

War in the treasury of the people: Mining, corruption and armed groups in Badakhshan

Table of Contents

Map

List of Acronyms

Executive Summary

- I. Introduction
Box 1: Key Players
- II. A Prize Worth Fighting For: Mining as a Direct Source of Conflict
Box 2: Zulmai Mujadidi and the Levers of Power in Badakhshan
The Malek Coup
Box 3: Fighting Since the Coup: An Overview
A lost chance for peace?
A game of networks
A Target for the Taliban: Mining and the Insurgency
Mines and the Islamic State
- III. Fueling Conflict: Abuses and Resentment Around Mining
Kuran wa Munjan: A People's Uprising?
Different Faces, Same System
Fuel on the Fire: Abuses and the Insurgency
My Enemy's Enemy is My Friend
- IV. A Treasury for Violence: Who Gains and Who Loses from the Mines
The Mujadidi Era
Malek's millions
Fingers in the Pie: 'Pro-Government' Armed Groups
Funding the Insurgency
Box 4: The Onward Trade
- V. Contracts and Corruption
Pamir Badakhshan International Mining
The Baharak 'Contract'
The Lajwardeen Contract and the Ministry of Mines
Box 5: Questionable content: Weaknesses in the Terms of the Lajwardeen Lapis Contract
- VI. Policy Implications and Recommendations
Recommendations to the Afghan Government
 Recommendations relating to Badakhshan
 Transparency and Oversight
 Communities and Mining
 Security
Recommendations for Afghanistan's international Partners

Annex A: Lapis Mining in Kuran wa Munjan

Annex B: Prices Cited for Lapis and Tourmaline

Annex C: Cast of Characters

Annex D: Glossary of Unfamiliar Words and Terms

List of Tables

Table 1: Reported rental Costs for 24 Hours Access to the Junduk Lapis Mines

Table 2: Lapis Prices

Table 3: Tourmaline Prices

List of Acronyms and Abbreviations

AK-47	Avtomat Kalashnikova, aka Kalashnikov 7.62 x 39mm assault rifle
ALP	Afghan Local Police
ANA	Afghan National Army
ANP	Afghan National Police
Afs	Afghanis (Afghan currency)
bn	Billions
DDR	Demobilisation, Disarmament, and Reintegration
IED	Improvised Explosive Device
IMU	Islamic Movement of Uzbekistan
IS	Islamic State – also known as ISIL (Islamic State of Iraq and the Levant), and ISIS (Islamic State of Iraq and ash-Sham)
LMC	Lajwardeen Mining Company
m	Millions
MPF	Mining Protection Force (<i>kita e muhafizat e ma'dan</i>)
OECD	Organization for Economic Cooperation and Development
PBIM	Pamir Badakhshan International Mining
PK	Pulemyot Kalashnikova, a Russian-made 7.62 x 54 mm machine gun (acronym can also be used as a generic term for a light machine gun)
RPG	Rocket Propelled Grenade
trn	Trillions

A rate of US \$1=56 Afghanis was used for the majority of currency conversions in the report – a rough average of the rate from June 2013 to early 2015. The Afghani began significant depreciation from about April 2015, and for data from this date to May 2016 an average rate of 62.5 Afghanis was applied. For data prior to June 2013 a rough average of \$1=50 Afghanis was used.¹

We are at risk of the curse of plenty, [the] curse of resources.

- *Ashraf Ghani, President of the Islamic Republic of Afghanistan*²

The mine belongs to the whole nation. It is for all of us.

- *'Haji Anwar', a miner from Badakhshan*³

This mine is itself a general (...) It will make people fight.

- *'Haji Bashir', an elder from the district of Kuran wa Munjan*⁴

Summary

The mines of the rugged northeastern province of Badakhshan are one of the richest assets of the Afghan people, an extraordinary national treasure that should be a powerful resource for development. Instead, as a two year investigation reveals, they are a major source of conflict and grievance, supply millions of dollars of funding to armed groups, insurgents, and strongmen, and provide a tiny fraction of the benefit they should to the Afghan people. Without a coherent response, these mines – and others like them across Afghanistan – represent not just a lost opportunity, but a threat to the whole country.

The direct rivals in the violent competition for Badakhshan's ancient lapis lazuli mines are two local strongmen. Both have exploited the mines, both have links to national politics, and both allegedly had back-door ties to the Taliban. According to rough but plausible estimates, the revenue going to these strongmen and the Taliban from just one small area of Badakhshan rivals the government's declared income from the entire Afghan natural resources sector. For now, the lapis which supplies much of the world market is, by any reasonable definition, a conflict mineral.

This struggle is one of resources, not ideology: a "business war." But it has nonetheless created the conditions in which the Taliban – who have a close relationship with the local affiliate of the Islamic State – threaten to take the mines, and already control the much of their revenue. And it is a major reason why a province which resisted the Taliban at the height of their power is now one of their strongholds. Amid the conflict and lawlessness around the mines, it is the insurgency that has benefitted above all.

Badakhshan illustrates wider dangers around Afghanistan's natural resources. Mining is implicated in violence from Balkh to Helmand. Nationally, it is thought to be the Taliban's second largest source of revenue, while contributing less than 1% of state income in 2013.⁵ Afghanistan's estimated \$1trn of mineral reserves could in theory generate \$2bn revenue a year: hopes for the country's economic growth, and by extension its independence from foreign aid, rely on their development. But they threaten to do the opposite – to be a chronic source of conflict and corruption, while generating little revenue. Improving the governance of the whole sector is not just a matter of legality or of morality: it is of fundamental importance to the future of the country.

That urgency has not so far been adequately reflected in the policy of either the Afghan government or its partners – despite some distinctly encouraging recent announcements. They should make it a first-order priority, first by increasing accountability, transparency, and local engagement around mining (notably in the mining law), and by prioritising security in mining areas. Badakhshan, where both the scale of the threat and the potential reward are disproportionately high, is worth particular attention – but reform is needed for the whole country. With some basic safeguards yet to be implemented, effective action is possible.

Lapis and tourmaline: jewels in the crown

Global Witness' research covered two of the most important minerals in Badakhshan, lapis lazuli and tourmaline – semi-precious decorative stones mainly exported to China. The report focuses on the lapis mines of Kuran wa Munjan district, but the nearby tourmaline mines at Deodarra raise similar issues.

The competition for these resources among armed groups and political elites is part of a long-standing pattern. *Haji Abdul Malek*, a former district police chief and commander with the *Jamiat e Islami* party, seized control of the lapis mines in January 2014. But the government's nominal control before this was effectively a façade, behind which the mines were exploited by another former *Jamiat* commander, serving Badakhshan MP *Zulmai Mujadidi*. *Mujadidi* is widely thought to effectively control official police and militia

troops, including the official Mining Protection Force (MPF), led by his brother Asadullah Mujadidi – the key force in Kuran wa Munjan before 2014. Another local MP, the former lapis trader and current head of Parliament’s natural resource commission, Zekria Sawda, is a smaller but active player. Finally, the Taliban and more recently the Islamic State are a growing presence around the mines.

The key findings of Global Witness’s research include:

- In 2014 the two mining areas of **Deodarra and Kuran wa Munjan alone provided around \$20m to armed groups**, according to rough but conservative estimates – equivalent to the government’s declared revenue from the entire extractive sector in 2013.⁶ This includes about **\$18m to Commander Malek and informal armed groups linked to him**, and more than **\$1m each to the Taliban** and to **armed groups** mainly allegedly associated with **Zulmai Mujadidi**.
- **Armed groups made an estimated \$12m from lapis in 2015**, with a government ban on the trade in early 2015 countered by massive smuggling through the Panjshir valley. The **Taliban increased their share of this** as their strength grew, to an estimated \$4m. As of mid 2016, **payments to the Taliban reportedly amount to at least 50%** of the revenue from the mines.
- **Natural resources are a key driver of instability** Competition for the mines has directly fuelled a series of violent incidents in Badakhshan, and put an entire district out of government control for more than two years. Abuses around the mines, especially the lack of benefit for local people, created significant backing for Malek’s takeover of Kuran wa Munjan in 2014. As one elder put it, “people were excluded from their rights to the mine (...) the majority of people supported [the coup].”
- Similar grievances have pushed individuals to **support the Taliban**. People “see the underground resources and public wealth in the hands of the looters,” a miner said: “they choose the Taliban (...) for their revenge.” Revenue from the mines, and their compromising effect on government legitimacy and the integrity of the local administration and security forces, have **helped the Taliban infiltrate Badakhshan to a far greater extent** than they could at the height of their power in the 1990s. There are also credible indications **the mines are a strategic priority for the Islamic State** in Badakhshan.
- **From the mines of Kuran wa Munjan and Deodarra alone, the Afghan government lost revenues of at least \$18.1m in 2014 alone**, at least 98% of the potential take, as a result of illegal exploitation, irregular contracts, and artificially low official valuations for lapis. Around \$2.4m in revenue appears to have been lost from a single convoy in early 2015. Massive underpayment of taxes appears to be routine, and several sources made allegations of corruption against government officials. The Ministry of Mines itself could not provide full revenue and production data for lapis, a serious concern in itself.
- Multiple sources alleged that Asadullah Mujadidi **profited from illegal lapis extraction when he controlled the lapis mines before 2014**, and that he and forces under his control **used intimidation to capture profits from tourmaline** mining in Jurm district.
- Zulmai Mujadidi and Commander Malek have **links to higher level political networks**. Former Defence Minister Bismillah Mohammadi was alleged by several sources to have supported Commander Malek in his takeover of the mines, and to have benefitted from the lapis trade, along with other political figures.
- **Highly questionable contracts** for lapis and tourmaline illustrate the need for greater transparency. An unpublished ‘contract’ allowing certain individuals in Baharak district to extract a toll from lapis was described as illegal by a senior local official: evidence suggests it benefited members of the Mujadidi family. A tourmaline contract held by the Pamir Badakhshan International Mining company (PBIM) was more formal but produced very little tax revenue, and the company appears to be controlled by the MP Zekria Sawda.

- **Multiple sources also allege that Zulmai Mujadidi had a hidden interest in the Lajwardeen Mining Company (LMC)**, which holds the only official contract for Badakhshan’s lapis. The Afghan government sanctioned a problematic arrangement in 2014 whereby the transit of lapis continued under LMC’s name despite the takeover of the mines by Commander Malek, though it is not clear that the company profited significantly from its role. The arrangement was ended and the LMC contract suspended by early 2015, but there is likely to be a political struggle over its future.

Zekria Sawda and Asadullah Mujadidi both deny involvement in mining in Badakhshan, or with illicit armed groups.⁷ Zulmai Mujadidi also strongly denied the allegations, saying that the “sources of [this] information are not objective, but rather have originated from or influenced by my political opponents and foes; the issues raised are nothing more than propaganda.”⁸ He supplied a copy of a summary decision of the Afghan Media Complaints Commission against a media outlet which made similar allegations.⁹ General Mohammadi did not comment, while Commander Malek could not be reached to request his views.

Many of the concerns set out above are relevant across Afghanistan, where there are thousands of illegal mines outside of government control.¹⁰ Direct comparisons can be misleading, but there is a clear risk Afghanistan could see a prolonged, resource-fuelled conflict of the kind that has been so damaging elsewhere. The specific problems around mining are closely linked to deeper challenges of conflict, corruption, and the weakness of Afghan state institutions. But that does not mean action is futile: there are a range of practical policy measures that could reduce the risks associated with extractives, without placing unrealistic demands on government capacity.

Signs of hope?

There are grounds to hope that the Afghan government will respond to these challenges. President Ashraf Ghani has spoken of the dangers of the resource curse with refreshing clarity, and in May 2016 the government announced a raft of new measures, including plans to publish beneficial ownership information.

But while this provides a foundation for reform, for now the government has yet to put in place a number of basic protections – notably to strengthen the Mining Law, publish mining data, reinforce oversight capacity, and support community monitoring of mining. Illegal extraction remains widespread, with little or no accountability for the powerful figures involved, and large-scale smuggling of lapis through the Panjshir valley continues. For their part, donors have spent many millions promoting mining, but with a few honourable exceptions have focused on overcoming obstacles to new contracts more than on the fundamental governance challenges, which at this stage pose a much greater threat.

The government faces great challenges, and cannot realistically regain control of the thousands of illegally exploited mines in Afghanistan overnight. The question is whether the problems around mining are given a level of priority that reflects their importance – and whether the government is doing the things that are relatively easy, like strengthening the mining law. If there is the will to act, a sustained reform of the sector could generate millions of dollars in revenue, improve the lives of ordinary Afghans, and help lay the foundations for lasting stability. In the battle for Afghanistan’s future, mining is not a bad place to start.

Recommendations to the Afghan government

Badakhshan

- *Make Badakhshan the initial focus of a systematic effort to re-establish rule of law, reform mining oversight, create the conditions for legitimate trade, and increase revenues.*

- *Use all available peaceful means to re-establish control over Kuran wa Munjan, including enforcing the blockade of the lapis trade through Panjshir province. Avoid any deal with local actors which does not effectively address the current abusive exploitation of the mines.*
- *Investigate ‘pro government’ armed groups in Badakhshan, and hold them accountable. The Mining Protection Force should be brought under new leadership and reconstituted as a part of a specially trained, independent and accountable force. Disband Afghan Local Police (ALP) groups linked to abuses*
- *Transparently and fairly investigate the Baharak, PBIM and LMC contracts, and ensure accountability if significant abuses are confirmed. Avoid scapegoating traders for abuses mainly linked to armed groups.*

Transparency and Accountability

- *Amend the Afghan Mining Law to require all contracts and ancillary documents to be published as a condition of their becoming valid. Remove licensing and revenue collection from local MoMP offices.*
- *Create a clear legal requirement for the publication of the beneficial ownership of any company applying for substantial government contracts, including mining concessions.*
- *Amend the law to require publication of project-level data on payments between companies and the Afghan government, and on minerals production. Require published annual audits of larger extractive companies. Create a single, dedicated, and transparent account for all extractive sector payments.*
- *Urgently strengthen the oversight and data management capacity of the Ministry of Mines. Require the Ministry to implement basic data standards, and publish full revenue and other data, within six months*

Communities

- *Develop a program for community monitoring of mining. Allocate a modest percentage of the legal revenue of a mine directly to communities, to help incentivise legal extraction. Give communities a greater stake and say in mining through stronger dispute resolution, consultation and local employment requirements.*

Security

- *Make Kuran wa Munjan and other significant mining areas across Afghanistan a key focus for security policy, to ensure appropriate protections against the exploitation of the mines by armed groups. In Kuran wa Munjan, provide vetted ANA reinforcements to ensure security until the MPF can be reformed.*

Recommendations for Afghanistan’s international partners

- *Make the strengthening of extractive sector governance a key priority for engagement with the Afghan government, and work to integrate robust measures into core benchmarks for mutual accountability. Hold the government to its commitments to reform, but also ensure strong and coordinated support to its efforts.*
- *Work with the Afghan government to provide technical, financial and other support for stronger extractives governance, with a particular priority given to legal reforms and building oversight capacity.*
- *Work with the Afghan government to implement supply chain due diligence and prevent trade in minerals which could contribute significantly to conflict and abuses, with an initial focus on lapis lazuli. The UN Sanctions Committee should investigate links between the lapis trade and funding for groups under its remit.*

Key figures (estimated)

Lapis mining	
Estimated extraction, 2014	7,500 tons
Estimated value, 2014	\$125m
Estimated extraction, 2015	5,000 tons
Estimated value, 2015	\$75m
Armed groups mainly associated with Abdul Malek	
<i>Revenue from lapis to armed groups associated with Abdul Malek, 2014</i>	
Mine rent	\$15.89m
Security payments	\$1.8m
Road tolls	\$290,000
<i>Total revenue, 2014:</i>	\$17.98m
<i>Revenue from lapis to armed groups associated with Abdul Malek, 2015</i>	\$12m
Armed groups mainly associated with Zulmai Mujadidi	
<i>Revenues from lapis and tourmaline to armed groups mainly associated with Zulmai Mujadidi, 2014</i>	
Baharak 'contract'	\$700,000
Road tolls	\$700,000
Revenue from tourmaline mining under the PBIM contract (to Zekria Sawda)	\$250,000
<i>Total revenue, 2014:</i>	\$1.65m
<i>Mining income to these armed groups was not assessed for 2015, but was likely not significant</i>	
The Taliban	
<i>Revenues from lapis to the Taliban, 2014</i>	
Direct payments from Abdul Malek	\$750,000
Road tolls	\$386,000
<i>Total revenue, 2014:</i>	\$1.14m
<i>Revenues from lapis to the Taliban, 2015</i>	\$4m
<i>Revenues to the Taliban, 2016 (projected)</i>	\$6m
Overall totals to armed groups	
Overall totals to armed groups, 2014 (not including \$0.75m transfer from Malek to Taliban)	\$20m
Overall totals to armed groups, 2015 (not including \$4m transfer from Malek to Taliban)	\$12m
<i>Alleged transfers from one armed group to another are not included to avoid double-counting</i>	
Afghan government	
Revenues lost from lapis by the Afghan government, 2014	\$18.1m
Potential revenues lost from lapis by the Afghan government, 2015	\$10m
Revenues lost from lapis by the Afghan government, since 2001	\$100m

Revenues for 2014 and 2015 were calculated using different methods – see Annex A for full details

I. Introduction

Badakhshan is one of the most important and richly-endowed mining areas in all of Afghanistan,¹¹ yet is among the most deprived provinces of a country that is itself among the poorest in the world.¹² That alone demands deeper investigation. But there is another contradiction which makes Badakhshan particularly relevant. The province should be among the more stable parts of Afghanistan, having resisted infiltration by the Taliban at the height of their power before 2001 (although internal clashes between local commanders were common).¹³ Instead, it now hosts an increasingly virulent insurgency and provides a foothold for foreign fighters professing loyalty to the group calling itself the Islamic State.¹⁴

Badakhshan also has a broader significance, as a representative of much wider, deep-seated problems in other parts of the country. Mining is thought to be the second largest source of revenue for the Taliban, but this is not just about the insurgency.¹⁵ Across the country mining has been accompanied by concerns over corruption, conflict, and links to armed groups of all kinds: examples include chromite in Kunar province,¹⁶ rubies near Kabul,¹⁷ emeralds in Panjshir,¹⁸ marble in Helmand,¹⁹ and coal in Balkh.²⁰ While every case has its own character, Badakhshan embodies these issues with exceptional clarity.

At the same time much of the hope that donors and the Afghan government have for a better future implicitly relies on the extractive sector.²¹ President Ghani has said mining “can transform the country into an industrial nation,” though he has also highlighted the need for a cautious approach.²² The US military themselves say natural resources “have the greatest potential to provide the country with an economic base” needed to create stability and fund security and other spending,²³ while the IMF’s predictions of economic growth assume mining will be developed.²⁴ Some estimates put Afghanistan’s mineral reserves alone at around \$1trn, with the potential to generate up to \$2bn in annual revenue.²⁵ But unless Afghanistan and its partners can break the links between extractives, corruption, armed groups and insecurity, this will never be more than wishful thinking. On the contrary, these resources are currently having precisely the opposite effect: without serious action, they threaten to drive instability and chronic violence for decades to come, and to comprehensively undermine the efforts made by Afghans and foreign donors.

Mining takes place across much of Badakhshan province, and includes a range of minerals and precious and semi-precious stones, including gold (called *telo* in Dari), spinel (*lal* – also known as balas ruby),²⁶ tourmaline (*beruj*), and lapis lazuli (*lajward*).²⁷ Lapis is an iconic Afghan symbol: a stone traditionally associated with truth and friendship that is now linked to corruption and conflict.²⁸ This report focuses on two key mining areas, the tourmaline mines around Deodarra in Jurm district, and the lapis mines in Kuran wa Munjan (see map). The lapis mines are larger and more important, but the significant overlap in the networks that control these mines and the way they are exploited means it is worth looking at them together. The report primarily focuses on Badakhshan itself, with brief discussion of the onward supply chains which ultimately drive the trade.

The report divides the impact of mining in Badakhshan into three main areas. First, it looks at the mines as a direct source of conflict – a prize to be fought over. Secondly, it looks at the mines as a source of abuses and resentment, which in turn feed into violence and the alienation of the local people. Thirdly, it looks at the mines as a source of funding for armed groups of all kinds – including both the insurgency and nominally pro-government groups. The report then looks specifically at the more formal capture of the mines through the three relevant recent contracts for lapis and tourmaline, all of which raise serious concerns. A final section considers policy implications and recommendations – the practical steps which can be taken to

reduce the grave threats the report identifies. Substantial additional supporting information is contained in the Annexes and endnotes.

Note on sources

This report is based on interviews with more than 60 individuals between November 2013 and May 2016, as well as extensive documentary research. Our subjects included government and elected officials, mining investors, traders, and workers, security actors, militia commanders, local elders, members of civil society and the media, staff from international missions, and insurgents. The majority of interviews were carried out face to face by Global Witness researchers in Badakhshan and Kabul, with others taking place by phone.

The great majority of interviewees requested anonymity out of concern for their security or because they were not authorised to speak on the record. In some instances where anonymity was not explicitly requested, we have nonetheless used pseudonyms where we judged that a risk to the sources could exist, and in some particularly sensitive cases, have been less precise about exactly when the interview took place. An indication of the nature of the source is given in the text or endnotes. For a reference, see the list of key players below, and full list of named sources in Annex C.

Substantial documentary evidence was also used. Most of this is available online, but copies of some documents such as relevant contracts can be found on the Afghanistan section of the Global Witness website (www.globalwitness.org).

Note on terminology

The terms 'taxes' and 'royalties' are sometimes used interchangeably by Afghan interlocutors, although they have different meanings. In this report, all references to taxes should be taken to cover royalties and other revenue extracted by official and unofficial authorities. References to royalties refer to royalties alone.

Key Players

Name: **Abdul Malek** (Haji Malek / Commander Malek)

Position: Former commander with the *Jamiat e Islami* political and military faction, part of the National Front which held Badakhshan during the civil war of the 1990s and for much of the preceding period of *jihad* against the communist government and its Soviet backers.²⁹ As the military commander for the Kuran wa Munjan district before 2001, Malek had direct control of the lapis mines.³⁰ After 2001, he retained significant local influence, transitioning to become the Chief of Police of Kuran wa Munjan, a position he held until late 2012.³¹ He was transferred elsewhere but returned to lead an armed takeover of the district in January 2014.³²



Name: **Zulmai Mujadidi** (Zulmai Khan)

Family: born in 1958 to a prominent local elder in Jurm district of Badakhshan.

Education: reportedly holds a bachelor degree in geology from Kabul University.³³

Position: another former *Jamiat e Islami* commander who joined the fight against the Soviet-backed government, Mujadidi rose to head the 10th directorate of the National Directorate of Security (NDS), which dealt with protection of high-ranking officials – including, after 2001, the new Afghan president, Hamid Karzai.³⁴ Developed a close relationship with Karzai, shifting his allegiance from his former mentor, the *Jamiat* leader Burhanuddin Rabbani.³⁵ Became an MP in the 2005 elections,³⁶ and was seen as Karzai's virtual 'shadow viceroy' in Badakhshan, supported as a counter-weight to Rabbani and other alternative centres of power.³⁷



Name: **Asadullah Mujadidi** (Asadullah Khan)

Family: Brother to Zulmai Mujadidi

Position: Appointed in 2007³⁸ as the head of the paramilitary security force for the lapis mines, the Mining Protection Force, (MPF), reportedly through the influence of his brother.³⁹

Officially the MPF has jurisdiction only over the Kuran wa Munjan district where the lapis mines are found, but Asadullah and his men have also operated in the Deodarra region, where tourmaline is mined.



Name: **Muhammad Zekria Sawda**⁴⁰

Family: Son of Barat Muhammad Sawda. Born in 1971 in Faizabad, the capital of Badakhshan.

Education: Schooled in Pakistan and in Jurm district. Bachelor's degree in Law and Political Science, Kabul University.

Position: MP and former minerals trader and businessman.⁴¹ Sawda was elected to Parliament's lower house in 2010.⁴² He is the chair of the Natural Resources and the Environment Commission,⁴³ which deals with mining – a position that would represent a particular conflict of interest if he were shown to have a stake in mining himself.⁴⁴



II. A prize worth fighting for: mining as a direct source of conflict

Badakhshan's minerals have caused instability and conflict firstly and most directly as a prize to be fought over by strongmen, insurgents, and armed groups, using both political and military means. The abusive competition for the mines has both required conditions of lawlessness, conflict, and a hollowed-out and subverted state, and has provided the means to create them. With or without the façade of government

control, one underlying dynamic was constant: the struggle among armed groups – whether insurgents, militias, or supposedly official forces – for control of a scarce resource.

The struggle is one of resources rather than ideology: as one trader put it, “this is a business war.”⁴⁵ That was the case well before Abdul Malek’s seizure of Kuran wa Munjan in January 2014: but the takeover marked an intensification of the conflict, and presages an even more troubling future, as the mines increasingly attract the interest not just of the Taliban, but of the nascent Islamic State group in Badakhshan. The net result of years of corrupt and abusive competition over the mines is that the Taliban could very plausibly take them over – and already capture much of their revenue even without direct control.

Badakhshan’s mines have been part of a global economy for some 6,500 years, but the current crisis has many of its immediate roots in the fighting against the post-1979 Soviet occupation and the subsequent civil war.⁴⁶ Lapis was a major source of funds for the conflict, which also produced most of the key actors in Badakhshan after 2001.⁴⁷

Before 2001, *Haji* Abdul Malek exercised direct control over the lapis mines as the military commander for Kuran wa Munjan with the *Jamiat e Islami* political and military faction.⁴⁸ After the defeat of the Taliban, he remained an important local player, transitioning to become the district Chief of Police.⁴⁹ By 2004, Zulmai Mujadidi had similarly emerged from *Jamiat* to become a major power-broker, building on his links with President Hamid Karzai.⁵⁰ Crucially, his influence allegedly extended to appointing many key administrative and security officials in the province, including placing his brother Asadullah as the head of the paramilitary security force for the lapis mines (the Mining Protection Force – MPF).⁵¹ There is extensive evidence the MPF and other armed groups were effectively under Mujadidi’s command – providing an essential cover to exercise force (see box).

However, Mujadidi himself denies having any “link with and or control over any kind of armed forces.”⁵² He told Global Witness that since becoming an MP in 2005, “I [have] had no close working relationship or any kind of influence over government or ministries’ policies. The [MPF] was established in 2007, two years after my resignation from the Directorate of VIP Protection and Security when I had no close contact with President Karzai, and as such, no say on the appointments of MPF (...) If I was interested in military/intelligence affairs, I wouldn’t have resigned from Directorate of VIP Protection and Security which has more than 3,000 armed personnel and close working relationship with key government officials.” [sic]⁵³ Zulmai Mujadidi also supplied Global Witness with the summary decision of the Afghan Media Complaints Commission against an Afghan media outlet which had made allegations that he was linked with a group of 300 armed men and was involved in the lapis trade.⁵⁴ Asadullah Mujadidi denied that he had command over either “irresponsible [i.e. illegal or unofficial] individuals” or Afghan Local Police (ALP) forces.⁵⁵

Box 1: Zulmai Mujadidi and the levers of power in Badakhshan

In his role as head of the 10th Directorate of the National Directorate of Security (NDS), responsible for VIP protection, Mujadidi was able from 2001 to develop a close relationship with President Hamid Karzai.⁵⁶ His influence only increased after he left the NDS to stand successfully for parliament in 2005.⁵⁷ Researcher Antonio Giustozzi found that Mujadidi became Karzai’s virtual ‘shadow viceroy’ in Badakhshan, supported as a counter-weight to the *Jamiat* leader Burhanuddin Rabbani – formerly Mujadidi’s mentor – and other local centres of power.⁵⁸

In mid-2014, one diplomatic observer told Global Witness that the “district administration is 100%

from Mujadidi.”⁵⁹ The MPF’s official strength is around 120 men, but several sources said Zulmai Mujadidi’s brother Asadullah could call on hundreds more through his links with local commanders – for a force of as many as 1000 men in total.⁶⁰ Apart from the MPF, Zulmai Mujadidi’s security appointments reportedly included the Chiefs of Police of several districts, with an emphasis on key mining areas and access routes.⁶¹

While they officially remained within the chain of command, there is extensive evidence the government forces linked to Mujadidi are effectively under his control – most obviously that they took part in military actions not ordered by the government (as discussed below). Other sources reinforce this picture.⁶² One civilian involved in providing security in the province said:

*Yes, it is clear [Zulmai Mujadidi controls armed men]. Asadullah his brother is the commander of the [MPF] and all the people who are under his control are loyal to him (...) [they] are receiving [their] regular salary from the government, they are registered with the government as policemen – but the truth is that they are more loyal to Asadullah and Zulmai Mujadidi.*⁶³

Mujadidi also reportedly encouraged the creation of units of the Afghan Local Police (ALP), a supposedly community-led militia that in practice has often acted as a cover for strongmen.⁶⁴ One security official said the ALP of Yamgan and Jurm districts “are the people of Zulmai Mujadidi. They are directly under his control. They do not take orders from the government.”⁶⁵ ‘Informal commanders’ – without even the cover of the ALP – reportedly supported Mujadidi as well.⁶⁶

Mujadidi’s power was said by some to have been waning in recent years, and he has to navigate a new political landscape in Kabul.⁶⁷ But with many of his allies still in post, he remains a formidable presence.

As his power increased, Zulmai Mujadidi steadily tightened his grip on Koran wa Munjan,⁶⁸ a process allegedly helped by intimidation and violence, as well as his control of the MPF⁶⁹ (although again, Mujadidi denies this).⁷⁰ Malek’s reaction to this rise combined rivalry with pragmatism. The two men were able to cooperate for their own interests,⁷¹ but the relationship gradually soured as Mujadidi strengthened his own hold on the mines and their revenue.⁷²

The competition over the mines produced violence well before Malek’s takeover in early 2014. From March 2011 to May 2012, for example, *Haji Ghulam Nassir*, another former mujahedeen commander with interests in the lapis trade,⁷³ clashed with Malek multiple times. The violence involved IED and rocket attacks, and caused numerous civilian and police casualties.⁷⁴ There is some indication Zulmai Mujadidi may have been backing Ghulam Nasir against Malek at this stage, as he allegedly did later: either way, the fighting provided a useful justification to transfer Malek to a new post.⁷⁵ But less than two years later, Malek resigned – and not long afterwards, he led the takeover that began the most recent, and arguably most troubling, phase in the history of mining in Badakhshan.⁷⁶

The Malek coup

On January 18, 2014, militias loyal to Abdul Malek expelled the small force guarding the lapis mines.⁷⁷ The initial takeover met with little resistance, but it sparked a series of clashes between the armed groups under Malek and government forces with their allied militias: a typically Afghan conflict of bribes, shifting allegiances, and sporadic violence. As far as can be pieced together, at least 24 people were killed and 24 injured in at least eight separate incidents in Kuran wa Munjan in 2014 and 2015, some of which involved mortars, cannons, rocket-propelled grenades, and armoured vehicles. The figures jump considerably higher,

to hundreds of casualties, if one includes the Taliban attacks on the neighbouring districts, which many observers saw as linked at least in part to the struggle over the mines (see below).

The takeover has left the Afghan state with a much weakened presence in Kuran wa Munjan. After a gap following the coup, most government officials reportedly now go to their posts, but wield no real authority: “The presence of [the District Governor] and the District Chief of Police (...) is just symbolic,” one local official said.⁷⁸ That is a serious concern at a time of rising instability in Badakhshan.⁷⁹ As of May 2016, it is almost two and a half years that the government has effectively lost control of a large area of what should be among the more secure provinces in the country.

But while Malek’s takeover may have evicted the state from the district, it was not an ideological revolt against the government, but rather part of an established pattern of competition for resources among armed groups. Malek himself took pains to play down the element of rebellion:

*It has been 12 years since the lazuli mines have belonged to Zulmai Mujadidi and were extracted for his own personal family profit. Kuran wa Munjan was not under the control of the government and their rules and regulations weren't obeyed. Therefore, the armed residents of the area with a mass uprising [...] took control of the lazuli mines. I assisted [them], and will continue to do so until the lazuli mines [...] come under the control of a legitimate government.*⁸⁰

Of course, nor were Malek’s actions as pure as he implied. Whatever his intentions, the takeover was clearly linked to rivalries among networks of power-brokers and commanders, and the bulk of profit from the mines has still gone to pay off a familiar cast of these actors (as discussed below). But Mujadidi’s attempts to retake the mines were equally part of this pattern, and not an attempt to restore law and order for the government. That is especially evident from the fact that his battles to regain control of the mines have apparently taken place entirely without government sanction.⁸¹ One diplomatic report found that:

*It has been also [reported], that MP Mujadeddi has triggered this offense against commander Malik to take back the control of lapis lazuli mines for further illegal extraction and exploitations. Provincial security officials have expressed their dissatisfaction and claims that this particular operation has been conducted without any consultation and authorization from provincial government. They believe that it has been conducted for their own beneficial purposes and rejected any means of prior notification with regard to attacking the illegal armed forces in lapis lazuli mine. Moreover, this is the third time that the mine protection unit is conduction such random and an unauthorized operation to take the control of the lapis lazuli mine. Additionally, it is worth mentioning that besides police personnel, illegal armed groups and militias have been involved in fight against those of commander Malik forces.*⁸² [sic]

Fighting since the coup: an overview

Malek’s January 2014 takeover of the mines was initially a bloodless affair. A senior local elder, ‘Haji Bashir’, told Global Witness that: “There was very little fighting. They let them [the troops guarding the mine] go with their weapons.”⁸³ But shortly afterwards a mix of soldiers from Asadullah’s MPF, and forces under Yamgan Afghan National Police (ANP) chief Qand Agha (Mujadidi’s cousin), and Afghan Local Police (ALP) Commander Manu Khan, mounted an offensive to retake the mines.⁸⁴ According to one local source: “They were using mortar, cannons, RPG [rocket propelled grenades], AK-47 [assault rifles], and PK [machine guns] – there was a heavy fight going on between these two groups.”⁸⁵ Haji Bashir told Global Witness that four people were killed, including three men belonging to Qand Agha.⁸⁶

In a development fairly typical of Afghan warfare, lapis traders who were trapped between the two warring parties mediated a peace deal between Malek and Commander Manu Khan. According to a source who took part in the talks, Manu Khan claimed he had merely wanted to protect the right of people from Yamgan to have an equal share in the proceeds of the mines.⁸⁷ Around the same time Mujadidi reportedly persuaded one of Malek's sub-commanders, *Qari* Abdul Qadir, to switch sides and lead his group of 40 men against his former leader⁸⁸ (although Mujadidi denied these allegations, and ascribed other motives to Qadir's actions).⁸⁹ In the subsequent fighting a *Hawan* mortar shell fired by Qadir's militia injured six mine workers.⁹⁰

Lapis traders again collectively intervened again to mediate between Malek and Qadir (and presumably to allow their trade to resume in peace). Qadir reportedly took a similar line to Manu Khan, claiming that Malek was keeping too much of the revenue from the mine, and the people should have their fair share.⁹¹ According to the same source, "Qadir said that until he receives an equal and proper share he would be ready to sacrifice his blood and also his enemies' blood in order to receive his right."⁹²

The traders persuaded Malek to give Qadir a million Afghanis (about \$18,000) from the revenue of the mines to help oil the wheels of peace. Qadir accepted the money, but asked for some time to actually reconcile. At this point, revealingly, he is reported to have called Zulmai Mujadidi by satellite phone to ask for his guidance. The call was made in public: Qadir "climbed onto a big rock and called in front of people. When he called we were hearing his [Mujadidi's] voice."⁹³ Perhaps unsurprisingly, after this conversation Qadir reportedly rejected the reconciliation effort.

Some 15 or 20 days after the initial takeover of the mines, it was the turn of Ghulam Nassir, the commander who clashed with Malek in 2011 and 2012, to launch an attack on Malek's house. One of Nassir's fighters was reportedly killed, and a relative of Malek by marriage was injured.⁹⁴ After this incident the local elders appealed to the rival commanders to stop fighting, or take their battles elsewhere.⁹⁵ Perhaps as a result, Malek reportedly established a commission which distributed either direct control over mines or a part of their revenue to individual commanders, including Ghulam Nassir and *Qari* Qadir (see later sections for more on this).⁹⁶

This did not totally prevent further tensions. In May, local sources reported another 5 days of fighting in which a pro-Mujadidi commander, Sardar Khan, was killed and three of his men injured.⁹⁷ Again, RPGs and heavy machine guns were used.⁹⁸ A further clash broke out in November 2014, when Qand Agha and MPF forces again tried to retake the mines, but were soundly repulsed. According to diplomatic sources a further 15 people were killed and six injured.⁹⁹

Clashes between Malek and rival commanders seem to have reduced since the start of 2015, perhaps because of the increase in insurgent activity. But they have not ceased: in July 2015, several days of fighting between men loyal to Malek and to Abdul Qadir killed three and injured seven.¹⁰⁰ The latest clashes were reported in October 2015, although they produced only injuries rather than deaths.¹⁰¹

A lost chance for peace?

Around a month after the mines were seized by Malek, the government sent a force of at least 100 Ministry of Interior troops, as well as a delegation of civilians, including representatives of the Lajwardeen Mining Company (LMC), which held the contract for the mines (see below). According to the account of one LMC official who was present, the result after three weeks of talks was an agreement ratified by both commanders and local elders, under which the mines would be effectively exploited by Malek for three months, and then handed back to the company – with security of the mines taken over by the MoI force,

which was deliberately made up of troops from outside Badakhshan.¹⁰² The agreement reportedly included a guarantee that 10% of the revenue would go to local mosques and other projects, created a *shura* of village representatives, and gave informal shares in LMC to traders and local leaders in order to cement their support for the arrangement.

While some aspects of the agreement could be open to question, it appears to have offered a genuine chance for peace, while tying not just local power brokers but the wider community into legal extraction. But a key element was the presence of the Mol troops, and just after the agreement was signed, the LMC official said, they were unexpectedly and suddenly withdrawn. Unsurprisingly, Malek declined to hand over the mines when the three months were up – and the path towards the current situation, with the mines dominated by Malek and the Taliban, was set. Other sources only confirmed the broad outlines of this account, but if it is accurate, the question is whether the withdrawal of the troops was a deliberate act – and if so who was behind the order.¹⁰³

A game of networks

The local competition over the mines is intimately linked to a wider conflict among networks, which appears to extend to the highest levels of the Afghan state – a worrying indication of the shortfall in genuine institutional development since 2001.

The conflict over the lapis mines could be seen as part of the long-standing rivalry between Panjshiris and Badakhshis within *Jamiat*.¹⁰⁴ While there is some merit in that narrative (not least because of rumours of plans to annexe Kuran wa Munjan to Panjshir), it is also too simplistic, given the multiplicity of competing actors and the tensions between Mujadidi and other prominent Badakhshis.¹⁰⁵ Mujadidi rather seems to have his own network based around his ties to Hamid Karzai, reportedly encompassing the former president's brother Mahmoud Karzai, former minister Zahrar Muqbel, and others.¹⁰⁶ On Malek's side, both diplomatic and local sources believed he was supported in his 2014 takeover by Bismillah Khan Mohammadi – the Minister of Defense at the time, and a prominent member of the Panjshiri faction within *Jamiat* who had previously clashed politically with Zulmai Mujadidi.¹⁰⁷ (At one stage, Mujadidi allegedly bribed MPs to ensure the Minister lost a crucial no confidence vote).¹⁰⁸ Other senior members of the Panjshiri faction are also rumoured to back Malek, and there are also widespread allegations (though not definitive proof) that Bismillah Khan and other senior actors are involved in or benefit from the minerals trade – both Panjshiris and individuals from other political backgrounds.¹⁰⁹ (See for example 'A final insult', below)

One credible local source said he observed Malek directly discussing the defence of Kuran wa Munjan with Bismillah Khan by satellite phone in May 2014 (shortly after the Taliban took over neighbouring Yamgan district).¹¹⁰ In late 2015, two others alleged that a member of Bismillah Khan's staff travelled regularly to the area to act as a liaison.¹¹¹ One key role they claimed this envoy played was to facilitate relations with the governor of Panjshir, and arrangements to allow the transit of lapis through his province.¹¹² The national government imposed a ban on the mining and transport of lapis from Badakhshan in early 2015, ostensibly in reaction to ongoing illegal extraction, but traders report that stone continues to flow in large volumes across the Anjuman pass to Panjshir, providing vital support for Malek's control of the mines.¹¹³ It seems unlikely the local government is unaware of the traffic, which reportedly involves hundreds of small trucks passing along a single road through the most secure province in the country, and paying a toll at a police checkpost en route.¹¹⁴ (See 'A treasury for violence' below.)

Further evidence of Malek's status is visible in his meeting in July 2015 with the Chief of Staff of the Afghan National Army, General Qadam Shah Shaheen (see photo on pg XX).¹¹⁵ While General Shaheen is a *Jamiat* by

background, there is nothing to suggest he has links to mining, and the reported reason for the meeting was at least somewhat defensible – to ensure Malik’s support for the government’s planned operation to recapture Yamgan district from the Taliban.¹¹⁶ But the incident still makes clear the extent to which Malek is not just tolerated by, but directly linked to, high-level power structures.

But more troubling evidence of this relationship can be found in a secret decision taken by the Afghan National Security Council (NSC) in December 2015, following on from the early 2015 ban.¹¹⁷ While it does not mention Malek by name, it is difficult not to conclude that the Council had him in mind when they called on the National Directorate of Security and Interior Ministry to “make an urgent conversation with commanders and local influential persons and assure them that the government is seeking their cooperation and involvement in the process of good governance and security, not to remove them. And secure their official agreement for cooperation in maintaining security, resolving tensions and the exploitation of mines.”¹¹⁸

The decision also terminates the Lajwardeen contract for the lapis mines (which is likely seen as benefitting Mujadidi – see below), tasks the Ministry of Interior (Moi) and NDS to reform a mine protection force “with the participation of local people,” and provides an amnesty “for the last time” for traders to sell lapis mined in the past year that a ban has been in force.¹¹⁹ While the document is not explicit, it is easy to see how it could lay the ground to ease restrictions on the lapis trade and reinstate Malek as the local Chief of Police or the head of a new Mining Protection Force. A diplomatic source, citing an official close to Afghanistan’s CEO Dr. Abdullah, reported that Malek was indeed pressing for such a position.¹²⁰

In the right conditions, the NSC decision would be less worrying. The MPF does indeed need reform, and dialogue with local power-brokers, or even a lapis amnesty, could certainly have a place if pursued in the context of robust wider reform. The problem is that at present such a context is entirely absent. As it stands, there is a risk the NSC decision will entrench and legitimise an abusive status quo, giving an official endorsement to a settlement where the lion’s share of the benefit of the mines goes to armed groups and strongmen – including a very substantial part for the Taliban (see below). Without wider reforms to truly change the basis of mining in Badakhshan, the NSC decision could make the government complicit in the very abuses it is meant to prevent.

A target for the Taliban: mining and the insurgency

The third major player in the struggle over Badakhshan’s resources is the Taliban and other insurgent groups, which have greatly expanded their presence in Badakhshan the last few years. In this they have benefitted from the rivalry between Malek and Mujadidi, who are both alleged to have paid off the Taliban, and whose arbitrary power has helped give the insurgency space to quietly thrive. But they have also made the mines an important focus for their own strategy. Now, as of May 2016, Taliban forces are poised at the northern edge of the lapis mines, are already receiving a large part of their revenue – and there is a very real threat that they could take them over if they wished. In the competition over the mines, they are emerging as the real winners.

The Taliban’s presence in Badakhshan has been increasingly felt since the withdrawal of foreign troops in 2012.¹²¹ Afghan security sources put their number at around 1,000 in mid-2015, and at around 1,500 by early 2016.¹²² Before 2014, their activity was particularly concentrated in Warduj district,¹²³ but other areas were also affected,¹²⁴ and in late September 2013, the Taliban briefly took over the centre of Kuran wa Munjan district.¹²⁵

Some sources believed this incident was directly linked to competition over the mines: specifically, that Malek facilitated the Taliban's arrival in order to undermine Zulmai Mujadidi's control of the area.¹²⁶ An educated and plausible local source reported locals saying that "the Taliban came at the wish of Commander Malek" (though he said Malek denied this).¹²⁷ While this is clearly not definitive proof, there is a broader pattern of accommodation with the Taliban. Various reports suggest Malek may have cut deals with the insurgency as early as 2011, there are rumours of his supporting specific Taliban operations (see below), and of course considerable evidence shows he is currently (as of May 2016) paying a substantial part of the revenue of the mines to them. There are also indications that Asadullah Mujadidi similarly paid substantial sums to the Taliban while he controlled the mines before 2014. (See 'Funding the Insurgency' below)

These deals have not diminished the Taliban's strategic interest in the mines, which appears to be a significant factor in repeated insurgent operations in adjacent districts (and it indeed is elsewhere in Afghanistan).¹²⁸ The UN Sanctions Committee for example said it observed "regular and sustained military efforts by the Taliban to retain control of the roads providing access to the lapis lazuli mines in 2013 and 2014."¹²⁹ There was a significant escalation in May 2014, when Taliban insurgents took over the entire district of Yamgan,¹³⁰ leaving at least 30 people killed and 8 injured.¹³¹ Again, while it is difficult to know exactly what drove the Taliban's move, several local sources suggested the attack was driven by a desire to gain more control over transit routes to and from the mines.¹³² While one trader believed the Taliban "intended to attack the lapis mines" directly,¹³³ it seems equally possible that the Taliban and Malek acted together against a common enemy who threatened them in different ways – impeding the Taliban's toll-gathering and posing a threat of renewed attack to Kuran wa Munjan.¹³⁴

The districts along the road to the mines were a key focus of Taliban activity in 2015 as well, as overall security in the province deteriorated. In April 2015, there was another major attack, this time against Afghan National Army (ANA) positions in Jurm district – according to local rumour, with behind the scenes support from Commander Malek.¹³⁵ Government officials claimed 20 Taliban were killed, and that at least 33 ANA troops were killed or injured.¹³⁶ In October the Taliban briefly seized Baharak (as well as Warduj), amid the chaos around the fall of Kunduz.¹³⁷ They over-ran Yamgan district twice more in the space of six months, first for about two weeks in June,¹³⁸ and then again in November, with dozens more casualties reported.¹³⁹

Since Yamgan fell in November 2015, the Taliban have reportedly been present in Robat e Bolo, in the Kokcha valley just below the main lapis area,¹⁴⁰ a position which allows them to directly threaten both the mines and Malek's control of Kuran wa Munjan. Indeed, shortly after the fall of Yamgan, a delegation opened negotiations between the two sides, and (according to at least one source) told Malek to either join the insurgents or leave the area to them.¹⁴¹

Instead, a deal was finally reached. Two established traders from Jurm district reported Malek agreed to hand over 50% of the lapis revenue,¹⁴² as did several Badakhshan MPs.¹⁴³ The Taliban are said to have a representative at the mines to ensure they get their cut.¹⁴⁴ Since then, they have also begun collecting additional payments directly from lapis traders, which could amount to millions of dollars: one diplomatic observer said the traders "agreed to pay *ushr* or *zakat* [Islamic taxes] – in total it will be (...) much more than 50%."¹⁴⁵ One unconfirmed report also suggest Malek provided a large one-off sum to the Taliban, perhaps as a down payment;¹⁴⁶ another that the Taliban were directly investing in some mines.¹⁴⁷ Either way, it seems increasingly clear that, whoever formally holds the mines, the Taliban are their real masters.

There are several reasons why the Taliban might want to make a deal rather than press home their attack. The trader Haji Toriyalai believed the Taliban were concerned that capturing the mines would mean their

commanders would be tempted away from fighting in favour of making money.¹⁴⁸ It could also be expected to provoke serious push-back against the loss of such a valuable asset, and to jeopardise the export route through the Panjshir valley. With a large part of the lapis revenue already in their hands, actually occupying the mines could leave the Taliban worse off. “If the Taliban wanted they could over-run the lapis mines,” one diplomatic observer said, “but I think there’s no need (...) [because] they received their share.”¹⁴⁹

But there is no guarantee the Taliban will stick to this script. A January 2016 diplomatic report suggests the Pakistani military have improved the road from Badakhshan to Chitral in Pakistan, which was previously impassable to motor vehicles – potentially providing an alternative exit route for large quantities of lapis.¹⁵⁰ If the Taliban already have shares in particular shafts (which is somewhat unclear), there is less temptation to be avoided by refraining from direct control. And taking over another district – on the very border of the *Jamiati* redoubt of Panjshir – would be a significant propaganda and strategic coup. There was a very real sense in November 2015 that the Taliban would take Kuran wa Munjan imminently: while that has been avoided for now, it would be rash to assume they could not do so if they wished.

Meanwhile, it is perhaps not surprising that these developments seem to be creating tensions within Malek’s group. Fighting was reported around February 17 between Malek and three of his key subordinates – Commander Sharif, Commander Immanuddin, and Commander Sattar.¹⁵¹ Two sources saw the mutiny as linked to the reduced funds available for Malek to distribute among his allies (although possibly helped by encouragement from Malek’s rivals).¹⁵² But both also claimed that Sharif told the Taliban to leave, and said Malek’s close relations with the insurgents – which they suggested went well beyond pure expediency – were another cause of tension.¹⁵³ The tensions could yet develop into a serious threat to Malek’s position, sparking fresh instability and likely renewed violence.

The events of the past few years, and especially since November 2015, show how the mines have been prize for the Taliban as well. But they also show just how damaging the lawless competition among other contenders for the lapis has been. Both Malek and Mujadidi appear to have paid off the Taliban as part of their rivalry, while undermining anything which could challenge their arbitrary power – whether that was a more professional police force, a more effective local government, or the rule of law. In this fertile space, the Taliban have quietly grown to the point where they suddenly threaten not just to bite the hand that fed them, but to swallow their donors whole.

Mines and the Islamic State

Alongside the Taliban are a smaller number of foreign fighters linked to other militant groups, including the Islamic Movement of Uzbekistan (IMU), *Jundullah*, *Jamaat Ansarullah*, *Sepahi Sahaba*, and the Eastern Turkistan Islamic Movement (ETIM).¹⁵⁴ The IMU’s affiliation to the Islamic State in 2015 adds to concerns that Badakhshan is becoming a strategic refuge for militants aiming to take their fight to China, Pakistan, and central Asia, (though there are important caveats about the strength of these groups and their operational links to each other and to IS).¹⁵⁵ That concern can only be further increased by evidence from one source that IS has a particular strategic interest in the mines.

An Afghan security source cited by an early 2016 diplomatic report estimated there were 300 active foreign militants in the province (along with a substantial number of their women and children) located in the Khostak valley of Jurm district,¹⁵⁶ an analysis mainly supported by other sources.¹⁵⁷ An individual close to the insurgency cited in a more recent report spoke of around 400 IMU militants, operating in Jurm, Yamgan and Warduj districts: between them, the reports mention Uzbeks, Tajiks, Kyrgyz, Kazakhs, Pakistanis, Chechens

and Uighurs among the fighters.¹⁵⁸ Some reports lump all the foreigners under the name of the IMU, while others talk of the different groups cited above: in practice, the precise relationships among the foreign militants are complex and unclear.¹⁵⁹ However, the IMU is the most prominent among them, and appears to act as something of an umbrella for allied and often interlinked organisations. For example, one key Uighur leader for reportedly said former Taliban leader Mullah Omar had designated IMU as the home for Uighur ‘immigrants’ in Afghanistan in 2001.¹⁶⁰

While IMU has been established in Badakhshan for some time, until recently foreign fighters in general were seen as a marginal presence in the province, as indeed were genuine, committed members of the Taliban.¹⁶¹ In 2014, one informed source said: “In all of Badakhshan you cannot find ten people who are ideological Taliban” (as opposed to opportunistic former Jamiati commanders).¹⁶² However, since then the Taliban appear to have become more radical, and the foreign groups, always more extreme, have become significantly more prominent, partly as a result of an exodus of militants from neighbouring Pakistan following the government’s *Zarb e Azb* offensive in 2014.¹⁶³

This was visible in the attack on Jurm in April 2015, where two things stood out apart from the casualty figures. First, at least seven captured soldiers were beheaded – a brutal contrast to earlier incidents where prisoners had eventually been released.¹⁶⁴ Second, the attack was apparently conducted jointly by the Taliban and forces proclaiming loyalty to Islamic State. Locals witnessed the group’s black flag raised over the captured ANA base, and a diplomatic report claimed the attackers were “mostly foreign militants (...) former IMU members currently loyal to ISIL.”¹⁶⁵ In August 2015 the IMU leadership pledged full allegiance to Islamic State leader Abu Bakr al-Baghdadi, having already expressed support a few months earlier.¹⁶⁶

However, as in the rest of Afghanistan, considerable caution is needed in assessing the real extent of IS operational influence in Badakhshan. In practical terms they seem to essentially be the same as the IMU. That raises questions about how much IMU’s conversion reflects a genuine link to a wider movement and how much it is a purely an opportunistic rebranding – although the fact that it was the IMU rather than defecting Taliban fighters declaring their loyalty to IS, and that until now the two groups have had close ties,¹⁶⁷ may explain why they have continue to cooperate in Badakhshan, even as IS and the Taliban have fought each other fiercely in other parts of the country.¹⁶⁸

While these caveats are important, they are not quite the whole picture. In 2015, an Islamic State commander from northern Afghanistan stated that he had travelled to Syria and met with senior Islamic State leaders there.¹⁶⁹ His statement implied a command link back to IS leadership. It was not possible to independently verify his account, but if true, it indicates that the Islamic State threat in Badakhshan has at least some substance, even if its main component is not new to the province.¹⁷⁰

There is also some indication this threat has a particular link to the mines. First, while there is no evidence that money from the mines is going directly to IS, there is some evidence the Taliban are providing them with logistical support and ammunition – presumably funded by mining among other sources of revenue.¹⁷¹ One local shopkeeper reportedly said that heavy weapons and armoured vehicles the Taliban had captured from Afghan security forces were now with the “foreign fighters.”¹⁷²

More worryingly, the same IS commander stated that one key focus of Islamic State’s strategy was to gain control of the mines as a source of income (narcotics were another focus).¹⁷³ Again, it is not possible to verify his statement, but it matches diplomatic sources who claim Islamic State is prioritising control of economic resources,¹⁷⁴ and the pattern of Islamic State activity in Iraq and Syria, as well as their published strategic

doctrine.¹⁷⁵ The Afghan government itself has warned that “The mines of Afghanistan can be a good economic source for [IS].”¹⁷⁶ While for now the movement appears less of a threat than the Taliban, or indeed than nominally pro-government commanders, its rise is nonetheless an indication of the broader dangers posed by the chaos surrounding Badakhshan’s natural resources.

III. Fuelling conflict: abuses and resentment around mining

Abuses and predatory behaviour by local commanders and the monopolisation of the profits from mining has caused great resentment among the population, which in turn has helped fuel instability and created significant support for armed groups, including the Taliban.

Kuran wa Munjan: a people's uprising?

Commander Malek portrayed his takeover of Kuran wa Munjan as supporting a spontaneous local revolt.¹⁷⁷ That does not accurately describe a takeover which was very much part of a long-standing competition between commanders over resources—a coup primarily led by armed groups, and that primarily benefitted them. Nonetheless, many sources interviewed by Global Witness, including local elders, lapis traders, and others did describe the event as an 'uprising'.¹⁷⁸ At the very least, it seems that real anger at the inequitable and abusive exploitation of the lapis made the coup easier and more likely.

