Overview of IEA Taxation

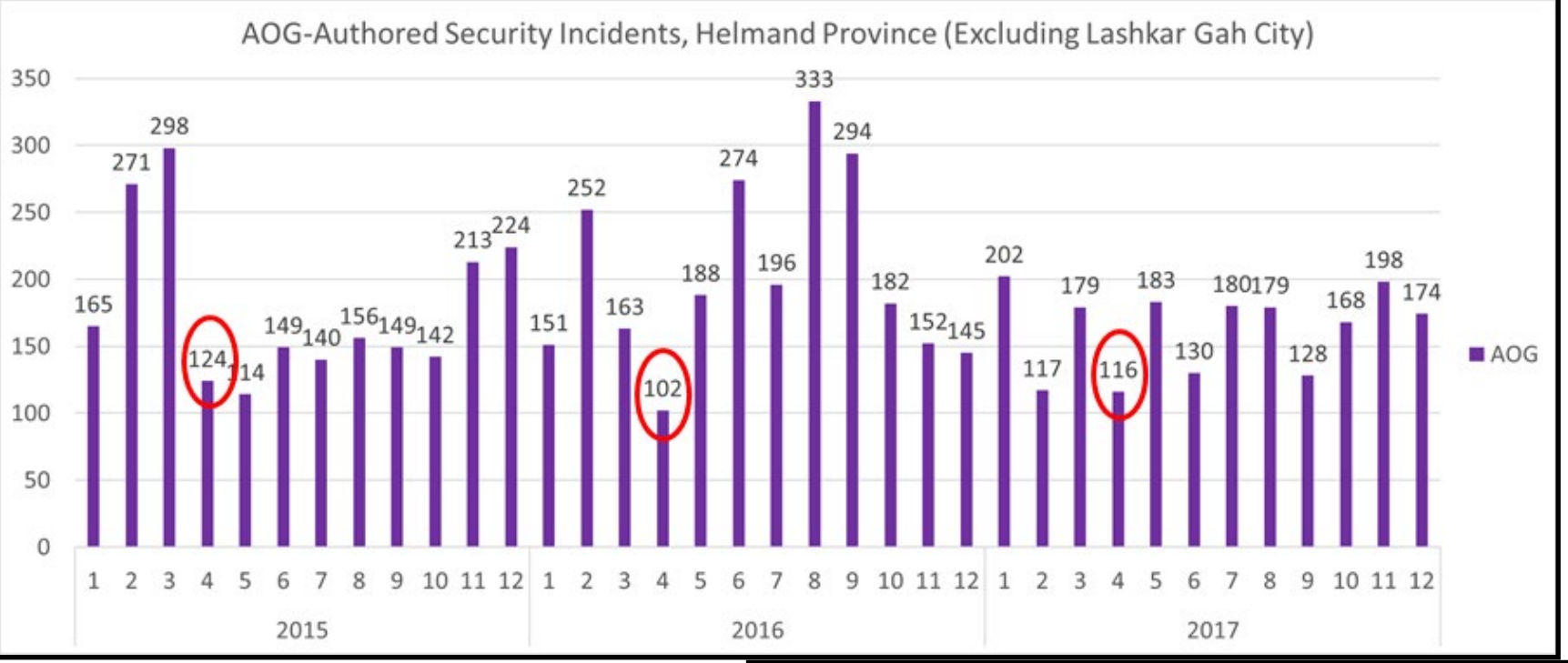
CHARITY WATSON – INSO, MOBILE SAFETY ADVISOR

IEA Taxation Across Civilian Life

- Zakat/Ushr
- Transportation
- School Teacher Salaries
- Private Businesses and Other Employees
- Electricity
- Telecommunications
- Mining/Extractive Industries

