

Supply chains as a new frontline in conflict financing?

THE GLOBAL CHECKPOINT ECONOMY

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Funding for this research was provided by the Danish Ministry of Defence. I would like to thank Helene Maria Kyed, Kasper Hoffmann, Zachariah Mampilly, and Ana Arjona for their insightful feedback on earlier versions of this paper.

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DIIS WORKING PAPER 2019: 15

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ISBN 97887-7605-989-7 (pdf)

DIIS publications can be downloaded free of charge from www.diis.dk

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INTRODUCTION

Checkpoints and roadblocks have long figured anecdotally in descriptions of conflict situations, either as captivating illustrations in journalistic accounts of the ‘chaos on the ground’, as impediments to humanitarian access and freedom of movement, or as proxies for territorial control of the different parties to a conflict. Checkpoints and roadblocks are, to be sure, a key materialization of claims to contested logistical spaces in situations of conflict. But—and this is often overlooked—they are also very much a key mechanism through which the parties to a conflict manage to generate revenues to sustain their mobilization.

The purpose of this working paper is to collect preliminary evidence of the role of checkpoints in financing a number of ongoing conflicts. The rationale for doing so is that most studies of the political economy of conflict still conflate conflict financing with conflict minerals, informing much of how scholars, policy-makers and the general public understand the financing of armed groups. Minerals certainly play an undeniable role in some conflicts, but behind the curtain of this ‘attractive simplification’ loom complex war economies that haven’t always been fully understood.¹ Parties to conflicts are not wedded to one specific form of generating revenue. A more nuanced analytical understanding of conflict financing is important not only for academic purposes: research on conflict financing often finds its way into peacebuilding and development policies that aim to eliminate or offer alternatives to conflict economies in fragile- and conflict-affected zones.

This working paper calls attention to a form of rebel financing that has received little attention, yet appears to be increasingly widespread: the global checkpoint economy. It concerns situations in which armed groups sustain themselves by taxing the passage of goods and people along trade routes, including the local logistical operations of multinational companies or other international actors. The paper aims to contribute to our knowledge of conflict financing by surveying the evidence around checkpoint economies around the world. Little is known about this topic in large part because, as a recent survey of the available evidence puts it, ‘there is almost no systematic data on if and how rebels profit from

¹ Keen D. (2012) Greed and grievance in civil war. *International Affairs* 88: 757-777

criminal activities that do not include natural resources'.² In part this is because data collection is biased towards conflict minerals, but it is also because evidence on how rebels finance themselves is difficult to come by—the actors involved are understandably secretive about it, while existing data is fragmented or contained within closed-off UN and NGO reporting systems.

As no systematic study exists to date surveying transit taxes as a conflict-financing mechanism, the main objective of this paper is to bring together the scattered evidence on the role of such transit taxes in civil wars and situations of protracted conflict. Surveying the evidence, the paper forwards three main findings. *First*, for many armed groups around the world, such transit taxes are a main source of revenue generation. As this phenomenon is not bound to a specific region, one can truly speak of a global checkpoint economy. *Second*, control over strategic bottlenecks on major trade routes is, in turn, often a separate driver of violence, making trade routes more insecure and volatile than other kinds of spaces in conflict zones. *Thirdly*, global supply chains—both commercial and humanitarian—are entangled with the global checkpoint economy. Relief and aid agencies in conflict-affected areas often make use of the same local logistics contractors as commercial companies, and in their movements over roads controlled by armed groups they face the same risks as their commercial counterparts.

The following section provides an overview of country-specific evidence of the role of transit taxes as a conflict-financing mechanism in recent and ongoing conflicts in a number of countries: the Democratic Republic of Congo, the Central African Republic, Syria, Afghanistan, Iraq, and Somalia. A concluding chapter explores why this phenomenon has remained hidden despite its entanglement with global supply chains, and outlines tentative directions for future research and policy.

² Walsh JJ, Conrad JM, Whitaker BE, et al. (2018) Funding Rebellion: The Rebel Contraband Dataset. *Journal of Peace Research* 55: 699-707, p. 700

COUNTRY CASE STUDIES

Afghanistan

Since the 2001 invasion, building roads and the deployment of government checkpoints were central to the coalition strategy through which the US and its coalition partners aimed to spread government control throughout the Afghan territory. It should come as no surprise that such roads and the static government checkpoints along them therefore also formed a key target for Taliban attacks and bombings.³

However, transit taxes have also become an integral part of the logistical landscape in Afghanistan. In 2010, it became evident that coalition supply chains had been subjected structurally to hefty checkpoint taxes by warlords who controlled stretches of Afghanistan's main roads, who in turn paid off the Taliban for their own security.

Coalition supply chains fund Taliban

In 2010, the Committee on Oversight and Government Reform submitted a report to the U.S. House of Representatives entitled 'Warlord Inc.', which revealed how their own supply chain had in essence become a vehicle through which the coalition was paying Afghani warlords, and through them, the Taliban.⁴ The US and NATO forces were the main end-users of Afghan roads in order to supply their many bases, but they outsourced logistics to national truckers and private security companies. The roads cut through many different territories under the control of warlords, who forced these contractors to pay protection money at checkpoints for 'safe passage', with amounts reaching a stunning USD 3,000 per truck for a stretch of road under the control of each individual warlord. These warlords in turn systematically paid Taliban and other coalition-targeting insurgents for protection. These protection fees, the report finds, could have amounted to an astonishing USD 2 million a week.