There is little doubt that people in Kuran wa Munjan resented the status quo before the coup. The local elder Haji Bashir told Global Witness that: "During all the 10 or 12 years of the Karzai government people were excluded from their rights to the mine. (...) Roughly speaking, the majority of the people supported [this uprising]."¹⁷⁹ Others voiced similar views.¹⁸⁰ Typical of them was a senior police officer who told Global Witness: "Because Asadullah [Mujadidi] is controlling and extracting the mine and not sharing with local people, they see this as an injustice – they say he is making illegal money by force from public property. In reaction they took up arms and joined the insurgency." [sic]¹⁸¹

None of those who Global Witness interviewed made specific allegations of major human rights abuses against Asadullah's forces in Kuran wa Munjan, apart from the basic fact of their forceful monopolisation of mining and concerns about civilians being caught up in fighting between the rival groups.¹⁸² The key complaints were that mine workers had been brought in from outside districts (especially Jurm, Mujadidi's home area), that locals saw little or no benefit from the mines, and that nothing had been invested in the local infrastructure.¹⁸³ Diplomatic reports confirm that after Mujadidi took over the mine in 2004, workers from Jurm were brought in to do many of the jobs that had previously gone to locals – causing "local tensions."¹⁸⁴

New faces, same system

There are differing reports on how much things have improved under Malek's new regime. Several sources spoke of Malek distributing funds. In mid 2014 one miner told Global Witness that revenue from one of the three tunnels at the main mining site of Junduk was distributed to the people: "Everyone gets their share, whether they are rich or poor. (...) The money is distributed among many villages."¹⁸⁵ 'Naimullah' (a pseudonym), a lapis trader with strong links to Kuran wa Munjan, said the income from the mines "does not go just to the pocket of Malek. They give it to the mosques, (...) to the poor, to the commanders (...) Commander Malek works illegally but the people are still happy."¹⁸⁶ Various sources even reported that after the takeover local villages were allocated mining rights,¹⁸⁷ and that a broad-based *shura* (council) or commission was formed to manage the mines.¹⁸⁸ Several observers believed the economy of Kuran wa Munan as a whole had benefitted significantly from the new regime.¹⁸⁹

However, there should be caution about how much redistribution, of either power or money, has actually taken place. Haji Bashir and others told Global Witness that Malek would essentially give small amounts of charity (up to about \$200) to poor people who petitioned him individually, but no systematic support. He

said the third shaft at Jungduk was not reserved for ‘the people’, but for Malek’s co-opted foe, Ghulam Nassir.¹⁹⁰ “There is no particular service to the people, for example that the roads should be built, the bridges should be built, the schools should be built, that some irrigation canals should be built. [The money] goes into private pockets of the people who sell the mine.”¹⁹¹ In fact Malek does appear to have done some work on roads – but the primary spur was the need to make the route over the Anjuman pass to Panjshir passable for lapis trucks.¹⁹² It is unclear how far the aura of prosperity in Kuran wa Munjan reflects private spending by the commanders who disproportionately benefit from the mines – as far as one can tell, more public investment seems to have been limited to the building of a single new mosque.¹⁹³

Haji Bashir said a *shura* of 30 people had been formed soon after the 2014 takeover – but that the commanders disbanded it after ten or fifteen days because it raised objections to some of their actions.¹⁹⁴ This and other reports of *shuras* may well refer to the council established under the abortive early 2014 ‘peace deal’ – (see ‘A lost chance for peace?’, above). “Malek only gives to his protection and bodyguards (...) and to people who are on his side,” not to the villages, he said.¹⁹⁵ Dawood, a former government official from Jurm district, said a “commission” existed, but it was entirely made of armed commanders – who acted as “representatives” for their respective villages.¹⁹⁶ A ‘shura’ of local people had existed, but was disbanded after the attack on Yamgan in May 2014. He said that all the mines were controlled by the commanders, without any right for locals to try their hand. They could work the mines as labourers – a real benefit, but not one that captured much of the value of the lapis produced in their area. Conditions for these workers have always been harsh, and there is no indication that has changed: there are few other alternatives for employment.¹⁹⁷

Overall, the various testimonies paint a picture of an improvement for people in Kuran wa Munjan, but modest one, and compared to a very low bar.¹⁹⁸ The “majority of [poor] people are happy,” Haji Bashir said, “because a little [benefit] gets to them. Before it did not.”¹⁹⁹ But it is also clear that the fundamental structure has not changed. Even if he does not want to, Malek is under pressure to perpetuate the division of the spoils among local strongmen – with just a small variation in the cast of beneficiaries. In the end, Kuran wa Munjan remains in the grip of the commanders – and the lion’s share still flows to the them, not to the people.

‘Like a lion hunting’: tourmaline mining and abuses in Deodarra

The tourmaline mines in the Surkoh area of Badakhshan are small compared to the lapis sites, but they are also the subject of extensive allegations of predatory behaviour by armed groups linked to the Mujadidi family.²⁰⁰ The activities of these armed groups were reportedly reduced at least temporarily after a contract for the Deodarra mines was put in place in early 2014, and mining in Deodarra has since declined as a result of violence and other issues, but the abuses are an important part of the wider pattern. Both Zulmai and Asadullah Mujadidi deny these allegations, and any involvement with illicit mining or illicit armed groups.²⁰¹

Before the 2014 contract “any worker [could] go to the hills to find a mine” in Deodarra, as one mine entrepreneur called ‘Ghulam Mohammad’ (a pseudonym) told Global Witness.²⁰² Nonetheless, the grip of Asadullah and the armed groups he controlled was clear. In early 2014 a mine labourer called ‘Gulbad’ (a pseudonym) reported that: “This area [Deodarra] is completely controlled by Asadullah, and no-one can start working there without his permission.”²⁰³ This is especially concerning given that the remit of the Mining Protection Force Asadullah leads only covers the lapis mines in Kuran wa Munjan district, not the tourmaline mines in Jurm.²⁰⁴

Ghulam Mohammad said the costs of mining in Deodarra could be high, and his rough estimate was that at most 25% of sites even made a profit.²⁰⁵ His latest venture had turned a small loss after seven months, though his workers had at least been paid.²⁰⁶ “A few people would become rich,” he told Global Witness: “others might lose their house or their land.”²⁰⁷

Part of the problem was that success carried its own dangers. “Mining is like the hunting that a lion does,” Ghulam Mohammad said. “He hunts the cow, and other animals come and eat [it].”²⁰⁸ He and other miners described how a significant find would routinely attract the attention of a *zurmand* (strongman), who would use a variety of methods – ranging from spurious mediations in mining disputes to direct use of force – in order to muscle in on the mining revenue.²⁰⁹

One common technique was to pressure mine entrepreneurs to take on an extra ‘worker’. “Asadullah says (...) ‘you got the mine – take a man from me’,” Ghulam Mohammed explained. “We write ‘a man of Asadullah Khan’. He takes the share of one person – if the mine produces [tourmaline] he takes a share, if not he does not take.”²¹⁰ At his mine, a policeman was paid to provide security, even though he might rarely be at the mining site. “If you have policeman with you there won’t be so much looting. You are forced to make the police a partner.”²¹¹ Ghulam Mohammad estimated that of “70 or 80” mines in Deodarra, Asadullah had a ‘partnership’ in 50 of them.²¹²

‘Ikram’, another miner, also alleged that once a mine had hit a producing seam, Asadullah Khan or one of his men would frequently muscle out one or more shareholders, substituting the investment with their own and claiming their share of the proceeds.²¹³ That share could be inflated by buying the stones at an artificially low price and taking a generous cut for costs and ‘gifts’.²¹⁴ Another popular method was to commission a miner to instigate a conflict, typically by crossing his tunnel with that of the original owner – creating an opportunity for a spurious mediation.²¹⁵ The commanders might pressure an owner to allow a supposedly independent commission of other mine owners – in fact thoroughly co-opted – to handle the case, or mediate themselves.²¹⁶ Either way they would get a cut from the resulting settlement.²¹⁷

Other methods were more direct. Ikram’s brother ‘Haji Anwar’ (a pseudonym) told Global Witness that when he had worked a shaft in Deodarra, men belonging to one of Assadullah’s long-standing commanders called Kheirat had warned him that the area was theirs, and they would take anything he found.²¹⁸ Haji Anwar kept working in the hope they would not return. In mid-October 2013, a few days after he hit a lode of mid-grade tourmaline, five of Kheirat’s men came to the mine, four of them carrying Kalashnikov assault rifles, and tore down the miners’ tents and smashed their equipment. “They brought the gun and put it here [to my head],” Haji Anwar said. “If we had said anything they would have beaten us. They said ‘don’t work here – it is our place. If it is worked, we will work it ourselves’.”²¹⁹ Haji Anwar said he knew of ‘tens’ of similar cases.

The mine labourer Gulbad similarly recounted complaints that when “someone is working a mine that produces [tourmaline] (...) [Asadullah] takes the mines from the person who is weak.”²²⁰ Gulbad said that in summer 2013 he was working one of a dozen mines in a small ‘canyon’ in Deodarra:

*Then he [Asadullah] found out that this place (...) has a lot of precious stones and he stopped all the extraction operations in that place. (...) And when the people dispersed he assigned other people [to the mine] in our absence. And when we came back after 15-20 days they held guns to warn us not to come close or we will fire on you.*²²¹

That operation was allegedly led by one of Asadullah’s commanders, a man called Fazl.²²² Unsurprisingly, in these circumstances miners might proactively choose to make a *zurmand* a partner as protection against

problems further down the line. As Ghulam Mohammad said: “if you were poor, you were weak, you [would] make Asadullah a partner and he would defend you.”²²³

Gulbad and Ghulam Mohammad both talked about production being closely observed, with Asadullah kept informed through an ‘inspector’ present at mining sites.²²⁴ Tourmaline would be kept in a locked box,²²⁵ and sometimes pictures would be sent to Asadullah. Gulbad said: “If some of this stone disappears, there will be punishment and beating” – something he claimed to have witnessed in person.²²⁶

Finally, Gulbad also alleged that, in addition to his ‘partnerships’, Asadullah directly controlled two of the Deodarra mines, and that others were exploited by his supporters.²²⁷ Ghulam Mohammad echoed this allegation, and listed Asadullah’s associates as including Commander Azziz of the ALP, Commander Fazl, Commander Jawed, and Qand Agha, the Yamgan District Chief of Police.²²⁸

Mining in Deodarra may have diminished with the imposition of the PBIM contract and decline in security from 2014, but in May 2016, a single but plausible source alleged that a significant quantity of tourmaline had been mined in Deodarra and sent by Commander Asadullah to Kabul to be sold.²²⁹ It was not possible to verify the account, but if true, it indicates that the mines are not inactive.

Abuses by Afghan Local Police forces

Afghan Local Police (ALP) units and informal armed groups are key instruments of Asadullah Mujadidi’s activities around the mines of Jurm and Kuran wa Munjan. They are also implicated in a number of allegations of abuse elsewhere, including beatings and theft by intimidation in Jurm and Yamgan districts. While they have been battered by several insurgent attacks in 2014 and 2015, the Jurm force was still active as of May 2016.²³⁰

Asadullah Mujadidi denied any inappropriate link to armed groups, saying that: “We do not have irresponsible [informal or illegal] people, the local police of Jurm district is the responsibility of the [provincial] police headquarters.”²³¹ Zulmai Mujadidi also said he had “no link with and or control over any kind of armed forces.”²³²

The ALP is supposed to be a grass-roots community force answering to local elders and the District Chief of Police.²³³ But (as documented above), there is strong evidence that in these two districts the ALP are under the control of Commander Asadullah. That in itself is a clear sign of the subversion of the Afghan state by factional forces, at least in Badakhshan.

The miner Haji Anwar alleged that commanders linked to Asadullah had carried out numerous beatings, acts of intimidation, and other abuses against local people, including an assault on a mullah.²³⁴ An educated local from Jurm district provided a list of 20 separate incidents he claimed a particular ALP commander called Farizullah had carried out in the previous decade – including kidnappings, knife attacks, robbery, and a long list of beatings, one of them fatal.²³⁵ Haji Anwar said Farizullah had been “a private armed man of Asadullah” prior to joining the ALP.²³⁶ Three of the alleged beatings took place after Farizullah joined the ALP.

‘Qutbuddin’, an educated resident of Jurm, described how in late March 2014 a group of ALP stopped the car he was travelling in on the road in Jurm district, at about 5pm. Roughly ten days before, he told Global Witness, he had had a minor dispute with one of these men.²³⁷ At the roadblock, he alleged, this individual started insulting and beating him, without any discussion: “He beat me with [the barrel of his] gun and with his fists.”²³⁸ The attack allegedly continued for several minutes, and other passengers in the car were also

targeted. Qutbuddin said he complained to the police, but without result – although after further complaints from local people the ALP member in question was reportedly removed from the militia.²³⁹

There have also been more recent reports of abuses. Engineer Ismael for example alleged that an ALP commander in Jurm district called Farid, head of a group of 50-60 men, had stopped a car in March 2016 and beaten three of its occupants so badly that two months later they were still recovering.²⁴⁰ Locals had complained about the case to the government, and Engineer Ismael alleged that Zekria Sawda had supported the commander in response.²⁴¹

These accounts echo concerns raised about ALP forces in many other areas. While some have a more positive reputation,²⁴² the groups are frequently implicated in human rights abuses, and the program has routinely provided a vehicle for strongmen to legitimise and maintain private militias, rather than functioning as a grass-roots defence force.²⁴³

Fuel on the fire: abuses and the insurgency

Abuses of the kind set out above, carried out by forces linked to the political actors controlling the mines, have helped boost the insurgency in Badakhshan. Some of those who have joined the movement are former *Jamiat* fighters, and may to some extent be continuing an underlying dynamic of commander rivalry in a different context. But there is also wider resentment. As one source put it, “the people of the area see the underground resources and public wealth in the hands of the looters (...) With the fear of these powerful mafia men they cannot declare their words openly but (...) they choose the Taliban as the best choice for their revenge.”²⁴⁴

Global Witness identified three individuals who allegedly joined the Taliban as a result of mistreatment by Asadullah’s forces or conflict with him over mining: while nominal Taliban allegiance gives these men access to an alternative sponsor and power centre, their core motivation appears to be their personal interests and grievances. The first of them was a Taliban commander from the village of Keb in Jurm district, called Mehrabuddin. A former *Jamiat* commander like Malek, he was not an obvious candidate to join the insurgency. In an interview with Global Witness, he claimed that after going through the government’s post-2001 Demobilisation, Disarmament and Reintegration (DDR) program,²⁴⁵ he was left unable to provide for his family:

*I didn’t have any other job. I was working in the lapis mines and after that in the tourmaline mines of Deodarra. (...) About one year ago [Commander Asadullah] came and took the Deodarra mine [...] A few days later [...] he attacked our house with the support of the respected Qand Agha Khan, the chief of Police of Yamgan district – and he said that that Mehrab is a Taleb. Actually I was not Taleb, I was an ordinary person. And after that I came and defended myself, and I went up to the mountain (...). And in the end I joined with [the Taliban].*²⁴⁶

It is of course possible that Mehrabuddin’s account was exaggerated or made up for propaganda effect, but it seems unlikely. Qutbuddin, the resident of Jurm district, independently described the case in very similar terms, saying Mehrabuddin came into conflict with Asadullah Mujadidi after one of his mines became successful: “He is in the name of the Taliban but his argument is with Asadullah – not with anyone else.”²⁴⁷ Haji Anwar also asserted that Mehrabuddin had joined the Taliban after coming into conflict with Asadullah.²⁴⁸

An international diplomatic source told Global Witness of another man called Abdul Ahmad Zagh, of Jurm district.²⁴⁹ Zagh was active in the Deodarra mines but, according to an official report, was forced to stop working there by Asadullah Mujadidi, and “in reaction he established his own [insurgent] group to fight against Zulmai Mujadidi’s rule in Jurm.”²⁵⁰ On April 18, 2014, Zagh reportedly ambushed Commander Asadullah in revenge for the death of a Taliban commander, wounding him and two of his bodyguards.²⁵¹ Haji Anwar independently mentioned the same individual, and described how Asadullah “beat [Zagh] and followed him, took his weapons, closed off his place of work [the mines] – in the end he was forced to be with the enemies of the government. (...) He got angry and he became armed.”²⁵²

Finally, ‘Engineer Feroozi’ (a pseudonym), also a resident of Jurm district, cited the case of a Commander Shamsullah, who was “a very ordinary person [who] worked in the mines”, but who also joined the Taliban having been persecuted by Asadullah Mujadidi and his allies.²⁵³ According to Feroozi, Shamsullah was arrested after refusing to join Asadullah’s men, and also had a small mine taken from him by one of Asadullah’s commanders.

‘The government is more rotten than the Taliban’

The Taliban benefit more broadly from the local perception of the authorities as abusive and corrupt. This danger is not just limited to a small group of malcontents: in the April 2015 attack on Jurm, for example, locals reportedly helped the insurgents rather than the ANA, according to parliamentary testimony from a senior Afghan army officer.²⁵⁴ Haji Anwar told Global Witness: “we personally are not the supporters of the Taliban but we can see that the behaviour of the government is more rotten than the Taliban (...) there are places where maybe 80% of people have a positive view of [the Taliban], because they are not to this extent cruel to the people.”²⁵⁵ He particularly mentioned the role of Commander Asadullah:

*The people who had opposition to Asadullah they mostly joined the Taliban. (...) He is eating the revenue of the mines and did not give to the people – for example they did not leave [anything] for Mehrab, and Mehrab became a Talib. Like Mehrab there are tens of others who did not get their rights and went to the Taliban. The mine belongs to the whole nation. It is for all of us.*²⁵⁶

Across Afghanistan, abuses and the lack of justice broadly defined are key drivers of support for the insurgency, and of the weakness of the government.²⁵⁷ In Badakhshan, many of those injustices are linked, directly or indirectly, to the mines.

V. A treasury for violence: who gains and who loses from the mines

The abusive control of the mines is perhaps most visible in the distribution of their revenue. While their benefit for local people is debatable, the mines make a major contribution, directly and indirectly, to funding a variety of armed groups and power-brokers. In 2014 this included an estimated \$18m for Malek and his allies; around \$1.65m for 'pro government' armed groups, largely linked to the Mujadidi brothers, and over \$1m for the Taliban – a total of about \$20m even if we do not count transfers between these groups.²⁵⁸

Rising instability, falling prices, and a blockade of the main route for trucks from the mines will have reduced this in 2015, but large-scale smuggling and finds of higher-value lapis will have limited the decline. The Taliban in particular made significantly more in 2015 as their growing strength allowed them to extort a higher share of lapis revenue – a plausible estimate is about \$4m. Meanwhile the government missed out on at least \$18.1m of revenues in 2014 alone, and perhaps as much as \$100m since 2001. Despite all this, the onward flow of the gems to buyers outside Afghanistan is almost completely uncontrolled.

Money for Malek

Overall, the total received by Malek and his allies can be estimated at about \$18m during 2014, from a production of around 7,500 tons, worth a total of about \$125m.²⁵⁹ While these are rough estimates using the incomplete data that is available, they are based on conservative assumptions. **A detailed working is set out in Annex A.**

According to a range of sources, the cost of rights to just 24 hours of extraction in one of the three tunnels at the main Junduk mine varied in 2014 from 100,000 to more than 1.5m Afghanis (\$1,785-\$26,780). Additional revenue from the smaller sites is harder to document, but is also likely to be substantial: overall income from mine rent can be estimated at almost \$16m a year.²⁶⁰ In addition, an estimated \$1.8m went to pay the guards at the Junduk site, who are drawn from Malek's forces, and his deputies also charged a 'tax' on each truck leaving the mine, although the totals involved are much smaller. All these costs add up to an estimate of around \$17.98m.²⁶¹ That figure is supported by one similar estimate for the take during Mujadidi's control of the mines (see below), particularly as production reportedly increased after Malek took over in 2014.²⁶²

Malek's revenue is likely to have declined in 2015 with the drop in the price of lapis on global and Afghan markets, rising insecurity, and the blockade of the main route for lapis trucks through Faizabad from January of that year.²⁶³ By late 2015, several sources said the price of lapis had fallen by 30-75% (with most estimates around 50%), and that extraction at Junduk was significantly lower.²⁶⁴

However, this decline has likely been at least partly compensated by other factors. Traders reported an increased production of higher-grade lapis, which can command much higher prices, including significant finds at Petawuk and the renowned Mine 4.²⁶⁵ They also reported large-scale smuggling through the Anjuman pass to the Panjshir valley, bypassing the blocked road through Badakhshan and comprehensively undermining the government ban on the trade:²⁶⁶ one trader put it that "Ghani's decree [banning the lapis trade] only changed the route from Faizabad to Panjshir."²⁶⁷ Peak traffic of dozens of small trucks a day could easily translate to 2,700 tons of stone over the six months or so that the road was open in 2015 – suggesting that significant amounts of lower-quality stone were taken as well.²⁶⁸ This traffic continues unchecked in 2016.

The barriers to getting the lapis out may become even less in future. At present the Anjuman route is too rough for larger vehicles, and is easily made impassable by snow, but Malek and his supporters have gone so

far as to bring in heavy machinery to improve the route and clear it in the winter, in what appears to be a systematic effort to free Kuran wa Munjan from dependence on exporting stone through Badakhshan.²⁶⁹ (See photos) This investment has reportedly already allowed trucks to pass through even in January.²⁷⁰

Overall, it seems likely there has been a drop in revenue for Malek, but it is not clear how severe it has been. Taking into account the final government-sanctioned convoy which left Badakhshan in early 2015, we can assume a total of about 5,000 tons of lapis exported in the course of the year, but it is plausible that the average value per kg has remained almost steady even as prices have fallen, if we allow for the finds of higher grade stone, and the fact that this stone will have been given priority for transport to market.²⁷¹ If Malek took roughly the same cut as we calculated he did in 2014, it would mean revenue of about \$12m for 2015. That estimate, while rough, seems plausible given the data available.²⁷²

The direct link between this income and the power of the armed groups is clear. In mid 2014 a group of fighters loyal to Commander Malek travelled to a neighbouring district, in order, they said, to buy weapons. They said the weapons were paid for by “the money received from the lapis mines” and that they were “willing to fight against every invader” who wanted to seize control from them: their list of potential ‘invaders’ included Zulmai Mujadidi, government forces, and the Taliban.²⁷³

The Mujadidi brothers and ‘pro-government’ armed groups

Lapis and tourmaline have provided substantial revenues to the Mujadidi family, and also to the local armed groups that are largely in their orbit, including the MPF, ALP, ANA, and undocumented militias. The lapis mines in particular reportedly provided millions of dollars of revenue when they were held by Asadullah Mujadidi before 2014, but armed groups continued to tax the trade even after Malek’s takeover. How much they made is not easy to quantify precisely, particularly given the uncertain impact of insurgent attacks, changes in production, and the government blockade of the lapis trucks, but a plausible estimate would be around \$1.4m in 2014.²⁷⁴ Revenue from tourmaline brings this up to an estimated \$1.65m.

The deployment of the Mining Protection Force under Asadullah Mujadidi in 2007 was meant to prevent illegal extraction in Kuran wa Munjan, but seems to have only marked a new phase in their exploitation.²⁷⁵ One miner, ‘Hamidullah’ (a pseudonym), told Global Witness that “Asadullah used to obtain one fifth of the [value of the] extraction.”²⁷⁶ Others independently mentioned the same figure, though the mines were apparently also rented out to businessmen on a weekly or monthly basis.²⁷⁷ Prices and extraction may have been lower in this period, but one of Asadullah’s commanders, a man called Haji Haidar, reportedly claimed that the total income from the mines under Asadullah amounted to \$300,000-\$350,000 a week – equivalent to about \$15m-\$18m a year.²⁷⁸ Both Asadullah and Zulmai Mujadidi denied these allegations: Asadullah said that when the mines were under his control, “illegal extraction did not happen and the mine was supervised under the rules of mining ministry and mining department of Badakhshan province.”²⁷⁹ [sic]

But even after Mujadidi lost control of the mines, it appears armed groups associated with him made significant money by taxing the lapis trucks as they travelled to Faizabad, at least until the trade was curtailed in 2015. In mid-2014, lapis traders and other local sources described a growing number of checkpoints after the initial toll levied by Malek’s men at Junduk: in total the levies amounted to thousands of dollars per truck, from as many as eight different tolls, including those of Malek and the Taliban (see below).²⁸⁰ As one trader complained, “you are always worrying that someone armed will be there and will ask for money.”²⁸¹

The first checkpoint was in Yamgan, where three sources said that the ALP forces commanded by Manu Khan levied a toll of up to 60,000 Afghanis per truck (at least until his death in May 2014).²⁸² The ANP under Qand Agha allegedly also took about 25,000 Afghanis (about \$450) per truck.²⁸³ But some of the groups taking these tolls lacked even a figleaf of legal status. Three sources independently said that a certain Commander Enayatullah took at least 60,000 Afghanis per truck at Ob e Khestak: one of these sources, a miner called Naimullah, reported that the group “are not registered as ALP but take [money] in the name of ALP.”²⁸⁴ Ghulam Mohammad confirmed this, and also alleged that a commander called Jamal took 20,000 Afghanis at Ob e Roghak: he claimed Jamal had no formal post but “belonged to Zekria Sawda.”²⁸⁵ Haji Niamatullah said that *Arbakai* groups like these would openly claim that “the governor gave us a letter to [let us] take the expenses for our fort,” and complained that “at least the Taliban when they take [money], they give you security from one point to another.”²⁸⁶

There are variations in the number and position of the checkpoints reported over time. There seems to have been an increase from late 2014, although the blockade of the lapis route in early 2015 will have curtailed this.²⁸⁷ Based on a range of sources, a fair estimate is that overall trucks paid about 110,000 Afghanis on the road to ANP, ALP and informal armed groups – equivalent to over \$700,000 over the course of 2014 if we assume around 360 trucks (see Annex A for details of the traffic estimate). To this we add the estimated \$700,000 revenue generated by the Baharak ‘contract’ (described below), as it appears to have essentially functioned as an illegal toll for individuals associated with Zulmai Mujadidi. That gives us a total estimated annual income from the road for these groups of \$1.4m.

Of course, Mujadidi and the groups linked to him also made money directly from tourmaline mining. These revenues are hard to document, as the trade is more fragmented and smaller scale than lapis, and the involvement of armed actors more variable. Estimates from miners indicate raw production of at least \$3m in 2013,²⁸⁸ though some sources suggested figures many times that.²⁸⁹ Given the scale of activity of armed groups documented above, it seems reasonable to assume that they captured a substantial portion of this value. A reasonable estimate would be at least \$600,000 – a 20% cut from \$3m of production – but it could be more, especially given their direct involvement in the extraction.

It is unclear how much this changed with the introduction in early 2014 of a contract which brought a large part of the extraction in Deodarra more formally under the control of Pamir Badakhshan International Mining (PBIM), a company which appears to be controlled by the MP Zekria Sawda, in partnership with Zulmai Mujadidi. The contract is discussed in the following chapter, but given it did not cover all tourmaline mines and may not have been universally enforced, it is likely commanders continued to extract benefit from tourmaline in the area. For the purposes of our estimate of overall revenue, we will assume this is marginal. But revenue from the PBIM contract itself should also be included – an estimated \$250,000, even if we assume production fell sharply in 2014 (see below). This makes our final figure about \$1.65m. (Revenue from the Lajwardeen lapis contract is not included – while it was associated with Mujadidi, there is some uncertainty whether it actually made any money).

Much of this revenue will have evaporated with the decrease in tourmaline mining and the curtailing of the lapis transit route through Faizabad from early 2015. However, as noted above, some predation continues, even if it is carried out by different networks:²⁹⁰ traders report that they pay a toll from lapis smuggled through Panjshir province, variously reported as 100 or 200 Afs per *ser* (\$0.26-\$0.51/kg), regardless of the quality of the stone.²⁹¹ That amounts to a higher rate per kilo than was charged on the Faizabad route, and is equivalent to perhaps a little over \$600,000 over the course of 2015.²⁹² The amounts budgeted by traders

for getting lapis from Badakhshan to Kabul could indicate they may be paying more elsewhere on the route (and incidentally may provide some support for the plausibility of our estimates for how much traders paid on the road out from Badakhshan in 2014).²⁹³

Funding the insurgency

Income to the Taliban and associated insurgents from road taxes and direct payments associated with the mines likely amounted to more than \$1.1m a year before 2015. And while mining revenues overall declined in 2015, various reports suggest that Taliban income actually went up as their growing strength allowed them to pressure Commander Malek to share more lapis revenue – likely to around \$4m, or about 30% of the overall take. If reports of the latest deal with Malek are accurate, that could potentially increase to around \$6m in 2016, and possibly substantially more. It is unclear how much, if any, of the total goes to groups proclaiming loyalty to the Islamic State, though as already noted they have shown a clear interest in the mines, have close links with the Taliban, and may receive logistical support from them.

Taxes for the Taliban

Like other armed groups, the Taliban obtained money from the mines by controlling illegal checkpoints along the road from the mines to Faizabad before the government blocked the route in early 2015. Income from this source is estimated at \$386,000 in 2014, based on an average take of 60,000 Afs per truck, and an estimated 360 trucks over the course of the year.²⁹⁴

In 2014 multiple sources, including lapis traders, alleged that Taliban commander Qari Wassil collected a tax of between 20,000 and 80,000 Afs per large truck at a checkpoint located close to Pul e Such, roughly 6.5km south of the Jurm district centre (with five of ten sources citing a figure of 60,000 Afs).²⁹⁵ The Pul e Such checkpoint was apparently removed in the government offensive that followed the Taliban's brief occupation of Yamgan in May 2014,²⁹⁶ but it seems it was not long before another post was established: Naimullah mentioned that the Taliban were stopping vehicles in Ob e Khestak before the ALP set up there around September 2014.²⁹⁷ These reports chime with an international diplomatic report from late November 2014, which claimed that 'anti-government elements' had controlled the road between Jurm and Yamgan for a year, charging \$600 (Afs 33,600) per truck.²⁹⁸

This income continued into early 2015, although again the location seems to have shifted. In early 2015, Ghulam Mohammad alleged the Taliban were taking 60,000 Afs in Ob e Djokham in Yamgan,²⁹⁹ and in March 2015 another local source confirmed the Taliban were still active at the site.³⁰⁰ We can expect that the income from the lapis trucks will have all but stopped by this time with the blockade of the Faizabad road, though the presence of the Taliban in the area is stronger than ever. Lapis smuggled out through Panjshir does not cross Taliban-controlled territory.

Direct payments

As already noted, multiple sources allege that Commander Malek (and before him Asadullah Mujadidi) directly paid off the Taliban to keep them from interfering in – or indeed taking over – Kuran wa Munjan's lapis mines. This is likely to be a much more important source of income than the taxes on the lapis trucks.

In mid-2014 an expert working on the region with a diplomatic mission told Global Witness that a Taliban representative received 3.5m Afghanis a month (\$62,500, or \$750,000 a year) on the order of Commander Malek.³⁰¹ Global Witness was not able to independently corroborate this information, but other reports reinforce its plausibility. Afghanistan Watch reported that before 2011 Malek "agreed to a non-aggression

pact with the growing Taliban/insurgent movement in neighbouring Nuristan, pledging that he would not interfere with their operations if they did not disturb the lapis mines.³⁰² Another media report from around the same time cited Afghan intelligence sources as saying that Malek "cut a deal with the Taliban to protect his interests in the mining industry" – an arrangement that may have made it easier for the an insurgent group to carry out a notorious attack on aid workers in 2010.³⁰³

As already discussed, the tribute paid to the Taliban from the mines seems to have risen considerably as their strength in the area grew – even as overall revenue for the mines dropped. The deputy governor of Badakhshan, Gul Mohammad Baidar, alleged in February 2015 that the "Taliban get around 40% of the income" from the mines – while he did not give a source for the information, Ghulam Mohammad independently mentioned the same figure in November 2015.³⁰⁴ Another local source interviewed around the same time put the figure at 30%, citing a contact close to the insurgency.³⁰⁵ A July 2015 diplomatic report said somewhat more cautiously that anti-government elements "obtain hundreds of thousands of AFs from lapis mine income" (sic), and that reports indicated they had recently received Afs 7m (\$112,000) from this source.³⁰⁶

It is unclear when the more lucrative arrangement was established, assuming these reports are indeed accurate: if it was at some point in 2014 it is possible that Taliban income in that year was significantly higher. But even if it was not, the growing importance of funding from the mines in 2015 seems clear: even with the likely decline in the overall revenue the mines are generating, a 33% cut would mean that the Taliban's take for 2015 was around \$4m.³⁰⁷

And several sources reported that payments increased still further after the Taliban took over the district next to the lapis mines at the end of November 2015, to at least 50% of revenue, and likely significantly more. (see 'A target for the Taliban', above). If nothing changes, the Taliban would be on track to receive more than \$6m from lapis over the course of 2016 –and if prices recover, that could climb substantially.

If the information about the payments is correct, however, Malek is possibly not the only one to have had such a relationship. An international diplomatic officer told Global Witness that Assadullah Mujadidi paid 4m Afghans (about \$71,400) to the Taliban every month during the period that his brother Zulmai controlled the mines: "the reality is [that the Taliban] are receiving support from both sides."³⁰⁸ Assadullah Mujadidi did not directly respond to this allegation, but his brother Zulmai Mujadidi dismissed it as "nothing more than a propaganda" given Assadullah's role in fighting the Taliban.³⁰⁹

There may have been other links. Several sources claimed that the Taliban commander Qari Wassil was a relative of Assadullah Mujadidi, and still linked to him.³¹⁰ A reputable professional from Badakhshan told Global Witness that residents of Jurm had seen the commander visiting Assadullah's home.³¹¹ This source, the miners Haji Anwar and Sharif, and Qutbuddin, the local source from Jurm, also all independently alleged that Qari Wassil had an interest in the Deodarra mines through his brother, Haji Wahid.³¹² Qutbuddin told Global Witness that Qari Wassil "is a man of Assadullah – his brother is sharing in the mine."³¹³

Box 6: The onward trade

Afghan precious stones, including tourmaline and lapis lazuli, are mainly exported through Pakistan, but China is by far the key onward market.³¹⁴ Lesser quantities go to India and other countries.³¹⁵ There is little or no control over these supply chains, despite their clear role in fuelling the conflict, and serious concerns that the trade is used to launder drug money from Afghan poppy.³¹⁶

Panjshiri traders are particularly prominent in the onward movement of lapis after it leaves the mines.³¹⁷ There is little foreign involvement in the trade within Afghanistan, although several sources reported hearing of at least one Chinese trader in Badakhshan.³¹⁸ After reaching Kabul, traders generally pack lapis into metal cases, and export it, normally without any processing or cutting.³¹⁹ The most common exit route is through Peshawar in Pakistan,³²⁰ where the *Namak Mandi* (Salt Market) bazaar sells large quantities, much of it re-exported to China (both Hong Kong and other cities).³²¹ Some is also exported direct from Afghanistan to China.³²² Since the trade was banned in early 2015, traders report that widespread smuggling, facilitated by bribes, has maintained the flow across the border to Pakistan.³²³ Tourmaline follows a similar route, as indeed do other Afghan gemstones, most of which are reportedly smuggled out illegally.³²⁴

Badakhshan is one of very few regions in the world that produces lapis, and leads both on the quality and quantity of its production.³²⁵ That means there is a high likelihood that a new lapis necklace bought in China, Europe or America originates from a small area of Kuran wa Munjan district – and that it helps fund armed groups in the process. Many of these armed groups are the subject of strict UN sanctions, which could in principle be applied to all who facilitate their trade - including companies importing lapis.³²⁶ Afghan traders or artisanal miners should not be scapegoated, but at present Afghan lapis lazuli is, by any reasonable definition, a conflict mineral.³²⁷ Unless the problems in Kuran wa Munjan can be addressed quickly, it should be treated as such.

While they are produced more widely, the same logic applies to tourmaline and other minerals funding conflict in Afghanistan. But for lapis in particular the concentration of production in such a small area makes it more plausible that supply chain due diligence requirements could be effective, and help to reinforce and reward moves towards legitimate production. The OECD has issued widely-referenced guidance on this issue,³²⁸ and various supply chain initiatives have been put in place, with some success, notably in central Africa,³²⁹ although they cover only a limited range of minerals.³³⁰ In Afghanistan, the government has also tried (albeit with limited success) to restrict the lapis trade in 2015. But the pressure on illegal mining will be much stronger if more serious controls were put in place further up the supply chain.

As the main importing countries, China and Pakistan have a particular responsibility to address the issue. In China there have in fact recently been some encouraging moves in this area. An industry group, operating under the auspices of the Chinese Ministry of Commerce, published due diligence guidelines in December 2015 which provide a framework for Chinese companies trading lapis and tourmaline to identify, prevent and mitigate the risks of directly or indirectly contributing to conflict, serious human rights abuses or other serious misconduct.³³¹ These Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains set out a five-step framework which reflects companies' individual responsibility to carry out their due diligence, conduct a third party audit of the process where appropriate, and publish their related policies and practices. The question now is how widely and effectively the new Guidelines will be implemented.

The people are the losers: Badakhshan's missing taxes

Since 2001 the Afghan government appears to have missed out on the vast majority of the potential revenue from lapis and tourmaline mining in Badakhshan, including at least \$18.1m just in 2014. Indeed, prior to 2011, tax and royalty revenue from lapis appears to have been essentially non-existent, and testimony from traders, miners, and government officials confirms that systematic illegal evasion was and remains the norm. The same is likely true for other minerals in in other provinces. While the Afghan government is not without

its own faults, this diversion of revenue from the state largely to strongmen and armed groups undermines Afghanistan's development, its security, its institutional growth, its pledges to its international partners, and its independence from them.

According to a former local official, while the mines were under the Mujadidi brothers' control the Ministry of Mines "sent an individual as their representative to the lazuli mine to control the extraction," and presumably collect tax, but he was effectively powerless: Asadullah Mujadidi was, he said "the only one in charge of the tunnels [with] the authority to hire [out] the mines and to recruit his persons or even close down the tunnels."³³²

A lapis trader from Kuran wa Munjan interviewed by Global Witness, Alam Jan (a pseudonym), did not believe any of the revenue gathered by Asadullah in that period went to the government, although he did claim that some tax was paid separately at the provincial Mining Office in Faizabad at a rate of roughly 5-12 Afghanis per kilo.³³³ This matches the account of Afghanistan Watch, which found that as of 2012 the trade was "semi-formalized, with low and mid grade lapis often traveling openly through official channels, including the payment of taxes to Ministry of Mines officials in Badakhshan and the assessment of customs duties before export from Afghanistan."³³⁴

But the overall sums paid were minimal. There is no record of any revenue from lapis at all before 2010,³³⁵ apart from one claim from the then Minister of Mines Ibrahim Adel to have collected \$2m in tax from lapis as early as 2007.³³⁶ This claim seems very doubtful given that in 2009-2010 the central government reportedly recorded total revenue from lapis of 800,000 Afghanis (\$16,000)³³⁷ – equivalent to just over 10 tons of production of low quality stone, when the true production was almost certainly many times higher.³³⁸ By 2011 revenue had gone up to \$538,000, according to one media report,³³⁹ and a government official in Faizabad said the Ministry of Mines office there recorded taxes of Afs 11m (\$220,000) in 2012 and Afs 24m (\$453,000) in 2013.³⁴⁰ But these are still quite paltry amounts: with an assumption of 2,500 tons of production at an average of \$15 a kilo, a uniform 15% take would be worth \$5.6m a year.³⁴¹ All this sits at odds with Asadullah Mujadidi's claim that under his supervision the mines operated in accordance with the rules of the Ministry of Mines.³⁴²

Indeed, with no formal contracts or artisanal permits, the extraction in this period was formally illegal under Afghan mining law – as it has been since. But it is indicative of the weaknesses in the mining administration that while the mining inspectorate deplored the lack of control "over those people stealing the stones," the director of the mining department in Badakhshan said "the ministry had given permission to some individuals to extract the stone" and that each person "has to pay 15% of their profits as tax."³⁴³ In essence the government, or at least the Ministry, appears to have decided 'something is better than nothing', and that if they could not control extraction they would settle for taxing the trade.

The loss of revenue to the Afghan treasury of course continues today. Some modest royalties were paid under the Lajwardeen contract in 2014 (discussed below), but again far less than one would expect given the value and volume of the trade – some \$630,000.³⁴⁴ The same government official in Faizabad put the figure for overall lapis revenue in 2014 a little higher at Afs 48m (\$857,000): it is not clear if the gap reflects money received before the LMC contract took force, money being paid in Faizabad but not reaching Kabul (perhaps as a result of corruption), or some other cause.³⁴⁵ Interestingly, one media report quotes a senior official at the Ministry of Mines office in Badakhshan stating that just in the nine months from April 2014 government revenue from lapis was Afs 40m a month, or about \$6.43m in total – a sharp contrast with the other data.³⁴⁶ The statement could be untrue, but if it is not, then the gap in the record raises much louder alarm bells.

But it makes little difference in any case: the revenues are still much smaller than they should have been. A reasonable estimate is that royalty payments in 2014 just from Kuran wa Munjan should have been about \$18.75m, based on a 15% tax on a trade worth around \$125m.³⁴⁷ (That estimate uses the rate that would have applied if the Lajwardeen contract was not in place, and is based on the value of the trade in Kabul prices, not at the mine, as this is closer to the market price that would be expected if mining was carried out legally.)³⁴⁸ If we use the higher of the two plausible figures for the government royalty receipts, that means a tax loss of something like \$17.9m. But if we factor in surface rent and the small tax loss we estimated from tourmaline mining (\$about \$200,000 in total), that rises to back to about \$18.1m.³⁴⁹ That should be taken as a minimum figure, as it does not include company income tax, which it seems likely was avoided at least to some extent: that could amount to millions more, but it is unclear how much.³⁵⁰

Of course, with the suspension of the Lajwardeen contract in 2015, the lapis mines that should be one of the country's most valuable assets are now generating no official revenues at all, but lapis is still being exported. While the total value of the trade in 2015 is harder to assess, a reasonable estimate is that it is worth around \$75m, meaning the government lost more than \$10m in royalties alone (see Annex A.) That leaves out losses from income tax and other sources.

Working out the total loss of revenue since 2001 is even harder, given the difficulties in obtaining good data on historical production rates and prices, but if we combine our guess of \$5.6m a year revenue loss for 2002-2013 with our estimates for 2014 and 2015, the total is almost \$100m. That means the Afghan government has lost 98% of the revenue it should have received over this period.³⁵¹

A stolen potential

Even these estimates fail to take into account the value that could be generated from extraction if security and the rule of law were extended to Badakhshan. With the right conditions for entrepreneurship and investment, and with less destructive mining techniques, it is easy to imagine the value of lapis mining – and its contribution to the budget – being substantially higher.

Across the Kuran wa Munjan, crude methods often cause serious damage to the lapis, and mean a large part of its value is wasted.³⁵² Simply using more professional extraction techniques could boost the value of the extraction significantly, by at least 30% according to one estimate.³⁵³ And prices for lapis also appear to be significantly higher in some international markets – notably the US.³⁵⁴ That especially applies to polished stones, with examples of mid grade lapis on the market for thousands of dollars a kilo.³⁵⁵ While one might not expect Afghanistan to achieve the highest prices directly, it is an indication of how just much could be gained if Afghanistan could regularise its trade, sell direct to a larger market, and capture more of the value chain – and of how much is being lost as a result of the current abusive exploitation.

VI. Contracts and Corruption

The capture of the benefits of the mine was not just a matter of roadblocks and illegal mining, but extended to more formal means as well. In particular, multiple sources described contracts relating to tourmaline and lapis which appear to involve highly questionable practices, with one arrangement in particular apparently functioning as a cover for an illegal road toll. While one of these contracts has been suspended, and another has now expired, there are still serious questions about the way they were granted and implemented, and about whether and how they will be replaced. All three agreements highlight significant structural weaknesses and policy gaps in the government's oversight of mining.

Pamir Badakhshan International Mining

In October 2013, a new contract for extraction at the Deodarra tourmaline mines was registered in the name of the Pamir Badakhshan International Mining company (PBIM).³⁵⁶ The contract was valid for two years, and covered two square kilometres.³⁵⁷ While tourmaline is mined elsewhere in the area, two traders said the concession covered many of the most productive mines in Deodarra – as many as 60 tunnels.³⁵⁸

The PBIM contract was seen as an improvement on the lawless and predatory system that preceded it,³⁵⁹ and may have allowed the government to collect a marginal amount of tax on a previously informal trade, but it was still problematic. It appears to have effectively allowed PBIM to collect a cut of the mining profits without any visible investment on their part. While production reportedly dropped after the contract came into force (and may now have ceased), PBIM still paid less tax than one would expect – not proof of abuse, but cause for concern. Most worryingly, there is evidence suggesting the contract was controlled by serving MPs, in clear breach of Afghan law.

Evidence of illegal ownership

At the time of writing (May 2016), the PBIM contract still did not feature on the official directory of published contracts, which the ministry previously claimed was comprehensive.³⁶⁰ The Ministry of Mines were eventually able to provide a copy directly, but the process took considerable time.³⁶¹ This is worrying given the government's commitment to transparency and the July 2012 presidential decree mandating full contract publication.³⁶²

The contract was granted by the office of the Ministry of Mines in Badakhshan, rather than centrally in Kabul – an unusual arrangement.³⁶³ The contract is given in the name of Sayed Sabahuddin, the son of Sayed Azam.³⁶⁴ The miner Ghulam Mohammad identified this man as a cousin of the MP Zekria Sawda, but he also claimed to have seen an official company document in mid-2013 which listed a second shareholder, a brother of Zulmai Mujadidi called Qari Agha Shireen, as holding a 49% stake in the company.³⁶⁵ Ghulam Mohammad said the Ministry of Mines office in Badakhshan announced that the contract had been given to these two men.³⁶⁶ Haji Anwar independently also mentioned Qari Agha Shireen's name as a shareholder.³⁶⁷ However, the Afghanistan Investment Support Agency (AISA) reported that the official shareholders were Sabahuddin and another man, Lutf ul Rahman, whose identity Global Witness was not able to establish.³⁶⁸

Either way, there is evidence that these official owners may be proxies, and Zekria Sawda is in fact the real beneficial owner, possibly in conjunction with Zulmai Mujadidi. A wide range of sources Global Witness interviewed saw Zekria Sawda as the master of the tourmaline mines.³⁶⁹ A media report has a Ministry of Mines official confirming this, to a somewhat ambiguous denial from Zekria Sawda.³⁷⁰ And in an interview obtained by Global Witness, Sawda himself said:

*Until now, tourmaline and aquamarine mines have been extracted by local unskilled people illegally and away from the eye of the government, in the Deodarra parts of Jurm district, and I formed a contract with the government covering (...) two thousand metres, and the process seems better and up to date. We have extracted a couple of times. The workers of the mines are led by Commander Asadullah Khan, who is the brother of Zulmai Mujadidi.*³⁷¹

Zekria Sawda is related to Zulmai Mujadidi by marriage, according to one source.³⁷² Despite this, the relationship between the two has sometimes been tense: a local miner reported that small armed groups belonging to the two men clashed in early 2014 over control of the mines, soon after the PBIM contract was signed (and possibly as a result).³⁷³ But after this, a compromise seems to have been reached, with a few men from each side setting up camp in Deodarra.³⁷⁴ One can speculate that a share in the PBIM contract may have been part of the arrangement.

When approached in 2016, Zekria Sawda did not comment directly on these allegations. In a December 2014 interview he said he was no longer involved with PBIM (although he also made some statements which could be interpreted otherwise).³⁷⁵ He also said the company was paying “some guards,” though it was not clear where they were based. Zulmai Mujadidi for his part stated that: “Neither me nor any of my relatives have a stake or share in PBIM,” and that he had no links to any armed group (apart from his personal bodyguards), and no knowledge of clashes over control of tourmaline.³⁷⁶

If it was confirmed, the control of the mines by serving MPs would clearly be in contravention of the spirit, and almost certainly the letter, of Afghan mining law. Both the current law, which dates from 2014, and its predecessor from 2010 prohibit MPs from directly holding mining contracts.³⁷⁷ The 2014 law also forbids ownership by their close relatives; even if it did not, of course, there is still the evidence indicating that the contract is effectively controlled by Sawda, whatever the company documents say.³⁷⁸ But such evidence is not always available – which is why there is an urgent need for legislation requiring publication of the real, beneficial ownership of mining companies.

Missing revenue?

The PBIM contract required the company to pay a 10% royalty to the government on whatever it extracted.³⁷⁹ But while some money was apparently paid, the totals reaching state coffers are small enough to raise significant questions. Revenue figures provided by the Ministry of Mines put the total revenue received from PBIM at just over \$10,000 in February 2015, on production worth about \$100,000 – equivalent to something like 10kg of good quality tourmaline.³⁸⁰ The Ministry confirmed that after this no revenue from the contract was registered before it expired in October 2015.³⁸¹ This contrasts with the rough estimates made separately by two tourmaline miners and a government official of \$3m a year for the total annual value of the Deodarra production prior to the contract, equivalent to about 300kg of tourmaline – of which 10% would be \$300,000.³⁸²

Part of the explanation for the gap is likely to be lower production. Tourmaline mining can be an uncertain business, and Sawda himself said in December 2014 that “now there is nothing – no one is working on tourmaline.”³⁸³ That is not quite accurate: in April 2015 two miners reported that the contract was still active (and one, Zahirullah, said he had duly paid \$7,000 in fees to Zekria Sawda on a recent sale).³⁸⁴ But both miners confirmed that production was down as a result of rising insecurity and the cost of explosives, and one said that more powerful or connected miners refused to pay fees to PBIM.³⁸⁵ Even for ordinary miners

the PBIM contract seems to have been a deterrent: as Zahirullah said, “from the day the MP made the contract people became disheartened, people did not work.”³⁸⁶

Nonetheless, the gap is still large enough to raise serious questions: if our estimate of the output before 2014 is correct, it implies production fell by 97%, which seems implausible.³⁸⁷ Some mining obviously continued: despite his statement, Zahirullah himself had mined the site in 2015, and with some success. Even a two thirds drop in output would still mean that \$100,000 tax was due. It may be miners were avoiding working through PBIM, which would reduce the company’s liabilities, (although the tax loss to the state would be no less).³⁸⁸ But it is unlikely – though not impossible – that one of the most productive tourmaline mining areas in the province should suddenly dry up. While there is not proof of abuse, there are certainly grounds for further investigation.

Money for nothing?

Another question is what value PBIM provided in exchange for control of a significant chunk of Badakhshan’s potential tourmaline production. Much of the mining in Deodarra was not done by PBIM at all, but through sub-contractors. In exchange for the right to mine in Deodarra, local entrepreneurs agreed to pay PBIM 17% of the value of any minerals extracted.³⁸⁹ According to a sub-contract provided by one of these miners, 10% was supposed to go to the government (in line with the original PBIM contract) and 7% to the company.³⁹⁰

One tourmaline mine entrepreneur said that four Deodarra shafts were directly mined by Zulmai Mujadidi, and another by Zekria Sawda (perhaps significantly, Sawda himself also said PBIM mined 2-3 shafts).³⁹¹ If true, that would leave around 50 tunnels available for other miners. If overall production was worth about \$1m, this would imply that the company and Zulmai Mujadidi together made something in the region of \$250,000 – though the estimate is necessarily very rough given the figure for overall production is itself unclear, and we do not know whether or how much each individual shaft produced.³⁹²

Sub-contracting is not necessarily abusive, especially if the company was effectively administering the transfer of royalty to the government. But the arrangement may be in breach of the company’s contract, which requires it to follow a workplan, and as noted the available data casts some doubt on whether the full funds were in fact paid on to Kabul.³⁹³ More broadly, if the company did not invest anything itself, the PBIM contract would effectively amount to a little more than a right to charge a 7% tax on existing mining.

It is notable that there is little or nothing in the sub-contract that concretely binds PBIM to any serious expenditure. There are aspirations to support economic progress,³⁹⁴ but a few clauses later the contract is careful to make clear that the “Contractor shall bear all costs related to the mining activity.”³⁹⁵ The evidence strongly suggests that the modest obligations the contract did contain were not fulfilled. One miner said that “in the contract it was written that we will bring the clinic for the people, bring the road, [sic] we will do the explosion professionally. They have done nothing apart from [providing explosives at lower prices].”³⁹⁶ Even that last concession is limited, given Zekria Sawda reportedly holds a local monopoly on dynamite.³⁹⁷

The contract gave PBIM a monopoly on buying and trading tourmaline from Deodarra.³⁹⁸ In practice the arrangements were similar to those in place before PBIM’s arrival, and provide further fuel for concern. Miners said the company’s men closely observed blasting, and output was put in a box under seal and escorted by the “police” into the custody of the company.³⁹⁹ The stones were reportedly taken to Jurm, to a man called Dr. Assif – a name which appears as the company signatory on the sub-contract seen by Global Witness.⁴⁰⁰ “He is representative of the [PBIM] company from Zekria [Sawda]”, Haji Anwar said. “If I want to work I go to him and get permission and he gives me a letter.”⁴⁰¹ Engineer Feroozi similarly alleged that:

*Dr Assif is from this family [of Zekria Sawda]. He is the representative in Jurm. The ALP there are his police. They are on the mountain. They look how much you have taken. (...) They put the stones in paper and put a label on them and then put them in the box. (...) The label is so the soldiers do not steal. There are two locks to the box – one is with me and one with the police.*⁴⁰²

When the time comes, the box was reportedly unsealed and its contents auctioned off to traders, with the company's 17% taken from the sale price, and the government's cut taken from this.⁴⁰³ Engineer Feroozi explicitly said the sales took place "in the house of Zekria in the centre of Jurm", further evidence of Zekria Sawda's involvement.⁴⁰⁴

Unhappiness down from 100% to 40%

For miners like Ghulam Mohammad and Haji Anwar, the new regime established by the PBIM contract represented an improvement, even if only compared to the previous conditions of violence and anarchy. "There was a lot of *zulm* [cruelty] before – now there is less", Ghulam Mohammad told Global Witness in mid-2014. "The unhappiness has gone from 100% to 40%."⁴⁰⁵ He added that: "Assadullah had a lot of armed people. He took by force (...) in different ways they would take a lot. The company made it better."⁴⁰⁶

Those benefits are in question given the reports of the eventual breakdown of the contract. But even without this, the improvement was only relative. Ghulam Mohammad told Global Witness: "They [Asadullah and Zekria Sawda] are both bad – [but before] it was worse." He said that around the time that the PBIM contract was granted, a delegation of 20 elders and miners went to protest to Governor Adib. "The people said we came to work [the mines], we are poor – the MPs should not take our rights. The governor said it is legal. [He] did not listen."⁴⁰⁷

The Baharak 'contract'

Multiple sources alleged that, during 2014, members of the Mujadidi family or their associates collected a toll of around 140,000 Afghanis (\$2,500) per vehicle at Baharak, the next stop for the lapis trucks after Jurm. The toll was reportedly sanctioned by a 'contract' issued by the provincial governor. In practice, the arrangement appears to amount to a right to extract an unearned and entirely illegal rent from passing trucks. While the transit of the lapis was officially blocked in early 2015, without a clear move to cancel the arrangement and hold those responsible for it to account, its status remains unclear.

Miners, traders and other observers said the tax at Baharak was collected by a man called Qari Assil, who was identified as "a man of Zulmai Khan [Mujadidi]" or as one of his sub-commanders.⁴⁰⁸ Two senior local government officials independently described a tax based on a contract granted by the provincial administration,⁴⁰⁹ with one of them alleging that it was issued directly by the Governor of Badakhshan, and a senior provincial civil servant known as the *mostufi*, equivalent to the head of finance.⁴¹⁰ This source directly said: "Assil takes 150,000 Afghanis [per truck], and this is the illegal contract of the *mostufi* and the Governor."⁴¹¹ Another lapis trader told Global Witness that "Qari Assil made an illegal contract with the *mostufiyat*" and that he did so in partnership with two brothers of Zulmai and Asadullah Mujadidi.⁴¹² Ghulam Mohammad also independently spoke of this same partnership.⁴¹³ For his part however, Zulmai Mujadidi denied he benefitted from the contract.⁴¹⁴

Perhaps unsurprisingly, the contract is not among those published by the Ministry of Mines,⁴¹⁵ and indeed they were unable to provide any information on it.⁴¹⁶ But if the reports are true, it is hard to see how the arrangement could be legal. First, there is no obvious basis in Afghan mining law for provincial governors to

allocate contracts.⁴¹⁷ Secondly, there is already a published contract for the lapis of Kuran wa Munjan (see below), which makes the status of the Baharak arrangement unclear. Thirdly, the ‘contract’ is apparently not for mining, or anything else requiring investment or services.

The contract has been interpreted by some as way of collecting tax from lapis trucks on behalf of the central government. Ghulam Mohammad for example said that: “Zulmai Khan made the contract for 150,000 Afghanis [from each truck] (...) The vehicles that go there [pay] the tax of the government.”⁴¹⁸ An official with the Lajwardeen Mining Company (LMC) also told Global Witness that Qari Assil had obtained the contract for ‘land rent’ (*kerā e zamin*) for the mine.⁴¹⁹

It is possible that the Baharak arrangement was a real contract, essentially sub-contracting tax collection to Qari Assil or his associates. Tax-farming of this nature would be highly questionable, even without the apparent involvement of powerful local political figures. Surface rent might be payable, but again only to the Ministry of Mines, not the local government (and not by the kilo).⁴²⁰ And even the traders who had initially accepted the toll viewed it as illegal once LMC began collecting ‘tax’ in Faizabad (see below).⁴²¹

The actual amount of the toll reported by the sources varied significantly, from 160,000 Afghanis (\$2,857) per truck to 3.5 Afghanis a kilo (as little as \$1,440 a truck, assuming a 23 ton load).⁴²² That variation could reflect varying qualities of lapis and the informal nature of the arrangement. Over the course of the year, the toll could be worth between \$928,600 and \$467,200, with an average being around \$700,000.⁴²³ Either way, it seems highly doubtful that any of the proceeds actually reached the Afghan treasury.⁴²⁴

In November 2014, shortly before government blocked the trade altogether, traders reported that the toll had dropped by about half, possibly the result of pressure from the lapis traders and the increased tolls taken elsewhere on the route from the mines.⁴²⁵ The arbitrary change reinforces the suspicion that the toll is essentially extortion, and the ‘contract’ merely a cover.

The Lajwardeen contract and the Ministry of Mines

The sole published contract for mining lapis in Badakhshan was granted to the Lajwardeen Mining Company (LMC) on February 13, 2013.⁴²⁶ The contract covers three blocks in Kuran wa Munjan, including the Junduk mine and other significant mining sites, totalling an area of 45.68km².

LMC appears to have a genuine interest in developing mining in Kuran wa Munjan, and to have set out to do so with good intentions. But whether or not the company was culpable, the trade which has taken place under its contract raises serious concerns. These include a questionable arrangement whereby the company facilitated the transfer of lapis in its name when it was unable to access the mining site, essentially providing a cover for an otherwise illegitimate trade; substantial under-valuation of lapis leading to major losses in revenue; and, again, evidence of the involvement of the MPs Zulmai Mujadidi and Zekria Sawda in the company. In early 2015, the contract was suspended,⁴²⁷ but there is likely to be a political struggle over its future as senior political actors seek to use it to control a lucrative resource.⁴²⁸

Who owns LMC?

