Rebel Group Funding and Engagement in Rebel Governance:
A Comparative Case Study

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Abstract

This thesis addresses an identified gap in the field of rebel governance and rebel funding, by theorizing and investigating how differences in rebel group funding sources affect a group’s engagement in rebel governance, distinguishing funding through natural resources from funding through non-natural resources. It is highlighted that these sources differ in three fundamental ways: their necessity for civilian labor and cooperation, the extent to which equipment, technology and infrastructure are required, and the expected time of pay-off. It is hypothesized that the degree to which a rebel group depends on natural resources determines the likelihood to which it engages in rebel governance - i.e. intervenes in all security, political, social, health and educational spheres of civilian life. This hypothesis is investigated through a comparative case study of two rebel groups from 2003 to 2018: the Taliban in Afghanistan, which generated its funding primarily through Afghanistan’s opium economy, and the Salafist Group for Preaching and Combat, later known as Al-Qaeda in Maghreb, which generated its funding through ‘criminal activities’ such as kidnappings for ransom. The findings suggest some level of support for the hypothesis. Inconsistencies in the findings limiting generalizability and the need for further investigations are discussed.

Key Words: Rebel Governance, Rebel Funding, Political Economy of War, Natural Resources, Crime & Conflict, Taliban, GSPC, AQIM
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<th>Description</th>
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<tr>
<td>AQIM</td>
<td>Al-Qaeda in Islamic Maghreb</td>
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<tr>
<td>DRA</td>
<td>Democratic Republic of Afghanistan</td>
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<tr>
<td>EPLF</td>
<td>Eritrean People’s Liberation Front</td>
</tr>
<tr>
<td>FARC</td>
<td>Fuerzas Armadas Revolucionarias de Colombia</td>
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<tr>
<td>GIA</td>
<td>Groupe Islamique Armé</td>
</tr>
<tr>
<td>GSPC</td>
<td>Groupe Salafiste pour la Prédication et le Combat [Salafist Group for Preaching and Combat]</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IRA</td>
<td>Irish Republican Army</td>
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<td>IS</td>
<td>Islamic State</td>
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<td>ISAF</td>
<td>International Security Assistance Force</td>
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<tr>
<td>KFR</td>
<td>Kidnapping for Ransom</td>
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<td>LRA</td>
<td>Lord’s Resistance Army</td>
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<td>LTTE</td>
<td>Liberation Tigers of Tamil Eamelan</td>
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<td>MNC</td>
<td>Multi-national Corporations</td>
</tr>
<tr>
<td>MPLA</td>
<td>Movimento Popular de Libertação de Angola</td>
</tr>
<tr>
<td>MUJAO</td>
<td>Movement for Oneness and Jihad in West Africa</td>
</tr>
<tr>
<td>NPFL</td>
<td>National Patriotic Front of Liberia</td>
</tr>
<tr>
<td>PKK</td>
<td>Partiya Karkerên Kurdistanê</td>
</tr>
<tr>
<td>RCD</td>
<td>Rebel Contraband Dataset</td>
</tr>
<tr>
<td>RENAMO</td>
<td>Resistência Nacional Moçambicana</td>
</tr>
<tr>
<td>RUF</td>
<td>Revolutionary United Front</td>
</tr>
<tr>
<td>SIGAR</td>
<td>Special Inspector General for Afghanistan Reconstruction</td>
</tr>
<tr>
<td>SPLA</td>
<td>Sudan People’s Liberation Army</td>
</tr>
<tr>
<td>UCDP</td>
<td>Uppsala Conflict Data Program</td>
</tr>
<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
</tr>
<tr>
<td>UNSC</td>
<td>United Nations Security Council</td>
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<tr>
<td>YPG</td>
<td>Yekineyên Parastina Gel</td>
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1. Introduction

There has been growing public and scholarly recognition on the changing nature of warfare in this post-Cold War era: the emergence of ‘new wars’ (Münkler 2005; Kaldor 2013) involving an increasing number of non-state armed actors, increased transnational and global links and spillover effects and a particular ‘self-financing’ nature to insurgency.

Within this paradigm there has been an emerging scholarly interest on how non-state armed actors administer and control territories they capture and behave towards the civilian population. The phenomena of ‘rebel governance’ has received growing importance in the global public discourse with the rise of the Islamic State (IS) and their rapid transformation of existing social, religious, economic and political institutions in territories they controlled. There also has been a greater engagement with the political economic perspective of warfare: how the presence of natural resources facilitates and prolongs armed rebellion, the role of global financial markets and organized crime groups in profiting from war-affected areas and the positive and detrimental effects of war economies on the sustaining of livelihoods for the civilian population.

An essential aspect of the political economy of war regards the funding strategies employed by armed rebel groups; ranging from capturing and extracting natural resources, such as gold, timber, gem stones and drug crops to external funding through diaspora groups, third party state sponsors and cooptation of international aid, to criminal activities, such as human and weapons smuggling, kidnappings, extortion and racketeering. Although the question of rebel funding sources has been discussed extensively in the context of how they influence overall conflict dynamics, particularly conflict onset and duration (Lujala 2009; Lujala 2010) and levels of civilian abuse (Weinstein 2007) what seems to have been largely neglected in these discussions are more in-depth analyses on how rebel funding sources specifically influence the extent to which an armed group is engaged in governance of institutions in the realm of society, politics, health and education.

This question goes hand in hand with challenging the long-standing perspective of war zones as ‘ungoverned spaces’ characterized by the absence of institutions and social order. The academic literature on ‘rebel governance’ has contributed significantly to a more nuanced understanding of how and when different armed actors opt for different ‘types’ of rebel governance in their territories and of when and how they create institutions to enforce compliance and initiate interactions with their civilian counterparts. However, the specific relationship between rebel funding sources and the degree of rebel governance engagement has not been researched, despite the scholarly recognition that macro-structural factors of the political economy are strongly related to different forms and dynamics of combatant-civilian interactions.
In her extensive work on different types of rebel governance, Ana Arjona (2016, 14) explicitly acknowledges “that it is still possible that the factors that lead to armed actors to create disorder, rebeloocracy or aliocracy vary depending on whether natural resources are available or not” and that “this is an open question that can only be resolved with new data.” Economic activities continue to exist even during armed conflict and the ‘shape and form’ of this economic life has profound implications for all actors. The type of economic dependencies developed in a setting of ‘rebels governance’ will inevitably influence the range and preferability of strategic options for the armed group and civilian population respectively. Thus, it becomes worth asking how the sources of rebel funding as a general macro-economic factor on rebel group behavior and strategy influence combatant-civilian relations, and specifically if these sources influence a rebel group’s engagement in (rebels) governance building.

Accordingly, the guiding research question of this thesis is: how do different types of rebel group funding sources influence the extent to which a rebel group engages in rebel governance? By drawing on Ana Arjona’s (2016) theory of wartime social order, this paper will explore the expected influence that types of rebel funding sources have on the extent to which a rebel group engages in institution-building in security, political, social, health and educational civilian spheres in the territories they control. Using Arjona’s (2016) insights on strategic time horizons rebel groups adapt and their subsequent incentives to establish a social contract with the civilian population, this paper will argue that rebel funding sources related to natural resources and those rebel funding sources that are not related to natural resources differ in three important ways. These are: (1) the extent to which the rebel funding source necessitates civilian labor and cooperation, (2) the extent to which the rebel funding source requires technology, equipment and infrastructure and (3) whether the time of pay-off from this rebel funding source is expected to be short-, medium or long-term.

It is theorized that these three associated characteristics influence whether a rebel group adapts a short- or long-term time horizon in their strategic decisions and, thereby, whether they are incentivized to establish a social contract with the civilian population. Whether they establish a social contract will influence, if a rebel group will create institutions to directly intervene in political, social and health and educational spheres of civilian life – that is, if they engage in extensive rebel governance in the territories under their control. From this theoretical argument, it is hypothesized that rebel groups that generate their funding through natural resources are more likely to engage in extensive rebel governance than are groups that generate their funding through non-natural resources.

This hypothesis is applied to two case studies following a most-similar comparative method: (1) the post-US intervention Taliban, from 2003 to 2018, which generated a majority of its funding through the opium economy and (2) the Salafist Group for Preaching and Combat (GSPC), later known as Al-Qaeda in Maghreb (AQIM), from 2003 to 2018, which generated the
majority of its funds through kidnappings and illicit smuggling. The findings of the analysis suggest some level of support for the hypothesis, as the Taliban increasingly engaged in extensive rebel governance from 2003 onwards, while the GSPC and AQIM mostly engaged in a ‘hands-off’ approach to governance. However, some inconsistencies in the data limit the generalizability of findings, pointing to additional factors that will require refinement in future research.

The thesis is structured as follows. Section 2 will discuss previous research on rebel governance and rebel funding. Section 3 outlines the theoretical framework, main concepts and limitations. In Section 4, the research design of a most-similar comparative case study will be discussed. Section 5 constitutes the empirics of the thesis and, thereafter, the findings are analyzed first within the cases and then across the cases in Section 6. The thesis concludes in Section 7, summing up the purpose and findings of the thesis and outlining valuable avenues for future research.
2. Previous Research

2.1. Rebel Governance – Winning the ‘Hearts and Minds’ of the People

The conduct of war is commonly associated with an unraveling of prevailing institutions and social order. Warfare undermines a government’s capacity to effectively perform its stately duties, such as enforcing the rule of law, providing health care, creating and maintaining infrastructure and regulating economic activities, by diverting vital resources to fighting insurgency. Further, warfare is the cause of severe destruction of several spheres of assets, be it human, natural, physical, economic or political (Jackson 2005). However, “war zones are often orderly [and] although fear and violence exist, chaos is seldom the norm” (Arjona 2016, 2). In fact, in conflict zones where rebel groups are active and control and administer territories, they frequently attempt to create new or transform existing institutions to govern their civilian subjects, as well as adopt unique “practices of rule” (Mampilly 2011, 4) that shape the rebel combatants civilians relationship. Simply stated: rebel groups often engage in \textit{rebel governance}.

The scholarly field of rebel governance challenges the simplistic conception of war zones as “ungoverned territories” (Arjona 2016, 36). The theoretical origins that current academic approaches to the study of rebel governance build upon were informed by the notion of the ‘roving’ versus the ‘stationary bandit’ as discussed by Mancur Olson (1993), himself building on Tilly’s (1985) understanding of ‘war making and state making as organized crime’. While deriving their theoretical arguments through the lens of the century-long history of European state-emergence and building, their insights provided an influential theoretical basis through which rebel governance can be understood in our contemporary times. Olson (1993) juxtaposes the ‘roving bandits’, those groups that roam the country-side and exhaustively predate on the civilian population and their resources, with the ‘stationary bandits’, who permanently settle in a territory to maximize resource extraction.

As his reasoning goes, both - the ‘roving bandits’ as well as the civilians they predate on - had little to no incentives to engage in institution-building; the former because they do not have to exclusively rely on the present civilian population to generate resources, and the latter because the uncertainty of another (or the same) ‘roving bandits’ appearing and predate on them disincentives the creation of extensive institutions. In such a context, both actors act in the short-term, were institutions are unlikely to emerge. In contrast, the ‘stationary bandits’, while still essentially predating on the civilian population, had a much larger incentive to at least provide a minimum of institutions in relationship with the civilian subjects, particularly those of security provision and taxation (Olson 1993; Wickham-Crowley 1987), to maximize their productivity for resource generation and, at the same time, shield the civilians from outside competitors; both actors in this
case have a greater reliance on each other and, thereby, incentives to engage in long-term mutually beneficial interactions and in creating durable institutions that structure such interactions.

Applying this logic to rebel group insurgency, if a group relies on the civilian population to make their survival durable and rule profitable, they are likely to ‘invest’ in the civilian population by providing public goods and institutions. Far from being a self-less act, this ‘winning the hearts and minds’ approach is informed by the logic of territorial control (Mampilly 2011). As Arjona (2016) argues, territorial control that is solidified and reinforced through rebel institutions and civilian engagement in them, constitutes the most straightforward way to challenge the incumbent state: increasing the group’s organizational capacity; enlarging their endowments, and building their potential recruitment pool. Additionally, territorial control serves the purpose to “maximize the byproducts” (Arjona 2016, 45), such as resources (natural or otherwise), political and ideological support, key networks and infrastructure. The creation of rebel governance institutions reflects an insurgent group’s two-fold effort to strengthen their relative power position in terms of organizational capacity, as well as to ‘win-over’ the population for the cause of the group, both which create substantial pressures on the challenged state.

Despite these benefits, one observes a varying degree of rebel governance. Illustrative examples of extensive rebel governance are the Liberation Tigers of Tamil Eelam (LTTE) (Mampilly 2011), the Eritrean People’s Liberation Front (EPLF) (Connell 2001), or more recently the IS in Iraq and Syria (Strachota 2015), which set up dispute resolution mechanisms, created novel judicial processes and political councils to administer civilian affairs, and provided a range of health care and educational services to the civilian population. In other cases, the creation of rebel governance institutions was far more limited to the creation of extortive taxation systems and minimal security provision, and in some cases practically non-existent. Examples thereof are the Lord’s Resistance Army (LRA) in Uganda, the National Patriotic Front of Liberia (NPFL) under Charles Taylor, and the Revolutionary United Front (RUF) in Sierra Leone (Weinstein 2007; Arjona 2016). The question, therefore, is: how can one account for variation in the presence and extent to which a rebel group engages in rebel governance?

Explanations of rebel governance degrees vary. Zacharia Mampilly (2011) attributed the presence and effectiveness of rebel governance to a multitude of (preexisting) institutional systems that influence the penetrability of a rebel groups’ governance efforts, as well as other structural features. In Mampilly’s (2011) argument, the pre-conflict relationship between the civilian population and the prevailing political authority is instrumental in understanding the emergence of rebel governance. It may have a greater tendency to exhibit demands on public goods provision

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1 For a more general review on scholarly work on rebel governance variation see Arjona (2016, 35–40)
when deeply penetrated political authority transitions from the state to the rebel group. Further, Mampilly (2011) argues that conflicts signified by periods of stalemates and ceasefires open a time-window for the rebel groups to divert resources towards the creation of civil administrations; more prolonged conflicts increase the overall likelihood for the creation of rebel governance institutions.

Other explanations pertain to a rebel group’s ideology (Mampilly 2011; Arjona 2016) such as groups adhering to Maoist ideological foundations which emphasize characteristics like rural civilian mobilization. These are likely to exhibit restraint in civilian victimization and to exhibit inclusive governance provisioning (Mampilly 2011; Arjona 2016). Whereas ideologies that can be characterized as more exclusive in their relevant identified civilian segments, for instance those founded on jihadi and radical Islamist ideology, are more likely to exhibit higher levels of civilian abuse against non-supporters and tend to exhibit governance provisioning that largely exclude or detrimentally impact non-supporters; IS being a contemporary example (Strachota 2015).

Stewart (2018) in her work on inclusive versus exclusive rebel governance provisioning argues that secessionist rebel movements are more likely to provide public goods inclusively based on their greater need to signal their capacities for statehood both internally to the domestic audience and externally to the international community. Engagement in inclusive rebel governance provisioning generates domestic legitimacy and signals to the domestic audience that they do not only “care for the people” (p. 210) but also can provide for them in practice, while to the international audience it communicates their ability to act in a state-like capacity, which generates the international recognition for the movement to be successful.

