

Taxation by Non-State Armed Groups

A Study on NSAG Extraction Systems and their Impacts on Civilian Populations

Submitted by

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Abstract

In 2023, the ICRC estimated that 63 per cent of the around 100 identified Non-State Armed Groups (NSAGs) tax the civilian population under their control.¹ Despite the widespread nature of this practice, not enough is known about NSAGs' taxation practices and their impact on civilian populations. This report seeks to study the practices and the impact of taxation of civilian populations by NSAGs and to inform humanitarian actors' actions. To this end, our research focuses on six armed groups that tax civilians living under their *de facto* governance. We do not limit our scope to taxation only but also include alternative revenue-raising methods employed by the NSAGs. *Ultimately, this report argues that extraction systems and their impact are likely determined by the objectives and characteristics of NSAGs as well as contextual pressures. However, financial objectives may ultimately prevail.* This overall argument rests on several sub-findings: Specifically, we find that the degree of an NSAG's territorial control and discipline may impact civilian treatment within the extraction system. Additionally, financial shocks may increase humanitarian hardship as a result of increased extraction. We also find that greater civilian resistance could be related to the civilian population's perception of the misappropriation of resources extracted by the NSAG, and the level of humanitarian hardship experienced by the civilian population.

This report has three parts. Part I begins with a literature review and a presentation of the report's conceptual framework. Part II details the case studies. Finally, Part III offers a comparative analysis of the preliminary evidence, followed by implications and concludes with limitations to our study.

¹ Unpublished ICRC Data.

PART I: Introduction

The topic of NSAG taxation relates to several existing literatures from which valuable insights can be drawn. The following review starts with a big-picture view of statebuilding, before narrowing the topic down to the relationship between NSAG and civilians. We then focus on NSAG taxation. The literature persuasively evidences taxation to be a tool of statebuilding and suggests a range of factors which structure the NSAG-civilian relationship. Notwithstanding, there is a significant gap in understanding the particularities of NSAG taxation systems and the explanation of their impact.

1. Literature Review

Statebuilding and Taxation

The Montevideo Convention defines a state as “possess[ing] the following qualifications: (a) a permanent population; (b) a defined territory; (c) government; and (d) capacity to enter into relations with the other states.”² NSAGs³ that engage in taxation meet or are on the way to meeting this definition, either through the creation of state-like entities or the attempt to capture state apparatus. This argument has been made by several scholars.⁴

Charles Tilly argues that state-formation is inherently tied to the process of war-making. States are in constant competition with one another and therefore have to invest in their military, centralizing state power and developing institutions in parallel.⁵ As relates to our research, NSAGs develop into state-like entities in order to better compete against the state. More contemporary scholarship points towards elite politics⁶ or bargaining⁷ as alternative sources of state-formation. As Michael Rear argues, this process occurs through a combination of strengthening the coercive power of the state and garnering support from its population.⁸

The relevant state action for this report is taxation, traditionally understood as an extraction of resources from the subject in order to facilitate the functioning of the state.⁹ Several theories discuss the precise nature of this relationship, and specifically who is taxed and who benefits from the tax,¹⁰ but these

² Montevideo Convention on the Rights and Duties of States, Art. 1.

³ For definition of NSAGs see ICRC, *ICRC Engagement with Non-State Armed Groups: Why, how, for what purpose, and other salient issues*, Position Paper, ICRC, Geneva, March 2021.

⁴ See A.L. Clunan and H.A. Trinkunas, “Conceptualizing Ungoverned Spaces: Territorial Statehood, Contested Authority, and Softened Sovereignty”, *Ungoverned Spaces: Alternatives to State Authority in an Era of Softened Sovereignty*, Stanford University Press, 2010, pp. 17-33; A. Zarakol, “What Makes Terrorism Modern? Terrorism, Legitimacy, and the International System”, *Review of International Studies*, Vol. 37, No. 5, December 2011, pp. 2311-2336; F. Devji, “ISIS: Haunted by Sovereignty”, *Spiked*, 18 December 2015. <https://www.spiked-online.com/2015/12/18/isis-haunted-by-sovereignty/>.

⁵ C. Tilly, “War Making and State Making as Organized Crime”, in P. Evans, D. Rueschemeyer, and T. Skocpol (eds.), *Bringing the State Back in*, Cambridge University Press, New York, 1985, pp. 169-191.

⁶ T. Vu, “Studying the State through State Formation”, *World Politics*, Vol. 62, No. 1, 2010, pp. 148-75.

⁷ K. Barkey, *Bandits and Bureaucrats: Ottoman route to State Centralization*, Cornell University Press, Ithaca, 1997, pp. 1-23.

⁸ M. Rear, “Approaches to the State-Building Process”, in M. Rear, *Intervention, Ethnic Conflict, and State-Building in Iraq: A Paradigm for the Post-Colonial State*, Routledge, New York, 2008, pp. 24-49.

⁹ S. Collini, “Where to Draw the Line”, *London Review of Books*, Vol. 45, No. 20, October 2023.

¹⁰ See J.F. Timmons, “The Fiscal Contract: States, Taxes, and Public Services”, *World Politics*, Vol. 57, No. 4, July 2005, pp. 530-567.

remain outside the scope of this report. What matters is that taxation is both a driver of state-formation and its product. As Béguin and Genet argue, taxation occurs as a result of the need for a polity to centralize and consolidate its power in order to face external competition.¹¹ As Mick Moore argues, however, other state-formation processes occur in order to help generate taxation.¹² More importantly, as J.F. Timmons argues, these taxation processes result in and require the population to buy into the taxation system because they need to see its benefits.¹³

NSAG-Civilian Relationship

Civilians' experiences of living under the *de facto* control of NSAGs can vary widely, from exacerbating vulnerabilities to providing stability.¹⁴ For instance, whilst the Civilian Joint Task Force in Nigeria assisted the state's military in its counterterrorism efforts, the Lord's Resistance Army in Uganda is known for its brutal tactics, including abductions and child conscription.¹⁵ One way to understand the relationship between NSAGs and civilians is to observe the institution-building and governance of NSAGs. The more NSAGs evolve into state-like institutions, the more they tend to enhance civilian welfare.¹⁶ The type of institutions created by NSAGs can also vary based on their ideology and extent of territorial control.¹⁷

Another way may be to consider NSAGs use of violence against civilians. Adopting a broader perspective, it is argued that the use of violence is shaped by various factors including NSAG objectives, ideology, military capacity, relationship with international actors, economic factors, military contestation over territory and dependence on local support.¹⁸ On an individual level, it is argued that civilians' experiences can vary depending on the identity and social capital of the specific individual. Business elites or clan elders may, for instance, possess greater bargaining power by virtue of their social capital, than other civilians in a particular context.¹⁹

¹¹ K. Béguin and J.P. Genet, "Taxation and the Rise of the State: Introductory Remarks", in K. Béguin and A.L. Murphy (eds.), *State Cash Resources and State Building in Europe 13th-18th century*, Institut de la gestion publique et du développement économique, Paris, 2017.

¹² M. Moore, "Revenues, State Formation, and the Quality of Governance in Developing Countries", *International Political Science Review*, Vol. 25, No. 3, 2004, p. 313.

¹³ Timmons, p. 536.

¹⁴ ICRC, *ICRC report on IHL and the challenges of contemporary armed conflicts*, ICRC, Geneva, November 2019, p. 52.

¹⁵ K. Ashindorbe, F. Afatakpa, and S.B. Owonikoko, "Civilian Joint Task Force and Nigeria's Counter-Terrorism Operation: A Critique of the Community-Based Approach to Insecurity", *African Security*, Vol. 14, No. 3, 2021, pp. 286-305; C. Suarez and E. Baines, "'Together at the Heart': Familial Relations and the Social Reintegration of Ex-combatants", *International Peacekeeping*, Vol. 29, No. 1, 2022, pp. 1-23.

¹⁶ R. Sabates-Wheeler and P. Verwimp, "Extortion with Protection: Understanding the Effect of Rebel Taxation on Civilian Welfare in Burundi", *Journal of Conflict Resolution*, Vol. 58, No. 8, 2014, pp. 1474-1499.