The contract is in the name of *Haji* Abdul Musawer, the head of LMC,⁴²⁹ and a well-established trader and businessman from Baharak district.⁴³⁰ LMC itself has three registered shareholders, Musawer and two others whose backgrounds Global Witness was not able to establish.⁴³¹ But multiple local sources alleged that Zulmai Mujadidi also has a stake in LMC, whether formally or informally (some said in conjunction with another figure).⁴³² Two of these sources, a lapis trader and an educated local from Jurm, independently

recounted a meeting in Kabul where Zulmai Mujadidi (according to one source) or Zulmai's brother Qari Agha Shireen (according to the second) directly said that Zulmai was a partner in the contract.⁴³³ Both sources also said they were told that the MP Zekria Sawda was initially a partner but then dropped out.⁴³⁴ A third source, a lapis trader with ties to the company and knowledge of its affairs, claimed that Mujadidi was not an official partner, but also said that the company was compelled to help "important people" in order to be able to operate.⁴³⁵ Mujadidi denied he benefitted from the LMC contract.⁴³⁶

Box 7: Weaknesses in the Lajwardeen lapis contract

The actual terms of Lajwardeen contract itself include a number of positive provisions, which reflect international standards in some important respects. For example, it requires an Environmental and Social Management Plan (ESMP)⁴³⁷ and compliance with the Extractive Industries Transparency Initiative (EITI).⁴³⁸ But it does have a number of more questionable elements as well.

The first area of interest is that the contract appears simultaneously to grant both an exploration and an exploitation license, with the latter only subject to approval of a feasibility study.⁴³⁹ Yet the 2010 Minerals Law normally requires holders of exploration licenses to bid separately for the exploitation license.⁴⁴⁰ Although an LMC official told Global Witness the company only held the necessary permissions to conduct reconnaissance work, this still raises questions.⁴⁴¹

The contract is for fifteen years, but the holder also has an almost automatic right to renew the contract in five year increments – going significantly beyond the normal provision for renewal in the Mining Law.⁴⁴² This could lock the Afghan government into the contract even if market conditions changed drastically, potentially leading to significant loss of revenue.

It is striking that LMC is only required to spend a very small sum – \$20,000 a year – “for the enhancement of the environment and social services for the community.”⁴⁴³ The Mining Law requires holders of exploitation licenses to have formal development plans covering proposed investments and contributions for local communities, and it seems unlikely such an insignificant sum could satisfy that requirement.⁴⁴⁴ An LMC official claimed there were plans to give 10% of their profits to the local community, as well as other benefits – but this is not included in the contract.⁴⁴⁵

While there is welcome provision for various social and environmental impact assessments, the contract does not provide for consultation or grievance resolution mechanisms with local stakeholders and communities.⁴⁴⁶ Given the security situation in Afghanistan, the lack of a grievance mechanism or reference to human rights standards for the provision of security around the project site is a significant omission.

A questionable arrangement

Aside from the issues outlined in the box above, a major concern relating to the LMC contract is that lapis continued to transit in the name of the company even after Malek's takeover of the mines meant LMC was unable to access the site to carry out mining.⁴⁴⁷

The final stop for lapis trucks in Badakhshan in 2014 was at the office of the Ministry of Mines in Faizabad. Multiple sources described LMC collecting revenue alongside the government, or on its behalf,⁴⁴⁸ with the payment split between them.⁴⁴⁹ There were differing accounts of how much was paid, ranging from 5 Afghanis (\$0.09) a kilo to 15% of the value of the lapis.⁴⁵⁰ Global Witness was unable to obtain information on the rate or other details from the Ministry of Mines – a disturbing state of affairs in itself.⁴⁵¹

An LMC official confirmed that the company had collected money starting from April 2014, but claimed it did not make any profit from the arrangement: rather it had agreed to allow traders to transfer their stone under its name. He said that after Malek's takeover of the mines, the Ministry came under pressure from lapis traders and their political backers in parliament to allow the lapis to continue moving, and having first resisted on the grounds the exploitation was illegal, finally agreed so long as the company consented. The official said the company agreed on condition it could collect not just the royalties but a small amount to cover potential income tax as well, to avoid any legal problems.⁴⁵² The company duly collected a 10% royalty (as per the contract), which was passed on to the government once every quarter, and then took an additional five Afghanis a kilo to cover the possible income tax liabilities, to be paid at the end of the year.⁴⁵³

The first question this account raises is why the arrangement was sanctioned in the first place. The more standard response if a mining concession is seized by an armed group is to declare *force majeure* and suspend the contract until normal conditions returned.⁴⁵⁴ In fact, an LMC official provided a copy of a letter from company to the Ministry of Mines declaring *force majeure*, dated the day after the takeover of Kuran was Munjan.⁴⁵⁵ Instead of accepting this, the government at the time, or factions within it, crafted or at least condoned an arrangement which effectively facilitates a trade that would otherwise be illegitimate, a response which certainly raises serious concerns. It is notable that both LMC and the local Ministry of Mines office seem to have been very careful in official documents relating to shipments of lapis to stress that they had no responsibility for the ownership of the stone or whether it had been mined illegally.⁴⁵⁶

Even if the government had wanted to engineer a legal compromise to keep the lapis moving (rather than blocking the trade as the Ghani administration did in early 2015, albeit ineffectually), they could have made a better one. By its own account LMC's only function was to collect tax, which they did literally alongside the Ministry of Mines: they added no value. It would be difficult to justify them doing anything more: while the LMC official argued that because of the contract "this treasure belongs" to the company, LMC in fact only ever held the permits needed for reconnaissance work, making any commercial exploitation illegal.⁴⁵⁷ It seems equally difficult to justify the deal as a way of compensating LMC for their prior investment.⁴⁵⁸

If the government had directly taxed the lapis itself, it could have collected 15% rather than 10% royalties – as it did both before the LMC contract was signed and on the one occasion it collected royalties after the contract was suspended. This would have increased its income by half at a stroke. It could even have formalised the trade with short-term artisanal or small-scale licenses with miners. This might still be an unacceptable settlement if it left substantial income in the hands of Commander Malek and others – but it would at least have maximised government revenue.

There is a general policy issue here, about how the government handles mining in areas it does not fully control. The occupation of Kuran wa Munjan by Commander Malek has already lasted more than two years, and similar problems of unrest and insecurity already affect other mining concessions. The government needs a strategy for how it handles these conditions to minimise the harm they cause.

Of course, in the case of Badakhshan, the government – in the form of the National Security Council – did finally suspend the LMC contract in early 2015, and in December ordered it cancelled (although as of May 2016 cancellation was yet to be implemented, with a company official reporting that issue was before the courts).⁴⁵⁹ However, a diplomatic source reported that moves against LMC were likely also linked to efforts by rival political figures to wrest control of the lapis revenue for themselves, a concern which seems supported by the other elements of the NSC decisions.⁴⁶⁰ (See 'A game of networks', above.) There is clearly a risk of the contract becoming a pawn in high-level political struggles. Great care is needed to avoid any

new reform being used simply to replace one flawed settlement with another: the true measure of progress is not whether there is a change in ownership but whether there is genuine rule of law.

Who profited?

Leaving aside the propriety or otherwise of the Lajwardeen arrangement, a separate question is what happened to the money collected under its provisions. LMC does in fact seem to have paid royalties on to the government: a company official provided copies of bank transfer records for a total of 35,291,337 Afghanis (just over \$630,000), covering a period from roughly April to December 2014.⁴⁶¹ The Ministry of Mines did not confirm the payments (and their list of Badakhshan contracts and revenues did not mention either Lajwardeen or lapis), but the same figure is mentioned in Afghanistan's latest EITI report.⁴⁶²

This is a significant sum, but it is far less than it should be: based on the prices quoted by lapis traders, 6,166 tons of lapis should have been worth at least \$37m (and quite possibly substantially more), and generated royalty of at least \$3.7m.⁴⁶³ That inevitably raises the question of whether LMC was abusing its position. But the LMC source claimed the gap was because the Ministry officials chronically under-valued the stone, assessing a kilo of grade ten lapis at around \$3 and collecting 15-20 Afghanis in tax. That would in fact still leave a substantial discrepancy, but a letter from the Ministry of Mines office in Badakhshan indicates they were valuing grade 10 lapis even lower, at just \$1/kg.⁴⁶⁴ That is between five and ten times below the prices quoted at the time by Kabul traders, but the actual effective overall tax rate for the LMC shipments, of Afs 5.7 (\$0.10) a kilo, would imply a value for lapis almost exactly at this level.⁴⁶⁵ That leaves open the possibility that responsibility for the gap in revenue lies mainly with the government's low valuations (though traders may also have paid bribes to ensure lapis was assessed at lower grades, as discussed below).

This still leaves the question of the 5 Afghanis a kilo the company official said were collected against its potential income tax liability – which should amount to about \$550,000 from 6,166 tons. The company official said LMC in fact made a loss, so had no net income on which to pay tax. He claimed LMC told traders they could reclaim the money if no income tax was assessed, but none did, and instead the funds served to cover the expenses of the company.⁴⁶⁶ In practice, it seems likely that was always part of the intention, not least as LMC logically should have known from the start that they would not make a profit, if the arrangement for the contract was as they said it was. That is another reason to consider the whole structure questionable. However, it still does not necessarily mean LMC gained from it. The LMC official claimed that in fact less than \$100,000 was collected, which he said was less than the company's expenses. While he provided no supporting documents, there is some indication not all traders paid the extra fee, and the company will certainly have had some costs.⁴⁶⁷ That means it is indeed possible LMC gained little or nothing in the end, apart perhaps from defending their rights to the lapis in principle.

Who did gain, and who supported and instigated the deal, is another question. At some level the deal was good for all those who profited from the lapis, and it seems likely that not only traders but the higher level political actors with links to the trade will have pushed for it. More than that is hard to say. But however responsibility is distributed between the company, traders, government officials, and political figures, two things are clear: the 2014 arrangement facilitated an otherwise illicit trade that enriched armed groups and the Taliban, and it left the Afghan government with a fraction of the revenue it should have had.

A question of oversight

There are two other questions related to the government's oversight of mining that the LMC contract particularly highlights. The first concerns the fact that Global Witness was unable to obtain basic data from

the Ministry of Mines on how much lapis was officially transiting from Badakhshan. In response to Global Witness' inquiry, the Minister of Mines responded that he had "inherited a broken and fragmented institution" which meant he was unable at that point to answer most of the questions put to him.⁴⁶⁸ This is part of a wider problem: records in the Ministries of Finance and Mining are kept manually, and Afghanistan's latest EITI report notes that: "There are several areas where there is insufficient capacity to be confident that information (...) is reliable."⁴⁶⁹ It is unclear if the government is able to produce a basic table of what contracts exist across the country, how much has been extracted under them, and how much has been paid to the government.

The roots of this challenge are somewhat beyond the scope of this paper, and the Minister of Mines (until March 2016) Dr. Daud Saba has clearly acknowledged the problem, which is long-standing.⁴⁷⁰ But in the end, if the Ministry itself does not have the capacity and will to consolidate and publish such basic information, it is questionable whether they can responsibly oversee mining or other extractives in Afghanistan. Multiple donor programs have provided support on this issue in the past, and it is hard to see what the technical – as opposed to political – obstacles are fixing it. If the government cannot, it will be almost impossible to tackle abuses and corruption that are costing many millions of dollars in lost revenue and economic growth.

Finally, as highlighted above, a critical question is why the government has been assessing lapis at such a low value. This was the case even before the LMC contract was agreed.⁴⁷¹ A substantial part of the explanation is almost certainly corruption. Several traders alleged that officials took bribes to assess a load of lapis at a lower grade. Naimullah, for example, said that the "engineers take bribes to change the grade of the stone."⁴⁷² Alam Jan similarly alleged "the stone trader bribes the [valuing] commission [at the mining office and] their taxes are reduced. (...) The government representatives reduce the [assessed] quality of the lazuli stones and take less tax, and in this way the public wealth is wasted and looted and a very limited number of people receive the benefit and advantage of it."⁴⁷³

But even without the problem of bribery, the government appears to be effectively giving away lapis revenue through its pricing policy. The LMC official interviewed by Global Witness reported that while some traders paid to change the assessed grade of the lapis, the actual values the Ministry assigned to a kilo of any given grade had also themselves been fixed for years, and at a level already much lower than they should be.⁴⁷⁴ "The government is crazy," he said. "They can increase the price, the actual price is six dollars and they calculate like two dollars...they never check the prices."⁴⁷⁵ While prices do vary, and have dropped significantly since 2014, using transparent, continually updated international reference prices could substantially increase revenue and reduce abuses.

The final insult: \$2.4m missing from one convoy

The decision of the Afghan National Security Council to finally suspend the LMC contract was followed in January 2015 by a blockade of the lapis trucks leaving the mine towards Faizabad.⁴⁷⁶ By February a large backlog of trucks were being held, and after some delay a last convoy was allowed to pass, strictly on condition that they paid tax directly at the Kabul *Gumruk* (customs) depot.⁴⁷⁷ Pressure from traders – and possibly the vested interests of certain powerful figures in the trade – is likely to have played a part in the decision to allow the convoy through.

While it was not covered by any contract, the transfer was formally sanctioned by the government. Yet even this supposedly highly scrutinised shipment seems to illustrate many of the same concerns that have dogged mining in Badakhshan. Officially the convoy was made up of 64 trucks, but several sources reported that the real total was as many as 78, and that the other vehicles were not included in the official count and did not

pay taxes.⁴⁷⁸ Five separate sources, including a local police officer, a trader, a local professional, and a senior local official, separately alleged that at least some of these vehicles belonged to former Defence and Interior Minister Bismillah Khan.⁴⁷⁹ That does not constitute proof, and it should be noted that three other sources – including Kabul-based traders – said General Mohammadi was not directly involved in the trade.⁴⁸⁰ But it is grounds for serious concern.

One trader from Jurm district, ‘Abdul Samir’ (a pseudonym), alleged that there was a distinctly partisan element to the shipment, and that most of the trucks belonged to Panjshiri traders.⁴⁸¹ He reported that a large amount of lapis belonging to Badakhshi traders – 300 truckloads, which he put at about 6,300 tons – remained blockaded in Baharak and Jurm districts, and that a representative of the traders had been trying for a year to secure their release from the government.⁴⁸² These are likely part of the stockpiles that are referred to in the NSC’s December decision (see ‘A game of networks’ above).⁴⁸³ Another trader said that Badakhshi traders and miners were still active, but were unable to transfer their stone via Faizabad, so were forced to sell their lapis at low prices to Panjshiri traders for transport via the Anjuman pass.⁴⁸⁴

When the 64 trucks arrived in Kabul, they paid a total of 15.5m Afs (\$276,786) in royalties, according to a senior official at the Ministry of Mines.⁴⁸⁵ (Although the Minister of Mines himself said the taxes on the convoy were collected by the Ministry of Finance rather than their own.)⁴⁸⁶ This amounts to some \$4,325 per truck. An official document listing the cargo of 57 of these 64 trucks shows an average load of just over 26 tons.⁴⁸⁷ If we take this average as representative, this means that the convoy was carrying about 1,670 tons, on which the Ministry’s 15% tax came to less than 17 cents a kilo – valuing a kilo at just \$1.10, when the minimum real-world value for grade ten lapis at the time was around \$5 a kilo, and even the artificially low valuations of the Ministry of Mines were around \$3.⁴⁸⁸

One trader’s rough estimate that the convoy was worth around 1bn Afghanis (\$17.9m), based on an average value of \$12.76 a kilo, seems much more reasonable.⁴⁸⁹ This would mean that the royalties should have been almost ten times higher – a loss to the Afghan treasury of \$2.4m from a single convoy. And that does not even take into account the additional 312 tons of stone likely to have been on the dozen or so trucks that were allegedly allowed to travel but not registered as part of the convoy. Altogether, there are clear grounds for deeper investigation.

VII. Policy implications and recommendations

The scale of the threat Afghanistan faces from the lack of governance and security in mining areas is unmistakable. But efforts to reduce it must not be limited to Badakhshan, even if the province deserves particular attention. The threats so starkly evident there are representative of dangers facing the whole country.

The first, over-arching recommendation, for both the Afghan government and its international backers, is to treat the threats associated with the extractive sector more seriously. There are great hopes that Afghanistan's minerals and hydrocarbons, potentially worth trillions of dollars, could help to drive development and fund the Afghan government and security forces: indeed projections for growth rely on the development of the sector.⁴⁹⁰ But Badakhshan shows that without urgent action not only are these hopes likely to be illusory, but mining is likely to be actively harmful – funding armed groups, creating discontent, undermining the government, producing little or no tax revenue, and potentially fuelling a chronic, resource-driven war.

The net result of the lawless competition over the mines of Badakhshan is widespread violence in a province that was previously secure, the rise of the insurgency, and a massive loss of benefit to the Afghan government and the Afghan people. Natural resource management should not be seen just as economic or development issue, it should be seen as a strategic and security concern of the first order, critically important to both to long-term stability and the immediate conflict.

Mining sites have a disproportionate strategic impact and are often concentrated in a small area: they are a sound target for special attention to stop them benefitting armed groups. Nowhere is this more true than with lapis, where the mines are limited to about 30km along a single river valley, with only three viable exit routes, and there is little or no production that does not contribute towards armed groups (and which might be unfairly caught up in broad action against trade in the mineral). The abortive 2014 'peace deal' perhaps shows one model for how control could be re-established over the mines – and suggests this is eminently achievable, even if the conditions for such an attempt have worsened since that time. Overall, there is a particularly compelling argument for making Kuran wa Munjan a test case for a dedicated, systematic and concentrated application of resources to put in place the conditions for minimally legitimate extraction. If there is anywhere in Afghanistan where such an effort could succeed, it is here.

But the real measure of progress in this is the rule of law and the support of local communities, not just government control. (Indeed, the failure to apply that measure to the wider effort to build a new order in Afghanistan after 2001 is arguably the central reason why that effort has not better succeeded.) As Badakhshan shows, a nominally 'government' commander like Asadullah Mujadidi can be at least as problematic as a nominally 'anti-government' commander like Malek. That means that the government needs to concentrate a different sort of resources: not just security assets but those of oversight, management and engagement. Without stronger rule of law and local buy-in, it is difficult to have lasting stability, or any lasting benefit from the mines, and security interventions will be a temporary fix at best.

The argument is sometimes made that abuses in the mining sector are an inevitable price of development, and a search for 'perfection' should not prevent extraction going ahead. But better governance is not an obstacle: it is an essential precondition if extraction is to actually translate into any benefit for the country. The measure of success is not how much is dug out of the ground, but how much that contributes to

development and security. There is a good deal of mining already, but it is often debatable if it does more good or harm.

Similarly, there might be concerns about the effect of action against illegal mining on businessmen and workers who depend on the sector for their livelihoods. Those groups certainly deserve attention, and must not be scapegoated for the abuses in the sector. But at the same time, there is a limit to how far their interests can be a shield to justify an abusive status quo that does enormous harm to the whole country, and primarily serves a narrow clique of abusive strongmen.

What is more, workers and businessmen would be among the main beneficiaries of reform. To judge from dozens of interviews, Afghan entrepreneurs want nothing better than the chance to trade within the rule of law: the government should give them that chance. The desperate need for jobs, like the desperate need for development, should only spur the government to act more quickly and more decisively to put in place the strongest possible protections, and establish the minimum conditions for legitimate mining that broadly falls within the rule of law. Where those minimum conditions cannot be met, it may indeed be better not to mine at all. But of course the goal is not to shut down the trade, but to reform it.

To his credit, President Ghani is no stranger to these arguments: he has said his first priority in the sector is to 'do no harm' and that he favours cautious growth while capacity is increased.⁴⁹¹ That represents a substantial change from the previous government. The Ministry of Mines has also taken some positive steps, such as launching a review of the Aynak copper concession, the largest contract in Afghan history.⁴⁹² At the London Conference on Afghanistan in December 2014, the government unequivocally committed to put in place "the strongest possible available measures (...) to counter the threat of conflict and corruption around the extractive industries."⁴⁹³ And at a UK-hosted corruption conference in May 2016, the Afghan government committed to further major reforms, including a public register of beneficial ownership, work on community monitoring, and contract transparency.⁴⁹⁴ Those are substantive steps which deserve recognition and support.

However, a considerable task of course remains. While Afghanistan faces many challenges, it has yet to implement a number of basic protections that – while they are certainly not a silver bullet – could have a real impact. Some of these are covered by the government's commitments so far, but not all – and even where they are, there is still the difficult job of implementation. Urgent action is particularly needed to address weaknesses in the mining law, the lack of public mining and payment data, weak community engagement and monitoring, the low oversight capacity of the Ministry of Mines, and the general lack of accountability for abuses. As President Ghani has pointed out, with commodity prices (and pressure for contracts) relatively low, there is a narrow window of opportunity for action.⁴⁹⁵ Serious reform would not only fulfil Afghanistan's existing international commitments, but make it a world leader.

For its part, the international community would doubtless welcome governance reforms – but so far has not made encouraging them a serious priority. For example, despite committing nearly half a billion dollars to develop the sector, US support has largely focused on encouraging foreign investment – failing to reflect the fundamental and evident threat weak governance poses both to the attractiveness of Afghanistan to investors, and more importantly to prospects for investment ever translating into a benefit to the Afghan people.⁴⁹⁶ US officials prioritised encouraging commercial reforms over advocacy for governance measures in their representations to the Afghan government over the 2014 Mining Law.⁴⁹⁷ Similarly, in 2015 the wider international community conspicuously failed to press for the inclusion of any measurable extractive governance benchmarks under the key process for mutual accountability between the Afghan government

and its partners.⁴⁹⁸ The point here is not that donors could (or should) transform the situation on their own: it is that they failed to seriously engage the influence that they did have. Given the scale of the threats linked to the sector, and its place in hopes for Afghan self-reliance, that is an extraordinary lapse of judgement – and a dereliction of duty toward the taxpayers funding the international effort in Afghanistan.

If there is the will to act, there are no silver bullets, but nor is there any shortage of realistic and effective reform measures. Many of these require minimal additional capacity, and have been or are being implemented in one form or another in other countries.⁴⁹⁹ The key recommendations, based not just on the analysis of Badakhshan, but on many years of research from around the world, relate to three key areas: **accountability and transparency, communities, and security**. These broader measures are in addition to recommendations specifically related to Badakhshan – and to those directed at the international community. They should be considered in conjunction with more detailed proposals set out in other Global Witness documents, including the report on the Afghan Mining Law, *A Shaky Foundation*,⁵⁰⁰ suggested amendments to the Mining Law developed in conjunction with Afghan and international civil society groups,⁵⁰¹ the policy document *Building for the Long Term*,⁵⁰² and others.⁵⁰³

Recommendations to the Afghan government

1. Recommendations relating specifically to Badakhshan

- *Follow up the allegations set out above, and ensure accountability where wrongdoing is confirmed – including criminal prosecutions where appropriate.*
- *Put in place a systematic effort, with additional resources, to strengthen the rule of law and reform the structures of accountability and administration relevant to mining in Badakhshan, with a particular focus on the involvement of armed groups in Kuran wa Munjan and Jurm. This should be the first test case for a broader national effort.*
- *Use all available peaceful means to re-establish government control over the mining sites in Kuran wa Munjan, to disarm militia forces in the area, and to pressure Commander Malek to deliver on his stated willingness to hand over the lapis mining sites to 'legitimate authorities'. Avoid any deal which does not effectively address the current abusive exploitation of the mines or which perpetuates the support they provide to armed groups.*
- *Make Kuran wa Munjan a particular focus for security policy, to ensure appropriate protections are in place against the exploitation of the mines by armed groups. Provide vetted, reliable outside ANA reinforcements to ensure security in Kuran wa Munjan and on transit routes as a temporary measure until the MPF can be reformed – but military units should not be involved in providing routine security at mining sites, in Badakhshan or elsewhere.*
- *Maintain the ban on the lapis trade, and on the sale or export of lapis already mined until the minimum conditions are in place for legitimate exploitation that does not benefit illicit armed groups.*
- *Rigorously enforce the blockade on lapis from Badakhshan, and ensure it is extended to effectively cover the smuggling routes through Panjshir and elsewhere.*
- *Investigate the activities of the Mining Protection Force and other armed groups in Badakhshan, and hold commanders fully accountable where evidence of wrongdoing is confirmed. The MPF itself should be immediately brought under new leadership and reconstituted as a part of a specially trained and accountable force – see below.*

- *The government should remove armed militia men from Deodarra and other mining areas. The ALP in Jurm and Yamgan should be disbanded and replaced with vetted ANP units. Individual allegations of abuse against these groups should be investigated and those responsible held to account.*
- *Investigate the Baharak, PBIM and Lajwardeen contracts, and ensure accountability where significant wrongdoing or illegality is confirmed. Make the Baharak contract public – if indeed it exists as a formal document. Given evidence of particular high-level political interest in the Lajwardeen contract, special care should be taken to ensure transparency and fairness in its review, and prevent any undue interference.*
- *Investigate allegations of bribery against the Ministry of Mines officials and hold them to account where wrongdoing is confirmed.*
- *Support Afghan businesses to responsibly develop the lapis sector once the minimum conditions for legitimate, legal and sustainable exploitation are secured. Strengthen oversight of traders and artisanal miners, but avoid unfairly scapegoating them for abuses primarily linked to armed groups. Work to increase the value of lapis and other minerals captured in Afghanistan, for example by promoting better extraction techniques and the processing of stones before export, and facilitating international lapis auctions direct from Afghanistan. However, such projects should incorporate effective supply chain controls, transparency measures, and other protections.*

2. Transparency and oversight

Contract transparency

The fact that one of the contracts discussed above has yet to be published, and another was only obtained with some difficulty starkly illustrates the need for full contract transparency. However, existing publication mandates, such as those in presidential decree No. 45, have not been fully implemented, and several other contracts are missing from the Ministry of Mines website.⁵⁰⁴ This highlights the need not just for a basic legal requirement for publication, but for measures that create strong, automatic incentives.⁵⁰⁵ A very effective way to do this is to require publication as a condition of contract validity. Contract allocation must also be made more transparent to prevent abuses.

- *Amend the Afghan Mining Law to stipulate that all contracts, including ancillary agreements and other relevant documents, become valid only after publication.*
- *Amend the Afghan Mining law to require a transparent, fair and rigorous bidding process, in line with the Open Contracting Global Principles.⁵⁰⁶*
- *Review the rules to ensure contracts cannot be granted by local government without proper oversight, and to strip local offices of the Ministry of Mines of the power to issue licenses or collect revenue.*
- *Require the use of published model contracts, developed in consultation with a wide group of stakeholders, and incorporating measures against corruption and conflict, to ensure all contracts meet the highest possible standards.*

Beneficial Ownership

All three of the suspect contracts appear to benefit MPs who are legally excluded from ownership. Hidden ownership arrangements are a common element in corrupt and abusive deals around the world, and publication of beneficial ownership (that is, the identity of the real individuals who actually control and benefit from a contract) is increasingly a basic part of international best practice against corruption. Current Afghan mining law is weak on this issue.⁵⁰⁷

- *Create a clear legal requirement for the publication of the beneficial ownership of any entity applying for substantial government contracts, including in particular companies and individuals applying for and operating natural resource licenses.*

- *Amend the Afghan law to forbid a full range of inappropriate persons, including MPs and members of the security forces, from deriving direct or indirect benefit from such companies or individuals.*

Transparency of production and financial data

Publication of the detail of payments between mining companies and the government, and the amount and quality of material that is mined, would make it much easier to establish the extent of illegal mining and whether taxes were being paid in cases like Badakhshan. Publication of payments is already required under the Extractive Industries Transparency Initiative.

- *Amend the Mining Law to require universal publication of project-level data on production and on payments between companies and the Afghan government. Publish this data in an accessible format and venue on a regular and frequent basis.*

- *Require independent annual audits of larger extractive companies, to be carried out by reputable international auditors. Such audits should be made public.*

- *Speed up implementation of the Extractive Industries Transparency Initiative, and commit to meeting the EITI optional protocols.*

- *Create a single dedicated, fully transparent account for all natural resource revenues to make it easier to track such revenues – and where they were spent. This could eventually be linked to a similarly transparent sovereign wealth fund to ensure extractive revenues are effectively invested for long-term development goals.*

Supply chain controls

Conflict and corruption in Badakhshan are ultimately fuelled by the demand for lapis from buyers, most of them outside the country. Transparency and control of supply chains is an important tool to counter this.

- *Work with major importers including China, Pakistan, India, Iran, the Gulf States, Europe and the United States to put in place supply chain transparency and due diligence for Afghan minerals – starting with lapis. Trade should be restricted where effective risk mitigation is not feasible, for example to ensure the trade does not contribute to armed groups – as lapis clearly does in current circumstances.*

- *Within Afghanistan, require mining and minerals trading companies to implement supply chain due diligence in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.⁵⁰⁸*

- *Work with the United Nations Security Council and member states to ensure that the link between the lapis trade and entities and individuals on the UN sanctions list is examined and addressed under the sanctions regime, and those involved held to account.*

- *Reinforce efforts to improve customs and border controls and prevent illegal smuggling.*

Capacity and oversight at the Ministry of Mines

The lack of capacity at the Mines is a major issue, as the government has rightly acknowledged. Without stronger policies and administrative capacity, legitimate mining will be impossible.

- *As a matter of urgent priority, strengthen the capacity of the Ministry of Mines to oversee contract implementation and provide effective oversight. Oversight, contract management, data management, community relations, and management of artisanal and small-scale mining (ASM) should be particularly targeted for support. The Ministry should be held to account to implement basic data management standards within six months, including publishing and maintaining a complete database of contracts, production and revenue. The Ministry should urgently develop new oversight methods, such as satellite and community monitoring.*

- *In collaboration with civil society, companies, local communities and other relevant stakeholders, the government should develop and publish a clear policy on mining in areas of conflict or weak governance. Among other provisions, this should clarify that arrangements under which companies provide a cover for mining in areas they do not control or where they provide no significant investment are illegal.*

Reform of valuation mechanisms for extractive resources

- *Urgently re-assess current valuations used to assess tax and royalties on extractive resources, and establish a transparent and automatic mechanism to continuously link them to real-world market prices.*

2. Communities and mining

Community benefit and community monitoring

Badakhshan illustrates the importance of ensuring communities are able to see a fair, tangible benefit from mining – not just from direct employment, but also from projects for the whole community, such as infrastructure development. Without this, conflict is much more likely.

- *Ensure communities in mining areas receive an equitable share of the proceeds of mining. Current mining law includes provision for Community Development Agreements and for a percentage of mining revenues to be returned to provinces where extraction took place, but the government should mandate that a modest percentage of the revenue from the mines to be spent specifically according to the wishes of local communities in mining areas. A mechanism for achieving this could be to allocate the funds to Community Development Councils through the National Solidarity Program, although additional safeguards may be needed against abuse of the funds.*

- *This should be linked to community monitoring of mines as a way of preventing abuses. The Afghan government should facilitate and empower an appropriate mechanism in consultation with local communities and civil society, building on the work Afghan civil society organisations have already done with community monitoring of aid projects.⁵⁰⁹*

- *Mining contracts and the Mining Law should require employment of local – not just Afghan – workers wherever reasonably possible.*

Community rights and dispute resolution

Respecting community rights, including the right to have a say in decisions about mining, is important to help to prevent conflict that can derail mining entirely. Effective dispute resolution mechanisms are needed to ensure there are alternatives to a violent uprising to solve problems when they arise.

- *Amend the Mining Law to ensure local communities are consulted and have a voice in the allocation of contracts and mining in their areas, starting from before the initial decision to extract.*

- *Embed into the Afghan Mining Law and Afghan contracts a requirement for standard dispute-resolution mechanisms, at a minimum in accordance with the relevant provisions of the UN Guiding Principles on Business and Human Rights,⁵¹⁰ that are independent, effective, and fair to both companies and communities.*

3. Security

Reform the Mining Protection Force

The current MPF appears to serve the personal interest of Commander Assadullah and his family, and has been accused of multiple abuses by credible witnesses. But reform will have little impact if its replacement is equally co-opted and corrupt.

- *Disband the MPF and reincorporate it as part of a dedicated, professional force, given specialised training and subject to strict rules and procedures (such as the Voluntary Principles on Security and Human Rights), and requirements to work closely with local communities.*
- *Back up these legal commitments with special measures for accountability, including independent monitoring, overseen by credible third parties (such as the Afghanistan Independent Human Rights Commission), to certify its activities and investigate and address abuses.*
- *Consider integrating the MPF into a national Mining Police, possibly along the lines of the Afghan National Civil Order Police (ANCOPS),⁵¹¹ on the condition that it is able to incorporate effective structures for independence, oversight and community engagement.*

Act against armed groups

Aside from action to hold specific units to account and re-establish control over the mining areas in Badakhshan, the government could take wider action to prevent the involvement of armed groups in mining.

- *The Afghan government and its allies should make mining areas, and the links between armed groups and extractives more generally, a particular focus for security policy. They should actively seek to disrupt these links – both at the extraction stage, in the onward supply chain, and in financial flows around the trade.*
- *Amend Afghan law to make it illegal for members of any armed groups, whether formal or informal, to be involved in extraction or trading of minerals and hydrocarbons.*
- *Disband or comprehensively reform the Afghan Local Police as part of a broader security reform. The ALP in Jurm and Yamgan should be replaced with vetted ANP units, or as a temporary measure by ANA troops.*
- *Consider integrating guarantees for the transparent and equitable management of Afghanistan’s natural resources into the Afghan peace process.*

Recommendations for Afghanistan’s international partners

The Afghan government rightly has the lead responsibility for reform of the extractive sector, but the country’s international partners also have a key role to play. Basic accountability to their taxpayers should demand that donors make it a priority to reduce abuses and large-scale corruption, given the sector is almost the only one with serious potential to increase revenue for the Afghan government and reduce aid dependency. That is in addition to the concerns they should have for Afghan security and the investment they have made in country so far. At the same time, Afghanistan’s partners have a duty to ensure the demand for lapis in their countries does not fuel abuses, by subjecting the trade to effective due diligence.

- *Make the strengthening of extractive sector governance a key priority for engagement with the Afghan government.*

- *Integrate robust extractives governance measures, including key reforms suggested above, into core bilateral and multilateral benchmarks for mutual accountability. Particularly work with the Afghan government to integrate such benchmarks into the commitments from the next major international conference, due to be held in Brussels in October 2016. Hold the government to its laudable commitments to reform, but also ensure effective and coordinated support to help it act effectively against abuses.*
- *Work with the Afghan government to provide technical, financial and other support for stronger extractives governance, with a particular priority given to legal reforms and building the oversight and data management capacity of the Ministry of Mines.*
- *Provide energetic political, security, intelligence and law enforcement support to help identify those involved in abuses around the extractive sector, and to hold them to account. Particularly ensure such individuals are cut off from international backing, whether political or military. Make abuses linked to the extractive sector a particular focus for information-gathering and domestic legal action.*
- *Make reform of the Mining Protection Force and other units providing security at mines a priority for international security assistance. Work to eliminate, not strengthen, militia groups and the ALP, and ensure commanders linked to extractive abuses are cut off from international support.*
- *Work with the Afghan government to implement supply chain due diligence for the Afghan extractives sector and prevent trade in minerals which could contribute significantly to conflict, abuses, and the funding of armed groups, with an initial focus on lapis lazuli. In particular, require that companies under your jurisdiction implement international best practice supply chain due diligence and follow relevant codes of practice, for example the CCCMC Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains, and OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas.⁵¹² Countries which import large quantities of lapis, including China and Pakistan, should particularly ensure companies and individuals carry out effective supply chain due diligence.*
- *In current circumstances, lapis likely to be of Afghan origin should be considered a high-risk mineral, subject to special scrutiny. Under the OECD Guidance, companies are required to suspend or disengage from trade where measurable risk mitigation is not feasible.⁵¹³ This clearly appears to be the case for Afghan lapis mined since at least early 2014, and likely earlier.*
- *The UN Security Council Committee established pursuant to resolution 1988 (2011) should investigate countries and companies involved in the Afghan lapis trade, make recommendations, and if necessary take further action to ensure the trade is appropriately restricted while it remains a significant source of funding for groups under its remit.*
- *Donors should urgently work with the Afghan government to address the abuses outlined below, establish the conditions for legitimate and responsible mining in Badakhshan, and to support the development of Afghan processing capacity, so as to minimise damage to Afghan businesses.*
- *Hold to account companies over which you have jurisdiction for their activities in Afghanistan.*

Annex A: Lapis mining in Kuran wa Munjan

Reaching credible estimates for the total production of the lapis mines and the revenue they generate is not straightforward. Miners and traders give varying information, reflecting the opaque nature of the trade and differences over time in the quality and amount of production, the political and security environment, international demand, and other factors. Relevant data includes not just the access costs, but the number of active sites, the production rate, stockpiling of lapis mined in previous years, prices at the mine gate, security costs, direct confiscation of lapis, and the taxes imposed as the lapis exits the district. Nonetheless, using conservative assumptions, it is possible to come up with some broadly plausible figures. Given that there is a significant shift with the start of the blockade of the Faizabad road and decline in lapis prices from early 2015, it makes sense to make the calculation separately for 2014 and 2015.

How many mines?

While several sources put the number of individual mines in Kuran wa Munjan at a hundred or more, it is not clear how many sites are actually active.⁵¹⁴ In mid-2014 one miner said there were “more than 30,” including 9 major shafts;⁵¹⁵ another local source said there were 22 well-known sites, with many others exploited by villagers on a small scale; most estimates from other sources were also in this region.⁵¹⁶ One local estimated that about 5,000 people in total worked on the mines, roughly in line with earlier reports: even allowing for exaggeration and the inclusion of traders and other workers like cooks or porters, that supports estimates toward the upper end of the range, given smaller shafts will require relatively few miners.⁵¹⁷

The most important mines are concentrated roughly between the villages of Robat e Bolo and Pas Koran, a distance of about 30km along the Kokcha river. The shafts are mainly worked by small groups using basic equipment and explosives. Junduk, located about half-way along this stretch above the key trading settlement of Sar e Sang, stands out as a site where exploitation has usually been of a different order of intensity and involves more workers, although the basic tools are the same as elsewhere.⁵¹⁸ While it normally yields a low or lower-middle quality of stone (grade 8-10), Junduk has been favoured by traders because it is reliable and can be worked on a larger scale.⁵¹⁹ Other shafts are smaller, riskier, and require more effort to exploit, but can produce higher-grade stone, worth many times the cheaper grades common at Junduk. The best known of them include Chelemuk, Petawuk, Jeruk, and sites known as Mine 1, 2, 3, and 4 respectively.⁵²⁰

How much output?

In 2011 lapis traders in Kabul estimated that total lapis production in a year was 2,000-3,000 tons.⁵²¹ However, other traders reported that production initially increased after Malek took over the mines,⁵²² and an official from LMC said the company registered a total of 6,166 tons from 268 trucks between April and December 2014.⁵²³ This is in fact one of the stronger data points we have: it is supported by figures purportedly from an official register of lapis trucks, showing that in the shorter period of April 29 and November 15 2014, a total of 5,202.7 tons of lapis left Badakhshan, on a total of 219 trucks.⁵²⁴ Both give a rate of around one truck a day, with an average load of around 23 tons. (Reports from other sources mostly mention a higher number of trucks, but are probably less reliable, especially as the traffic is not constant.)⁵²⁵ These figures also broadly match the rough estimate of one Kabul trader in late 2014 that total annual exports of lapis could be as high as 6,000 tons.⁵²⁶

We can use this rate to extrapolate a figure for the whole of 2014. If we assume the same rate applied, the total would be 360 trucks and more than 8,200 tons of lapis. This is plausible given that local sources generally indicate that the mines are in near constant operation, and the road to Faizabad is passable even

in winter.⁵²⁷ Nonetheless, to allow for the harsher conditions in the first three months of the year, we will assume that traffic is a third less in this period – giving us a total of about 325 trucks and 7,500 tons of lapis across 2014. (This is for trucks passing through Faizabad – as we shall see, the number of trucks leaving the mine would likely be somewhat higher).

But there is a difference between the amount of lapis that left Badakhshan and the amount that was mined. The LMC official said the company's 2014 figures reflected not just production but the export of a substantial stockpile of stone built up before 2014. It is difficult to account for this stockpiled lapis, as it is unclear exactly when it was first mined, and when it rejoined the trade. The LMC official broadly estimated the stocks at anywhere from 2,000-6,000 tons.⁵²⁸ That could imply the actual amount of lapis mined was substantially lower. However, in early 2016, two separate traders reported that the stockpile of lapis being held in Baharak and Jurm were in fact even larger – a total of 300 truckloads, which they put at 6,300 tons – calling into question whether or not the stocks had been run down in 2014.⁵²⁹

One of the traders, 'Abdul Samir' (a pseudonym) said the stocks had been built up "over the last few years," but also that traders had been lobbying to allow the release of the lapis following the start of the ban in early 2015.⁵³⁰ Another source believed that much of the stockpile could be "the old stone of 40 years ago."⁵³¹ It seems likely part of the stockpile was built up in 2015, but that a substantial portion represents production from earlier years, including 2014: it is unlikely it all accumulated in 2015, given that substantial amounts of that year's production were also being smuggled out through the Anjuman pass over the course of the year (see below). To allow for this, we will still deduct something from our estimate of how much was mined in total in 2014, but a relatively modest 1,500 tons, leaving us with a figure of about 6,000 tons.⁵³² This broadly fits with what we know about the levels production from individual mines, as discussed below.

While these figures are plausible, some sources suggest a possibility that the scale of the trade is significantly higher. The Lajwardeen official put the overall trade (including the portion registered with the company) as high as 10,000-15,000 tons.⁵³³ More strikingly, one trader claimed to have heard from commander Asadullah that the Ministry of Mines had registered 1,380 trucks in the last nine months of 2014, and another 320 in early 2015.⁵³⁴ A well-placed government official in Faizabad interviewed by a Global Witness consultant gave a broadly similar figure of 981 trucks in 2014, with loads of 25-28 tons (this was up from 721 in 2013).⁵³⁵

But both these figures seem implausibly high. In the case of the official, they would imply a total trade of more than 24,000 tons. This may be due to some error in translation: the official reportedly later gave another interlocutor a figure of 260 trucks, with an average load of 17 tons – a number which is closer to that officially registered by the Lajwardeen company, and which gives a much more reasonable (if somewhat low) total of 4,420 tons.⁵³⁶ On the whole, while they are worth noting, it seems best to ignore the evidence from these sources for our calculations.

How much revenue?

The key obstacle to working out a figure for the revenue generated by all this production is the lack of clarity about how much each shaft individually produced, and how much rent they yielded. Data from Junduk is relatively easy to access: traders generally buy rights to exploit a shaft for a set period, collecting enough permits to allow exclusive access for anything from one to 40 days at a time, with ten days a typical period.⁵³⁷ The mine is active enough that many traders are aware of the going rate for 24 hours. The challenge is to account for the other mine sites, where access prices are less well-documented, quality and output are more variable, and (because of the greater uncertainty) it is more common than at Junduk to

have profit-sharing deals, paying out only if and when a mine produces.⁵³⁸ Other mines might for example have higher grade lapis and so command more rent, but be active less constantly than Junduk.⁵³⁹

One possible approach is to work out credible figures for a Junduk shaft and estimate the overall production in the district in those terms – making a calculation based on how many multiples of the production of a Junduk shaft the overall output was equivalent to (even if that overall output could in fact be made up from a larger number of smaller shafts). We can then make a calculation based on the assumption that a roughly equivalent amount of rent will have been paid for the same amount of output.

The first critical data point here is the rent paid per day for access to a shaft. To get credible figures, Global Witness interviewed a range of sources, including mine entrepreneurs, traders, and a senior local elder. There was significant variation, a reflection of both the changing productivity of particular shafts and shifts in prices as well as developments in the political and security environment.

Table: Reported rental costs for 24 hours access to the Junduk lapis mines

Amount (Afghanis)	Source and date
1.5m	'Ghulam Mohammad,' a trader and mine entrepreneur negotiating to invest in the mines (mid 2014)
2-3m	'Haji Bashir,' a senior elder from Kuran wa Munjan (mid 2014)
533,333	'Hamidullah' – a mine entrepreneur with a current contract (mid 2014)
1.2m	'Sharif' – an active lapis miner and businessman (mid 2014)
1m	'Haji Anwar,' a miner (mid 2014)
150,000 to 500,000 (Some mines on 50-50 profit share)	'Naimullah', a lapis trader in Kabul (late 2014)
187,000	'Haji Niamatullah', a lapis trader in Kabul (late 2014)
600,000	'Ghulam Mohammad' (early 2015)
125,000	'Dawood', a former official from Jurm district (early 2015)
620,000-1.24m (\$100,000-\$200,000 for ten days)	'Zahirullah', a lapis and tourmaline trader (mid-2015)
200,000	'Ghulam Mohammad' (late 2015)
300,000 (9m Afghanis a month – "about 150,000 dollars.")	'Naimullah' (late 2015)
300,000	'Mohammad Salam', a lapis trader in Jurm district, Badakhshan (early 2016)

For 2014, the average value cited by these sources (taking a mid point where a price range is given) is just over a million Afghanis a day per shaft.⁵⁴⁰ To be safe, we will discount the figure from Haji Bashir, the only one among the sources who is not either a miner or a trader, giving an average of about 790,900 Afghanis a day – about \$14,100.

Various sources describe between two and four active shafts at Junduk in 2014.⁵⁴¹ In May 2016, two traders reported that a fifth shaft had recently opened, but it is possible at least of the original shafts may have meanwhile become less active.⁵⁴² We will assume three active shafts for our calculations.

Estimates of how much each shaft might produce vary considerably. In 2014, a miner and a trader reported that a Junduk shaft would normally produce between three and six tons on average in 24 hours.⁵⁴³ In 2016, two traders with direct experience of hiring and exploiting Junduk shafts put the figure much higher, at between about 10 and (exceptionally) more than 16 tons in 24 hours.⁵⁴⁴ But another trader put the figure at one ton or less, while an NGO worker cited the case of a relative who had hired a shaft and mined about 1.5-2 tons a day.⁵⁴⁵ Assuming the sources gave accurate information, the variability in the figures could reflect differences between individual shafts, differences in machinery or technique, or differences over time – though there is no particular indication that average yields went up between 2014 and 2015. Taking the lower end of these figures where there is a range, we get an average of a little under 5 tons.⁵⁴⁶

Junduk is reportedly in nearly constant operation, with the possible exception of Fridays and occasional days off for maintenance and handover.⁵⁴⁷ But of course it is possible there might be occasional days when a shaft would be rented and worked, but not produce any lapis at all. Junduk was perceived to be fairly reliable: elsewhere one might expect lower reliability to be factored into the rental rates (or to mean that a mine would be exploited on a profit-sharing basis.) But to allow a little for this, we will reduce our assumed production from five to four tons per shaft per day.

We can in fact generate a plausible estimate for overall revenue on the basis of this assumed production rate without having a precise figure for either the number of shafts or the number of days they were active. If we allow for four tons production a day from a typical Junduk-sized shaft, that means that there must have been the equivalent of 1,500 'shaft days' of extraction in the course of the year to make up a total of 6,000 tons. As the rent is paid per shaft per day, we can in theory simply multiply the rent by 1,500 to get a minimum figure for total annual revenue.

Our calculation depends on the rent being a typical amount averaged across all the mines, not just Junduk. It is possible that the non-Junduk shafts attract on average a lower rent per kilo extracted, for example if they are less easy for Malek and his allies to track – and again they are likely more frequently exploited under profit-sharing agreements. One might expect this be countered to a good extent by the fact that the non-Junduk shafts include all the higher-grade mines, where the rent per kilo extracted will be substantially higher. Nonetheless, to allow for this, and for the overall uncertainty around some of the data, by further reducing our estimate for the daily rent by 25%, to about \$10,600. Multiplying by 1,500 shaft days, this gives us a figure for overall mine rental income of \$15.89m.

We can do a basic plausibility check of this figure by plugging in some assumptions about the number of shafts and how many days they operate – although this in fact only demonstrates that these assumptions do not affect the overall result, so long as our other factors are fixed. If we assume there are only about 65 days in the whole year when Junduk is not working, that would imply it produces around 3,600 tons (300 days x 3 shafts x 4 tons per shaft per day of production). This is in fact close to the miner Ghulam Mohammad's estimate, which was that the mine produced about 300 tons a month year round. That would mean that all the other mines produced 2,400 tons. Since we know that the Junduk production was from three shafts, this would mean that the non-Junduk production added up to a total of 2 additional shafts of equivalent size to a Junduk shaft. These 5 shafts are assumed to operate for 300 days, which gives us the same overall figure of \$15.89m (5 shafts x 300 days x \$10,600 rent per day per shaft).

If on the other hand we assume that Junduk is actually active just two days in three across the year (precisely 243.33 days in total), this means it produces 2,920 tons, with the other shafts producing 3,080 tons – which means that a Junduk-sized shaft produces 973 tons and that total production amounts to the equivalent of 6.164 such shafts. This gives us a calculation of 6.164 shaft equivalents x 243.33 days x \$10,600 rent per

shaft per day = 15.89m – the same figure again. All we are doing is shifting our assumptions about the days Junduk is in operation and consequently what proportion of the overall production is from Junduk and what proportion from other mines.

Another useful check here is whether our figures look plausible given the data we do have about the number of shafts. For example we can take the first scenario set out above, with Junduk active 300 days a year and producing 3/5 of the total weight of lapis, and then for the sake of argument assume 23 active shafts in total, including three Junduk shafts and a variety of different sized other sites – a reasonable assumption given that the testimonies cited above suggest at least 20 active mines, and often substantially more. This would mean that a single non-Junduk shaft has only to produce on average 10% of what a Junduk shaft produces in order for there to be a total of 5 Junduk shaft equivalents (or in other words, the 20 non-Junduk shafts add up to two Junduk-size shafts). Again, this does not allow for the fact that the other mines include all the high-value shafts, which yield a fraction of the weight of stone but at a similar or higher rent per day – but we leave that as an additional margin to reinforce the plausibility of the final revenue figure.

Other sources of revenue

There are other costs to exploit the mine apart from rent. Payments for ‘security’ are the most significant. Two or three guards are typically provided by the two commanders who control the actual mine site under Malek, Commander Sharif and Commander Immanudin. In mid 2014 Haji Bashir told Global Witness that two men are paid between 20,000 and 30,000 Afghanis (\$357-\$535) each for a single 24 hour shift, while the NGO worker Jawed also cited 20,000 Afghanis a day for two men, but said they would take a few sacks of stone as well when the mine was producing.⁵⁴⁸ But two lapis traders with direct experience of the mines independently put the figure rather higher: one at Afs 150,000 per person for three people, and the other at between 75,000 and 150,000 per person for two.⁵⁴⁹ Naimullah put the figure at 100,000 Afghanis in total for three men.⁵⁵⁰ Either way, that is far in excess of any normal salary, and miners clearly saw the arrangement as abusive.⁵⁵¹ To share out the spoils, the soldiers reportedly work only once every 2-4 weeks, according to a rota.⁵⁵²

It is not clear if these payments were collected at other shafts besides Junduk. But if we take a rough average of 70,000 Afs per guard, and just two guards per shaft, that gives us a total of 140,000 Afghanis per shaft for 24 hours.⁵⁵³ Across just our assumed three tunnels at Junduk, this makes 420,000 Afghanis (\$7,500) per day. In terms of how many days a year these guards are active, to allow an additional margin for uncertainty we will take the lower of the two estimates used above, and assume that the mine is active only two days in three – equivalent to at least 240 days a year. This gives a figure of \$1.8m a year. It is not clear how much if any of this cash goes back to Malek (the miner Haji Anwar thought the soldiers kept it all), but it certainly forms part of the economy of armed groups in the district.⁵⁵⁴

In addition to this, soldiers and commanders also sometimes directly took stone from the mines, a practice Ghulam Mohammad said had increased after the blockade of the mines began.⁵⁵⁵ But given how hard this is to quantify, we will ignore it for the purposes of our calculation, instead allowing us again a little extra margin for uncertainty.

Finally, rent is also extracted as the lapis travels out of Badakhshan, in the form of tolls. The main exit route until 2015 was by the road through Yamgan, Jurm and Baharak districts to the provincial capital of Faizabad, which is said to be passable year round.⁵⁵⁶ The alternative route through the Anjuman pass to the Panjshir valley is impassable to heavy trucks for much of the year. The old smuggling route by horseback to Pakistan through Chitral was reportedly blocked by the Afghan army as of mid-2014: the rise in insecurity, as well as

recent work to improve part of the road by the Pakistani authorities, may have made it more viable since, but we will assume the traffic through this route was not significant in 2014.⁵⁵⁷ As discussed, since the start of 2015 large quantities of stone have also been smuggled out through the Anjuman pass to Panjshir, but again, during 2014 the quantity is assumed to be insignificant.⁵⁵⁸

Until the Faizabad route was closed, large Kamaz trucks accounted for the bulk of the transport, with much smaller loads (normally 500kg-1.5 tons) taken in pickup trucks.⁵⁵⁹ A Kamaz is capable of carrying 30 tons fully loaded, but they take significantly less – as little as half a load – on the rough road between Kuran wa Munjan and Jurm (see picture on pg XXX for a typical example).⁵⁶⁰ Traders in fact gave figures from 12 to 28 tons,⁵⁶¹ but this range may reflect the fact that the loads of two trucks are sometimes combined into one vehicle once the road improves.⁵⁶² This matters because it affects how many trucks were taxed on the road before Baharak, and hence the income made by armed groups.

We have a relatively good data point for the number of trucks passing through Faizabad in 2014, of around 325 in total, with an average load of about 23 tons. It is impossible to say how many of these trucks were consolidated from smaller loads, but it seems reasonable to assume at least a slightly lower average loading on the rough road from the mines. To be conservative, we will say 21 tons – the figure mentioned by two traders who discussed the number of loads stockpiled in Baharak and Jurm in 2015.⁵⁶³ That would mean around 360 truckloads were needed to transport the 7,500 tons of lapis we calculated may have left the mines in 2014.⁵⁶⁴

This allows us to estimate the tolls that were going specifically to the Kuran wa Munjan militias (other recipients are discussed in the main text). Five sources cited payments from 10,000-60,000 Afghanis, but a conservative mid-range (and the figure most often cited) was around 45,000 Afghanis.⁵⁶⁵ At an estimate of 360 trucks a year, this makes almost \$300,000 a year.

To sum up:

Mine rent: \$15.89m

Average of 1,500 shaft/days per year, 590,000 Afghanis rent per day per shaft (equivalent to 5 shafts at 300 days a year, or 6 shafts at 250 days a year)

Security guard payments: \$1.8m

Average of two men each at the three Junduk tunnels, at 70,000 Afghanis each per 24 hours, 240 days a year

Road tolls: \$290,000

Average of 45,000 Afghanis per truck, from 360 trucks a year

Total: \$17.98m

There is some further support for the plausibility of this figure from other data. The first is the overall value of production. Traders gave various indications of how the total output might be broken down between different grades of stone, and making an accurate estimate is difficult. Clearly the lower grades are very much more common: the trader 'Naimullah' estimated that about 10 tons in every 100 would be of middle or higher grade (roughly grades 6 to 1), while the Lajwardeen company official said that output was almost all grades 8-10.⁵⁶⁶ We will make our calculation on the basis that 95% is essentially made up of the Junduk output, worth an average of about \$6.⁵⁶⁷ We will then assume that of the remaining 5% (375 tons) of overall production, most (285 tons, more than 75%) is of only mid grade (worth about \$75 a kg). That leaves 90

tons, of which we assume just 3 tons is the very highest grade (\$1,000/kg), with the remainder high grade (\$200/kg).

7125 tons (95%) = low and low-mid grade (\$6/kg) (= \$42.75m)

285 tons (3.8%) = mid grade (\$75/kg) (= \$21.38m)

87 tons (1.16%) = high grade (\$200/kg) (= \$17.4m)

3 tons (0.04%) = highest grade (\$1,000/kg) (= \$3m)

Total value: \$84.53

The prices are conservatively based on those set out in the table in Annex B.⁵⁶⁸ They imply Malek and his men were capturing just over 20% of the value of the lapis in 2014 – or just over 25% if we take only the value of the stone which we estimated was newly mined (\$67.62m, or 80% of the total, assuming the distribution of grades was consistent). That level is consistent with traders making enough of a profit on the stone to keep them in business (and incidentally with estimates both of the share taken by Asadullah Mujadidi before 2014, and of the share by the Taliban from minerals in other areas they control).⁵⁶⁹ But the calculation uses mine-gate prices: traders reported Kabul prices as between 25%-100% higher.⁵⁷⁰ We will assume 50% as a roughly plausible average. In terms of its importance to the Afghan economy and the Afghan budget, these Kabul prices are a more accurate reflection of the total value of the trade. That would suggest a value in the region of \$125m a year.⁵⁷¹

The picture in 2015

The price of lapis dropped significantly during 2015 – by anywhere between 30%-75%, according to different traders, in Pakistan as well as Afghanistan, with 50% a rough average of the estimates.⁵⁷² The main factor in this seems to have been a drop in prices paid in China, likely linked to the slowdown in Chinese economic growth in 2015, and possibly to over-supply of lapis in 2014.⁵⁷³ The banning of exports from Afghanistan may also have affected internal prices, while the closure of the Faizabad road and the increase in insecurity may have had some impact on prices and extraction at the mine itself.