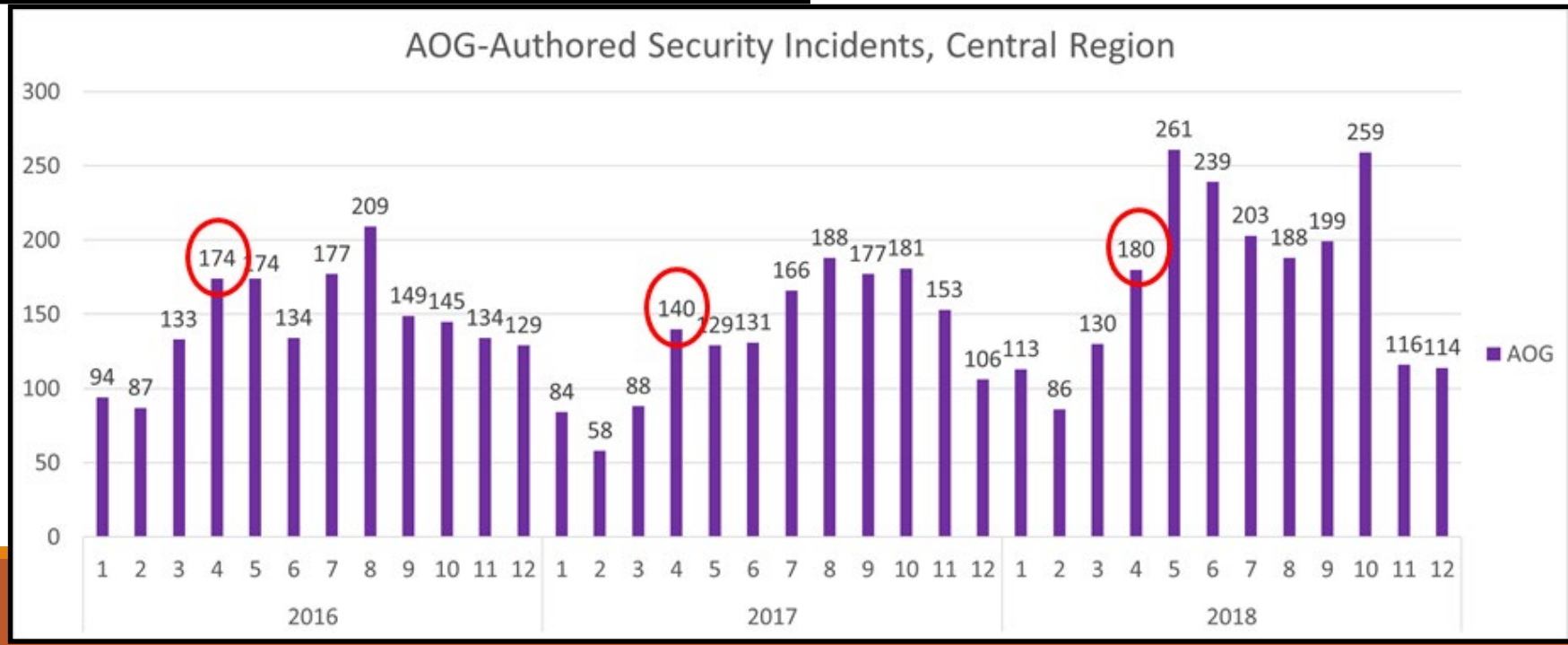
Trends in Conflict Activity: Ushr/Zakat

- Harvest truces – e.g. Baghlan, Laghman
- Pre-harvest territorial expansion – Chimtal, Balkh; West-central Badakhshan
- Opium cultivation – Helmand, Farah
- Intimidation against civilians if non-compliant