¹⁷ S.N. Kalyvas, "Rebel Governance During the Greek Civil War, 1942-1949", *Rebel Governance in Civil War*, 2nd ed., A. Arjona, N. Kasfir and Z. Mampilly (eds.), Cambridge University Press, New York, 2015, pp. 119-137.

¹⁸ L. Balcells and J. A. Stanton, "Violence Against Civilians During Armed Conflict: Moving Beyond the Macro- and Micro-Level Divide", *Annual Review of Political Science*, Vol. 24, 2020, pp. 45-69; R. Sarkar and A. Sarkar, "The Rebels' Resource Curse: A Theory of Insurgent-Civilian Dynamics", *Studies in Conflict & Terrorism*, Vol. 40, No. 10, 2017, pp. 870-898.

¹⁹ A. Jackson, F. Weigand, and T. Tindall, "Understanding agency in civilian-armed group interactions", *ODI Policy Brief*, Centre on Armed Groups, September 2022.

In addition, it should be noted that civilians have agency. Informed by cost-benefit calculations, emotions and the perception of the group, civilians can cooperate and resist, or even migrate.²⁰

NSAG Taxation

Taxation may constitute another way to understand the NSAG-civilian relationship. NSAGs' taxation practices can evolve over time and have taken the shape of a range of practices from demands of money, food to land shares. The methods for collection also vary from door-to-door to receiving notice letters, and can take non-lethal to lethal forms.²¹

Traditionally, civilian taxation is seen in literature as a pragmatic and cost-effective method for NSAGs to quickly generate revenue. However, the authors argue that the motivations behind taxation are more complex and influence NSAGs' treatment of civilians. In "Beyond Greed", authors distinguish five motivations for why NSAGs tax beyond "revenue motivations".²² Ideology, for example, affects who is taxed and how much they are taxed.²³ Groups motivated by Marxist-Leninist principles tax wealthier individuals and luxury goods to retain proletarian support, exempting small farmers and smallholders.²⁴ Other groups tax state employees heavily to signal opposition to the state.²⁵ Furthermore, taxation is often regarded as a strategic tool to generate legitimacy or control information and movement. Generated income is also used to build institutions.²⁶ Ultimately, motivations for taxation may include financial reasons, ideology, signalling power, building legitimacy, control or institution-building.²⁷

In return for the taxation of civilians, some NSAGs provide public services such as justice, health care, education, security and new infrastructures. Whether services are provided inclusively to the population could be dependent on the NSAG's objective: separatist conflicts have been identified as cases of state-building, and NSAGs have shown to be more inclined to provide services to civilians due to their desire to create a new state.²⁸ In contrast, centre-seeking groups, intending to seize control of government, provide services to specific communities or supporters to gain the minimum loyalty required for military success - investing the remaining resources directly in military assets.²⁹ Others argue that service provision would depend on NSAG's degree of organizational capacity (with greater capacity leading to more inclusive service provision) or on the degree of financial reliance on the civilian population.³⁰

²⁰ A. Arjona, "Civilian Cooperation and Non-Cooperation with Non-State Armed Groups: The Centrality of Obedience and Resistance", *Small Wars & Insurgencies*, Vol. 28, No. 4-5, 2017, pp. 755-778.

²¹ R. Sarkar and A. Sarkar, "The Rebels' Resource Curse: A Theory of Insurgent-Civilian Dynamics", *Studies in Conflict & Terrorism*, Vol. 40, No. 10, 2017, pp. 870-898.

²² T. Bandula-Irwin *et al.*, "Beyond Greed: Why Armed Groups Tax", *Studies in Conflict & Terrorism*, February 2022, p. 2.

²³ Bandula-Irwin *et al.*, p. 6.

²⁴ Bandula-Irwin *et al.*, p. 11 and 17.

²⁵ Z. Mampilly, "Performing the Nation-State: Rebel Governance and Symbolic Processes", *Rebel Governance in Civil War*, 2nd ed., A. Arjona, N. Kasfir and Z. Mampilly (eds.), Cambridge University Press, New York, 2015, p. 115.

²⁶ I. Bahiss, A. Jackson, L. Mayhew, and F. Weigand, *Rethinking armed group control: Towards a new conceptual framework*, Working Paper, Centre for Study of Armed Groups, London, 2022.

²⁷ Z. Mampilly, *Rebel Rulers: Insurgent Governance and Civilian Life During War*, Cornell University Press, Ithaca, 2011.

²⁸ M.A. Stewart, "Civil War as State Building: Strategic Governance in Civil War", *International Organization*, Vol. 72, No. 1, 2018, pp. 205-226.

²⁹ *Ibid.*

³⁰ R. Huang and P.L. Sullivan, "Arms for education? External support and rebel social services", *Journal of Peace Research*, Vol. 58, No. 4, July 2021.

Gaps in the Literature and Research Questions

Reflecting on the reviewed literature, several gaps in the extant understanding of NSAG taxation become apparent. Overall, there is a significant gap regarding the characteristics of NSAG tax systems and their impact on civilian populations. In particular, neither a single definition of taxation in the context of NSAGs nor of its impact exists. Secondly, no systematic cross-case analysis of NSAG taxation systems has yet been conducted. Thirdly, there is little understanding of what explains NSAG extraction practices and their impact. Related literatures offer numerous arguments that sometimes compete - highlighting a need for knowledge integration.³¹ This research seeks to contribute to closing these gaps to ultimately inform humanitarian actors. Our research questions are:

1. Which extraction systems are employed by NSAGs and what is their impact?
2. What factors explain NSAG extraction systems and their impact on the civilian population?

³¹ L. Balcells and J. A. Stanton, "Violence Against Civilians During Armed Conflict: Moving Beyond the Macro- and Micro-Level Divide", *Annual Review of Political Science*, Vol. 24, 2020, pp. 45-69.

2. Conceptual Framework

Understanding Taxation and its Impact on the Civilian Population

The existing literature on NSAG ‘taxation’ has two key deficiencies. Firstly, it appears that the term ‘taxation’ has simply been taken from the traditional state context and applied to the new phenomenon in the NSAG context - using the term ‘taxation’ indiscriminately to describe a wide range of practices such as looting, extortion or plunder and thus preventing any meaningful analysis. Secondly, there is no definition of taxation in the context of NSAGs. Existing tax definitions are often state-centred (i.e. presuppose an elaborate system, a sovereign entity).³² To address these shortcomings, we present a new terminology. Henceforth, this report uses the term *extraction* as an umbrella term. It is the repeated obligatory collection of property by a (non-)state actor. Extraction systems can be distinguished by seven characteristics: regularity, financial strain, provided services, implementation method, use of violence at implementation, differentiation and intelligence. Under this definition, taxation is a sub-category, involving reciprocal service provision beyond security provision. Thus, we propose that the notion of taxation should be reserved to its conventional understanding.³³ Another sub-category is coerced taxation, describing taxation without service reciprocity.³⁴

The impact of an extraction system has also not been defined. The report understands it as the change that occurred in a civilian's behaviour and perception, and the mother state's behaviour, as a result of the system's implementation. Specifically, this research focuses on changes in NSAG support and double taxation with mother-state/other NSAGs (see Appendix B).

Theoretical Expectations and Relationships of Interest

The following section provides seven relationships between factors related to extraction. These relationships allow for focus and provide the framework for the subsequent case study analysis. The first two consider the extraction systems from an administrative standpoint, examining their complexity and implementation methods. Relationships (R) 3-5 investigate NSAG policies and 6-7 the impact on the civilian population in terms of civilian resistance.

R1: Territorial Control and Intelligence/Geographic Foundation

The extant literature suggests that the longer uncontested territorial control, the more intelligence- and geography-based extraction systems. Specifically, longer territorial consolidation periods should allow NSAGs to collect more detailed information on the controlled civilian population. More information should enable NSAGs to levy more ‘intelligence-based’ taxes, such as property tax or a proportional income tax (versus donations, fixed-amount fee). Also, a shift in methods from “raidable

³² L.B. Larsen and K. Boll, “Taxation”, *Oxford Research Encyclopedia of Anthropology*, 2021: <https://oxfordre.com/anthropology/display/10.1093/acrefore/9780190854584.001.0001/acrefore-9780190854584-e-520>, accessed 10 June 2024; L. Riccardi, *Introduction to Chinese Fiscal System*, Springer Singapore, 2018, pp. 1-5.

