

# How the US Funds the Taliban

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*Reuters Photos*

Taliban fighters in an undisclosed location in Afghanistan.

On October 29, 2001, while the Taliban's rule over Afghanistan was under assault, the regime's ambassador in Islamabad gave a chaotic press conference in front of several dozen reporters sitting on the grass. On the Taliban diplomat's right sat his interpreter, Ahmad Rateb Popal, a man with an imposing presence. Like the ambassador, Popal wore a black turban, and he had a huge bushy beard. He had a black patch over his right eye socket, a prosthetic left arm and a deformed right hand, the result of injuries from an explosives mishap during an old operation against the Soviets in Kabul.

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But Popal was more than just a former mujahedeen. In 1988, a year before the Soviets fled Afghanistan, Popal had been charged in the United States with conspiring to import more than a kilo of heroin. Court records show he was released from prison in 1997.

Flash forward to 2009, and Afghanistan is ruled by Popal's cousin President Hamid Karzai. Popal has cut his huge beard down to a neatly trimmed one and has become an immensely wealthy businessman, along with his brother Rashid Popal, who in a separate case pleaded guilty to a heroin charge in 1996 in Brooklyn. The Popal brothers control the huge Watan Group in Afghanistan, a consortium engaged in telecommunications, logistics and, most important, security. Watan Risk Management, the Popals' private military arm, is one of the few dozen private security companies in Afghanistan. One of Watan's enterprises, key to the war effort, is protecting convoys of Afghan trucks heading from Kabul to

Kandahar, carrying American supplies.

Welcome to the wartime contracting bazaar in Afghanistan. It is a virtual carnival of improbable characters and shady connections, with former CIA officials and ex-military officers joining hands with former Taliban and mujahedeen to collect US government funds in the name of the war effort.

In this grotesque carnival, the US military's contractors are forced to pay suspected insurgents to protect American supply routes. It is an accepted fact of the military logistics operation in Afghanistan that the US government funds the very forces American troops are fighting. And it is a deadly irony, because these funds add up to a huge amount of money for the Taliban. "It's a big part of their income," one of the top Afghan government security officials told *The Nation* in an interview. In fact, US military officials in Kabul estimate that a minimum of 10 percent of the Pentagon's logistics contracts--hundreds of millions of dollars--consists of payments to insurgents.

Understanding how this situation came to pass requires untangling two threads. The first is the insider dealing that determines who wins and who loses in Afghan business, and the second is the troubling mechanism by which "private security" ensures that the US supply convoys traveling these ancient trade routes aren't ambushed by insurgents.

A good place to pick up the first thread is with a small firm awarded a US military logistics contract worth hundreds of millions of dollars: NCL Holdings. Like the Popals' Watan Risk, NCL is a licensed security company in Afghanistan.

What NCL Holdings is most notorious for in Kabul contracting circles, though, is the identity of its chief principal, Hamed Wardak. He is the young American son of Afghanistan's current defense minister, Gen. Abdul Rahim Wardak, who was a leader of the mujahedeen against the Soviets. Hamed Wardak has plunged into business as well as policy. He was raised and schooled in the United States, graduating as valedictorian from Georgetown University in 1997. He earned a Rhodes scholarship and interned at the neoconservative think tank the American Enterprise Institute. That internship was to play an important role in his life, for it was at AEI that he forged alliances with some of the premier figures in American conservative foreign policy circles, such as the late Ambassador Jeane Kirkpatrick.

Wardak incorporated NCL in the United States early in 2007, although the firm may have operated in Afghanistan before then. It made sense to set up shop in Washington, because of Wardak's connections there. On NCL's advisory board, for example, is Milton Bearden, a well-known former CIA officer. Bearden is an important voice on Afghanistan issues; in October he was a witness before the Senate Foreign Relations Committee, where Senator John Kerry, the chair, introduced him as "a legendary former CIA case officer and a clearheaded thinker and writer." It is not every defense contracting company that has such an influential adviser.

But the biggest deal that NCL got--the contract that brought it into Afghanistan's major leagues--was Host Nation Trucking. Earlier this year the firm, with no apparent trucking experience, was named one of the six companies that would handle the bulk of US trucking in Afghanistan, bringing supplies to the web of bases and remote outposts scattered across the country.