While the situation improved after the contractors involved were eventually replaced, there are strong indications that Afghani warlords continued to impose illegal taxes on aid agencies and other contractors funded by the international community.⁵ For instance, on the road between

³ US Department of Defense (2019) *Enhancing Security and Stability in Afghanistan*, (Washington: Department of Defense)

⁴ House Subcommittee for National Security (2010) *Warlord, Inc.: Extortion and Corruption Along the U.S. Supply Chain in Afghanistan* (Washington: U.S. House of Representatives)

⁵ Peters G. (2012) *Haqqani Network Financing: The Evolution of an Industry*, (West Point: Combating Terrorism Center); Integrity Watch Afghanistan (2013) *On Afghanistan's Roads: Extortion and Abuse against Drivers* (Kabul: Integrity Watch Afghanistan)

Kabul and Jalalabad alone, it is estimated that illegal road taxes levied at checkpoints amount to USD 50,000 a month.⁶

Illegal road taxes were, in fact, an important part of the conflict in the first place. When the Taliban emerged in 1993, truckers and traders were among the most avid supporters of the group because the Taliban promised to weed out the rampant illegal transit taxes on Afghanistan's trade routes. As the Taliban were beaten back, however, warlord and police checkpoints once again proliferated. Thus, a 2013 study mapped 337 police checkpoints across the country⁷ at 60% of which truckers, whether carrying commercial goods or aid, were systematically subjected to roadblock taxes (see Figure 1 below). From the perspective of road users and their clients, who often end up paying for the roadblock-inflated prices, the state's security forces are highly unpopular, being regarded as an occupying force along the country's main highways, while the Taliban controls much of the interior.

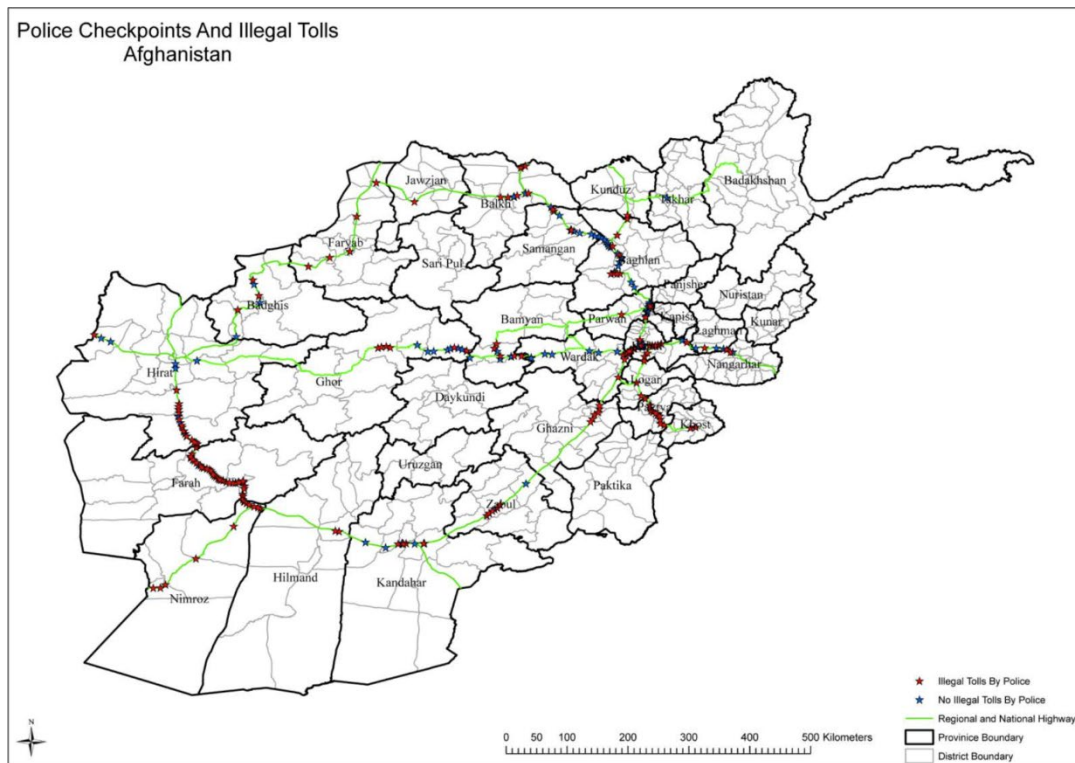


Figure 1. *Illegal checkpoints in Afghanistan (Integrity Watch Afghanistan 2013: 19)*

If today the Taliban continues to operate checkpoints, these seem to serve strategic purposes rather than being vehicles for extortion. Taliban checkpoints are used symbolically to demonstrate their control, to monitor

⁶ Economic Downturn Points to Uncertain Future in Afghanistan', Voice of America, 5 April 2012 www.voanews.com/content/economic-signs-of-an.../179857.html

⁷ Integrity Watch Afghanistan, *op. cit.*

traffic or to cut off supplies to enemies. The movement's clear bid for legitimacy seems tied up with its staunch anti-corruption agenda, in which corruption at government roadblocks increases the Taliban's popularity among communities. When 'liberating' towns, for example, the Taliban systematically dismantle checkpoints.