Weinstein (2007) argues from a rebel group’s organizational perspective: rebel group’s resource endowments and their contingency on the social base of the civilian population will determine the type of organizational structure of a rebel group. He argues that when a rebel group can generate its endowments primarily through natural resources it is not reliant on civilian legitimacy and, thus, is less incentivized to act in a constrained manner towards civilians. Further, natural resource endowments attract undisciplined, opportunistic recruits that are more concerned with self-enrichment than the ‘fair’ treatment of civilians and, therefore, more likely to engage in civilian victimization (Weinstein 2007). From another organizational perspective, Mampilly (2011) stresses that rifts and fractions within rebel groups undermine the effective provisioning of civil administrations by fragmenting political authority, generating internal competition and dispersing available material resources. Thus, where a unified structure of command is absent, Mampilly (2011) argues, the creation and effectiveness of rebel governance institutions becomes compromised.
This brings forward the more general question of how armed competition accounts for variation in combatant-civilian relations and, thereby, rebel governance. Metelits (2010, 161) in her armed competition case studies on the Sudan People’s Liberation Army (SPLA), the Fuerzas Armadas Revolucionarias de Colombia (FARC) and Partiya Karkerên Kurdistanê (PKK) analyses that it is not necessarily the absence or presence of natural resources that can explain variation in combatant’s behavior towards civilians, but rather the absence or presence of “active rivalry”. When a rebel group is faced with substantial armed competition over territory or resources, which constitutes an essential threat to group survival, the group is more likely to employ violent measures against the civilian population to forcefully solicit civilian support and maintain a monopoly on resources (ibid). In turn, where there is absent or weak competition, the group is not threatened in its monopolistic authority, does not need to divert resources towards fending off outside competitors and, ultimately, does not need to overtly resort to civilian victimization to enforce civilian compliance (ibid).

It is evident that economic factors matter for combatant-civilian relations (Zahar 2000; Skaperdas 2008). Zahar (2000, 114-115) discusses economic relations between militias and civilians, describing how these can be differentiated between those that are “parasitical” and those that are “symbiotic”, which is informed by a militia’s formulation of ‘in-group’ and ‘out-group’ membership. Zahar (2000) argues that economic relations leaning towards the latter category create the possibility for civilians to engage in negotiations vis-à-vis the militia group and enables them to more effectively formulate demands including access to goods and institutions. In contrast, “parasitical” economic relationships are unilaterally exploitative and reliant on the threat and use of force - which tends to be more often the case where ‘out-group’ members form the economic basis for resource generation. Here militia group tend to less concerned with the overall effectiveness of their performance in civilian engagement (ibid).

Finally, Ana Arjona (2016) draws these insights into one of the first comprehensive theories on rebel governance. Informed by extensive fieldwork she conducted in Colombia: *the theory of wartime social order*. Arjona (2016, 3) proposes a three-fold typology of rebel governance into “rebelsocracy” – the ‘rule by rebels’, where the group heavily intervenes in political, social, education and health and economic civilian affairs – “aliocracy” – the ‘rule by others’, where rebels engage in minimal rebel governance building, usually limited to the realms of taxation and security provision – and “disorder” – i.e. the ‘absence of a ruler’, where there is a lack of rebel governance building and civilian victimization is the dominant form. According to Arjona (2016), the factors that determine which type of rebel governance takes hold is a function of a two-step process.

First, the group operates according to a *short-or long-term time horizon* – i.e. if they are “focused on present [or] future outcomes” (Arjona 2016, 51). This is determined by whether the group faces
either internal indiscipline, following from Weinstein’s (2007) work, or is facing armed competition, as Metelits’s (2010) argument goes. Where a group has either or both high armed competition and high internal indiscipline, the group is less likely to form a “social contract” i.e. combatants and civilians “have shared expectations about their behavior” (Arjona 2016, 26). The presence of a social contract is described as ‘order’, whereas the absence as a ‘disorder’ (ibid).

The second step in her argument is concerned with whether or not in a situation of ‘order’ civilian collective resistance is likely to occur, resulting in either ‘rebelocracy’ or ‘aliocracy’. Arjona (2016) ascribes pivotal importance to the “quality of preexisting local institutions”, particularly those regarding conflict dispute mechanisms, which according to her determines whether the local civilian community will have the ability and will to resist a rebel group’s attempt to rule them. When the “quality” of these institutions is high – “quality” being understood in terms of its “legitimacy” and “efficacy” (Arjona 2016, 67) – civilians possess more capacity to actively resist rebel control, forcing the insurgents to limit their governance activities; “aliocracy” takes hold. In turn, where the quality of these institutions is low and rebel control may be a preferable option to the prevailing status quo, civilians are less likely to be able and willing to resist rebel rule; interventionist “rebelocracy” takes hold. Arjona (2016) tests these assertions by employing a multitude of qualitative and quantitative methods on data collected on local communities in Colombia and FARC and paramilitary activities in them, finding support for her stipulated typology and the theoretical argument underlying it.

There seems to be an absence of in-depth discussions that link a rebel group’s resource endowment specifically to an insurgent group’s strategy regarding rebel governance-building. Arjona (2016, 36) herself acknowledges that the literary strands dealing with the economy of crime and illicit activities in warfare and rebel governance, although in many ways engaging with a similar phenomenon, “have developed separately from each other”. Additionally, she concurs that “it is possible […] that armed groups that lack [natural] resources are unable to establish institutions to rule populations” and that “it is possible that the factors that lead armed actors to create disorder, rebelocracy or aliocracy vary depending on whether natural resources are available or not” (Arjona 2016, 14). Accordingly, the research question guiding this thesis is: how do different types of rebel group funding sources influence the extent to which a rebel group engages in rebel governance?

Addressing this question, I draw on key theoretical insights derived from Arjona’s (2016) theory of wartime social order described above; specifically, how time horizons and incentives to establish a social contract with the civilian population influence a rebel group’s organizational strategies regarding rebel governance-building and how these factors are influenced by a rebel group’s funding source.
2.2. Rebel Funding

The political economy of war has been significantly influenced by changes in the geopolitical rearrangement of the international system following the end of the Cold War. During the Cold War period insurgencies were frequently sponsored by their ideological patrons, the United States and the Soviet Union, (Salehyan, Siroky and Wood 2014). Two prominent examples are the US-sponsored ‘Contras’ in Nicaragua and the USSR-backed Movimento Popular de Libertação de Angola (MPLA). This sponsoring often took the form of providing respective rebel groups with financial and logistical means in return for the geopolitical and ideological backing of its respective superpower patron. With the end of the Cold War, the extent of such sponsoring dropped considerably, while the world witnessed in the following years a stark rise in the number of intrastate conflicts (Ballentine and Nizschke 2005). These macro-structural changes created a necessity among rebel groups and insurgency movements to develop capacities to largely fund their war effort independently of superpower-backing, which gave rise to what Ballentine and Nitzschke (2005, 1) call the new “self-financing nature of civil wars”.

Several authors have highlighted in quantitative studies how resource availability for rebel funding, particularly in terms of the presence of natural resources, influences conflict dynamics. Earlier research by Fearon (2004) suggested an important link between the presence of ‘lootable’ resources, such as gemstones and drug crops, and the prolonged duration of conflict. Building on Fearon (2004), Lujala (2010, 26) finds that “conflict in which rebels have access to gemstones last approximately 2.5 times longer”, as well as increasing the overall conflict intensity. In qualitative inquiries, it has been argued that natural resources can have a detrimental effect on conflict termination through economically motivated ‘peace spoilers’ (Stedman 1997; Ballentine and Nitzschke 2005; Kemp, Shaw and Boutellis 2013). Additionally, there is a substantial presence of empirical cases which demonstrate the centrality and scale of armed groups co-opting or creating economic avenues to generate rent from natural resources, for instance, the role of illegal alluvial diamonds, gold and timber in Liberia’s civil war (Jackson 2005), the central role of coca cultivation and cocaine smuggling and distribution in funding the FARC insurgency in Colombia (Arjona 2016), the multi-billion opium economy in Afghanistan (Goodhand 2005), and Nigeria’s ‘oil-bunkering’ industry (Schultze-Kraft 2017).

Fortna, Lotito and Rubin (2018) argue that a rebel groups reliance on natural resources as an economic support base lessens the legitimacy costs associated with indiscriminate violence towards civilians, thereby, increasing the likelihood of rebel groups engaging in terrorist acts.

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2 For an excellent extensive overview that discusses natural resources’ influence on conflict dynamics in intrastate and interstate conflict see Koubi et al (2014).
Beyond civilian abuse, Vanda Felbab-Brown (2017) relates the different nature of labor associated with natural resources - differentiating between ‘labor-intensive’ and labor-non-intensive’ illicit activities - to the degree to which insurgent and organized crime groups can generate political capital among the civilian population through providing economic opportunities and employment. This in, turn, may influence the post-conflict trajectory of the group in question (Felbab-Brown 2017). Hensell and Gerdes (2016) similarly argue that economic capital produced by rebel groups can substantially influence the post-conflict trajectory of a rebel group and relates strongly to the degree of required civilian cooperation in economic activities.

Another central focus in discussing the economic support base of rebel groups revolves around the role of diaspora groups and external state sponsorship. Amanda Roth (2015) argues that diaspora communities have gained significance in the increasingly globalized post-Cold War era. According to Roth (2015), this is related to the disproportionate economic resources available for a diaspora community vis-a-vis its home country community in conjunction with their lobbying ability and greater freedom of expression. Thereby, the diaspora community can exert substantial “peace-making” or -often due to the detached and more radical nature of diaspora groups - “peace-wrecking” influences on the conflict country (Roth 2015, 293). Further, Piazza (2018) finds statistical support for the hypothesis that material support provided by ethnic diaspora groups has a positive impact on longevity of terrorist group survival while also finding support for their “peace-wrecking” influence by making political compromises less likely. Cases where diaspora communities played a substantial role in rebel group support range from the Kurdish diaspora and the PKK in Turkey and Yekîneyên Parastina Gel (YPG) in Syria, the LTTE, to the role of Irish-American organizations in funding the Irish Republican Army (IRA) in Northern Ireland (Roth 2015; Piazza 2018).

Although, as stated above, superpower-backing starkly declined following the end of the Cold War, insurgencies have nonetheless still depended on non-superpower third-party states for financial and political support; evidence thereof ranging from Iranian and Syrian support for Hezbollah in Lebanon, Rhodesian and South African backing for the Resistência Nacional Moçambicana (RENAMO) to Pakistan’s ongoing involvement in funding anti-Indian insurgency groups (Saleyhan, Siroky and Wood 2014).

Finally, rebel groups also engage in ‘criminal activities’\(^3\) to generate their funding, often in collaboration with local, regional and international organized crime groups (Cockayne 2013;

\(^{3}\) The author acknowledges that technically all types of economic activities taking place outside the realm of the state can be designated as ‘criminal’, ‘illicit’ and / or ‘illegal’. This is also reflected in ongoing academic debates that characterize crime as a (organizational) strategy (Cockayne 2013; Hough 2011a), or in a Clausewitzian sense as “the pursuit of economics by other means” (Cockayne 2013, 11).
Cornell and Jonsson 2014). In their 2010 report, the United Nations Office on Drugs and Crime (UNODC) stress that criminal activities, particularly those pertaining to drugs, humans and contraband production and smuggling, running of protection rackets (i.e. extortion), kidnappings and other types of organized thefts and robberies, have become increasingly prevalent in active and former warzones, with the illegal global drug trade alone totaling around an estimated $300 billion in revenue. Around 90% of all cocaine, heroin and cannabis globally produced originates or passes through territories of armed conflict (UNODC, 2010). This major trend is also reflected in the growing academic body on the ‘crime-conflict nexus’ (Cockayne 2013; Cornell and Jonsson 2014; De Boer and Bosetti 2015; Steenkamp 2017). Recent research by Asal, Rethemeyer and Schoon (2019) has demonstrated that the prevalence of criminal activities becomes intensified with the longevity of a group’s territorial control, and it is hypothesized that different types of criminal activities can take systemized (e.g. extortion, smuggling) versus sporadic forms (e.g. robberies and kidnappings) that influence combatant-civilian relations.
3. Theoretical Framework

The following sub-sections outline the central conceptualizations, definitions, theoretical argument and hypotheses, as well as theoretical limitations of the thesis. The preceding section summarized the literature on variations in rebel governance building, as well as accounts for differences in combatant-civilian relations that are contingent on a rebel group’s funding source. These two phenomena will be integrated by conceptualizing two types of rebel group funding sources and theorizing how these shape a rebel group’s engagement in rebel governance.

3.1. Conceptualizing Rebel Group Funding Sources

To begin, the researcher establishes a rebel group funding source to reflect the financial means that a rebel group generates and/or obtains in order to conduct its war effort. I follow the established literature that greatly emphasizes the different characteristics and underlying dynamics pertaining to natural resources versus non-natural resources by differentiating two main categories of a rebel group funding source; for one, the natural resource category and, secondly, the non-natural resource category.

In the context of this paper, we understand the natural resource category to include, though not necessarily being limited to, funding generated through natural resources, such as diamonds, timber, gold, coltan, coca (cocaine), opium (heroin) and cannabis, oil and other natural and agricultural goods, illegal or legal. As such, the natural resource category constitutes the economic activities of extraction, cultivation, transportation, taxation and refinement of these natural resources.

In turn, the non-natural resource category includes, though is not necessarily limited to, externally generated funding, such as diaspora community funding, third party state sponsorship and the cooptation of (international) humanitarian aid. Further, it includes ‘criminal activities’, such as kidnappings, theft and robberies, protection racketeering (i.e. extortion), smuggling and trafficking of contraband goods (e.g. weapons, drugs, organs, other goods) and humans.

I argue that the fundamental difference with regards to these two categories of rebel group funding sources is the nature of organizational structure, sophistication, investment and planning that is required in order for a rebel group to drive economic productivity as to reap and maximize the financial and material benefits from this source. As such, I assume rebel groups to be primarily acting as a collective, rational entities that form strategic decisions based on the motive to maximize their collective economic endowments; an assertion largely consistent with the literature (Ballentine and Nitzschke 2005; Mampilly 2011; Arjona 2016). Additionally, I assume the rebel group to be acting in a situation of ‘perfect information’; in essence, a rebel group being aware of the potential
funding sources at their disposal and knowledgeable of the processes necessary to generate profit from them.

I argue that these two categories differ by three associated characteristics:

1. *The degree of civilian labor and civilian cooperation* necessary for the funding source to be generated;

2. *The degree of technology, equipment and infrastructure required* for the economic activity to be performed;

3. Whether the *time of pay-off* from the respective funding source is *expected to be short, medium- or long-term.*

### 3.1.1. Rebel Funding Source: Necessity for Civilian Labor and Cooperation

The degree of civilian labour and civilian cooperation necessary for the funding source to be generated constitutes the first, and arguably most important, differentiation between the natural resource and non-natural resource category. As Huang (2012, 8) asserts, “depending on how rebels “fundraise”, their relations with civilian populations will differ.”

I argue that the extraction, cultivation, transportation, extortion, taxation, distribution and refinement of natural resources constitute a labour-reliant form of economic activity necessitating the cooperation of the civilian population⁵ as laborers and cooperative actors⁶. For example, RUF in Sierra Leone did not simply take over treasure boxes filled with diamonds when they conquered a diamond field; they overtook the operational facilities and ‘employed’, voluntarily and coercively, civilian personnel to sift for them (Vorrath 2014; Salehyan, Siroky and Wood 2014). Similarly, the cultivation of drug crops, be it coca in Colombia, opium in Afghanistan and Myanmar, or cannabis in the West Africas, is characterized by a complex and highly labor-intensive cultivation and production process that can draw in and employ tens or even hundreds of thousands of farmers, field laborers and civilians (Skaperdas 2008; Goodhand 2005; Goodhand 2008; Vorrath 2014; Vanda Felbab-Brown 2017; Steenkamp 2017). The capturing of oil fields requires at least rudimentary industrial capacities and trained personal for the ‘black gold’ to be harvested and turned into a profitable good (Steenkamp 2017; Schultze-Kraft 2017).

In contrast to the high reliance on civilian labor and cooperation in order to create and drive economic productivity in the natural resource category, the non-natural resource category has

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⁵ We understand “civilian” here as “an individual who is neither a member of an armed state force nor a member of an armed rebel group. In a civil war an individual may aid a rebel group by providing information, food, shelter, cash, or other resources [i.e. civilian cooperation], but so long as he (or she) is not a formal member, fighter, official, or a rank-and-file of the rebel group, he [or she] remains a civilian despite his [or her] role in aiding the rebel movement.” (Huang 2012, 34).