³³ M. Bowler-Smith and H. Ostik, “On the Meaning of ‘Tax’”, *Australian Tax Forum*, Vol. 33, No. 3, 2018, pp. 601-619.

³⁴ M. Moore, “Between Coercion and Contract: Competing Narratives on Taxation and Governance”, in D. Brautigam, O.H. Fjeldstad, and M. Moore (eds.), *Taxation and State-Building in Developing Countries*, Cambridge University Press, New York, 2008.

tax” (e.g. vehicle checkpoints, charity, extortion) to a territorial tax can be expected (e.g. checkpoints on main roads, customs), since some extraction methods require a territorial presence.³⁵

R2: NSAG’s Command Structure and Violence

Based on the current scholarship, enhanced command and control structures (discipline) within NSAGs should reduce the use of violence in the extraction system’s implementation. Indeed, the leadership of an NSAG should have less interest in employing lethal and opportunistic violence against civilians, using instead coercion, as the leadership may be aware of the need to maintain popular support. Contrasting, rank-and-file soldiers may have greater inventiveness to employ opportunistic and lethal violence as they may feel less restraint and more personal animosity. Thus, literature would argue that a more centralized NSAG, where the leadership exerts high influence over rank-and-file soldiers, employs less violence than a de-centralised NSAG, where decision-making lies in the hands of rank-and-file soldiers.³⁶

R3: Ideology and Differentiation (1)

We might expect to find NSAG’s ideology to affect the type of differentiation of the extraction system. Viewing extraction systems as an extension of the NSAG-civilian relationship, the extraction system’s design should fall in line with their general agenda and public image.³⁷ Therefore, NSAGs’ extraction systems tend to reflect their ideology.³⁸ An example would be an ethnic nationalist group that would design an ethnicity-based extraction system.

R4: Profitability and Differentiation (2)

Alternatively, the profitability of the population could also determine the type of differentiation of the extraction system (2). Since extraction systems generate income, NSAGs may divert from ideological objectives and rather further pragmatic motives in the design of extraction systems.³⁹ Thus, we might see that NSAGs tend to, like states, implement progressive taxation policies that extract more resources from the population with the highest income and assets in a given context.⁴⁰

R5: Financial Shocks and Humanitarian Hardship

The resource curse theory suggests NSAGs controlling natural resources build fewer governance structures and neglect the controlled civilian population, focusing instead on self-enrichment.⁴¹ This is

³⁵ D. Mansfield, *Understanding Control and Influence: What Opium Poppy and Tax Reveal about the Writ of the Afghan State*, Issues Paper, Afghanistan Research and Evaluation Unit, August 2017: <https://reliefweb.int/report/afghanistan/understanding-control-and-influence-what-opium-poppy-and-tax-reveal-about-writ>, accessed 18 May 2024, p. 2.

³⁶ See ICRC, *The Roots of Restraint in War*, ICRC, Geneva, June 2018.

³⁷ See Mampilly 2015.

³⁸ See Bandula-Irwin *et al.*

³⁹ See Sarkar and Sarkar; Bandula-Irwin *et al.*

⁴⁰ See Timmons.

⁴¹ See Sarkar and Sarkar.

because they are less reliant on the population for income and support. An alternative theory proposes that NSAGs neglect the population's needs following a financial shock, extracting as many resources as possible to ensure organizational survival.⁴² Also, the literature offers various explanations for NSAG resource extraction (see Literature Review). As a novel contribution to the literature, we might expect to find that financial motivations take precedence over other reasons, particularly following a financial shock, as extraction systems are primarily financial instruments.⁴³ Consequently, after a financial shock, there should be a higher likelihood of humanitarian hardship experienced by the civilian population due to increased extraction.

R6: Humanitarian Hardship and Civilian Resistance

Scholarship would expect higher humanitarian hardship to lead to greater civilian resistance against the extraction system. More precisely, civilian support is assumed to decrease (from support to compliance to resistance) when the financial strain increases, as it decreases individuals' financial assets. Civilians are rational actors who are concerned about their financial well-being and their commitment to a common cause is likely limited.⁴⁴ More specifically, the violence used to implement taxation, can significantly increase the discontent of civilians.⁴⁵

R7: Corruption and Civilian Resistance

Based on the existing literature, one would expect the civilian population to resist NSAGs if they believe the NSAG is misappropriating the resources obtained. Corruption generally undermines civilians' trust in governments.⁴⁶ Likewise, in the context of NSAGs, civilians' willingness to pay taxes would be expected to depend on whether civilians support the common mission of the NSAG that is also relevant to them.⁴⁷ However, if the resources extracted through the system do not further such a mission, but for personal gain, we might find more cases of resistance against the NSAG.

⁴² See Bandula-Irwin *et al.*

⁴³ See L. Balcells and J. A. Stanton, "Violence Against Civilians During Armed Conflict: Moving Beyond the Macro- and Micro-Level Divide", *Annual Review of Political Science*, Vol. 24, 2020, pp. 45-69.

⁴⁴ R.M. Wood, "Rebel capability and strategic violence against civilians", *Journal of Peace Research*, Vol. 47, No. 5, September 2010, p. 605.

⁴⁵ A. Arjona, "Civilian Resistance to Rebel Governance", in A. Arjona, N. Kasfir and Z. Mampilly (eds.), *Rebel Governance in Civil War*, 2nd ed., Cambridge University Press, New York, 2015, p. 185.

⁴⁶ National Intelligence Council, *Global Trends 2040: A more Contested World*, US NIC, March 2021: https://www.dni.gov/files/ODNI/documents/assessments/GlobalTrends_2040.pdf, accessed 16 March 2024, p. 80.

⁴⁷ See A. Wenger and S.J.A. Mason, "The civilianization of armed conflict: trends and implications", *International Review of the Red Cross* (IRRC), Vol. 90, No. 872, December 2008, p. 845.

3. Methodology

Research Design and Sample

As for the objective of this research, we seek to:

1. Collect comparative data on the characteristics of NSAGs' extraction systems and their impact,
2. Develop theoretical explanations for extraction systems' design and their impact, and
3. Compare the evidence against the theoretical explanations/relationships.

A significant lack of data led us to adopt a qualitative research methodology and an exploratory research design as well as refrained from hypothesis testing. To nevertheless focus and structure our analysis, we use the notion of 'relationships'.

All case studies follow the same structure: First, information on the NSAG's characteristics is provided, then the extraction system and last, the impact. If there have been temporal differences in any of the aforementioned, the information relevant to the respective period is presented in a separate section thereafter. The structure thus follows a chronological account, which was considered to enhance readability. The analysis, conversely, is structured comparatively and according to the relationships. To bridge the divergent representations and integrate the case studies and the analysis, we use (R/p.).

As for the case selection, our sample is restricted to NSAGs with significant internal organizational structure, involvement in armed conflict and exercising territorial control. Out of this sample, we selected the FARC, the Taliban, KIO-A, Al-Shabaab, LTTE and the Houthi Movement using a diverse case selection strategy. Thus, these groups have significant variation across the factors we thought to be potentially influential.

Data

In terms of data collection, this report draws from academic research, the 'grey literature' and six semi-structured interviews with academics and humanitarian aid workers. We valued interviews slightly less heavily than academic papers since published academic papers must adhere to standards of academic rigour and are less prone to recency bias. Interviews had a *va-et-vient* structure to allow for a "detailed, closer-to-the-moment, record of that life".⁴⁸ Informed consent was ensured and for security reasons, interviewees are not listed.

Despite efforts to gather evidence on humanitarian hardship and the impact of extraction systems, the evidence base is weak. Only sporadic accounts of civilian behavioural changes and not a single comparative indicator of hardship (e.g., poverty, food insecurity) of the population under NSAG control exist in the literature. The limited number of interviews also prevents comparative information gathering - leading this research to focus more on extraction systems than their impact. Variations in detail in the case studies result from the different degrees of scientific and media attention given to the cases.