Central African Republic

In 2013, disenfranchised youth joined with a militia formed in the neglected north-eastern hinterlands of this impoverished country. Their Seleka rebellion unexpectedly swept over the Central African Republic (CAR), taking the country's capital Bangui in the south of the country within a matter of months. When local self-defence groups allied themselves with the remains of the armed forces, a brutal civil war ensued. In 2017, IPIS and DIIS published a report on the political economy of trade routes in the CAR.⁸ Its main finding was that control over transit is a much-coveted stake in the CAR's ongoing conflict, with road space constituting a significant source of illicit wealth accumulation among different state and non-state actors.

The nation-wide mapping exercise found a total of 284 roadblocks (see Figure 2 below). Of these, 117 (or 41%) are operated by government forces, 149 (or 52 %) by former Seleka groups and 40 (or 14%) by anti-balaka groups. In general, roadblocks operated by government structures (ranging from different administrative entities to the police and the military) are largely concentrated in the south-western part of the country. Roadblocks operated by different armed groups concentrate around trade routes crossing the rest of the country.

The report identified three main economic sectors on which roadblocks concentrate: 62 roadblocks (or 22% of the total) sat along cattle-trading routes, where ex-Seleka groups impose taxes; trade routes used by Sudanese traders are also controlled exclusively by former Seleka factions and have 64 barriers (23%). Finally, the main supply lines connecting the capital Bangui to neighboring countries have 26 roadblocks (9%) controlled by government agencies and security services. The remainder of the CAR's roadblocks are scattered across its wider road network.

⁸ Schouten P. and SP Kalessopo (2017) *The Politics of Pillage: The Political Economy of Roadblocks in the Central African Republic*, (Copenhagen/Antwerp: DIIS/IPIS). The roadblock data can also be explored through the following interactive webmap: <https://www.ipisresearch.be/mapping/webmapping/car/v2/#5.905521309341026/20.953950815974054/6.32173892725368/4/2/>

The involvement of rebel groups in these trade sectors, however, goes beyond taxation at roadblocks. Customs or ‘free passage’ taxes are levied on traders passing through areas under their control, and in some cases obligatory armed escorts are imposed that have to be paid for. The report estimates that ex-Seleka armed groups generate around EUR 6 million a year from the roadside taxes it levies on the main economic circuits under their control.

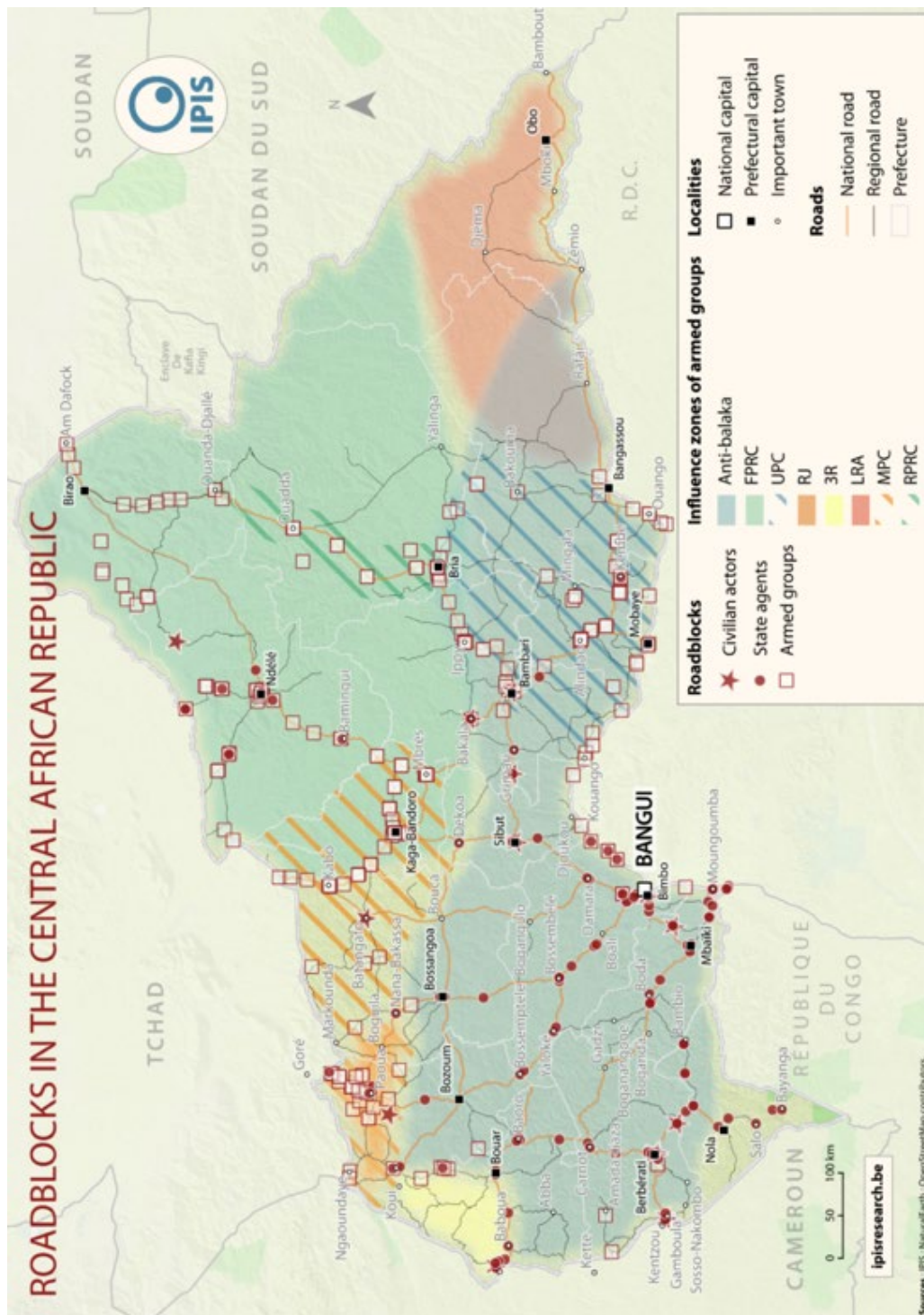


Figure 2. Roadblocks in the Central African Republic (DIIS/IPIS 2017)