⁶ Notwithstanding the popular differentiation made by scholars between ‘lootable’ and ‘non-lootable’ natural resources
a distinct underlying combatant-civilian relation that is characterized by a much smaller requirement for civilian labor and cooperation. Rebel group funding sources that are generated externally - particularly funding through diaspora communities, a (autocratic) third party state sponsor, or through cooptation of (international) humanitarian aid - require civilian labor and cooperation only to a small degree; In terms of diaspora contributions and cooptation of humanitarian aid, it could be argued that the rebel group still relies on civilian cooperation, although not necessarily labor, in order to ‘access’ these financial contributions, for instance, through taxation (Cornell and Jonsson 2014). However, the civilians in these cases are not the direct source of the economic capital the rebel group thereby acquires; it is courtesy of the often much better financially situated communities and individuals outside of the conflict country (Roth 2015).

The inherent clandestine nature of criminal activities, such as human trafficking or arms smuggling, robbing banks or kidnapping people, favors an organizational conduct that is preferably small, trained and specialized (Cockayne 2013; Vanda Felbab-Brown 2017; Steenkamp 2017). Generating funding through these criminal activities will in most cases put “specialists of violence” (Kalyvas 2015, 1526) to use that are knowledgeable and trained in performing these coercive and violent activities. In the conduct of criminal activities, rebel groups tend to extensively collaborate and benefit from cooperation with organized crime groups (Cockayne 2013; Steenkamp 2017) further lowering the necessity for civilian labor. Civilian cooperation in criminal activities may be advantageous to the extent of intelligence collection to avoid detection and to facilitate logistical transport (Newman and Keller 2007).

An important economic practice for raising funds pertaining to both categories is taxation by a rebel group. Rebel groups taxing the civilian population in order to generate funds is a widely acknowledged practice they engage in and it has been observed that rebel groups superimpose taxation on economic conduct and product in contrast to directly intervening and controlling the respective ‘industries’ (Huang 2012; Walsh et al 2018a). Additionally, by extension of Olson’s (1993) conception of the ‘stationary bandit’, taxation per se can constitute a rebel funding source of its own (Arjona 2016).

I assert that the nature of taxation differs in the natural resource category vis-à-vis the non-natural resource category and its respective necessity of civilian labor and cooperation in that taxation in the former category remains reliant on the underlying civilian labor force and productivity related to the natural resource sectors. For example, a rebel group that generates its funding through diamonds may be ‘merely’ taxing the economic activity related to the extractive diamond industry and not actively directing, yet the source of funding still derives from the civilian labor and cooperation in these diamond fields.
In summary, while the natural resource category of rebel group funding sources highly necessitates civilian labor and cooperation in order for these economic activities to be executed and, thereby generate profit, in the non-natural resource category of rebel group funding sources, there is a low necessity for civilian labor and cooperation to generate funding.

3.1.2. Rebel Funding Sources: Required Technology, Equipment and Infrastructure

The second differentiation relates to the degree of technology, equipment and infrastructure that is required to carry out the economic activities related to the funding source.

Monetizing natural resource goods inherently requires the necessary technology and equipment for the extractive industry to function effectively. Infrastructure, particularly roads, are vital for extracted goods to be transported and distributed, while at the same time maximizing the productivity of the extractive process itself. Therefore, generating funding through the natural resource category necessitates a “complicated enterprise” (Cornell and Jonsson 2014, 6). Additionally, following Arjona’s (2016) discussion on high-value strategic territories, extractive industries related to natural resources are territory-bound, which substantially raises the strategic value of and incentive for controlling the required technology, equipment, and infrastructure.

Turning to the non-natural resource category, the requirement for technology, equipment and infrastructure changes. Obtaining the funds from external sources such as diaspora contributions, third party state sponsorship or coopted humanitarian aid require a minimum degree of modern telecommunication equipment (e.g. phones, internet) to coordinate and channel financial transactions. Further, criminal activities typically require weaponry as its primary coercive tool. The issue of infrastructure is more circumventable with regards to criminal activities than it is with extractive industries associated with natural resources, due to its mobile, non-spatially bound nature (Asal, Rethemeyer and Schoon 2019).

Concluding, the degree of technology, equipment and infrastructure required to generate funds in the natural resource category is high – especially with regards to natural resources such as oil - to medium-high – regarding, for instance, drug crops, (alluvial) diamonds and artisanal mining. In contrast, in the non-natural resource category there is a medium to low requirement for them.

3.1.3. Rebel Funding Sources: Expected Time of Pay-Off

The third and final differentiating factor between the two categories of rebel group funding sources is related to when the rebel group can expect to receive (and maximize) its funding from the
respective source; that is, whether the (expected) time of pay-off from the funding source is short, medium or long-term\(^7\).

First, it can be argued that the process of extracting natural resources prolongs the expected time of pay-off into the medium- and long-term: oil needs to be drilled, pumped, transported and transferred to the intended recipient, which reflects its time-intensive nature; drugs crops are subject to cultivation, harvesting and refinement time-periods (Hough 2011a; Goodhand 2005); (alluvial) diamond mining is uncertain in terms of anticipated yield (Vorrath 2014), so in the strategic interest of generating and maximizing funds one would suggest a rebel group to anticipate a medium- to long-term pay-off.

Second, natural resources and most associated economic activities are territorially bound. Capturing these strategically highly valued territories will require substantial investment of time and resources, especially if contested by other armed factions (Metelits 2010). The expected time of pay-off occurs after the rebel group has fostered its territorial control, managed to shape the captured “complicated enterprises” (Cornell and Jonsson, 2014, 6) towards their economic interests and actual economic activity has taken place; all of which are time-intensive endeavors. Additionally, the longer the rebel group manages to hold control over these territories, the more they are able to maximize the economic endowments derived from them (Arjona, 2016). Securing the long-term profitability of a given natural resource as funding source, thus, prolongs the expected time of pay-off to the long-term.

On the other hand, the non-natural resource category is characterized by relatively shorter expected times of pay-off. Economic activities in the non-natural resource category are not subject to the same time-intensive considerations as in the natural resource category. Coordinating diaspora remittances to be collected and channeled to a rebel group, third-party state sponsoring requiring lobbying and ‘deal-making’ processes, or the process of identifying avenues to divert and coopt humanitarian aid all require time as well. However, I assert that once these facilitative conditions are in place, a continuous stream of externally generated funding reduces the rebel group’s uncertainty in terms of accumulating capital by producing immediate, financially tangible results; it creates repeated short-term pay-offs. The unilateral transactional nature of these funding opportunities shifts the expected time of pay-off to the short- or, at worst, medium-term. Similarly, the expected time of pay-off in the context of criminal activities varies by the specific criminal activity. Robbing banks, for instance, creates an expected immediate pay-off\(^8\), whilst more elaborate

\(^7\) I do not explicitly define ‘short’, ‘medium’ and ‘long’ expected time of pay-off. Though this produces a bit of ambiguity in their conceptualization, I understand them to be rather indicative of distinguishable temporal spaces (e.g. ‘immediate’, ‘soon’, ‘later’) rather than specific time-frames (e.g. days, weeks, months).

\(^8\) Literally, ‘what they rob is what they get’.
criminal schemes, such as human trafficking prolong the expected time of pay-off, due to the more complex organizational coordination needed to carry them out as reflected in the ‘episodic’ versus ‘systemic’ distinction (Asal, Rethemeyer and Schoon 2019).

Criminal activities are largely non-stationary and, in most cases, can be carried out in a relatively ad hoc manner (once initial start-up investments occurred). This does not imply that territorial concerns are entirely dismissible: specific smuggling and trafficking routes, for instance, can be more profitable than others and, therefore, a rebel group may also have incentives to invest time and resource to assert control over such routes. Nonetheless, as Asal, Rethemeyer and Schoon (2019) have shown, there appears to exist a positive relationship between the time-length of territorial control and intensified engagement in criminal activities.

Generally, then, rebel funding through the non-natural resource category is characterized by a more flexible and mobile nature, where dynamics of territorial control that would prolong the expected time of pay-off into the long-term are not as pressing.

Thus, with a dose of caution, it can be stated that in the natural resource category of rebel group funding source the expected time of pay-off is medium- to long-term, while in the non-natural resource category it tends to be short- to medium-term.

3.2. Rebel Funding Sources and its Impact on Rebel Governance: Theoretical Argument and Hypothesis Formulation

The previous sub-sections discussed the three different characteristics that differentiate the natural resource category from the non-natural resource category of rebel group funding source — necessity of civilian labor and cooperation, technology, equipment and infrastructure and the expected time of pay-off. The results of the above discussion are summarized in Fehler! Verweisquelle konnte nicht gefunden werden.. How, then, does the rebel group funding source category and its three associated characteristics matter for accounting for variation in rebel group’s establishment of rebel governance?

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9 This point generally reflects Arjona’s (2016) discussion on strategic high-value targets.
Table 1: Rebel Group Funding Source Category and its three associated Characteristics

<table>
<thead>
<tr>
<th>Rebel Group Funding Source Category / Characteristics of Rebel Group Funding Source</th>
<th>Natural Resource Category</th>
<th>Non-Natural Resource Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Necessity for Civilian Labor and Cooperation</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Required Technology, Equipment and Infrastructure</td>
<td>High-Medium</td>
<td>Medium-Low</td>
</tr>
<tr>
<td>Expected Time of Pay-Off</td>
<td>Medium- to Long-term</td>
<td>Short- to Medium-term</td>
</tr>
</tbody>
</table>

I adopt Arjona’s (2016, 51) understanding of the strategic time horizon to refer to “an actor’s relative preference for events happening in the near or distant future”. A short strategic time horizon arises under conditions were “present outcomes are more valued than future ones” (ibid), and vice-versa for a long strategic time horizon. The three characteristics discussed above influence whether present outcomes or future ones are more highly valued.

The degree of civilian labor and cooperation necessary to generate funding influences the strategic time horizon through the need to invest time and resources into creating the organizational structures to manage and coordinate such labor and cooperation. The more reliant a rebel group is on civilian labor and cooperation, the more they need to concern themselves with creating these structures to ensure the accessibility, functionality and efficiency of the labor force and, ultimately, the sustainable profitability from the funding source. Therefore, the higher the reliance is, the more we would expect the rebel group to value future outcomes over immediate ones.

The degree of technology, equipment and infrastructure required to generate funding influences the strategic time horizon in a similar way. A rebel group requiring extensive technology, equipment and infrastructure to perform the economic activities will have greater incentives to formulate organizational strategies aimed to acquire, control and maintain this technology, equipment and infrastructure in the long-term. Therefore, the higher the requirement, the more we expect the rebel group to value future outcomes over immediate ones.

Finally, the expected time of pay-off influences the strategic time horizon in a straightforward manner. Depending on when the pay-off is expected, a rebel group has greater or fewer incentives to formulate long-term organizational strategies that will ensure their access to these pay-offs. Hence, the more prolonged the expected time of pay-off is, the more we expect the rebel group to value future outcomes over immediate ones.
The strategic time horizon of a rebel group is vital to account for variation in rebel governance as it influences the “incentives to establish a social contract [with the civilian population] that imposes limits on their own conduct” (ibid). Under a short time-horizon orientation, rebel groups have little incentives to establish a social contract because they do not require shared expectations with the civilian population to generate their funds. By contrast, where their organizational investment favors operating under long time-horizons, they have greater incentives to form shared expectations, because a “social contract is necessary to organize labor [,] maintain control over territory [and] obtain long-term profits.” (Arjona 2016, 52). The extent to which forming a social contract with the civilian population is strategically warranted, in turn, will influence the degree to which a rebel group engages in rebel governance building aimed towards structuring and regulating rebel group and civilian behavior. Following Mampilly (2011), rebel governance is understood as a rebel group’s provisioning and creation of and intervention in public goods and institutions to civilians. Where high incentives for a social contract exist, one would expect the group to be more likely to engage in extensive rebel governance building that broadly interferes in the civilians’ political, social, health and education affairs. In contrast, where there are low incentives for a social contract to be established, one would expect the group to be less likely to engage in extensive rebel governance.

Summarized (Figure 1), the rebel group funding source and its three associated characteristics influence the degree the of rebel governance through the strategic time horizon under which the rebel group operates. This, in turn, determines whether the rebel group has (high or low) incentives to establish a social contract with the local population and, thereby, the degree of rebel governance building.

**IV: Rebel Group Funding Source:**
- **Necessity for Civilian Labor and Cooperation**
- **Required Technology, Equipment and Infrastructure**
- **Expected Time of Pay-off**

**Figure 1: Theoretical Argument on the Relationship between a Rebel Group Funding Source and the Degree of Rebel Governance**

Therefore, considering the natural resource category with its high necessity for civilian labor and cooperation, high to medium requirement for technology, equipment and infrastructure and medium- to long-term expected time of pay-off, it can be argued that a rebel group generating funding through this funding category values future outcomes more than present ones and, thereby, operates under a long strategic time horizon. This long strategic time horizon can greatly increase the rebel group’s incentives to establish a social contract (i.e. high incentives) with the civilian population to drive and maximize economic productivity through natural resources. Further, it eases the rebel
groups’ task of organizing labor and soliciting civilian cooperation, acquiring and maintaining technology, equipment and infrastructure, as well as securing long-term profitability in the extractive industries. Thus, with these high incentives to establish a social contract, we would expect a higher likelihood of the rebel group to engage in extensive rebel governance.

Second, turning to the non-natural resource category, with its low necessity for civilian labor and cooperation, medium to low requirement for technology, equipment and infrastructure and short- to medium-term expected time of pay-off, it can be argued that a rebel group deriving funding through this category values present outcomes more than future ones and, thus, operates under a short strategic time horizon. This short strategic time horizon decreases the rebel group’s incentives to establish a social contract (i.e. low incentives) with the civilian population, because the rebel group does not require the creation of common expectations to drive and maximize economic productivity; they are not incentivized to ease their task of organizing labor and soliciting civilian cooperation because they overtly do not necessitate them for generating funds, do not need to acquire and maintain sophisticated and stationary technology, equipment and infrastructure and can rely on expected short- to medium-term pay-offs. With these low incentives to establish a social contract, one would expect a lower likelihood of the rebel group to engage in extensive rebel governance.

Ultimately, this yields the hypothesis we set out to investigate through a most-similar comparative case study:

**Hypothesis:** A rebel group that generates its funding through the natural resource category is more likely to engage in extensive rebel governance than a rebel group that generates its funding through the non-natural resource category.

### 3.3. Theoretical Limitations and Caveats

The theoretical framework is subject to four major limitations. These limitations, although far from ideal, serve both theoretical clarity and parsimony and provide boundaries for the scope of this thesis.

First, the two disjunct rebel group funding categories have an inherent spectrum with regards to the three associated characteristics. Although I group, for instance, (alluvial) diamond mining and oil in the same natural resource category, the latter is far more labor intensive, requires more technology, equipment and infrastructure and has a longer-term expected pay-off. This opens the question of the degree of ‘lootability’ (Jackson 2005; Felbab-Brown 2017) within the natural resource category that is not resolved in-depth in this context. Similarly, in the non-natural resource category, generating funding through diaspora communities will likely be more labor and time-intensive than the ad hoc robbing of banks will be. Thus, there is an inherent spectrum pertaining to both rebel group funding source categories established here, and future research should address
this shortcoming by further disaggregating the categories and its three associated characteristics\textsuperscript{10}. Ultimately, the category-dichotomy introduced here should only serve as a starting point to better understand the influence that economic-organizational investments have on a rebel group’s strategy towards engaging in rebel governance.

Second, the theoretical framework does not account for combinations of different rebel group funding sources across the two established categories. As Huang (2012, 95) states, there often exists a “heterogeneity of rebel funding sources”, where rebel groups often adapt and combine different funding sources depending on their changing circumstances and needs. Not accounting for funding combinations across categories is a clear limitation of the framework. Further, rebel groups can also encounter considerable “endowment shocks” (Hough 2011b, 383) that forces them to create new, switch, or fundamentally transform existing, funding sources. As such, the theoretical framework here takes a more ‘static’ approach to rebel group funding, by not accounting for flexible changes in the number of funding sources or combinations thereof across categories. This drawback will be partially mitigated through the case selection design by focusing on time periods where a rebel group overtly and verifiably relied heavily on one category of a rebel group funding source. Future research would greatly benefit from further investigating dynamic changes of funding sources and how this influences combatant-civilian relations, especially in terms of organizational strategies towards rebel governance.