Definitions of relevant terms and their indicators can be found in Table (2) (see Appendix). The indicators are predominantly qualitative, although where possible, triangulation (i.e. we collect

⁴⁸ R.M. Emerson and L.L. Shaw, *Writing Ethnographic Fieldnotes*, 2nd ed., University of Chicago Press, Chicago, 2011, p. 22.

quantitative and qualitative data) was employed. Across the different relationships, the unit of analysis varies between the NSAG extraction system and the respective NSAG's controlled civilian population.

PART II: Case Studies

1. FARC (Colombia)

The FARC (*Fuerzas Armadas Revolucionarias de Colombia*) was officially formed in 1966 by Marxist peasant militias.⁴⁹ This conflict lasted from the mid-1960s until 2016, when a peace treaty was ratified between the government of Columbia and the FARC. We will focus on the period after the 1982 Seventh Guerrilla Conference, which marked FARC's support for coca cultivation,⁵⁰ particularly during the 1990s expansion⁵¹ until the recent *crisis cocalera* (2021-2023). Since the FARC disbanded in 2016, the information gathered subsequently focuses on the dissident FARC.

The FARC operates under a hierarchical command⁵² and a bureaucratic organizational structure,⁵³ following a Leninist financial model.⁵⁴ Despite decentralization due to increased paramilitary and state presence during Plan Colombia in 1999, central supervision of resource extraction remained. All the resources extracted by each unit were sent to the central command.⁵⁵ Moreover, only a single individual is responsible for money collection and issuing receipts in an attributable area.⁵⁶ The tax collector's identity is known and can be verified through video calls or documents.⁵⁷ The group includes a National Secretariat and finance commissions for each front, with tax amounts negotiated locally with communities. The extraction system is not unified. Indeed, the resources extracted and tax rates vary by region, reflecting local resources, with each division having autonomy in tax collection mechanisms.

The group's Marxist ideology⁵⁸ is reflected in its extraction system and treatment of civilians. The FARC's revenue sources include taxing shopkeepers and livestock farmers. However, with Colombia being the world's largest coca producer (70%),⁵⁹ the taxation of coca and its commercialisation has been the main source of revenue for the FARC since the 1990s. Due to its rentability, coca is also an attractive source of revenue for many peasants, since "coca leaves take 3 months to grow, whereas for rice it's 8 months".⁶⁰ Thus, coca remains the primary income source for many, significantly impacting the civilian population and shaping the FARC's taxation system. During the coca crisis, however, the group diversified their extraction system to include farmers (of food), artisans, and mineral producers like gold and silver.

⁴⁹ T.R. Cook, "The Financial Arm Of The FARC: A Threat Finance Perspective", *Journal of Strategic Security*, Vol. 4, No. 1, 2011, p. 20.

⁵⁰ *Ibid*, p. 22.

⁵¹ *Ibid*, p. 31.

⁵² P.A. Hough, "Guerrilla Insurgency as Organized Crime: Explaining the So-Called 'Political Involution' of the Revolutionary Armed Forces of Colombia", *Politics & Society*, Vol. 39, No. 3, 2011, p. 383.

⁵³ *Ibid*, p. 384.

⁵⁴ Z. Mampilly and J.A. Gutiérrez, "A Tax like Any Other? Rebel taxes on narcotics and war time economic order", *International Politics*, 2023, p. 7.

⁵⁵ *Ibid*, p. 9.

⁵⁶ Interview with Humanitarian Worker.

⁵⁷ Interview with Humanitarian Worker.

⁵⁸ Mampilly and Gutiérrez, p. 7.

⁵⁹ *Ibid*, p. 6.

⁶⁰ Interview with Humanitarian Worker.

In line with its ideology, the FARC's extraction system used to differentiate based on wealth. According to Hough, the discrimination component is what differentiates between a "legitimate protection" and a "racketeering" shift".⁶¹ Mampilly adds on the Law 002 of the FARC-EP decreed on March 1st, 2000, stating that "the new tax policy discriminated according to income, with the hope of avoiding a negative reaction from the organization's social base of support, the smallholding peasantry".⁶² The peace tax of 10% on the profits of large corporations located within rebel territory is another example of discrimination in wealth.⁶³ Small-scale food farms were exempted from paying taxes, but during the *crisis cocalera*, everyone had to pay and there was no longer flexibility or the possibility to pay in instalments.⁶⁴ Nevertheless, discrimination based on wealth persists.

Initially, literature on armed conflict and new wars argued that armed groups' involvement in the drug industry was driven by greed, and would erode their political commitments towards civilians.⁶⁵ However, as Hough suggests "the so-called political involution of the FARC guerrillas (in the 1990s) is not the result of their involvement in illegal economic activities."⁶⁶ This violence resulted from US military aid for its counter-narcotics-cum-counterinsurgent operation (Plan Columbia),⁶⁷ which increased land struggles, paramilitary pressure,⁶⁸ tensions with narco-trafficking groups, and neoliberal reforms,⁶⁹ thus reducing the FARC's capacity to protect locals.⁷⁰ Indeed, as the FARC's were more pressured to focus on war-making activities, their extractive activities intensified, including the taxation of civilians.

Even when the capacity of the FARC decreased during this period, the group chose to not shift to other extractive activities which involved kidnapping, pillage or drugs. Instead, they preferred to diversify their sources of revenue.⁷¹ The FARC's taxation of narcotics is a governance tool rather than a purely profit-driven mechanism.⁷² Indeed, despite drug trade involvement, the FARC maintained its political ideology, with their Marxist commitment and collectivism shaping their taxation system.⁷³ Moreover, on top of ideological beliefs, the group had strong values such as equality and discipline.

The main service provided to civilians by the FARC in return for taxation is a form of "protection".⁷⁴ While the FARC offers protection from narco-traffickers and other armed groups, many civilians question this form of security. Civilians essentially pay for protection against the FARC itself, given the group's armed dominance.⁷⁵

⁶¹ Hough, p. 391.

⁶² Mampilly and Gutiérrez, p. 11.

⁶³ *Ibid*, p. 10.

⁶⁴ Interview with Humanitarian Worker.

⁶⁵ J.A. Gutiérrez and F. Thomson, "Rebels-Turned- Narcos? The FARC-EP's Political Involvement in Colombia's Cocaine Economy", *Studies in Conflict & Terrorism*, Vol. 44, No. 1, 2021, p. 28; Hough, p. 380; Mampilly and Gutiérrez, p. 12.

⁶⁶ Hough, p. 405.

⁶⁷ Mampilly and Gutiérrez, p. 9.

⁶⁸ Hough, p. 382.

⁶⁹ *Ibid*, p. 396.

⁷⁰ *Ibid*, p. 393.

⁷¹ *Ibid*, p. 406.

⁷² Mampilly and Gutiérrez, p. 9.

⁷³ Gutiérrez and Thomson, p. 31; Mampilly and Gutiérrez, p. 12.

⁷⁴ Hough, p. 385.

⁷⁵ Interview with Humanitarian Worker.

Still, even if the FARC's protection activities can be contested, their regulatory role in the drug trade is significant. They fix prices, establish policies and control coca cultivation, preventing paramilitary infiltration.⁷⁶

Moreover, profits, primarily from coca, are reinvested in community infrastructure like schools, roads, bridges, and hospitals, especially in southern Colombia, where government influence is minimal. Furthermore, empirical studies show that the FARC continues to advocate for radical agrarian reforms and political strategies.⁷⁷

The FARC's approach to taxation and coercion differs from extortion, which was more prevalent during the group's early formation. The FARC's now have a reputation for engaging in "polite" interactions with locals, paying civilians for what they use rather than stealing.⁷⁸ However, in the cases of non-payment of taxes, the FARC's use threats and ask people to leave (leading to displacements). Moreover, while violence, kidnapping, and extortion occur, they're rare and location-dependent, with kidnapping more common in regions with oil companies. The FARC's taxation system is systematic, enforcing compliance through threats and coercion. Additionally, forced recruitment of young individuals sometimes replaces monetary payment.⁷⁹ Furthermore, taxation of public institutions is not common either and is always indirect, focusing on construction permits and administration contracts rather than direct levies. The group also influences politics by supporting aligned candidates or imposing taxes on government contracts.⁸⁰

Humanitarians are rarely taxed directly; instead, they face indirect, albeit rare, forms of taxation. An example is the requirement to acquire expensive stickers for vehicle entry at checkpoints.⁸¹ Conversely, the general population faces regular taxation. This system significantly impacts peasants' economic liberty, particularly in the coca production chain, where peasants are forced by the group to grow coca to avoid being displaced.⁸² Indeed, since coca taxation is lucrative, the FARC is inciting farmers to grow it. However, taxes are flexible and based on business size and type, and instalment options are available (except during the *crisis cocalera*: see above). Moreover, double taxation is widespread, with the FARC taxes being lighter than state taxes but still burdensome.⁸³ Additionally, other armed groups sometimes impose additional taxes (triple taxation), exacerbating the economic strain on civilians. However, when the FARC detected this, they began a war campaign against those groups.⁸⁴

Large companies try to avoid the FARC-controlled areas, except when they are looking for sources in particular. Paying taxes to the FARC constitutes a crime under Columbian law, and therefore a major risk of fines. However, small-sized businesses suffer the most financially, as they are more vulnerable to economic change. Civilians face tough economic choices, having to choose between

⁷⁶ Mampilly and Gutiérrez, p. 16.