Democratic Republic of Congo

Ever since 1994, the Democratic Republic of Congo (DRC) has been home to a series of protracted conflicts. Currently, over 120 different militias are active in the eastern parts of the DRC.⁹ At least since 2001, the conflict in the DRC has become an emblematic case study for the ‘conflict minerals’ literature, with both expert reporting and popular media focusing nearly exclusively on how armed groups finance themselves through the illegal exploitation of mineral resources.¹⁰ While it has always been clear to country experts that other forms of revenue generation existed, systematic data collection has focused by and large on the conflict–minerals nexus.

In 2017, however, IPIS and DIIS published a study mapping 800 roadblocks in just two provinces in the eastern Congo (in North and South Kivu; see Figure 3 below).¹¹ It turned out that the taxation of trade and the movement of people was also a significant conflict financing mechanism, particularly for armed actors in places where no minerals are to be found. Congolese armed groups and undisciplined Congolese army units have a much greater diversity of predation strategies, as they rely heavily on taxing access to markets, agricultural produce, charcoal and timber. Indeed, in Eastern Congo there is hardly a road to be found where there isn’t a roadblock. In contrast to the Central African Republic, where armed group predation focuses predominantly on the main trade routes, here everything that moves is taxed.

Heineken pays Congo rebels

In 2012, a Congolese rebel group called M23 with ties to Rwanda took control of the main roads in North Kivu province in the eastern Democratic Republic of Congo. Until they were defeated a year later, the armed group was allegedly making USD 200,000 a month in taxation, mostly through strategically placed checkpoints.¹² Heineken’s Congolese subsidiary Bralima never stopped operating throughout the rebellion. Its local third-party transporters continued to deliver beer to the most remote villages, despite M23’s occupation of all the roads radiating outwards from Bralima’s main

⁹ Stearns, J. and C. Vogel (2017) *The Landscape of Armed Groups in Eastern Congo: Fragmented, Politicized Networks*, (CRG/HRW: Kivu Security Tracker)

¹⁰ For discussion, see Laudati, A. (2013). Beyond minerals: broadening ‘economies of violence’ in eastern Democratic Republic of Congo. *Review of African Political Economy*, 40(135), 32-50

¹¹ Schouten P, Murairi J and Kubuya S. (2017) “Everything that moves will be taxed”: the political economy of roadblocks in North and South Kivu, (Copenhagen/Antwerp/Goma: DIIS/IPIS/ASSODIP). The roadblock data can also be accessed through the following interactive webmap: <https://www.ipisresearch.be/mapping/webmapping/drcongo/v6/#-2.270186662457192/28.834960937528876/7/4/3/>

¹² UN GoE. (2013) Letter dated 20 June 2013 from the Group of Experts on the Democratic Republic of the Congo addressed to the Chair of the Security Council Committee established pursuant to resolution 1533 (2004) concerning the Democratic Republic of the Congo. (New York: United Nations), p. 13

depot in the province. Paying between USD 300-500 per truck at each rebel roadblock, Bralima might have contributed substantially to the rebellion's economic feasibility.¹³

As the example of Heineken above already indicates, Congolese roadblock operators not only target local flows but also the more profitable international supply chains of aid agencies and western companies. Trucking subcontractors working for international clients, including the UN and aid agencies, are subjected to institutionalized checkpoint taxes along main routes, which appear at intervals of eighteen kilometers on average. From calculations provided by the transport companies themselves, just six companies paid USD 1.7 million in road taxes a year in North Kivu province alone. In the past it has been estimated that Congolese armed groups collectively raise between USD 14-50 million a year exclusively through road taxes.¹⁴

¹³ See Miklian J and Schouten P. (2013) Fluid Markets. The business of beer meets the ugliness of war. *Foreign Policy*. 71-75; *The Economist* (2018, April 21) *How Heineken beer survives in the Congo*

¹⁴ UNEP (2014) *Illegal Trade in Wildlife and Timber Products Finances Criminal and Militia Groups, Threatening Security and Sustainable Development* (Nairobi: UNEP), p. 81