All this will have had a significant impact in turn on the various revenues the mine produces for armed groups.⁵⁷⁴ However, a number of factors may have mitigated the decline. First, it appears substantial extraction is still taking place, even if it is significantly less than in 2014.⁵⁷⁵ In October 2015 for example the Kuran wa Munjan District Governor said that as well as ‘29 known tunnels’ other new mines were also operating.⁵⁷⁶ “Exploitation is going on,” the miner Zahirullah reported in April 2015; Ghulam Mohammad gave a similar report in November.⁵⁷⁷ Others said it was continuing but “not like before.”⁵⁷⁸ Some sources said fewer shafts were operating at Junduk; others that all of them were active. By May 2016, traders were reporting that a fifth shaft had been opened, but for 2015, it seems likely that as a whole the mine was being exploited, but producing less, and that profit-sharing deals may have become more common.⁵⁷⁹

The prices paid for access to the Junduk mines have certainly suffered a major drop, but they have not entirely collapsed. Rents cited by miners and other sources over the year range from Afs 125,000-1.12m (\$2,230-\$20,000) a day, with a conservative average around Afs 350,000 (\$6,250 – see table above). In early 2015 Ghulam Mohammad thought that rate for a Junduk shaft had in fact reduced substantially, but was still 600,000 Afghanis a day (\$10,700).⁵⁸⁰ As late as April 2015 one miner described the rent as “the same [as] before.”⁵⁸¹

In addition, part of the decline at Junduk may reflect a shift in production towards more profitable mines. In early 2015, around the time that the blockade was imposed, there were reports of a find of especially high-

quality and high value stone, worth up to \$1000 per kg.⁵⁸² The shafts at Petawuk, Jeruk and especially Mine 4 were said to have produced significant quantities in 2015.⁵⁸³ “The work is on the good quality mines, not the others,” the trader Haji Niamatullah said.⁵⁸⁴

This production is not constant, but it is lucrative: in November 2015 for example Ghulam Mohammad reported that the daily rent for Petawuk was 3m Afghanis (\$48,000) in September, although he said it had not produced for two months.⁵⁸⁵ (Another source put the figure at a more modest Afs 500,000).⁵⁸⁶ The trader Naimullah said Petawuk alone had produced hundreds of tons during the year, with prices up to \$600/kg in Kabul, down from \$1000/kg the year before.⁵⁸⁷ The very best stones were still selling for almost \$1,500/kg, according to one prominent trader from the area.⁵⁸⁸

The impact of the blockade of the Faizabad transit route meanwhile has also been substantially alleviated by large-scale smuggling of lapis over the Anjuman pass to the Panjshir valley. The discovery of higher grade stone was well timed, as the rough road across the pass can only accommodate pickup trucks and small trucks, with a capacity of between 500kg and seven tons – rather than the 28-ton Kamaz trucks that went through Faizabad.⁵⁸⁹ But work to improve the road and clear it of snow in the winter, reportedly being carried out with funding from Abdul Malek among others, is reducing the challenges of the route, and according to one report has already allowed trucks to pass through even in January.⁵⁹⁰ In late February one trader reported that the road was blocked again by heavy snows, but that lapis was being transferred by large numbers of horses.⁵⁹¹

There are some reports of small numbers of individual trucks carrying lapis through Faizabad. Indeed, one government official in Faizabad reported that a large number of trucks had taken that route, and travelled on to Panjshir through the Khawak pass from Baghlan.⁵⁹² Another local trader also alleged a substantial number of trucks took the route in 2015, with the connivance of local NDS and other officials.⁵⁹³ As these sources were the same who gave strikingly higher figures for the overall scale of the trade, their testimony should perhaps be treated with some caution in the absence of other corroboration. But three other traders also claimed a few trucks were able to pass through Faizabad, and a media report also mentioned small pickup trucks using that route.⁵⁹⁴ Given this, it seems plausible that at least a marginal amount of traffic might be able to take this route, even if not the higher numbers being claimed.

The trade through the Panjshir appears to take place with the connivance of low-level officials – with allegations of higher-level support (see ‘A game of networks’, above). Multiple sources report that lapis trucks pay a tribute at a check post on the road – 100 or 200 Afghanis per *ser* (\$0.50/kg).⁵⁹⁵ That would amount to more than \$600,000 over 2015, assuming a total trade of 2,700 tons. The bulk of the production was subsequently smuggled out through Pakistan, traders said.⁵⁹⁶ Rather than paying taxes, the traders pay higher transport costs to cover the bribes necessary to get the stone out.

The scale of the trade is more difficult to determine than it is on the Faizabad route, as it is entirely illegal and undocumented. One miner made a rough estimate of hundreds of tons a month.⁵⁹⁷ This seems low, given that another trader put the number of trucks as high as 50-100 a day (though that must surely refer to peak traffic).⁵⁹⁸ The trade seems to have increased in late summer and autumn.⁵⁹⁹ But even if we assume a much more modest average of 5-10 small trucks a day across the roughly six months a year that the road is normally open, that is still about 2,700 tons.⁶⁰⁰ To this we add the 1,982 tons from the last official convoy on the Faizabad route in early 2015, for a total of about 4,680 tons. If we allow for a few hundred tons still being smuggled through Faizabad and other routes during 2015, that would mean a total trade of about 5,000 tons – a drop of a third on 2015 transfers.

This figure seems plausible given that fully 40% of it consists of stone transported in the final Faizabad convoy before the blockade began. It is also well below the estimate of the Lajwardeen official, who believed that the scale of the trade was similar to 2014, at around 8-10,000 tons.⁶⁰¹ It might be slightly too much to say, as one trader from Jurm did, that “Ghani’s decree [banning the lapis trade] only changed the route from Faizabad to Panjshir,”⁶⁰² but it seems clear that not just the best lapis but a good deal of the lower grade Junduk stone was being – and is being – taken out.⁶⁰³

Estimating the value of this 2015 lapis is also a challenge. For a start, we need to take into account that 40% of annual production left before the blockade was in place and before prices had dropped so sharply. Even if we assume that later prices dropped by around 60% (an assumption skewed towards the top half our range of 30%-75%), the overall decrease once we factor in the final convoy would be about 36%. To allow some additional margin, we will assume a 40% decrease.

In addition however, it is reasonable to assume the overall tonnage will have had a higher proportion of high-quality stone, as this will have been given the first priority for transport – the overall decrease in traffic will have come from the cheaper lapis. This has a strong effect on the average price. This is made stronger if we factor in a modest *increase* in production of the better quality stone (as discussed above), even if we assume that the increase was very largely concentrated on mid grade rather than high grade lapis. Together, these assumptions might give us something like this:

4425 tons (88.5%) = low and low-mid grade (\$3.60/kg) (= \$15.93m)

475 tons (9.5%) = mid grade (\$45/kg) (= \$21.38m)

97 tons (1.9%) = high grade (\$120/kg) (= \$11.64m)

3 tons (0.04%) = highest grade (\$600/kg) (= \$1.8m)

Total value: \$50.75m

If we adjust for Kabul rather than mine-gate prices, this puts the overall value of the trade around \$75m.⁶⁰⁴ That implies an average value for the lapis of just over \$15/kg, or just over \$10/kg if we use the prices at the mine. That is a relatively small decrease on the equivalent 2014 averages of about \$16.60 and \$11, given that the overall market dropped by something like 50%, but that is plausible given the impact of the greater proportion of high-value lapis in the 2015 output. If we assume that Malek and his allies took roughly the same proportion of the value of the stone as they did in 2014, **their income would be around \$12m.**⁶⁰⁵

Of course, it would be possible to apply the same technique that was used for the 2015 calculation, and simply work out a revenue figure based on the number of shaft/days needed to produce an output of 5,000 tons (given that the stockpile in Baharak and Jurm appears to have been growing rather than decreasing in this period, we will not attempt to allow for lapis that might have been mined earlier and stored.) The main reason we do not do this is that the 2014 calculation essentially ignored production of higher grade lapis. This provided a useful margin for error, but when the proportion is higher, the distortion becomes too significant to ignore. Basing our calculation for average rent just on Junduk in these circumstances also does not take into account that the rents for higher quality mines may have declined at a different rate to the lower grade shafts.

If we run the calculation based on the average rent for 2015 in the table above (including the one additional data point for 2016), we get an average rent of just over 400,000 Afghanis a day. If we assumed Junduk was producing at the same rate of around 4 tons a day, that would give 1,250 shaft days (5000/4), which at just

over Afs 400,000 a day would translate into around \$9.1m of income. That is within a plausible range, but if our estimates for overall value are on target, it would mean Malek taking a lesser cut even as he had to pass more of it on to the Taliban – which seems unlikely. Traders certainly thought Malek would not hesitate to take his share: indeed, Ghulam Mohammad reported in January 2015 that “Before [Malek’s people] would take a little – now they take a lot.”⁶⁰⁶ Another trader suggested that “in Junduk and other mines as well, when the mine produces [the armed groups] take their share by force.”⁶⁰⁷

The drop in income is still significant, of course. But it should be remembered that the price of lapis could go up just as it went down – especially if supply is curtailed. “Due to instability situation the prices may [go] dramatically high in no time [sic],” one Pakistani trader said.⁶⁰⁸ Indeed, in December 2015, another Pakistani trader reported that “prices were down in last half of 2015 but now Lapis Lazuli is not available in the Pakistan market due to restrictions by Afghanistan government therefore less supply / higher demand is again pushing the prices upwards [sic].”⁶⁰⁹ While the worst rough grades sold for as little as \$5/kg, traders in both Pakistan and China cited prices for the very best lapis as high as \$2,000/kg.⁶¹⁰ As one diplomatic observer put it, “Lapis is like gold – sometimes it will go up and sometimes down – [but] it will never go completely down.”⁶¹¹ The price of lapis will vary in the future, but without concerted action, the threat the trade poses will remain constant.

Finally, the exactitude of some of the calculations above should not give a false impression: these are rough estimates, based on a number of assumptions and data of varying detail and quality. The intention is not to provide a definitive answer but an estimate which gives a credible and justifiable sense of the scale of the problem, and which errs well on the side of caution. With less conservative assumptions, the final figures could be substantially higher. For example, if we assume 8,000 tons of production and a higher average value for 2014 lapis of say \$25/kg (a plausible enough figure given the effect on the average price of even a few hundred tons of higher grade lapis), this gives us an overall value for the trade of \$200m, with tax losses around \$30m and revenue for armed groups perhaps as high as \$50m, if they captured 25% of the total. But rather than provide a broad range that might include these sorts of figures, our aim is to have a reasonable certainty that our final numbers are conservative. While the true figures could be substantially higher than our estimates, it is fairly unlikely that they will be significantly lower.

Readers who can add additional data, or otherwise help in these calculations, are invited to contact us.

Annex B: Prices cited for lapis and tourmaline

Analysing the data on prices provided by traders and other sources is complicated by the lack of clear or consistent definitions of the different grades, making it difficult to work out which prices are comparable, although broad categories are distinguishable. Traders are sometimes vague, and not all of them seem to think strictly in terms of grades. They also appear to sometimes classify Junduk lapis separately from 1 to 10, and sometimes as grade 8-10 on a scale where high quality lapis (known in Afghanistan as ‘Mahdani’, literally mine lapis) is classified as grades 1-4. Adding to the confusion, a separate system also exists, classifying lapis from C (lowest) to AAA (and unofficially up to AAAA). This seems to be the international standard used outside of Afghanistan. All this creates significant potential for confusion. In the table below, notes are included to add context to some of the figures that might be subject to uncertainty.

In addition, prices for lapis and tourmaline naturally differ at the mine gate in Kuran wa Munjan and in Kabul. While the sources did not always say explicitly which location the prices were relevant to, it is assumed that they gave prices for the location where they were based – as indicated in the right hand column in the table below. Exceptions are noted. Rough dates are also provided to show the change in prices over time.

Lapis

Price/kg	Quality	Source
HIGH GRADES (1-3)		
\$1,200 (\$0.24/carat)	Highest (Grade 1)	Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 48 (Cites “Lapis dealers, exporters and businessmen from Kabul and Badakhshan” – 2012)
\$1,050 (\$0.21/carat)	High (Grade 2)	Sexton (2012)
\$255 (100,000 Afs/ser)	Very high quality	Haji Anwar (Badakhshan, mid-2014)
\$300	“First quality lapis”	Ghulam Mohammad (Badakhshan, mid 2014)
\$2,000	‘The best lapis’ – as sold in Kabul. Grade 1. ‘There is [also lapis worth] \$1000 and \$700-800 a kg’	Haji Niamatullah (Kabul, late 2014)
\$102-\$153 (40-60,000 Afs/ser)	[Between grade 3 and 1 – this may refer to best of Junduk production]	Haji Niamatullah (Kabul, late 2014)
\$1,000 (in Kabul); \$600-\$800 (at the mine)	“Real stone” (Grade 1)	Naimullah (Kabul, late 2014)
\$51.02 (20,000 Afs/ser)	Grade 3 (at the mine site – however, grade in fact more likely 5-6, as same source cited 10,000 Afs/ser for Junduk grade 8 stone)	Haji Niamatullah (Kabul – late 2014)
Up to \$2,000	Highest quality	Haji Islam (Badakhshan – April 2015)
\$430-\$1,000	‘Very good lapis’/ ‘the real mines’	Zahirullah (Badakhshan, April 2015)
\$500-\$600 in Kabul	Grade 1	Naimullah (Kabul, December 2015)
“\$500 in Kabul, in the	Petawuk stone	Naimullah (Kabul, December

mine \$400.”		2015)
\$300	Grade 2	Naimullah, December 2015
\$100-\$150	Grade 3	Naimullah, December 2015
\$3,000	First and second quality	Dawood (citing a Kabul lapis trader – late 2015)
\$1,470	Grade 1 (in Kabul)	Haji Toriyalai ⁶¹² (Kabul, November 2015)
\$205.71 (90,000 Afs/ser)	‘high quality’	‘Abdul Bari’, a senior official in Kuran wa Munjan ⁶¹³ (late 2015)
\$1000 in Kabul; \$500 at the mines	‘the best’	Haji Niamatullah (Kabul, December 2015)
MIDDLE GRADES (4-7)		
\$650 (\$0.13/carat)	Above average (Grade 4)	Sexton (2012)
\$300 (\$0.06/carat)	Average (Grade 7)	Sexton (2012)
\$76.53 (30,000 Afs/ser)	High quality	Haji Anwar (Badakhshan – mid 2014)
\$50 (“Lapis [can be] worth [up to] \$500/kg”)	Grade 6	Alam Jan (Badakhshan – mid 2014)
\$50	Grade 4-5 (Probably in fact roughly grade 8, the source also described it as the “best of Junduk” stone) – at the mine	Naimullah (Kabul – late 2014)
\$85.71 (\$600/ser) “[Before it] was \$1500 per ser (\$214.28/kg) – equal to 100,000 Afghanis”	Petawuk stone – Grades 4-7, with some higher Grades up to Grade 1 (though the price seems to mean for an average grade for the mine).	Naimullah (Kabul, October 2015)
\$200-\$300 “Before it was high, now it went down a lot.”	Grade 4 stone	Naimullah (Kabul, October 2015)
\$200-\$300 (in Kabul)	Grade 4-5	Haji Toriyalai (Badakhshan, December 2015)
LOW GRADES (8-12)		
\$50 (\$0.01/carat)	Low (Grade 10)	Sexton (2012)
\$10 (\$0.002/carat)	Very low (Grade 12)	Sexton (2012)
\$2.55 (1000 Afs/ser)	Worst grade (<i>Khub kharab</i>) ⁶¹⁴	Haji Anwar (Badakhshan - mid 2014)
\$7.65 (3,000 Afghanis/ser)	‘Good’ grade (presumably of Junduk, so about grade 8 – in Kabul)	Atiqullah (Badakhshan – mid 2014)
\$3.82-\$5.10 (1500 to 2000/ser)	Average grade (in Kabul)	Atiqullah (Badakhshan – mid 2014)
\$7.14 (\$50/ser)	Grade 7-8 (Junduk)	Ghulam Mohammad (Badakhshan – mid 2014)
\$20.41-\$25.51 (8-10,000 Afs/ser)	Grade 8 (“best of Junduk”)	Haji Niamatullah (Kabul – November 2014)
\$5.10 (2,000 Afs/ser)	Grade 10 – from the bottom of the	Haji Niamatullah (Kabul –

	Junduk mine site, near the river bank	November 2014)
\$10-\$30 Stone worth \$5-\$6 at Junduk would be \$10-\$11 in Kabul	Grade 8-9 (Junduk stone)	Naimullah (Kabul – November 2014)
\$12.75 (Afs 5000/ser)	'Average' for lapis	Media report citing the head of a stone processing company in Badakhshan (February 2015) ⁶¹⁵
\$8-\$9	Grade 10 – Junduk	Naimullah (Kabul – February 2015)
\$7-\$20	Junduk lapis	Zahirullah (Badakhshan – April 2015)
\$5-\$50 – average \$15. \$5-\$10 is the low quality.	Junduk lapis	Haji Islam (Badakhshan – April 2015)
\$2-\$30 (at mine); \$5-\$50 (Kabul)	Grade 10-7 (range of different Junduk stones)	Ghulam Mohammad – November 2015
\$22.85 (Afs 10,000/ser) “One year previously it was Afs 20,000/ser – (\$51.02/kg)” “The best is \$15 in Badakhshan but in Kabul it is \$20-\$25”	Best of Junduk lapis	Zahirullah (Kabul, October 2015)
\$4 (at Junduk); \$8 (in Kabul) “The worst lapis of the Junduk mine is \$8 in Kabul, and in Badakhshan it is for \$4.”	Worst of Junduk lapis	Zahirullah (Kabul, October 2015)
\$3-\$5 (at the mine); \$10 (in Kabul)	Worst of Junduk	Naimullah (Kabul – December 2015)
\$5-\$18. Recently sold good Junduk stone was \$11 at the mine (4,500 Afs/ser) and \$15 in Kabul	Junduk stone	Haji Niamatullah (Kabul, December 2015)
\$4.36 (Afs 2000/ser)	Lowest grade, at Junduk	Abdul Bari, December 2015

Tourmaline

Dates for tourmaline prices are all mid 2014-mid 2015.

Price/kg	Quality	Source
\$250,000 (\$50/carat)	Lowest price cited by Palagems.com (US/international market)	Palagems.com ⁶¹⁶
\$300,000	'In Dubai'	Zahirullah (Badakhshan)
\$80,000	'At the mines'	Zahirullah (Badakhshan)
\$30,000	'Good quality'	Ghulam Mohammad (Badakhshan)
\$10,000	'Good quality'	Haji Anwar (Badakhshan)

\$83,333 (\$1m/12kg)	'Good quality'	Haji Anwar (Badakhshan)
\$35,714 (20m Afghanis/kg)	Highest (Badakhshan)	Haji Niamatullah (Kabul)
\$15,000	Medium	Haji Niamatullah (Kabul)
\$35.71	Lowest (<i>Khoka</i>) ⁶¹⁷	Haji Niamatullah (Kabul)

Annex C: Cast of Characters, Contracts and Companies

Abdul Samir	Pseudonym for an established lapis trader from Jurm district of Badakhshan
Afzali	Pseudonym for a driver whose work includes taking lapis trucks from Kuran wa Munjan to Panjshir via the Anjuman pass.
Adib, Shah Waliullah (also spelled 'Adeeb')	Governor of Badakhshan 2010 to 2015 (technically "Acting Governor" after President Ghani took office in 2014). Originally from Badakhshan, he is a member of the Jamiat e Islami party. ⁶¹⁸
Akram	Pseudonym for a mining entrepreneur and associate of 'Ghulam Mohammad'
Al-Baghdadi, Abu Bakr	Nom de guerre of Ibrahim Ibrahim Awwad Ibrahim Ali al-Badri al-Samarrai a.k.a. "Caliph Ibrahim," since 2010 the leader of the Islamic State Leadership in Syria and Iraq and of its predecessor organization Al Qaeda in Iraq (aka Islamic State of Iraq).
Alam Jan	A pseudonym for a lapis trader from Kuran wa Munjan
Aynak Copper Contract	The largest commercial venture in Afghan history. In 2007, the Afghan government granted a 30-year lease for a copper mine in Logar Province (25 miles southeast of Kabul) to the China Metallurgical Group (MCC) for \$3 billion; there are allegations of bribery to secure this contract. As of October 2015, this contract was being renegotiated between the Afghan government and MCC. The site sits atop a Bronze Age copper mine and smelter plus ancient Buddhist monasteries.
Badakhshis	Refers to people from Badakhshan province, but in this report sometimes specifically to members of <i>Jamiat e Islami</i> from the province, who are often considered to have a rivalry with Jamiat members from Panjshir (Panjshiris).
'Baharak' Contract	An unpublished contract allegedly made with the Badakhshan province Ministry of Finance office (in Dari, referred to as a mostufiyat) and the Governor of Badakhshan allowing certain individuals to extract a toll from trucks transporting lapis Baharak district in Badakhshan province. Badakhshan MP Zulmai Mujadidi and his family allegedly benefit from this contract.
Baidar, Gul Mahammad	Deputy Governor of Badakhshan province
Commander Azziz	Afghan Local Police (ALP) commander and one of Asadullah Mujadidi's associates in controlling lapis mines
Commander Enayatullah	A leader of an illegal group who allegedly took 60,000 Afghanis per truck load in Ob e Khestak in the name of the Afghan Local Police (ALP).
Commander Fazl	One of Asadullah Mujadidi's sub-commanders, from Chingaz village
Commander Immanudin	A commander under Commander Malek; miners are obliged to hire some of his guards for security in order to operate lapis mines
Commander Jawed	One of Asadullah Mujadidi's associates in controlling lapis mines
Commander Shamsullah	A former miner from Jurm district who joined the Taliban after being arrested and forced to stop working in the mines by Asadullah Mujadidi.
Commander Sharif	A commander under Commander Malek; miners are obliged to hire some of his guards for security in order to operate lapis mines
Dawood	Pseudonym for a former government official from Jurm district
Dr. Assif	A relative of Badakhshan MP Zekria Sawda and signatory on a subcontract for the Pamir Badakhshan International Mining (PBIM) Company who reportedly receives mined tourmaline on behalf of PBIM in Jurm district.
Engineer Feroozi	Pseudonym for a resident of Jurm district with a professional education, and a mine entrepreneur and an associate of 'Ghulam Mohammad'
Farizullah	An Afghan Local Police (ALP) commander in Jurm district who is described

	as a ‘private armed man’ of Asadullah Mujadidi and who is accused of carrying out kidnappings, knife attacks, robbery, and beatings over the last decade.
Ghani, Ashraf	President of Afghanistan since September 21, 2014. He is the former Minister of Finance for Afghanistan (2002-2004), Chancellor of Kabul University (2004-2008), World Bank official, and co-founder of the Institute for State Effectiveness.
Ghulam Mohammad	Pseudonym for a trader and mine entrepreneur from Baharak district
Gulbad	Pseudonym for a laborer who worked on tourmaline mines
Haji Anwar	Pseudonym for a lapis miner from Jurm district, brother of ‘Ikram’
Haji Bashir	Pseudonym of a local elder residing near the Kuran wa Munjan lapis mines
Haji Haidar	One of Asadullah Mujadidi’s commanders
Haji Musawer	Head of the Lajwardeen Mining Company (LMC) and a well-established trader and businessman from Baharak district.
Haji Niamatullah	A pseudonym for a lapis trader in Kabul
Haji Toriyalai	A pseudonym for a prominent lapis trader from Jurm
Haji Wahid	Brother of Taliban Commander Qari Wassil who has an interest in Deodarra tourmaline mines.
Hamidullah	A pseudonym for a local miner
Ikram	Pseudonym for a lapis miner from Jurm district, brother of ‘Haji Anwar’
Islamic Movement of Uzbekistan (IMU)	A formerly Al Qaeda-associated group , originally from the Fergana Valley in Central Asia, the IMU has allegedly been largely pushed out of its former refuge in western Pakistan and back into Afghanistan (where it had refuge prior to 2002 and where it has regularly conducted anti-government operations), including Badakhshan. In 2014, the IMU declared its support for the Islamic State, but continued to cooperate with the Taliban. In 2015, however, the group renounced its allegiance to the Taliban and swore allegiance to the Islamic State, becoming part of IS’ “Wilayat Khorasan” (Afghanistan) branch.
Islamic State (also IS, ISIL, ISIS, and Da’esh)	The Afghan franchise of the Iraq/Syria-based Islamic State. How much control the Iraq-based leadership has over this branch is unclear. The IS branch in Afghanistan is called the “Wilayat Khorasan” by IS leadership.
Jamal	Allegedly a commander of an illegal group, linked to Badakhshan MP Zekria Sawda, who took 20,000 Afghans per truck load at Ob e Roghak.
Jamiat e Islami	Aka “Jamiat.” Afghanistan’s oldest Muslim political party, primarily composed of Tajiks from northern and western Afghanistan. During the Taliban era, it led the Northern Alliance, with former President Burhanuddin Rabbani (killed in 2011) as its political leader and Ahmad Shah Massoud (killed on September 9, 2001) as its military leader. After the fall of the Taliban, Jamiati leaders moved into many key Afghan government positions. The conflict between Bismullah Khan and Zulmai Mujadidi is sometimes presented as part of a larger, long-standing feud between Panjshiris (Jamiat members originally from the province of Panjshir) and Badakhshanis (Jamiat members originally from the province of Badakhshan).
Jandad Khan	A well-established lapis trader from Kuran wa Munjan
Khan, Manu	(now deceased) head of the Afghan Local Police (ALP) in Yamgan Province in Badakhshan, allegedly appointed to his post due to the influence of Zulmai Mujadidi
Khan, Sardar	Pro-Mujadidi commander killed in fighting over lapis mines in 2014. (See box 3)
Kheirat	A man working for one of Asadullah Mujadidi’s commanders at the

	Deodarra lapis mine in Kuran wa Munjan district.
Lajwardeen Mining Company (LMC)	Until late 2014 when its contract was suspended by the Afghan government, LMC held the only official contract to mine lapis anywhere in the country. The contract covers three blocks in Kuran wa Munjan district, including the Junduk mine, totaling an area of 45 km ² . Though LMC admits it has been unable to take over control of the actual mine and undertake mining operations, the government has also sanctioned a questionable arrangement whereby the transit of lapis continued under the name of LMC and LMC was collecting and passing on revenues to the Afghan government, albeit for very low volumes of minerals. The company is allegedly held in a 50-50 split between Haji Musawer (who signed the LMC contract) and Zulmai Mujadidi. Some sources say Zekria Sawda was originally also a partner but dropped out.
Malek, Abdul	A former commander with the Jamiat e Islami faction which held the Badakhshan province during the civil war in the 1990s and the fight against the Soviet occupation before that. As military commander, he controlled the Kuran w Munjan lapis mine before 2001 and again took over mining areas in 2014 to present. See boxes 1 and 3.
Mehrabuddin (also referred to as Mehrab)	A former Jamiat e Islami commander and now a member of the Taliban from Jurm district
Mohammad Arash	Pseudonym for an established elder and stone trader from Kuran wa Munjan, based in Kabul
Mohammad Benam	Pseudonym for an established elder and stone trader from Panjshir, based in Kabul
Mohammad Charda	Pseudonym for a stone trader from Panjshir, active in the lapis trade
Mohammad Sayed	Pseudonym for a trader from Jurm district, Badakhshan, who held stocks of lapis in Kabul that were blocked from export by the government ban.
Mohammad Toraboz	Pseudonym for a trader from Khustak, Jurm district
Mohammadi, Bismillah Khan	Minister of Defense under President Karzai (2012-2014), Minister of the Interior (2010-2012), Chief of Staff of the Afghan Army (2002-2010) and a leader of the Jamiat e Islami faction. A Tajik originally from Panjshir, he was a senior commander under Northern Alliance leader Ahmad Shah Massoud. Bismillah Khan allegedly has backed Commander Malek for control of lapis mines and also has been accused of being directly involved in the minerals trade.
Mujadidi, Asadullah	Brother of Zulmai Khan Mujadidi; appointed head of the paramilitary Mine Protection Force in 2004, allegedly through the influence of his brother. His force officially is under the Afghan Ministry of the Interior; it is also officially only over the Kuran wa Munjan district, but Asadullah and his men also operate in the Deodarra region, where tourmaline is mined. See boxes 1 and 2.
Mujadidi, Zulmai Khan	An ethnic Tajik leader; he had been a protégé of Jamiat e Islami leader and former Afghan President Burhanuddin Rabbani, but switched his allegiance to former Afghan President Hamid Karzai in 2001. After 2005, he was generally seen as Karzai's "shadow viceroy" in Badakhshan and a counterweight to his former mentor Rabbani. He has been an MP from Badakhshan since 2005, and has made many key security post appointments in the areas around the lapis and tourmaline mines in the province, especially his brother Asadullah, who is head of the paramilitary Mine Protection Force there. His faction largely lost control of the mines to Malek in 2014. He is an alleged beneficial owner of the Lajwardeen

	company. See boxes 1 and 2.
Nadir	Pseudonym for an educated professional from Badakhshan
Naimullah	Pseudonym for a lapis trader in Kabul with strong links to Kuran wa Munjan district
Nassir, Haji Ghulam	Former Mujahedeen commander with interests in the lapis trade who has previously been backed by Zulmai Mujadidi; Nassir has regularly clashed with Commander Malek's forces over control of lapis mines, including launching an attack on Malek's house in 2014. After that attack, Nassir was reportedly brought by Malek onto a commission to distribute either direct control over mines or part of the mines' revenue. See box 3.
Open Contracting Global Principles	A set of principles under the auspices of the Global Contracting Partnership that reflect the norms and best practices from around the world related to disclosure and participation in public contracting. They can be found here: http://www.open-contracting.org/global_principles
Pamir Badakhshan International Mining Company (PBIM)	A contract, signed in 2013 with the Afghan Ministry of Mines, in which "...only PBIM has the legal right to mine, sell, store, and export it [tourmaline]," at the Deodarra tourmaline mines. Any contractors are obligated to only sell tourmaline through PBIM, and are expressly forbidden to sell to third parties. PBIM is obligated to pay 17% of total revenue from mining operations to the Afghan government. The contract was given in the name of Sayed Sabahuddin, but Zulmai Mujadidi and Zekria Sawda, two MPs from Badakhshan who are alleged to be the beneficial owners of PBIM. See Annex B for a copy of the contract.
Panjshiris	Members of the Jamiat e Islami originally from Panjshir Province; often considered to be in a long-standing dispute with Badakhshis (members from Badakhshan).
Qadir, Qari Abdul	A sub-commander of Commander Malek who switched sides to Zulmai Mujadidi's forces during fighting for lapis mines in 2014. After this fighting, Qadir was reportedly co-opted by Malek onto a commission to distribute either direct control over mines or part of mines' revenue. See box 3.
Qand Agha	Chief of Police of Yamgan province and cousin of Zulmai Mujadidi; allegedly appointed to his post due to his cousin's influence.
Qari Assil	Described as a "man of Zulmai Mujadidi," he reportedly collected the tolls in Baharak district as part of the 'Baharak' Contract
Qari Agha Shireen	A brother of Zulmai Mujadidi, allegedly holder of an interest in the Pamir Badakhshan Mining Company. Also known as Nur ul Haq.
Qari Wassil	A Taliban commander who ran a checkpoint near Pul e Such in Jurm district; several sources claimed Qari Wassil is a relative of Asadullah Mujadidi and brother of Haji Wahid.
Qutbuddin	Pseudonym for an educated resident of Jurm district
Saba, Daud	Minister of Mines and Petroleum from January 2015 until his resignation in March 2016. From 2010 to 2015, he was the governor of Herat Province. He has a PhD in Earth Science from the University of Mumbai and has served as president of Green Leave Consulting LLC, a consulting firm.
Sabahuddin, Sayed	Signer of the Pamir Badakhshan International Mining (PBIM) contract and allegedly a cousin of Badakhshan MP Zekria Sawda.
Sawda, Muhammad Zekria	Elected in 2010, he is an MP and member of the Natural Resources and the Environment Commission in the lower house of Parliament. He is a former minerals trader and businessman originally from Faizabad, Badakhshan and an alleged beneficial owner of the Lajwardeen company. See box 1.
Sharif	Pseudonym for an active lapis miner and businessman.

Usman, Mohammad	A Taliban representative from Warduj district who allegedly 3.5 million Afghans per month on order of Commander Malek as part of a non-aggression pact for lapis mines between the Taliban and Commander Malek.
Yuldashev, Tahir	The now-deceased co-founder of the Islamic Movement of Uzbekistan (also spelled Taher Yo'ldoshev)
Zagh, Abdul Ahmad	A former miner in the Deodarra tourmaline mines in Jurm district who was beaten by Asadullah Mujadidi and had his mining operations; in response, Zagh reportedly established his own insurgent group, eventually attacking Asadullah in April 2014 in a revenge attack for the death of a Taliban commander.

Annex D: Glossary of Unfamiliar Words and Terms

Afghan Local Police	Established by NATO's International Security Assistance Force (ISAF) in 2010 and paid for by the United States, it is a series of militia forces under the control of the Ministry of the Interior. Many units call themselves "ALP" that are not in the Ministry of Interior chain of command, and both official and unofficial ALP units have been accused by many civil society groups and the media to consist of personal militias and to be involved in a variety of criminal activities and responsible for human rights abuses.
Afghan National Civil Order Police (ANCOPS)	Established in 2006, this is a branch of the Afghan National Police who is tasked to provide civil order presence patrols, prevent violent public incidents, and provide crisis response in urban areas.
Arbakai	A Dari term for a tribal militia; it is often used interchangeably for "Afghan Local Police" (ALP)
Beneficial ownership	The legal term whereby the beneficial owner is the individual or group that either directly or indirectly ultimately owns or controls a business or similar entity. An exhaustive examination of the concept can be found at http://www.fatf-gafi.org/media/fatf/documents/reports/Guidance-transparency-beneficial-ownership.pdf .
Beruj	The Dari word for tourmaline.
Community Development Councils (CDCs)	Local elected councils charged with developing and implementing local economic programs in their area as part of the National Solidarity Program in Afghanistan. Each council is ideally comprised of about 25 families.
Due diligence	A legal term that refers to a comprehensive appraisal of a business or person prior to signing a contract.
Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas	The only international framework available to help companies meet due diligence reporting requirements with detailed recommendations to help companies respect human rights and avoid contributing to conflict through their mineral purchasing decisions and practices. See http://www.oecd.org/corporate/mne/mining.htm
Extractive Industries Transparency Initiative (EITI)	A global standard to promote open and accountable management of natural resources. The EITI is comprised of countries, civil society organizations, and extractive-sector companies as stakeholders. See https://eiti.org/
Gumruk	Dari for "Customs" as in the duties or taxes imposed on imported or

	exported goods
Haji	Used before a person's name, it signifies a Muslim who has gone on a pilgrimage to Mecca.
Hawan	The Dari word for "mortar" (both the mortar weapon and for the mortar in a "mortar and pestle").
Jihad	Normally translated as 'holy war' or more correctly 'struggle', this Islamic concept can refer either to physical battle in defence of the Muslim faith or to the 'greater jihad' of spiritual struggle within oneself. In this report, it refers to the fight by many Afghans against the Afghan government and their Soviet backers from the late 1970s through 1992.
Kamaz	A Russian (formerly Soviet) brand of trucks common throughout Central Asia.
Kera e zamin	Dari for "land rent"
Khoka	Dari term for the lowest grade of tourmaline; derived from the word for 'dust'
Khub Kharab	Literally 'good bad' or 'properly bad', this Dari term is used to refer to the worst grade of lapis
Lajward	The Dari word for lapis lazuli
Lal	The Dari word for spinel, also known as a balas ruby. Spinel is a semi-precious stone that comes in a variety of colors from red to blue to brown to black.
Lapis lazuli	A bright blue metamorphic rock often used in jewelry and carving; most lapis originates in Afghanistan and it has been mined there since at least the 7 th millennium BCE. Called <i>lajward</i> in Dari. Also referred to simply as <i>lapis</i> .
Mostufi (also Mustafi)	A provincial or other local civil service representative of the Ministry of Finance
Mostufiyat (also Mustafiyat)	A provincial or other local office of the Ministry of Finance.
Presidential Decree No. 45	A July 29, 2012 decree by then-President Hamid Karzai of broad counter-corruption policies that carries the weight of Afghan law. Article 21 of the decree orders the Ministry of Mines, among other things, to require publication of all mining contracts based on agreed international principles. The decree can be found here: http://www.afghanistan-un.org/2012/07/the-office-of-the-president-of-islamic-republic-of-afghanistan-decree-on-the-execution-of-content-of-the-historical-speech-of-june-21-2012-in-the-special-session-of-national-assembly/
Qari	Used before a person's name, it signifies a Muslim who recites the Koran through the proper rules of recitation, and often has memorized the Quran and can recite it in its entirety.
Ser	A unit of weight in Afghanistan and India; 1 ser = 0.933 kg (2.057 lbs)
Shura	In this report, it refers to a consultative gathering, usually of local or national elders and notables.
Tajik	Persian-speaking peoples found in present-day Tajikistan, Afghanistan, and Uzbekistan. In Afghanistan, they make up about 27% of the population and are heavily represented in the Afghan government, especially after the fall of the Taliban in 2002.
Tax farming	An ancient form of tax collection that still exists in some developing countries today (albeit usually unofficially) whereby a regime sells the right to collect taxes to "tax farmers," who keep a fraction of the tax revenue they collect from a given area. ⁶¹⁹

Telo	The Dari word for gold.
Tourmaline	A crystalline boron silicate mineral classified as a semi-precious stone; it is found in a wide variety of colors from black to pinkish-red to bluish green. Called <i>beruj</i> in Dari.
Voluntary Principles on Security and Human Rights	Established in 2000, these are a set of principles designed to guide companies in maintaining the safety and security of their operations; it is specifically designed for extractive sector companies and is comprised of governments, companies, and non-governmental organizations. See http://www.voluntaryprinciples.org/
Zulm	Dari for “cruelty”
Zurmand	Dari for “strongman”

ENDNOTES

First citations of sources contain fuller information, and URLs where relevant. Subsequent citations are abbreviated

¹ For historical data on exchange rates for the Afghani, see: 'XE Currency Charts (USD/AFN)', XE.com <http://www.xe.com/currencycharts/?from=USD&to=AFN&view=10Y>

² "Transcript of His Excellency President Mohammad Ashraf Ghani's Remarks at European Union Conference on 'The Way Ahead for Anti-Corruption in Afghanistan'," Presidency of the Islamic Republic of Afghanistan, May 5, 2016 <http://president.gov.af/en/news/transcript-of-his-excellence-president-mohammad-ashraf-ghanis-remarks-at-european-union-conference>

'Transcript: NPR's Interview With Afghan President Ashraf Ghani', National Public Radio, March 23, 2015 <http://www.npr.org/2015/03/23/394731637/transcript-nprs-interview-with-afghan-president-ashraf-ghani>

³ Global Witness interview with 'Haji Anwar' (a pseudonym), an experienced lapis and gemstone miner, Afghanistan, May 2014

⁴ Haji Bashir, an elder from the district of Kuran wa Munjan, recounted how in the early days of the war between the *mujahedeen* and the Soviet Union, a Russian military officer had said of the lapis that the district was famous for: "this mine is itself a general, a general of war (...). It will itself make people fight." It was a prescient remark. Global Witness interview with 'Haji Bashir' (a pseudonym), an elder and District Development Council member, Afghanistan, 2014

⁵ According to the World Bank, Afghanistan's revenues in 2013 were Afs 109.4bn, equivalent to a little over \$2bn. Revenues from the extractive sector in 2013 were Afs 1.25bn, according to the EITI – that figure includes oil and gas as well as mining, but some revenues from State-Owned Enterprises (SOEs) appear to be excluded. "Afghanistan Economic Update 2015", The World Bank, April 2015, pp 10-12 http://web.archive.org/web/20150911111046/http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/15/090224b082e8582d/2_0/Rendered/PDF/Afghanistan0economic0update.pdf; 'Inception Report and Fourth Conciliation Report', Afghanistan Extractive Industries Transparency Initiative, February 6, 2016, pp 6, 9, 60

<http://aeiti.af/Content/Media/Documents/AEITIFourthReconciliationReport139113926220162496931553325325.pdf>

⁶ Revenues from the extractive sector in 2013 were Afs 1.25bn, according to the EITI – about \$20m. That figure includes oil and gas as well as mining, and covers custom receipts as well as revenue from State Owned Enterprises. It also covers revenue received by the Ministry of Finance as well as the Ministry of Mines. "Afghanistan Economic Update 2015", The World Bank, April 2015, pp 10-12 http://web.archive.org/web/20150911111046/http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/05/15/090224b082e8582d/2_0/Rendered/PDF/Afghanistan0economic0update.pdf; 'Inception Report and Fourth Conciliation Report', Afghanistan Extractive Industries Transparency Initiative, February 6, 2016, pp 6, 9

<http://aeiti.af/Content/Media/Documents/AEITIFourthReconciliationReport139113926220162496931553325325.pdf>

⁷ Global Witness interview with Zekria Sawda, Member of the Afghan Parliament, December 2014; Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness. Zekria Sawda did not respond when directly asked about the allegations. In a December 2014 interview he said he was no longer involved with PBIM. He also said that the company was not active: "just we are paying some guards." (It was somewhat unclear when he said this if by 'company' he meant Pamir Badakhshan International Mining or Badakhshan Marble and Granite, which a local miner said was also controlled by Sawda.) He was not asked or did not address the question of a possible link to a small armed group. Global Witness interview with Zekria Sawda, December 2014; Global Witness interview with 'Ghulam Mohammad' (a pseudonym), a mine investor and entrepreneur from Badakhshan, May 2014

⁸ Email communication with Zulmai Mujadidi, April 7, 2016, copy on file with Global Witness

⁹ The text of the letter, from the Media Complaints and Abuse Commission of the Ministry of Information of the Islamic Republic of Afghanistan, stated in part:

"The document number (6666) date (06/10/1393) from presidency of government relations, received by ministry of information and culture and referenced in a letter (8-48) date 1393/9/30 following a decision of the religious, cultural, educational and higher education commission of House of Representatives of the national assembly about the report which published by a Reporter called Wali Arian through 1tv saying that Zulmai Mujadidi member of parliament and representative of Badakhshan people, has hand with 300 irresponsible armed people and took the benefits of lapis in Badakhshan.

The commission discussed the complaint case of Zulmai Mujadidi representative of Badakhshan people against 1tv in parliament on 8/10/1393, and asked the director of 1tv to attend the session on the particular date of 10/10/1393. Due

to the absence of representative or director of 1tv the session was postponed to the future, yet again the director did not attend the session dated on 15/10/1393.

The commission reviewed the report which was broadcasted. As a result it was found that the complaint made by Zulmai Mujadidi was valid, and all the accusations made against him were in the contrary to the provisions of media and against the law of journalism and counted as a broadcasting violation. The case has been transferred to the attorney general office in order to find and investigate the main cause of broadcasting the report.”

Undated Letter from the Media Complaints and Abuse Commission received from Zulmai Mujadidi MP (unofficial translation), copy on file with Global Witness

¹⁰ Estimates of the number of illegal mines vary widely. Integrity Watch Afghanistan estimates the number at 1,400, while the Minister of Mines said 10,000 deposits were not under government control and may face looting. See Introduction for a short discussion of mines outside of Badakhshan that may be funding illegal armed groups. Eltaf Najafizada, ‘The Taliban is capturing Afghanistan’s \$1 trillion in mining wealth’, Bloomberg Business, October 20, 2015 <http://www.bloomberg.com/news/articles/2015-10-20/taliban-winning-race-to-capture-1-trillion-afghan-mining-riches>; Suliman Faizi, ‘Illegal Mining in Afghanistan at an All-Time High’, Al Rasub, July 17, 2013 <http://www.alrasub.com/illegal-mining-afghanistan-all-time-high/>

¹¹ ‘Gemstones of Afghanistan’, Afghan Geological Survey, p 3 http://www.bgs.ac.uk/afghanminerals/docs/gemstones_a4.pdf

¹² ‘Provincial Briefs,’ Ministry of Economy, Islamic Republic of Afghanistan, June 2011 <http://moec.gov.af/Content/files/Last%20updated%20english.pdf>; ‘World Data Atlas: GDP based on purchasing-power-parity (PPP) per capita, Knoema, <http://knoema.com/atlas/ranks/GDP-per-capita-PPP-based>

¹³ ‘Badakhshan’, Strategic Monitoring Unit, May 2001, p 4 <http://www.areas.org.af/Uploads/EditionPdfs/001-SMU%20Area%20Report-Badakhshan.pdf>

¹⁴ The movement headed by Abu Bakr al-Baghdadi generally refers to itself as the Islamic State, though other terms such as Da’esh are often used as the movement’s claim to represent a new Islamic Caliphate is abhorrent to many within Islam. For this report we use the term Islamic State, abbreviated to IS. Its rise in Badakhshan is discussed later in the report, but see for example ‘Lapis lazuli extracted improperly in Badakhshan’, Pajhwok Afghan News, August 23, 2010 <http://mines.pajhwok.com/news/lapis-lazuli-extracted-improperly-badakhshan>; Carlo Munoz and Jon Harper, ‘Intelligence gaps may help Islamic State gain foothold in Afghanistan’, Stars and Stripes, April 20, 2015 <http://www.stripes.com/news/intelligence-gaps-may-help-islamic-state-gain-foothold-in-afghanistan-1.341241>; Hamid Shalizi, ‘Exclusive: In turf war with Afghan Taliban, Islamic State loyalists gain ground’, Reuters, June 29, 2015 <http://www.reuters.com/article/us-afghanistan-islamic-state-idUSKCN0P91EN20150629>

¹⁵ ‘Letter dated 18 August 2015 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council’, United Nations, August 26, 2015, p 15 http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2015_648.pdf

¹⁶ ‘Chromite extraction in Kunar: factor of [in]stability’, Integrity Watch Afghanistan, November 2013 [http://iwaweb.org/docs/reports/eim/chromite extraction in kunar factor of instability.pdf](http://iwaweb.org/docs/reports/eim/chromite%20extraction%20in%20kunar%20factor%20of%20instability.pdf)

¹⁷ Bilal Sarwary, ‘Afghanistan’s fabulous ruby mines plundered by thieves’, BBC, 26 May, 2012 <http://www.bbc.co.uk/news/world-asia-18070571>; ‘Crystal Dreams’, Al Jazeera, August 9, 2013 <http://www.aljazeera.com/programmes/101east/2013/07/20137301002181610.html>

¹⁸ ‘Afghanistan’s Hidden Gems’, Al Jazeera, May 22, 2014 <http://www.aljazeera.com/programmes/peopleandpower/2014/05/afghanistan-hidden-gems-20145211098919141.html>;

¹⁹ ‘Fourth report of the Analytical Support and Sanctions Monitoring Team submitted pursuant to resolution 2082 (2012) concerning the Taliban and other associated individuals and entities constituting a threat to the peace, stability and security of Afghanistan’, United Nations Security Council, June 10, 2014 http://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2014_402.pdf

²⁰ Jonathan S. Landay, ‘Factory, coal mine show connections matter most in Afghan business’, McClatchy Newspapers, November 14, 2010 <http://www.mcclatchydc.com/2010/11/14/103393/afghan-business-model-connections.html>

²¹ ‘The Road Ahead for Afghanistan: A Conversation With Ashraf Ghani’, transcript of public meeting at Council of Foreign Relations, March 26, 2015 <http://www.cfr.org/afghanistan/road-ahead-afghanistan/p36304>; Alexandra Zavis, ‘Excavating a future in Afghanistan’, Los Angeles Times, March 24, 2013 <http://articles.latimes.com/2013/mar/24/world/la-fg-afghanistan-mines-20130324>

²² ‘Afghan president sets out his mining agenda’, EITI, December 4, 2014 <https://eiti.org/news/afghan-president-sets-out-his-mining-agenda>; Antony Loewenstein, ‘Natural Resources Were Supposed to Make Afghanistan Rich. Here’s

What's Happening to Them', The Nation, December 14, 2015 <http://www.thenation.com/article/resources-were-supposed-to-make-afghanistan-rich/>; Eltaf Najafizada, 'The Taliban Is Capturing Afghanistan's \$1 Trillion in Mining Wealth', Bloomberg, October 20, 2015 <http://www.bloomberg.com/news/articles/2015-10-20/taliban-winning-race-to-capture-1-trillion-afghan-mining-riches>; Kathleen Caulderwood, 'Afghanistan's Economy: Are Minerals The Key To Development?', International Business Times, September 30, 2014 <http://www.ibtimes.com/afghanistans-economy-are-minerals-key-development-1697182>

²³ This statement was originally made by the Task Force for Business Stability Operations (TFBSO), a US Defense Department agency which was tasked with promoting economic activity as a counter-insurgency measure in Afghanistan – but it was also cited in a powerpoint presentation by US Airborne officers. 'About TFBSO', Task Force for Business Stability Operations,

<http://web.archive.org/web/20130216050146/http://tfbso.defense.gov/www/about.aspx>; James Orbock and Steve Footit, 'Operation: Bazaar Azad (Free Market)', 426 Civilian Affairs BN (Airborne), September 22, 2012 <https://www.facebook.com/download/1703739043193081/20120922%20-%20OPN%20%20Bazaar%20Azad.pdf>

²⁴ 'Islamic Republic of Afghanistan: Staff Report for the 2014 Article IV

Consultation—Debt Sustainability Analysis', International Monetary Fund, April 23, 2014, pp 2-3, 5

<https://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>; 'Staff Report for the 2015 Article IV Consultation and the first review under the Staff-Monitored Program,' International Monetary Fund, November 3, 2015 pp 10,15,18

<https://www.imf.org/external/pubs/ft/scr/2015/cr15324.pdf>; 'Statement by Jafar Mojarad, Executive Director for Islamic Republic of Afghanistan and Abdelalil Jbili, Advisor to Executive Director', International Monetary Fund, November 18, 2015, p 2 <https://www.imf.org/external/pubs/ft/scr/2015/cr15324.pdf>

²⁵ "January 30, 2016 Quarterly Report to Congress," Special Inspector General for Afghanistan Reconstruction, January 30, 2016 <https://www.sigar.mil/pdf/quarterlyreports/2016-01-30qr.pdf>

²⁶ Balas rubies are spinels, distinct from, though similar to, true rubies. A number of sources, both historical and modern, report that true ruby (*yakut*) and sapphire are also found in the province, among other minerals. Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', Geoscience Press, Honolulu, October 1995, pp 65-91; Global Witness interview with international diplomatic source No. 2, a political officer specialising in Badakhshan, Afghanistan, 2014; Global Witness interview with Afghan Ministry of Mines official, Afghanistan, 2014

²⁷ 'Afghanistan', Mining Journal, London, August 2006

http://www.bgs.ac.uk/afghanminerals/docs/afghan_supp_final.pdf; 'The Potential for Gold', Afghan Geological Survey, http://www.bgs.ac.uk/AfghanMinerals/docs/gold_a4.pdf;

'Ruby and Garnet in Afghanistan' Pajhwok Afghan News, <http://mines.pajhwok.com/content/ruby-and-garnet-afghanistan>; Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', pp 37-50, 65-91

²⁸ 'Lapis Lazuli', International Colored Gemstone Association

http://www.gemstone.org/index.php?option=com_content&view=article&id=117:sapphire&catid=1:gem-by-gem&Itemid=14

²⁹ Renard Sexton, 'Natural Resources and Conflict in Afghanistan', Afghanistan Watch, July 2012, p 48

<https://docs.google.com/file/d/0B8qc4R5g0IDgeEhFRU5wUmVyWUU/edit>

³⁰ The lapis mines in Kuran wa Munjan were a significant asset for the Northern Alliance and its commanders during the war against the communist government and its Soviet backers, and throughout the subsequent civil war. Ahmad Shah Massoud, the military leader of the *Jamiat e Islami* faction at the time, defeated the garrison in the district in 1987, though some sources report him deriving revenue from the mines from the start of the jihad. As is the case now, businessmen from Panjshir and Badakhshan would buy access to the mines for a period (typically 20-30 days), but the stones were then exported to Pakistan through Nuristan province and the Chitral, with the Pakistani government reportedly charging a 15% transit tax. Under Massoud, Malek was directly responsible for the mines, but they were effectively controlled by his superior Sayed Najmuddin Wasikh, a senior *Jamiat e Islami* general. Wasikh was killed in 1999, and the leadership passed to another senior commander, Sardar Khan, the head of the 29th Military Division. While he was initially a rival to Mujadidi, Sardar Khan was fairly quickly marginalised, particularly after he was demobilised in 2004 under the DDR (Demobilisation, Disarmament and Reintegration) process. Renard Sexton, 'Natural Resources and Conflict in Afghanistan', pp 47-48; Global Witness interview with international diplomatic source No. 1, a political officer specialising in north-east Afghanistan, 2014; Global Witness interview with 'Dawood', a former government official from Jurm district, 2014; Donatella Lorch, 'Garam Chasma Journal; Mud, Faith and Flash Of Mountain Warriors', New York Times, August 31, 1988 <http://www.nytimes.com/1988/08/31/world/garam-chasma-journal-mud-faith-and-flash-of-mountain-warriors.html>; Barnett Rubin, 'The Political Economy of War and Peace in Afghanistan', World Development Vol. 28, No. 10, pp. 1789-1803, 2000, p 1797

http://archives.cerium.ca/IMG/pdf/Rubin_Political_Economy_of_War_and_Peace.pdf

³¹ Global Witness interview with international diplomatic source No. 1, February 2016

³² Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 48

³³ 'Afghan Biographies: Mujadidi, Alhaj Zalmai Zalmai Mojadedi, Mojadadi', Who is Who in Afghanistan? http://www.afghan-bios.info/index.php?option=com_afghanbios&id=1118&task=view&total=6&start=2&Itemid=2

³⁴ 'Afghan Biographies: Mujadidi, Alhaj Zalmai Zalmai Mojadedi, Mojadadi'; Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 49

³⁵ Antonio Giustozzi and Dominique Orsini, 'Centre-periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building', *Central Asian Survey*, 28:1, 1-16, October 2009, p 11
<http://dx.doi.org/10.1080/02634930902771466>

³⁶ Mujadidi secured the second highest majority in the province after Rabbani. 'Election 2014: Badakhshan MPs Biography', Pajhwok Afghan News, <http://www.elections.pajhwok.com/en/content/badakhshan-mps-biography>

³⁷ According to Giustozzi and Orsini, "[Mujadidi] took advantage of the power vacuum created by local rivalry and by Kabul's manipulation of such rivalry and benefited from his influence in the President's office and in the Ministry of the Interior. By 2007 it was apparent that he had been given carte blanche in Badakhshan by the Karzai administration. According to one of Badakhshan's MPs, by early 2008 all the 27 heads of departments in Fayzabad had been chosen by Zalmai, even if he had no brief to do so. Another example concerns the chief of Border Police, sacked on allegations of involvement in smuggling, who was reinstated with pressure from Zalmai." Antonio Giustozzi and Dominique Orsini, 'Centre-periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building', p 11

³⁸ There is some uncertainty over the date of the establishment of the MPF. One diplomatic report refers to the lapis mines coming under control of Mujadidi in 2004 "through the creation of the Mine Protection Unit of the Ministry of Interior." However, Zulmai Mujadidi referred to the MPF being created in 2007, and a diplomatic source recalled that the creation of the MPF was likely to have been around the time of the Pay and Rank reform of 2007, though he said an 'unofficial' force existed before this. In the absence of definitive information, we have used the later date in the report. Global Witness interview with international diplomatic official No. 1, May 2016; email communication with Zulmai Mujadidi, April 18, 2016; International diplomatic report dated November 30, 2014, copy on file with Global Witness.

³⁹ International diplomatic report dated November 30, 2014, copy on file with Global Witness.

⁴⁰ The name is sometimes transliterated as 'Zakariya' or 'Zakaria' Sawda, but Zekria is closer to its usual pronunciation.