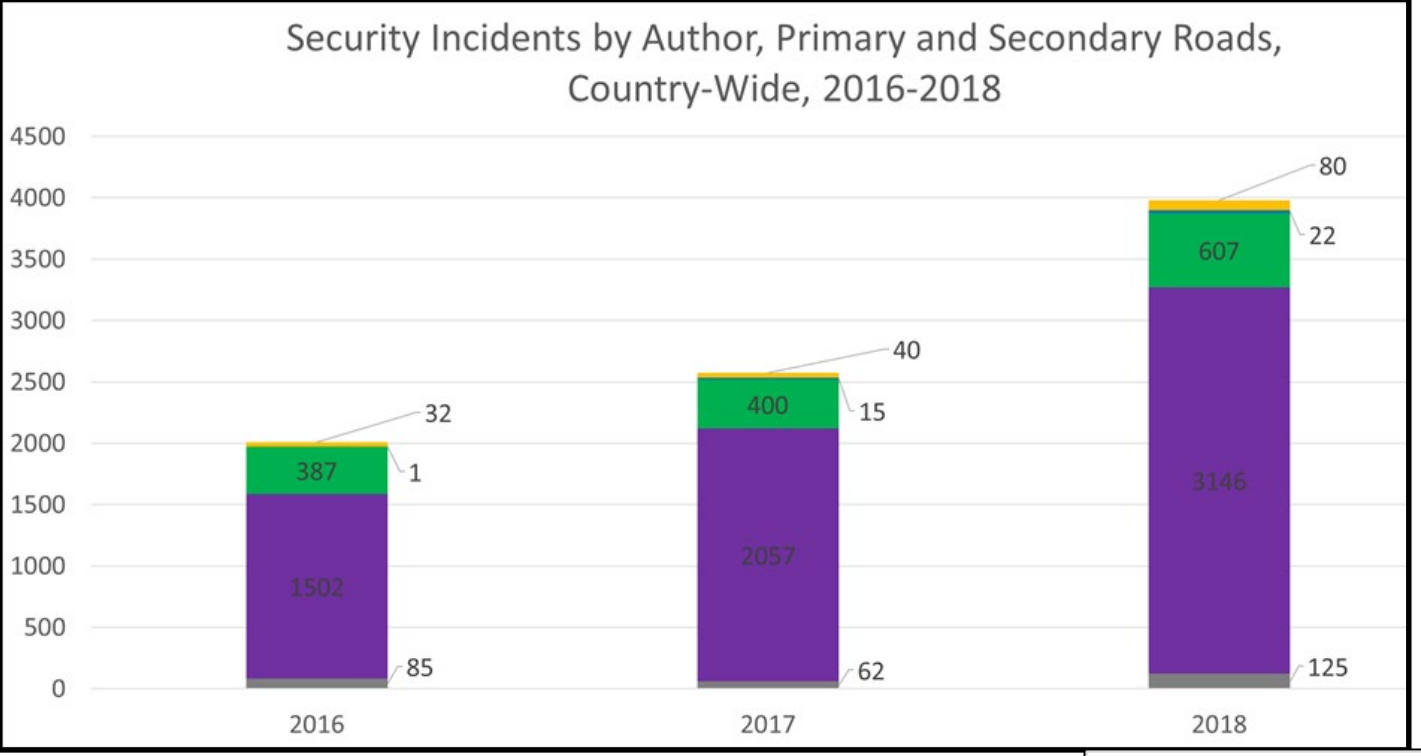
- Helmand opium harvest occurs around April each year.

- In non or less opium-producing regions, see an uptick in conflict activity during spring.