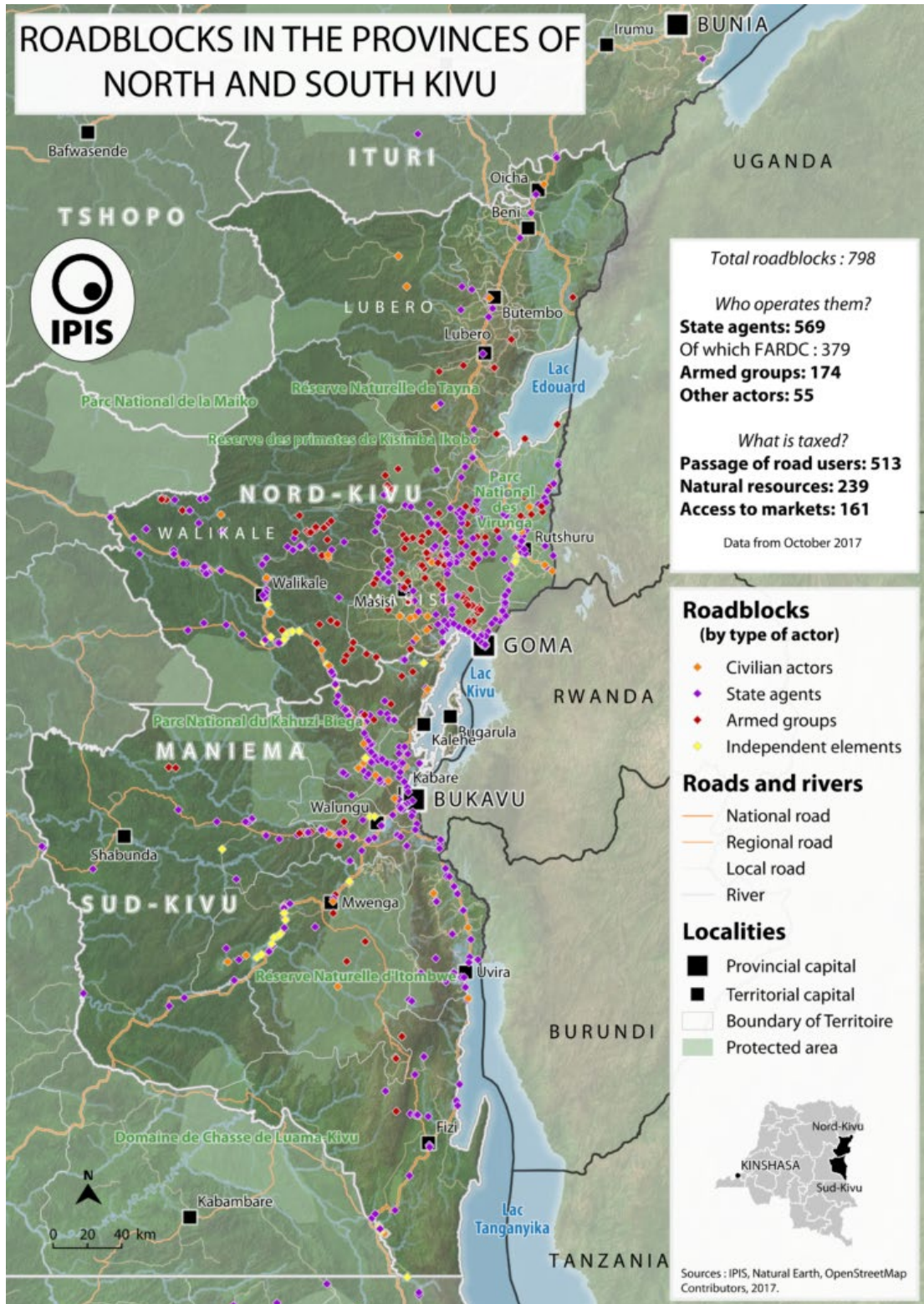


Figure 3. Roadblocks in Eastern Congo (DIIS/IPIS 2017)

Iraq

In Iraq, checkpoints are ubiquitous. All the main roads are littered with roadblocks at the entrances to the zones of influence of different factions. In government-held areas they are mostly run by the Iraq Federal Police, while the Kurdish Asayesh man the checkpoints in Kurdish-held areas. Local police operate checkpoints at the entry points to towns, while inside cities major thoroughfares have their own barriers. At each of these ID checks are frequent, and people are vetted according to ethnic background or affiliation.¹⁵ Additionally, all across the country, smaller armed groups connected to local communities have installed informal checkpoints to levy taxes on passing traffic, whether aid agencies or smuggled fuel and food (see Figure 4 below).

Thus, beyond their function as devices of strategic control, roadblocks are also a key element in a political economy of revenue generation. Many battles which are explained as sectarian violence seemed to have revolved around control over profitable nodes along trade routes. The town of Tuz Khurmatu, for instance, has suffered major violence in recent years, as it is situated at a strategic intersection of trade routes between neighbouring countries and is also a waypoint for oil and gas flows from nearby Kirkuk.¹⁶ Where and when armed actors regain control of ISIS-held areas, checkpoints are a first manifestation of this control, and increased taxation an effect. As another example, in 2017 and 2018 it was reported that the pro-Iran militia Asaib Ahl Al Haq gained control over checkpoints on strategic routes around Jalalwa, subsequently making an estimated USD 300,000 a day from taxing vehicles. This has helped the Shia militia to extend its patronage network and pay salaries to its fighters.¹⁷ Furthermore, private paramilitary groups are known to lease the right to operate checkpoints from high-ranking security officials for high sums, allowing them to blackmail trucks systematically.¹⁸

¹⁵ European Asylum Support Office (2019) *EASO Country of Origin Information Report – Iraq: Internal Mobility*. Pp. 17-18

¹⁶ Eaton T, Cheng C, Mansour R, et al. (2019) *Conflict Economies in the Middle East and North Africa*. (London: Chatham House), p. 35

¹⁷ <https://blogs.lse.ac.uk/mec/2018/11/14/security-and-governance-in-the-disputed-territories-under-a-fractured-goi-the-case-of-northern-diyala/>

¹⁸ Hasan, H. (2018). *Beyond Security: Stabilization, Governance and Socioeconomic Challenges in Iraq* (Washington: Atlantic Council), pp. 12-13