⁴¹ Sawda reportedly also previously worked with a youth organization, as well as a businessman and trader of precious stones. The youth group is the Communication and Coordination Association of Youth in Afghanistan. Sawda is also a member of the Afghanistan Lawyers Association. 'The 2010 – 2015 Wolesi Jirga Directory', National Democratic Institute, May 2012, p 17 <https://www.ndi.org/files/AFG-2010-2015-Wolesi-Jirga-Directory.pdf>; 'Sawda. Muhammad Zekria', Afghan Biographies, http://www.afghan-bios.info/index.php?option=com_afghanbios&id=1744&task=view&total=3108&start=2559&Itemid=2

⁴² The youth group is the Communication and Coordination Association of Youth in Afghanistan. Sawda is also a member of the Afghanistan Lawyers Association. 'The 2010 – 2015 Wolesi Jirga Directory', National Democratic Institute, May 2012, p 17 <https://www.ndi.org/files/AFG-2010-2015-Wolesi-Jirga-Directory.pdf>; 'Sawda. Muhammad Zekria', Afghan Biographies, http://www.afghan-bios.info/index.php?option=com_afghanbios&id=1744&task=view&total=3108&start=2559&Itemid=2

⁴³ 'Sawda. Muhammad Zekria', Afghan Biographies, http://www.afghan-bios.info/index.php?option=com_afghanbios&id=1744&task=view&total=3108&start=2559&Itemid=2; email communication from USAID Assistance to Legislative Bodies of Afghanistan program, January 2016, copy on file with Global Witness

⁴⁴ Sawda's membership and chairmanship of the committee give him more influence than normal MPs over issues relating to the extractive sector. But his control of a contract would be problematic even if he was an ordinary MP. Both the current Mining Law, which dates from 2014, and its predecessor from 2010 prohibit MPs from directly holding mining contracts. The 2014 law also forbids ownership by their close relatives; even if it did not, of course, there is still the evidence indicating that the contract is effectively controlled by Sawda, whatever the company documents say. The 2010 law, which was in force at the time the PBIM contract appeared, does not expressly forbid the close relatives of MPs from owning a concession, but the contract does not have a stabilisation clause stating that only the 2010 law will apply. Even if it had, this would need to be set against the evidence which indicates that, whatever the names on the company documents, PBIM is effectively owned by Sawda and Zulmai Mujadidi, not their relatives. Afghanistan Mining Law 2010, Article 14.2.1, copy on file with Global Witness; Afghanistan Mining Law 2014, Article 16.2.1
<http://mom.gov.af/Content/files/Afghanistan-%20Minerals%20Law-19-May-2015%20English.pdf>

⁴⁵ Global Witness interview with 'Haji Iqbal' (a pseudonym), a lapis trader and resident of Kuran wa Munjan district, Afghanistan, 2014

⁴⁶ Afghan lapis, thought to be from Sar e Sang, was famously used to decorate Egyptian mummy-cases. Thomas Barfield, 'Afghanistan: A Cultural and Political History', Princeton University Press, Princeton, New Jersey, 2010, p 46; Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', p 45; 'Sar-I Sang', United States department of Defense <http://www.cemml.colostate.edu/cultural/09476/afgh05-178.html> For an account of lapis mining in the 1830s, see Daniel Russell, 'Mining lapis in 1838', MinDat, March 6, 2008 <http://www.mindat.org/article.php/110/Mining+Lapis+in+1838>

⁴⁷ Jamiat was part of the National Front which held Badakhshan during the civil war of the 1990s and for much of the preceding period of *Jihad* against the communist government and its Soviet backers. At certain points, lapis from Badakhshan and emeralds from the Panjshir valley together reportedly accounted for more than half of the income of the Northern Alliance, one of the key parties to the fighting. Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 48

[http://www.watchafghanistan.org/files/Natural Resources and Conflict in Afghanistan/Natural Resources and Conflict in Afghanistan Full Report English.pdf](http://www.watchafghanistan.org/files/Natural%20Resources%20and%20Conflict%20in%20Afghanistan/Natural%20Resources%20and%20Conflict%20in%20Afghanistan%20Full%20Report%20English.pdf); Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', pp 53, 137; Global Witness interview with 'Dawood' (a pseudonym), a former government official from Jurm district, Afghanistan, August 2014

⁴⁸ Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 48 The lapis mines in Kuran wa Munjan were a significant asset for the Northern Alliance and its commanders during the war against the communist government and its Soviet backers, and throughout the subsequent civil war. Ahmad Shah Massoud, the military leader of the *Jamiat e Islami* faction at the time, defeated the garrison in the district in 1987, five years after it had been established by the Soviets, though some sources report him deriving revenue from the mines from the start of the jihad. As is the case now, businessmen from Panjshir and Badakhshan would buy access to the mines for a period (typically 20-30 days), but the stones were then exported to Pakistan through Nuristan province and the Chitral, with the Pakistani government reportedly charging a 15% transit tax. Under Massoud, Malek was directly responsible for the mines, but they were effectively controlled by his superior Sayed Najmuddin Wasikh, a senior Jamiat e Islami general. Wasikh was killed in 1999, and the leadership passed to another senior commander, Sardar Khan, the head of the 29th Military Division. While he was initially a rival to Mujadidi, Sardar Khan was fairly quickly marginalised, particularly after he was demobilised in 2004 under the DDR (Demobilisation, Disarmament and Reintegration) process. Renard Sexton, 'Natural Resources and Conflict in Afghanistan', pp 47-48; Global Witness phone interview with international diplomatic source No. 1, a political officer specialising in north-east Afghanistan, 2014; Global Witness interview with 'Dawood'; Donatella Lorch, 'Garam Chasma Journal; Mud, Faith and Flash Of Mountain Warriors', New York Times, August 31, 1988 <http://www.nytimes.com/1988/08/31/world/garam-chasma-journal-mud-faith-and-flash-of-mountain-warriors.html>; Barnett Rubin, 'The Political Economy of War and Peace in Afghanistan', World Development Vol. 28, No. 10, pp. 1789-1803, 2000, p 1797 [http://archives.cerium.ca/IMG/pdf/Rubin Political Economy of War and Peace.pdf](http://archives.cerium.ca/IMG/pdf/Rubin_Political_Economy_of_War_and_Peace.pdf)

⁴⁹ Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 48; J. Bruce Amstutz, 'Afghanistan: The First Five Years of Soviet Occupation', National Defense University, 1986, p 414

⁵⁰ Ibid, pp 49-51

⁵¹ The name of the force in Dari is *kita e muhaffezat e mahdan*. International diplomatic report dated November 30, 2014, copy in file with Global Witness.

⁵² Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁵³ Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁵⁴ The text of the letter, from the Media Complaints and Abuse Commission of the Ministry of Information of the Islamic Republic of Afghanistan, stated in part:

"The document number (6666) date (06/10/1393) from presidency of government relations, received by ministry of information and culture and referenced in a letter (8-48) date 1393/9/30 following a decision of the religious, cultural, educational and higher education commission of House of Representatives of the national assembly about the report which published by a Reporter called Wali Arian through 1tv saying that Zulmai Mujadidi member of parliament and representative of Badakhshan people, has hand with 300 irresponsible armed people and took the benefits of lapis in Badakhshan.

The commission discussed the complaint case of Zulmai Mujadidi representative of Badakhshan people against 1tv in parliament on 8/10/1393, and asked the director of 1tv to attend the session on the particular date of 10/10/1393. Due to the absence of representative or director of 1tv the session was postponed to the future, yet again the director did not attend the session dated on 15/10/1393.

The commission reviewed the report which was broadcasted. As a result it was found that the complaint made by Zulmai Mujadidi was valid, and all the accusations made against him were in the contrary to the provisions of media and against the law of journalism and counted as a broadcasting violation. The case has been transferred to the attorney general office in order to find and investigate the main cause of broadcasting the report.”

Undated Letter from the Media Complaints and Abuse Commission received from Zulmai Mujadidi MP (unofficial translation), copy on file with Global Witness

⁵⁵ Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

⁵⁶ Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, *Central Asian Survey*, 28:1, 1-16, October 2009, p 11

<http://dx.doi.org/10.1080/02634930902771466>

⁵⁷ Mujadidi secured the second highest majority in the province after Rabbani. Global Witness interview with ‘Dawood’; ‘Election 2014: Badakhshan MPs Biography’, *Pajhwok Afghan News*,

<http://www.elections.pajhwok.com/en/content/badakhshan-mps-biography>

⁵⁸ According to Giustozzi and Orsini, “[Mujadidi] took advantage of the power vacuum created by local rivalry and by Kabul’s manipulation of such rivalry and benefited from his influence in the President’s office and in the Ministry of the Interior. By 2007 it was apparent that he had been given *carte blanche* in Badakhshan by the Karzai administration. According to one of Badakhshan’s MPs, by early 2008 all the 27 heads of departments in Fayzabad had been chosen by Zalmay, even if he had no brief to do so. Another example concerns the chief of Border Police, sacked on allegations of involvement in smuggling, who was reinstated with pressure from Zalmay.” Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, p 11

⁵⁹ Global Witness interview with international diplomatic source No. 2. There is an element of hyperbole in this statement, as Mujadidi was never allowed 100% control. According to the Afghanistan Analysts Network the appointments were carried out with the political support of the then Minister of Interior Zazar Moqbel, another *Jamiati* won over by Karzai, and were helped by the increase in the number of districts in Badakhshan from 13 to 28 in 2006. AAN and other sources reported that these moves also gave Mujadidi’s allies the control of most of the provincial border crossings, the keys to lucrative smuggling routes and customs posts. Fabrizio Foschini, ‘Campaign Trail 2010 (1): Badakhshan – drugs, border crossings and parliamentary seats’, *Afghanistan Analysts Network*, June 19, 2010, <https://www.afghanistan-analysts.org/campaign-trail-2010-1-badakhshan-drugs-border-crossings-and-parliamentary-seats/>; Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, p 12

⁶⁰ The official *tashkeel* (personnel list) of the MPF was also said by several sources to be 120 men or thereabouts. It was not clear from the interviews if the broader figure of 500-1000 men in total included the ANP and ALP troops under commanders linked to Zulmai Mujadidi. A local elder, ‘Haji Bashir’, also alleged that government forces could not control Kuran wa Munjan because “they would take the salary of more than 100 people and only a few were there” – the common problem of ‘ghost’ troops. It is not clear how far this applied to the MPF specifically. Global Witness interview with International diplomatic source No.2; Global Witness interview with ‘Gul Amir’, a civilian involved in security provision in Badakhshan, Afghanistan, 2014; Global Witness interview with ‘Dawood’; Global Witness interview with ‘Haji Bashir’

⁶¹ The notable appointees included the Chiefs of Police of Warduj, Baharak, and Yamgan districts: the latter is a cousin of Zulmai Mujadidi called Qand Agha. The head of the ALP in Yamgan, Manu Khan, was appointed by Mujadidi, but he was killed by the Taliban in 2014. Another appointee was the Chief of Highway Police, another nephew of Zulmai Mujadidi’s called Jaweed, who was later convicted of drug smuggling. An elder from Kuran wa Munjan also described the official District Chief of Police there, Haji Mohammad Shah from Yamgan district, as loyal to Zulmai Mujadidi. Yamgan is adjacent to the lapis district of Kuran wa Munjan, while Baharak is on the route from the mines. Jurm, where Mujadidi has allies in the ALP, is also a mining district and transit route. Fabrizio Foschini, ‘A thin line between insurgency and local politics in Badakhshan’, *Afghanistan Analysts Network*, November 1, 2012

<https://www.afghanistan-analysts.org/a-thin-line-between-insurgency-and-local-politics-in-badakhshan/>; Kate Clark, “Karzai is Pardoning Taliban and Drug Lords,” in Rebecca Frankel, ‘The Hidden War: The stories you missed in 2010: AfPak edition’, *Foreign Policy*, December 21, 2010

http://www.foreignpolicy.com/articles/2010/12/21/the_hidden_war; Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, p 13; Global Witness interview with ‘Haji Bashir’; Global Witness interview with ‘Dawood’, 2014; Global Witness interview with international diplomatic source No.1; Global Witness interview with member of Badakhshan Afghan National Police No. 2, October 2014

⁶² Apart from the other sources cited, one well-placed police officer from the province who told Global Witness that “Zulmai is the first person in Badakhshan – he has lots of men under arms. His tribe is armed ALP.” Global Witness interview with member of Badakhshan Afghan National Police No. 1, Afghanistan, 2014

⁶³ Global Witness interview with ‘Gul Amir’

⁶⁴ Fabrizio Foschini, ‘A thin line between insurgency and local politics in Badakhshan’; ‘Just Don’t Call It a Militia’, Human Rights Watch, September 2011, pp 4-5 <http://www.hrw.org/sites/default/files/reports/afghanistan0911webwcover.pdf>

⁶⁵ Global Witness interview with member of Badakhshan Afghan National Police No. 2, October 2014.

⁶⁶ The same ANP source explicitly referred to informal commanders in Jurm and Yamgan. A local miner, ‘Haji Anwar,’ similarly told Global Witness that the Jurm District Chief of Police “is afraid of Asadullah – because the ALP and *Arbakai* are under his control.” *Arbakai* is a term for a tribal militia, often used interchangeably with ‘ALP’, although in this case it may mean entirely informal militias outside the ALP umbrella. Haji Anwar told Global Witness that: “When [the *Arbakai*] do operations, Asadullah is the commander,” and that these forces “cannot operate anywhere without his advice.” He added that Abdul Salam, the Chief of Police of Jurm “does not go [to the district]” because of his fear of the *Arbakai* and of Asadullah, and that: “The people see that the forces of Asadullah Khan, the forces of Abdul Samad, the forces of Sayed Omar and Farizullah, the forces of Mr MP Zekria [Sawda], they all operate in cooperation together.” Abdul Samad was the chief of the ALP in Jurm (as of 2014), while Haji Anwar described Sayed Omad and Farizullah as more junior commanders, both of them men of Zulmai Mujadidi. He told Global Witness that both Sayed Omad and Farizullah were seen in the white Ford Ranger vehicles typically used by the ALP. Haji Anwar also alleged that Commander Kheirat, the man he implicated in the attack on his mine in Deodarra, was an ‘ALP commander’ in Jurm. Global Witness interview with member of Badakhshan Afghan National Police No. 2, 2014. ; Global Witness interview with ‘Haji Anwar’

⁶⁷ Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 53

⁶⁸ Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, pp 12-13

⁶⁹ Afghanistan Watch alleged that: “Installing his brother Asadullah Mujaddedi as the security commander for the mining area, [Zulmai] intimidated and in some cases killed rivals to become the dominant player in the district. According to individuals in the lapis industry, several smalltime former mujahedeen commanders who actively opposed the attempt to take over the lapis trade were eliminated through the use of contract killers.” One source in Badakhshan also alleged that Mujadidi had arranged for rivals to be eliminated. Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p. 49; Global Witness interview with ‘Gul Amir’

⁷⁰ Zulmai Mujadidi stated: “I don't have control or influence over MPF or any other armed groups. The MPF was established to protect the Lapis Mines and it drew members from multiple districts including Kuran wa Munjan. As you might know, the Lapis Mines are located in remote mountains far away from the district center and other villages, and as such, the MPF was never close to population and local government to interfere in their affairs.” Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁷¹ An example is that in 2007, Mujadidi reportedly helped preserve Malek’s position as District Chief of Police when he came under pressure from a security reform process. It is likely Mujadidi recognised the need for local support to extend his control of the area, while Malek sought an accommodation which would preserve his position and give him a powerful ally in Kabul. Global Witness interview with international diplomatic source No. 1; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, pp 49-50

⁷² One well-informed diplomatic observer thought this was most likely a result of pressure to satisfy other ‘shareholders’ in the enterprise, which he said included some prominent political figures. Malek reportedly reacted by manipulating local sectarian rivalries to show off his capacity to destabilize, fomenting rivalries between Sunni and Ismaili communities to undermine Mujadidi’s new regime. Global Witness interview with international diplomatic source No. 1; Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, p 13

⁷³ The fighting only ended when, after three weeks of intensive fighting in May 2012, the local peace council and security officers finally negotiated a cease-fire. It is notable that Ghulam Nasir in fact came from the same village as Malek, Iskazer, close to the lapis mining area in Kuran wa Munjan. Global Witness interview with ‘Dawood’; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 50

⁷⁴ Renard Sexton reported ‘numerous’ civilian casualties, while an Afghan media source reported at least four police killed and others injured just in the final burst of fighting. Shahwali, ‘Chaos over the ownership of Lapis Minerals in Badakhshan finally ends’, Wasdam afghan Business News Portal, May 19, 2012 <http://wadsam.com/afghan-business-news/war-ends-between-hostile-groups-over-the-ownership-of-lapis-minerals-in-badakhshan767/>; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 50

⁷⁵ Afghanistan Watch reported that that the dispute was related to lapis transit routes and shipment payments, “as well as a degree of personal enmity between the men.” But they also described the clashes as stemming from “Malik’s efforts to push out competing commanders,” implying that the initiative for the fight may have come from him. Global Witness interview with International diplomatic source No. 1; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 50

⁷⁶ From Kuran wa Munjan, Malek was reassigned to the district of Baharak. He remained in this post for less than two years before being again re-assigned to be Chief of Police in Khash district, but he refused this move and instead returned to Kuran wa Munjan. Global Witness interview with ‘Dawood’

⁷⁷ Afghan media reported the attack as taking place on January 18, 2014, and this is confirmed by a letter from the Lajwardeen Mining Company dated January 19, 2014, informing the Ministry of Mines of the attack the day before and declaring *force majeure*. Other sources, from local elders and traders to diplomatic reports, gave dates from late 2013 to March 2014. Hidayatullah Hamdard, ‘Karzai assigns team to probe azure mine issue’, Pajhwok Afghan News, January 20, 2014 <http://www.pajhwok.com/en/2014/01/20/karzai-assigns-team-probe-azure-mine-issue>; Letter from the Lajwardeen Mining Company to the Ministry of Mines and Petroleum, dated January 19, 2014, copy on file with Global Witness; Global Witness interview with ‘Alam Jan’ (a pseudonym), a lapis trader from Kuran wa Munjan, Afghanistan, 2014; Global Witness interview with ‘Haji Bashir’, Afghanistan, 2014; Global Witness interview with ‘Haji Anwar’ (a pseudonym), an experienced lapis and gemstone miner, Afghanistan, 2014; diplomatic report dated November 30, 2014, copy on file with Global Witness

⁷⁸ According to a mid-2014 interview with Haji Bashir, neither the District Governor nor the district head of the National Directorate of Security (the Afghan intelligence and security agency) were able to travel to their posts, and there was little other administration. However, by December 2016 one official from the district reported that government staff were able to travel to Kuran wa Munjan, but that they had no real power – that remained in the hands of Abdul Malek. This official recounted a how at a meeting between himself and the District Chief of Police, the guard at his office, who was one of Malek’s men, rushed in and chambered a round in his Kalashnikov, demanding to know why they had convened a meeting without his permission. This said, government capacity of course had its limits even before the coup. Global Witness interview with ‘Haji Bashir’; Global Witness interview with senior local government official from Kuran wa Munjan, December 2015

⁷⁹ Global Witness interview with ‘Dawood’; Antonio Giustozzi and Dominique Orsini, ‘Centre–periphery relations in Afghanistan: Badakhshan between patrimonialism and institution-building’, p 8. On rising Taliban infiltration, see next section, and also Frud Bezhan and Mustafa Sarwar, ‘Afghans failing security test in Badakhshan’, Radio Free Europe/Radio Liberty, March 28, 2013 <http://www.rferl.org/content/afghanistan-security-handover-badakhshan/24941208.html>; Yaroslav Trofimov, ‘Taliban’s Spread Into Northeast Sparks Fears’, Wall Street Journal, September 6, 2013 <http://www.wsj.com/articles/SB10001424127887324463604579042863355114436>

⁸⁰ Global Witness interview with Commander Malek, Afghanistan, 2014

⁸¹ Gul Mohammad Tanha, ‘Badakhshan clash being investigated’, Pajhwok Afghan News, November 12, 2014; Diplomatic report dated November 2014 No. 2, copy on file with Global Witness

⁸² Diplomatic report dated November 2014 No. 2, copy on file with Global Witness. The report raises a few questions. For example, it is not entirely clear what the two previous operations mentioned in the report refer to, although one must surely be the initial attempt to retake the mines.

⁸³ Global Witness interview with ‘Haji Bashir’

⁸⁴ A diplomatic report dated the counter-attack as taking place a week after the initial coup. Diplomatic report dated November 30, 2014, copy on file with Global Witness

⁸⁵ Global Witness interview with ‘Dawood’

⁸⁶ Global Witness interview with ‘Haji Bashir’ This may be the same incident mentioned in a February 2014 media report which claimed four people had been killed in “conflict between armed groups in Kuran Wa Munjan District” which a local resident said was linked to conflict over the lapis mine: “He said the gunmen are always fighting to target the profits of the lapis.” The date of the report, February 17, is somewhat later than one would expect if the initial takeover took place at the start of January, but perhaps plausible given the minor uncertainty over the date of Malek’s takeover. The media report mentioned a Taliban attack on Yamgan the same day which reportedly claimed the lives of three insurgents – which one might speculate to be another possible indication of collaboration between Malek and the Taliban – in addition to the incidents later in 2014, discussed below. Hidayatullah Hamdard, ‘10 people killed and injured in Badakhshan Battles’, Pajhwok Afghan News, February 17, 2014 (in Dari) <http://www.pajhwok.com/dr/2014/02/17/%D8%AF%D8%B1%DA%AF%D9%8A%D8%B1%DB%8C-%D9%87%D8%A7-%D8%AF%D8%B1-%D8%A8%D8%AF%D8%AE%D8%B4%D8%A7%D9%86-%DB%B1%DB%B0-%DA%A9%D8%B4%D8%AA%D9%87-%D9%88-%D9%85%D8%AC%D8%B1%D9%88%D8%AD-%D8%A8%D8%B1%D8%AC%D8%A7-%DA%AF%D8%B0%D8%A7%D8%B4%D8%AA>

⁸⁷ The source said: “We took 500,000 Afghani (\$10,000) from Commander Malik and we gave it to Commander Manu Khan. After taking the money Commander Manu Khan left the fight.” Qand Agha was left isolated in the field, and forced to withdraw as well. Another local source confirmed this overall sequence of events. Global Witness interview with ‘Mustafa’, a former commander involved in peace talks between armed groups in Badakhshan, Afghanistan, 2014; Global Witness interview with ‘Dawood’

⁸⁸ Global Witness interview with ‘Mustafa’ This was apparently the same day or the day after Manu Khan struck his deal *Qari* is a honorific term that is applied to a person who has mastered the proper style and pronunciation for reciting the Holy Quran, though it is also often used to refer to a person who has committed the book to memory.

⁸⁹ In response to the allegation, Zulmai Mujadidi responded that “as far as I have heard, the infighting between Qari Abdul Qadir and Commander Abdul Malik was due to the former's discontent with the latter's financial and military support to the Taliban and Commander Malik's continuation of illegal mining and smuggling lapis despite Afghan government's directives to stop it in early 2015.” Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁹⁰ Global Witness interview with ‘Mustafa’

⁹¹ Ibid

⁹² Ibid

⁹³ Global Witness interview with ‘Mustafa’

⁹⁴ The name of the killed man was reportedly Rahmanuddin. Global Witness interview with ‘Haji Bashir’

⁹⁵ Ibid. Haji Bashir said that after Ghulam Nassir's attack: “the elders including me attempt that they should be reconciled. We did not do the deal ourselves – they did the deal themselves. We just made it that they don't fight – we brought them down from their front line. They took positions in the villages and it was a problem for the women, for the children, for the elders, and for everyone. We said don't fight here. Do your fight somewhere that will not harm the other people – for the innocent people.”

⁹⁶ Ibid; global Witness interview with ‘Dawood’

⁹⁷ This clash allegedly took place on May 16, according to a local source who was present in the district at the time of the fighting and witnessed its aftermath. The Sardar Khan who was killed was not the famous former commander of the 29th Division of that name, but a lesser fighter. ‘Haji Bashir’ also mentioned a clash taking place around this time and in the same area, that he said left two people injured and one ‘Sardar Khan, the son of Otambeg Boi’ killed. His rough estimate of the date was around the start of May. Global Witness interview with ‘Dawood’; Global Witness interview with ‘Haji Bashir’

⁹⁸ The fighting reportedly involved “heavy weapons such as DShK [heavy machine guns] and RPG7 [rocket-propelled grenades]” and started fires which damaged several acres of forested land near the Chor Karya area. Global Witness interview with ‘Dawood’, 2014

⁹⁹ Malek also reportedly seized five vehicles in the attack. Global Witness interview with international diplomatic officer No. 1, 2015; Diplomatic report dated November 2014, on file with Global Witness

¹⁰⁰ The figure for deaths was confirmed by both Pajhwok news and by a source from the province, but Engineer Ismael had a higher number for injuries. He also reported that the fatalities were all from Qadir's side, and that he was eventually forced to flee. A further media report mentioned two dead and ten injured, including six civilians. Gul Mohammad Tanha, ‘Clash over Badakhshan azure mine claims 3 lives’, Pajhwok Afghan News, July 22, 2015 <http://www.pajhwok.com/en/2015/07/22/clash-over-badakhshan-azure-mine-claims-3-lives>; Global Witness interview with ‘Engineer Ismael’, 2015; Zabihullah Moosakhail, ‘Two killed as illegal armed groups clash over mine extraction in Badakhshan’, Khaama Press, July 22, 2015 <http://www.khaama.com/two-killed-as-illegal-armed-groups-clash-over-mine-extraction-in-badakhshan-3669>

¹⁰¹ Global Witness interview with ‘Naimullah’, October 2015 A diplomatic source also reported that in September 2015 Mujadidi had assembled a force of 600 men to mount an attack on the mines, but allies of the late Marshall Fahim tasked the NDS to foil the attempt and it did not take place. Global Witness interview with international diplomatic source No. 1, November 2015

¹⁰² Global Witness interview with an official of the Lajwardeen Mining Company, May 2016

¹⁰³ Global Witness interview with Global Witness interview with two representatives of the Lajwardeen mining company, May 2014

¹⁰⁴ Panjshir is a province neighbouring Badakhshan, home to a number of senior *jihadi* leaders like Ahmad Shah Massoud.

¹⁰⁵ In November 2015, one international diplomatic observer claimed Malek had met in Kabul with a senior Jamiat politician, Ahmad Zia Massoud, who asked him to bring the people of Kuran wa Munjan to request that their district be joined to Panjshir province. In addition, Panjshiri actors like the now deceased Marshal Fahim played a significant role in Badakhshi politics while he was alive, creating significant local resentment, as the Afghanistan Analysts Network has

documented. For Mujadidi's poor relations with other Badakhshis, one example is the senior Jamiat commander Sardar Khan, who is said to be bitterly opposed to Mujadidi. Fabrizio Foschini, 'A thin line between insurgency and local politics in Badakhshan'; Global Witness interview with international diplomatic official No. 1, November 2015

¹⁰⁶ Global Witness interview with international diplomatic official No. 1, February 2016

¹⁰⁷ Global Witness interview with international diplomatic official No. 1, 2014; Global Witness interview with 'Dawood', 2014; Global Witness interview with 'Engineer Ismael', May 2016. One source, Gul Amir, differed in opinion, saying that "Zulmai Khan despite being a close friend of Karzai also has a close relationship with the Panjshiris – with Bismillah Khan and Marshal Fahim." This seems unlikely given the other available evidence. Zulmai Mujadidi, while certainly not an unbiased source, also alleged that Bismillah Khan directly instigated the takeover and provided support, including weapons. Global Witness interview with 'Gul Amir', 2014; Global Witness interview with Zulmai Mujadidi, December 2014

¹⁰⁸ When Bismillah Khan was Interior Minister in 2011, he attempted to remove Assadullah Khan from control of the Mining Protection Force, according to one diplomatic source. AAN highlighted another reason for the rivalry: "the removal of the chief of border police (ANBP) for Ishkashim – the province's major hub for drug trafficking – Wahid Khan, who had in past years joined the side of Zalmay's supporters, has been linked to this political rivalry [between Mujadidi and other members of Jamiat], which has obvious economic implications. It would have been in retaliation for this attack against his politico-economic power that Zalmay Mojaddedi supported the impeachment of former Minister of Interior Bismillah Khan Mohammadi." [sic] Mujadidi reportedly worked within parliament to deny Bismillah Khan a vote of confidence and force him from office when the opportunity arose in 2012. Two credible witnesses described hearing Mujadidi boast in person that he had succeeded in bribing MPs to vote against the confidence motion – and that he had done so for around \$1m in total, considerably less than the \$5m he claimed Bismillah Khan had paid in his attempt to secure a positive vote. In response to this allegation, Zulmai Mujadidi said: "Mr. Bismillah Khan, the former Interior Minister, and General Abdul Rahim Wardak, the former Defense Minister, were removed from office at the same day and same hearing not because of my push, but due to their inability, lack of leadership, and negligence in responding to Pakistani shelling of the Afghanistan's eastern provinces, spread of Taliban insurgency into the North and rising instability and insecurity in most parts of the country. Again to say, an MP can remove a minister by bribing other MPs is not only unrealistic, but also disrespect to the Afghan Parliament and Afghan MPs' collective consciences." [sic] Global Witness interview with international diplomatic source No. 3, 2014; Global Witness interview with 'Deen Mohammad', (a pseudonym) a former official from Badakhshan, 2014; Fabrizio Foschini, 'A thin line between insurgency and local politics in Badakhshan'; Email correspondence with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

¹⁰⁹ Global Witness interview with international diplomatic source No. 1, 2015; Global Witness interview with 'Ghulam Mohammad' (a pseudonym), a mine investor and entrepreneur, May 2014; Global Witness interview with 'Engineer Ismael', May 2016 On allegations of Bismillah Khan's involvement with the lapis trade, see 'A final insult'. In addition, allegations of the involvement of various senior political actors were made by a well-placed local government official in Badakhshan, an educated local from Jurm district, an international diplomatic official, and another educated and plausible local source. Those named included both Panjshiri and non-Panjshiri figures, and their involvement ranged from links to LMC to ownership of truckloads of lapis in the final official 2015 convoy from Faizabad to Kabul. Global Witness interview with a government official in Faizabad, March 2016; Global Witness interview with 'Engineer Ismael', April 2015; Global Witness interview with international diplomatic source No. 1, April 2016; Global Witness interview with 'Nadir', an educated professional from Badakhshan, March 2016; Global Witness

¹¹⁰ Global Witness interview with 'Adel Khan', a Badakhshan resident, September 2015 The source said the call was put on speaker phone.

¹¹¹ According to two local sources, the secretary of Bismillah Khan, a Panjshiri Afghan National Army office called Mohamadullah (the son of Haji Ghaffour), makes regular visits on behalf of Bismillah Khan to Kuran wa Munjan and meets commander Malek. This individual allegedly also helps manage Malek's relations with others, such as the Governor of Panjshir. Nadir, an educated and plausible source in Badakhshan, independently told Global Witness that "Ghulam Sakhi Ghaffouri" was involved in facilitating the trade of lapis through Panjshir. Global Witness interview with 'Haji Zarin', a trader from Baharak district, December 2015; Global Witness interview with 'Adam Jan', a former government official and Panjshir resident with links to the *Jamiat* party, November 2015; Global Witness interview with 'Nadir', March 2016

¹¹² In addition the testimony of Haji Zarin and Adam Jan, one educated source from Jurm district with links to traders and local sources, Engineer Ismael, told Global Witness: "The Panjshiri smugglers take [lapis] through Anjuman. The governor of Panjshir said it is free – he does not stop this. This was what the traders said." A news article (apparently citing the allegation of a lapis trader) also reported that: "The Panjsher governor has instructed his subordinates to tax

the vehicles carrying lapis lazuli through the province. But he does not allow the people of Badakhshan to pass through Panjsher.” [sic]

Global Witness interview with ‘Engineer Ismael’, November 2015; Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’, Pajhwok Afghan News, October 19, 2015 <http://archive.pajhwok.com/en/2015/10/19/lapis-lazuli-mine-revenue-lines-taliban%E2%80%99s-pockets>;

¹¹³ The ban was described in media reports as being on the extraction and transport of lapis from the Badakhshan mines. Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’; Global Witness interview with ‘Naimullah’, November 2015; Global Witness interview with ‘Haji Niamatullah’, November 2015; Global Witness interview with ‘Haji Zarin’, November 2015; Global Witness interview with ‘Adam Jan’, November 2015; Global Witness interview with ‘Afzali’, a driver whose work includes taking lapis trucks from Kuran wa Munjan to Panjshir through the Anjuman pass, April 2016

¹¹⁴ A Panjshiri former local official who had previously fought as a member of *Jamiat* and who had maintained political connections, a driver who worked the Anjuman pass route with lapis trucks, and a total of three traders confirmed the toll, which they put at 100 or 200 Afghanis. One trader, Naimullah, said the toll was ‘for the expenses of the road’, which may refer to the work being done to maintain and improve the Anjuman pass. He also said it was paid from roughly August 2015, which would fit it coming into force after the appointment of a new governor of Panjshir, Engineer Aref, in June 2015 – however, the driver Afzali said that the toll was in place before this. Afzali, who had direct experience of the route, reported that the fee was paid at a police check post; other sources did not specify whether it was paid at a police check post or elsewhere. Global Witness interview with ‘Naimullah’, November 2015; Global Witness interview with ‘Haji Niamatullah’, November 2015; Global Witness interview with ‘Haji Zarin’, November 2015; Global Witness interview with ‘Adam Jan’, November 2015; Global Witness interview with ‘Afzali’, a driver whose work includes taking lapis trucks from Kuran wa Munjan to Panjshir through the Anjuman pass, April 2016

¹¹⁵ Global Witness interview with international diplomatic official No. 1, January 2015

¹¹⁶ Shaheen is from Badakhshan, rather than Panjshir, although that would not necessarily preclude him being allied with Panjshiris within *Jamiat*. ‘Shaheen, Qadam Shah, Maj Gen’, *Afghan Biographies*, May 28, 2015, http://www.afghan-bios.info/index.php?option=com_afghanbios&id=2603&task=view&total=3212&start=2681&Itemid=2

¹¹⁷ Letter from the office of the National Security Council to the Ministry of Mines and Petroleum, dated December 15, 2015 (24 Qaws 1394), copy on file with Global Witness. At the start of 2015, an earlier NSC decision suspended the existing contract for the mines, held by the Lajwardeen Mining Company, reportedly because of the illegal extraction that had been taking place since Malek’s takeover. While that move may well have been directed against Mujadidi, who appears to be linked to LMC, it was arguably defensible given the irregular situation around the contract (discussed below). A media report dated this earlier Security Council decision to January 2015, but it is possible the meeting in fact took place in December 2014 and was not implemented until later. Global Witness interview with an official of the Lajwardeen company; email communication with H.E. Daoud Saba, Minister of Mines of the Islamic Republic of Afghanistan, April 2015; Gul Mohammad Tanha, ‘Azure worth 1b afs seized in Badakhshan’, Pajhwok Afghan News, February 15, 2015 <http://www.pajhwok.com/en/2015/03/10/azure-worth-1b-afs-seized-badakhshan>

¹¹⁸ Undated letter title from the Afghan National Security Council to the Afghan Ministry of Mine and Petroleum, titled ‘The issue of the Badakhshan lapis mine considered in the session of 24 Qaws 1394’ [December 20, 2015], copy on file with Global Witness

¹¹⁹ The document also directs the Ministry of Mines to look in to establishing a lapis polishing factory in Afghanistan. Undated letter title from the Afghan National Security Council to the Afghan Ministry of Mine and Petroleum, titled ‘The issue of the Badakhshan lapis mine considered in the session of 24 Qaws 1394’

¹²⁰ Global witness interview with diplomatic source No. 1, January 2016

¹²¹ Yaroslav Trofimov, ‘Taliban’s Spread Into Northeast Sparks Fears’, *Wall Street Journal*, September 6, 2013 <http://online.wsj.com/news/articles/SB10001424127887324463604579042863355114436>

¹²² A July 2015 diplomatic report referred to around 1,000 ‘insurgents’, but as foreign fighters loyal to the Islamic Movement of Uzbekistan and other groups were listed separately, this figure presumably means Taliban fighters, led by Qari Fahsuddin. In 2014, a Taliban source claimed they had 1,500 men in the province. It should be noted that insurgents sometimes exaggerate or conceal their true numbers for strategic or propaganda effect – but this figure was quoted by a senior Afghan security official in the province cited in a February 2016 diplomatic report. Diplomatic report dated July 1, 2015, copy on file with Global Witness; Diplomatic report dated February 3, 2016, copy on file with Global Witness; Global Witness interview with a Taliban commander, Afghanistan, 2014; ‘Former Taliban shadow governor appears in new propaganda video depicting recent combat in Badakhshan province’, *Long War Journal*, May 25, 2015 <http://www.longwarjournal.org/archives/2015/05/taliban-shadow-governor-appears-in-new-propaganda-video-depicts-recent-combat-in-badakhshan-province.php>

- ¹²³ Significant incidents in Warduj occurred in 2011, 2012, 2013 and 2014, as well as 2015, with the district most recently being over-run at the start of October 2015. Fabrizio Foschini, 'A thin line between insurgency and local politics in Badakhshan'; Rod Nordland, 'Taliban Are Said to Attack Afghan Police', New York Times, September 19, 2013 <http://www.nytimes.com/2013/09/20/world/asia/new-taliban-attack-reported-on-afghan-police-in-remote-area.html>; Farid Tanha, '8 policemen, 6 rebels dead in Badakhshan clash', Pajhwok Afghan News, May 30, 2012 <http://www.pajhwok.com/en/2012/05/30/8-policemen-6-rebels-dead-badakhshan-clash>; Bill Roggio, 'Taliban admit to beheading Afghan soldiers 'in revenge'', Long War Journal, April 21, 2015 <http://www.longwarjournal.org/archives/2015/04/taliban-admit-to-beheading-afghan-soldiers-in-revenge.php>; Ali M. Latifi and Carol J. Williams, 'Taliban attack kills 17 Afghan police during peace talks in Qatar', Los Angeles Times, May 4, 2015 <http://www.latimes.com/world/middleeast/la-fg-afghanistan-taliban-attack-peace-talks-20150504-story.html>; Bill Roggio, 'Taliban overruns another 2 districts in Afghan north', Long War Journal, October 2, 2015 <http://www.longwarjournal.org/archives/2015/10/taliban-overruns-another-district-in-afghan-north.php>
- ¹²⁴ Hidayatullah Hamdard, 'Badakhshan several districts under Taliban influence: Residents', Pajhwok Afghan News, November 13, 2013 <http://www.elections.pajhwok.com/en/content/badakhshan-several-districts-under-taliban-influence-residents>
- ¹²⁵ Media reports spoke of unspecified 'casualties' in the retaking of the district headquarters, but a diplomatic source said there were no fatalities. 'Afghans say Taliban take district HQ in north'; Huffington Post/AP, September 29, 2013 http://www.huffingtonpost.com/huff-wires/20130929/as-afghanistan/?utm_hp_ref=travel&ir=travel; Hidayatullah Hamdard, 'Govt forces retake district in Badakhshan', Pajhwok Afghan News, September 29, 2013 <http://www.pajhwok.com/en/2013/09/29/govt-forces-retake-district-badakhshan>; Global Witness interview with international diplomatic source No. 1
- ¹²⁶ Global Witness interview with international diplomatic source No. 1; Global Witness interview with 'Dawood'
- ¹²⁷ Global Witness interview with 'Wahid', an educated professional and plausible source from Badakhshan, 2014
- ¹²⁸ The UN for example found that: "Taliban penetration of the natural resources sector is deep and (...) extortion in that sector is fairly pervasive. Private stakeholders informed the Team that the Taliban and other groups regularly threaten mining and extractive companies across the country." 'Letter dated 2 February 2015 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council', United Nations, February 2, 2015, p 11 http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/79
- ¹²⁹ 'Letter dated 2 February 2015 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council', United Nations, February 2, 2015, p 12 http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/79
- ¹³⁰ Around 27 men, including the local chief of police, were abducted. Sneha Shankar, 'Taliban Kidnaps 27 Afghan Police Officers From Badakhshan Province Following Violence That Killed 16 People', International Business Times, May 22, 2014 <http://www.ibtimes.com/taliban-kidnaps-27-afghan-police-officers-badakhshan-province-following-violence-killed-16-1588359>; Gul Mohammad Tanha, 'Yamgan district retaken from Taliban', Pajhwok Afghan News, May 24, 2014 <http://archive.pajhwok.com/en/2014/05/24/yamgan-district-retaken-taliban>
- ¹³¹ As is often the case, reliable and precise casualty figures are hard to come by. A conservative estimate based on multiple media and official reports gives a figure of eight government and three Taliban fighters killed when the district was taken, and 19 Taliban killed when it was re-taken, for a total of 30 deaths – with an estimated 10 people injured. A local source calculated a figure of 34 deaths and 8 injuries, with 24 people captured (Global Witness interview with 'Dawood'), while a local police officer estimated there were 18 killed and 8 injured (Global Witness interview with member of Badakhshan Afghan National Police No. 2). Another local resident of Kuran wa Munjan put the figure at 43 people dead and 8 injured (Global Witness interview with 'Haji Iqbal'). The Taliban themselves claimed (probably with exaggeration) to have killed 28 in taking over the district. Zabihullah Mujahid (sic) '27 along with jailer captured in northern Afghanistan', Islamic Emirate of Afghanistan/Shahamat, May 22, 2014 <http://shahamat-english.com/index.php/news/45156-27-along-with-jailer-captured-in-northern-afghanistan> Pajhwok Afghan News estimated that there were 20 deaths "rebel" deaths, 8 police deaths, and ten members of the security forces injured. Gul Mohammad Tanha, 'Yamgan district retaken from Taliban'
- ¹³² Global witness interview with 'Engineer Ismael', a professional from Jurm district, Afghanistan, 2014; Global Witness interview with 'Haji Iqbal' (a pseudonym), a resident of Robat village in Kuran wa Munjan district, Afghanistan, 2014
- ¹³³ The source, 'Haji Iqbal', told Global Witness that the attack on Yamgan "was a good lesson for Zulmai Mujadidi and his supporters" after they attacked Malek following the takeover of the mines. He added that the pro-Mujadidi forces in the district "were also a barrier for the Taliban to take over the mines, which resulted in the Taliban deciding to permanently remove these groups out of the way and somehow get access to the lazuli mines. (...) Looking at the conflicts, we can name this as being a commercial war." Global Witness interview with 'Haji Iqbal'

¹³⁴ A diplomatic source claimed that: “According to our information and reports there was covert support from Malek [for the May 2014 attack on Yamgan] – the Taliban [action] was direct and Malek indirect. I talked with some local people who confirm this. (...) there was [previously] an attempt by Qand Agha [with ALP commander Manu Khan and others] to take the mine but they were defeated. Then [Qand Agha] started on the Jurm side to attack this Taliban post that was collecting income from the trucks. This finally pushed the Taliban and Malek to launch a joint operation.” It is notable that Manu Khan was killed by the Taliban after he was captured – while his men were released. One local source reported that Malek was overjoyed. Manu Khan was also said to be impeding the Taliban’s collection of tolls from the lapis trucks. Interestingly, the same source also alleged that the MP Fawzia Koofi supported a group of armed men in the action against Manu Khan and Qand Agha, and that in revenge Zulmai Mujadidi created a group of Taliban in Kuf Ab, Fawzia Koofi’s home district – although the governor was later able to persuade them to give up their fight. Global Witness was not able to further corroborate that claim. Global Witness interview with international diplomatic source No.1, March 2015; Global Witness interview with ‘Dawood’

¹³⁵ The Afghanistan Analysts Network reported that several local residents “related how the Afghan Local Police (ALP) commander Abdul Mulik, who commands a large militia, supposedly paid ANA commander Raufi millions of Afghani to let the bases fall to the Taleban (one million Afghani is almost 20,000 US dollar). Others said Mulik paid the Taleban who then bought the bases from Raufi and other check post commanders. Some argued that the deal – if there indeed had been one – was related to Abdul Mulik’s involvement in the illegal mining business (as a former district police commander he had in fact fought the Taleban in the past). Ahmad Javid Mujahiddi, the deputy head of the provincial council, said that the ANA base had probably been impeding Mulik’s illegal mining business, as its location was hampering access to the mine.” [sic] Various sources put the total number of militants involved in the attack at between ‘nearly 250’ and 1000. Bethany Matta, “Violence in Badakhshan Persists: what last year’s Jurm attack still tells us about insecurity in the north,” Afghanistan Analysts Network, April 10, 2016 <https://www.afghanistan-analysts.org/violence-in-badakhshan-persists-what-last-years-jurm-attack-still-tells-us-about-insecurity-in-the-north/>; Diplomatic report dated July 1, 2015, copy on file with Global Witness; Bill Roggio, ‘Taliban admit to beheading Afghan soldiers ‘in revenge’; Joseph Goldstein, ‘Afghan Army Is Tested by the Taliban as Fighting Season Begins’, New York Times, April 13, 2015 <http://www.nytimes.com/2015/04/14/world/asia/afghan-army-is-tested-by-the-taliban-as-fighting-season-begins.html>; Carlo Munoz, ‘Afghan military prepares for major counterinsurgency operation in north’, Stars and Stripes, April 14, 2015 <http://www.stripes.com/news/middle-east/afghan-military-prepares-for-major-counterinsurgency-operation-in-north-1.340066> ; Mirwais Adeel, ‘33 Afghan army soldiers martyred, wounded in Badakhshan attack’, Khaama Press, April 12, 2015 <http://www.khaama.com/33-afghan-army-soldiers-martyred-wounded-in-badakhshan-attack-9998>

¹³⁶ Some sources put the number of casualties significantly higher. A diplomatic report on the incident said “local residents” stated that almost all of the 120-strong ANA force had been killed, captured or wounded, and that local political figures including Zulmai Mujadidi and Zekria Sawda put the number of ANA casualties around 70. Diplomatic report dated April 25, 2015, copy on file with Global Witness; Bill Roggio, ‘Taliban admit to beheading Afghan soldiers ‘in revenge’

¹³⁷ Bill Roggio, ‘Taliban overruns another 2 districts in Afghan north’

¹³⁸ Press reports citing government sources (which are not always unreliable on casualty figures) claim 10 Afghan police killed in the capture of Yamgan, and variously up to 120 Taliban and five Afghan government soldiers killed in its retaking. ‘Taliban captures district in north-east Afghanistan’, Al Jazeera, June 6, 2015 <http://www.aljazeera.com/news/2015/06/taliban-captures-district-northeast-afghanistan-150606085850568.html>; ‘Afghan troops retake northeastern district from Taliban’, Press TV, June 21, 2015 <http://217.218.67.231/Detail/2015/06/21/416844/Afghanistan-Taliban-Yamgan-Badakhshan-Kunduz>; ‘Badakhshan’s Yamgan District falls to Taliban for second time in six months’, Khaama Press, November 19, 2015 <http://www.khaama.com/badakhshans-yamgan-district-falls-to-taliban-for-second-time-in-six-months-4239>; ‘Security forces recapture Yamgan District of Badakhshan’, Khaama Press, June 21, 2015 <http://www.khaama.com/beaking-news-security-forces-recapture-yamgan-district-of-badakhshan-3521>; Joseph Goldstein, ‘Taliban Overrun Remote District in Northeastern Afghanistan’, New York Times, June 6, 2015

<http://www.nytimes.com/2015/06/07/world/asia/taliban-overrun-remote-district-in-northeastern-afghanistan.html>

¹³⁹ The Taliban claimed they killed 14 government troops in the November attack, and lost six men themselves. ‘Taliban advances in northern Afghanistan’, Al Jazeera, November 19, 2015 <http://www.aljazeera.com/news/2015/11/taliban-advances-northern-afghanistan-15119134050404.html>; ‘Yamgan district of Badakhshan falls to Taliban’, Pajhwok Afghan News, November 19, 2015 http://www.pajhwok.com/en/2015/11/19/yamgan-district-badakhshan-falls-taliban?mc_cid=cf1fbc3620&mc_eid=1425630427

¹⁴⁰ The village is in fact about 4km inside the border of Kuran wa Munjan. Global Witness interview with international diplomatic source No. 1, December 2015

¹⁴¹ A trader from Kuran wa Munjan, 'Jandad Khan' (a pseudonym), recounted that the Taliban sent a 15-man delegation, which told Malek to either join them or face attack. Engineer Ismael also reported that the Taliban told Malek "to agree [terms with the Taliban] or go – they came to this agreement [for 50% of the mine revenue]." Mohammad Salam, a prominent lapis trader from Jurm district reported that Malek initially offered Petawuk and two tunnels from Junduk to the Taliban, but they were still not convinced. Global Witness interview with 'Jandad Khan', a lapis trader from Kuran wa Munjan, December 2015; Global Witness interview with 'Mohammad Salam' (a pseudonym), a lapis trader from Jurm district, December 2015; Global Witness interview with 'Engineer Ismael', February 2016

¹⁴² Global Witness interview with 'Abdul Samir', December 2015; Global Witness interview with 'Mohammad Salam', a lapis trader from Jurm district of Badakhshan, December 2015 It should also be noted that In February 2016, Engineer Ismael claimed, based on information from local contacts, that a month after the deal giving them 50% of the mine revenue the Taliban had imposed even tougher terms, giving 20% each of the revenue for commanders from Baharak, Warduj, Jurm and Yamgan respectively – leaving just 20% for Malek. However, Engineer Ismael later spoke of the Taliban taking 50%, plus taxes from the traders. A diplomatic observer also thought the report of a deal for 80% of the revenues was exaggerated, but said that it was possible that Malek was giving 20% under the table above the official 50% he agreed to in the December deal. He said: "I am sure it is 50% [the Taliban are getting] - but I think it is more (...) I personally met with this guy and he said Malek offered 50% but the Taliban wanted more – 70-80%." But like Engineer Ismael, he also later said that the Taliban were getting 50%, plus additional taxes from the traders – which had a similar effect in boosting their income. Global Witness interview with 'Engineer Ismael', February 2016; Global Witness interview with international diplomatic source No. 1, April 2016

¹⁴² Global Witness interview with 'Haji Toriyalai', December

¹⁴³ Anisa Shaheed , 'Lawmakers Concerned Over Illegal Extraction Of Mines In Badakhshan', Tolo News, February 8, 2016 <http://www.tolonews.com/en/afghanistan/23687-lawmakers-concerned-over-illegal-extraction-of-mines-in-badakhshan>

¹⁴⁴ Global Witness interview with international diplomatic source No. 1, February 2016

¹⁴⁵ A diplomatic source, citing a local shop-keeper, said the Taliban "are collecting not only from the mine income [via Malek] but also individually from the traders." He said traders paid Islamic taxes called *ushr* and *zakat* to the Taliban – levied at 10% of the value of the lapis extracted. (NB this rate is somewhat at odds with some interpretations of Islamic law.) It is not clear how many traders paid the tax, but in theory if all traders paid, and the declared value of the lapis conformed to the estimates set out in Annex A, the overall revenue would amount to about \$5m in 2015 – rivalling the indirect revenue received through Malek. The diplomat said: "I think their share is much more than 50% now. Officially they receive 50% - they also receive monthly some share from the traders." A second source, Engineer Ismael, similarly reported that Malek "gave [the Taliban] money so they would help him. This was indirect. After the fall of Yamgan it was direct. They take directly from the mines now - since this deal. (...) They take from the traders." Engineer Ismael thought even those traders from Kuran wa Munjan whose exit route does not pass through directly Taliban controlled territory would be obliged to pay the tax under fear of threats to their families – although the diplomatic observer said some traders sympathised with the Taliban and paid willingly. Global Witness interview with international diplomatic source No.1, May 2016; Global Witness interview with 'Engineer Ismael', May 2016 ; "'Ushr (the Tithe)," Muslim Canada, <http://muslimcanada.org/fiqhch4.html>

¹⁴⁶ An international diplomatic source said that: "According to unconfirmed reports, and to local people in Kuran Wa Munjan, Commander Malik gave 40m Afghani [\$640,000] to [the] Taliban (...) [this money was] transferred via Taliban delegates – namely Haji Muhammad Usman [the] brother in Law of Qari Fasehuddin, Khalifa Zakir, Zabihullah [the] nephew of Mawlavi Amanuddin ([the] deputy of Fasihuddin) and (...) the brother of Mawlavi Amanuddin." Engineer Ismael also spoke of a one off payment, but he put it at Afs 27m (\$432,000). Global Witness interview with international diplomatic source No. 1, December 2015; Global Witness interview with 'Engineer Ismael', February 2016

¹⁴⁷ Engineer Ismael said the Taliban had three sources of income – indirectly from Malek, directly from traders, and through shares in mines. "They invest themselves. A man called commander Aman is working there. His people are working there. They have shares - they take from the traders and they work." However, a diplomatic observer reported that there was "no confirmation that [the Taliban] are directly investing (...) They are just getting the taxes." Global Witness interview with 'Engineer Ismael', February 2016; Global Witness interview with international diplomatic source No. 1, February and May 2016

¹⁴⁸ Global Witness interview with 'Haji Toriyalai', December 2015

¹⁴⁹ Global Witness interview with international diplomatic source No. 1, December 2015

¹⁵⁰ Diplomatic report dated January 2016, copy on file with Global Witness

¹⁵¹ Global Witness interview with international diplomatic source No. 1, February 2016

¹⁵² One diplomatic observer alleged that Commander Sattar had links to Mujadidi, while Commander Imam was linked to Fawzia Koofi and Commander Sharif to “the Panjshiris.” Another source believed Sharif was linked to Mujadidi. While it is plausible that Mujadidi especially might use the discontent among Malek’s subordinate to create trouble, there is insufficient evidence to say that any of these links necessarily exist. Global Witness interview with international diplomatic source No. 1, February 2016; Global Witness interview with ‘Engineer Ismael’, May 2016

¹⁵³ A diplomatic observer reported that: “Malek has very close relationship with [the Taliban], [but] Sharif (...) and Immamudeen – they don’t have good relations.” Engineer Ismael similarly reported that: “There was not a threat [that resulted in the Taliban receiving 50% of the mine revenue], it was a deal. It was a friendly agreement. Commander Imam and Sharif got angry with Malek. It was a deal. Malek had relations with [the Taliban] from the start.” Global Witness interview with international diplomatic source No. 1, February 2016; Global Witness interview with ‘Engineer Ismael’, February 2016

¹⁵⁴ Diplomatic report dated July 1, 2015, copy on file with Global Witness; Diplomatic report dated February 17, 2015, copy on file with Global Witness

¹⁵⁵ On Chinese concerns around security in Afghanistan, see for example Kane Luo and Raffaello Pantucci, ‘Understanding the Cultural Fabric: The Missing Piece in China’s outreach to bring peace to Afghanistan’, Foreign Office of the United Kingdom, April 23, 2015

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/423503/China_Afghanistan_Kane_V5.pdf

¹⁵⁶ The source said the fighters included around 400 foreign families, including 150 active militants, made up of Tajik, Uzbek, Chinese Uighur, Kyrgyz, Chechen and Pakistani citizens affiliated with the Eastern Turkistan Islamic Movement and Jundullah, as well as IMU. It is not clear if the ‘400 families’ means family members or family units – one would certainly expect the former given the number of active fighters. A further 70 fighters in the area were said to be Pakistanis linked to Sepah e Sahaba, for a total of 220 combatants. Diplomatic report dated July 1, 2015, copy on file with Global Witness

¹⁵⁷ According to another diplomatic report, in February the acting governor of Badakhshan reported 175 family members and about the same number of militants, so this could also mean a little under 400 individuals. However, other reports put the number of families in Khostak at no more than 70 (with up to 40 families in Tagab and Warduj districts), which seems to indicate that there may be fewer fighters than claimed by the NDS. Afghan security services have been known to exaggerate insurgent numbers. Obaid Ali, ‘The 2015 Insurgency in the North (2): Badakhshan’s Jurm district under siege’, Afghanistan Analysts Network, September 14, 2015 <https://www.afghanistan-analysts.org/the-2015-insurgency-in-the-north-2-badakhshans-jurm-district-under-siege/>; Diplomatic report dated February 17, 2015, copy on file with Global Witness

¹⁵⁸ Diplomatic report dated January 2016, copy on file with Global Witness

¹⁵⁹ There is a certain lack of clarity about the precise relations of the different groups. As discussed, various reports mention Jundullah, Jamaat Ansarullah, the Islamic Movement of Uzbekistan (IMU), Sepahi Sahaba, and the Eastern Turkistan Islamic Movement (ETIM) as being present in Badakhshan. Several sources described Ansarullah as “the Tajik wing,” or “a Tajik splinter group” of the IMU, while others describe Jundullah as a “combination of Jamaat Ansarullah and the IMU.” But Jundullah is also described as “a wing of the Islamic Movement of Uzbekistan that fled North Waziristan during the Pakistani military offensive that began in June 2014,” or even simply as an Afghan name for the IMU – perhaps helped by the fact that the IMU’s media wing is known as ‘Jundullah Studio’. Confusingly, there are also two other Jundullah movements in the region, fighting in Iran and Pakistan (the Pakistani group is a splinter of the Tehreek-i-Taliban Pakistan (TTP) which has also declared loyalty to the Islamic State). But then the IMU has itself long been more focused on operations in Pakistan and Afghanistan than Uzbekistan, and has become increasingly concerned with international *jihād*. Meanwhile, ETIM is described as “an umbrella organization for many splinter groups, including ones that operate in Pakistan and central Asia,” allied to IMU. The Turkistan Islamic Party (TIP) is sometimes described as the most active of these elements within ETIM, but elsewhere it is described as completely separate, and indeed some observers doubt whether ETIM itself exists as a real organisation. It does however seem clear that TIP has close ties to the IMU, and may even have emerged from it: analysts describe it as “entangled ideologically with the IMU and other international groups,” and TIP leader Abdul Haq has been cited as claiming that former Taliban leader Mullah Omar designated the IMU to be the umbrella group for Uighur “immigrants” in Afghanistan in 2001. Overall, as several observers point out, the proliferation of different groups is less important than their common ties and objectives. It also seems clear that within Badakhshan the groups are closely allied and that it is likely that the IMU plays the lead role as an umbrella for the wider militant movement in Badakhshan, given its alleged former role under Mullah Omar and how the other groups are described by analysts and officials. Vaughan Winterbottom, ‘No end in sight to Xinjiang unrest’, China Outlook, August 14, 2013 <http://chinaoutlook.com/no-end-in-sight-to-xinjiang-unrest>; M Ilyas Khan, ‘Pakistan’s bewildering array of militants’, BBC, October 25, 2014 <http://www.bbc.co.uk/news/world-asia-29724771>; Alexander

Sodiqov, 'As Tajikistan Reports Foiling a Terrorist Plot, the Severity of Threat It Faces Appears Exaggerated', Jamestown Foundation/Eurasia Daily Monitor, volume 11, issue 199, November 7, 2014

http://www.jamestown.org/single/?tx_ttnews%5Btt_news%5D=43066&no_cache=1#.Vq3qt7KLTrc; Zia Ur Rehman, 'ETIM's presence in Pakistan and China's growing pressure, Norwegian Peacebuilding Resource Centre, August 2014 http://www.peacebuilding.no/var/ezflow_site/storage/original/application/381280b226170116bb6f07dc969cb17d.pdf;

Jacob Zenn, 'On the Eve of 2014: Islamism in Central Asia', Hudson Institute, June 24, 2013 <http://www.hudson.org/research/9824-on-the-eve-of-2014-islamism-in-central-asia>; 'Jundullah vows allegiance to Islamic State', Dawn/Reuters, November 18, 2014 <http://www.dawn.com/news/1145310>; 'Jundullah terrorist network leader killed in Takhar province', Khaama Press, October 16, 2014 <http://www.khaama.com/jundullah-terrorist-network-leader-killed-in-badakhshan-province-6846>;

'Sipah-e-Sahaba Pakistan', Institute for Conflict Management, South Asia Terrorism Portal

<http://www.satp.org/satporgtp/countries/pakistan/terroristoutfits/Ssp.htm>; 'Jundallah emir killed in northern Afghanistan, NDS claims', Bill Roggio, Long War Journal, August 25, 2015

<http://www.longwarjournal.org/archives/2015/08/jundallah-emir-killed-in-northern-afghanistan-nds-claims.php>;

Qishloq Ovozi, 'Closer To Home, Islamic Movement Of Uzbekistan May Renew Original Goals', Radio free Europe/Radio Liberty, May 21, 2015 <http://www.rferl.org/content/islamic-movement-of-uzbekistan-pakistan-afghanistan/27029197.html>;

Beina Xu, Holly Fletcher, and Jayshree Bajoria, 'The East Turkestan Islamic Movement (ETIM)', Council on Foreign Relations, September 4, 2014 <http://www.cfr.org/china/east-turkestan-islamic-movement-etim/p9179>; Global Witness interview with international diplomatic source No. 1, February 2016

¹⁶⁰ Jacob Zenn, 'On the Eve of 2014: Islamism in Central Asia'

¹⁶¹ Bill Roggio, 'Taliban overrun district center in northern Afghan province', Long War Journal, May 23, 2014

http://www.longwarjournal.org/archives/2014/05/taliban_overrun_dist.php

¹⁶² Global Witness interview with 'Dawood', 2014

¹⁶³ Musa Khan Jalalzai, 'The emergence of IS in Afghanistan', Daily Times, April 21, 2015

<http://web.archive.org/web/20151210032949/http://www.dailytimes.com.pk/opinion/21-Apr-2015/the-emergence-of-is-in-afghanistan>; Bruce Pannier, 'Closer To Home, Islamic Movement Of Uzbekistan May Renew Original Goals',

Radio Free Europe/Radio Liberty, May 21, 2015 <http://www.rferl.org/content/islamic-movement-of-uzbekistan-pakistan-afghanistan/27029197.html>; Bethany Matta, 'Foreign fighters set up shop in northern Afghanistan', Al Jazeera, April 27, 2015 <http://www.aljazeera.com/indepth/features/2015/04/foreign-fighters-set-shop-northern-afghanistan-150424081505305.html>;

John Daly, 'Afghanistan's Uncertain Future Worries Central Asia', Silk Road Reporters, June 3, 2015 <http://www.silkroadreporters.com/2015/06/03/afghanistans-uncertain-future-worries-central-asia/#sthash.L7xAd1aH.dpuf>; Diplomatic report dated April 25, 2015, copy on file with Global Witness

¹⁶⁴ These included the May 24 Yamgan takeover, and a 2011 incident in which 11 ANP were captured by the Taliban in Warduj. However, it should be noted that the Taliban themselves reportedly acknowledged that the killings were 'contrary to the rules on engagement'. Bill Roggio, 'Taliban admit to beheading Afghan soldiers 'in revenge'', Long War Journal, April 21, 2015 <http://www.longwarjournal.org/archives/2015/04/taliban-admit-to-beheading-afghan-soldiers-in-revenge.php>; '24 Afghan soldiers freed by the Taliban', BBC Persian service, May 25, 2014 (in Persian)

http://www.bbc.com/persian/afghanistan/2014/05/140525_k03_badakhshan_unrests_24_soldiers_freed; Fabrizio Foschini, 'A thin line between insurgency and local politics in Badakhshan'

¹⁶⁵ Diplomatic report dated April 25, 2015, copy on file with Global Witness; Carlo Munoz, 'Afghan military prepares for major counterinsurgency operation in north'; 'Armed Militants Sustained Heavy Casualties In Military Operation', Bakhtar News, April 11, 2015 <http://bakhtarnews.com.af/eng/security/item/16972-armed-militants-sustained-heavy-casualties-in-military-operation.html>; Reza Hashimi, 'ISIS, Taliban United Behind Attack on ANA in Badakhshan', Tolo News; Carlo Munoz and Jon Harper, 'Intelligence gaps may help Islamic State gain foothold in Afghanistan', Stars and Stripes, April 20, 2015 <http://www.stripes.com/news/intelligence-gaps-may-help-islamic-state-gain-foothold-in-afghanistan-1.341241>; Reza Hashimi, 'ISIS, Taliban United Behind Attack on ANA in Badakhshan', Tolo News/RAWA, April 13, 2015 <http://www.rawa.org/temp/runews/2015/04/13/isis-taliban-united-behind-attack-on-ana-in-badakhshan.html#ixzz3aC7EKfId>

¹⁶⁶ For the original August 2015 video statement, see the SITE Intelligence website, at:

http://sitemultimedia.org/video/SITE_IMU_Pledge_Baghdadi.mp4. It followed the apparent decision by at least one IMU commander in Faryab province to publicly affiliate to ISIL in March 2015, and an initial statement of cooperation from Usman Ghazi published in November 2014. Margherita Stancati and Nathan Hodge, 'Islamic State Ally Emerges As Threat to Afghanistan, Central Asia', Wall Street Journal, August 18, 2015 <http://www.wsj.com/articles/islamic-state-ally-emerges-as-threat-to-afghanistan-central-asia-1439919456>; 'Uzbek Group In Afghanistan Pledge Allegiance To Islamic State', Radio Free Europe/Radio Liberty, March 30, 2015 <http://www.rferl.org/content/uzbek-group-in-afghanistan-behead-afghan-soldier/26928658.html>; Christopher Hawkins, 'OSINT Summary: IMU militants purportedly

pledge allegiance to the Islamic State' IHS Jane's 360, March 31, 2015 <http://web.archive.org/web/20150809082017/http://www.janes.com/article/50363/osint-summary-imu-militants-pledge-allegiance-to-the-islamic-state>; 'Statement from the Islamic Movement of Uzbekistan's leader Uthman Ghazi: "It's Been Thirteen Years Since We Have Heard From You Mullah Muhammad Omar"', Lawfare, July 1, 2015 <http://lawfareblog.com/statement-islamic-movement-uzbekistans-leader-uthman-ghazi-its-been-thirteen-years-we-have-heard-you>; Thomas Ruttig, 'ANSF Wrong-Footed: The Taleban offensive in Kunduz', Afghanistan Analysts Network, May 3, 2015 <https://www.afghanistan-analysts.org/ansf-wrong-footed-the-taleban-offensive-in-kunduz/>; Diplomatic report dated April 25, 2015, copy on file with Global Witness

¹⁶⁷ Abubakar Siddique, 'The Islamic Movement of Uzbekistan Overshadows Afghan Battlefield', Radio Free Europe/Radio Liberty, May 12, 2015 <http://gandhara.rferl.org/content/afghanistan-imu-role-in-fighting/27011645.html>

¹⁶⁸ Another possible contributing factor may be that many Taliban commanders in Badakhshan are Tajik, and so perhaps less inclined to follow the directives of the Taliban leadership against ISIL. Global Witness interview with international diplomatic official No. 1, 2015

¹⁶⁹ Global Witness is confident in the source of this information. For further details, please contact Global Witness.