⁷⁷ Hough, p. 381.

⁷⁸ Interview with Humanitarian Worker.

⁷⁹ Interview with Humanitarian Worker.

⁸⁰ Interview with Humanitarian Worker.

⁸¹ Interview with Humanitarian Worker.

⁸² Interview with Humanitarian Worker.

⁸³ Interview with Humanitarian Worker.

⁸⁴ Interview with Humanitarian Worker.

investment in their business and paying the tax, usually opting for the latter, which further hampers the country's economic development.⁸⁵

⁸⁵ Interview with Humanitarian Worker.

2. Al-Shabaab (Somalia)

Harakat al-Shabaab al-Mujahideen, known as Al-Shabaab (“the Youth”), is a Sunni Islamist NSAG based in Southern Somalia. Formed as an offshoot of other Islamist groups from the 1990s, Al-Shabaab came to prominence in 2006 when it, along with other allies, took control of Mogadishu, Somalia’s capital. When the alliance was forced back by an Ethiopia-led intervention, Al-Shabaab retreated south, where it now remains. In 2011, Somali Government and AU forces successfully forced Al-Shabaab out of all major population areas, so this case study will focus on Al-Shabaab’s taxation operations since then.⁸⁶

Al-Shabaab has established a network which has full control over certain areas of South Somalia, meaning government forces do not operate there, and considerable influence beyond, including in Mogadishu (R1).⁸⁷ Its goal is to overthrow the Somalian government and establish an Islamic state.

Al-Shabaab receives international funding from other Al-Qaeda-affiliated groups⁸⁸ but is primarily self-funded. It generates revenue through the taxation of goods travelling through its territory and the taxation of businesses inside and outside its territory.⁸⁹

Al-Shabaab’s most well-documented taxation system is a complex network of checkpoints throughout Southern Somalia, including outside territory it controls. These checkpoints are manned by Al-Shabaab fighters and tax officials from the organization’s Ministry of Finance, the *Maktabka Maaliyada*, who inspect cargo being brought through and determine how much is owed (R2).⁹⁰ In general, payment is determined by the size of trucks rather than the content within them (R2). Most of the revenue is generated from the transit fees and taxing produced goods, although they also tax livestock and agricultural produce.⁹¹ Al-Shabaab used to heavily tax the lucrative charcoal industry, but these operations stopped in 2019 (R4).⁹² Now Al-Shabaab actively destroys charcoal transports to weaken other groups who profit off it.⁹³

This system has become so lucrative because the Al-Shabaab checkpoints are often cheaper and safer than other roads and checkpoints, meaning many civilians tend to choose to pass through them (R7).⁹⁴ Al-Shabaab also controls the border with Kenya, meaning vendors coming from there have to pay

⁸⁶ C. Klobucista, J. Masters, and M. Aly Sergie, “Backgrounder: Al-Shabaab” *Council on Foreign Relations*, 6 December 2022: <https://www.cfr.org/backgrounder/al-shabaab>, accessed 16 May 2024.

⁸⁷ J. Bahadur, *Terror and Taxes: Inside al-Shabaab’s revenue-collection machine*, Global Initiative Against Transnational Organized Crime, Research Report, December 2022: <https://globalinitiative.net/wp-content/uploads/2022/12/AS-protection-economies.-WEB.pdf>, accessed 16 May 2024, p. 1.

⁸⁸ Klobucista, Masters and Sergie.

⁸⁹ Hiraal Institute, *The AS Finance System*, Hiraal Institute, Mogadishu, July 2018: <https://hiraalinstitute.org/wp-content/uploads/2018/07/AS-Finance-System.pdf>, accessed 16 May 2024.

⁹⁰ Bahadur, p. 5.

⁹¹ *Ibid*, p. 9.

⁹² United Nations Office on Drugs and Crime, *More Powerful by the Day: Terror Financing and Disruption Efforts in Somalia*, UNODC Global Maritime Crime Programme & Indian Ocean Forum on Maritime Crime, March 2023: https://www.unodc.org/documents/Maritime_crime/UNODC_GMCP_Reduced_Disruption_Report.pdf, accessed 16 May 2024, p. 10.

⁹³ Bahadur, p. 12.

⁹⁴ *Ibid*, p. 19.

the tariffs, which are often higher than for other vendors.⁹⁵ Al-Shabaab also tends to impose higher taxes on goods destined for export or for government-controlled areas.⁹⁶

The consequences for trying to avoid the Al-Shabaab checkpoints or refusing to pay can be dire, as violators can be fined double the amount otherwise paid or be threatened with violence and killed (R2). Al-Shabaab is deeply integrated into society, so they tend to know the drivers and the people moving through checkpoints, and can follow up when the group needs to collect (R2).⁹⁷

Al-Shabaab enforces this system through receipts, which can prove that tariffs have already been paid in cases where drivers go through multiple checkpoints and act as a way for the organization to ensure that tax collectors are not cheating the system (R1/7).⁹⁸ Al-Shabaab's internal police, the *Amniyat*, operates an auditing system that ensures that corruption and extortion are kept to a minimum,⁹⁹ in contrast to checkpoints controlled by the government or other armed groups (R2/7).

As a result of this system, Al-Shabaab generates revenue without disproportionately affecting the cost of goods, as their tariffs are cheaper than in government-controlled areas, and Al-Shabaab encourages vendors to send goods into their territory rather than sell elsewhere (R6).

The other taxation system, more directly targeted at the larger population, is the *Zakah*, based on Islamic Law and charity as a core pillar of Islam.

The *Zakah* is a tax on all businesses, which requires them to annually give 2.5% of the monetary value of their business to Al-Shabaab in cash. Some have argued that this tax violates Islamic Law because it taxes the value of the business rather than profits, but the advantage for Al-Shabaab is that it allows them to collect taxes from businesses that didn't profit.¹⁰⁰

Al-Shabaab maintains a network of informants and notes businesses who pass their checkpoints in order to track businesses and estimate their net worth (R1). At the end of the year, they come to the businesses or summon the owners to Al-Shabaab offices to pay the taxes they estimate are due.¹⁰¹ This is true even for businesses outside of Al-Shabaab-controlled territories. In Mogadishu, many business owners will receive a summons to travel to Al-Shabaab-controlled territory to pay the *Zakah*.¹⁰² Those who refuse can suffer serious consequences, including demands for additional payments, beatings, destruction of property, and even death (R2). Even larger corporations in Somalia have been targeted by Al-Shabaab terrorist attacks and bombings when they refuse to pay the *Zakah* (R2).¹⁰³

A variant of the *Zakah*, the *Zakawaat*, taxes livestock (4% of camels and 2.5% of goats) annually for pastoralists who do not have liquid capital.¹⁰⁴

Al-Shabaab also has the *Infaaq*, a special tax that is not systematic and that they imposed in situations when the Finance Ministry feels the group is low on funds or fears it cannot pay its civilian personnel (which is deprioritized for salaries compared to armed personnel) (R5).¹⁰⁵ This arbitrary

⁹⁵ *Ibid*, p. 20.

⁹⁶ *Ibid*, p. 19.

⁹⁷ *Ibid*, p. 16.

⁹⁸ *Ibid*, pp. 5-12.

⁹⁹ *Ibid*, p. 17.