Figure 4. Checkpoints on main smuggling routes in Iraq (Eaton et al 2019: 45)

Syria

Since 2011, Syria has been embroiled in a civil war between the Ba'athist Syrian Arab Republic and its domestic and foreign allies, including a variety of equally diverse opposition forces. Since the beginning, checkpoints at internal and external border crossings have provided a key revenue stream for armed groups.¹⁹ Checkpoints are widespread at the borders of areas under control of both the Syrian National Army and opposition militia such as Hayat Tahreer al-Sham, as well as along trade routes within the different zones of influence.²⁰

To illustrate the sheer extent of the phenomenon, two studies identified over a thousand checkpoints in Aleppo alone at the height of the conflict in 2013-14 (see Figure 5 below).²¹ The Syrian military and its associated security forces and irregular militias controlled approximately 70% of the checkpoints in Aleppo city, while opposition groups and ISIS divided the remaining 30%. Whereas a large proportion of these checkpoints seem primarily to have been set up in the pursuit of military objectives—e.g., to restrict the movement of civilians—a number of them seem to have been set up exclusively for purposes of extortion.

It is particularly sectors that rely on long-distance trade, like export-oriented sectors such as olives and fuel, that are affected because they are forced to cross multiple boundaries between multiple zones of control. In addition, aid convoys are regularly targeted for taxation. Aid agencies recognize that navigating the multiplicity of checkpoints, when it can be unclear which group is actually in charge, is a major issue, and reports suggest that paying 'inducements' to checkpoint operators is a frequent tactic.²²

Because of the multiplication of transit taxes, transport prices have increased at least tenfold, affecting economic opportunities and consumption prices.²³ The high transit taxes and strategic blockades of supplies to areas under siege has also meant that checkpoints in Syria give rise to smuggling as an economic opportunity for militias, which reap huge

¹⁹ Eaton *et al.*, *op. cit.*, p. 51

²⁰ Syrians for Truth and Justice. (2019). *Fact Sheet: Crossings and Checkpoints in Hayat Tahrir al-Sham-held Areas*

²¹ AAAS. (2013). *Conflict in Aleppo, Syria: A retrospective analysis* (New York: American Association for the Advancement of Science), p. 15 and CAERUS (2014) *Mapping the Conflict in Aleppo, Syria*, (Washington: CAERUS), p. 19

²² Abdelwahid, D. (2013). 'You got the stuff?': humanitarian activist networks in Syria. *Humanitarian Exchange Magazine* (59), pp. 15-16; Sinjab, L. (2017). *How Syria's War Economy Propels the Conflict* (London: Chatham House)

²³ SIM (2018) *Understanding Market Drivers in Syria* (London: Syria Independent Monitoring Team), p. 27

profits because of the conflict-inflated prices.²⁴ In some cases traders prefer using opposition-controlled roads because these are cheaper than government-controlled roads.²⁵

A recent study illustrates the importance of checkpoints as a mechanism of revenue generation using the example of the town of Morek, south of Idlib. Lying on the Aleppo–Damascus motorway, it serves as a crossing point between regime-held areas and the rebel-held Idlib area. Because of its strategic importance, the expansion of the armed group Hayat Tahrir al-Sham (HTS) in the area in early 2019 was partly motivated by the ambition to secure control of the main road axis between rebel-held and regime-held checkpoints. Checkpoint fees are among the main sources of revenues for HTS. The report estimates that the group’s revenues from taxing transit at the Morek crossing could reach up to \$1.5 million per month.²⁶



Figure 5. Roadblocks in Aleppo in 2013. (Source: AAAS 2013: 18)

Somalia

In Somalia, illegal checkpoint taxes are a main source of income for Al Shabaab. Al Shabaab’s checkpoints are largely found along the roads of southern and central Somalia. Al Shabaab enforces a strict, centralized

²⁴ Vesna Bojicic-Dzelilovic and Rim Turkmani, 'War Economy, Governance and Security in Syria's Opposition-Controlled Areas', *Stability: International Journal of Security and Development* 7:1, 2018, p. 5

²⁵ SIM *op. cit.*, p. 36

²⁶ Eaton *et al.*, *op. cit.*, pp. 34-35

regime of taxes on transiting vehicles (*gadiid*), transported goods (*badeeco*) and livestock (*xoolo*) at checkpoints and raises annual *zakat* levies from livestock owners, collectively furnishing the movement with tens of millions of USD a year.²⁷

Al Shabaab has made around USD 40 million a year from just taxing charcoal supply chains at the roadblocks and ports under its control.²⁸ Yet, as international pressures on the charcoal circuit has increased, it appears that al Shabaab is increasingly emphasizing control of humanitarian access, taxing the trucks of aid agencies along the main roads and access by NGO staff to vulnerable communities in south-central Somalia. One checkpoint alone, according to the latest UN expert report, raises approximately USD 10 million a year in taxes on passing vehicles and goods.²⁹

Al Shabaab maintains a formidable administration to manage and keep account of the revenues thus raised, allowing commercial truckers who work for aid agencies to pay checkpoint taxes only once in exchange for a receipt that can be shown at other Al Shabaab checkpoints. Traders therefore much prefer Al-Shabaab controlled roads over the panoply of independent roadblocks controlled by soldiers, clan militias, police and intelligence services, which have to be negotiated on the spot. Upon paying at a first checkpoint along the routes under Al Shabaab's control, road users are issued with a receipt which they can show at subsequent checkpoints, where they will not be harassed. By contrast, at checkpoints under the control of other militias, the government or AMISOM, taxes have to be paid and negotiated at each encounter.³⁰ As Mukhtar Robow, a co-founder of Al-Shabaab who defected to the government, explained in an interview with UN experts,