¹⁷⁰ Global Witness is confident in the source of this information. For further details, please contact Global Witness

¹⁷¹ One diplomatic source, citing security sources and local traders, said that "Logistically [the Taliban] are supporting these foreign fighters (...) food and ammunition is delivered to them." Global Witness interview with international diplomatic source No. 1, April 2016

¹⁷² Global Witness interview with international diplomatic source No. 1, May 2016

¹⁷³ Global Witness is confident in the source of this information. For further details, please contact Global Witness

¹⁷⁴ Global Witness interview with international diplomatic official No. 3, a senior official in a Western embassy, 2015.

¹⁷⁵ On IS in Iraq and Syria, see Sam Jones, Guy Chazan, and Erika Solomon, 'Black gold fuels the 'caliphate' war machine', Financial Times, October 15, 2015; Brian Perkins, 'Islamic State Eying Afghanistan's Natural Resources', The Diplomat, June 28, 2015 <http://thediplomat.com/2015/06/islamic-state-eying-afghanistans-natural-resources/> On IS doctrine, the best source (though at the time of writing it had not been conclusively authenticated) is probably the 'Caliphate on the prophetic methodology' [sic], a 24-page strategic document. Chapter Five, on 'Organisation of the provinces', has two relevant clauses:

1. Wealth of the state

It is the principal component and source of financing for all internal and external operations, and the existence of secure financial resources whose value does not change in every time and place is a must – and the need of the people for them should be clear with the nations unable to do without them despite the existence of the impediments that prevent their use and purchase from the land of the state.

This includes oil and gas and what the land possesses including gold as currency that does not deteriorate or decline, as well as trade routes from which they have no wealth and all of it should be the intervention of the Islamic State as a powerful side in all their plans and such that they cannot pretend that it has no existence and might.

2. The nature of its land

The state cannot remain without the existence of the land that allows for its continuation and expansion, for the assets of the land are – the mountains, the agricultural lands, the sea and the river – for these natural assets are what makes the Islamic State acquire its importance and the importance of location, and the agreement of the west in Sykes-Picot were established on the basis of depriving the Sunnis from those assets, as the mountains were granted to the Kurds, Druze and Alawites, while the sea was granted to the Rafidites and Nusayris, while the river and what surrounds it in investment for the Jews and the agricultural lands under their administration.

¹⁷⁶ Saleha Sadat, "Saba: Daesh Seeking to Exploit Mines for Funding," Tolo News, June 8, 2015

<http://www.tolonews.com/en/afghanistan/19913-saba-daesh-seeking-to-exploit-mines-for-funding>

¹⁷⁷ Global Witness interview with Commander Malek

¹⁷⁸ Global Witness interview with 'Dawood'; Global Witness interview with 'Haji Anwar'; Global Witness interview with 'Abdul Alem', an educated professional from Badakhshan, 2014. Haji Anwar told a Global Witness interviewer that the people "themselves rose with the support of the Panjshiris – by support of General Fahim. Malek himself rose up with the support of his *qauym* [tribe] – with the advice and on the order of his people. The local people helped."

¹⁷⁹ Global Witness interview with 'Haji Bashir'

¹⁸⁰ For example, a lapis trader, 'Alam Jan' said that local residents "noticed that the lazuli mine only belonged to one family, Zulmai Mujadidi and his supporters." Another trader, 'Sharif', told Global Witness: "First of all, the people of Kuran wa Munjan have the thought that the lazuli mines belonged to Zulmai Mujadidi, and were not beneficial to the

government for the past twelve years; thus the poor people of the area are more deserving than Zulmai Mujadidi to utilise the resources of their environment.” Global Witness interview with ‘Alam Jan’, a lapis trader and miner from Kuran wa Munjan district, Badakhshan, Afghanistan, 2014; Global Witness interview with ‘Sharif’ (a pseudonym), a lapis trader from Jurm district in Badakhshan, Afghanistan, 2014

¹⁸¹ Global Witness interview with member of Afghan National Police in Badakhshan No. 1, 2014.

¹⁸² Global Witness interview with ‘Haji Bashir’

¹⁸³ Haji Bashir said that “In the time of Zulmai Khan there was very little help to the people.” ‘Dawood’ also told Global Witness that people from outside the district were brought in to work on the mines, though Haji Bashir said they were from Yamgan while Dawood described them as coming from Jurm, as did the diplomatic report viewed by Global Witness. Global Witness interview with ‘Haji Bashir’; Global Witness interview with ‘Dawood’; Diplomatic report dated November 30, 2014. Copy on file with Global Witness

¹⁸⁴ Diplomatic report dated November 30, 2014. Copy on file with Global Witness.

¹⁸⁵ He thought there had been two such distributions – of about 5,000 or 10,000 Afghans per household – as of May 2014. Global Witness interview with ‘Haji Anwar’ (a pseudonym), an experienced lapis and gemstone miner, Afghanistan, May 2014

¹⁸⁶ Global Witness interview with ‘Naimullah’ (a pseudonym), a lapis trader from Jurm district, Badakhshan, based in Kabul, Afghanistan, October 2014

¹⁸⁷ Dawood said: “The mines are divided among the villages – every village that says give me a mine [is told to] go and find a mine.” The proceeds of the mines could then be sold to traders. Global Witness interview with ‘Dawood’

¹⁸⁸ Several sources mentioned the existence of some kind of *shura*, though in somewhat different terms. Haji Anwar for example said the council included representatives of all the local villages. Naimullah merely mentioned the existence of the *shura* but was unclear on its exact make-up and role. Global Witness interview with ‘Haji Bashir’; Global Witness interview with ‘Dawood’; Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Haji Anwar’, 2014; Global Witness interview with ‘Naimullah’, 2014.

¹⁸⁹ Global Witness interview with ‘Engineer Ismael’, February 2016; Global Witness interview with international diplomatic source No.1, February 2016

¹⁹⁰ In May Ghulam Mohammad told Global Witness that he thought at a rough estimate about 30% of mining revenue was going to the people in Kuran wa Munjan, with the rest being used to purchase weapons, co-opt political actors, and to the private profit of the commanders. By January 2015, he said that the only support being given was small charity given to poor individuals – perhaps reflecting the general shift which saw the commanders taking a larger cut of mining revenue. Global Witness interview with ‘Haji Bashir’; Global Witness interview with ‘Ghulam Mohammad’

¹⁹¹ Global Witness interview with ‘Haji Bashir’

¹⁹² The major work on the roads was reported in 2015, after the road through Faizabad was blocked, implying that it was probably primarily driven by the need to clear the route through Anjuman to allow the lapis trade to proceed. See also the photographs of road works being carried out on the Anjuman pass. Global Witness interview with ‘Engineer Ismael’, February 2016; Global Witness interview with international diplomatic source No. 1, December 2015.

¹⁹³ Global Witness interview with ‘Engineer Ismael’, February 2016; Global Witness interview with international diplomatic source No.1, January 2016; Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’,

¹⁹⁴ Global Witness interview with ‘Haji Bashir’, 2014

¹⁹⁵ Global Witness interview with ‘Haji Bashir’, 2014

¹⁹⁶ That dual role could explain the discrepancy between the testimonies. Dawood spoke of a “commission [that] distributes money for the sub-commanders, which at the same time represent these different villages – they take but they know the way to distribute to convince the people [to support them].” But he finally added: “it is not very clear how [the money] is distributed.” Global Witness interview with ‘Dawood’

¹⁹⁷ While one source spoke of a daily wage of up to \$10, this seems high given the average annual salary in Afghanistan is \$410. Alam Jan told Global Witness mine labourers might receive no other payment apart from the right to gather and sell the lapis fragments left over after blasting. “Generally the workers in the lazuli mine do not have any fixed salary (...) the work system of the mine is (...) wherever Azure-bearing stone is seen, it is drilled around it and gets exploded with dynamite, and the remaining mines are transported outside the tunnel by the workers and afterwards the area where the real lazuli stones are contained is exploded. The contractor and the commander of the mine Assadullah Mujadidi take the original lazuli stones themselves, and the wastage is taken out the tunnel by the workers. Whatever the workers gained from the wastage, it is their only wages. Despite this, most of the workers are not receiving much from their daily job, yet they are satisfied with their job.” He was apparently referring to the period before the take-over, but there is no indication the system is not still practiced. Conditions in mining sites, meanwhile, are basic and difficult, and there are regular accidents. Global Witness interview with ‘Alam Jan’; Soraya Sarhaddi Nelson, ‘Tapping into Afghanistan’s Wealth of Gems’, National Public Radio, September 7, 2007

<http://www.npr.org/templates/story/story.php?storyId=14239357>; Philip Poupin, 'Lapis lazuli, l'or bleu afghan', September 2008 <http://www.philippoupin.fr/asia-2/lapis-lazuli-lor-bleu-afghan/>; Graham Bowley, 'Fears of the Future Haunt a Budding Generation of Afghan Strivers', New York Times, February 11, 2013

http://www.nytimes.com/2013/02/12/world/asia/middle-class-afghans-face-a-murky-future.html?_r=0

¹⁹⁸ In early 2015 it appeared that the relatively benign nature of Malek's rule in Kuran might be gradually unravelling. Ghulam Muhammad for example testified in January 2015 that since the summer the amount of lapis 'stolen' by Malek and his people had increased, along with the numbers in his group: "The *zurmanda* [strongmen] are taking a lot." The change may have been linked to the additional pressure that the government was bringing to bear on the mines at the time (see below) Since then, though, other sources have echoed the view of locals as relatively happy compared to the pre-Malek era. Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Zahirullah'

¹⁹⁹ Global Witness interview with 'Haji Bashir'

²⁰⁰ One miner at a tourmaline site in Deodarra in fact mentioned a case where he said a mine had been taken by force by Commander Malek, rather than Zulmai Mujadidi: "Mohammad Nizam Khan dug seven tunnels and then [they were] taken by force by powerful people in the time of Malek – Asadullah did not take it, Malek took it." Global Witness interview with Deodarra tourmaline miner, May 2015

²⁰¹ Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness; Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

²⁰² Global Witness interview with 'Ghulam Mohammad', 2014

²⁰³ Gulbad's allegations were reinforced by a letter independently obtained by Global Witness, an undated request from a commander associated with Asadullah, asking for a particular miner to be allowed to work in the Deodarra mines. The commander was called Abdul Wassil – not to be confused with his colleague Qari Assil, or indeed the Taliban commander Qari Wassil. Both Haji Anwar and Dawood separately mentioned Commander Wassil as one of Asadullah's key men. Global Witness interview with 'Gulbad', March 2014; Letter signed 'Your Brother, Abdul Wassil', copy on file with Global Witness; Global Witness interview with 'Haji Anwar'; Global Witness interview with 'Dawood'

²⁰⁴ One diplomatic source confirmed the remit of the MPF had been limited to the lapis mine at the time of reforms to the police around 2008; a second simply said that Malek's command did not extend to Jurm. Global Witness interview with international diplomatic Source No. 1, 2015; Global Witness interview with International diplomatic source No. 2

²⁰⁵ Typically, four to ten investors would each take responsibility for a different aspect of operations, variously providing food, labour, explosives, generators, fuel, or equipment as their stake in the enterprise. Global Witness interview with 'Akram' (a pseudonym), a mining entrepreneur and associate of 'Ghulam Mohammad', 2014; Global Witness interview with 'Zahirullah' (a pseudonym), a mining entrepreneur and business partner of 'Ghulam Mohammad', 2014; Global Witness interview with 'Haji Anwar', 2014; Global Witness interview with 'Ghulam Mohammad', 2014

²⁰⁶ Ghulam Mohammad said that about half of the takings went to pay his workers on a partnership basis. Other workers described a slightly different system. 'Gulbad' (a pseudonym), an ordinary labourer in the mines, and not linked to Ghulam Mohammad, told Global Witness: "In a month we get 10,000Afs, plus they give food. If they find this precious stone they will continue to pay but if they did not find anything then for two or three months we will not receive our payment. The first and second months they will pay – if they find any stone they will continue paying." Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Gulbad' (a pseudonym), a mine labourer from Khosh district, Badakhshan, Afghanistan, 2014

²⁰⁷ Global Witness interview with 'Ghulam Mohammad'.

²⁰⁸ Ibid.

²⁰⁹ Global Witness interview with 'Zahirullah'; Global Witness interview with 'Akram', 2014; Global Witness interview with 'Ghulam Mohammad', 2014

²¹⁰ Global Witness interview with 'Ghulam Mohammad', 2014

²¹¹ The proceeds of the mine were otherwise split equally between the workers and investors – the implication being that the policeman took an additional worker's share. Ghulam Mohammad separately said that "in each mine a policeman is a partner." Global Witness interview with 'Ghulam Mohammad'

²¹² Ibid.

²¹³ Global Witness interview with 'Ikram', a miner from Jurm district and the brother of 'Haji Anwar', Afghanistan, 2014. Ikram also told Global Witness that: "If any of the 56 or 57 mines [in Deodarra] produce [tourmaline], definitely they get a share in them." Note that his estimate of the total number of mines differed somewhat from that of Ghulam Mohammad. He also confirmed more generally that: "People were threatened and there was cruelty by [Asadullah Khan's] armed people."

²¹⁴ Ikram said that: "[Asadullah Khan] will provide everything himself, then when the mine has produced he seals up the stones and says, 'come brother, let's sit.' The workers will say 'this stone is worth 50 lakh Afghanis (\$89,285), then he says no it is worth 20 lakh. He takes it for 20 lakhs. Then he says this much is for the expenses of the machinery [I

provided], this much is for the generator, and this much for food. This much you must send as a gift for Rais [Zulmai Mujadidi] – and this part is for the mujahedeen. For the workers all that will remain is something like 4 lakhs. That was his rule.”

²¹⁵ Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Dawood’, March 2014

²¹⁶ Ghulam Mohammad described how: “Our mine had [tourmaline] stones – [another miner’s] did not. He said ‘my mine became mixed with your mine.’ He made a fight – and in this fight the commission of the mines made a decision. (...) The mine owners [on the commission] made the decision in the benefit [of the commanders] – they are partners.” Global Witness interview with ‘Ghulam Mohammad’

²¹⁷ ‘Dawood’, a former local government official, described how: “If any of the sites extract good quality stone, Assadullah provokes one of his people to make a conflict with the person who is digging that site. They fight each other and their case will be referred to Assadullah – he does mediation. Then he advises that both of you have to work together jointly. In reality the person who has made the conflict is linked to Assadullah.” Global Witness interview with ‘Dawood’

²¹⁸ Haji Anwar described Kheirat as “a man of his [Asadullah Khan]. His *bacha e kaka* [cousin – literally ‘son of his uncle’] (...) He is 20 years with Asadullah. He is one of his group leaders.” Global witness interview with ‘Haji Anwar’

²¹⁹ Haji Anwar described how: “At Eid e Korbon of last year [October 2013] (...) they took half a carton of explosive that I have bought for 40,000 Afghanis and 100 fuses – worth 4,000 Afghanis – and cut down my tent. There were 5 people. We didn’t have any weapons. (...) They said don’t work here - this is our place. They threatened to beat us. (...) The mountain belongs to the no-one – it is the government’s. (...) Before our people they used to take the wood from this mountain. We worked for 2 months – they did not touch us. When the [tourmaline] came out this thing happened. They came and saw the seam – they knew this place had mine. One day one of their people came, and other day 5 armed people came. The day they came they did not say anything – they just watched and watched the mines (...) they went down and brought the gun and put it here [my head] and said don’t say anything, go down [from the mountain]. Global witness interview with ‘Haji Anwar’

²²⁰ Global Witness interview with ‘Gulbad’ (a pseudonym), a mine labourer from Khosh district, Badakhshan, Afghanistan, March 2014. At the time of the interview the PBIM contract was already being put into force, and Gulbad mentioned miners having to agree to pay Asadullah 17%. Presumably this is in fact the share that went to PBIM (as discussed below), and Gulbad was simply not distinguishing between the two. If that was the case, then it is perhaps more evidence of Asadullah enforcing the PBIM contract. Other incidents described by Gulbad clearly referred to the pre-PBIM era.

²²¹ Global Witness interview with ‘Gulbad’, March 2014

²²² This individual was identified as Commander Fazl of Chingaz village, an individual who appears in other testimonies. Global Witness interview with ‘Gulbad’, March 2014

²²³ Global Witness interview with ‘Ghulam Mohammad’

²²⁴ Gulbad claimed to have witnessed calls between and Ayat and Asadullah Mujadidi himself. Ghulam Mohammad used the term *ayat*, roughly equivalent to an inspector, and said his own representative as a mine investor would also be present, in addition to the *ayat*. “Usually Asadullah is calling these people and asking them how things are,” Gulbad said. “If they found the stones (...) then first this supervisor [of Asadullah] is going to look at the stone and verify it and [then] transfer it to the safety box (...) then before the next day starts they will call Assadullah.” Gulbad explicitly said “they have called Asadullah in front of me.” Global Witness interview with ‘Gulbad’; Global Witness interview with ‘Ghulam Mohammad’

²²⁵ Gulbad spoke of the box having two locks, one for Asadullah’s supervisors, and one for the miners. Ghulam Mohammad said: “the key is with me and the box is with the police – the key is with me, and the stone with the company. This was a reference to the Pamir mining company described later in the report. While Ghulam Mohammad did not explicitly say that this system was used before the contract described in that section was granted, it seems likely. Global Witness interview with ‘Gulbad’; Global Witness interview with ‘Ghulam Mohammad’

²²⁶ Gulbad gave a specific example, saying he witnessed one of Asadullah’s men called Qorbon beaten by a fellow sub-commander in early 2012: “he was one of the supervisors of one of the sites, and they found this stone and they put it in the box and took the picture and sent it to Asadullah. On the next day when they came they saw that the picture did not match – they understood that this stone was stolen and replaced by a bad quality one. Then they beat this Qorbon (...) all the people saw he had been beaten.” Global Witness interview with ‘Gulbad’

²²⁷ Asadullah’s ownership was allegedly in partnership with a man called Abbas. Global Witness interview with ‘Gulbad’

²²⁸ Global Witness interview with ‘Ghulam Mohammad’

²²⁹ Global Witness interview with ‘Haji Mansour’, an educated professional from Jurm district, May 2016

²³⁰ Global Witness interview with ‘Engineer Ismael’, May 2016

²³¹ Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

²³² Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

²³³ 'Just Don't Call It a Militia', Human Rights Watch, pp 4-5

²³⁴ According to Haji Anwar: "The killing, the injuring, the beating (...) is all from the hands of the commanders. The biggest if them is Assadullah. (...) Most of them [commanders in Jurm] are from this direction [Asadullah]. Asadullah is the big commander here – now in these 10-12 years there is no-one else. (...) The strongest is Asadullah, then below him is Wassil, then below him Sayed Omar, and then [Farizullah] the son of Qari (...) Farizullah and Sayed Omar – they are both kidnapers, of girls. They are supported by Asadullah. (...) Assadullah made Farizullah [as a tool] against Mehrabuddin so he could push him out [Mehrabuddin was a commander who eventually joined the Taliban – see section on abuses and the insurgency]. Farizullah is also from Keb village [like Mehrabuddin]. For a long time [Farizullah] was not in the ALP. He was a private armed man of Asadullah Khan – then he was made ALP. He sometimes wears an ALP uniform [of a camouflage jacket], sometimes he is in private clothes. I think he has a white car – a white [Ford] Ranger. (...) Sayed Omar is a more powerful commander than Farizullah. He has a white car. A Ranger. I see him all the time. Sayed Omar was a *dekan* [farmer] before. All of them were just *dekan* – poor workers. (...) Samad was a *mujahed* before – with Maulavi nur Ahmad." Haji Anwar also mentioned a commander who was the "cousin of Qutbuddin Khan, called Commander Enayatullah," who he said "is supported by the Panjshiris – he is of the side of [Marshal] Fahim, was supported and supplied by him – he is from the group of the general. From them he was armed by and made an Arbakai and supported." Haji Anwar alleged that the ALP would take items with a promise to pay which was never fulfilled: "The poor shopkeepers know that [the ALP] won't pay it back but give the thing so they won't be beaten." Haji Anwar also claimed that in early 2014 he had witnessed about half a dozen ALP troops attack a mullah with fist and rifle-butts in the local bazaar, after the mullah had seen them beating a boy and intervened. "[It was] the people of Khostak – belonging to Assadullah Khan. The people of commander Enayat. They were beating a mullah. They wanted to beat a boy [in the bazaar]. The mullah said 'don't beat him it is not good' – [then] they started beating the mullah. (...) They were beating together. I don't know their names but I saw it with my own eyes. It was in the bazaar. It was about 1100 or 1130 – before afternoon, before lunch. There were 5-6 people who did the beating. They had ALP jackets – in camouflage. Nothing was written on them. It is the ordinary jacket that is sold in the bazaar. (...) If they are armed you know they are ALP. They beat [the Mullah] with the butt of the gun and their fists. They beat for 5-10 minutes." The ALP troops allegedly included Commander Kheirat. Global Witness interview with 'Haji Anwar', 2014

²³⁵ List provided by 'Engineer Ismael'

²³⁶ Global Witness interview with 'Haji Anwar'

²³⁷ Qutbuddin gave details of the dispute and location of the incident in which he was beaten, and the name of the perpetrator, but they have been omitted to avoid identifying him.

²³⁸ According to Qutbuddin, the ALP member who beat him had been with the Taliban until he had a falling-out with them a few months previously. Qutbuddin told Global Witness that the "Taliban beat him because he wanted to send some guys for a suicide attack" and the local Taliban disagreed. He described the attack as follows: "There was one person who beat me – the others cocked their weapons. He beat me with his gun and with his fists. With the barrel. In the end he went after the other people - the other passengers. He did not take anything. (...) I recognised him. Before he was a Taliban – he did something bad in the Taliban and they beat him. Then he came to the ALP. (...) In 1392 he was in the Taliban – in the month of Hoot he left them. [Equivalent to February/March 2014]. He was a local Taleb." Global Witness interview with 'Qutbuddin' (a pseudonym), an educated professional from Jurm district, Badakhshan, 2014

²³⁹ Global Witness interview with 'Qutbuddin', 2014; Global Witness interview with 'Engineer Ismael', May 2016

²⁴⁰ Global Witness interview with 'Engineer Ismael', May 2016. Engineer Ismael said he had spoken to two eyewitnesses to the attack. The reason alleged for the beating was that the accused lived in a Taliban-controlled area and paid taxes to the Taliban.

²⁴¹ Engineer Ismael specifically alleged that Zekriya Sawda had called the governor of Badakhshan to support Farid, and argue that he was helping to fight the Taliban. Global Witness interview with 'Engineer Ismael', May 2016

²⁴² In Badakhshan for example several sources said the ALP in Warduj district was well regarded. Global Witness interview with 'Wahid', 2014; Global Witness interview with 'Haji Anwar'

²⁴³ For more on the ALP, see for example Margherita Stancati, 'Left Unmoored, Afghan Local Police Pose New Risk', Wall Street Journal, March 24, 2014
<http://www.wsj.com/articles/SB10001424052702304679404579459270523670760>; 'Just Don't Call It a Militia', Human Rights Watch

²⁴⁴ Global Witness interview with 'Dawood'

²⁴⁵ The DDR program ran from 2003 to 2006. For more details, see for example Caroline Hartzell, 'Missed Opportunities: The Impact of DDR on SSR in Afghanistan', United States Institute for Peace, April 2011

http://www.usip.org/sites/default/files/SR270-Missed_Opportunities.pdf

²⁴⁶ Global Witness interview with Mehrabuddin, a Taliban (and former *Jamiat*) commander, 2014. Mehrabuddin described his new role with the Taliban as ‘the responsible person for the six villages of Keb.’

²⁴⁷ Qutbuddin said that: “Because of this Asadullah came and beat [Mehrabuddin] – to make him give that mine. (...) Through this man of Assadullah he was forced to leave the mine, and was beaten. He was forced to stay at home. Then with 300 people, Asadullah went to [attack] his house in the spring of 1392 [2013]. Then [Mehrabuddin] escaped and went to the mountains. Now he is a commander fighting with the Taliban – he has about 10 to 12 people with him. (...) He is in the name of the Taliban but his argument is with Asadullah – not with anyone else.” Global Witness interview with ‘Qutbuddin’

²⁴⁸ Haji Anwar told Global Witness that towards the end of Ramadan of 1392 (July 2013) “the soldiers of Assadullah were attacking Mehrab. They wanted to take him alive.” During this attack an ALP member called Bismillah was killed (possibly by friendly fire) – having lost his wife a week earlier. “This wife was getting water and she was killed – by a stray bullet, am not sure where from. Four days or a week later Bismillah was killed in fight with Mehrab.” Global Witness interview with ‘Haji Anwar’

²⁴⁹ Zagh was specifically from Firgamiru village of Jurm. The report had him working a Deodarra lapis mine – while there is at least one minor lapis mine reported in Jurm, which is in fact located quite close to Firgamiru, it seems likely this is a mis-statement and that the report in fact intended to refer to a tourmaline mine. Global Witness interview with international diplomatic officer No. 1; ‘Jurm Mine (Firghamu Mine)’, MinDat <http://www.mindat.org/locentry-714718.html>

²⁵⁰ Official diplomatic report viewed by Global Witness, dated April 2014. It is notable that Zagh apparently saw Zulmai Mujadidi as ultimately responsible for Asadullah Mujadidi’s actions. Zagh’s group in Jurm is described in the report as ‘about 20-30’ strong. A diplomatic official reported that Zagh himself had been killed in late 2014 or early 2015. Global Witness interview with international diplomatic source No. 1.

²⁵¹ Mahfuz was described as a ‘military deputy’ to Qari Fahsuddin, the senior Taliban commander for Badakhshan – so in this case at least there may also have been a deeper connection to the Taliban rather than just anger over exclusion from the mines. Official diplomatic report viewed by Global Witness, dated April 2014

²⁵² Global Witness interview with ‘Haji Anwar’

²⁵³ Feroozi, who said he knew Shamsullah and had spoken with him in person, told Global Witness Shamsullah was arrested in 2010 or 2011 (1390 in the Afghan calendar) by the NDS in Kabul because “Zekria wanted him to be a bodyguard and he refused,” and that he joined the Taliban after his release three months later. Feroozi also claimed Shamsullah had a small mine in Deodarra which was taken over by one of Asadullah’s men, an *Arbakai* group leader called Commander Fazl e Ching – who several other sources (Haji Anwar, Daoud and Ghulam Mohammad) independently spoke of as commander active in Deodarra and loyal to Asadullah. Feroozi said that Fazl: “came with armed men and said: ‘you go, we will work here’.” According to Engineer Feroozi, the mine then yielded 4m Afghanis (about \$71,000) of tourmaline. Finally, Mehrabuddin also mentioned one other case, telling Global Witness that “the respected *Qari* Sahib Abdul Wassil from the village of Sanglakh in the district of Jurm was working in the lapis mine [and] he was threatened by Asadullah Khan. Then he went up in the mountains [and took up arms].” This case does however raise a few questions, as there are some suggestions from other sources that Qari Wassil has links with Asadullah (as discussed lower in the text). Global Witness interview with Mehrabuddin; Global Witness interview with ‘Engineer Feroozi’ (a pseudonym), a professional and mine entrepreneur from Jurm district, Badakhshan, Afghanistan, 2014; Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Dawood’

²⁵⁴ Diplomatic report dated April 25, 2015

²⁵⁵ Global Witness interview with ‘Haji Anwar’

²⁵⁶ Ibid.

²⁵⁷ Stephen Carter and Kate Clark, ‘No shortcut to stability: justice, politics and insurgency in Afghanistan’, Chatham House, December 2010

https://www.chathamhouse.org/sites/files/chathamhouse/public/Research/Asia/1210pr_afghanjustice.pdf

²⁵⁸ One might expect the total value of the mines to armed groups to be the sum of these figures, over \$21m. However, it should be borne in mind that a large part of the money for the Taliban comes from Malek, so to avoid double-counting we exclude that transfer from the overall count.

²⁵⁹ Two sources mention estimates of total lapis reserves in Badakhshan of around 1,300 tons. It is not clear on what basis those estimates were made, but even if production was a fraction of our estimates, this level of reserves would have been exhausted within a few years. It is possible they refer to reserves of just the highest grade lapis. ‘Azure worth 1b afs seized in Badakhshan’, Pajhwok Afghan News, February 15, 2015; Khushqadam Usmani, ‘Lucky for some: Where goes the lapis wealth?’, Afghanistan Today, May 10, 2012 <http://www.afghanistan-today.org/article/?id=226#sthash.YUoe9eCC.dpuf>

²⁶⁰ See Annex A for details of the calculation.

²⁶¹ The plausibility of this figure is reinforced by a calculation that it is equivalent to a tax of just over 20% on 7,500 tons of production at an average price of a little over \$11 a kg. See Annex A for details.

²⁶² Global Witness interview with 'Naimullah' (a pseudonym), a lapis trader from Jurm district, Badakhshan, based in Kabul, Afghanistan, 2014; Global Witness interview with 'Haji Bashir'

²⁶³ It is not entirely clear what finally pushed the National Security Council order the action, but the change of government is one obvious contender. 'Azure worth 1b afs seized in Badakhshan', Pajhwok Afghan News

²⁶⁴ 'Nek Mohammad', chief executive of a minerals trading company in Peshawar, cited a 45% decline; the trader Naimullah put it at 65-75% in October, but at 50% in December; the trader Haji Niamatullah at 30-40%; Ghulam Mohammad at about 40%; and Zahirullah at 50-60% for Junduk stone and 60-70% for higher grades. Global Witness correspondence with 'Nek Mohammad', chief executive of a minerals trading company in Peshawar, December 2015; Global Witness interview with 'Naimullah', October and December 2015; Global Witness interview with 'Zahirullah', October 2015; Global Witness interview with 'Ghulam Mohammad', November 2015; Global Witness interview with 'Haji Niamatullah', December 2015

²⁶⁵ Miners reported an initial find of higher-quality lapis in early 2015, just before the ban was imposed. Jeruk, Petawuk, Chelemuk, and Mine 4 were all said to have produced significant quantities during the year, with the highest grades from Mine 4. While production of these higher grades seems to have been higher than in 2014, it was not constant – in November 2015 for example Ghulam Mohammad said Petawuk production had trailed off with no finds in the previous two months. Global Witness interview with 'Ghulam Mohammad', November 2015; Global Witness interview with 'Haji Niamatullah', December 2015; Global Witness interview with 'Naimullah', October 2015; Global Witness interview with 'Zahirullah', October 2015 Global Witness interview with 'Dawood', 2015

²⁶⁶ In addition to multiple sources who confirmed the smuggling of lapis through Anjuman, the Kabul-based traders Mohammad Arash, Mohammad Benam and Mohammad Charda alleged a few individual trucks had also been allowed to go out via Faizabad. Global Witness interview with 'Mohammad Arash', April 2016; Global Witness interview with 'Mohammad Benam', April 2016; Global Witness interview with 'Mohammad Charda', April 2016; Global Witness interview with 'Naimullah', 2015; Global Witness interview with staff of international NGO active in Badakhshan, May 2015; Global Witness interview with international diplomatic source No. 1; Global Witness interview with 'Engineer Ismael'; Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Zahirullah'

²⁶⁷ Global Witness interview with "Noor Jan," a lapis trader from Jurm district, December 2015

²⁶⁸ Estimates for 2015 are necessarily rougher than for 2014, given the trade was even less documented. For details, see Annex A.

²⁶⁹ Global Witness interview with 'Haji Niamatullah', February 2016; Global Witness interview with international diplomatic source No. 1, January 2016

²⁷⁰ Global Witness interview with international diplomatic official No 1, January 2016

²⁷¹ In December 2015 for example, the trader Haji Niamatullah said that "Junduk stone does not go [across the Anjuman pass with the smugglers], [or] if it goes only the best quality [is taken]." Global Witness interview with 'Haji Niamatullah', December 2015

²⁷² See Annex A for more details on the data and calculations. In October 2015 the lapis trader Naimullah made a very rough estimate that the trade was worth up to \$30m. That was based on 200-500 tons of lapis taken out through Panjshir over five months, but of a significantly higher value: a total extraction of 350 tons valued at \$30m would mean an average value of \$85 a kg. That is still within the range cited for higher and even mid-grade lapis (see Annex B for details). However, given Naimullah's rough guess seems inconsistent with what we know about the scale of the trade in 2015, it is perhaps best ignored. More conservatively, a 25% take from 3,500 tons of Junduk production at an average price of \$10 a kg, would still be equivalent to almost \$9m. On the other hand, in October 2015 the then District Governor of Badakhshan was quoted in media as estimating that the total revenue to Malek and the Taliban in the past 11 months had been Afs 1.65bn. That figure is also doubtful, not least as the official in question is a relative of Zulmai Mujadidi, according to a diplomatic observer. Global Witness interview with 'Naimullah', October 2015; Gul Mohammad Tanha, 'Lapis lazuli mine revenue lines Taliban's pockets'; Global Witness interview with international diplomatic source No. 1, May 2016

²⁷³ Global Witness interview with a group of five members of the militia of Commander Abdul Malek, Afghanistan, 2014

²⁷⁴ Given the scale of activity by armed groups around the mines, it seems reasonable to assume that they captured a substantial fraction of the Deodarra tourmaline trade prior to the introduction of a new contract in early 2014. If we make a conservative estimate that overall revenue is no more than \$2m and that only a third of this ended up in the pockets of armed groups, that still amounts to about \$667,000 a year.

²⁷⁵ One diplomatic report stated that: "This [lapis] mine became under control of a Member of Parliament Zulmi Mujadadi in 2004 by creation of Mine Protection Unit of Ministry of Interior. (...) The objective to create this mine

protection unit was to protect the mine from illegal execution [i.e. extraction]. In Badakhshan the deployment of this unit played opposite role as this unit took over the control of the mine and continued illegal extraction.” [sic] As has been noted, there is some confusion over the date of the establishment of the MPF. Zulmai Mujadidi referred to the MPF being created in 2007, and a diplomatic source recalled that the creation of the MPF was likely to have been around the time of the Pay and Rank reform of 2007, though an ‘unofficial’ force may have existed before this. In the absence of definitive information, we have used the later date. Global Witness interview with international diplomatic official No. 1, May 2016; email communication with Zulmai Mujadidi, April 18, 2016; International diplomatic report dated November 30, 2014, copy on file with Global Witness

²⁷⁶ Global Witness interview with ‘Hamidullah’, a mining businessman active in the Badakhshan lapis mines, Afghanistan, 2014

²⁷⁷ Ghulam Mohammad specifically described the 20% as going to Zulmai Mujadidi, though he was clear that before Malek’s takeover: “The brother of Zulmai Khan was working the mines. He took personally.” Alam Jan gave the same figure but said the mines were also rented out to investors – in contrast to Hamidullah, who said that “there was not selling or buying of lapis mines” during this period, but that when a mine produced lapis, “commander Asadullah used to obtain a fifth of the production from us.” Contemporary media accounts include similar allegations. Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Alam Jan’, 2014; Global Witness interview with ‘Hamidullah’, 2014; ‘Lucky for some: Where goes the lapis wealth?, Afghanistan Today’

²⁷⁸ Global Witness interview with ‘Haji Anwar’, 2014. For comparison, an assumption of a 20% tax on 2,500 metric tons of production rated at \$15 a kg on average yields a total income of \$7.5m year – significantly less than Haji Anwar claimed to have been told. But it is not clear if these assumptions are too low or too high. Pricing and extraction information for this period is not easy to come by. One miner said that Junduk stone was \$1-\$2 when the mines were under Zulmai Mujadidi, and that extraction was significantly less, perhaps indicating that that Anwar’s estimate was too high – however, further research would be needed for a more credible analysis. Given Malek’s position in Kuran wa Munjan before his falling out with Asadullah, it possible he may have benefitted from this take as well, although Global Witness did not investigate this point or receive any specific evidence to indicate this was the case. Gary Bowersox and Bonita Chamberlin, ‘Gemstones of Afghanistan’, pp 53-55; Global Witness interview with ‘Ghulam Mohammad’, April 2015

²⁷⁹ Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness; Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

²⁸⁰ Ghulam Mohammad for example listed checkpoints in Kuran wa Munjan (Haji Malek, Afs 45,000), Yamgan (Qand Agha, Afs 30,000), Ob e Djokham (Taliban, Afs 60,000), Ob e Khestak (Commander Enayat, a man of Zulmai Mujadidi, Afs 60,000), Ob e Roghak (Jamal, a man of Zekria Sawda, Afs 20,000), Jurm district centre (Commander Asadullah, Afs 40,000), Pul e Ali Mughul (Ashraf Jan and Aman Jan, brothers of Commander Asadullah, Afs 60,000), and Baharak (Commander Wudood, the local Chief of Police, Afs 20,000). The total sum involved amounts to Afs 335,000 per truck (about \$6,000). This still leaves out the toll from the Baharak contract and the taxes paid in Faizabad. (The interview in which Ghulam Mohammad gave this information took place in early 2015 but it is likely the information itself was from somewhat earlier.) Meanwhile one other trader, Naimullah, put the overall cost of both transport and taxes at about \$1 per kilogram between the mines and Kabul – equivalent to \$20,000 for a truck with a 20 ton load. Even assuming a significant part of that goes to transport costs, and allowing for a little exaggeration, this sum is broadly compatible with the cumulative level of individual tolls discussed separately in the report. Global Witness interview with ‘Ghulam Mohammad’, January 2015; Global Witness interview with ‘Naimullah’

²⁸¹ Global Witness interview with ‘Haji Niamatullah’

²⁸² Atiqullah, a lapis trader, gave a figure of 10-20,000 Afghans per truck; the trader Naimullah said Manu Khan took 25,000 Afghans; and the former commander Mustafa gave a figure of 60,000 Afghans. Global Witness interview with ‘Atiqullah’; Global Witness interview with ‘Naimullah’; Global Witness interview with ‘Mustafa’

²⁸³ Ghulam Mohammad alleged the figure was 30,000 Afghans, Engineer Ismael and Haji Niamatullah alleged 20,000 Afghans, and Naimullah alleged 20-25,000. Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Engineer Ismael’; Global Witness interview with ‘Naimullah’ Global Witness interview with ‘Haji Niamatullah’

²⁸⁴ Ghulam Mohammad similarly doubted that Enayatullah was registered. Naimullah thought the post was established in about August 2014, while Ghulam Mohammad still said Enayatullah had newly come when he was interviewed in early 2015. The NGO worker ‘Jawed’ said that Enayat took 60,000-100,000 Afghans at Ob e Khestak; the others both put the figure at 60,000. Global Witness interview with ‘Naimullah’, 2014; Global Witness interview with ‘Ghulam Mohammad’, 2014 ; Global Witness interview with ‘Jawed’, a worker with an NGO in Badakhshan, April 2015

²⁸⁵ Global Witness interview with ‘Ghulam Mohammad’

²⁸⁶ Global Witness interview with ‘Haji Niamatullah’

²⁸⁷ Ghulam Mohammad cited a list of 8 roadblocks in early 2015, but it is possible that the information was from somewhat earlier. Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Jawed'; Global Witness interview with 'Zahirullah'

²⁸⁸ In mid-2014 two tourmaline miners independently estimated \$3m a year for the total value of the Deodarra production. Haji Anwar told Global Witness: "we can say that from the mines of Deodarra there might be \$5m to \$6m in every year or 18 months, more or less. Ghulam's Mohammad's estimate was \$5m over 1.5 years. Some corroboration comes from a Ministry of Mines official who alleged that more than 1,000kg of tourmaline had been produced over three years, which is broadly consistent with a value of at least \$3.3m a year – based on a value for tourmaline of about \$10,000 a kg, which is close to the bottom of the scale of prices listed in Annex B. Global Witness interview with 'Haji Anwar' Global Witness interview with 'Ghulam Mohammad'; 'Illegal tourmaline mining continues unabated', Pajhwok Afghan News, May 18, 2014 <http://mines.pajhwok.com/news/illegal-tourmaline-mining-continues-unabated>

²⁸⁹ A third miner, Zahirullah, told Global Witness he had calculated, based on the output he was aware of, that the Deodarra mine yielded stones worth \$12m-\$20m between 2012 and 2014. In addition, a May 2014 Afghan media report quotes a worker in the mines as saying that 5,000kg of high grade tourmaline had been produced in the previous three years, at \$15,000-\$30,000 a kg – which would obviously mean a much higher value, of \$25m-\$75m a year. 'Illegal tourmaline mining continues unabated', Pajhwok Afghan News; Global Witness interview with 'Zahirullah'

²⁹⁰ See 'A game of networks', above

²⁹¹ The figure of 200 Afghanis a *ser* was cited by the trader Haji Niamatullah, and by a driver on the route, 'Afzali'. Afzali reported that he took a cargo of 7 tons of lapis (which he described as the load of two 'Mazda' trucks), and that thanks to his connections he paid a toll of Afs 45,000 (equivalent to just Afs 45 per *ser*) – but he said that normally the toll would have been Afs 200,000, or Afs 200 per *ser*. The figure of 100 Afs was cited by the traders Naimullah, Haji Zarin and Abdul Samir, and the former local official with connections to *Jamiat*, Adam Jan. Naimullah thought the toll was not in place until around August 2015, but Afzali reported that it was in place before then. All four were interviewed separately. Global Witness interview with 'Naimullah', November 2015; Global Witness interview with 'Haji Niamatullah', December 2015; Global Witness interview with 'Adam Jan', November 2015; Global Witness interview with 'Abdul Samir', April 2016; Global Witness interview with 'Haji Zarin', December 2015

²⁹² This is based on an assumption of 2,700 tons of lapis, charged at 100 Afs a *ser* (2,700,000 kilos divided by 7 = 385,714 *ser* x 100 Afghanis a *ser* = 38.6m / 62.5 Afghans to the dollar = \$617,000). Eng. Mohammad Aref Sarwari, the governor of Panjshir who allegedly reached the accommodation with Commander Malek to allow the continued transit of lapis through Panjshir, did not take up his post until June 2015, and it is unclear what arrangement was in place before this. One trader said the toll was only charged from around August, but it also appears that the traffic on this route intensified later in the year, so we do not attempt to reflect this in our calculation. See Annex A for details.

²⁹³ Both Naimullah (in late 2014) and Ghulam Mohammad (in late 2015) put the cost of transporting lapis from the mine to Kabul at \$1/kg, though the routes involved were different. For the sake of argument, if we assume that half of this was actual physical transport costs (truck hire etc), then that would imply about \$3.75m a year (\$0.50 x 7,500 tons) going to the government, Taliban, and militias along the road in 2014, and \$2.5m in 2015 (\$0.50 x 5,000 tons). That is broadly consistent with our own estimates for 2014, of about \$2.6m (\$857,000 to the government, \$1.4m to armed groups associated with Zulmai Mujadidi, and \$386,000 to the Taliban) – especially as part of the gap may be explained by bribes, taxes or tolls levied between Faizabad and Kabul. From this we deduct the taxes recorded by the government, of at most \$857,000 in 2014, to reach our figure of about \$1.75m for 2014. For 2015, our calculation implies that our estimate of the fees taken on the road – largely limited to the roughly \$600,000 we estimate was taken as the lapis passed through Panjshir – may be low. Global Witness interview with 'Naimullah,' November 2014; Global Witness interview with 'Ghulam Mohammad', November 2015

²⁹⁴ The calculation is Afs 60,000 x 360 trucks a year = Afs21.6m = \$385,714. This assumes the Taliban had a more or less continuous presence somewhere on the road

²⁹⁵ Haji Anwar told Global Witness that smaller vehicles with a capacity of just a few tons were either not charged or pay just a few thousand Afghanis. Not all the sources gave the exact location. Global Witness interview with 'Engineer Ismael', Global Witness interview with 'Ghulam Mohammad', Global Witness interview with 'Haji Anwar', Global Witness interview with 'Jawed', April 2015; Global Witness interview with 'Haji Bashir', 2014; Global Witness interview with 'Atiqullah', 2014; Global Witness interview with international diplomatic official No.2, 2014 ; Global Witness interview with local government official No. 1, 2014; Global Witness interview with 'Abdul Allem', 2014

²⁹⁶ In March 2015 a diplomatic source told Global Witness that for some time after the ANA came the Taliban "withdrew [their] checkpoint – then after the troops were reduced, they reset [it]. They were trying to have this income [from the lapis]." The same source mentioned Ob e Khestak as the location of a Taliban checkpoint, although they

believed this had been in place until December 2014 – later than Naimullah’s testimony indicated. Global Witness interview with international diplomatic source No. 1, March 2015

²⁹⁷ Naimullah did not specify how long before the ALP’s arrival the Taliban were present, and as Ob e Khestak is relatively close to Pul e Such it is hypothetically possible that he was referring to that checkpoint. But given the offensive against the Taliban took place in May 2014, and Naimullah spoke of the ALP taking over the post in early September, it would seem likely that they had some presence there between the two events. Global Witness interview with ‘Naimullah’

²⁹⁸ International diplomatic report dated November 30, 2014. Copy on file with Global Witness.

²⁹⁹ Global Witness interview with ‘Ghulam Mohammad’, January 2015

³⁰⁰ Global Witness interview with ‘Jawed’, March 2015

³⁰¹ Global Witness interview with international diplomatic source No. 1. An educated and plausible source from Badakhshan also cited rumours of payments from “the people who work in the mines” to the Taliban, but thought these might be of 450,000 Afghans a month – considerably less. Global Witness interview with ‘Wahid’, 2014

³⁰² Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 50

³⁰³ The report alleged this was to allow the Taliban access to pass through the area controlled by Malek: “He lets the Taliban use his land to move through as long as they don’t cause trouble on his territory.” ‘Afghan police chief blamed for aid killings’, The Australian/Sunday Times, August 16, 2010 <http://www.theaustralian.com.au/news/world/afghan-police-chief-blamed-for-aid-killings/story-e6frg6so-1225905586761?nk=846a5df22ed30e6fc31fdf246f86ac9b> The second agent cited in the media report similarly claimed that Malek “turned a blind eye to Taliban troops on his land to protect his lapis lazuli mines.”

³⁰⁴ It is not clear if this refers to 40% of the overall value of the lapis or 40% of the revenue that flows to Malek – the latter seems more likely. It is worth noting that other traders interviewed by Global Witness in October 2015 also claimed that payments from Malek to the Taliban continued despite the government’s blockade, as did a February 2015 report from the UN Sanctions Committee. Global Witness interview with ‘Ghulam Mohammad’, November 2015; ‘Azure worth 1b afs seized in Badakhshan’, Pajhwok Afghan News, February 14, 2015 <http://mines.pajhwok.com/news/azure-worth-1b-afs-seized-badakhshan>; Global Witness interview with ‘Naimullah’, October 2015; Global Witness interview with ‘Zahirullah’, October 2015; ‘Letter dated 2 February 2015 from the Chair of the Security Council Committee established pursuant to resolution 1988 (2011) addressed to the President of the Security Council’, UN Security Council, February 2, 2015 http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/79

³⁰⁵ Global Witness interview with ‘Engineer Ismael’, November 2015

³⁰⁶ The report, which cited a senior Badakhshan security official, did not say where the money came from, but the language implies a single payment, which would be more consistent with it being from a figure like Malek rather than from traders or road tolls. The source also did not state regularly payments like this were made, making it difficult to compare this with the other reports on Taliban funding. Diplomatic report dated July 1, 2015, copy on file with Global Witness

³⁰⁷ This is based on 30% of an overall revenue of about \$12m, the estimate made for Malek’s revenue in 2015.

³⁰⁸ The information on the payments was supposedly based on ‘intelligence’ sources. Global Witness interview with international diplomatic officer No. 2

³⁰⁹ Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness; statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

³¹⁰ The lapis trader called Sharif also told Global Witness that ‘Qari Wassil the brother of Qari Wahid, who is one of the closest relatives of Zulmai Mujadidi, charges 60,000 Afghani rupees from every business vehicle [carrying lapis on the road from Kuran wa Munjan], as a tax paid for the Taliban.’ Note that the sources distinguished Qari Wassil, the Taliban commander, from Commander Wassil, a commander with the Jurm ALP (or possibly the Mining Protection Force) loyal to Asadullah Khan. Global Witness interview with ‘Sharif’; Global Witness interview with ‘Naimullah’; Global Witness interview with ‘Haji Anwar’

³¹¹ The source said that: “the residents who live in Jurm have seen Qari Wassil when he went into the house of [Asadullah] Mujadidi.” Global Witness interview with ‘Nadir’, an educated professional from Badakhshan, Afghanistan, 2014.