¹⁰⁰ Hiraal Institute July 2018, p. 2.

¹⁰¹ *Ibid*, p. 2.

¹⁰² *Ibid*, p. 3.

¹⁰³ N. Kochan, "Somalia: Battle for Al-Shabaab's \$150m", *The Africa Report*, 16 January 2024:

<https://www.theafricareport.com/333417/somalia-battle-for-al-shabaabs-150m/>, accessed 16 May 2024.

¹⁰⁴ Hiraal Institute July 2018, p. 1.

¹⁰⁵ *Ibid*, p. 4.

emergency tax varies in amount but tends to be one of Al-Shabaab's most disliked practices, which is why it is not used often (R6). It is only used when regional offices are facing budgetary shortfalls or during military campaigns.¹⁰⁶

All these collected funds are used to fund and pay Al-Shabaab's armed forces, police, and civilian administration.¹⁰⁷ There are also some reports of the money being redistributed to the poor, in accordance with *Zakah* principles.¹⁰⁸ Al-Shabaab does provide services to its population, the most popular of which is the mobile courts system. Al-Shabaab-run Islamic Courts travel Southern Somalia in order to arbitrate the many disputes and conflicts within and between clans.¹⁰⁹ Al-Shabaab also funds healthcare in its controlled territory through the Health Ministry, but its experience during COVID-19 reflects the struggles it has had in that regard (R5).¹¹⁰

Al-Shabaab also provides education, but many people living under its rule see this as a double-edged sword. While Al-Shabaab funds schools, these are Islamic schools meant to indoctrinate and recruit new Al-Shabaab loyalists and members, which is why people have been reluctant to use them, even when forced to do so by Al-Shabaab.¹¹¹

Al-Shabaab's taxation is widespread and complex, but deeply elaborate and thought out. In many ways, it does not negatively affect those who abide by it any more than taxation by the government does, but given how difficult conditions in Somalia are, that is difficult to judge, as is whether people are receiving benefits of any kind in exchange for this taxation.

¹⁰⁶ *Ibid*, p. 5.

¹⁰⁷ *Ibid*, p. 6-7.

¹⁰⁸ *Ibid*, p. 2.

¹⁰⁹ European Asylum Support Office, *Country of Origin Information Report: Somalia: Actors*, EASO, July 2021: https://coi.euaa.europa.eu/administration/easo/PLib/2021_07_EASO_COI_Report_Somalia_Actors.pdf, accessed 16 May 2024, pp. 65-66.

¹¹⁰ C. Hockey and M. Jones, "The Limits of 'Shabaab-CARE': Militant Governance amid COVID-19", *CTC Sentinel*, Vol. 13, No. 6, June 2020.

¹¹¹ Hiraal Institute, *The Fighters Factory: Inside Al-Shabab's Education System*, Hiraal Institute, Mogadishu, May 2018: <https://hiraalinstitute.org/wp-content/uploads/2018/05/Education-in-Al-Shabab.pdf>, accessed 16 May 2024, p. 62.

3. The Houthi Movement (Yemen)

Ansar Allah, the Party of God,¹¹² also known as the Houthi Movement, is a NSAG based in Yemen that controls the majority of the country and continues to fight to eliminate the internationally-recognized Yemeni Government. The Houthis are a large clan from Northern Yemen who practise *Zaydi* Shiism, a sub-sect of Shia Islam, and controlled Yemen until 1962. Since its founding in the 1990s, the Houthi Movement has gained support from beyond merely the Houthi clan.¹¹³ Today, the Houthis are seen as the primary opposition to the Yemeni Government.

The Houthis are part of the Bani Hamdan, a large Arab tribe which purports to be part of the Bani Hashem. Their right to rule over Yemen stems from the claim they descend from the Prophet Muhammad (R3).¹¹⁴

While the Houthi Movement has operated for three decades now, it rose to prominence in 2014 when it took control of the capital city of Sana'a, and since 2016, it has controlled most of the Northern part of Yemen (R1).¹¹⁵ As a result, this case study will focus on Houthi taxation policies since 2014.

The Houthis use a variety of techniques to tax their populations, which range from the formal to the informal and from the systematic to the random. They primarily tax three things: profits, commodities, and imports. Their most significant taxation policy, however, is the *Khums* Tax.

Since the Houthi Movement claims to be the legitimate government of Yemen, it respects and structures itself in accordance with Yemeni law. As the *de facto* government, however, it can simply change those laws to suit its aims and purposes.¹¹⁶ This is particularly true as regards the 1999 *Zakat* Law, based on Islamic ideals of charity as a core pillar of Islam, which sets in place official state taxation in order to fulfil that duty.¹¹⁷ The law was modified by the Houthis in August 2020, creating the *Khums* Tax.

Known as the “one-fifth” tax, the *Khums* taxes all profits from Yemen’s natural resources, from oil and gas to fishing (R4).¹¹⁸ In practice, this taxes most of the profits in Yemen given that the majority of people work in the primary sector of the economy. The tax is based on a Qur’anic verse which promises the *Zakat* to “the near of kin” of the Prophet Muhammad.¹¹⁹ As a result, the tax only targets those Yemenis who are not members of the Bani Hamdan (R3).

This has prompted accusations of sectarianism and racism, as the Houthis seem to be dividing Yemen into different groups and imposing a national tax with the explicit intent to enrich themselves

¹¹² M.S. Al-Deen, “Entrenched Power: The Houthi System of Governance”, *The Yemen Review*, Sana’a Center for Strategic Studies, June 2022: <https://sanaacenter.org/the-yemen-review/june-2022/18144>, accessed 16 May 2024.

¹¹³ C. Glenn, G. Nada, and M. Rowan, “Who are Yemen's Houthis?”, *Wilson Center*, 7 July 2022: <https://www.wilsoncenter.org/article/who-are-yemens-houthis>, accessed 16 May 2024.

¹¹⁴ S. Baidhani, “Houthis’ ‘one-fifth’ tax sparks accusations of racial, tribal discrimination”, *The Arab Weekly*, 9 June 2020: <https://theArabweekly.com/houthis-one-fifth-tax-sparks-accusations-racial-tribal-discrimination>, accessed 16 May 2024.

¹¹⁵ Glenn, Nada and Rowan.

¹¹⁶ E. DeLozier, “In Damning Report, UN Panel Details War Economy in Yemen”, *PolicyWatch 3069*, Washington Institute for Near East Policy, 25 January 2019: <https://www.washingtoninstitute.org/policy-analysis/damning-report-un-panel-details-war-economy-yemen>, accessed 16 May 2024.

¹¹⁷ S. Uqba, “Yemen in Focus: Houthi rebels slammed for imposing 'discriminatory' religious tax”, *The New Arab*, 11 June 2020: <https://www.newarab.com/analysis/yemen-focus-houthi-rebels-impose-discriminatory-religious-tax>, accessed 16 May 2024.

¹¹⁸ Baidhani.

¹¹⁹ Uqba.

(R3/7). Indeed, the money collected explicitly goes towards the exclusive benefit of the Bani Hamdan.¹²⁰ Money from the *Khums* has gone towards funding and supplying the Houthi military as well as advancing ideological and religious goals by funding sectarian mosques, schools and summer camps.

The *Khums* and other profit taxes are collected through a network of “supervisors”, agents of the Houthi Movement who live within communities and collect information about the business of everyone around them (R1).¹²¹ At the end of the year, when people need to renew documents like licences and identity cards, they come to the supervisors, who tell them what they are required to pay for the *Khums* (R1).¹²² These are often arbitrary sums, which are higher than what people are actually required to pay. For example, a man required to pay 1,000 Yemeni Rial will be told to pay 5,000 Rial, and then the price will be haggled down to 2,000 Rial. When he pays, the man will only get a receipt for 1000 Rial. The supervisor pockets 20-30% of the money and then sends the rest off to the Houthi government, meaning the Houthi authorities get an additional 700 to 800 Rials beyond what they are owed. It is unclear what happens to these additional funds.