'Al-Shabaab's predictable checkpoint taxation system ... is preferred by people due to fear of retribution by the group, while parallel checkpoints controlled by government forces are unpredictable'.³¹

Clan militias' roadblocks, it appears, are even more unpredictable: they tend to be mobile and temporary, and prices are negotiated on the spot.³² In addition, Al Shabaab consciously makes sure that strategic roads not under

²⁷ see UN Monitoring Group on Somalia and Eritrea 2018: 93ff

²⁸ UNSC Report No. S/2014/7261

²⁹ UN S/2018/1002, pp. 109ff

³⁰ Danish Immigration Service (2017) *South And Central Somalia. Security situation, Al-Shabaab Presence, and Target Groups*, p. 37

³¹ Cited in UN Monitoring Group report 2018, p. 93

³² Transparency Solutions. (2016) *Beyond Isbaaro: Reclaiming Somalia's Haunted Roads*, London: DFID, p. 45

their control are constantly under attack, providing an additional incentive for transporters to opt for Shabaab-controlled routes.³³



Figure 6. Al-Shabaab checkpoints in southern and central Somalia (UN 2018 monitoring report p. 98)

³³ UN S/2018/1002, p. 115

DISCUSSION AND WAYS FORWARD

In situations of conflict, freedom of movement is often the first victim. But—and this is often overlooked—checkpoints and roadblocks also seem to have gained strategic importance as mechanisms of revenue generation through the imposition and collection of transit taxes. While the material presented above might seem a bit repetitive, this simply underscores just how pervasive this form of conflict financing has become. In each of the conflicts surveyed, checkpoints at points of passage along trade routes are a key manifestation of armed group control, and the taxation of supply chains along them, whether of natural resources, commercial goods or aid, forms a key source of revenues. The revenues derived from checkpoint taxation are especially important to groups which don't have access to funding from outside sources (including governments) or control over mineral resources like oil or gold.³⁴ It is also important to note that the cases discussed in this paper merely serve to illustrate a broader pattern pervading most if not all ongoing conflict situations. There are, for instance, strong indications that checkpoints play an equally crucial role in sustaining armed mobilization in South Sudan³⁵ and Libya.³⁶

Collectively, checkpoints in volatile and conflict-affected areas divert hundreds of millions of USD dollars annually from aid budgets and commercial circuits towards armed groups. Because of the lucrative nature and relative ease of the roadside taxation of global supply chains, control over strategic nodes along trade routes has turned into a key objective for belligerents in conflict-affected and fragile countries. As sinews of both military logistics and geographies of conflict financing, roads are therefore also likely disproportionately contested in conflicts and hence more violent and insecure.³⁷ Indeed, as the U.S. Army's 2006 Counterinsurgency Manual puts it,

³⁴ Eaton *et al. op. cit.* p. 34

³⁵ As a UN humanitarian access report of 2017 put it, 'Illegal fees paid at checkpoints between Juba and Bentiu reportedly increased to about 200,000 South Sudanese Pounds (SSP) per truck, compared to some 90,000 SSP paid in January 2017'. Also see National Bureau of Statistics (2011), *South Sudan Cost-to-Market Report, An Analysis of Check-points on the Major Trade Routes in South Sudan*.

³⁶ In Southern Libya 'a lack of access to state resources has meant that informal taxes levied at roadside checkpoints – along with protection fees – constitute the principal source of income for armed groups' (Eaton *et al., op. cit.*, p. 35).

³⁷ There is indeed evidence from the Caucasus, Iraq and the DR Congo that most violent incidents take place along contested and strategic roads. For Caucasus, see Zhukov, Y. M. (2012). Roads and the diffusion of insurgent violence. *Political Geography*, 31(3), 144-156; for DR Congo see Congo Research Group (2019) *Congo, Forgotten: The Numbers Behind Africa's Longest Humanitarian Crisis* (New York: Center on International Cooperation, New York University), pp. 11-12; for Iraq see Gomez, T. (2018) *Highways to Hell Are Paved with Good Intentions: Road Building and Violence in Iraq* (London: Imperial College London). However, it is also important to note the possibility of a 'reporting bias', in which incidents along major roads are reported and more distant incidents don't.

'logistic providers are often no longer the tail but the nose of a [counterinsurgency] force [...] Logistic units are perceived by insurgents as high-payoff targets and potential sources of supplies; thus lines of communications (LOCs) are a main battle area for insurgents'.

Scholars have long pointed out that seemingly remote, local conflict dynamics are often actually thoroughly entangled with the global economy. If global supply chains the world over are persistently subject to illegal taxation by armed groups, how is it that this widespread phenomenon hasn't been picked up earlier? I suggest that there are two factors at play here, both which have to do with how global supply chains are organized.