Third, I am primarily interested in how different categories of rebel group funding sources influence the organizational strategies and incentives of a rebel group with regards to their preferred relationship with the civilian population. It is important to acknowledge that civilians are not actors devoid of active agency. During wartimes the productivity of the formal economy greatly decreases and, thereby, high levels of unemployment often follow (Turner and Pugh 2006; Vorrath 2014), in combination with the overall destruction of economic opportunities (Jackson 2005) and its related infrastructure (Malaquias 2001; Cramer 2006). Accordingly, civilians can be driven to, and benefit from, participation in economic activities and opportunities that rebel groups create and structure in order to sustain their livelihoods. Civilian communities may also actively resist collectively or welcome the presence of an armed group (Arjona 2016). As such, there are fundamental issues of civilian legitimacy connected to both the question of a rebel group’s funding source, as the work of Piazza (2018) and Fortna, Lotito and Rubin (2018) highlights, and rebel governance, as seen in Mampilly’s (2011) and Arjona’s (2016) writings.

\textsuperscript{10} The creators of the new Rebel Contraband Dataset, Walsh et al (2018a), specifically concur that further disaggregating natural resources represents an excellent avenue for future research.
Not all civilian participation in economic activities facilitated by a rebel group occurs voluntarily. Civilian abuse and reliance on coercive measures are often employed to solicit civilian compliance and cooperation including forced participation in economic endeavors (see section 3.1). Where participation is coerced it could be argued that groups have generally less incentives to establish rebel governance: why provide public goods and institutions to the people, if forcing people at gunpoint to work can be an equal motivator? At the same time, cases such as the RUF demonstrate that even highly abusive rebel groups that rely more heavily on coerced labor engage to some degree in rebel governance (Stewart 2018) or extensively in the case of IS (Strachota 2015). This suggests that although civilian abuse and the degree of rebel governance may co-vary to some extent, they are not necessarily dependent on each other (Saleyan, Siroky and Wood 2014). A ‘social contract’ may still be present despite high levels of civilian abuse. Further, the rebel group may limit the provisioning of public goods and institutions only to group-supporters (Stewart 2018), or in this specific context only to those civilian individuals that are essential to facilitate the economic productivity.

Thus, it is acknowledged that civilians and communities possess active agency that also influences the degree of legitimacy of rebel rule, that coercive and abusive modes of soliciting civilian compliance exist vis-à-vis voluntary compliance and participation and that rebel governance can be inclusive or exclusive (Saleyan, Siroky and Wood 2014; Stewart 2018). However, in the theoretical framework and the empirical analysis our analytical focus is on the organizational strategies and incentives of the rebel group – and, thus, will not directly measure these factors, which restricts the scope of the theoretical framework and the generalizability of findings.

The fourth limitation concerns a potential reverse causality and limited degree of endogeneity between the independent and dependent variables. I assume that a rebel group’s quest for securing funding constitutes one of its first and primary objectives that informs their organizational strategies and incentives. After all, without economic endowments, it becomes nearly impossible to conduct war. In that sense, the formulation of organizational strategies and incentives takes place before any rebel governance can become established. However, it is nonetheless clear that there is a certain degree of “self-serving momentum” (Newman and Keller 2007, 51) in wartime economies, and rebel funding activities specifically, that is in part informed by the public goods and institutions a rebel group provides with time. A rebel group may engage in rebel governance that ultimately reinforces the influence I theorized to the rebel funding

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11Indeed, Arjona (2016) explicitly argues that effective territorial control will require a combination of both coerced compliance and some degree of spontaneous and/or voluntary support.
categories and its three associated characteristics. By extension, it could further foster or undermine the incentives for a rebel group to establish a social contract and, thereby, their engagement in, and extent of, rebel governance activities.

As Goetze (2014, 38, emphasis added) states, “social order [is] shaped and reproduced by the economic opportunities it was built on.” This potential reverse causality is implicitly echoed by de la Sierra (2019, 4, emphasis added), who argues that “the ways in which the value is extracted […] can lead to the emergence of the essential functions of the state – and potentially to their intensification.” Thus, one should be mindful of a potential ‘feedback loop’ in the argument presented. The drawback of potential endogeneity will be mitigated by not including economic activities as a measurement for the degree of rebel governance (see Section 4.4. Operationalization).
4. Research Design

The following sections will outline the research design enable the investigation of our hypothesis. The methodological approach, case selection, analysis structure, data, operationalization of variables and scope conditions are addressed in turn.

4.1. Methodological Approach & Structure of Analysis

In the context of this paper, the researcher opted for a qualitative methodology. The qualitative, small-N approach is favorable, as the relatively novel theoretical approach require the in-depth investigation of our cases and the generation of new data (Gerring 2007) to investigate relationship between the independent and dependent variable according to the argument discussed in the theoretical framework. In this spirit, I follow Arjona’s (2016, 14) call for “new data” to illuminate how a rebel group funding source influences their engagement in rebel governance activities. Further, in order to assess whether the theoretical argument proposed has explanatory merit, two cases are chosen for a qualitative comparative analysis. Specifically, the comparative method is included through a most-similar comparative case study design (Gerring and Cojocaru, 2016). Note that in this context, the dependent variable is treated as an “discrete event” (Gerring and Cojocaru 2016, 398) to the extent that hypothesis-formulation took place ex ante to empirical data collection and analysis on the dependent variable for both cases. In doing so, the researcher tries to mitigate a potential selection bias where cases are chosen (or ‘cherry-picked’) for exhibiting the expected outcome.

The method structuring the analysis employed is a structured focused comparison. It entails two main characteristics: it is “structured” in that the researcher formulates a set of standardized general questions derived from the research objective that are applied equally to both cases under investigation and “focused”, as it is only concerned “with certain aspects of the historical cases investigated” (George and Bennet 2005, 67). Applying this method will enable the systematic collection of data and comparison of findings between the two cases (George and Bennet, 2005). The standardized questions are outlined in Section 4.4.

4.2. Case Selection

“Case selection refers to the method by which case(s) are chosen for an intensive investigation” (Gerring and Cojocaru 2016, 394). As the rebel group constitutes our level of analysis, we draw from a general population of cases of rebel groups. Following from Arjona (2016), a rebel group is understood here as an irregular armed fighting force whose ultimate goal is to topple the
government or secede from its territory. Further, the overall population of cases is limited to those rebel groups that operated in the post-Cold War period, as the “self-changing nature of warfare” (Ballentine and Nitzschke 2005, 1) from the end of the Cold War onwards is understood to constitute a background factor that has profoundly influenced a rebel group’s need to become economically self-reliant.

As mentioned above, the comparative case study method applied is a most-similar one. The ‘values’ of the independent variable are conceptualized to be dichotomous by falling into one of the two rebel group funding source categories; the natural resource category and the non-natural resource category. Accordingly, two case studies for comparative analysis are chosen based on falling into one of the respective categories.

The case selection was conducted primarily by making use of the Rebel Contraband Dataset (RCD) and extensively reviewing its coding book, in conjunction with theoretical considerations. The RCD is a relatively new, comprehensive database created by Walsh et al (2018a) that compiled data on the prevalence of certain natural resources as a rebel group funding source, as well as rebel group’s engagement in non-natural resource-related ‘criminal activities’ for funding.

In terms of rebel group funding through natural resources, the RCD outlines opium to constitute the most common type of natural resource for rebel funding in their dataset; 236 dyad-years, or 16.31% of coded cases (Walsh et al 2018a). To increase the generalizability of empirical findings, I chose to focus on a rebel group that derived its funding through opium for the natural resource category case. This choice is also sensible from a theoretical standpoint, given that the earlier discussion of rebel group funding through drug crops was theorized to greatly exhibit the three associated characteristics (high necessity for civilian labor and cooperation; high-medium requirement for technology, equipment and infrastructure; long-term expected time of pay-off). Thus, if the proposed theoretical argument has merit, the observable implication on the dependent variable would be extensive rebel governance.

The rebel group chosen for the natural resource category is the Taliban from 2003 to 2018, the year following the US intervention in Afghanistan that ousted the Taliban government, described as the

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12 The terms ‘rebels’/‘rebels’ and ‘insurgent group’/‘insurgents’ are used synonymously here.
13 The reader should be aware that the overall conceptualization of rebel group funding source categories presented in this paper was informed in part by the RCD, although it does not explicitly adopt the methodological or theoretical differentiations made in the RCD. Nonetheless, differentiations made by Walsh et al (2018a) largely correspond, although are not equal, to those made in this thesis. The RCD, for instance, considers criminal strategies to apply to both natural resources and non-natural resource funding, though I understand it to be situated in the latter category. Further, the RCD does not explicitly concern itself with externally generated funding sources beyond cooptation of humanitarian aid that are included in my conceptualization, although they did collect data and notes on e.g. diaspora funding (see Walsh et al 2018b).
14 RCD coding in dyad-year was adopted by Walsh et al (2018a) from the Uppsala Conflict Data Program (UCDP).
15 In fact, Walsh et al (2018a, 703) outline that if one combines all drug crops (opium, coca, cannabis and ‘other drugs’), this number rises to “around 29% of all observations [that] involve at least one kind of drug related activity”.
‘neo-Taliban’ phase (Qazi 2010) - for both the opium economy grew significantly from this time-period onward, as did the Taliban’s reliance on it as its primary funding source (Reimer 2017; Walsh et al 2018b).

Using the same logic of greater generalizability and expected theoretical-explanatory power, the case selection for the non-natural resource category of a rebel group funding source focuses on a rebel group whose majority of funds stems from engagement in criminal activities; specifically, kidnappings16, illicit smuggling and extortion. In terms of generalizability, these three non-natural resource criminal activities make up 547, 312 and 192 of coded dyad-years, or 37.80%, 21.56% and 13.27% of all observations respectively (Walsh et al 2018a). From a theoretical perspective, it was theorized that criminal activities as a funding source would be comparably low on the three associated characteristics (low necessity for civilian labor and cooperation; low requirement for technology, equipment and infrastructure; short-term expected time of pay-off). Thus, if the proposed theoretical argument has merit, the observable implication on the dependent variable would be less extensive rebel governance.

The rebel group chosen for the non-natural resource category is the Salafist Group for Preaching and Combat (in French, Groupe Salafiste pour la Prédication et le Combat ; GSPC), better known as Al-Qaeda in Maghreb (AQIM) from 2007 onwards17, which was founded in 1998 and leads an ongoing insurgency against the Algerian, and later also Malian, government. Multiple sources indicate that the GSPC has generated its funding primarily through kidnappings for ransom, illicit smuggling, in particular drugs, arms and cigarettes, and taxation of organized crime groups (Chelin 2018; Walsh et al 2018b). The time-period considered is from 2003 to 2018.

Choosing the cases of the Taliban and GSPC/AQIM allows us to hold certain confounding variables constant, which is pivotal for a fruitful comparative most-similar case study. Confounding variables “are variables that we are reasonably sure affect our outcome of interest in some manner, and because of this, we want to make sure that changes in these variables do not affect our outcome of interest” (Powner 2014, 112-113). It should be stressed that given the real-life complexity surrounding issues pertaining to rebel group activities18 it is extremely difficult to create experimental conditions where all possible confounders can be held constant (Powner 2014). While a within-case comparison would be optimal to hold more background variables constant, I assert that geography as a underlying factor for the availability of certain funding sources, particularly natural resources, is extremely difficult to hold constant as one would expect rebel groups situated

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16 The differentiation between kidnappings of internationals and kidnappings of locals that the RCD draws is not adopted in this framework. Their respective dyad-years and percentages were added together in the numbers above.
17 We will refer to the respective names of GSPC and AQIM depending on the corresponding time-period discussed (2003-2007/2007-2018)
18 Or social sciences phenomena in general.
in the same geography or conflict country to strive to obtain the same or similar resource endowments. This would greatly impair the applicability of the theoretical framework proposed and, thus, the researcher settled to choose two cases situated in different conflict contexts instead; this case selection bias needs to be kept in mind.

The author opted to focus on holding confounding variables constant assumed to be most relevant based on established rebel governance literature. The two cases are relatively comparable on the following crucial background variables:

- **Type of conflict incompatibility**: In both the case of the Taliban and GSPC/AQIM, the incompatibility exists, ultimately, over government, not territory. Thus, both cases do not represent a case of secessionist rebel group movements, which based on the literature are generally more likely to engage in rebel governance activities (Stewart 2018).

- **Presence of other armed groups**: In both the cases, the rebel groups in question faced considerable armed competition with other conflict actors. The negative influence of armed competitors on the extent to which a group engages in rebel governance are acknowledged by Arjona (2016) and Metelits (2010).

- **Group ideology**: The Taliban and GSPC/AQIM adhere to similar ideological foundations in violent radical Jihadism, anti-western/imperialism, with similar organizational goals of overthrowing the present government in order to install an Islamic government based on holy script. They are, thereby, both not cases of, for instance, Marxist insurgency groups, which have been theorized to be more likely to engage in rebel governance activities (Mampilly 2011).

- **Relevant time-period and conflict duration**: both cases are situated temporally after the Cold War, which created global structural changes for insurgency groups to become financially self-reliant. Additionally, both cases exhibit a similar, although not identical, conflict duration beginning from the early 1990’s (Taliban)\(^{19}\) and late 1990’s (GSPC/AQIM) to the present day. With the protracted nature of conflict, engagement in rebel governance by the rebel group out of considerations for long-term group survival becomes more likely (Mampilly 2011)

- **Other structural factors**: it can be said that both cases exhibit similar characteristics when it comes to the presence of porous border, spill-over presence on other states’ territory and activities outside the original conflict country, links to other transnational crime and

\(^{19}\) Even though the Taliban as rebel group admittedly emerged as a consequence from the decades-long struggle of Mujahedeen fighters against the USSR occupiers, it was not until the early 1990’s that they were distinguished as an independent, influential actor in the conflict. It is in this sense that the conflict duration is comparable to the second case.
insurgency groups and relatively weak state presence and security capabilities. Especially the two last mentioned factors can play a central role in accounting for rebel governance variation, according to Mampilly (2011).

A comparison is inherently imperfect, and the variables held constant could still represent or include other potential biases, such as differences in geographical location. Another bias particularly, rebel group size, could be important to the extent that larger groups possess greater organizational and logistical capacities to divert human and financial resources to engage in governance activities vis-à-vis smaller groups. Taliban is a relatively large group (estimated several tens of thousands of fighters; Goodhand 2008; Reimer 2017), while GSPC/AQIM is comparably small (numbers estimated several hundreds to a few thousand fighters; Stanford University 2016). Ultimately, the cases of the Taliban and GSPC/AQIM from 2003 to 2018, are reasonable comparative choices, though one should stay aware of other potentially confounding variables and potential biases.

4.3. Data

I utilize a diverse pool of resources in order to obtain relevant data for my variables, drawing from a range of primary and secondary sources, including though not limited to the academic literature, news reports, governmental and international organization’s policy documents and online sources.

Given the nature of the topic a general word of caution is in order. Walsh et al (2018a, 701) explicitly acknowledge: “rebel groups typically do not want to publicize the amount of money through illicit activities”. The inherent need for rebel groups to tread cautiously in their clandestine organizational activities does not favor the collection of accurate data; an issue that not only pertains to rebel funding specifically, but also more broadly to wartime economies (Shaw and Kemp 2012). Government forces, for instance, may have an incentive to either minimize or exaggerate data around the illicit activities a rebel group engages depending on their strategic needs (Savona 2014). Accordingly, amounts of income derived from funding activities, as well as the associated characteristics, tend to fluctuate and should be approached with caution.

Here, an additional advantage of making use of the RCD comes to hold. Walsh et al (2018a) specifically code for each criminal activity in the RCD a “certainty” variable, based on the researchers’ ability to triangulate accurate information on funding amounts and the respective time-period when it was used. Thus, the RCD itself also represents an extensive data collection effort that serves as a valuable starting point for data collection. The cases chosen for comparative analysis are also sensible from this viewpoint of data availability, both having high “certainty” values for most of the coded illicit activities they engaged in (Walsh et al 2018b). Nonetheless, the reader should stay attentive of the underlying unreliability of data sources that are concerned with a rebel
groups means of generating funds, and the wartime economies that give birth to their funding options.