³¹² According to Haji Anwar: “In one mine he [Wahid] has a share and works. They send money from what is extracted to [Qari] Wassil.” Wahid was not himself a Talib, Haji Anwar said. Global Witness interview with ‘Nadir’; Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Qutbuddin’; Global Witness interview with ‘Sharif’

³¹³ Qutbuddin told Global Witness that Qari Wassil “is a man of Asadullah – his brother is sharing in the mine. He has a lot of support from Asadullah. Assadullah is a partner with Haji Wahid in the mines. It is something clear.” Qutbuddin also described Qari Wassil as “the Taliban’s shadow district governor in Jurm.” Global Witness interview with ‘Qutbuddin’

³¹⁴ The official record for lapis exports from Afghanistan in 1393 (March 2014 – March 2015) indicates that 3,264,801 kilograms of lapis was exported to Hong Kong that year, with 2,650,936 exported to Pakistan. There is no separate entry for other Chinese ports and it must be assumed that the designation of Hong Kong is being used for all of them. This means that 5,717 tons of lapis went to Pakistan and China, out of a total of 5,919 tons on the official list (which is likely to understate the true amounts as it will not include smuggled lapis). However, it is not clear if the production that was destined for ‘Hong Kong’ went straight there, and a large part of the production that went to Pakistan is likely to have been re-exported to China, to judge from the accounts of lapis traders. ‘Afghanistan 's lapis lazuli export data in 1393’, Afghanistan Chamber of Commerce and Industries, Industries & Export Promotion Department, obtained February 2016, copy on file with Global Witness; Global Witness interview with ‘Naimullah’, November 2014; Global Witness interview with ‘Haji Niamatullah, November 2014’; Global Witness interview with ‘Ghulam Mohammad’

³¹⁵ Global Witness interview with ‘Naimullah’, November 2014; ‘Afghanistan 's lapis lazuli export data in 1393’, Afghanistan Chamber of Commerce and Industries, Industries & Export Promotion Department

³¹⁶ Adnan Khan, ‘The dangerous world of Pakistan’s gem trade’, Macleans, May 24, 2014

<http://www.macleans.ca/news/world/pakistans-blood-stones/>

³¹⁷ Global Witness interview with ‘Alam Jan’, 2014

³¹⁸ Haji Anwar told Global Witness that this trader, a mysterious and somewhat controversial figure known as ‘Haji Israel’, was a “Chinese Uighur from China – from Xinjiang” in western China, something that would be plausible given the Muslim population there. He said Haji Israel had been with a man called Mohammad Ali, and known as ‘Kandahari’. Both Haji Anwar and Engineer Ismael said Haji Israel had a travel or tourism agency on the ground floor of Gulbahar Center, a large shopping and apartment complex in the centre of Kabul, and Engineer Ismael said that he had business links with Zulmai Mujadidi, presumably to buy stone from the lapis mines. However, in November 2014, Engineer Ismael told Global Witness that Haji Israel had been arrested by the National Directorate of Security. The reason was unclear. Global Witness interview with ‘Engineer Ismael’, a professional from Jurm district, Afghanistan, 2015; Global Witness interview with ‘Engineer Ismael’, 2014; Global Witness interview with ‘Haji Anwar’

³¹⁹ Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 52

³²⁰ Global Witness interview with ‘Haji Niamatullah’; Global Witness interviews with ‘Niamullah’; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 46

³²¹ Ghulam Mohammad told Global Witness that from about mid-2013 the amount of production going to China had increased, with Hong Kong a principle market. Engineer Ismael also said production was increasingly going out directly through Karachi, bypassing the *Namak Mandi*. Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Engineer Ismael’

³²² While the record supplied by ACCL indicated that over half of production left Afghanistan bound for ‘Hong Kong’, it seems likely that the route for most of this will have been via Pakistan. Global Witness interview with ‘Naimullah’, November 2014; ‘Afghanistan 's lapis lazuli export data in 1393’, Afghanistan Chamber of Commerce and Industries, Industries & Export Promotion Department

³²³ Global Witness interview with ‘Naimullah’, October 2015; Global Witness interview with ‘Haji Niamatullah’, October 2015

³²⁴ ‘Gemstones of Afghanistan’, Ministry of Mines of the Islamic Republic of Afghanistan, [http://mom.gov.af/Content/files/Gemstones%20of%20Afghanistan\(1\).pdf](http://mom.gov.af/Content/files/Gemstones%20of%20Afghanistan(1).pdf)

³²⁵ While the best lapis comes from Afghanistan, deposits are also found in Russia, to the west of Lake Baikal, and in the Chilean Andes, where the blue rock often has white or grey lime running through it. In smaller amounts, lapis lazuli is also found in Italy, Mongolia, the USA, Canada, Myanmar and Pakistan. ‘Lapis Lazuli’, International Colored Gemstone Association, http://www.gemstone.org/index.php?option=com_content&view=article&id=117:sapphire&catid=1:gem-by-gem&Itemid=14

³²⁶ UN Security Council Resolution 1988 affirms that: “any undertaking or entity owned or controlled, directly or indirectly by, or otherwise supporting, such an individual, group, undertaking or entity on the List, shall be eligible for designation.” Article 4 of UN Security Council Resolution 1988 (2011), adopted June 17, 2011, http://www.un.org/ga/search/view_doc.asp?symbol=S/RES/1988%20%282011%29

³²⁷ Global Witness defines conflict minerals as follows: *What are ‘conflict minerals’? Minerals that are sourced from conflict or high-risk regions, such as parts of the eastern Democratic Republic of Congo (DRC), or parts of Colombia and Central African Republic (see case studies), whose trade funds armed groups and fuels human rights abuses. (...) These minerals enter global supply chains and end up in products that we use every day, including mobile phones, laptops, cars and jewellery. ‘A call for strong European conflict minerals legislation – FAQs’, Global Witness* <https://www.globalwitness.org/documents/13534/faq.pdf>

³²⁸ 'OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition', Organisation for Economic Co-operation and Development, November 2012
<https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>

³²⁹ See for example: 'Putting Principles Into Practice', Global Witness, May 2013 <https://www.globalwitness.org/en/gb/campaigns/democratic-republic-congo/putting-principles-practice/>; 'Mineral supply chains and conflict links in eastern Democratic Republic of Congo', Organisation for Economic Cooperation and Development (OECD), 2015 <http://mneguidelines.oecd.org/Mineral-Supply-Chains-DRC-Due-Diligence-Report.pdf>; Angela Jorns and Alain Chishugi, with contributions by Rupert Cook and Estelle Levin, 'Assessment of Impacts of Closed-Pipe Supply Chains in DRC', Estelle Levin Ltd, August 18, 2015; Businesses for Social Responsibility, "Conflict Minerals in the Democratic Republic of Congo: Responsible Action in Supply Chains, Government Engagement, and Capacity Building," May 2010.
http://www.bsr.org/reports/BSR_Conflict_Minerals_and_the_DRC.pdf

³³⁰ Nascent efforts to introduce international controls for other minerals – notably coloured gemstones – are also being made, but look unlikely to produce results for many years – and there is no move yet to control semi-precious stones like lapis. 'The dangerous world of Pakistan's gem trade'; 'ICA Disclosure Message, let's get a step ahead in 2015', International Colored Gemstone Association, January 23, 2015
http://www.gemstone.org/index.php?option=com_content&view=category&layout=blog&id=73&Itemid=127

³³¹ The Guidelines are published by the Chinese Chamber of Commerce for Minerals, Metals and Chemicals Importers and Exporters, and industry body that operates under the auspices of the Chinese Ministry of Commerce. 'Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains', Chinese Chamber of Commerce for Minerals, Metals and Chemicals Importers and Exporters, December 2015
https://www.globalwitness.org/documents/18138/201512_Chinese_Due_Diligence_Guidelines_for_Responsible_Mineral_Supply_Chains_-_En_K83fxzt.pdf

³³² Global Witness interview with 'Dawood', May 2014

³³³ It is perhaps significant that this sum tallies roughly with the level of tax taken in Faizabad under the Lajwardeen contract. The source described the rate as 100,000-250,000 Afghanis per 21,000 kg truckload, paid to the provincial mining office; it seems likely this was paid by traders rather than Asadullah. Alam Jan did not specifically say the tax was collected in Faizabad, but the provincial mining office is located there. Global Witness interview with 'Alam Jan'.

³³⁴ Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 51

³³⁵ Khushqadam Usmani, 'Lucky for some: Where goes the lapis wealth?'

³³⁶ Soraya Sarhaddi Nelson, 'Tapping into Afghanistan's Wealth of Gems' A rate of \$1 = 50 Afghanis is used here as that more closely reflects the rates prevalent at the time.

³³⁷ A rate of \$1 = 50 Afghanis is used here as that more closely reflects the rates prevalent at the time.

³³⁸ The estimate is based on an assumption of the \$16,000 being the result of a 15% tax on lapis averaging \$10 a kg – not quite the worst grade but close. The assumption for total output is of at least 1,500-2,000 tons. 'Lapis lazuli extracted improperly in Badakhshan', Pajhwok Afghan News; Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 52

³³⁹ A media report put the total received in 2010 (presumably FY2010-2011) significantly higher, at \$230,000, with a further increase to \$538,000 in 2011, but cited the head of the Badakhshan Mining Department as saying that prior to 2010: "there is no record of revenues from the Sar e Sang mine." Khushqadam Usmani, 'Lucky for some: Where goes the lapis wealth?', Afghanistan Today

³⁴⁰ Global Witness interview with a government official in Faizabad, March 2016 The rate applied here for 2013 is \$1 = Afs 53. Significant depreciation of the Afghani began in June 2013, and to take this into account we apply an average of the rate used pre June 2013 (\$1 = Afs 50) and from June 2013 to December 2014 (\$1 = Afs 56). (See note before Executive Summary for details).

³⁴¹ The assumption for the total production here is fully two thirds lower than that made for the mines under Haji Malek, but this is based on reports of an increase in mining activity after his takeover of the district plus a margin for error given the uncertainty over production pre-2014. Prior to the Soviet invasion in 1979 – when lapis mining was relatively undeveloped, with limited use of explosives – a government stock of about 50,000 tons was said to represent 50 years production. That is equivalent to a yearly rate of about 1,000 tons, and perhaps more if this figure does not take into account stone that was exported in this period rather than added to the government stockpile. The assumption for the average value is the same as that made for 2015, when prices were around 50% below their 2014 peak. Pricing information for this period is not easy to come by, but one miner said that Junduk stone was \$1-\$2 when the mines were under Zulmai Mujadidi. Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', pp 53-55; Global Witness interview with 'Ghulam Mohammad', April 2015

³⁴² Statement from Asadullah Mujadidi received April 18, 2016, copy on file with Global Witness

³⁴³ 'Lapis lazuli extracted improperly in Badakhshan'

³⁴⁴ The figure for the taxes that were paid by LMC is based on their providing documentation of \$630,000 of royalties over 9 months. See 'The Lajwardeen contract and the Ministry of Mines' for further details.

³⁴⁵ One NGO active in Badakhshan reported that the local office of the Ministry of Mines had told them that royalty receipts from lapis in the previous year had been \$830,000, which perhaps supports the figure of \$857,000 received from the local government official. However, Afghanistan's latest EITI report lists total revenue from lapis lazuli of \$630,000 for 2014. While this gap may be an indication of further abuse, with money registered in Badakhshan not passed on to Kabul, it is also possible that the higher figure in fact corresponds to revenues across the whole year, while the Lajwardeen revenues of course only apply to the period of time when they were forwarding lapis in their name – around 9 months is total (April 2014-January 2015). Global Witness interview with two employees of an international NGO, May 2015; 'Inception Report and Fourth Conciliation Report', Afghanistan Extractive Industries Transparency Initiative, February 6, 2016; Global Witness interview with a government official in Faizabad, March 2016

³⁴⁶ Gul Mohammad Tanha, "Lapis lazuli mine revenue lines Taliban's pockets"

³⁴⁷ Under the Lajwardeen contract, an *ad valorem* royalty of 10% is levied on the sales revenue from lapis. For the purposes of this calculation, however, we use a rate of 15% for the potential tax take. That rate is high by international standards, but it is in line with the precedents for lapis in Afghanistan – and the continuation of the trade despite armed groups and the Taliban extracting more than 20% of its value perhaps indicates this royalty can be absorbed. This might however change if other taxes, such as income tax, were effectively applied. However, that cuts both ways, since at present the figure for the tax loss does not include unpaid income tax, although it is likely that this is widely avoided, to judge from testimony of individuals such as the Lajwardeen company official interviewed by Global Witness. Global Witness interview with official of the Lajwardeen mining company, February 2016

³⁴⁸ For the estimate of the royalty value of the trade, the Kabul prices were used. Normal best practice is for the sales to be as close to the 'mine gate' as possible, but as this is rarely feasible international reference prices are also commonly used to ensure accurate valuations for royalties. It is certainly difficult to believe that a mining company which had a legitimate contract and did not face illegal tolls or other abuses would accept a price at the mine gate which was roughly 40-50% below the price in Kabul, given that transport costs are only about \$1/kg. One would expect them to obtain something very close to the price in Kabul, if not an international reference price. Hence our calculation of the amount of tax lost is based on the value of the trade at Kabul prices. Pietro Guj, 'Mineral royalties and other mining specific taxes', International Mining for Development Centre, 2012, p 4 http://im4dc.org/wp-content/uploads/2012/01/UWA_1698_Paper-01_-Mineral-royalties-other-mining-specific-taxes1.pdf

³⁴⁹ In the exploitation phase, the contract stipulates a \$25 per hectare surface rent, which would amount to \$114,210. This is payable to the Ministry of Mines, so one would expect it to be included in the figures provided as part of the EITI data cited above. The figure for tourmaline income is the amount that could have been generated from a 10% tax, (i.e. with the PBIM contract in place) based on our rough guess of \$1m of production. That is \$100,000, from which we subtract the \$10,000 of tax that was paid. We do not use the 15% tax rate that would have been charged without the PBIM contract in place because it is unclear if miners would have paid any tax in that circumstance – unlike lapis which was at least nominally taxed before the LMC contract was in place.

³⁵⁰ Corporate income tax in Afghanistan is 20%. The evidence that the Lajwardeen company was collecting money ostensibly to pay income tax liabilities (see 'The Lajwardeen contract and the Ministry of Mines') implies that the individual lapis traders themselves were not doing so. Global Witness did not seek to establish what the income tax receipts from these traders actually were, and it is difficult to estimate the profits these companies would have made, but if avoidance was widespread, the loss to the treasury on a trade worth \$125m could well be in the millions. For example, if we take as a cost of production the \$20m which we estimate ultimately was paid by traders to armed groups, and then at a rough guess add a further \$40m about for the other costs of extraction (pay for miners, food, equipment, and transportation) that would imply a profit of about \$65m – and income tax due of \$13m. That of course assumes that all traders are mining themselves and selling in Kabul, which is not the case. Perhaps a more conservative estimate would be based on the remark of one trader that the profit on lapis tended to be \$1-\$6 a kilo: while he said traders sometimes made a loss, they presumably also made more than this on shipments of higher-grade lapis. But if we assume for the sake of argument a \$4 average profit on the 7,500 kilos we assume were exported in 2015, that makes a total of \$30m profit – and \$6m in taxes. The question then is how much if any of this was actually paid. 'Afghanistan Income Tax Law (consolidation to 31 March 2005)', Article 3.1, Government of the Islamic Republic of Afghanistan, March 2005 <http://mof.gov.af/Content/files/IncomeTaxLaw.pdf>; Global Witness interview with 'Naimullah', November 2014

³⁵¹ Data for historical production and prices at the mines is difficult to obtain, but one source reported that substantial exploitation took place throughout the post-2001 period, although with an increase after Malek took over the mines, and a 2007 media report implies significant trade was taking place then, with at least 900 tons received by one trading centre. Assuming the reference in Renard Sextons's 2011 report of production of 2,000-3,000 tons annual production

was accurate and is roughly representative of the post-2001 era, and that average prices were not less than in 2015, at around \$15/kg, then that would imply roughly \$37m of annual production by value, and missed royalties of just over \$5.6m. Over the 12 years from 2002-2013 that amounts to some \$67m; with our estimates for 2014 and 2015 included, the total is almost \$100m (\$95.1m) – and this leaves out the losses incurred so far in 2016. Deducing the taxes that were in fact paid does not make a significant difference to that overall figure, as they are only a little over \$2m in total since 2001 (assuming the \$6.43m tax a senior mining official claimed in 2014 is false – see above). That \$2m is 2% of the total that should have been collected. Global Witness interview with ‘Dawood’, February 2016; Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 52; Soraya Sarhaddi Nelson, ‘Tapping into Afghanistan's Wealth of Gems’

³⁵² Renard Sexton, ‘Natural Resources and Conflict in Afghanistan’, p 46

³⁵³ An official with the Lajwardeen Mining company estimated that 30%-60% of the value of the lapis was lost as a result of the damage caused by crude mining techniques. Global Witness interview with an official of the Lajwardeen Mining Company, December 2014

³⁵⁴ This is based on analysis of lapis prices on three US minerals trading sites, www.gemselect.com, www.gemrockauctions.com, and www.mineralminers.com

³⁵⁵ A fairly typical example of a polished stone on the US market is what appears to be a mid or even low/mid grade pear cabochon stone of 2000 carats (400g) advertised for \$1080 – equivalent to \$2,700/kg. (See ‘Lapis Lazuli’, gemselect.com, accessed February 22, 2016 <http://www.gemselect.com/lapis-lazuli/lapis-lazuli-337542.php>) But even rough lapis appears to be \$150/kg-\$250 for low/mid grades. Multiple lots of rough stones with substantial quartz banding (so perhaps roughly equivalent to grade 5-8) ranged in price from \$150 to almost \$250/kg and were marked as sold on another site. (See ‘Lapis lazuli rough’, Mineral Miners, accessed February 22, 2016, <http://mineralminers.com/html/laplgrh.stm>)

³⁵⁶ While the date on the contract is July 22, 2013, local miners said the mining ministry officially announced the news to them in early 2014. The sub-contract obtained by Global Witness in mid-2014 refers to a ‘recently signed’ contract, and the list provided by the Ministry of Mines shows the PBIM contract as dated from October 22 2013. Contract list provided by the Ministry of Mines and titled ‘Mining Department of the Province of Badakhshan’, copy on file with Global Witness; ‘Contract of mining (Tourmaline) between the Ministry of Mines and Petroleum, Department of Badakhshan Province, and Pamir Badakhshan International mining company,’ July 22, 2013, copy on file with Global Witness. PBIM is registered with the Afghan Investment Support Agency, license number D-43015. This matches the testimony of miners interviewed by Global Witness: Ghulam Mohammad said the contract was held in the name of a company called Pamir Badakhshan International Mining (PBIM), while Haji Anwar described the contract holder as the ‘Pamir’ company. Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Haji Anwar’

³⁵⁷ List of mining contracts granted by the department of mines in Badakhshan, Ministry of Mines of the Islamic Republic of Afghanistan, February 2015, copy on file with Global Witness. The list says the area is 2000m² – this presumably means 2000 metres square, not 2000 square metres, which is less than the size of two Olympic swimming pools. This would appear to be an unfeasibly small area for such a mining contract, and incompatible with the reports of wide-spread sub-contracting in the mining area. An Afghan native speaker also reported that the correct translation of the figure in the contract is ‘metres square.’

³⁵⁸ Zekria Sawda put the number of tunnels at 60. Zahirullah said the contract covered “30 to 40 mines,” and said it had “very good stones.” Haji Islam put the number at 50-60 mines. Global Witness interview with Zekria Sawda, December 2014 ; Global Witness interview with ‘Zahirullah’, April 2015; Global Witness interview with ‘Haji Islam’, a tourmaline and lapis trader, April 2015

³⁵⁹ Ghulam Mohammad put the date as “three or four months ago” from late May, while Haji Anwar also said the system was changed “three to four months ago” from roughly the same date, “in the month of *Dalb*” in the Afghan calendar, which covered January 21-February 19 2014 in the standard Gregorian calendar. Interview with Ghulam Mohammad, May 2014; Global Witness interview with ‘Haji Anwar’, 2014

³⁶⁰ See <http://mom.gov.af/en/page/1384> for contracts published on the Ministry of Mines website. The site was checked on May 9, 2016. The then Deputy Minister of Mines and Petroleum for Policy and Programs, Mir Ahmad Jawed Sadat, was cited in September 2014 as saying that: “So far, all contracts - whether small or large - have been published and they have been available for all.” Geeti Mohseni, ‘Afghan Energy Watchdog Reports Steep Drop in Extraction Revenues’, Tolo News, September 16, 2014, <http://www.tolonews.com/en/afghanistan/16397-afghan-energy-watchdog-reports-steep-drop-in-extraction-revenues>

³⁶¹ Global requested a copy of the contract from the Minister of Mines in April 2015, but did not receive a response on that specific request. In mid September 2015 Global Witness also wrote directly to the acting head of the cadastre office to again request a copy, and finally received a response on October 5th. Correspondence with the Ministry of Mines, April 2015, copy on file with Global Witness; correspondence with the Cadastre Office of the Ministry of Mines, September and October 2015

³⁶² Article 21.5 of Presidential Decree 45, from July 29, 2012, ordered the Ministry of Mines to: “Finalize a specific plan to provide for transparency regarding mining contracts in the country and present it to the Cabinet within three months. Contract transparency provisions will be based, above all, on agreed international principles and with considerations of the future of the country. It must publicize all contract details (not contract summaries) through the websites of the Ministries of Mines, Finance, and Economy.” Following the decree, the great majority of existing contracts were published. ‘The Office of the President of Islamic Republic of Afghanistan Decree On the execution of content of the historical speech of June 21, 2012 in the special session of National Assembly’, Government of Afghanistan <http://www.afghanistan-un.org/2012/07/the-office-of-the-president-of-islamic-republic-of-afghanistan-decree-on-the-execution-of-content-of-the-historical-speech-of-june-21-2012-in-the-special-session-of-national-assembly>

³⁶³ Only one other province, Panjshir, had this arrangement. Global Witness interview with senior Ministry of Mines official, June 2015; ‘Contract of mining (Tourmaline) between the Ministry of Mines and Petroleum, Department of Badakhshan Province, and Pamir Badakhshan International mining company’

³⁶⁴ ‘Contract of mining (Tourmaline) between the Ministry of Mines and Petroleum, Department of Badakhshan Province, and Pamir Badakhshan International mining company’

³⁶⁵ Ghulam Mohammad described Sabahuddin, as Sawda’s ‘bacha e kholla’ – i.e. the son of his mother’s sister. He said the brother of Zulmai Mujadidi was called Qari Agha Shireen. Global Witness interview with ‘Ghulam Mohammad’

³⁶⁶ Ghulam Mohammad described how the government mining office in Badakhshan “got people together and said ‘we gave the contract to (...) Haji Agha Shireen the brother of Zulmai Khan and to Zekria’s cousin [Sabahuddin]. Work if you want to – if not then go so that others can.’” Global Witness interview with ‘Ghulam Mohammad’, 2014

³⁶⁷ The miner Ikram said that “Qari *saheb* the brother of Zulmai Khan has the share in the Pamir company.” In the presence of Ikram, Engineer Ismael added that this referred to Qari Sayed Nur ul Haq, who he said was also known as Qari Agha Shireen, which he said was Nur ul Haq’s ‘local name’. Haji Anwar also mentioned a ‘Salahuddin’ as shareholder, possibly a reference to Sabahuddin. Global Witness interview with ‘Ikram’, 2014, Global Witness interview with ‘Engineer Ismael’, 2014; Global Witness interview with ‘Haji Anwar’, 2014

³⁶⁸ Email communication with the Afghanistan Investment Support Agency, April 28, 2016

³⁶⁹ Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Haji Anwar’, 2014; Global Witness interview with ‘Engineer Ismael’, 2014; Global Witness interview with senior local government official No. 2, 2014. Ghulam Mohammad also claimed the Minister of Mines complained to a delegation of elders that the PBIM contract was imposed on him by Sawda and Mujadidi. He recounted that following the institution of the new system, a group of elders went to see the former Minister of Mines Wahidullah Shahrani. The delegation reportedly told Shahrani: “we will not give you our votes. You gave the [tourmaline] mines to people who we see as bad.” To which Shahrani reportedly replied: “I did not give [the contract] – Zulmai Khan and Zekria came and imposed the contract on me.” This was before the first round of the elections, that took place in April 2014, but after the Minister had resigned to become a vice-presidential candidate. Shahrani resigned on October 6 2013 to join a ticket with Qayyum Karzai, brother of President Hamid Karzai. Martine van Bijlert, ‘The Last Minute Frenzy of Afghanistan’s Candidate Registration’, Afghanistan Analysts Network, October 6, 2013 <https://www.afghanistan-analysts.org/last-minute-frenzy-candidate-registration-for-afghanians-2014-presidential-election/>;

³⁷⁰ ‘Illegal tourmaline mining continues unabated’, Pajhwok Afghan News In the report, Sawda is cited as playing down the allegations that he controlled the tourmaline contract by saying: “We have jointly issued [the] contract of Dewdara mine to a company.” This ambiguity is also found in the Dari version of the report, available at <http://goo.gl/TjimBf>

³⁷¹ Global Witness interview with Zekria Sawdah, member of Afghan parliament, 2014

³⁷² Global Witness interview with ‘Engineer Ismael’, May 2016 He said the precise relationship was that the son of Zekria Sawda’s sister, a man called Shoaib, was married to the daughter of Zulmai Mujadidi’s brother Qari Agha Shireen, a woman called Nilufar.

³⁷³ According to Haji Anwar: “there was fighting between Zekria [Sawda] and Asadullah [Mujadidi]. (...) [Zekria] did not want that the troops of Asadullah should be there [in Deodarra]. And then Zekria sent ten people and when Asadullah became aware of this (...) his troops came and (...) beat [Zekria’s men] and disarmed them.” Haji Anwar said the small force Asadullah sent was under a commander called Fazl, from Chingaz village, whose overall group numbered around 30 men. Ghulam Mohammad also mentioned a Commander Fazl as a member of the MPF and as having a mine in Deodarra, and Dawood also mentioned him as a sub-commander of Asadullah; he is the same commander Gulbad said led the confiscation of a mine he was working on in Deodarra. Engineer Feroozi for his part simply said that Fazl described himself as ‘an Arbakai’. Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Dawood’; Global Witness interview with ‘Engineer Feroozi’; Global Witness interview with Gulbad, March 2014

³⁷⁴ Ghulam Mohammad told Global Witness that: “[Zekria Sawda and Zulmai Mujadidi] each have five people. They are relatives of theirs and they are armed. [Some] are relatives of Zekria – but they are included in the *kita* [force] of Asadullah. They are private – they say they are in the police [but] they don’t have military uniforms.” Haji Anwar similarly said that following the fight between the forces of the two MPs, three people belonging to Asadullah Mujadidi and three from Zekria Sawda set up camp in the Deodarra. Haji Anwar spoke of at least one of these being a civilian ayat, but also separately said there were “four people from Zekria and four people from Asadullah.” An educated professional from the district, ‘Engineer Ismael’, also described visiting “the fort of Zekria Sawda” in Deodarra, where he said he saw five “guards.” These men may correspond to the five people mentioned by Ghulam Mohammad. In his testimony, Ghulam Mohammad also said that: “there are five people of Zekria and of Assadullah. They are mixed. (...) They are there to observe us.” It was not entirely clear from this second statement if he meant five people in total or five people each (presumably the latter), and it was somewhat unclear if these observers were in place even before the ‘contract’ was granted. Nonetheless, the rough picture from the various sources of a handful of soldiers and possibly additional civilian inspectors from each side is consistent. Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Engineer Ismael’; Global Witness interview with ‘Ghulam Mohammad’

³⁷⁵ Some of Zekria Sawda’s statements implied that he had been actively involved in PBIM when the sub-contract with miners was being negotiated – well after he became an MP. For example, Sawda said relation to the tourmaline mines that: “we didn’t stop the people working on that – we said do it with 10% [royalty] to the government, 7% to us.” He also said that: “We work ourselves in 2-3 tunnels.” Sawda was elected as an MP in 2010. Global Witness interview with Zekria Sawda, December 2014

³⁷⁶ Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

³⁷⁷ Afghanistan Mining Law 2010, Article 14.2.1, copy on file with Global Witness; Afghanistan Mining Law 2014, Article 16.2.1 <http://mom.gov.af/Content/files/Afghanistan-%20Minerals%20Law-19-May-2015%20English.pdf>

³⁷⁸ The 2010 law, which was in force at the time the PBIM contract appeared, does not expressly forbid the close relatives of MPs from owning a concession, but the contract does not have a stabilisation clause stating that only the 2010 law will apply. Even if it had, this would need to be set against the evidence which indicates that, whatever the names on the company documents, PBIM is effectively owned by Sawda and Zulmai Mujadidi, not their relatives. Afghanistan Mining Law 2010, Article 14.2.1, copy on file with Global Witness; Afghanistan Mining Law 2014, Article 16.2.1 <http://mom.gov.af/Content/files/Afghanistan-%20Minerals%20Law-19-May-2015%20English.pdf>

³⁷⁹ A 10% royalty rate is towards the upper end of the international range for precious stones like diamonds, but not exceptional. In Afghanistan miners often pay 20% of the value of production to the Taliban, and the government itself has often charged a rate of 15%. M. Grote, ‘Tax Aspects of Domestic Resource Mobilisation – a Discussion of Enduring and Emerging Issues’ (Powerpoint presentation),

National Treasury of South Africa, September 2007

https://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=3&ved=0CDYQFjACahUKewjditqXx5XJAhWKvBQKHR9wDLw&url=http%3A%2F%2Fwww.un.org%2Fesa%2Fffd%2Fwp-content%2Fuploads%2F2007%2F09%2F20070904_02AnnexMiningComparisons.ppt&usg=AFQjCNEY7hZ2ZRBw9jDxzD6PYquehk64A&sig2=YcP_JPa8re7J7BBNsVcqIQ&cad=rja; Matthew Dupee, ‘Afghanistan’s Conflict Minerals: The Crime-

State Insurgent Nexus’; Michael Renner, ‘The Anatomy of Resource Wars’ ‘Afghanistan’s Fabulous Ruby Mines Plundered by Thieves,’ BBC; Mining contract headed ‘Pamir Badakhshan International Mining’, Article 3.1, copy on file with Global Witness

³⁸⁰ Contract list provided by the Ministry of Mines and titled ‘Mining Department of the Province of Badakhshan’, copy on file with Global Witness. For prices per kg of different grades of tourmaline, see Annex C.

³⁸¹ The contract required PBIM to pay about \$2,800 a year ground rent, based on \$7 per acre, but it is unclear if this was done – it was not in the accounts the Ministry provided. Email communication with Ministry of Mines, November 2015; Mining contract headed ‘Pamir Badakhshan International Mining’, Article 3.2, copy on file with Global Witness

³⁸² Haji Anwar told Global Witness: “we can say that from the mines of Deodarra there might be \$5m to \$6m in every year or 18 months, more or less. Ghulam’s Mohammad’s estimate was \$5m over 1.5 years: he told Global Witness that his production alone was worth \$40,000 over seven months. However, another trader, Zahirullah, said he calculated based on the output he was aware of that the Deodarra mine yielded \$12m or more over the two years before the new contact. Global Witness interview with ‘Haji Anwar’ Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Zahirullah’

³⁸³ Global Witness interview with Zekria Sawda, December 2014

³⁸⁴ Zahirullah said he had paid about \$7,000 of tax on a \$42,000 (2.1m Afghani, by his reckoning) sale of tourmaline. That would roughly equate to a 17% tax rate, which is what one would expect given the tourmaline contract terms. Global Witness interview with 'Zahirullah', April 2015, Global Witness interview with 'Haji Islam', April 2015

³⁸⁵ In April 2015 one trader reported that a combination of insecurity, the cost of explosives, the lack of tourmaline finds, and the availability of other unregulated mining areas had greatly reduced activity in Deodarra, and that the mining that was happening was being carried out by powerful individuals who did not pay any fee to PBIM (or any taxes to the government). Global Witness interview with 'Zahirullah', April 2015; Global Witness interview with 'Haji Islam', April 2015

³⁸⁶ Global Witness interview with 'Zahirullah', April 2015

³⁸⁷ If nothing else, it means the government's share of the \$7,000 paid in 2015 was not passed on, if the statement from the Ministry that they received no revenue after February 2015 is accurate.

³⁸⁸ Indeed, the loss would be 50% high, assuming that the government would tax the artisanal mining at a rate of at least 15%, as they did with lapis before 2014.

³⁸⁹ Ghulam Mohammad said Sawda originally demanded a 42% cut, but this was reduced after miners objected, understandably given the tax is not on profits but on output – collected even if the mining project as a whole had made a loss. Negotiations between Sawda and the tourmaline miners on this point were reportedly helped by the spectre of the coup in Kuran wa Munjan. Ghulam Mohammad said: "At first [Zekria] told the people that we will take 42%. The people did not agree. Then he said 20%. The people did not agree. At that time (...) he was taking and taking by force and then there was the rising at the lazuli mine – when the people took it over. After this he agreed." A government official from the province partly confirmed this version of events, saying that "first it was 25%, then 20%, then 17% before they agreed." Two other miners, Engineer Feroozi and Haji Anwar, confirmed the 17% figure for the sub-contract. Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with senior Afghan government official No. 2; Global Witness interview with 'Engineer Feroozi'; Global Witness interview with 'Haji Anwar'

³⁹⁰ For a copy of the contract, see www.globalwitness.org/afghanistan. The source, the miner called Ghulam Mohammad, was clear on how the system was supposed to work: "He takes \$17% - 10% they give to the government and 7% they take as profit themselves. I sell [my tourmaline] for \$100,000 [for example] – Zekria takes 17% from me – 10% to government and 7% for him. Then he will let us work peacefully." But he added: "He takes 17% - we don't know if he gives [anything] to the government or not." Zekria Sawda also gave a similar breakdown, and revenue figures provided by the Ministry of Mines further confirmed the 10% figure. Technically, the sub-contract itself could be read to mean that significantly less is being paid. It indeed says that PBIM will pay a 10% royalty to the government, however, this is lumped together with a 20% income tax and 2% sales tax to the government, "totalling 32%." This implies that that the royalty payment is not based as one might expect on the total value of minerals extracted, but on the income of the company – i.e. that PBIM is paying 32% of the 17% it collects, rather than paying 10% of the total value of the minerals, plus 20 or 22% on the remaining 7% it takes in profit. If this is indeed the case, its effective share would be 11.56%, with 5.44% left for the government. However, given the other data it seems more likely this a drafting issue with the contract. Global Witness interview with 'Ghulam Mohammad', 2014; Global Witness interview with Zekria Sawda, December 2014; list of mining contracts granted by the department of mines in Badakhshan, Ministry of Mines of the Islamic Republic of Afghanistan, May 2015, copy on file with Global Witness; Mining sub-contract headed 'Pamir Badakhshan International Mining', copy on file with Global Witness

³⁹¹ Global Witness interview with 'Engineer Feroozi', 2014 It should be noted that this is two shafts more than the miner Gulbad said Zulmai Mujadidi directly controlled. It is unclear when Mujadidi took over the original two shafts. Gulbad was interviewed in March 2014, and Engineer Feroozi in mid-2014, so it is possible that Mujadidi gained an extra two shafts in this period. Zekria Sawda himself said in December 2014 that PBIM worked 2-3 of the tunnels in the contract area, though in that interview he did not say he controlled PBIM. Global Witness interview with Zekria Sawda, December 2014

³⁹² The calculation is based on an assumption of 56 shafts operating in total, of which four belong to Zulmai Mujadidi and three to Zekria Sawda. If we assume that these shafts all produce equally well on average, that would mean that $56/7 = 1/8^{\text{th}}$ of overall output comes from the shafts belonging to the MPs. If we assume tourmaline worth \$1m was mined in the course of the year, that would be equivalent to \$125,000. If we further assume that, as per their sub-contract, PBIM took 17% of the value of the remaining tourmaline (worth \$875,000 in total), that makes an additional \$148,750 – for a total of \$273,750 (this assumes that Zulmai Mujadidi was not subject to the 17% cut normally given to PBIM). From this we deduct the \$10,000 that was paid to the government, for a nominal total of \$263,750 – which we round down to \$250,000 to allow some margin for error.

³⁹³ The contract requires the company to follow a specific workplan, although this has not been made public. Article 98 of the 2014 Afghan mining law allows license holders to hire subcontractors for mining purposes, but Article 60 requires license holders to implement the work programme agreed with the Ministry of Mines, with any variation requiring

written authorisation from the Ministry. The sub-contracting of mining would presumably only be legitimate if it was agreed with the Ministry – and in this case the question would be why it would agree to such an irregular arrangement. Mining contract headed ‘Pamir Badakhshan International Mining’, Article 2.2; Afghan Mining Law 2014, Articles 60 and 98

³⁹⁴ The sub-contract obtained by Global Witness states that the miners are expected to provide for their expenses, including everything from baseline surveys to “paving the way for mineral development for the local community.” PBIM commits to “provide explosives, mining equipment, food and other necessities”, but these are “to be reimbursed later at the current market price.” According to the sub-contract, PBIM “is keenly interested in making a significant contribution to economic progress (...) through investment in the neglected mining sector.” But the company’s principle responsibility, “to pave the way for employment to the local residents”, is a high-sounding goal but one that would be hard to avoid fulfilling simply in the normal course of operations. Mining contract headed ‘Pamir Badakhshan International Mining’

³⁹⁵ Ibid.

³⁹⁶ Global Witness interview with ‘Ghulam Mohammad’, 2014. Ghulam Mohammad said: “It was 30,000 [Afghanis for a carton of dynamite] and he [Zekria Sawda] made it 15,000” – but he was clear this was the only benefit offered by PBIM. According to Haji Anwar, the move to reduce the cost was part of the negotiations for the contract: “The reason for the explosives becoming cheaper was that [when] the company came, the miners said that we don’t accept [it]. Then the company said ‘brothers you now buy a carton of explosives for 40,000 [Afghanis], some for 30,000, for 35,000, some for 50,000. I will send you the explosives in your workplace for 15,000.’ Then the people agreed that we will give 17% [to PBIM].” Haji Anwar himself reported buying the explosive at Afs 40,000 a carton, around October 2013. Global Witness interview with ‘Haji Anwar’

³⁹⁷ Ghulam Mohammad also believed that Zekria Sawda still made a profit on each carton: “In the past [a carton of explosives was sold for] \$600. Now they buy it for \$100 and sell it for \$300 – they [still] make a profit.” He told Global Witness that Zekria Sawda had the monopoly on explosives in the province as the sole local partner of the Zazai company, which itself is the only one to import dynamite from Tajikistan. He alleged that Sawda had imported 15 tons, which he stored in Baharak at buildings used by his company Pamir Marble and Granite (a different entity to Pamir Badakhshan International Mining). A man called Tajuden was Zazai’s representative prior to this, and reportedly sold a ton of explosives for \$6,000. At this time it was only officially sold to the road-building companies as there were no legal mines, though some ended up on the black market, and there was smuggling from Tajikistan. “People would bring by road from Darwoz in the border with Tajikistan,” Ghulam Mohammad said. He also alleged that Asadullah Khan would purchase explosives smuggled into Afghanistan by his wife’s sister’s husband, a man called Jawed Mujadidi who he said was the commander of the Faizabad police. Haji Anwar confirmed that explosives were smuggled but that PBIM “was contracted officially” to import it. Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Haji Anwar’, 2014

³⁹⁸ Mining contract headed ‘Pamir Badakhshan International Mining’

³⁹⁹ At least one key reportedly remained with the mine owners. According to Ghulam Mohammad: “The police go with you there so as to take the 17%. And then it goes to the company and is locked. In the day of the selling we go, we bring the key – the box is with the company, they release it – the lock is stamped and sealed, when it is sealed then it we release it for sale. If the sale is made then good – if not then again we close it, and again seal it and again lock it – the key is with me, and the stone with the company.” Global Witness interview with ‘Ghulam Mohammad’

⁴⁰⁰ Mining contract headed ‘Pamir Badakhshan International Mining’

⁴⁰¹ Global Witness interview with ‘Haji Anwar’

⁴⁰² Global Witness interview with ‘Engineer Feroozi’ Ghulam Mohammad described a similar arrangement, saying that after tourmaline was extracted, “it goes to the company and is locked. In the day of the selling we go, we bring the key – the box is with the company, they release it – the lock is stamped and sealed, when it is sealed then it we release it for sale. If the sale is made then good – if not then again we close it, and again seal it and again lock it – the key is with me, and the stone with the company.” Global Witness interview with ‘Ghulam Mohammad’

⁴⁰³ Ghulam Mohammad said that “A representative of the Ministry of Mines” – an engineer – was also there, and that he took the government’s part from the 17%. The contract allows PBIM to buy the output “at the current market [price] or a mutually agreed-upon price.” This could potentially provide a loophole for them to force prices down, but in practice traders said the auctions were done openly. Mining contract headed ‘Pamir Badakhshan International Mining’ Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Engineer Feroozi’

⁴⁰⁴ Global Witness interview with ‘Engineer Feroozi’

⁴⁰⁵ Global Witness interview with ‘Ghulam Mohammad’, 2014

⁴⁰⁶ Global Witness interview with ‘Ghulam Mohammad’, 2014

⁴⁰⁷ Ibid.

⁴⁰⁸ Global Witness interview with international diplomatic officer No. 1; Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Haji Bashir’. A local lapis trader from Kuran wa Munjan, ‘Hamidullah’, also mentions Qari Assil as one of the chief beneficiaries of the lapis mine during the period when it was controlled by Asadullah Khan. Global Witness interview with ‘Hamidullah’

⁴⁰⁹ Global Witness interview with senior local government official No. 1; Global Witness interview with senior local government official No. 2, an individual in a departmental post. Afghanistan, 2014. The second official talked of a contract to charge a tax “for buying and selling” lapis, saying “one person won the contract. Now they pay tax from all buying and selling because they give money to government.” He explicitly said it was “in the hand of a man called Qari Assil.” He did not say that any MP was involved in this particular contract.

⁴¹⁰ Global Witness interview with senior local government official No. 1, 2014

⁴¹¹ Global Witness interview with senior local government official No. 1, 2014

⁴¹² The brothers were called Aman Jan and Ashraf Jan. Naimullah also said that “in Baharak, Aman Jan the brother of Zulmai [Khan] takes [money], in the name of the tax.” Global Witness interview with ‘Naimullah’

⁴¹³ Global Witness interview with ‘Ghulam Mohammad’

⁴¹⁴ Mujadidi described the allegations as “baseless and shameless attacks and propaganda.” Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁴¹⁵ The contract did not appear among those listed on supposedly comprehensive website of the Ministry of Mines as of May 9, 2015. ‘Contracts’, Ministry of Mines, Government of the Islamic Republic of Afghanistan <http://mom.gov.af/en/page/1384>

⁴¹⁶ Email communication with the Ministry of Mines of the Islamic Republic of Afghanistan, April 17, 2015

⁴¹⁷ The 2010 mining law, which was in force until August 2014, states that the duties of the Ministry of Mines include: “To grant or withdraw Licenses and to establish the particular rights and obligations attaching thereto.” While some contracts are subject to approval by an Inter-Ministerial Commission, and the Ministry of Mines has in the past allowed some provincial offices, including Badakhshan, to allocate some mining contracts, there is no provision for the delegation of approval for contracts to other provincial authorities. Afghanistan Mining Law 2010, Article 6.7, <http://www.aisa.org.af/law/minerals/Mineral-Law.pdf>

⁴¹⁸ Global Witness interview with ‘Ghulam Mohammad’

⁴¹⁹ Global Witness interview with an official of the Lajwardeen mining company, 2014 The trader called Naimullah also said: “They take the tax from the land of the mine.” Global Witness interview with ‘Naimullah’

⁴²⁰ The regulations to the 2010 mining law specify an annual surface rent of \$5 a hectare for exploration licenses (before renewal) and \$25 for minerals exploitation licenses. Mining Regulations, Articles 75.1 and 75.2, Government of Afghanistan, February 14, 2010 http://mom.gov.af/Content/files/Mining_Regulations.pdf

⁴²¹ ‘Atiqullah’ for example told Global Witness that until roughly February or March 2014 Qari Assil “had it [the toll] legally – we didn’t have a problem.” But now, Atiqullah said, Qari Assil “carries out a theft, he takes it illegally (...) Why is it illegal? Because the [Lajwardeen] company is also taking 5 Afghanis per kilo.” Global Witness interview with ‘Atiqullah’

⁴²² The sources included the elder Haji Bashir (who cited a toll of Afs 120,000), the trader Atiqullah (Afs 140,000); the mine entrepreneur Ghulam Mohammad (Afs 150,000); a senior local government official (Afs 150,000) and the trader Naimullah (Afs 150,000-Afs160,000). Naimullah and Haji Niamatullah both independently cited 25 Afghanis a *ser* (about 3.5 Afghanis a kilo - one *ser* is roughly equivalent to 7kg), which would be equivalent to \$1,440 (about Afs 80,000) for a 23 ton load, and an official of the Lajwardeen company cited 45 Afghanis a *ser* (about 6.4 Afghanis a kilo). Atiqullah told Global Witness that in Baharak “Qari Assil (...) takes from my vehicle 140,000 lakh Afghani – from one *Kamaz* [truck],” which he said was based on a rate of 5 Afghanis per kilogram, and a truck carrying 4,000 *ser* (28,000 kg). This is a larger weight per truck than is mentioned by other sources, but this may be explained by the fact that the road is in better condition from Baharak and so the load of two trucks can be combined into one – something which another trader, ‘Haji Niamatullah’, also mentioned was sometimes done. This might also explain why he told Global Witness that some vehicles paid Afs 70,000, half the amount he paid. But government data from Faizabad shows that the average load per truck was 23 tons, so we will use this figure. That data also indicates a rough total of 360 trucks leaving the mines but the loads of some of them being combined in Baharak, with an estimated 325 trucks going on to Faizabad. We will assume that this consolidation happens before the tax is collected, so our estimate is based on 325 trucks. Annex A has more on estimates of truck loads and numbers. Global Witness interview with ‘Atiqullah’; Global Witness interview with senior local government official No. 1; Global Witness interview with ‘Haji Bashir’; Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Naimullah’; Global witness interview with ‘Haji Niamatullah’; Global Witness interview with an official of the Lajwardeen company

⁴²³ The calculation is based on an average of the highest and lowest levels cited for the toll – 160,000 Afs per truck and 3.5 Afs a kilo respectively, with an assumption of 325 trucks with a 23 ton load (totally 7,500 tons, which is our estimate

for the overall exports in 2014). For the high end, the calculation is 160,000 Afs x 325 trucks / 56 (Afs/USD) = \$ 928,571. . For the low end, the calculation is based on an estimate of total weight of lapis extracted in 2014 (7,500 tons) rather than the number of trucks. This gives 7,500,000kg x 3.5 Afs per kg / 56 (Afs/USD) = \$468,750. The average of these two is \$698,660.

⁴²⁴ Figures provided by the Ministry of Mines in February 2015 did not list any revenue from lapis from Badakhshan. That is not definitive proof nothing was paid from the Baharak contract, given that there is evidence that some taxes were indeed paid (largely or exclusively from the LMC contract) which do not appear on the Ministry of Mines document either. However, given the other evidence for the illegality of the Baharak toll, it seems safe to say it is unlikely that they passed anything on. List of mining contracts granted by the department of mines in Badakhshan, Ministry of Mines of the Islamic Republic of Afghanistan, February 2015, copy on file with Global Witness

⁴²⁵ Naimullah reported that the toll had dropped, from around 160,000 to 90,000 Afghanis, possibly the result of pressure from the lapis traders and the increased tolls taken elsewhere on the route from the mines, as discussed above. (Of this sum, Naimullah thought a small part was going to the government, but no more than Afs 20,000.) Ghulam Mohammad also reported that the amount demanded had fallen to 60,000 Afghanis a truck, although he claimed that commander Asadullah's men collected another 40,000 in Jurm district centre. Ghulam Mohammad credited the head of the Provincial Council, Abdullah Jan, with bringing the necessary pressure to bear. Ghulam Mohammad was echoed by Haji Niamatullah, who mentioned that the "company that has a contract with the mostufiyat (...) take in Jurm and Baharak," but thought the tax was taken (and an official receipt given) in either one place or the other, but not both. Global Witness interview with 'Ghulam Mohammad'; Global witness interview with 'Haji Niamatullah' Global Witness interview with 'Naimullah'

⁴²⁶ Mining contract for a Lapis Lazuli Mining Project in Badakhshan, between the Lajwardeen Mining Company and the Ministry of Mines of the Islamic Republic of Afghanistan, dated February 16, 2013 <http://mom.gov.af/Content/files/Limiston%20of%20badakh%20shan.pdf> (in Dari – see Global Witness website for unofficial English translation)

⁴²⁷ Email communication with H.E. Daoud Saba, Minister of Mines of the Islamic Republic of Afghanistan, April 2015 A media report says the security council decision was taken in January, but it is possible the security council meeting in fact occurred earlier. Gul Mohammad Tanha, 'Azure worth 1b afs seized in Badakhshan', Pajhwok Afghan News, February 15, 2015 <http://www.pajhwok.com/en/2015/03/10/azure-worth-1b-afs-seized-badakhshan>

⁴²⁸ Indeed, some observers speculate that dissatisfaction among Panjshiri powerbrokers at the granting of the Lajwardeen lapis contract to a company they saw as controlled by Zulmai Mujadidi may have prompted them to push Malek to launch his coup in the first place. Global Witness interview with international diplomatic source No. 1, 2015; Global Witness interview with 'Ghulam Mohammad', 2014

⁴²⁹ Mining Contract: Lapis lazuli Mining Project, Badakhshan, between the Lajwardin Mining Company and the Ministry of Mines of the Islamic Republic of Afghanistan contract, Ministry of Mines of the Islamic Republic of Afghanistan, p 21 <http://mom.gov.af/Content/files/Limiston%20of%20badakh%20shan> (see Global Witness website for English translation). The contract was online on the Ministry of Mines website as of May 9, 2016, although somewhat confusingly it is listed as a contract for 'Limiston' and not lapis. 'Contracts', Ministry of Mines, Government of the Islamic Republic of Afghanistan <http://mom.gov.af/en/page/8040>; <http://mom.gov.af/Content/files/Limiston%20of%20badakh%20shan.pdf>

⁴³⁰ Musawer's father Makhdum Khan Baharakstani was reportedly a well-known trader, and the family spent time in Canada. Global Witness interview with 'Dawood'

⁴³¹ Email communication with the Afghanistan Investment Support Agency, April 28, 2016 The owners were identified as the company President, Musawer, the company vice-President, a man called Ezatullah, and a third man called Mohammad Mostafa.

⁴³² Global Witness interview with 'Dawood', May 2014; Global Witness interview with 'Engineer Ismael', May 2014; Global Witness interview with 'Ghulam Mohammad, May 2014; Global Witness interview with 'Jawed', May 2016. Jawed said Zulmai Mujadidi had a legal share in the company with Haji Musawer, rather than an informal one – but this seemed based on his perception of local 'common knowledge' rather than any specific information. Mujadidi's involvement was certainly the perception among the groups loyal to Haji Malek. The brother of one commander said that: "the company of 'Lajwardeen' belongs to Zulmai Mujadidi and we along with our companions are willing to fight until we kill and get killed and will not agree to hand over the lazuli mines to the government who could be in the favour of Mujadidi." Global Witness interview with 'Qari Hekmatullah', the brother of a senior pro-Malek commander, May 2014. In addition, both the MP Zekria Sawda and the miner Ghulam Mohammad alleged that not just Zulmai Mujadidi but also the brother of a former Panjshiri political figure had shares in Lajwardeen. Global Witness interview with Zekria Sawda, December 2014

⁴³³ Global Witness interview with ‘Engineer Ismael’, May 2016; Global Witness interview with ‘Ghulam Mohammad’, 2014

⁴³⁴ According to Ghulam Mohammad, this was because the other partners asked Zekria to invest \$1m and he was unable or unwilling to, so he dropped out. Global Witness interview with ‘Engineer Ismael’, May 2016; Global Witness interview with ‘Ghulam Mohammad’, 2014

⁴³⁵ This third source, a lapis trader with ties to the Lajwardeen Mining Company, gave a compatible if slightly different account to the other sources in relation to the initial involvement of Zekria Sawda, saying that former Minister of Mines Wahidullah Shahrani had initially pressured Haji Musawer to accept Sawda as a partner, but despite an initial agreement the deal eventually fell through. Global Witness interview with ‘Zaman Jan’, a lapis trader with ties to the Lajwardeen Mining Company, 2015

⁴³⁶ Mujadidi specifically described the allegations as “baseless and shameless attacks and propaganda.” Email communication with Zulmai Mujadidi, April 18, 2016, copy on file with Global Witness

⁴³⁷ Mining contract for a Lapis Lazuli Mining Project, Article 7.1.e

⁴³⁸ Mining contract for a Lapis Lazuli Mining Project, Article 40

⁴³⁹ Mining contract for a Lapis Lazuli Mining Project, Article 2

⁴⁴⁰ Afghanistan Mining Law 2010, Article 25.4

⁴⁴¹ Global Witness interview with an official of the Lajwardeen company. The contract talks about the company completing “prospecting and exploration phases” before moving to exploitation. Mining contract for a Lapis Lazuli Mining Project, Article 6

⁴⁴² The contract states that: “LMC has the right to renewal of this Contract, provided that full compliance of the conditions of this contract are upheld, and that LMC informs the MoM in writing at least one (1) year before the termination date of the contract.” The law merely states that: “Any refusal to grant a renewal of a Mineral Right shall be reasoned by the Ministry of Mines, and is subject to appeal.” Mining contract for a Lapis Lazuli Mining Project, Article 3; Afghan Mining Law 2010, Article 21.6; Afghan Mining Law 2010, Article 3.3

⁴⁴³ Mining contract for a Lapis Lazuli Mining Project, Article 18.4

⁴⁴⁴ Afghan Mining Law 2010, Article 30.2.3 calls for “A development plan, including proposed investments and any socio-economic contributions proposed for the communities concerned.” Afghan Mining Law 2014, Article

⁴⁴⁵ Global Witness interview with an official of the Lajwardeen mining company, 2014

⁴⁴⁶ The social and environmental provisions are also undermined by the absence of provisions to suspend or cancel the license if significant problems are indeed found. Mining contract for a Lapis Lazuli Mining Project

⁴⁴⁷ Around a month after the takeover of the mine, LMC was able to send emissaries as part of an unsuccessful attempt at negotiations with Malek – but had no ability to exploit or explore the mines. Global Witness interview with an official of the Lajwardeen company; Global Witness interview with two representatives of the Lajwardeen company

⁴⁴⁸ Atiqullah for example reported that: “The tax of the government is always taken by the company,” and the LMC official also said that: “We collect the money and we give the money to the ministry (...) the ministry does not take one *felis* [cent] from them.”⁴⁴⁸ See previous endnote for further sources. Global Witness interview with ‘Atiqullah’ 2014; Global Witness interview with an official of the Lajwardeen company

⁴⁴⁹ Traders said a government engineer determined the quality of the stone, but a representative of the company was also present, which is in line with the account from the LMC official. According to Haji Niamatullah, when the trucks arrive in Faizabad: “You go the mining office, and say ‘we brought the stone.’ Then the engineer and the representative [of the Lajwardeen company] go to the weighing machine and check the type and weight [of the stone]. (...) Lajwardeen and the government together took 105 Afghanis from one *ser* of grade 10 lapis [i.e. 15 Afs per Kg]. They present the bill – both are together, the Lajwardeen company takes [its share] from the mining office. (...) Lajwardeen has an office there.” Global Witness interview with ‘Haji Niamatullah’; Global Witness interview with ‘Naimullah’

⁴⁵⁰ The trader Naimullah said there was an official rate of 15% of the overall value, of which 10% went to the government, with 5% retained by the company. A 10% rate would match the royalty provisions of the Lajwardeen contract – and adding 5% extra for the company might roughly represent the take the company said was for ‘income tax’. (This would also be a roughly equivalent arrangement to the PBIM contract – in financial terms, and in the fact that neither company appears to have done much work, even if for different reasons, the two arrangements are roughly analogous.) But Naimullah and other sources put the figure for the amount actually collected (as opposed to the official rate) much lower. The trader Atiqullah cited a rate of 5 Afghanis a kilo. Naimullah put the figure at 5 Afghanis a kilo as well, but then amended this to 14 Afghanis, split evenly between the government and the company. The trader Zahirullah reported a rate of \$5000 from each truck, which for a 20 ton load equates to exactly 14 Afghanis a kilo. Haji Niamatullah similarly said that the government and the company jointly took a total of 15 Afghanis a kilo (105 Afghanis a *ser*) for grade ten lapis. Email communication with the Ministry of Mines of the Islamic Republic of Afghanistan, April 17, 2015; Global Witness interview with ‘Naimullah’, February 2015; Lajwardeen contract, clause 8.1; PBIM contract,

clause 3; Global Witness interview with 'Atiqullah'; Global Witness interview with an official of the Lajwardeen company; Global Witness interview with 'Haji Niamatullah'; Global Witness interview with 'Zahirullah'

⁴⁵¹ Global Witness wrote to the Minister of Mines Dr. Daud Saba in April 2015 to request this information. The minister responded positively but said he was unable to provide the information at that time, and did not provide it subsequently. Email communication with the Ministry of Mines of the Islamic Republic of Afghanistan, April 17, 2015

⁴⁵² The LMC official was unable to supply a copy of the letter in which the company agreed to the arrangement, and without this it is difficult to confirm – or discount – his account. He also recounted that the company held talks in Kuran wa Munjan around a month after the takeover to try to negotiate their handover back to LMC control, and that agreement was reached that this would happen after three months, during which the mines would be under Commander Malek (see 'A lost chance for peace?', above). He said a condition for this was that LMC would allow the lapis to transit in its name, though it is likely this only meant during that three month period. The official said that while the Ministry of Mines initially objected to the transit arrangement on the grounds that the extraction was illegal, it eventually agreed under pressure from MPs who supported the mainly Panjshiri lapis traders. Two other representatives of the company mentioned the talks as well, and said the agreement was for the mines to be relinquished on the 1st of Jawza 1393 – May 22, 2014. It is not clear why the company continued the arrangement after this date. Global Witness interview with an official of the Lajwardeen company, 2015; Global Witness interview with two representatives of the Lajwardeen mining company, 2014

⁴⁵³ The source originally put the royalty at 15%, but later said it was according to the contract, which specifies a 10% rate Global Witness interview with an official of the Lajwardeen company; Lajwardeen contract, Article 8.1

⁴⁵⁴ The Model Mining Development Agreement for example defines force majeure to include "wars, acts of terrorism, insurrections, civil disturbances, blockades, embargoes, epidemics, earthquakes, storms, floods, explosions, fires, lightning, and acts of God" and provides for extension of the contract term while these conditions should continue. The Lajwardeen contract itself reflects this norm. Lajwardeen contract, clauses 1.1.14 and 26; '31.0 Force Majeure; Suspension of Operations for Market Conditions', Model Mining Development Agreement Project, March 30, 2011 <http://www.mmdaproject.org/?p=1678>

⁴⁵⁵ Global Witness did not attempt to verify the authenticity of the letter with the Ministry of Mines, but it appears genuine. Letter from the Lajwardeen Mining Company to the Ministry of Mining and Petroleum dated January 19, 2014, copy on file with Global Witness

⁴⁵⁶ In October 2014, an LMC official wrote to the Ministry of Mines office in Badakhshan requesting the transfer of 21 tons of stone, described as belonging to a trader called Asadullah (rather than the company). The letter notes that "responsibilities such as security, customs and transfer of illegal products lie with to the owner of the stone; the company has no responsibility in such cases." The Ministry of Mines office seems to have been similarly anxious to insure itself against liability in its turn: in a letter relating to another shipment, the head of the office noted that the stones were "without seals and stamp, [and] in case of changes in grade or weight [of the stone], the transfer of forbidden property and/or changes in the product, the responsibility lies with the transferer. The Badakhshan mines department has no responsibility in such case." This letter also notes that "the relevant departments [i.e. not the Ministry of Mines office] will handle the security issues and illegal transfer of goods through their performance." Letter dated October 22, 2014, from the Lajwardeen Mining Company to the Badakhshan mine department, copy on file with Global Witness.; Letter dated July 26, 2014, from Mohammad Akbar, the head of the Ministry of Mines office in Badakhshan, to the Department of Commerce and Industries, Kabul, copy on file with Global Witness

⁴⁵⁷ The LMC official directly acknowledged that the company only held permission to conduct reconnaissance – he said they had yet to receive even an exploration licence. Global Witness interview with an official of the Lajwardeen company, 2014

⁴⁵⁸ It is possible the company saw the deal as compensation for the loss it suffered when it was no longer able to access the mines and implement its contract. The LMC official said that as well as significant investment in equipment, the company had borrowed a large sum to fund the enterprise, on which it was paying around \$25,000 a month in interest. Ghulam Mohammad also voiced a belief that the company had paid \$16m for its 15 year contract (though he did not say where he had this information from, and Global Witness was unable to corroborate it). Nonetheless, it is hard to see how the deal could be justified as a compensation mechanism, and there is no obvious evidence it was ever formally presented as such. The relevant the provision in the contract simply states that: "In the event that a failure by a Party to perform or comply with any of the terms, provisions, or obligations of this Lapis Project Contract causes economic loss, including the outstanding portion of LMC's investment to the other Party, the defaulting party shall compensate the other Party for the amount of the economic loss sustained by the other Party as determined by a mutually agreed reputable third party." Global Witness interview with an official of the Lajwardeen company, 2014; Global Witness interview with 'Ghulam Mohammad'; Lajwardeen contract, article 36.4

⁴⁵⁹ Undated letter from the Afghan National Security Council to the Afghan Ministry of Mine and Petroleum, titled ‘The issue of the Badakhshan lapis mine considered in the session of 24 Qaws 1394’; Global Witness interview with an official of the Lajwardeen Mining Company, May 2016

⁴⁶⁰ Global Witness interview with international diplomatic official No. 1, February 2015

⁴⁶¹ Bank documents on file with Global Witness. The documents cover a total of six payment, dated between June 19 and December 21, 2014. An official of the Lajwardeen reported that royalty payments are normally made up to two months in arrears, so one would expect the June document to cover royalties from April. The Lajwardeen contract itself requires royalties to be paid within a month of the end of the relevant quarter. Global Witness interview with an official of the Lajwardeen company; Lajwardeen contract, Article 8.2

⁴⁶² In 2015 an NGO active in Badakhshan reported that the local office of the Ministry of Mines had told them that royalty receipts from lapis in the previous year had been \$830,000, and a government official in Faizabad referred to similar revenue (around \$857,000). This seems plausible: it makes some sense that the higher numbers could be for the whole year, and the Lajwardeen figure for the part of the year during which lapis was being registered under the contract. But the lower figure of \$630,000 is both confirmed in the EITI report and referred to there as the total revenue from lapis in 2014, rather than specifically for Lajwardeen. It seems most likely that is incorrect, and it is indeed only for part of the year, but it certainly raises the question of whether the difference between the two figures indicates money received in Badakhshan but not registered in Kabul, a possible indication of abuse. Either way though, the figure of \$630,000 for the Lajwardeen income seems likely to be correct. Global Witness interview with two employees of an international NGO, May 2015; list of mining contracts granted by the department of mines in Badakhshan, Ministry of Mines of the Islamic Republic of Afghanistan, February 2015, copy on file with Global Witness; ‘Inception Report and Fourth Conciliation Report’, Afghanistan Extractive Industries Transparency Initiative, February 6, 2016

<http://aeti.af/Content/Media/Documents/AEITIFourthReconciliationReport139113926220162496931553325325.pdf>

⁴⁶³ This is based on an assumption that all of this lapis was Junduk grade, which we conservatively assume has an average value of \$6/kg (see Annex A). This this we then apply the 10% royalty rate applied under the LMC contract. While one trader cited a price as low as \$2.55 for the very worst lapis, almost all the other sources cited prices in the range of \$5-\$10 for grade 10 in 2014. See Annex B for the full list of prices cited by traders.

