphasised that in several other post-conflict and transitional situations, more attention to the issue of organized crime from an analytical perspective would have contributed to better policy making. In the Balkans, for example, the rapid growth of organized crime in the post-war period surprised many observers, with there being little analysis available to determine effective policy options. It should be noted as well that given the current strength of organized criminal interests in Afghanistan and the resources they command, the nature of organized crime itself will continue to evolve in response to state actions. Given this and the fluidity of the ongoing political process in Afghanistan, as well as the difficult security situation and ongoing military operations in the south of the country, the nature of organized crime may look considerably different even within a short period of time. The degree to which a resurgent Taliban seeks to provide protection for drug trafficking could be a key factor in this regard. Thus it will be essential to continue to monitor developments.

Second, countering organized crime in Afghanistan (as in many other places where illicit interests and resources have strong links to the ongoing political process) requires a careful balancing act. Action that is too assertive may risk undermining the political process that is underway, whereas too little action against criminal actors and activities may in the long term lead to a subversion of the political process itself. Policy interventions in this respect should take a two-pronged approach. On one side there must be a concrete focus on ensuring higher levels of integrity within law enforcement and related institutions, including through better oversight (both national and international) of state functionaries and the building of a core group of honest law enforcement officials. In this regard, the reform of the Ministry of Interior must be seen as a priority. On the other side, there may be merit in selecting the cases of a limited number of high-profile traffickers for prosecution, regardless of political affiliation or connections to the ruling elite, for, among other reasons, the important symbolic impact this will have. Such prosecutions may have a divisive impact if they are seen to target some groups over others, or are seen to have an overt political agenda. It is important that any such prosecutions be driven by Afghan officials and in Afghan courts, although it is clear that international support and oversight of the process will be required.

Third, improvements in specialized law enforcement agencies alone are not enough to tackle organized crime, and there must be a focus on attacking the enabling environment for such criminal activities, including reducing the opportunities for control of legitimate economic activities by actors who garner large profits from illicit trafficking. Recent and ongoing economic growth has been taking place in a context in which criminal and illicit activities—most notably, but not exclusively, drug trafficking—have generated substantial profits which

can be used to invest in and build influence over sectors of the legal economy, including through corruption. This, combined with the use of violence (or the threat of it), suggests that criminal elements and groups have substantial potential to impact on the legitimate economic sector. The origins of the penetration of organized crime into the legitimate economy in Afghanistan may be particular to its historical background and the current situation. However, in the context of a weak central state, the political economy of conflict, and large criminal resources from the drug trade and other illicit activities, the outcome is likely to be predictable: greater criminal control of legitimate economic activities, distorted economic growth, and commercial transactions determined by protection payments and corrupt practices. The response must constitute an array of medium to long-term interventions, some of them already underway, such as establishing criminal justice institutions, improving customs and border control, effective regulation of the banking sector, and management of the process of economic reform with an eye to reducing opportunities for criminal control.

Since the signing of the Bonn Agreement in 2001 Afghanistan has made significant progress. The conclusion of this process with the September 2005 parliamentary elections must not be seen as the beginning of international disengagement from the country. In particular, responding to the problem of organized crime must remain high on the agenda, requiring a sustained level of national and international commitment. The nature of the problem of organized crime is of such a degree of seriousness that only a long-term commitment to its resolution is likely to ensure that Afghanistan emerges as a stable and democratic state.

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