4.4. Operationalization

Operationalization represents the researcher’s effort to ‘make things measurable’, based on the preceding conceptualization of our main variables of interest (Kellstedt and Whitten 2013). The operationalization should be valid – accurately capturing the phenomena of interest – and reliable – repeatedly measuring the phenomena will yield the same result (ibid).

Operationalizing the independent variable of rebel group funding source is straightforward: a rebel funding source constitutes the means by which a rebel group generates its funding for the war effort. Funding through natural resources, was conceptualized to include all acts of extraction, cultivation, transportation, taxation and refinement of natural resource goods. Similarly, we conceptualizes funding through non-natural resources as all other types of funding not directly linked to natural resources, including externally generated funding and criminal activities such as kidnappings, contraband and human smuggling and extortion (as illegal taxation of present economic activities) This conceptualization can be operationalized straightforwardly in that any (self-)reported acts of the activities listed above and the amount of profits generated from them constitute the measurement of the independent variable, keeping in mind that reliability of reported amounts is inherently imperfect.

The three associated characteristics are operationalized as follows:

Necessity for civilian labor and cooperation is operationalized as the number of civilian laborers that are drawn into the respective economic activities and whether these laborers are skilled or not in the respective economic activities they are drawn into [civilian labor]. Additionally, as a ‘counter-factual’ measure to the necessity of civilian labor and cooperation, the operationalization also includes other non-civilian actors (e.g. organized crime groups) that are instrumental in carrying out the funding activities [civilian labor]. and whether civilians provided assistance in the hiding of rebel group’s illicit activities and offered vital intelligence to the rebel group to avoid detection in their economic activities through state or other armed factions [civilian cooperation].

The requirement for technology, equipment and infrastructure is operationalized straightforwardly as the (self-)reported use of technology, equipment and infrastructure in the specific economic activities that a rebel group controls or carries out. This includes instances of the obtainment of weapons and other (military-grade) intelligence devices, transportation devices (e.g. cars, trucks, planes), machinery for harvesting or processing of goods [technology and equipment], and the rebel groups efforts to create, maintain and control and key infrastructural nodes in their territory of activity [infrastructure].
The expected time of pay-off, is more difficult to operationalize. The expected time of pay-off is difficult to pinpoint to specific time-periods such as weeks, months and years, as this will likely vary on the specific contexts in which the group operates and can widely fluctuate over time. Measuring the expected time of pay-off, thus, is problematic on both grounds of validity and especially reliability. Nonetheless, by proxy, this characteristic is operationalized by looking at the time-period needed for certain economic activities to be carried out (for instance for opium, the duration of harvesting and refinement periods) as well as statements and routines developed by rebel groups in the gathering of funding (for instance with kidnappings for ransom, hostage capture and release dates are usually recorded).

Finally, we turn to operationalizing the dependent variable of degree of rebel governance. Rebel governance is understood to constitute the creation and provisioning of, and intervention in, public goods and institutions to civilians through a rebel group (following Mampilly 2011 and Arjona 2016). The public goods and institutions considered are:

- **Politics**: here, focusing on conflict dispute and judicial mechanisms
- **Society**: regulating domestic affairs and public conduct of individuals (e.g. appearances)
- **Health**: distribution of medicine and running of health facilities
- **Education**: changes in school structure and curricula; and
- **Security**: armed protection of civilians (e.g. police force).

Here, Arjona’s (2016) operationalization of ‘rebelocracy’ is adopted as our threshold for extensive rebel governance, focusing on whether the rebel group created, provisioned or intervened in the public goods and institutions related to, politics, society, health and education. Security is another fundamental realm of rebel governance that ensures the monopolistic authority of the group over an area, though on its own is not considered to constitute extensive rebel governance.\(^{20}\) Note that economic affairs are not included in the operationalization in order to mitigate issues of endogeneity and, thereby, departs from Arjona’s (2016) operationalization.

Table 1 and Table 2\(^{20}\) below provide an overview of the variables of interest, their respective indicators and the used data and sources.

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\(^{20}\) In this sense, its reminiscent of Arjona’s (2016) ‘aliocracy’, where a rebel group does not interfere in civilian affairs beyond taxation (which is not included in the DV measurement for issues of endogeneity) and security.
Table 2: The Independent Variable, Indicators and Data and Sources

The standardized set of questions for the structured focused comparison is as follows for the independent and dependent variable:

1. What are the sources and economic activities the rebel group engages in to obtain funding? What amounts of funding are thereby generated?

2. To what extent does the rebel group necessitate a civilian labor force to generate funding through the economic activities?
   - Are these civilian laborers skilled in these funding activities?
   - Does the rebel group rely on other non-civilian actors in generating funding through these activities?
   - Do civilians provide intelligence or shelter to the rebel group to facilitate the economic activities?

3. What type of technology, equipment and infrastructure does the rebel group obtain to conduct its funding activities?
   - What type of weaponry, machinery, transportation devices and other technical equipment in order to conduct its funding activities des the rebel group (strive to) obtain?
   - Does the rebel group create or maintain specific pieces of infrastructure?
• Does the rebel group invest time and resources to maintain control over key parts of infrastructure?

4. When does the rebel group expect their pay-off from their funding activities?
   • When does the rebel group engage in these funding activities and when do they witness an influx of funding?
   • How often does the rebel group engage in these funding activities?

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
<th>Data &amp; Sources</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DV: Degree of Rebel Governance</strong></td>
<td>Rebel Group engages in the creation, provisioning and intervention of public goods and institutions, specifically related to:</td>
<td>• Qualitative case descriptions and analyses (and other complementary academic literature)</td>
</tr>
<tr>
<td>Security</td>
<td>• (Armed) security for civilians • Employment of police force</td>
<td>• Policy Papers and International Organization / Governmental Reports</td>
</tr>
<tr>
<td>Politics</td>
<td>• Dispute Resolution and Judicial Mechanisms</td>
<td>• News sources</td>
</tr>
<tr>
<td>Society</td>
<td>• Domestic affairs and public conduct [Society]</td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>• Medicine distribution and running of medical facilities [Health]</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>• Changes to structure of school systems and curriculum [Education]</td>
<td></td>
</tr>
</tbody>
</table>

*Table 3: The Dependent Variable, Indicators and Data and Sources*

1. To what degree did the rebel group engage in the creation, provisioning and intervention of public goods and institutions? Does the rebel group create, provide and intervene in:
   • security for civilians from other armed actors?
   • dispute resolution and judicial mechanisms?
   • domestic affairs and public conduct of civilians?
   • medicine distribution and running of health facilities?
   • the structure of school systems or the curriculum taught in them?
4.5. Scope Conditions

The scope conditions “identify the theory’s domain – the set of cases over which the theory is expected to operate” (Powner 2014, 24). In the case of the theoretical framework and stipulated hypothesis in this paper, we exclude armed groups that are either state forces or functioning in their capacity (i.e. paramilitaries), for it is assumed that these actors have a widely different pool of accessible resources to conduct the war effort and also operate in the background of established government institutions, which is differentiable to the realm of rebel governance\textsuperscript{21}. Additionally, while recognizing that organized crime groups can actively control territory and engage in governance activities too (Grillo 2016), the underlying logic of such activities is distinct to that of overtaking territory to, ultimately, topple the government. Rather, it serves as an elaborate system to avoid state detection (Lessing 2015) and induce locals, in Grillo’s (2016, 158) words, “not to snitch”\textsuperscript{22}.

\textsuperscript{21} I, thus, employ a narrower understanding of actors that can engage in non-state governance as opposed to, e.g. Arjona (2016) and Kasfir, Frerks and Terpstra (2017).

\textsuperscript{22} Nonetheless, mirroring Arjona (2016, 45), the theoretical framework introduced could have “implications for other contexts in which an armed actor seeks to expand its control over territories and populations” and may, for instance, also apply to some degree to ‘criminal wars’ between organized crime groups (Lessing 2015). Investigating the proposed theoretical argument in such context should be subject to future research.
5. Empirics

5.1. Case One: The Taliban

The conflict in Afghanistan began in 1974 with a coup d’état that was followed by a Soviet invasion in 1979 to back the recently instated government of the Democratic Republic of Afghanistan (DRA) under Babrak Kamal that effectively functioned as a Soviet protectorate (Goodhand 2008). The conflict was fought between Soviet Union and Kamal’s Afghan troops against the so-called Mujahedeen, a fragmented set of Islamist Afghan fighting groups and tribal warrior groups that opposed the government and Soviet presence in Afghanistan (ibid). After a decade of intensive fighting between the conflict actors, which wore down the DRA and Soviet troops and resources and following the disintegration of the Soviet Union beginning in 1989, the Afghan government under Mohammad Najibullah was overthrown in 1992 (ibid). This signified the beginning of a substantial intra-Mujahedeen civil war phase in Afghanistan, were several Islamist forces attempted to gain territorial strongholds and fight their rivals for capture of state resources (Qazi 2010). Under Mullah Mohammad Omar, the Taliban (from Pashtun, ‘Students’) emerged in 1994 as a centralizing actor between various Sunni Islamist fundamentalist Mujahdeen forces of largely Pashtun ethnicity. The Taliban demonstrated substantial capabilities to challenge and fight other Islamist groups as well as other local tribal warlords, and in 1996 managed to overtake the Afghan capital of Kabul, signaling the Taliban’s overt military victory in the civil war and the installment of the Islamic Emirate of Afghanistan under Taliban rule (Qazi 2010).

For the next five years the Taliban implemented a strict form of Sharia law in the territories under control; the height of territorial control being in 1998 were the Taliban effectively administered 90% of Afghan territory (Goodhand, 2008). The remainder of Afghan territory was held by the fighting forces of the so-called ‘Northern Alliance’. After the 9/11 attacks on US soil, the US and the international community increasingly pointed their fingers at Afghanistan as a ‘safe haven’ for international terrorists, particularly Al-Qaeda, and following the Taliban’s refusal to hand-over Osama bin Laden who they have been accused of harboring, the United States intervened militarily in Afghanistan. In collaboration with the fighting forces of the Northern Alliance and other oppositional groups, the US ousted the Taliban regime in December 2001.

The Taliban defeat at the hand of US and oppositional Afghan forces ushered in the beginning of the ‘neo-Taliban’ phase of the rebel insurgency. The Taliban’s head figures, and many of its fighting forces, withdrew over the southern Afghan border to Pakistan, where they regrouped and started launching insurgent attacks on the newly established International Security Assistance Force (ISAF) and Afghan military, police, and government officials, particularly from 2002 onwards (Qazi 2010). While the pre-US intervention Taliban was characterized by a relatively
centralized command under Mullah Omar, the post-US intervention ‘neo-Taliban’ have been described as a far more decentralized group where local groups form the core level of Taliban presence (so-called ‘Fronts’) that act largely autonomously from a centralized command, and are drawn from a coalitional network of local tribal leaders, splinter jihadi groups, and Pakistani recruits (Qazi, 2010).

Although the height of the Taliban’s territorial control occurred in 1998 with 90% of Afghanistan’s territory under their control (Goodhand, 2008), and their ‘low-point’ occurred in end of 2001-beginning of 2002 after being ousted from power, the Taliban has been continuously able to partially reestablish its territorial control in Afghanistan, particularly (though not exclusively) in the southern provinces of Nimroz that borders neighboring Iran, and Helmand and Kandahar bordering Pakistan (World Bank 2008). Though the exact numbers fluctuate over time and are subject to different methodological data collections, territorial control was considered ‘absolute’ in 11 out of 407 provinces, and ‘to some degree’ present in 70 provinces in 2009 (Nordland and Sukhanyar 2018). In 2010, it has been stated that 80% of the country witnessed “heavy insurgent activity” (Qazi 2010, 491), while in 2013 40% of districts “had “raised” or “high security levels'” (Laub 2014, 7). According to newest estimates by FDD’s Long War Journal (2019), in 2018 the Taliban remained in active control of 51 provinces, with another 205 being contested territory, the remaining 141 being under government forces control.

5.1.1. The Taliban’s Funding Source: Afghanistan’s Opium Economy

“When I see a poppy field, I see it turning into money and then into IEDs [improvised explosive devices] and Kalashnikovs”

– ISAF Commander General Dan McNeill (quoted from Kamminga 2019, 5)

The Taliban, and particularly the post-US intervention ‘neo-Taliban’, have been extensively implicated in Afghanistan’s vast opium economy, which according to numerous sources has substantially fueled the Taliban’s ability to lead its insurgency (World Bank 2008; Goodhand 2005; Goodhand 2008; Reimer 2017; SIGAR 2018). Afghanistan exhibits the extremely favorable climate conditions for morphine producing poppies (World Bank 2008), and for the past two decades has been the leading opium producing country in the world; according to the International Monetary fund, between 2005 and 2014, Afghanistan’s leading export commodity was opium, with estimated revenues reaching $2 billion annually and about 90% of global heroin supplies are estimated to be a product of poppies from Afghanistan (UNODC 2010). Especially the southern Afghan region of Helmand, which is also one of the firm Taliban strongholds in Afghanistan, is known as the major opium-producing region and, notwithstanding fluctuations over time, is estimated to produce around 40% of world opium (World Bank, 2008). Current trends in both absolute opium
cultivation numbers, growing from 74,000 hectares in 2002 to 200,000 hectares in 2016 (Greenberg 2017; UNODC 2017), as well as substantially higher value returns per kilogram prices in the similar time period (from $48 dollars/kg in 2009 to $168 dollars/kg in 2014; UNODC 2017) indicates the enormous magnitude and persistence of Afghanistan’s opium economy, despite $7.8 billion having been invested in eradication and interdiction activities (SIGAR 2018).

The drug money generated through the Afghan opium economy is predominantly singled-out as the Taliban’s “primary source of financing” after lifting the preexisting Taliban ban on opium cultivation23 (Reimer 2017, 143). According to the RCD, the Taliban generated funding through opium in the range of $50 to $500 million annually from 2005 to 2008, $70 to $500 million in 2009, with numbers fluctuating to $200, $100 and $100-155 million for the years 2010, 2011 and 2012 respectively, and starkly increasing in the years 2013 to 2015 to $675 million annually (Walsh et al, 2018b). Though the RCD does not code for estimates beyond 2015, sources such as the Special Inspector General for Afghanistan Reconstruction (SIGAR 2018) indirectly suggest that these last numbers have remained constant, or have even increased, in the following three years. Although disagreement exists between multiple sources on the exact percentage that opium related activities make up in the Taliban’s overall budget, with US officials estimating around 65% (Hennigan 2019), interviews conducted with Afghani smugglers by D’Souza (2016, 27) “suggest that the real or actual earning could be far higher” (27) than previously assumed.

Multiple sources indicate that the Taliban acted as “the major guarantors for the [cultivation and] trafficking of raw opium and heroin out of Afghanistan” were the Taliban managed to tap “into the supply chain at each stage of the narcotics trade” (UNSC as quoted by Hennigan 2019) and that the group generated its funding through opium overtly by issuing a 10% tax called ushr on poppy farmers and traders in the areas under direct or indirect Taliban control (D’Souza 2016; Goodhand 2008; Peters 2009). Additionally, the Taliban became extensively involved in taxing transnational drug smuggling groups that deliver raw opium and heroin to Pakistan and Iran, reportedly receiving a 20% share in revenue called zakat from these organized crime groups and the trucking mafia (Peters 2009; SIGAR 2018) in exchange for their safe passage through Taliban territory (Sanin and Guistoazzi 2010). According to Peters (2009), these taxes were usually locally collected and spent, with an uncertain amount flowing upwards to higher levels of command.

It is unsurprising then, that the “escalating domestic conflict [is] fueled in part by rising levels of opium production” (IMF 2016, 25) and that the opium economy, in Goodhand’s (2005, 203) words, “has played an important and growing role in sustaining the combat economy” in

23 Curiously, the ban itself was also fairly inconsistent and largely ignored in most parts of the country: “the consumption of opiates is forbidden, as is the manufacturing of heroin, but the production and trade of opium is not forbidden” (Peters 2009, 10)
Afghanistan. The profits the Taliban generated through opium and heroin are reported to be able to cover the majority of the Taliban’s operational costs (D’Souza, 2016).