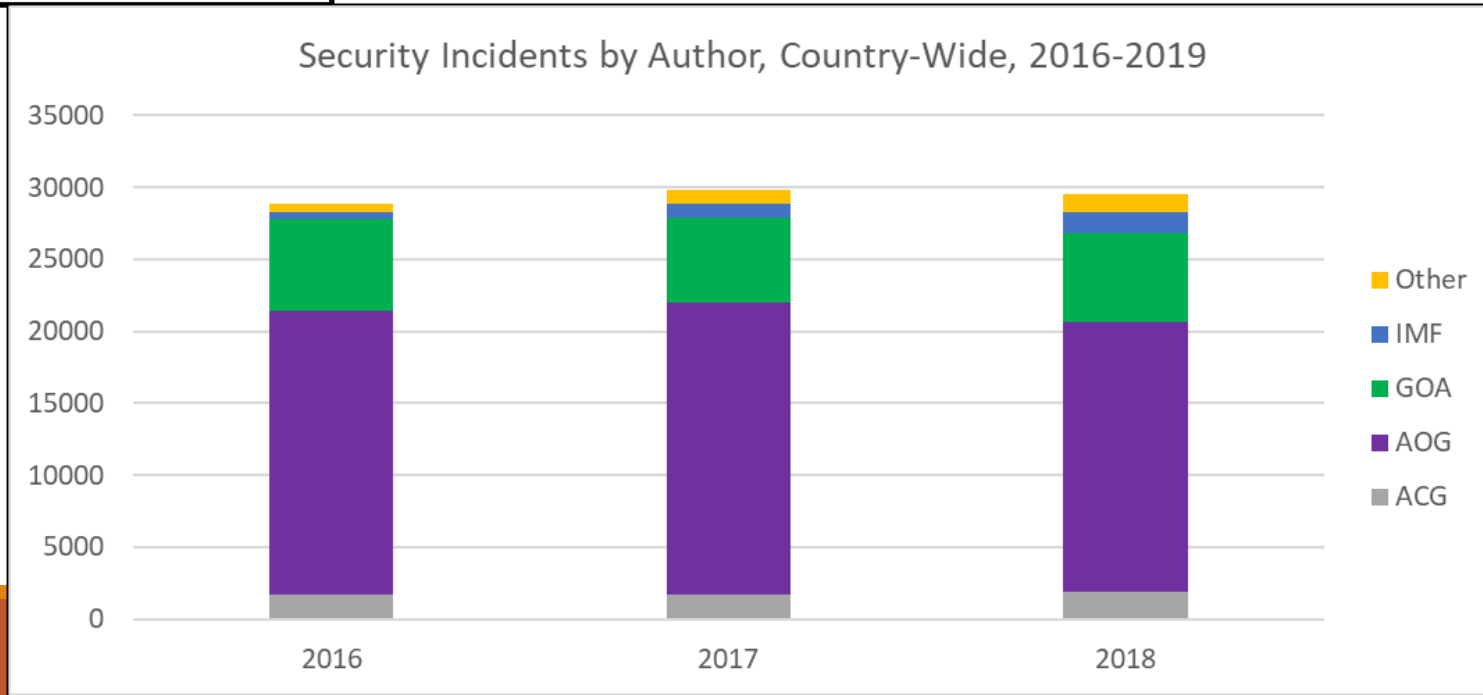


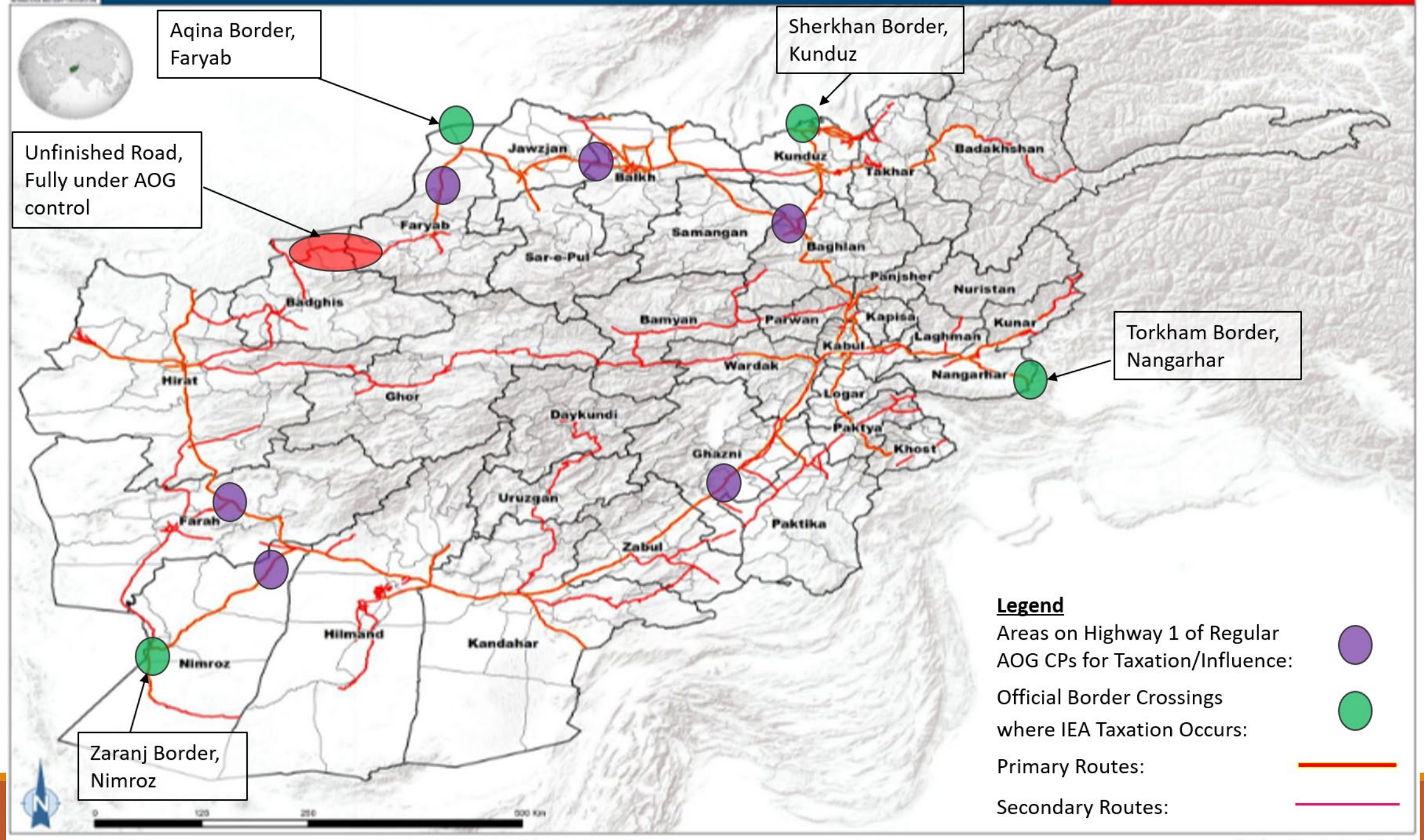
Trends in Conflict Activity: Transportation

- Direct attacks on vehicles, especially fuel tankers and other intimidation tactics on commercial operators
  - NGO affected in Nov. 2017
- Territorial expansion towards highways and customs points/official border crossings – Ghazni, Balkh, Faryab, Farah
- AOG CPs



- Increase in conflict activity around roads, while total levels of conflict activity has remained stable.