If people refuse to pay or do not come to the supervisors, force or the threat of force will be used to collect (R2).¹²³ There have been cases of people refusing to pay these taxes or the premiums demanded by supervisors, and even cases of violence conducted against supervisors, but this has been met with severe punishments from the Houthis (R2/7).¹²⁴

The Houthis also have a widespread tax system on all imported goods. The latest of these taxes was imposed in 2023, when the Houthi Ministry of Finance announced a 100% tariff on imported goods (R4).¹²⁵ Yemen reportedly relies on imports for 90% of its goods. Goods imported through government ports will pay tariffs twice.¹²⁶ This is the only clear example of double-taxation in this case study. The Houthis have enforced this policy by placing checkpoints around all markets in a territory they control, which will require payment in cash in order to be able to sell wares (R1/2).¹²⁷

These import tariffs mean that the price of goods, which has already been high due to shortages and preexisting taxes, is continuing to rise, causing significant further hardship for the Yemeni people (R5/6).

70% of Yemen’s population lives in Houthi-controlled territory,¹²⁸ yet it is difficult to find clear examples of ways that they have benefited. Even services the Houthis provide tend to be double-edged swords, such as schools meant to teach Yemenis to obey the Houthis and fight for them. Furthermore, the Houthi authority tends to rely on Yemeni government funds to maintain most of the services in their territory rather than using funds they raise through taxation.¹²⁹ On the other hand, in terms of material

¹²⁰ Baidhani

¹²¹ Al-Deen.

¹²² Interview with on-the-ground practitioner.

¹²³ Interview with on-the-ground practitioner.

¹²⁴ Interview with on-the-ground practitioner.

¹²⁵ S. Al-Babati, “Houthis tax Yemen government-controlled port imports”, *Arab News*, 16 August 2023: <https://www.arabnews.com/node/2356266/middle-east>, accessed 16 May 2024.

¹²⁶ M. Nasser, “Houthis Double Customs Duties, Tariffs”, *Ashraq Al-Awsat*, 18 July 2021:

<https://english.aawsat.com/home/article/3086316/houthis-double-customs-duties-tariffs>, accessed 16 May 2024.

¹²⁷ Al-Babati.

¹²⁸ *Ibid.*

¹²⁹ Associated Press, “Economic profiteering fuelling war in Yemen: UN”, *Al-Jazeera*, 27 January 2021:

<https://www.aljazeera.com/news/2021/1/27/economic-profiteering-fueling-war-in-yemen-un>, accessed 16 May 2024.

conditions, it is difficult to determine how different the conditions of these civilians are compared to other Yemenis, given the humanitarian crisis facing the country writ large (R5).¹³⁰ Corruption in the Yemeni government is widespread and profiteering similar to that done by the Houthi leadership seems common (R7).¹³¹

¹³⁰ A. Nasser, “Yemen’s War Economy: A Key Factor in the Ongoing Conflict”, *Arab Center Washington DC*, 20 September 2023: <https://arabcenterdc.org/resource/yemens-war-economy-a-key-factor-in-the-ongoing-conflict/>, accessed 16 May 2024.

¹³¹ Associated Press.

4. The Liberation Tigers of Tamil Eelam (Sri Lanka)

The Liberation Tigers of Tamil Eelam (LTTE) were formed in the 1970s by lower caste Tamils in the north and north-east of Sri Lanka. The assumption of power by the Sinhala-Buddhist after British colonial rule, especially expressed via religious practices, resulted in the economic marginalization and political exclusion of Tamils. Their discontent was ultimately channelled in the LTTE, advocating a reorganization of caste hierarchies in an independent Tamil state (R3).¹³² The LTTE had a highly disciplined structure under the command of Velupillai Prabhakaran and extracted resources for much of its existence falling into relatively distinct time periods (R2).¹³³

The first period of LTTE rule roughly spanned between 1984 and 1990. During this time, the LTTE only controlled limited territory on the Jaffna Peninsula (R1). In this area, the group reportedly started their extraction practices by asking for donations from the population and collecting money from businesses in a “recurring and methodical”¹³⁴ manner to finance the war effort (R1).¹³⁵ Although these practices may have been non-coercive, the LTTE also engaged in the kidnapping of upper-class persons for ransom and robbed banks (R2).¹³⁶

In terms of impact, this extraction system led businesses to register with the Government of Sri Lanka (GoSL) to avoid double taxation from the GoSL and the LTTE, and several banks withdrew from the area.¹³⁷

Between 1990 and 1994, the LTTE gained substantial territorial control over the Jaffna and Vanni districts as well as pockets of land in the Eastern region (R1). During this time, a systematic extraction system emerged that was managed by a central finance division. More precisely, households, traders and businesses were regularly approached by representatives, who allegedly devised (non-)cohesive means to receive people’s payments. The amount levied depended on the income level, wealth of relatives and geography (heavier fees in the North than East, R1/2).¹³⁸ The group started developing substantial civilian administrative structures. However, whether income generated was directed toward the service provision is questionable as the LTTE controlled service departments but civil servant salaries - particularly those of

¹³² K. Cronin-Furman and M. Arulthas, “How the Tigers Got Their Stripes: A Case Study of the LTTE’s Rise to Power”, *Studies in Conflict & Terrorism*, December 2021, pp. 1-20; N. Biziouras, “The Formation, Institutionalization and Consolidation of the LTTE: Religious Practices, Intra-Tamil Divisions and a Violent Nationalist Ideology”, *Politics, Religion & Ideology*, Vol. 13, No. 4, 2012, pp. 547-559.

¹³³ N. Terpstra and G. Frerks, “Governance Practices and Symbolism: De facto sovereignty and public authority in ‘Tigerland’”, *Modern Asian Studies*, Vol. 52, No. 3, 2018, pp. 1001-1042.

¹³⁴ Cronin-Furman and Arulthas, p. 15.

¹³⁵ J. Lilja, “Trapping Constituents or Winning Hearts and Minds? Rebel Strategies to Attain Constituent Support in Sri Lanka”, *Terrorism and Political Violence*, Vol. 21, No. 2, March 2009, pp. 06-326.

¹³⁶ Cronin-Furman and Arulthas; M. Sarvananthan, “Economic Revival in North and East Sri Lanka: What Are the Impediments?”, *Economic and Political Weekly*, Vol. 38, No. 19, May 2003, pp. 1844-1850.

¹³⁷ Sarvananthan 2003.

¹³⁸ *Ibid.*

doctors and teachers - continued to be paid by the GoSL.¹³⁹ Muslims were excluded from the described system. They were systematically displaced, and their homes looted and land appropriated (R3).¹⁴⁰

The next time period, roughly between 1995 and 2001, largely maps the third Eelam war where the GoSL gained, and later lost, control of LTTE-controlled territories. In territories lost to the GoSL, the extraction system was severely compromised. For instance, when Jaffna was captured by the GoSL, the LTTE clandestinely targeted businesses in Jaffna for resources out of Wannu (R1).¹⁴¹ Notwithstanding these rather sporadic practices, some extraction policies also became more rule-based: “Great hero families” did not pay extraction fees and were offered employment opportunities in the armed group. Public servants had to pay income tax (3-12%) and fees on certain cast-specific religious practices were levied.¹⁴² The LTTE also started stealing and reselling relief goods sent by International Organizations such as the ICRC, UNHCR or the GoSL (R1).¹⁴³ These revenues were reportedly channelled towards furthering the war effort rather than private or personal gain (R7).¹⁴⁴ The effect of this system was, however, that many, particularly teachers, fled LTTE-controlled territories. Yet, it also strengthened the LTTE’s legitimacy by encouraging social norms of martyrdom.¹⁴⁵

In 2002, the signing of a ceasefire agreement formally gave the LTTE control over the Northern and Eastern provinces, which facilitated establishing the LTTE’s most systematic extraction system (R1).¹⁴⁶ Reportedly, public servants, fishermen, farmers, businesses and service providers had to pay fees on income or sales, with amounts depending on the business area and geographical location. Furthermore, an operating license was required for external development projects, land transactions were taxed, protection money was levied and a “war tax” was imposed.¹⁴⁷ Exit/entry fees for passenger vehicles existed and customs fees were collected on personal and commercial items at various checkpoints (R1).¹⁴⁸ Apart from the protection money, payable amounts were visibly collected and were considered non-negotiable (R2).¹⁴⁹ Since there was no significant fighting between the parties and state institutions

¹³⁹ T. Vorbohle, “*Its only a ceasefire*”: *Local entrepreneurs in the Jaffna peninsula between change and standstill*, Student Research Project Sri Lanka 2002, J. Pfaff-Czarnecka and R. Ayass (supervisors), April 2003: https://tamilnation.org/tamileelam/defacto/0304tessa_vorbohle.pdf, accessed 19 May 2024; Terpstra and Frerks; N. Kasfir, G. Frerks and N. Terpstra, “Introduction: Armed Groups and Multi-layered Governance”, *Civil Wars*, Vol. 19, No. 3, 2017, pp. 257-278.