⁴⁶⁴ See Annex A more details on Global Witness’ calculations. The Ministry of Mines letter indicated grade 10 lapis (the lowest grade) was assessed at just \$1/kg. It also showed grade 9 lapis was assessed at \$1.5/kg, with grade 8 at \$3.5, but that the quantities of these higher grades were insignificant. Another way of looking at the discrepancy is that at an average value of \$3/kg, \$630,000 of tax only equates to around 2,100 tons of lapis. Yet the same LMC source reported that the payments covered lapis from 268 truckloads, carrying a total of 6,166 tons. Letter dated July 26, 2014, from Mohammad Akbar, the head of the Ministry of Mines office in Badakhshan, to the Department of Commerce and Industries, Kabul, copy on file with Global Witness

⁴⁶⁵ This is based on 35,291,337 of royalty paid on 6,166 tons – so 5.72 Afghani a kilo. If this was a 10% tax take, as per the contract, then the implied value per kilo is about Afs 57, or just over \$1.

⁴⁶⁶ Global Witness interview with an official of the Lajwardeen Mining Company

⁴⁶⁷ As noted, some sources put the total collected in Faizabad as low as Afs 5/kg *in total*, which would imply that either the money the LMC official said was collected for income tax, or the royalty payments of roughly the same amount, were not collected – providing some support for the LMC official’s contention that they did not always collect the income tax money. In terms of expenses, the LMC official claimed that apart from the expenses of its office in Badakhshan and of inspectors for the trucks, the company had borrowed substantially to fund its planned investment in the lapis mine, and that interest payments alone amounted to \$25,000 a month. Global Witness interview with an official of the Lajwardeen company, February 2016

⁴⁶⁸ Email correspondence with H.E. Dr Daud Saba, Minister of Mines of the Islamic Republic of Afghanistan, April 17, 2015, copy on file with Global Witness

⁴⁶⁹ The EITI report notes that: “There are several areas where there is insufficient capacity to be confident that information provided in good faith for EITI purposes is reliable (...) Records in the MoF and MOMP are kept manually. Considerable effort was required to produce reports of receipts and other information for the EITI report, and there were differences between information contained in reports which should have been consistent. (...) Records in provincial government offices are also manual and visits by the AEITI Secretariat and our own staff noted that the system did not appear to be robust.” ‘Inception Report and Fourth Conciliation Report’, Afghanistan Extractive Industries Transparency Initiative, pp 8, 59-60

⁴⁷⁰ Email correspondence with H.E. Dr Daud Saba, Minister of Mines of the Islamic Republic of Afghanistan, April 17, 2015, copy on file with Global Witness

⁴⁷¹ Alam Jan, for example, said in early April 2014 that he had “many times” paid 100,000-250,000 Afghanis of tax on a load of about 21 tons, giving an effective rate of about 5-12 Afghanis (\$0.09-\$0.21) a kilo. Global Witness interview with ‘Alam Jan’

⁴⁷² Global Witness interview with ‘Naimullah’, 2014

⁴⁷³ Global Witness interview with ‘Alam Jan’, 2014

⁴⁷⁴ Global Witness interview with an official of the Lajwardeen mining company

⁴⁷⁵ Global Witness interview with an official of the Lajwardeen mining company

⁴⁷⁶ This may have been hastened by the fact that the traders were now no longer making even the nominal tax payments they had previously. Gul Mohammad Tanha, ‘Azure worth 1b afs seized in Badakhshan’, Pajhwok Afghan News, February 15, 2015 <http://www.pajhwok.com/en/2015/03/10/azure-worth-1b-afs-seized-badakhshan>; Global Witness interview with ‘Dawood’

⁴⁷⁷ Global Witness interview with a senior Ministry of Mines official, June 2015

⁴⁷⁸ Global Witness interview with ‘Dawood’, February 2015; Global Witness interview with international diplomatic official No. 1, April 2015; Global Witness interview with ‘Abdul Samir’, February 2016; ‘National Security Council Meeting Urges on Improving Highways’ Security’, Office of the President of the Islamic Republic of Afghanistan, February 12, 2015 <http://president.gov.af/en/news/41741>

⁴⁷⁹ The sources generally cited a figure of around a dozen trucks belonging to Bismillah Khan. One source, Abdul Samir, alleged that as of February 2016 a few Badakhshi trucks were still being held by customs to force them to pay taxes, while the Panjshiri trucks had escaped without paying any. While one or two of these sources (such as the LMC official and district official) the might plausibly have some interest in slandering Bismillah Khan, others like Abdul Samir had no obvious political connections, with the Mujadidi network or indeed others. All were interviewed independently. Global Witness interview with Engineer Ismael; Global Witness interview with ‘Abdul Samir’, a lapis trader from Jurm district, February 2016; Global Witness interview with a low-level security official from Jurm district; Global Witness interview with an official of the Lajwardeen Mining Company; Global Witness interview with a senior district official.

⁴⁸⁰ The three sources included two Kabul-based traders, one from Panjshir, and one from Kuran wa Munjan, and a driver whose work included taking trucks from Kuran wa Munjan to Panjshir via the Anjuman pass. The driver, ‘Afzali’ said that “In [the last] three years I have no information that he [Bismillah Khan] transfers things.” Global Witness interview with ‘Afzali’, April 2016; Global Witness interview with ‘Mohammad Arash’, April 2016; Global Witness interview with ‘Mohammad Benam’, April 2016

⁴⁸¹ Global Witness interview with ‘Abdul Samir’, February 2016

⁴⁸² A media report from October 2015 also mentioned this figure of 300 trucks. Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’,

⁴⁸³ This would imply that the December decision itself was not purely a Panjshiri move, but also addressed the interest of the Badakhshi traders – perhaps as a way of securing greater support for it.

⁴⁸⁴ Global Witness interview with ‘Mohammad Toraboz’, February 2016

⁴⁸⁵ Global Witness interview with senior official at the Ministry of Mines, June 2015

⁴⁸⁶ Email correspondence with Dr Daud Saba, Minister of Mines of the Islamic Republic of Afghanistan, February 2, 2016

⁴⁸⁷ ‘Lapis sorting table of 64 vehicles which have stopped in Kabul customs’ (Pages one and two of three), copy on file with Global Witness

⁴⁸⁸ Global Witness interview with an official of the Lajwardeen company, 2014. On prices, see also the list of lapis prices in Annex B. One trader gave a minimum price of \$2.55, and one of \$3.82, but these are likely to be lower than grade 10, which was the lowest quality at which the lapis in the shipment was assessed. One trader did say he had paid both royalty and customs tax of about \$15,000 on a shipment of 49 tons of lapis, which amounts to about \$0.30 a kilo, valuing the lapis at about \$2/kg (if the tax was 15%) or \$3/kg (if it was 10%). He valued the load at \$7-\$10/kg. However, it is not entirely certain whether that lapis that was part of the early 2015 shipment. Global Witness interview with ‘Naimullah’, October 2015

⁴⁸⁹ The trader cited in the report put the ‘average’ value of lapis at 5,000 Afghanis per *ser* (7kg), and the overall value of the convoy at around a billion Afghanis. The total lapis in the convoy on this basis would be around 1,400 tons - somewhat less than the figures actually registered. The trader’s estimate was also based on 65 truckloads – it is not clear where the discrepancy of a single truck comes from, but either way this means he did not take into account the additional trucks which allegedly were allowed to travel but not registered as part of the convoy. Gul Mohammad Tanha, ‘Azure worth 1b afs seized in Badakhshan’

⁴⁹⁰ ‘Islamic Republic of Afghanistan: Staff Report for the 2014 Article IV Consultation—Debt Sustainability Analysis’, International Monetary Fund, May 2014, pp 2-3, 5 <https://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>

⁴⁹¹ ‘Afghan president sets out his mining agenda’, EITI

⁴⁹² Thomas Ruttig, 'Copper and Peace: Afghanistan's China dilemma', Afghanistan Analysts Network, July 11, 2015 <https://www.afghanistan-analysts.org/copper-and-peace-afghanistans-china-dilemma/>; 'Minister of Mines Maps Out 100-Day Plan', Wednesday, June 10, 2015 Tolo News, <http://www.tolonews.com/en/afghanistan/19943-minister-of-mines-maps-out-100-day-plan>

⁴⁹³ 'The London Conference on Afghanistan – Communiqué', Paragraph 18, December 4, 2014 http://www.mofa.go.kr/trade/areaissue/soasia/afgan/20111230/2014_afgan_meeting.pdf

⁴⁹⁴ "Anti-Corruption Summit – London 2016: Islamic Republic of Afghanistan Country Statement", Government of the United Kingdom, May 12, 2016 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522697/Afghanistan.pdf See also "Transcript of His Excellency President Mohammad Ashraf Ghani's Remarks at European Union Conference on 'The Way Ahead for Anti-Corruption in Afghanistan'," Presidency of the Islamic Republic of Afghanistan, May 5, 2016

⁴⁹⁵ "H.E. President Mohammad Ashraf Ghani on the Fifth Wave of Political Violence," Royal United Services Institute, May 12, 2016 (video: see from 1:00:05 to 1:03:16) <https://rusi.org/event/he-president-mohammad-ashraf-ghani-fifth-wave-political-violence>

⁴⁹⁶ See for example 'Afghanistan's Oil, Gas, and Minerals Industries: \$488 Million in U.S. Efforts Show Limited Progress Overall, and Challenges Prevent Further Investment and Growth', Special Inspector for Afghanistan Reconstruction, January 2016, pp ii, 3-9, 12-16

⁴⁹⁷ Global Witness interview with a former US diplomatic official who was in post at the time of the discussions, May 2014

⁴⁹⁸ 'Afghan donor meeting fails to address mining abuses, warn campaign groups', Integrity Watch Afghanistan, September 5, 2015 <http://iwaweb.org/afghan-donor-meeting-fails-to-address-mining-abuses-warn-campaign-groups/>

⁴⁹⁹ For example: at the London anti-corruption conference in May 2016, six countries (including Afghanistan) committed to public registers of beneficial ownership, building on previous commitments made through the G20, and 11 countries (including Afghanistan) to implementing Open Contracting Data Standards. Supply chain transparency for certain minerals is in the process of being implemented within the European Union, and through the Dodd-Frank Act in the United States. Finally, the 2016 EITI Standard encourages or requires measures for the publication of contracts, beneficial ownership, comprehensive tax and revenue payment data, among other transparency measures. "UK implementation of the G20 High Level Principles on Beneficial Ownership Transparency," government of the United Kingdom, November 16, 2015 <https://www.gov.uk/government/publications/uk-g20-beneficial-ownership-implementation-plan>; 'New disclosure requirements for the extractive industry and loggers of primary forests in the Accounting (and Transparency) Directives (Country by Country Reporting) – frequently asked questions', European Commission, June 12, 2013; "Digging for Transparency," Global Witness, April 2015 file:///C:/Users/scarter/Desktop/Digging_for_Transparency_hi_res.pdf; "The EITI Standard," Extractive Industries Transparency Initiative, February 23, 2016 https://eiti.org/files/english-eiti-standard_0.pdf

⁵⁰⁰ 'A Shaky Foundation?: Analysing Afghanistan's Draft Mining Law', Global Witness, November 2013 http://www.globalwitness.org/sites/default/files/library/SHAKEY_FOUNDATION_GW.pdf

⁵⁰¹ 'Proposed Amendments to the Afghan Mining Law: December 2015 draft', Global Witness, December 2015, <https://www.globalwitness.org/en/campaigns/afghanistan/suggested-amendments-afghan-mining-law/>

⁵⁰² 'Building for the Long Term: Avoiding the Resource Curse in Afghanistan', Global Witness, February 2014 http://www.globalwitness.org/sites/default/files/library/LONG-TERM_BUILDING_Report.pdf

⁵⁰³ See for example 'A Citizens' Checklist: Preventing corruption in the award of oil, gas and mining licenses', Global Witness, January 2012 <https://www.globalwitness.org/sites/default/files/A%20citizens%20checklist%20EN%20Jan%202012.pdf>, and 'Afghanistan and the extractive industries', Integrity Watch Afghanistan and Global Witness, September 2015 [file:///C:/Users/scarter/Desktop/September_2015_POLICY_BRIEFING_Afghanistan_and_extractives%20\(1\).pdf](file:///C:/Users/scarter/Desktop/September_2015_POLICY_BRIEFING_Afghanistan_and_extractives%20(1).pdf)

⁵⁰⁴ 'Inception Report and Fourth Conciliation Report', Afghanistan Extractive Industries Transparency Initiative, p 20

⁵⁰⁵ The Office of the President of Islamic Republic of Afghanistan Decree On the execution of content of the historical speech of June 21, 2012 in the special session of National Assembly' <http://www.afghanistan-un.org/2012/07/the-office-of-the-president-of-islamic-republic-of-afghanistan-decree-on-the-execution-of-content-of-the-historical-speech-of-june-21-2012-in-the-special-session-of-national-assembly/>

⁵⁰⁶ See http://www.open-contracting.org/global_principles

⁵⁰⁷ The current Mining Law has some helpful provisions, but needs to be strengthened as it does not explicitly call for beneficial ownership to be published, and only a relatively narrow group of people is forbidden from direct or indirect benefit from a company that holds a mining license (as opposed to holding a license themselves). Those not on the list notably include Members of Parliament and members of the security forces. Specifically, Article 16.2 of the 2014 Mining Law states that the following are ineligible to own mining licenses:

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1. President, Vice-Presidents, Ministers, Head and members of Supreme Court, General Attorney, members of the National Assembly, Heads and members of the Independent Government Commissions, Director of the Central Bank and General Director of National Directorate of Security, Provincial Governors, Mayors, and General Directors of the Government Independent Agency, advisors, experts and Deputy Ministers of the Ministry of Mines and Petroleum and their relatives up to Grade 2;
 2. Judges, Prosecutors, Members of Provincial and Districts Councils, Staff of Ministry of Defense and Ministry of Interior Affairs and General Directorate of National Security, advisors, experts and staff of the Commission stipulated in Article 9 of this Law;
 3. Any person who is and continues to be bankrupt under the laws of Afghanistan;
 4. Any person whose license, based on a justified reason, has been revoked by the Ministry of Mines and Petroleum before its expiration;
 5. Companies in which those listed in Article (151) of the Constitution of Afghanistan shall obtain direct or indirect benefits;
 6. A natural person who has been convicted by an authorized court of a felony crime and sentenced to more than ten (10) years in prison or a person who has been convicted of administration corruption crimes who has covered his or her prison term but not his or his restitutio (rehabilitation) of prestige period;
 7. Any legal person which is in liquidation other than a liquidation which is required to restructure such legal person;
 8. Any legal person that is convicted of winding up or dissolution by a competent court;
 9. Any legal person in which one or more than one of its Controlling shareholders, a corporate officer or member of its Board of Directors would become legally disqualified as a natural person under this Article;
 10. Where one or more individual shareholder holding a controlling stake has been convicted of an offence under this Law; and/or
 11. Any shareholder who holds a controlling stake, Executive Board member of the company who is an existing employee of the Ministry of Mines and Petroleum

Article 16.2.5 could provide a basis to exclude politically connected individuals from hidden beneficial ownership of a mining project. But Article 151 of the Afghan constitution mentions a significantly narrower group of excluded individuals, stating that: “The President, Vice-Presidents, Ministers, Chief Justice and members of the Supreme Court, the Attorney General, Heads of the Central Bank and National Directorate of Security, Governors and Mayors, during their term of offices, shall not engage in any profitable business with the state.”

⁵⁰⁸ ‘OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition’, Organisation for Economic Co-operation and Development, November 2012
<https://www.oecd.org/corporate/mne/GuidanceEdition2.pdf>

⁵⁰⁹ See for example Integrity Watch Afghanistan Community Based Monitoring Project, <http://iwaweb.org/cbm.html>

⁵¹⁰ ‘Guiding Principles on Business and Human Rights’, United Nations, 2011, pp 27-35
http://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁵¹¹ The ANCOPS has a generally good reputation, but has been subject to some allegations of corruption and other abuses. Robert Perito, ‘Afghanistan’s Civil Order Police: Victims of its own success’, United States Institute for Peace, May 2012 <http://www.usip.org/sites/default/files/SR307.pdf>; Dion Nissenbaum, ‘Corruption, incompetence charges plague new Afghan police force’, McClatchy Newspapers, May 10, 2010
<http://www.mcclatchydc.com/2010/05/10/93849/corruption-incompetence-charges.html>

⁵¹² Robust due diligence should include the establishment of strong company risk management systems; identification and assessment of risk in the supply chain; design and implementation of a strategy to respond to identified risks; carrying out of independent third-party audit at identified choke points in the supply chain; and public reporting on the process. For the two standards referenced, see ‘Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains’, Chinese Chamber of Commerce for Minerals, Metals and Chemicals Importers and Exporters, December 2015
https://www.globalwitness.org/documents/18138/201512_Chinese_Due_Diligence_Guidelines_for_Responsible_Mine_ral_Supply_Chains_-_En_K83fxzt.pdf; ‘OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition’, Organisation for Economic Co-operation and Development, November 2012 <http://dx.doi.org/10.1787/9789264185050-en>

⁵¹³ The OECD Guidance state that companies “may manage risk by either i) continuing trade throughout the course of measurable risk mitigation efforts; ii) temporarily suspending trade while pursuing ongoing measurable risk mitigation; or iii) disengaging with a supplier in cases where mitigation appears not feasible or unacceptable.” Clearly the first of these options does not appear realistic in current circumstances. ‘OECD Due Diligence Guidance for Responsible Supply

Chains of Minerals from Conflict-Affected and High-Risk Areas: Second Edition', Organisation for Economic Co-operation and Development, p 44

⁵¹⁴ An official of the Lajwardeen company put the figure at 104 shafts, but not all of them active – he estimated 15-20 active shafts. 'Dawood' said there were 'a hundred tunnels', while Naimullah said there were 'hundreds' but just 5-6 of them active. Ghulam Mohammad said there 'a hundred and something'. Global Witness interview with 'Dawood'; Global Witness interview with 'Naimullah'; Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with an official of the Lajwardeen company, 2014

⁵¹⁵ Global Witness interview with 'Haji Anwar', 2014

⁵¹⁶ A report from 2007 mentioned '20 or so' shafts, while an official from the Lajwardeen Mining Company put the number of active shafts at between 15 and 25, but with 7-10 shafts active in Junduk. Dawood said there "may be 100 [sites] – 22 are well known." In mid-2014 one elder, Haji Bashir, cited just one major site, the mine at Junduk. Finally, Gary Bowersox and Bonita Chamberlin report that in 1994, there were 20 tunnels distributed among seven mines – and it seems likely production has increased since then. In general, the accuracy of estimates is not helped by the potential for confusion between shafts and tunnels – Haji Bashir for example described Junduk as having one tunnel but three shafts – presumably meaning one entrance with three branches inside it. Global Witness interview with 'Dawood'; Global Witness interview with 'Haji Bashir', 2014; Global Witness interview with an official of the Lajwardeen Mining Company, 2014; Gary Bowersox and Bonita Chamberlin, 'Gemstones of Afghanistan', p 55

⁵¹⁷ Engineer Ismael, who gave the figure of 5,000 people based on his conversations with 'traders', also estimated that 10 people on average would work one of the smaller mines. However, the total of several thousand workers matches a media report from 2011 which cited a range of 3,000-5,000 workers. Another source thought that the number at this time was only 800-1000, but with much larger numbers – he estimated from 3,000 to as many as 18,000 – working the shafts since the takeover of the mines by Malek. Even if one assumes that a Junduk-size tunnel takes 500 staff, 5,000 workers would imply the equivalent of something like ten such shafts were in operation, making an estimate of six a reasonable conservative estimate. Global Witness interview with an official of the Lajwardeen Mining Company, February 2016; Global Witness interview with 'Engineer Ismael', March 2016; Ahmad Masood Nikzad, 'Plundering Afghanistan's Gems', The Killid Group, July 23, 2011 <http://tkg.af/english/reports/political/577-plundering-afghanistans-gems>

⁵¹⁸ Naimullah described Sar e Sang as being not so much as a place to live as simply a place for trading the stone brought down from the mine, with Lajward Shoh the nearest village. Global Witness interview with 'Naimullah'; Global Witness interview with 'Dawood'; Soraya Sarhaddi Nelson, 'Tapping into Afghanistan's Wealth of Gems'; Philip Poupin, 'Lapis lazuli, l'or bleu afghan'

⁵¹⁹ Global Witness interview with 'Haji Bashir', 2014; Global Witness interview with 'Naimullah, 2014'; Global Witness interview with 'Dawood', September 2015

⁵²⁰ Global Witness interview with 'Naimullah', 2014; Global Witness interview with 'Dawood', 2014 and January 2015 Dawood reported in January 2015 that Mine 4 had for some days been producing a high-grade lapis that was being smuggled out through Panjshir

⁵²¹ Renard Sexton, 'Natural Resources and Conflict in Afghanistan', p 52

⁵²² Global Witness interview with an official of the Lajwardeen Mining company, 2014 Global Witness interview with 'Ghulam Mohammad', 2014

⁵²³ Global Witness interview with an official of the Lajwardeen Mining Company, 2015

⁵²⁴ 'List of vehicles with numbers, Badakhshan mines department', document on file with Global Witness. The document purported to be a record from the Badakhshan Department of Mines. While it appeared authentic, it was received from the LMC official, and Global Witness was not able to independently verify its origin.

⁵²⁵ Ghulam Mohammad told Global Witness that "some days there will be 10 lorries, some days two." Haji Niamatullah put the average at 60 in a month; Haji Bashir and an international diplomatic officer put it at around 2 a day, roughly the same. Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Haji Niamatullah'; Global Witness interview with 'Haji Bashir'; Global Witness interview with international diplomatic officer No. 1

⁵²⁶ Global Witness interview with 'Naimullah', late 2014

⁵²⁷ Global Witness interview with international diplomatic source No. 1, February 2016

⁵²⁸ The official cited 2000-3000 tons, and some time later said this could be as high as 5000-6000 tons. The disparity in the estimates is another reason to treat them with a certain amount of caution. Global Witness interview with an official of the Lajwardeen Mining Company, 2014 and February 2016

⁵²⁹ The two traders were interviewed separately, and both put the stocks at about 300 trucks worth of lapis, at 21 tons a load – a total of 6,300 tons. Global Witness interview with 'Abdul Samir' (a pseudonym), a prominent lapis trader from Jurm district, February 2016; Global Witness interview with 'Mohammad Sayed' (a pseudonym), a trader from Jurm with lapis stocks in Kabul, February 2016

⁵³⁰ Global Witness interview with ‘Abdul Samir’(a pseudonym), a prominent lapis trader from Jurm district, February 2016

⁵³¹ The source also believed that the total stockpile could be as large as 10,000 tons, but this appears to have been a guess. Global Witness interview with ‘Engineer Ismael’, March 2016

⁵³² These figures are in stark contrast to estimates in some quarters that overall reserves of lapis in Kuran wa Munjan were around 1,300 tons, an implausibly low figure. It may be this refers to known reserves of the highest grade ‘Mahdani’ lapis. Khushqadam Usmani, ‘Lucky for some: Where goes the lapis wealth?’, Afghanistan Today, May 10, 2012 <http://www.afghanistan-today.org/article/?id=226#sthash.YUoe9eCC.dpuf>; ‘Azure worth 1b afs seized in Badakhshan’, Pajhwok Afghan News, February 15, 2015

⁵³³ Global Witness interview with an official of the Lajwardeen Mining Company, March 2016

⁵³⁴ Global Witness interview with ‘Mohammad Toraboz’, a trader from Khushak, Jurm district, March 2016

⁵³⁵ Global Witness interview (1) with an Afghan government official in Faizabad, March 2016

⁵³⁶ Global Witness interview (2) with an Afghan government official in Faizabad, March 2016

⁵³⁷ Global Witness interview with ‘Haji Anwar’; Global Witness interview with ‘Ghulam Mohammad’

⁵³⁸ Naimullah for example said that: “In the bad mines they do 50-50.” Global Witness interview with ‘Naimullah’, 2014

⁵³⁹ The Petawuk mine might be one example – as discussed later in the text, it has a higher rent but sources described periods of inactivity.

⁵⁴⁰ The actual figure is Afs 1.035m. If we are even more conservative and discount the highest figure in the table (from a source who was not directly involved in mining) and take an average of the rest (using the mid-point where a range was given), we get a price of about 790,000 Afghanis (about \$14,000) per day.

⁵⁴¹ A Wikipedia report of uncertain reliability mentions two active shafts and one old one in 2008. Global Witness interview with ‘Naimullah’, 2014; Global Witness interview with ‘Haji Bashir’, 2014; Global Witness interview with an official of the Lajwardeen Mining Company, 2014; Global Witness interview with ‘Haji Niamatullah’; ‘Sar-I Sang’, Wikipedia https://en.wikipedia.org/wiki/Sar-i_Sang

⁵⁴² Global Witness interview with ‘Mohammad Toraboz’, May 2016; Global Witness interview with ‘Mohammad Sayed’, May 2016. There were reports (from Naimullah and a Lajwardeen Mining Company official) in late 2014 of a rockfall which killed a worker and may have closed one of the shafts, at least for a period. Global Witness interview with ‘Naimullah’, 2014; Global Witness interview with an official of the Lajwardeen Mining Company, 2014

⁵⁴³ The trader Naimullah put the figure at 4-6 tons in 24 hours from each shaft: In November 2015 he mentioned one mine shaft producing 7-8 tons in 24 hours. Ghulam Mohammad estimated that three Junduk shafts produced about ten tons in 24 hours in total, an average of 3.3 tons per shaft. Global Witness interview with ‘Naimullah’, November 2014 and November 2015; Global Witness interview with ‘Ghulam Mohammad’

⁵⁴⁴ The trader Mohammad Toraboz put the figure for overall Junduk extraction at between 7,000 and 10,000 *ser* per 24 hours, from five shafts, equivalent to 9.8-14 tons per shaft. The trader Mohammad Sayed put the figure at between 7,000 and 12,000 *ser* in total, or 9.8-16.8 tons. Global Witness interview with ‘Mohammad Toraboz’, May 2016; Global Witness interview with ‘Mohammad Sayed’, May 2016

⁵⁴⁵ The trader Abdul Samir cited a figure of about 3 tons in 24 hours from ‘all of Junduk’, but he did not say how many shafts that meant. It is possible he may have defined all of Junduk as just three tunnels, giving a figure of a ton a day per shaft. But will assume four, given that two other traders referred to five tunnels, but said they were only recently in operation (see above). That gives us a figure of 0.75 tons. The NGO worker Jawed said a relative of his had got 400 sacks of lapis in 10 days from renting a single shaft of Junduk in 2015. A sack normally means 7 *ser*, or 49 kg. That works out as 1.96 tons a day. Jawed also said that about 200 *ser* a day was the rough average – although this works out at only 1.4 tons. Global Witness interview with ‘Abdul Samir’, May 2016; Global Witness interview with ‘Jawed’, May 2016

⁵⁴⁶ The calculation here is $4 + 3.3 + 9.8 + 9.8 + 0.75 + 1.4 = 29.05 / 6 = 4.84$.

⁵⁴⁷ This is in contrast to Bowersox and Chamberlin’s report from 1995 that: “The mines are accessible for work only from June to September; because of the altitude, they are impassable during inclement weather. The route is difficult. The trail closely follows the river, past ledges of granite and gneiss that crowd deep, swift streams, over flimsy bridges of poplar poles so frail they tremble under the weight of a single horse.” Given that large Kamaz trucks now use the road, it has clearly been improved and will be more passable in winter, which could perhaps explain the discrepancy. While the miners Ghulam Mohammad and Naimullah both described the mines as working with little or no break, Engineer Ismael reported that the road was usually closed “for 6-8 weeks” when there was snow and ice on the ground, during which time there was mining but only at a much reduced level. Global Witness interview with ‘Ghulam Mohammad’, 2014; Global Witness interview with ‘Naimullah’, 2014; Global Witness interview with ‘Engineer Ismael’, ; Gary Bowersox and Bonita Chamberlin, ‘Gemstones of Afghanistan’, p 42

⁵⁴⁸ Global Witness interview with ‘Haji Bashir’, 2014; Global Witness interview with ‘Jawed’, April 2015

⁵⁴⁹ Global Witness interview with 'Haji Anwar'; Global Witness interview with 'Hamidullah'. Hamidullah explicitly referred to payments of Afs 150,000 per person for three people, for a total of Afs 450,000, while Haji Anwar referred to payments of Afs 150,000-300,000 per night for two people together.

⁵⁵⁰ Global Witness interview with 'Naimullah'

⁵⁵¹ Haji Anwar for example did not accuse the militias of human rights abuses but complained that the guard salaries were abusive: "This thing is the cruelty." Global Witness interview with 'Haji Anwar', 2014

⁵⁵² Global Witness interview with 'Haji Bashir'. Haji Anwar also told Global Witness that the guards were rotated every 24 hours. Global Witness interview with 'Haji Anwar'

⁵⁵³ This is based on taking the average take in Afs per guard from each of the sources, using a mid-point wherever there is a range. For Jawed's testimony, we count the figure as 25,000 Afs rather than 20,000 Afs, to allow a margin for lapis confiscated by the guards from the mines. This gives us $25,000+25,000+150,000+112,500+33,330 = 345,830 / 5 = 69,166$ – rounded up to an average of 70,000 Afs per person. For the number of guards, we take the lower number cited by the various sources.

⁵⁵⁴ Global Witness interview with 'Haji Anwar', 2014; Global Witness interview with 'Haji Bashir', 2014

⁵⁵⁵ Dawood also mentioned this taking place. A diplomatic source also said that "the elite or commanders are on top of the mining, renting the mine to anyone they wish, extorting miners and traders - and if good quality lapis is extracted, the grab it for themselves." Global Witness interview with 'Ghulam Mohammad'; Global Witness interview with 'Dawood', 2014; Global Witness interview with international diplomatic source No. 1, November 2015

⁵⁵⁶ Global Witness interview with 'Dawood', 2014

⁵⁵⁷ Global Witness interview with 'Haji Bashir', 2014; diplomatic report dated January 2016, copy on file with Global Witness

⁵⁵⁸ The trader Naimullah said in late 2014, before the Faizabad road was closed, that: "People do not take [lapis] to Panjshir. Very little goes that way. There is [only] some smuggling." Global Witness interview with 'Naimullah'

⁵⁵⁹ Various sources spoke of smaller vehicles travelling to Faizabad and (especially after the start of 2015) to Panjshir via the Anjuman pass. These are the 'Mazda' or 'Datsun' pickup trucks, and small 'Dyna' cargo trucks. Estimates of their loads varied from about 500 kg to 3.5 tons, but the smaller 'Datsun' and 'Mazda' type cars were generally said to carry up to about 1.5 tons. The trader Naimullah put the load of a small truck at about 1 ton. Haji Niamatullah said that a Mazda took 200 ser (1.4 tons) and the larger vehicles 500 ser (3.5 tons), but also said that "if a person has 500kg, he puts it in a Mazda." Dawood estimated the largest of the trucks on the Anjuman pass route had a load of 4-5 tons. A media report (probably citing a local road contractor, though it is somewhat unclear) put the load of a pick-up at 1.75 tons. Perhaps the most credible source is 'Afzali', a driver on the Anjuman pass route, who described 7 tons of lapis as the load of two "Mazdas." Global Witness interview with Naimullah, 2014; Global Witness interview with 'Haji Niamatullah', November 2014 and October 2015; Gul Mohammad Tanha, 'Lapis lazuli mine revenue lines Taliban's pockets; Global Witness interview with 'Dawood', November 2015; Global Witness interview with 'Afzali', April 2016

⁵⁶⁰ Philip Poupin, 'Lapis lazuli, l'or bleu afghan'

⁵⁶¹ Two traders in Kabul, Naimullah and Haji Niamatullah, put the figure at 12 tons and 14-17.5 tons respectively, while another local resident in Jurm also put the figure at 2,500 ser (17.5 tons – a ser is equivalent to about 7kg). Some sources did give higher figures: Alam Jan described paying tax in Faizabad on 21 tons of stone, which he described as 'the load of one Kamaz'; Atiqullah said he paid 140,000 Afghani in Baharak in tax for a truckload of 28 tons of stone. Both those locations are after the point where the road reportedly improves, so could conceivably be combined loads, though this was not clear from the testimony. Naimullah explicitly said the load of 12 tons could be double that after trucks reached the point where the road improved. Global Witness interview with 'Naimullah'; Global Witness interview with 'Haji Niamatullah'; Global Witness interview with 'Engineer Ismael'; Global Witness interview with 'Alam Jan'; Global Witness interview with 'Atiqullah'

⁵⁶² Naimullah for example said that the load of 12 tons would be "to the place where the road is good," where it might be doubled to 24 tons. Haji Niamatullah said that "when the road gets better sometime they join lorries." Global Witness interview with 'Naimullah', 2014; Global Witness interview with 'Haji Niamatullah', 2014.

⁵⁶³ It is of course possible that the two traders were referring to 21 tons as the load of truck going *onwards* from Baharak and Jurm, meaning that the average load for trucks *before* Baharak would be lower, and the number of trucks and hence the amount of toll higher. Nonetheless, we will assume trucks coming from the mines could manage this much, and that the figure of 360 trucks is correct. Global Witness interview with 'Abdul Samir' (a pseudonym), a prominent lapis trader from Jurm district, February 2016; Global Witness interview with 'Mohammad Sayed' (a pseudonym), a trader from Jurm with lapis stocks in Kabul, February 2016

⁵⁶⁴ This does not attempt to take into account the portion of these exports that may have been made up of stone that had been stockpiled in Baharak or Jurm, and which therefore could go onto a fully loaded truck (if it went from Baharak), or at least escape part of the tolls (if it went from Jurm). The LMC official who mentioned the stockpiles

making up part of the trade in 2014 referred to them being stored at the mine site – although the two traders interviewed in early 2016 referred to the current stockpiles being held in Baharak and Jurm. Given we have allowed only a relatively modest increase in the number of trucks to account for the question of half-loads, for our calculations we will assume these additional vehicles left from Kuran wa Munjan.

⁵⁶⁵ Atiqullah told Global Witness: “It is different (...) Sometimes they take 20,000, or 50,000, or 10,000 per vehicle.” Haji Niamatullah put the figure at 60,000 Afghanis a truck, said people “sometimes have a connection” and can get away with 40,000 Afghanis. His fellow lapis trader Naimullah put the figure at 45-50,000 per truck, based on a 12 ton load (the same toll, he said, that was charged when Zulmai Mujadidi controlled the mines). Ghulam Mohammad also cited 45,000 Afghanis, as did a senior provincial official. Global Witness interview with ‘Atiqullah’; Global Witness interview with ‘Haji Niamatullah’; Global Witness interview with ‘Naimullah’; Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with senior local official No. 1

⁵⁶⁶ Global Witness interview with ‘Naimullah’; Global Witness interview with an official of the Lajwardeen Mining Company, March 2016

⁵⁶⁷ Naimullah also made another rough estimate, saying that about 20% of Junduk stone would be worth \$20 a kilo, another 20% worth \$15, and the remaining 60% worth \$5 – an average of \$10 a kilo. But some miners mentioned higher prices for higher-grade Junduk stone (see table in Annex B). To take this into account, the \$6 value is based on an assumption that 90% of Junduk output is the lowest grade at \$3, with just 5% each of the higher grades at \$25 and \$50/kg. Global Witness interview with ‘Naimullah’

⁵⁶⁸ The overall average price, at less than \$20/kg, also seems realistic.

⁵⁶⁹ Three sources said Asadullah Mujadidi took around 20% of the value of production before 2014 – the same share the Taliban are reported to take in at least some of the areas they control. Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Alam Jan’; Global Witness interview with ‘Hamidullah’; Matthew Dupee, ‘Afghanistan’s Conflict Minerals: The Crime-State Insurgent Nexus,’ CTC Sentinel, February 16, 2012 <https://www.ctc.usma.edu/posts/afghanistans-conflict-minerals-the-crime-state-insurgent-nexus>; Michael Renner, ‘The Anatomy of Resource Wars’, WorldWatch Institute, October 2002 <http://www.worldwatch.org/system/files/EWP162.pdf>; ‘Afghanistan’s Fabulous Ruby Mines Plundered by Thieves,’ BBC, May 25, 2012 <http://www.bbc.co.uk/news/world-asia-18070571>

⁵⁷⁰ In late 2014, Naimullah said that better quality stone worth \$600-\$800 at the mine would be \$1000 in Kabul (a 25-66% increase). A year later, in late 2015, he said low quality stone worth \$5-\$6 at Junduk would be \$10-\$11 in Kabul (an increase of 83%-100%); Petawuk stone was “\$500 in Kabul, and in the mine \$400” (a 25% increase). Around the same time, Haji Niamatullah said that Junduk stone was \$11 at the mines and \$15 in Kabul (a 36% increase), but that higher grade stone was \$500 at the mines and \$1000 in Kabul (a 100% increase). In October 2015 Zahirullah put the gap at 40%, but illustrated his point by saying that: “The worst lapis of the Junduk mine is \$8 in Kabul, and in Badakhshan it is for \$4. The best [Junduk] lapis is \$15 in Badakhshan but in Kabul it is \$20-25 – it is 40% higher.” Global Witness interview with ‘Naimullah’, 2014 and December 2015; Global Witness interview with ‘Haji Niamatullah’, December 2015; Global Witness interview with ‘Zahirullah’, October 2015

⁵⁷¹ Assuming prices on average were 50% higher, this gives a total of about \$126.7m.

⁵⁷² The estimate for Pakistan was of a 45% drop, which would suggest that the most important factors were not internal to Afghanistan and supporting the view that the chief culprit was the balance of demand and supply in China. Nek Mohammad’, chief executive of a minerals trading company in Peshawar, cited a 45% decline; the trader Naimullah put it at 65-75% in October, but at 50% in December; the trader Haji Niamatullah at 30-40%; Ghulam Mohammad at about 40%; and Zahirullah at 50-60% for Junduk stone and 60-70% for higher grades. Global Witness correspondence with ‘Nek Mohammad’, chief executive of a minerals trading company in Peshawar, December 2015; Global Witness interview with ‘Naimullah’, October and December 2015; Global Witness interview with ‘Zahirullah’, October 2015; Global Witness interview with ‘Ghulam Mohammad’, November 2015; Global Witness interview with ‘Haji Niamatullah’, December 2015

⁵⁷³ ‘Why China’s economy is slowing,’ The Economist, May 11, 2015 <http://www.economist.com/blogs/economist-explains/2015/03/economist-explains-8> One trader raised another possible factor, saying that lapis had been a ‘lucky stone’ in China in 2014, helping to boost prices. There is only a small amount of obvious evidence to support this. Lapis has significance in *feng shui*, and 2014 was also the year of the Horse in China, which has an association with the colour green, which is to some extent interchangeable with blue in Chinese culture. From a small amount of research, it is unclear whether this could be enough to be a major factor in the market price for lapis. Global Witness interview with ‘Haji Niamatullah’; ‘Color in Chinese culture’, Wikipedia https://en.wikipedia.org/wiki/Color_in_Chinese_culture; ‘Lucky Numbers and Colors in Chinese Culture’, China Highlights <http://www.chinahighlights.com/travelguide/culture/lucky-numbers-and-colors-in-chinese-culture.htm>; Rodika Tchi, ‘How Is Lapis Lazuli Used in Feng Shui?’, about.com <http://fengshui.about.com/od/Crystals/qt/Lapis-Lazuli-In-Feng-Shui-And-Jewelry.htm>

⁵⁷⁴ Naimullah for example believed payments for ‘security’ at the mines would have been reduced after the price drop—his guess was by 50%, although he himself said this was “not exact.” Global Witness interview with ‘Naimullah’, December 2015

⁵⁷⁵ Global Witness interview with ‘Ghulam Mohammad’; Global Witness interview with ‘Haji Niamatullah’

⁵⁷⁶ Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’

⁵⁷⁷ In November Ghulam Mohammad said “the lapis mines are active – Junduk became cheap.” Global Witness interview with ‘Zahirullah’, April 2015; Global Witness interview with ‘Ghulam Mohammad’, November 2015

⁵⁷⁸ Global Witness interview with ‘Haji Niamatullah’, October 2015 Naimullah said that extraction at the Junduk mine extraction had become less because of fighting: “the extraction became weak (...) in Junduk even one or two tons are not extracted a day.” Global Witness interview ‘Naimullah’, October 2015

⁵⁷⁹ ‘Jawed’, a worker with a local NGO, in fact reported that a relative had taken a shaft at Junduk on a 50-50 basis in 2015. The number of shafts active at Junduk in this period is also a little unclear. In May 2016 the traders Mohammad Toraboz and Mohammad Sayed independently said there were five shafts at Junduk, but that the fifth shaft had opened recently. In December 2015 the trader Haji Niamatullah reported two active shafts, while Naimullah said there were three or four, but that production was well down. In December 2015 he thought there was “60% or 50% less extraction” – but his estimate of total output was clearly too low, at just 800 tons, so this may not be a reliable guess. Global Witness interview with ‘Jawed’, May 2016; Global Witness interview with ‘Mohammad Toraboz’, May 2016’ Global Witness interview with ‘Mohammad Sayed’, May 2016; Global Witness interview with ‘Naimullah’, October and December 2015; Global Witness interview with ‘Jawed’, May 2016; Global Witness interview with ‘Haji Niamatullah’, December 2015

⁵⁸⁰ Global Witness interview with ‘Ghulam Mohammad’

⁵⁸¹ Global Witness interview with ‘Zahirullah’, April 2015

⁵⁸² Global Witness interview with ‘Zahirullah’, 2015; Global Witness interview with ‘Dawood’, 2015

⁵⁸³ Naimullah for example said that: “Petawuk produced a lot, even hundreds of tons.” Global Witness interview with ‘Naimullah’, October 2015; Global Witness interview with ‘Dawood’, November 2015

⁵⁸⁴ Global Witness interview with ‘Haji Niamatullah’, December 2015

⁵⁸⁵ Global Witness interview with ‘Ghulam Mohammad’, November 2015

⁵⁸⁶ The source also claimed Petawuk had produced well over the previous 5 months, though there had been a gap before this. Global Witness interview with ‘Dawood’, November 2015

⁵⁸⁷ Global Witness interview with ‘Naimullah’, December 2015

⁵⁸⁸ Global Witness interview with ‘Haji Toriyalai’, a prominent lapis trader from Jurm district, December 2015

⁵⁸⁹ These are the ‘Mazda’ or ‘Datsun’ pickup trucks, and small ‘Dyna’ cargo trucks. Naimullah put the load of a small truck at about 1 ton. Haji Niamatullah said that a Mazda took 200 *ser* (1.4 tons) and the larger vehicles 500 *ser* (3.5 tons), but also said that “if a person has 500kg, he puts it in a Mazda.” Dawood estimated the largest of the trucks on the Anjuman pass route had a load of 4-5 tons. A media report (probably citing a local road contractor, though it is somewhat unclear) put the load of a pick-up at 1.75 tons. Perhaps the most credible source is ‘Afzali’, a driver on the Anjuman pass route, who described 7 tons of lapis as the load of two “Mazdas.” Global Witness interview with Naimullah, 2014; Global Witness interview with ‘Haji Niamatullah’, November 2014 and October 2015; Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets; Global Witness interview with ‘Dawood’, November 2015; Global Witness interview with ‘Afzali’, April 2016

⁵⁹⁰ Global Witness interview with international diplomatic official No 1, January 2016

⁵⁹¹ The source referred to around 1000 horses being used, although there is no reason to believe he had the means to make an exact estimate. Global Witness interview with ‘Mohammad Toraboz’, February 2016

⁵⁹² The official alleged that 304 trucks in total had passed through Faizabad – out of a total of 1,217 trucks. Both numbers seem remarkably high, possibly too high to be plausible, although they cannot be entirely dismissed. The Khawak pass is not shown on the attached map, but is located at 35° 39’ 47.1” N, 69° 47’ 14.1” E Global Witness interview with an Afghan government official in Faizabad, March 2016

⁵⁹³ Global Witness interview with ‘Mohammad Toraboz’, February 2016

⁵⁹⁴ Global Witness interview with ‘Mohammad Arash’, April 2016; Global Witness interview with ‘Mohammad Benam’, April 2016; Global Witness interview with ‘Mohammad Charda’, April 2016; Gul Mohammad Tanha, ‘Lapis lazuli mine revenue lines Taliban’s pockets’,

⁵⁹⁵ The trader Haji Niamatullah put the toll at 200 Afs per *ser*, as did Afzali, a driver on the route (though he said he had paid just Afs 45 per *ser* as a result of personal connections). The traders Abdul Samir and Naimullah put it at 100 Afs per *ser*, as did the former local official and Panjshir resident Adam Jan. Naimullah thought the toll was not in place until around August 2015, but Afzali reported that it was in place before then. All four were interviewed separately. A further three traders confirmed tolls were taken on the route but did not give an amount. Global Witness interview with

'Naimullah', November 2015; Global Witness interview with 'Haji Niamatullah', December 2015; Global Witness interview with 'Adam Jan', November 2015; Global Witness interview with 'Abdul Samir', April 2015; Global Witness interview with 'Mohammad Arash', April 2016; Global Witness interview with 'Mohammad Benam', April 2016; Global Witness interview with 'Mohammad Charda', April 2016

⁵⁹⁶ Global Witness interview with 'Haji Niamatullah', October 2015; Global Witness interview with 'Naimullah', October 2015

⁵⁹⁷ The source, Naimullah, initially estimated 200-500 tons in five months from May to October 2015, but in December put the figure at "hundreds" of tons a month. The May start date is almost certainly a reflection of the need to wait for the snows to melt before the road becomes passable. Global Witness interview with 'Naimullah', October 2015 and December 2015

⁵⁹⁸ Global Witness interview with 'Haji Toriyalai', December 2015

⁵⁹⁹ According to a diplomatic source, the traffic increased around August 2015. The pass itself was snow-bound until April or May 2015. Global Witness interview with international diplomatic source No. 1, November 2015

⁶⁰⁰ The calculation is based on an average of 7.5 trucks a day, with a load of 2 tons, over 180 days – a total of 2,700 tons. Several sources gave estimates for the loading of the trucks. Haji Niamatullah put it at 200-500 *ser* (1.4-3.5 tons) for a 'Mazda'. Naimullah said that apart from pickups slightly larger 'Dyna' trucks also plied the route, allowing loads of up to 10 tons (though this seems high given the other estimates). 'Adam Jan', a former government official and resident of Panjshir with links to *Jamiat*, put a typical load at 700-1500kg, and an official of the Lajwardeen company put it at up to 4 or 5 tons. Finally, a driver who worked the route, Afzali, cited a load of 7 tons divided between two 'Mazda' trucks – so 3.5 tons each. Apart from Afzali, none of these sources could claim firsthand knowledge of the route, though all had at least some plausible grounds to be able to estimate the loadings. It is worth reiterating that this calculation is more approximate than the one made for the scale of the trade in 2014. However, one local source said that traders were taking out production stockpiled during the months that the pass was closed – which adds some marginal support to the plausibility of a figure for the total 2015 trade in the thousands of tons. Global Witness interview with 'Adam Jan', November 2015; Global Witness interview with an official of the Lajwardeen company, February 2016; Global Witness interview with 'Afzali', April 2016; Global Witness interview with 'Naimullah', October 2015; Global Witness interview with 'Haji Niamatullah', October 2015

⁶⁰¹ Global Witness interview with an official of the Lajwardeen Mining Company. A government official in Faizabad also gave a figure of 1,217 trucks, of which 304 had gone via Faizabad and the remainder via Anjuman. It was not clear what type of vehicles he was referring to, but in his testimony for other years he had mentioned loads of more than 20 tons, and it would be logical to assume this applied to the 2015 figure as well. That would imply a startlingly large trade – too large to be easily credited. This casts some doubt on the information. Global Witness interview with a government official in Faizabad, March 2015

⁶⁰² Global Witness interview with "Noor Jan," a lapis trader from Jurm district, December 2015

⁶⁰³ This is based on a calculation of 10 trucks a day with an average load of 1.5 tons over 180 days. One trader said only the best of the Junduk stone, if any, was being taken out through Anjuman, which would make a figure this high less plausible. This was in December 2015, so they may have been referring to priority being given to the best stone as a result of the snows making the pass more difficult. Global Witness interview with 'Haji Niamatullah', December 2015

⁶⁰⁴ This is based on a 50% price difference between the mines and Kabul, below the midpoint of our range from different sources of a price difference of 25%-100%.

⁶⁰⁵ \$12m is in fact 23.6% of the revenue, slightly more than the 2014 estimate of about 21%. Our previous calculations showed that Malek's take as a percentage of *newly mined* lapis was about 25%. Given that a large stock of lapis accumulated in Baharak and Jurm in 2015, it seems likely that very little of the lapis did get out was not newly mined – meaning a 23% take would be about right. In effect, it falls between the 21% overall figure for 2014, and the 25% for newly mined lapis. In addition, one might expect Malek and his allies to increase their percentage take under the pressure of the overall decline in revenue. Ghulam Mohammad reported in January 2015 that "Before [Malek's people] would take a little – now they take a lot." Ghulam Mohammad was referring to commanders directly taking stone from the mines, and his testimony is too early to necessarily be an indicator for the rest of 2015, but it does support the possibility that the take may have somewhat risen. Global Witness interview with 'Ghulam Mohammad', January 2015

⁶⁰⁶ Global Witness interview with 'Ghulam Mohammad', January 2015. While this is too early in 2015 for it to necessarily be indicative for the whole year, it reinforces the idea that Malek and his allies would be unlikely to reduce the size of their take.

⁶⁰⁷ Global Witness interview with 'Zahirullah', April 2015 Zahirullah said the armed groups "take a share – [they take] 50% - 100%." While the report cannot be considered exact, it at least supports the view that the armed groups would not take a lesser share than they previously had.

⁶⁰⁸ Global Witness correspondence with Nek Mohammad, chief executive of a Peshawar-based lapis minerals trading firm No. 1, December 2015 (copy on file with Global Witness)

⁶⁰⁹ Global Witness correspondence with general manager of Peshawar-based minerals trading firm No. 2, December 2015 (copy on file with Global Witness)

⁶¹⁰ The price of \$5 was in fact offered by an Indian trading house, Ayan Agate exports. Online correspondence with Ayan Agate Exports, May 8, 2016, copy on file with Global Witness; online correspondence with Wuzhou KIBO Gems Co, January 10, 2016, copy on file with Global Witness; Abbotonian International, '350 KG ~100% Natural Afghanistan Color Dark Blue Rough Lapis Lazuli Gemstone Lot', listing on Alibaba.com http://www.alibaba.com/product-detail/350-KG-100-Natural-Afghanistan-Color_50010610228.html (site accessed April 23, 2016, copy on file with Global Witness)

⁶¹¹ Global Witness interview with international diplomatic official No 1, December 2015

⁶¹² Global Witness interview with 'Haji Toriyalai', a prominent lapis trader from Jurm district, December 2015

⁶¹³ Global Witness interview with 'Abdul Bari', a senior government official in Kuran wa Munjan district, December 2015

⁶¹⁴ *Khub kharab* literally translates as 'good bad' – meaning the worst, or very bad.

⁶¹⁵ 'Azure worth 1b afs seized in Badakhshan', Pajhwok Afghan News

⁶¹⁶ Richard Hughes, 'Palagems.com Tourmaline Buying Guide', Palagems.com

http://www.palagems.com/tourmaline_buyers_guide.htm

⁶¹⁷ *Khoka* literally, if roughly, translates as 'dusty'

⁶¹⁸ Adib, Shah Wali Dr. Waliullah Adeeb Wali Ullah, Afghan Bios, [http://www.afghan-](http://www.afghan-bios.info/index.php?option=com_afghanbios&id=27&task=view&total=3294&start=34&Itemid=2)

[bios.info/index.php?option=com_afghanbios&id=27&task=view&total=3294&start=34&Itemid=2](http://www.afghan-bios.info/index.php?option=com_afghanbios&id=27&task=view&total=3294&start=34&Itemid=2)

⁶¹⁹ Adnan Q. Khan, Asim I. Khwaja, and Benjamin A. Olken. Tax Farming Redux: Experimental Evidence on Performance Pay for Tax Collectors. MIT Economics working paper, April 2014. Available at <http://economics.mit.edu/files/9646>