5.1.2. Taliban: Civilian Labor and Cooperation

The opium economy constitutes a major source of employment in Afghanistan, employing more than 400,000 laborers, including farmers, traders, traffickers, according to the International Monetary Fund (IMF; 2016). As a rare case of an effectively working market in Afghanistan, the opium economy plays a central role as a sustainable livelihood option for Afghan households that “millions of Afghans benefit directly or indirectly from” (World Bank 2008, iii). According to the World Bank (2008), the Taliban insurgents directly encouraged crop farmers to engage in the cultivation and trading of opium poppies, away from licit agricultural farming options, in order to generate funds.

Although finding accurate numbers laborers specifically operating within Taliban territory are difficult to obtain, it is reasonable to assume that due to the Taliban’s long-standing foothold in Afghan provinces near the Pakistani and Iranian border, especially Nimroz, Helmand and Kandahar, that exhibit particularly high levels of opium cultivation and associated smuggling activities (UNODC 2017; SIGAR 2018), a significant amount of operating farmers and laborers could be said to directly or indirectly, through warlord-Taliban patronage networks, have functioned as a labor force for the Taliban. As the *uslr* and *zakat* taxation system operated by the Taliban, ultimately, depends on the labor productivity of the farmers and associated employees, and the extensive network of local actors that facilitate the economic activities associated with opium cultivation and trafficking, in order to generate its funding through opium. Their high reliance on them, the easy market-entry for farmers into the opium economy (World Bank 2008) and the staggering profitability of opium and refined heroin have contributed, in Goodhand’s (2008, 408) words, to a “major transformation of the Afghan economy from largely subsistence agriculture to commercial, export-oriented farming”. Further, their seems to exist a readily available labor force the Taliban could continuously rely on, in part also driven by internal migration of seasonable laborers during weeding and harvesting seasons (World Bank 2008; IMF 2016), as well as a ‘ballooning effect’, where increased eradication efforts in one region merely lead to an increased shift to a nearby cultivation area, leading to increases in opium cultivation there (UNODC 2017; SIGAR 2018).

The high numbers of laborers that are associated with the opium economy are understandable given the extremely labor-intensive work of tending to the poppy plant, including steps of “weeding, thinning, lacing the capsules, collecting gum, clearing fields, breaking the capsules and removing seed, cleaning the seed, and processing by-products” (Goodhand 2005,
One hectare of opium can require as much as 350 person days of work, which is a number significantly larger than wheat that requires approximately 41 person days of work (Goodhand 2005). Additionally, as Goodhand (2005) remarks, there is high demand of laborers that are *skilled* in tending to the plant, due to its highly delicate and vulnerable nature that can highly influence obtained opium yields. The fact that a significant amount of the available Afghan labor force is engaged in the opium economy also makes it understandable that they have extensively cooperated with insurgent forces, particularly the Taliban, by providing them with intelligence on government forces movements and actively resisting interdiction and eradication efforts by the central Afghan government, which are supported by US forces (International Monetary Fund 2016; Reimer 2017).

The Taliban has also extensively collaborated with domestic and transnational crime groups to facilitate the refinement of opium into heroin and trafficking opportunities, specifically in the contested Pakistan-Afghanistan, as well as Iran-Afghanistan, borderlands (Goodhand 2005). According to SIGAR (2018), there has been an established history of collaboration between the Taliban and organized crime groups, with recent numbers indicating that thirteen nationally operating trafficking-organizations, and seven specifically operating in the Helmand region, exist that are invaluable partners for the Taliban insurgents’ opium-related activities.

5.1.3. Taliban: Technology, Equipment and Infrastructure

According to sources such as the SIGAR (2018), Goodhand (2008) and Rempfer (2018), the increasing size of opium cultivation in Afghanistan in the years following 2002 has led to a growing sophistication of equipment and technology used by farmers under Taliban auspice. Especially in the Helmand region, there have been increasing reports of farmers making use of solar panels and power irrigation to increase the effectiveness of opium cultivation operations and decrease running costs associated with diesel-powered pumps (SIGAR 2018).

Further, the recent years have witnessed a stark increase of Taliban-run drug labs, were raw opium is refined into morphine and heroin, reflecting the growing “maturity of the industry” that is has reportedly also contributed to a “shift in quality and purity of heroin” (Goodhand 2018, 410). According to the SIGAR (2018, 198), one seizure of a Taliban-run drug lab in 2017 alone lead to the seizure of “225 K-tablets [a synthetic precursor drug], 76 vehicles, 20 weapons, and over one hundred mobile phones”, which likely only represents a minimal fraction of the Taliban’s operational capabilities, indicating the enormous access to transportation devices, (sophisticated) weaponry, and telecommunications equipment. It should be noted that though that the opium processing labs themselves, according to the UNODC, only require rudimentary equipment such as a “stove, iron barrel, and locally made pressing machines” (SIGAR 2018, 195) in addition to precursor material, and are extremely cheap to set-up and mobile in nature, usually requiring only
three to four days to become operable (Rempfer 2018). It has been estimated that in recent years the Taliban have run 500 of these opium-processing labs (Hennigan 2019) and it was reported that US airstrikes in 2017, in which 25 of these labs were fully destroyed, had resulted in “$80 million of drug money eliminated and $16 million of direct revenue being denied to the Taliban” (SIGAR 2018, 193).

Afghanistan’s infrastructure remains desolate. The World Bank (2008, vi) emphasized the “rehabilitation of the remaining 75% of the nation’s estimated 30-50,000km of rural road” to promote non-opium related economic growth. There is a lack of evidence that would indicate that the Taliban invested time and resources in rehabilitating infrastructure in its territories. However, the Taliban does appear to have vested interest in protecting established smuggling routes that enables the transportation of raw poppy internally, and more so across the borders to Iran and Pakistan, were profits can increase multi-fold (International Monetary Fund 2016). Control of minimal infrastructure, here especially those concerning established smuggling routes, also is vital for the Taliban to enforce its ushr and zakat taxation of opium traders and organized crime groups.

5.1.4. Taliban: Expected Time of Pay-Off

In essence, the weeding and harvesting periods for opium occur primarily bi-seasonally in the summer and winter months (World Bank 2008). Although this would generally indicate that there are several months a year where Taliban cannot rely on opium-related activities to generate its funding, where the pay-off is expected to occur long-term, the taxation system of ushr the Taliban operates in fact allows them to continuously generate revenue throughout the whole year. This in part also due to fact that richly endowed land-owners preserve opium yields in the non-harvesting months to artificially drive up poppy prices (Goodhand 2008), yet these preserved opium yields are still subject to Taliban taxation. Similarly, the taxation of drug trafficking groups as a source for rebel funding constitutes a ‘year-round’ activity that does not seize with the end of weeding and harvesting periods.

The geographical diversity of opium poppy cultivation in Afghanistan and the aforementioned ballooning effect, in turn, also reflects the availability of alternative opium-related activities should interdiction and eradication efforts prove fruitful in one locale. Further, according to the SIGAR (2018, 195), “law enforcement sources suggest that the Taliban only profit from the trade until the product is sold to drug trafficking organizations outside Afghanistan”, which can be indicative that temporally longer-transactional relationship between the Taliban and other internationally operating organized crime groups, which arguably would prolong the occurrence of the pay-off from the opium-related activities, are rare.
5.1.5. The Taliban’s Engagement in Rebel Governance

According to Sanin and Guistozzi (2010, 849), the Taliban began “establishing administrative structure over [their] territory” as early 2003. The Taliban have engaged extensively in what has been defined as rebel governance building, particularly in the realms of security and the creation of an alternative judicial systems, though also in terms of intervening in social and educational affairs. The type of institutions set up are mimic those types of governance established during their reign as the Islamic Emirate of Afghanistan, focusing on the implementation of a strict interpretation of Sharia law (Peters 2009; Sanin and Guistozzi, 2010; Laub 2014; Kamminga 2019). Such sources are also consistent with the Taliban-issued al-Somood magazine, in which Ikram Miyundi (2010) offers a detailed insight into the administrative policies of the Taliban, emphasizing the largely locally administering structures that instruct the establishment of local ‘committees’ regarding military, finances, health, education, culture and information affairs, and describes their vertical relationship to the high Shura council and supreme command. Taliban rebel governance has been described by scholars like Qazi (2010, 490) as a “shadow government”.

First and foremost, the Taliban prioritize the establishment of an alternative judicial system and dispute conflict mechanisms that are largely based on Sharia law and pre-Islamic Pashtun tribal customs that adjourn both criminal and civil cases (Gopal 2012; Forbes 2013; Laub 2014). According to Forbes (2013), indictments ruled by lower courts can even be appealed at higher provincial Sharia courts operated by the Taliban and, in contrast to the pre-‘neo’ phase of the Taliban, punishments of civilians without Taliban court rulings became less prevalent and were largely discouraged by higher command (Gopal 2012). Further, the judicial system of the Afghan central government was and remains highly ineffective, inaccessible and corrupt, while the courts run by the Taliban are largely described as more effective, time-effective and less prone (if not invulnerable) to corruption (Qazi 2010; Forbes 2013); as Qazi (2010, 495) states, “they [the Taliban] filled the void by restoring law and order”.

Further, the Taliban also instated local military fighting units in their ‘fronts’, as well as a religious police that served to enforce the civilian’s abidance to sharia law, both of which served the dual function of external protection from other militias and internal power consolidation and ultimately created a “reputation for providing security in [the] war-torn Afghan countryside” (Peters 2009, 11; Forbes 2013; Farrel and Guistozzi 2013). Socially, the Taliban installed harsh social customs that forbid music, drug consumption (hashish, alcohol, smoking and opium), regulated male and female outward appearances - the former having to grow a beard and wear non-western clothing, while the latter were required to wear full-body veils – and their social conduct,
greatly relapsed women’s rights - for instance, banned female labor except for health-related activities (Laub 2014; Farrel and Guistozzi 2013; Qazi 2010)

In terms of education, schooling was redirect to greater incorporation of religious doctrine and elimination of ‘western’ elements, largely mirroring the religious madrasas in Pakistan where many higher Taliban commanders received their religious schooling (Goodhand 2008; Qazi 2010), and also banned girls from attending class (Peters 2009; Laub 2014). Evidence on health related provisioning is more inconclusive, for there exist accounts of rudimentary health facilities maintained by the Taliban (Trani et al 2010) that are with the Taliban’s self-reporting health structures and provisioning (Miyundi 2010), though also accounts of the theft of humanitarian medicine ‘tail-gating’ (i.e. medicine distribution from the trunk of a truck; McInnes and Rushton 2012).
5.2. Case Two: The Salafist Group for Teaching and Combat/Al-Qaeda in Islamic Maghreb

The Salafist Group for Teaching and Combat (GSPC) was a group comprised of Islamic Algerian fighters that fought the Algerian state from the 1998 to the end of 2006, with the ultimate goal to establish an Islamic caliphate under the principles of Sharia law (Callimachi and Vogl 2011). The GSPC formed after splitting off from the larger insurgent movement Groupe Islamique Armé (GIA), which started an armed struggle with the Algerian state in 1992 after a military coup prevented the realization of democratic election results, citing concerns for the GIA’s use of indiscriminate violence against civilians (Ould Bah 2013). Following years of in-group disagreement over the group’s underlying organizational goals and struggles, the GSPC switched their leadership from Hassan Hattab to Nabil Sahrawi in 2003, and a year later following the latter’s death, Abdelmalek Droukdel, who intensified attempts to create communication channels with central Al-Qaeda command (Chelin 2018). At the end of 2006-beginning of 2007, the GSPC formally merged with Al-Qaeda central command, signaling the birth of Al-Qaeda in Islamic Maghreb (AQIM) (Baken and Mantzikos, 2015).

Both in the GSPC and later AQIM phase of the group’s existence, the group attempted to pressure the incumbent Algerian state through the strategic targeting of government officials and military to weaken the state (Chelin 2018). Once AQIM came to be, there was an observed switch in the group’s modus operandi towards the increased use of suicide bombers (Ouellet, Lacroix-Leclair and Pahvali, 2014). Tunisia, Niger, Chad, northeast Mauritania and, most importantly, northern Mali (Filiu 2010; Ould Bah 2013; Chelin 2018). Reportedly, AQIM has been responsible for ‘spawning’ several localized insurgencies, including Ansar al-Dine and The Movement for Oneness and Jihad in West Africa (MUJAO) in the region, yet the exact nature of their relationship remains illusive (Ould Bah 2013).

Despite the GSPC’s central leadership being situated in the northern Kabylia Mountain region, the primary region of operation was first located in the entire southern region of Algeria at the borders to Mauritania and northern Mali, and following its rebranding to AQIM, substantially increased its transnational character to include increased presence in Niger and Chad (Chelin 2018). From 2003 onwards, northern Mali became the primary base of operations for the GSPC (Ould Bah 2013), and even more so for AQIM in 2008 when Algerian security forces began successfully pushing the insurgents out of its southern territories (Chelin 2018).

AQIM’s height of territorial control was reached in the beginning of 2012, when an insurgent coup in Mali disposed the central Malian government, further aggravating the already highly decentralized nature of authority and de facto power vacuum that characterized most of the Malian territory, in particular northern Mali (Graham IV 2011; Boeke 2016). Several jihadi insurgent
groups seized this opportunity to intensify their direct control over the civilian population, as AQIM did in conquered Timbuktu (Boeke 2016; Chelin 2018). It was not until French intervention operation *Serval* the following year that AQIM was largely ousted from Timbuktu and pushed back to the less densely populated Malian-Algerian frontier (Lebovich 2013). The GSPC and later AQIM display an interesting and somewhat ambiguous approach to governance-building in their area of operations.

### 5.2.1. Criminal Activities in the Sahel-Sahara Region: The GSPC’s/AQIM’s Funding Source

The GSPC/AQIM have been heavily involved in three major areas of criminal activities in the Sahel-Sahara region: (1) kidnapping for ransom (KFR), (2) the illicit transnational smuggling of drugs, arms, humans and other contraband goods, and (3) protection racketeering of other criminal organizations. These activities, in Baken and Mantzikos’s (2015, 59) words, made AQIM “one of the richest terrorist organizations in the world” and their rich financial endowment is commonly cited as one of the reasons Al-Qaeda was eager to merge with the GSPC (Chelin, 2018). An underlying factor that contributes to these activities is the structural-institutional weaknesses of the largely impoverished states of the Sahel-Sahara region that are prone to corruption at the highest level of government and lack the ability to enforce law and order in its porous borderlands (Graham IV 2011; Baken and Mantzikos 2015).

The GSPC’s and, especially AQIM’s, rich resource endowments revolve mainly around its successful engagement in the so-called “kidnap economy” (Callimachi and Vogl 2011), particularly of foreign nationals. While KFRs became more prominent in the early 2000’s, there numbers soared after 2008 (Pauwels, 2016). According to different estimates, the group generated around $40 to $65 million between 2008 and 2012, while ECOWAS estimates “annual earning through KFR at approximately $163 million (Chelin, 2018, p. 13). According to Pauwels (2016), AQIM makes an average of $3 million per kidnapping paid by western governments for the freedom of their citizens. Further, Pauwels (2016) asserts that KFR constitute approximately 90% of the group’s overall generated funding, indicating the centrality of this activity as their primary funding source.

GSPC and later AQIM were and remain heavily involved in illegal smuggling activities, driven by the smuggling expertise of Mokhtar Belmokhtar who functioned as GSPC’s and AQIM’s southern Algeria/northern Mali branch commander (Stanford University, 2016). Primarily, the smuggled goods include cocaine from South America that arrive in West Africa and are then transported northward, mostly through Mauritania and Mali, up to Morocco, Tunisia and Algeria and then to Europe, and black market cigarettes, but also range from cannabis resin, to weapons, humans, and even fuel (Baken and Mantzikos 2015). Although exact numbers are difficult to
obtain, it has been estimated that smuggling activities between 2006 and 2011 have generated $50 million in revenue for AQIM (Stanford University 2016), a number that can be assumed to be similar to the GSPC’s time of activity and potentially even higher following 2011 due to AQIM’s increased presence in the region (Baken and Mantzikos 2015; Chelin 2018).