Aqina Border, Faryab
Sherkhan Border, Kunduz
Unfinished Road, Fully under AOG control
Torkham Border, Nangarhar
Zaranj Border, Nimroz
Jawzjan
Balkh
Kunduz
Takhar
Badakhshan
Faryab
Samangan
Baghlan
Sar-e-Pul
Panjsher
Nuristan
Badghis
Bamyan
Parwan
Kapisa
Kunar
Laghman
Kabul
Wardak
Hirat
Nangarhar
Ghor
Logar
Daykundi
Paktya
Khost
Ghazni
Uruzgan
Farah
Paktika
Zabul
Hilmand
Kandahar
Nimroz
Legend
Areas on Highway 1 of Regular AOG CPs for Taxation/Influence:
Official Border Crossings where IEA Taxation Occurs:
Primary Routes:
Secondary Routes:

Trends in Conflict Activity: Schools

- Taxation on school teachers differs greatly depending on the area
- Closures in Kunduz and Ghazni (Giro)
- Girls' school arsons in Farah

Trends in Conflict Activity: Private Businesses

- Fixed prices in Ghazni, Kunduz
- Money lenders in Kandahar
- Other salaried employees including GOA, health workers
- Often resembles criminal extortion practices involving threats/intimidation/IED detonations, including potentially against NGO staff members.

Trends in Conflict Activity: Electricity & Telecommunications

- Attacks on infrastructure – incredibly difficult to defend against
- Telecommunications companies reportedly negotiate with local commanders and draft contracts

Trends in Conflict Activity: Mining/Extractives

- Generally, IEA doesn't want to extract minerals themselves but rather use their influence to take a cut
- Mining is currently highly localized, and IEA taxation is similarly localized.
- Mining activities act as a pull factor for IEA to expand control in an area or over a route

General Trends

- IEA taxation is assessed to be significant, and widespread
- Funding streams are likely increasingly indigenous to Afghanistan
- Revenue collected locally stays local, funding IEA in that given area
- Highly flexible, using revenue sources indigenous to an area. High levels of variance depending on locality, personalities involved, negotiating power of community, etc.
- Military control does not necessarily precede the ability to tax
- Taxation as state-building

Increases in IEA Taxation… Why?

- Difficult to independently verify, but multiple reports confer a concerted effort to increase taxation throughout 2018
- Expansion of territory = increased costs
- Decline in external funding
- Decline in traditional funding, namely opium
- Drought – drop in opium production and other legal crops, electricity output, livestock
- Increase in costs, partially due to emergence of IEA ‘Red Units’

Concerns for/Impact on NGOs

- Operations – telecommunications, road security, electricity infrastructure
- NGOs managing parallel state structures
- Direct requests for taxation to NGO or NGO staff members
- Indirect taxation – transport suppliers, hiring locally
- Variances in effect of taxation on NGOs – INGOs vs LNGOs, development vs humanitarian, multi-sector vs single-sector programming, duration of presence in community
- Criminality – Copycat demands
- Donor requirements

Best Practice/Mitigation Measures

- Operational:
  - Internal reporting mechanisms in place
  - Review relevant SOPs – telecommunications/electricity outages and backups, transportation contracting
  - Road travel – proximity to targets (fuel trucks)
  - Report to INSO/determine if it is an actual IEA demand or copycat criminality
- Programmatic:
  - Negotiate – Organizations have considerable negotiating power and leverage through local community leaders.
  - Islamic taxes are not supposed to be levied on charitable activities
- Strategic:
  - Internal dialogue
  - Engage with coordination mechanisms

Way Forward

- Often a question of what can/should be done
- Reporting – We don’t know what the full impact on NGOs is unless it is reported.
- Discussion at coordination forums, bilateral discussions locally
- Stop rhetoric such as: ‘We don’t pay but others do….’ – NGOs competing will only serve to weaken negotiating power

Questions/Comments

Charity Watson
INSO Safety Advisor - Mobile
Mobile: +93 (0) 793-230-118
Email: sa.mobile@afg.ngosafety.org