At first the contract was large but not gargantuan. And then that suddenly changed, like an immense garden coming into bloom. Over the summer, citing the coming "surge" and a new doctrine, "Money as a Weapons System," the US military expanded the contract 600 percent for NCL and the five other companies. The contract documentation warns of dire consequences if more is not spent: "service members will not get food, water, equipment, and ammunition they require." Each of the military's six trucking contracts was bumped up to \$360 million, or a total of nearly \$2.2 billion. Put it in this perspective: this single two-year effort to hire Afghan trucks and truckers was worth 10 percent of the annual Afghan gross domestic product. NCL, the firm run by the defense minister's well-connected son,

had struck pure contracting gold.

Host Nation Trucking does indeed keep the US military efforts alive in Afghanistan. "We supply everything the army needs to survive here," one American trucking executive told me. "We bring them their toilet paper, their water, their fuel, their guns, their vehicles." The epicenter is Bagram Air Base, just an hour north of Kabul, from which virtually everything in Afghanistan is trucked to the outer reaches of what the Army calls "the Battlespace"--that is, the entire country. Parked near Entry Control Point 3, the trucks line up, shifting gears and sending up clouds of dust as they prepare for their various missions across the country.

The real secret to trucking in Afghanistan is ensuring security on the perilous roads, controlled by warlords, tribal militias, insurgents and Taliban commanders. The American executive I talked to was fairly specific about it: "The Army is basically paying the Taliban not to shoot at them. It is Department of Defense money." That is something everyone seems to agree on.

Mike Hanna is the project manager for a trucking company called Afghan American Army Services. The company, which still operates in Afghanistan, had been trucking for the United States for years but lost out in the Host Nation Trucking contract that NCL won. Hanna explained the security realities quite simply: "You are paying the people in the local areas--some are warlords, some are politicians in the police force--to move your trucks through."

Hanna explained that the prices charged are different, depending on the route: "We're basically being extorted. Where you don't pay, you're going to get attacked. We just have our field guys go down there, and they pay off who they need to." Sometimes, he says, the extortion fee is high, and sometimes it is low. "Moving ten trucks, it is probably \$800 per truck to move through an area. It's based on the number of trucks and what you're carrying. If you have fuel trucks, they are going to charge you more. If you have dry trucks, they're not going to charge you as much. If you are carrying MRAPs or Humvees, they are going to charge you more."

Hanna says it is just a necessary evil. "If you tell me not to pay these insurgents in this area, the chances of my trucks getting attacked increase exponentially."

Whereas in Iraq the private security industry has been dominated by US and global firms like Blackwater, operating as de facto arms of the US government, in Afghanistan there are lots of local players as well. As a result, the industry in Kabul is far more dog-eat-dog. "Every warlord has his security company," is the way one executive explained it to me.

In theory, private security companies in Kabul are heavily regulated, although the reality is different. Thirty-nine companies had licenses until September, when another dozen were granted licenses. Many licensed companies are politically connected: just as NCL is owned by the son of the defense minister and Watan Risk Management is run by President Karzai's cousins, the Asia Security Group is controlled by Hashmat Karzai, another relative of the president. The company has blocked off an entire street in the expensive Sherpur District. Another security firm is controlled by the parliamentary speaker's son, sources say. And so on.

In the same way, the Afghan trucking industry, key to logistics operations, is often tied to important figures and tribal leaders. One major hauler in Afghanistan, Afghan International Trucking (AIT), paid \$20,000 a month in kickbacks to a US Army contracting official, according to the official's plea agreement in US court in August. AIT is a very well-connected firm: it is run by the 25-year-old nephew of Gen. Baba Jan, a former Northern Alliance commander and later a Kabul police chief. In an interview, Baba Jan, a cheerful and charismatic leader, insisted he had nothing to do with his nephew's corporate enterprise.

But the heart of the matter is that insurgents are getting paid for safe passage because there are few

other ways to bring goods to the combat outposts and forward operating bases where soldiers need them. By definition, many outposts are situated in hostile terrain, in the southern parts of Afghanistan. The security firms don't really protect convoys of American military goods here, because they simply can't; they need the Taliban's cooperation.

One of the big problems for the companies that ship American military supplies across the country is that they are banned from arming themselves with any weapon heavier than a rifle. That makes them ineffective for battling Taliban attacks on a convoy. "They are shooting the drivers from 3,000 feet away with PKMs," a trucking company executive in Kabul told me. "They are using RPGs [rocket-propelled grenades] that will blow up an up-armed vehicle. So the security companies are tied up. Because of the rules, security companies can only carry AK-47s, and that's just a joke. I carry an AK-- and that's just to shoot myself if I have to!"