Finally, GSPC and AQIM engaged in the taxation of smuggling activities, particularly of local and regional drug trafficking organizations (Ould Bah 2013), but also of other smaller insurgent movements, for instance, Tuareg rebels that Belmokhtar forged close economic relations with (Smith 2010). These tolls are charged on these entities in return for their unhindered passage through GSPC/AQIM territory (Ould Bah, 2013), and is cited by Ouellet, Lacriox-Leclair and Pahlavi (2014) as one of the driving motivators behind AQIM’s territorial expansion. Interestingly, it is noted by Filiu (2010) that especially Belmokhtar’s southern GSPC and later AQIM branch disincentivized and largely refrained from extorting the local civilian population, while this was not the case in the GSPC/AQIM stronghold in the Kabylia mountains. According to Ould Bah (2013, 3), these “right-of-way fees levied” generate an estimated amount of revenue of $100 million annually, though the author acknowledges that the nature of these taxations is largely illusive and subject to a large margin of error.

5.2.2. GSPC/AQIM: Civilian Labor and Cooperation

GSPC and AQIM forged extensive networks with local, regional and even international24 criminal networks and localized insurgent groups like MUJAO, which Boeke (2016) describes as “partner[s] in crime” (p. 928). As such, both GSPC and AQIM largely relied overtly on their own fighting forces and ‘armed auxiliaries’ to conduct their operations, occasionally even “subcontracting hostage taking and hostage keeping” (Chelin 2018, 12). The groups did heavily recruit from local populations that ultimately ended up engaging in these criminal activities, who due to extreme poverty and lack of economic opportunities had large incentives to join AQIM that offered generous compensation of several hundred dollars (Chelin 2018), though through their active recruitment into GSPC’s and AQIM’s structure ‘exited’ the civilian realm.25 Therefore, it was especially AQIM’s goal to “promote its hegemony within the criminal network” and to “dissuade any mode of competition from other organized crime entities” (Chelin 2018, 4), though these activities are conducted without a specifically civilian labor force.

This does not imply that civilians were entirely void of importance for the GSPC and AQIM. The groups did extensively cooperate with civilians, relying especially on the “nomadic

24 It has been reported that they maintain close ties to, for instance, drug cartels in Colombia in a “marriage of convenience” (Baken and Mantzikos, 2015, 69), though the exact extent of this cooperation is subject to debate.

25 That is, they do not fit the definition of “civilian” established earlier anymore.
population’s knowledge of the terrain” (Ould Bah 2013, 3), yet also in terms of basic food and water supplies and shelter (Chelin 2018). Additionally, next to the criminal networks, it has been reported that civilians played an important role in intelligence-sharing with GSPC/AQIM and that tribal elders acted as intermediaries in hostage release (Filiu 2010). The active cooperation of many segments of local civilians is indicated by the fact that, according to Ould Bah (2013, 3), “whole families derive their livelihoods from activities generated by AQIM”.

5.2.3. GSPC/AQIM: Equipment, Technology and Infrastructure

Multiple sources confirm that both the GSPC and later AQIM have access to a wide arrange of sophisticated, military-grade weaponry. Beyond the insurgent’s favorite weapon of choice, the AK-47, sources such as Chivvis and Liepman (2015) and Stanford University’s (2016) ‘Mapping Militant Organizations’ database report that the groups have access to multi-purpose plastic explosives, rocket-propelled grenades, surface-to-air missiles, 50. Caliber DSHKs armor piercing machine guns and even NATO-issued weaponry, for instance, F2000 assault rifles. The influx of such sophisticated weaponry to the Sahara-Sahel region has been attributed to the outbreak of Libya’s civil war in 2011 and eased opportunities for smuggling such arms (Stanford University 2016). Additionally, sources indicate that the group has a wide range of Land Cruisers, 4x4 Toyota pick-up trucks, quads and motorbikes at their disposal, mostly employed for smuggling purposes, though exact numbers are absent. Further, attributed to the increased influx of multi-national corporations (MNCs), NGOs and various security forces to the region, Graham IV (2011, 598) notes that commodities such as “[v]ehicles, laptops, solar panels, cellphones, and weapons, in addition to food and medicine” have been easier to be ransacked and used by forces such as AQIM.

The importance of infrastructure in AQIM funding activities is more ambiguous. One the one hand, the large absence of (functional) infrastructure in the rough desert terrain of the Sahara-Sahel region has acted as catalyst for the group’s criminal activities and has facilitated the unhindered passage across borders, including the ‘load’ of hostages, drugs, guns or other commodities they carry (Baken and Mantzikos 2015). However, it is precisely these borderlands, particularly those to northeast Mauritania and northern Mali, that enable these funding activities and, as such, the GSPC and AQIM have invested a large amount of time and resources to ensure their monopolistic position in these geographical locations (Chelin 2018). Generally, it appears that the group employs mobile commandos to conduct their activities depending on diverging geographical opportunities, and it largely appears that maintaining or creating infrastructure was not of concern for them. Evidence of them attempting to control specific key pieces of infrastructures is largely absent, an exception being the so-called ‘Highway 10’ that connects the
West African coastal states to Mali and further northwards, and acts as the “most important trafficking route for Latin American cocaine” (Boeke 2016, 927).

5.2.4. GSPC/AQIM: Expected Time of Pay-Off

Generally, it appears that the GSPC and AQIM managed to create a system of funding operations that ensured the groups relatively swift and, at times, ad hoc access to financial revenue. For one, a brief review of the time periods of hostages taken over several years indicates that on average the time period from capture to release after receiving ransom payments is merely three to four months (Ould Bah 2013). In conjunction with the fact that several Western governments, particularly France, Spain and Germany, have displayed a great willingness to swiftly and repeatedly ‘pay-up’ multi-million ransoms to the group for foreign hostages, it is unsurprising that KFRs have become “practically routine” (Filiu 2010, 5) for the group.

The increased presence of MNC and NGO foreign employees that promise huge returns for minimal engagement (Graham IV 2011) is further indicative that a potential pool of high-value hostage targets is not going to ‘dry up’ anytime soon. In addition, a largely informal financial system has been growing in the region that is “adapted to operations where anonymity, liquidity and speed are essential” (Ould Bah 2013, 3, emphasis added). Lastly, with regards to protection taxation for criminal entities, Ould Bah (2013, 3) asserts that these pay-offs are “large and [occur] relatively regularly”.

5.2.5. GSPC’s / AQIM’s Governance-building Efforts

It has been acknowledged by several scholars that both the GSPC and later AQIM invested considerable time to forge constructive alliances with the local populations, including through marriage bonds (Chelin 2018) and infiltrating local communities to increase its sphere of control and ideological influence within the existing social fabric of the local populations (Graham IV 2011; Lebovich 2013; Boeke 2016). For one, despite its overt, several-year long presence in the southern Algerian-northern Mali region and resilience in the face of security intervention on part of the Algerian state, where they effectively managed to yield a monopoly of authority that was embedded in a “gradual construction of social arrangements” (Lebovich 2013, 5) comprised of other local communities (i.e. through tribal leaders), organized crime groups and splinter jihadi groups, the GSPC and AQIM nonetheless initially followed a more limited approach to governance-building. It has been reported that in its pre-occupation phase of northern Mali in 2012 through AQIM, the GSPC and AQIM did engage in security provision for local civilian communities against belligerent criminal entities, however, only where their security provision was requested by the local communities (Callimachi and Vogl 2011). It was not until AQIM’s occupation of Timbuktu that their modus
operandi switched from offering such security provision to involuntarily enforcing it through their fighting troops that essentially functioned as a police force ‘protecting’ the civilian population from petty crime (Boeke 2016). This dynamic altered again following French military intervention in 2013, which also imposed a devastating blow to AQIM’s fighting capabilities and effectively forced AQIM to return to its less imposing mode of security provisioning (Boeke 2016).

In terms of the provisioning of public institutions in the realm of politics, there exists little evidence to support the notion that the GSPC and AQIM engaged extensively in the creation or even transformation of existing dispute resolution mechanisms and judicial systems. In fact, it appears that the groups for the longest time practiced a ‘hands-off’ approach to intervening in existing local political institutions, instead following a strategy of “acceptance of local customs” (Boeke 2016, 930). However, the ‘hands-off’ approach again changed with AQIM’s occupation of Timbuktu and its surrounding territories, where swiftly Islamic courts with a radical interpretation of Sharia were established, which readily began enforcing highly unpopular hudud punishments – “including stonings, amputations, and public whippings” (Lebovich 2013, 9). Interestingly, this quick and broad implementation of Sharia rule was even met with severe disapproval by AQIM’s central commander Abdelmalek Droukdel in northern Algeria, who feared that such measures would disenfranchise the local population against the group’s cause (Lebovich 2013); a fear that according to Boeke (2016) ultimately proved to be justified. Following the group’s ousting from Timbuktu through French forces, these structures were largely dissolved, and there does not exist much evidence to support the idea that AQIM returned to such broad political intervention (Boeke 2016).

The ‘hands-off’ approach followed by the GSPC and AQIM also influenced the groups’ approach to intervening in social affairs. Despite their “strategy of local emplacement” (Lebovich 2013, 5), it does not appear that the GSPC and later AQIM intervened in existing social institutions for a long time. However, with the Malian offensive in 2012 this changed, with AQIM imposing a ban on smoking, alcohol and ‘immoral’ social conduct characterized as un-Islamic according to AQIM’s fundamentalist understanding of holy scripture (Boeke 2016).

According to an interview conducted by Callimachi and Vogl (2011), AQIM did occasionally approach local communities to provide limited health services, primarily through a “ambulatory pharmacy” that they operated that according to witnesses provided free medicine for local communities. Whether this practice was conducted regularly, or if it was more sporadically conducted, is difficult to determine, but given the absence of more empirical evidence it could be stated that the provisioning of health goods and institutions was not institutionalized in AQIM’s engagement with the local population. According to Boeke (2016, 926), however, central AQIM command did order its southern branch to engage in the provisioning of “essential services, such
as health care” while it was in charge of administering Timbuktu and its surrounding regions, the extent thereof however being subject to speculation. Further, there is no direct evidence to suggest that AQIM invested any time or resources in creating or intervening in existing education-related institutions. However, given its enlarged governance-building according to their radical Islamist group ideology during its occupation of Timbuktu, it is possible that some extent of intervention took place.
6. Analysis

We analyze the empirical evidence for each of the cases separately followed by a cross-case comparison. The analysis concludes by discussing biases, limitations, and alternative explanations.

6.1. The Taliban, the Opium Economy, and Rebel Governance in Afghanistan

Section 5.1.1 highlighted the substantial empirical evidence for participation in the opium economy being the major natural resource funding source for the Taliban.

This opium economy has created a far-reaching network that intricately links the insurgents to the civilian population: utilizing it as a (skilled) labor resource and necessitating it as a taxation base for its drug economy, while providing Afghan households with a sustainable livelihood option.

The issue of technology, equipment and key infrastructure maintenance and control is more inconclusive. On the one hand, there appears to be a growing trend towards the modernization of agricultural practices through water irrigation system and increased use of solar panels for poppy cultivation that suggest the reinforcement of territorially bound strategies. Further, the Taliban strongholds and major poppy cultivation areas are effectively located near the country’s borderlands that are indispensable for trafficking routes to neighboring countries. The Taliban demonstrated for years a vested interest in keeping active control of both territories associated with the borderlands, particularly those adjoining Iran and Pakistan.

On the other hand, the remote and cheap nature of drug labs for opium refinement do not suggest territorially bound strategies, while the attractiveness of certain regions for opium cultivation purposes, for both the opium farmers and the Taliban, explicitly derives from its infrastructural inaccessibility that makes it resistant to interdiction and eradication efforts (World Bank 2008). Therefore, it is unsurprising that the Taliban have not invested heavily in the creation of infrastructure, as this could eventually backfire on their operations, but instead focused mainly on maintaining control over key pieces of existing infrastructure connecting Afghanistan to the outside world.

The empirics found the expected time for pay-off for Taliban to result from two activities in the drug trade chain with different pay-off dynamics; while the nature of opium cultivation itself is subject to longer temporal ‘waiting’ periods due to its weeding and harvesting periods, the Taliban’s ushr taxation system generating most of its funding from the opium economy, as well as the continuous taxation of drug-trafficking related entities, mitigated delayed pay-offs through seasonal pattern. Further, the ‘ballooning effect’ indicates that even more opium cultivation and supply gets eradicated or interdicted, there is an ample system in place to step up production in other regions that mitigates monetary losses and delayed financial access.
The Taliban have engaged extensively in rebel governance building pertaining to nearly all spheres of civilian affairs in order to pressure the central Afghan state and its foreign allies and win over civilians under their control. Particularly the Taliban’s judicial system of Sharia courts appears to effectively targeted one of the civilian’s most long-standing grievances in rural Afghanistan - the lack of law and order – can be argued to be central in this regard. Additionally, the Taliban governance-activities thrived in poppy cultivation regions, they also extended beyond these provinces, thereby also suggesting that governance-building was also motivated beyond considerations to secure economic endowments through the opium economy.

Goodhand (2008, 405) states, “the opium economy was a significant driver (as well as symptom) of insecurity and bad governance”, and the Taliban was highly effective in inserting itself within this dynamic by providing its own governance ‘services’. Reimer (2017, 144) emphasizes this dynamic too, by stating that beyond providing funds for the Taliban insurgency, their participation also functioned in “winning the hearts and minds of the impoverished inhabitants of the hinterlands”, which provided an “equally effective way that the Taliban could use narcotics profits to erode the legitimacy of and undermine the central western-backed government”.

6.2. GSPC/AQIM, Criminal Activities and ‘Switches’ in Governance Activities

The GSPC’s and later AQIM’s approach to the generation of funds highlights that the groups were able to greatly exploit the economic opportunities that were dictated by the rough, largely non-institutionalized terrain of the Sahara-Sahel region, particularly in the southern Algeria-northern Mali region. *No evidence was found for any substantial reliance on natural resources; instead, smuggling, taxation of organized crime groups and, especially, KFRs filled the groups pockets.*

*Necessity for civilian labor was largely absent, as funding activities were carried out internally by the group; this suggests the reliance on ‘specialists of violence’ that are largely non-civilian. Civilian cooperation, however, was not absent.* Civilians were utilized to navigate the desert terrain and to form of local alliances with existing communities that facilitated the criminal activities by providing safe havens for the group, and basic goods.

The favoring of smallness and mobility in their funding activities is further witnessed by the fact the groups *did possess equipment and major technological resources in weaponry and motor vehicles,* however, seemed *largely uninterested in the creation and maintenance of infrastructure* that would have required a greater degree of ‘territorial-boundness’. In fact, the very absence of infrastructure appears to provide the futile grounds for engaging in a vast business of transnationally and internally moving illicit goods and hostage victims undetected. Section 5.2.4 established that there
was a continuous stream of money from KFR activities and a swift informal financial network, which provided rebels with a short-term payoff.

There appeared to be an overall lack of engagement in governance-building on the local-level, despite the overwhelming evidence that the groups did invest considerable time and resources in embedding themselves in, and infiltrating, local communities. While the civilian dimension was of great importance to the extent that it created a general socio-economic structure that was conducive towards engagement in these ‘criminal’ funding activities, it appears that it was specifically the resulting ‘hands-off’ approach to intervention in existing public institutions and goods of the group that made them to be seen favorably by local communities. The group realized that it was situated in a “social environment where local populations have antagonistic relations with their respective governments” (Graham IV 2011, 599) that provided fertile grounds to create ‘symbiotic’ relationships in their funding activities yet avoided an all-imposing approach to governance.

The turning point in this dynamic, however, appears to have occurred with the greater expansion of AQIM forces in northern Mali, culminating in their short-lived occupation and administration of Timbuktu. The northern Mali offensive in 2012 saw the rapid expansion of extensive governance interventions by the group into security, political, social and health-related civilian affairs. This occurred despite their neither being an obvious drop or rise in revenue generated through their ‘criminal’ funding activities, nor a change in the groups’ overall funding strategy; suggesting the possibility that the ‘sudden’ engagement in extensive governance-activities was a matter of finally achieving a long-standing organizational goal rather than out of economic consideration. Further, as Chelin (2018, 12) states, the “French intervention [in 2013] incapacitated the political and social functions of the AQIM organization”, which appears consistent with the relapse of AQIM’s governance modus operandi into one of non-intervention and coexistence with the local populations after being pushed out from Timbuktu.