First, contemporary global supply chains are marked by an alarming deficit in transparency. Aid agencies and multinational corporations sit at the top of supply chains composed of multiple layers of outsourcing and subcontracting, and lead firms and aid agencies alike often have zero knowledge of how subcontractors 'get the job done' on the ground in conflict-affected areas.³⁸ Thus, the report on US coalition payments to Afghan warlords, discussed above, found that, 'the Department of Defense lacks effective oversight of its supply chain'.³⁹ Similarly, of the US companies that were required to disclose whether they source 'conflict minerals' from Congo under the Dodd-Frank Act, '55 percent of the companies reported that they were unable to confirm the source of the conflict minerals in their products, and about 99 percent reported that they could not determine whether the conflict minerals financed or benefited armed groups'.⁴⁰ In short, armed groups can simply impose taxation on the local operations of global companies and aid agencies because information about these payments gets lost somewhere in the complexity of global supply chains. Because global supply chains have become so complex, and because they suffer from a structural transparency deficit, conflict financing has become imbricated in the very unregulated nature of the global economy in the early 21st century. The fact that global supply chains today suffer from such a transparency deficit is of course surprising if one considers the unprecedented surveillance and tracking capacities that are often attributed to governments and large corporations.

Secondly, public understanding of the scope and significance of the checkpoint economy in conflict situations is hampered by a deep-seated

³⁸ <https://home.kpmg/xx/en/home/insights/2016/07/need-for-supply-chain-visibility.html>

³⁹ House Subcommittee for National Security, *op cit.* p. 49

⁴⁰ GAO. (2017) *SEC Conflict Minerals Rule: 2017 Review of Company Disclosures in Response to the U.S. Securities and Exchange Commission Rule* (Washington: US Government Accountability Office), p. 3

culture of ‘don’t ask, don’t tell’ among logistics contractors and the companies and aid agencies that hire them. This is exactly what one expert humanitarian report indicated when it stated that ‘Paying for access and granting concessions are commonplace, yet remain taboo as a subject of discussion. Common practices include paying money at checkpoints’.⁴¹ This culture of secrecy is, of course, understandable in light of defending the leeway to ‘get things done’, but the question should be raised what the balance should be between oversight and the discretionary freedom to conduct local operations if serious indications exist that aid agencies and companies might be structurally implicated in financing armed groups.

Thirdly, it is important to dispel the idea that checkpoint geographies are only endemic in ‘war economies’. Whereas in some countries governments have a monopoly over logistical space, in just as many places *de facto* control over trade routes is patchy at best. As an illustration, along many African roads illegal roadblocks and illegal taxation at legal ones is normal practice.⁴² Furthermore, it is important not to dismiss all roadblock taxation as illegitimate corruption. In contexts where getting salaries to state agents is unusually difficult, roadblocks might be a pragmatic form of the decentralized generation of operating costs for state agencies, including the security services. Thus, widespread patterns of illegal roadblock taxation are not necessarily symptomatic of war situations or state failure.

Looking forward, the preliminary evidence in this paper has a few broad implications for both research and policy. Starting with the latter, the OECD has developed sophisticated due diligence guidance for mineral supply chains, and now also provides tailor-made guidance for garment and footwear supply chains. Its approach recognizes the risk of interference in supply chains and provides useful tools for stakeholders interested in improving accountability within their own supply chains. Yet the OECD guidance is non-binding, and compliance with it relies on self-reporting. It is questionable whether such an important challenge can be left to the initiative of profit-driven entities or aid agencies with deeply entrenched cultures of secrecy around their operations. It is likely that addressing the structural entanglement of global supply chains with conflict financing would have to involve systemic changes in how global supply chains are overseen and managed. Governments looking to contribute to peacebuilding should demand greater transparency from corporations and

⁴¹ Haver, K., and Carter, W. (2016). *Principled pragmatism to enable access and quality humanitarian aid in insecure environments*, p. 11

⁴² See OECD (2013) *Aid for trade and value chains in transport and logistics* (Paris: OECD), p. 40, providing an overview of checkpoints in West Africa at which illegal taxes are levied.

aid agencies registered in their jurisdictions regarding abuses further down their supply chains.

In terms of future research, there is much at stake in understanding armed group financing because explanations of how conflict is funded directly shape development policies and peacebuilding interventions in conflict-affected areas. Whereas research on armed-group financing has been disproportionately focused on the role of 'lootable' natural resources, future studies of conflict financing should pay more consideration to the role of 'obstructable' resources, that is, to flows of goods along trade routes.⁴³ An obvious challenge is that evidence of this form of funding is often hidden in broader studies of conflicts and in NGO reporting. Only a few dedicated checkpoint mappings exist, and where they do exist they use different methodologies, making comparison difficult. Future research could systematically centralize and compare data on roadblocks – for instance, through case studies of specific conflicts or roadblock operators – or investigate the relative vulnerability of different types of supply chains to this kind of interference. However, it is just as important to conduct context-specific and nuanced analyses of the role of control over logistical space within individual settings and allow for a radical variation of the potential local meanings of roadblocks in conflict situations.

⁴³ Distinction from Ross ML (2003) *Oil, Drugs, and Diamonds: The Varying Roles of Natural Resources in Civil War*. In: Ballentine K and Sherman J (eds.) *The political economy of armed conflict: beyond greed and grievance* (Boulder: Lynne Rienner). In parallel, analysis should move away from approaching rebel governance first and foremost as 'the organization of civilians within rebel-held territory for a public purpose' (Kasfir N. (2015) *Rebel Governance: Constructing a Field of Inquiry: Definitions, Scope, Patterns, Order, Causes*. In: Arjona A, Kasfir N and Mampilly Z (eds.) *Rebel Governance in Civil War*. Cambridge: Cambridge University Press, 21-46, p. 24), but it should also explore the more networked and fragmented forms of governance typically emerging from contemporary armed groups who control access to and passage through contested territories.