The rules are there for a good reason: to guard against devastating collateral damage by private security forces. Still, as Hanna of Afghan American Army Services points out, "An AK-47 versus a rocket-propelled grenade--you are going to lose!" That said, at least one of the Host Nation Trucking companies has tried to do battle instead of paying off insurgents and warlords. It is a US-owned firm called Four Horsemen International. Instead of providing payments, it has tried to fight off attackers. And it has paid the price in lives, with horrendous casualties. FHI, like many other firms, refused to talk publicly; but I've been told by insiders in the security industry that FHI's convoys are attacked on virtually every mission.

For the most part, the security firms do as they must to survive. A veteran American manager in Afghanistan who has worked there as both a soldier and a private security contractor in the field told me, "What we are doing is paying warlords associated with the Taliban, because none of our security elements is able to deal with the threat." He's an Army veteran with years of Special Forces experience, and he's not happy about what's being done. He says that at a minimum American military forces should try to learn more about who is getting paid off.

"Most escorting is done by the Taliban," an Afghan private security official told me. He's a Pashto and former mujahedeen commander who has his finger on the pulse of the military situation and the security industry. And he works with one of the trucking companies carrying US supplies. "Now the government is so weak," he added, "everyone is paying the Taliban."

To Afghan trucking officials, this is barely even something to worry about. One woman I met was an extraordinary entrepreneur who had built up a trucking business in this male-dominated field. She told me the security company she had hired dealt directly with Taliban leaders in the south. Paying the Taliban leaders meant they would send along an escort to ensure that no other insurgents would attack. In fact, she said, they just needed two armed Taliban vehicles. "Two Taliban is enough," she told me. "One in the front and one in the back." She shrugged. "You cannot work otherwise. Otherwise it is not possible."

Which leads us back to the case of Watan Risk, the firm run by Ahmad Rateb Popal and Rashid Popal, the Karzai family relatives and former drug dealers. Watan is known to control one key stretch of road that all the truckers use: the strategic route to Kandahar called Highway 1. Think of it as the road to the war--to the south and to the west. If the Army wants to get supplies down to Helmand, for example, the trucks must make their way through Kandahar.

Watan Risk, according to seven different security and trucking company officials, is the sole provider of security along this route. The reason is simple: Watan is allied with the local warlord who controls the road. Watan's company website is quite impressive, and claims its personnel "are diligently screened to weed out all ex-militia members, supporters of the Taliban, or individuals with loyalty to warlords, drug barons, or any other group opposed to international support of the democratic process."

Whatever screening methods it uses, Watan's secret weapon to protect American supplies heading through Kandahar is a man named Commander Ruhullah. Said to be a handsome man in his 40s, Ruhullah has an oddly high-pitched voice. He wears traditional *salwar kameez* and a Rolex watch. He rarely, if ever, associates with Westerners. He commands a large group of irregular fighters with no known government affiliation, and his name, security officials tell me, inspires obedience or fear in villages along the road.

It is a dangerous business, of course: until last spring Ruhullah had competition--a one-legged warlord named Commander Abdul Khaliq. He was killed in an ambush.

So Ruhullah is the surviving road warrior for that stretch of highway. According to witnesses, he works like this: he waits until there are hundreds of trucks ready to convoy south down the highway. Then he gets his men together, setting them up in 4x4s and pickups. Witnesses say he does not limit his arsenal to AK-47s but uses any weapons he can get. His chief weapon is his reputation. And for that, Watan is paid royally, collecting a fee for each truck that passes through his corridor. The American trucking official told me that Ruhullah "charges \$1,500 per truck to go to Kandahar. Just 300 kilometers."

It's hard to pinpoint what this is, exactly--security, extortion or a form of "insurance." Then there is the question, Does Ruhullah have ties to the Taliban? That's impossible to know. As an American private security veteran familiar with the route said, "He works both sides... whatever is most profitable. He's the main commander. He's got to be involved with the Taliban. How much, no one knows."

Even NCL, the company owned by Hamed Wardak, pays. Two sources with direct knowledge tell me that NCL sends its portion of US logistics goods in Watan's and Ruhullah's convoys. Sources say NCL is billed \$500,000 per month for Watan's services. To underline the point: NCL, operating on a \$360 million contract from the US military, and owned by the Afghan defense minister's son, is paying millions per year from those funds to a company owned by President Karzai's cousins, for protection.