6.3. Cross-Case Comparison: the Taliban and the GSPC/AQIM

The hypothesis stipulated was that rebel groups that generate their funding through natural resources are more likely to engage in extensive rebel governance than those rebel groups that generate their funding through non-natural resources.

Regarding the funding activities, it is apparent that the Taliban’s and GSPC/AQIM’s funding activities largely differed in terms of the three associated characteristics. While the Taliban necessitated a high degree of civilian labor for the effective and profitable functioning of the opium economy, the GSPC and later AQIM never were embedded in a socio-economic environment were large-scale civilian labor would be necessary or even desirable; weighting the importance of civilian labor in contrast to civilian cooperation, however, may be revealing. While both groups relied heavily
on civilian cooperation, one could argue that cooperation, not labor, was more important and more advantageous to focus on for the GSPC and AQIM. Fostering good relations with local populations through cooperation, though not through more in-depth ties in terms of labor employment and organization thereof, appears as a preferable strategy considering the groups swift and mobile funding activities. Thus, there could be a greater theoretical importance to differentiate civilian labor vis-à-vis civilian cooperation.

The increasing sophistication of opium cultivation processes by farmers through improved irrigation systems and increasingly available solar panels, lends further support to the idea that consolidating control in areas where sophistication is growing in terms of employed technology and equipment is advantageous to the Taliban. In contrast, the only growing ‘sophistication’ of GSPC/AQIM in terms of equipment and technology generally revolved around the obtainment of military grade weaponry and access to motor vehicles and spare parts; both being mostly highly mobile in nature and not territorially bound.

Further, while it appears that control of certain key parts of infrastructure did matter for the funding activities, this was also more evident for the Taliban than it was for the GSPC/AQIM. The Taliban invested significant times and resources to secure monopolistic control of roads and smuggling routes that connected poppy cultivation areas to their final destinations. In contrast, GSPC/AQIM activities thrived due to the desolate state of existing and general absence of infrastructure that could have threatened their reliance on national border transgression. However, even for the Taliban, maintenance and creation of infrastructure rarely or never occurred to be of primary concern, which is understandable as for both groups increased infrastructure essentially invites unwanted access of government forces to remote areas where they operate. This points to another potential shortcoming in the theoretical framework regarding the importance of infrastructure creation and maintenance (though not control), in the funding activities.

The expected time of pay-off in comparison of the two groups is more ambiguous. One hand, it is evident that particularly the GSPC and later AQIM managed to create a system of resource generation that usually produced immediate returns on investment and enabled them to adopt their criminal strategies flexibly depending on the group’s immediate needs for funds. This flexibility can be said to have been exacerbated by the fact that, especially in terms of KFR, Western governments have demonstrated a great degree of willingness to negotiate with the insurgents, signaling to the group that this activity can be fairly sustainable in the future. As such, illicit goods smuggling could also serve as an ongoing activity to substantiate the funds of the group during these negotiations and the speedy informal financial system further eased the easy access to their overall returns. In sum, the GSPC and later AQIM appear to act with a relatively short-term time of expected pay-off.
In contrast, the Taliban was more constrained in that opium poppy cultivation seasons generally constrained their immediate access to returns, though this effect is somewhat mitigated by the elaborate economic system around opium, where even in non-harvesting seasons there are movements of goods and refinement processes of raw opium that the Taliban could tap into. Therefore, it could be stated that in comparison to GSPC/AQIM, the Taliban generally operated under a longer-term expected time of pay-off, though it appears that where sustainable natural resource extraction and taxation regimes are created, this effect can be mitigated.

### Table 4: Overview of Findings on the Independent Variable in Comparison of the Taliban and GSPC/AQIM

The findings on the dependent variable suggest that to a certain degree, the stipulated hypothesis held. While the Taliban began engaging extensively in rebel governance building from 2003 onwards, particularly intense, though not exclusively, in the southern poppy cultivating provinces (Nimroz, Helmand, Kandahar), the GSPC/AQIM appear to have for the majority of its existence relied on a strategy of non-intervention in existing public goods and institutions, instead opting for a strategy of constructive coexistence and a high degree cooperative alliances that did not materialize in extensive engagement in governance-activities. However, the obvious time-period of exception in this regard was at the height of AQIM’s territorial control over more urbanized areas in and around Timbuktu, where it could be stated that, based on the established threshold on the dependent variable, they did engage in extensive governance building. One could argue that GSPC’s and AQIM’s ‘hands-off’ approach to governance was informed by their engagement in criminal activities, while the Taliban’s engagement in extensive governance building was driven by the

<table>
<thead>
<tr>
<th>Case / Independent Variable</th>
<th>Taliban</th>
<th>GSPC / AQIM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rebel Group Funding Source</td>
<td>Funding through Natural Resource: Opium</td>
<td>Funding through non-Natural Resources: ‘Criminal Activities’</td>
</tr>
<tr>
<td></td>
<td>• 10% ‘Life Tax’ on Opium farmers, traders and traffickers</td>
<td>• Kidnapping for ransom (primary source)</td>
</tr>
<tr>
<td></td>
<td>• 20% Zakat/Taxation of Organized Crime Groups</td>
<td>• Smuggling of illicit goods (drugs, cigarettes, arms, occasionally humans)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Unspecified amount of ‘taxes’ on local and regional Organized Crime Groups</td>
</tr>
<tr>
<td>Neccessity for Civilian Labor and Cooperation</td>
<td>Civilian Labor: Highly concentrated, as the cultivation, trading and trafficking of opium (and its related derivatives) requires a high number of skilled laborers, that ultimately serve as tax base.</td>
<td>Civilian Labor: Minimal. No necessity as activities criminal activities conducted by group members (i.e. ‘civilian labor’ through recruitment into the group, thereby, ceases to be ‘civilian’).</td>
</tr>
<tr>
<td></td>
<td>• Additionally, cooperation with and taxation of organized crime groups</td>
<td>• High reliance on local and regional organized crime groups as partners in crime-related activities</td>
</tr>
<tr>
<td></td>
<td>Civilian Cooperation: Highly necessary, particularly in terms of preventing detection through state or foreign forces and prevention of interdiction and exfiltration efforts</td>
<td>Civilian Cooperation: Highly necessary, for lack of knowledge on local environments, need for basic supplies</td>
</tr>
<tr>
<td>Required Technology, Equipment and Infrastructure</td>
<td>Equipment and Technology: Immobile, increased sophistication of opium cultivation processes through imported irrigation systems and solar panels; mobile, drug labs for refinement of raw opium into morphia and heroin.</td>
<td>Equipment and Technology: Highly mobile, with sophisticated, military grade weaponry and motor vehicles of primary importance</td>
</tr>
<tr>
<td></td>
<td>• Infrastructure: little need for creation or enhancement of infrastructure; high importance of controlling–intervention and, particularly, transnational smuggling routes to Fez, Kairouan and Timbuktu</td>
<td>• Infrastructure: little need for creation or maintenance of infrastructure; some evidence for centrality of controlling key infrastructure (e.g. Highway 10) in drug-smuggling corridor</td>
</tr>
<tr>
<td>Expected Time of Pay-Off</td>
<td>Long-term/medium-term expected pay-off. Harvesting periods in summer and winter months.</td>
<td>Short-term expected pay-off. Recentized practice of kidnapping for ransom (‘ransom’ 3–4 months from capture to release) and available pool of potential foreign national hostages; ongoing smuggling activities and taxation of organized crime groups</td>
</tr>
<tr>
<td></td>
<td>• Medium-term expected pay-off: Need to wait for arrival of opium / heroin goods to transnational networks operating outside of Afghanistan, mitigated by</td>
<td>• Short-term expected pay-off: Persistence of extensive informal financial systems that enable speedy financial transfers</td>
</tr>
<tr>
<td></td>
<td>• Short-term expected pay-off: Ongoing taxation system of farmers, traders, traffickers and organized crime groups</td>
<td></td>
</tr>
</tbody>
</table>

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opium economy. With growing involvement in and enlargement of the opium economy, a greater reliance on civilian labor and cooperation, a growing sophistication of equipment, technology and infrastructure control and a durable system of pay-offs for the Taliban was put in place. These factors appear to have perpetuated structural factors that eased the Taliban’s consolidation of territorial power in rural areas, which ultimately materialized through the provisioning of public goods and institutions. Where the Taliban was able to find a foothold in poppy cultivation areas, they effectively managed to facilitate and protect the economic activities revolving around the opium trade, which also gave them a greater degree of constructive engagement with the civilian population whose livelihoods were sustained through the Taliban. The Taliban managed to effectively capitalize on these improved combatant-civilian relations by providing governance institutions, foremost of them, an effective judicial system; the opium economy appears to play a part in creating these “alternative centers of power” (Reimer 2017, 144).

In the case of the GSPC/AQIM, however, the group followed a modus operandi in their funding activities that greatly differed from the Taliban’s. As such, it could be argued that the highly non-civilian labor reliant, mobile, clandestine and short-term returns that characterized the GSPC’s and AQIM’s ‘criminal’ activities, in contrast to the Taliban’s high degree of economic institutionalization and organizational investment, resulted in the group favoring combatant-civilian relationships where occasional support for, and cooperation with, local communities was necessary and desirable, though extensive governance-activities were not, despite the organization’s ultimate aim of establishing an Islamic Caliphate in Algeria and the surrounding Sahara-Sahel countries. However, the witnessed change in governance strategies by AQIM in 2012 could have been attributable as matter of necessity or ideological zeal but seems largely unrelated to the groups funding source or some change in the characteristics thereof. Therefore, drawing concrete conclusions on the group’s pre- and post-occupation dynamics pertaining to the group’s (lack of) governance activities as described above requires caution.
Table 5: Overview of Findings on the Dependent Variable in Comparison of the Taliban and GSPC/AQIM

While the findings of the empirical analysis do provide some level of support to the stipulated hypothesis, in the sense that the observable implications of the hypothesis were in many ways visible – that is, the Taliban as a natural resource case engaged in extensive rebel governance, while the GSPC/AQIM as a non-natural resource case (for most parts) did not - there are inconsistencies that confound are confidence in the stipulated relationship, particularly AQIM’s extensive governance activities in Timbuktu that do not appear to coincide with any change in the group’s funding activities. As such, one should remain cautious of the extent to which the findings are generalizability. It is plausible that a rebel group’s funding source influence on the group’s engagement in extensive rebel governance is embedded in a wider context of organizational and structural factors that reign primary over consideration of obtaining economic endowments.

6.4. Limitations, Biases and Alternative Explanations

The theoretical approach taken here is intended to complement existing analytical frameworks on variation in rebel governance. The two previously outlined biases in case selection design – group size and geography – appear to have influenced the findings to certain degree.

In terms of group size, it could be argued that GSPC and AQIM simply suffered from a lack of human resources to administer their broad area of operation. In addition, the group was subject to substantial human resource binding counterinsurgency and counterterrorism efforts, particularly in the period of 2010 onwards. Thus, the witnessed absence of institutionalized governance-building could be due to lack of human and not due to the absence of natural resources. It remains open why GSPC/AQIM failed to attract more recruits given their financial strength and the region’s extreme poverty (Baken and Mantzikos 2015). The Taliban, in contrast, had a large accessible pool...
of human resources for governance building. This divergence in group size may have influenced the results.

In terms of geography, the bias is reflected in Baken and Mantzikos’s (2015, 67) statement that “the territorial area of [a group’s] action partly defines the nature of their “economic activities””. While Afghanistan’s mountains and lush valleys provide a perfect opportunity to cultivate opium poppy the vast, largely ungoverned desert lands of the Sahel-Sahara region lends them favorably to capturing of hostages and illicit smuggling activities (or taxation thereof). A higher population density could be a bias in favor of rebel governance: Governance-building may be needed to win over the ‘hearts and minds’ of the local population in more densely populated areas. Conversely, in the Sahel-Sahara region “borderland settlements are scattered and infrequent” (p. 590) and there is less incentive and pressure for governance and a ‘hands-off’ approach as followed by GSPC/AQIM could be a cost- and time-efficient strategy. The fact that governance activities by AQIM greatly expanded when Timbuktu, a far more densely populated territory than the northern Malian-southern Algerian frontier, was occupied in 2012 is indicative of this bias and lends support to Boeke’s (2016, 927) statement that “AQIM’s relationship with the population has thus changed significantly over time and differs considerably in the areas where it operates.”

Additionally, one may argue that the linkage between funding source and governance is not unidirectional but a ‘feedback-loop’. The governance structures implemented by the Taliban further exuberated the effective functioning of the opium economy. Especially the Taliban’s judicial system was effective in consolidating its territorial control and enabling the effective functioning of opium-related activities.

In terms of alternative explanations and limitations, the issue of civilian legitimacy in the groups’ conduct was important in both cases. The quality of preexisting institutions that determine the type of rebel governance seemed to be at play as the Taliban gained strongholds in areas where preexisting local institutions were ineffective and illegitimate and the witnessed extensive rebel governance activities appear to be reminiscent of Arjona’s (2016) ‘rebelocracy’ typology. In contrast, while the GSPC and AQIM were locally embedded, they largely avoided in meddling in existing local customs and institutions in part due to ethnical divides between Algerian and non-Algerians and different religious practices (Chelin 2018). It could be hypothesized that in this instance, the preexisting local institutions were more effective and legitimate, thereby resulting in a rebel governance type that is more reminiscent to Arjona’s (2016) ‘aliocracy’. The issue of civilian legitimacy was descoped here but appears to be of central importance.

Further, it could be argued that group ideology accounts for the degree of rebel governance the groups engaged in (see Mampilly 2011). Both cases chosen exhibit a similar radical Jihadi group
ideology with a political agenda of transforming politics and society. Accordingly, the Taliban did so practically since its inception in the 1990’s and renewed these efforts from early 2003 onwards. The GSPC/AQIM followed suit at the height of their territorial control in 2012-2013 and, therefore, ideology may be an explanatory factor for why GSPC/AQIM began engaging in extensive rebel governance during this period.

More generally, it should be acknowledged that other empirical cases, such as the IRA and the LTTE, also provide examples of rebel groups that generated its funding almost exclusively through non-natural resources, particularly through diaspora contributions, and nonetheless created extensive rebel governance institutions. This suggests that the theorized relationship between funding source and governance activities is not as strong as other ruling factors.
7. Conclusion

This thesis addressed an identified gap in the field of rebel governance and rebel funding, by theorizing and investigating how different rebel group funding sources specifically affect a rebel group’s level of engagement in rebel governance, distinguishing funding through natural resources from funding through non-natural resources. It highlighted that these two funding sources differ in three fundamental ways: their necessity for civilian labor and cooperation, the extent to which equipment, technology and infrastructure is required, and the expected time of pay-off. It was argued that the degree to which a rebel group depends on natural resources influences the likelihood to which it engages in rebel governance - i.e. intervenes in all security, political, social, health and educational spheres of civilian life - through the underlying mechanism of the time horizon under which a group operates and its influence on incentives to establish a social contract.

The hypothesis was investigated through a comparative case study of the Taliban in Afghanistan from 2003 to 2018, which generated its funding primarily through involvement in the Afghanistan’s multi-billion opium economy, and the Salafist Group for Preaching and Combat, later known as Al-Qaeda in Maghreb, from 2003 to 2018, which generated its funding through ‘criminal activities’, namely kidnappings for ransom, smuggling of illicit goods and taxation of organized crime entities. The findings of the analysis suggest that there is some level of support for the stipulated hypothesis, though existing inconsistencies in findings make it difficult to determine the extent to which the findings are conclusive and generalizable.

Although the findings need to be approached cautiously, the overall theoretical differentiation between funding sources based on the three above mentioned characteristics appears to provide an intriguing framework to unpack the often ‘black-box-wise’ treatment of rebel funding and the implications it has for a group’s organizational goals and strategies. The way a group accumulates its economic endowments, and the degree of organizational investment that underlies a specific funding source, provides an additional theoretical perspective to further our understanding of rebel group’s organizational strategies and the degree to which combatant-civilian relationships become institutionalized through rebel governance structures. Thus, future research would greatly benefit by further exploring in what contexts or under what conditions a rebel funding source may or may not influence the group’s engagement in rebel governance and how a rebel group’s funding activity is more widely embedded in other organizational considerations and structural factors.
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