Hamed Wardak wouldn't return my phone calls. Milt Bearden, the former CIA officer affiliated with the company, wouldn't speak with me either. There's nothing wrong with Bearden engaging in business in Afghanistan, but disclosure of his business interests might have been expected when testifying on US policy in Afghanistan and Pakistan. After all, NCL stands to make or lose hundreds of millions based on the whims of US policy-makers.

It is certainly worth asking why NCL, a company with no known trucking experience, and little security experience to speak of, would win a contract worth \$360 million. Plenty of Afghan insiders are asking questions. "Why would the US government give him a contract if he is the son of the minister of defense?" That's what Mahmoud Karzai asked me. He is the brother of President Karzai, and he himself has been treated in the press as a poster boy for access to government officials. The *New York Times* even profiled him in a highly critical piece. In his defense, Karzai emphasized that he, at least, has refrained from US government or Afghan government contracting. He pointed out, as others have, that Hamed Wardak had little security or trucking background before his company received security and trucking contracts from the Defense Department. "That's a questionable business practice," he said. "They shouldn't give it to him. How come that's not questioned?"

I did get the opportunity to ask General Wardak, Hamed's father, about it. He is quite dapper, although he is no longer the debonair "Gucci commander" Bearden once described. I asked Wardak about his son and NCL. "I've tried to be straightforward and correct and fight corruption all my life," the defense minister said. "This has been something people have tried to use against me, so it has been painful."

Wardak would speak only briefly about NCL. The issue seems to have produced a rift with his son. "I was against it from the beginning, and that's why we have not talked for a long time. I have never tried to support him or to use my power or influence that he should benefit."

When I told Wardak that his son's company had a US contract worth as much as \$360 million, he did a double take. "This is impossible," he said. "I do not believe this."

I believed the general when he said he really didn't know what his son was up to. But cleaning up what look like insider deals may be easier than the next step: shutting down the money pipeline going from DoD contracts to potential insurgents.

Two years ago, a top Afghan security official told me, Afghanistan's intelligence service, the National Directorate of Security, had alerted the American military to the problem. The NDS delivered what I'm told are "very detailed" reports to the Americans explaining how the Taliban are profiting from protecting convoys of US supplies.

The Afghan intelligence service even offered a solution: what if the United States were to take the tens of millions paid to security contractors and instead set up a dedicated and professional convoy support unit to guard its logistics lines? The suggestion went nowhere.

The bizarre fact is that the practice of buying the Taliban's protection is not a secret. I asked Col. David Haight, who commands the Third Brigade of the Tenth Mountain Division, about it. After all, part of Highway 1 runs through his area of operations. What did he think about security companies paying off insurgents? "The American soldier in me is repulsed by it," he said in an interview in his office at FOB Shank in Logar Province. "But I know that it is what it is: essentially paying the enemy, saying, 'Hey, don't hassle me.' I don't like it, but it is what it is."

As a military official in Kabul explained contracting in Afghanistan overall, "We understand that across the board 10 percent to 20 percent goes to the insurgents. My intel guy would say it is closer to 10 percent. Generally it is happening in logistics."

In a statement to *The Nation* about Host Nation Trucking, Col. Wayne Shanks, the chief public affairs officer for the international forces in Afghanistan, said that military officials are "aware of allegations that procurement funds may find their way into the hands of insurgent groups, but we do not directly support or condone this activity, if it is occurring." He added that, despite oversight, "the relationships between contractors and their subcontractors, as well as between subcontractors and others in their operational communities, are not entirely transparent."

In any case, the main issue is not that the US military is turning a blind eye to the problem. Many officials acknowledge what is going on while also expressing a deep disquiet about the situation. The trouble is that--as with so much in Afghanistan--the United States doesn't seem to know how to fix it.

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## About Aram Roston

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“The US has an interest in prolonging the conflict so as to stay in Afghanistan for the long term,” said one Afghan. It does not take a lot of research to prove the Taliban and al-Qaeda were fabricated by the CIA in league with Pakistani and Saudi Arabian intelligence. Pakistani president Asif Ali Zardari said the Taliban was created by CIA and ISI. Naturally, this story was all but ignored by the corporate media in the U.S. In the Middle East and Europe the media has reported this fact for some time now. But in the United States the corporate media retells the official fantasy ad nauseam