¹⁴⁰ J. Richards, *An institutional history of the liberation Tigers of Tamil Eelam (LTTE)*, Working Paper, Geneva Graduate Institute (IHEID) Centre on Conflict, Development and Peacebuilding (CCDP), 2014: <https://www.graduateinstitute.ch/library/publications-institute/institutional-history-liberation-tigers-tamil-eelam-ltte>, accessed 19 May 2024.

¹⁴¹ Lilja.

¹⁴² Lilja; Richards.

¹⁴³ M. Sarvananthan, *Economy of the Conflict Region in Sri Lanka: From Embargo to Repression*, Policy Studies 44, East-West Center, 2007:

<https://www.eastwestcenter.org/publications/economy-conflict-region-sri-lanka-embargo-repression>, accessed 19 May 2024.

¹⁴⁴ Sarvananthan 2003; Sarvananthan 2007.

¹⁴⁵ Terpstra and Frerks.

¹⁴⁶ Richards.

¹⁴⁷ Richards; Vorbohle; K. Stokke, “Building the Tamil Eelam State: Emerging State Institutions and Forms of Governance in LTTE-Controlled Areas in Sri Lanka”, *Third World Quarterly*, Vol. 27, No. 6, 2006, pp. 1021-1040.

¹⁴⁸ Sarvananthan 2003.

¹⁴⁹ Vorbohle.

were predominantly financed by the GoSL, these payments could not have gone towards military efforts. Instead, corruption and self-enrichment are more likely.¹⁵⁰

At first, financial extractions were supported. But as corruption allegations emerged, extraction became unpopular as it was perceived as unjust. The public shifted from support to compliance in their relationship to the LTTE (R7).¹⁵¹ The system's unpredictability also discouraged business investments.¹⁵² Tamils generally did not openly protest for fear of reprisals. Muslims, however, rebelled as they were excluded from the described system and subject to robbery and paddy land expropriation (R3/6/7).¹⁵³ Double taxation occurred within the LTTE as different divisions of the LTTE started extracting the population.¹⁵⁴

During 2004 and 2006, Sri Lanka was hit by a devastating Tsunami, a faction of the LTTE broke in the Eastern Province and the LTTE and GoSL resumed fighting (R1/2/5). The extraction system reflects such context as amounts levied seemingly increased. Apparently, "everyone with substantial income" had to pay 5-10% of their income and the overall coerciveness of collection increased (R1).¹⁵⁵ People were kidnapped for ransom and murdered when demanded amounts were not paid (R2).¹⁵⁶ Given the circumstances, extracted income was likely invested in military capabilities and recovery (R5).¹⁵⁷

Regarding double taxation, such practices occurred between the LTTE and Karuna faction, particularly in the east but also against businesses in the north.¹⁵⁸ The GoSL started extracting in the east, potentially as a result of the weakening of the LTTE in that region.¹⁵⁹

¹⁵⁰ Kasfir *et al.*

¹⁵¹ Kasfir *et al.*; L. Philipson and Y. Thangarajah, *The Politics of the North-East: Part of the Sri Lanka Strategic Conflict Assessment 2005*, Asia Foundation, 2005:

<https://documents1.worldbank.org/curated/fr/438821468308044732/pdf/630550WP0Polit00Box0361499B0PUBLIC0.pdf>, accessed 19 May 2024.

¹⁵² Vorbohle; Sarvananthan 2007.

¹⁵³ Philipson and Thangarajah.

¹⁵⁴ Richards.

¹⁵⁵ *Immigration and Refugee Board of Canada, Sri Lanka: Whether Tamils living in Sri Lanka, who have relatives living in the West, are subject to extortion by members of the Sri Lankan Army (SLA), the Liberation Tigers of Tamil Eelam (LTTE), the Eelam People's Democratic Party (EPDP), and/or other organizations (February 2002 - May 2006)*, Research Directorate, IRBC, Ottawa, May 2006:

<https://irb-cisr.gc.ca/en/country-information/rir/Pages/index.aspx?doc=450524&wbdisable=true>, accessed 19 May 2024.

¹⁵⁶ J. Becker and T. Thapa, *Living in fear: child soldiers and the Tamil Tigers in Sri Lanka*, Human Rights Watch, New York, 10 November 2004:

<https://www.hrw.org/report/2004/11/10/living-fear/child-soldiers-and-tamil-tigers-sri-lanka>, accessed 19 May 2024.

¹⁵⁷ Richards.

¹⁵⁸ Sarvananthan 2007.

¹⁵⁹ U. Egger, "The Role of Local Business Actors in Creating New Livelihoods", in D. L. d'Epinay and A. Schnabel (eds.), *Transforming War Economies*, Working Paper 3, Swisspeace, 2007:

https://www.files.ethz.ch/isn/43680/WP3_2007.pdf, accessed 19 May 2024.

5. The Taliban (Afghanistan)

The Taliban emerged in the mid-1990s from the power vacuum following the withdrawal of the Soviet Union (1979-1989) from Afghanistan and the collapse of the communist regime. Their rise in 1994 was fuelled by dissatisfaction, particularly among students and scholars, with the corrupt governance of the *mujahideen* groups. Cultivating the abandonment of rural areas by promising security, stability and a strict interpretation of Islam, they quickly rose to be a major movement in Afghanistan (R3).¹⁶⁰ In 2021, they assumed governance of the state and established the third Emirate of Afghanistan.

The impact of the extraction system on the population can be divided into four relatively distinct time intervals, which are analysed in greater detail hereinafter. However, aspects apply to the entire period of Taliban extraction. Particularly, extraction has not differentiated on ethnic or religious grounds, although it was justified through religion and cultural norms from the outset (R3/4).¹⁶¹ As for the impact on the civilian population, the extraction by the Taliban was generally perceived as fairer than those imposed by the government, aligning with the understanding of the Taliban as mission-driven and uncorrupted (R7).¹⁶² They offered exemptions on humanitarian grounds to everyone who was able to demonstrate their financial hardship. There also appear to have been no major civil protests against the extraction regime. By and large, the population complied with the demands, feeling coerced into payment, with only a few indications of avoidance or negotiation (R6).¹⁶³

During the period between 2002 and 2005, following the US invasion in 2002 (R1), the Taliban were a large atomised movement with individual commanders (*mahaz*) driving extraction and controlling limited territory (R2).¹⁶⁴ Their extraction system distinguished between populations: The general population was, after a short period of voluntary donations coerced into donating via intimidation for instance in front of mosques. On the other hand, business owners, international forces, NGOs, drug traders (poppy), and contractors and employees of the government and international forces all received verbal or written threats or were kidnapped, especially in the southeast (R2/3/4). The poppy trade was also heavily taxed. During these years, extortions were driven by individual commanders and collected amounts did not move up the Taliban's organizational structure. As a result, financial demands were made by multiple Taliban commanders, leading to double taxation and the payable amounts were determined by individual commanders.¹⁶⁵ Nevertheless, the Taliban offered exemptions for the poor and bigger

¹⁶⁰ N. Nojumi, *The Rise of the Taliban in Afghanistan: Mass Mobilization, Civil War, and the Future of the Region*, Palgrave Macmillan, New York, 2002.

¹⁶¹ R. Amiri and A. Jackson, *Taliban Taxation in Afghanistan (2006-2021)*, Working Paper 138, International Centre for Tax & Development, February 2022.

¹⁶² A. Jackson, "How the Taliban's more effective and 'fairer' tax system helped it win control of Afghanistan", *The Conversation*, 23 August 2022:

<https://theconversation.com/how-the-talibans-more-effective-and-fairer-tax-system-helped-it-win-control-of-afghanistan-184018>, accessed 19 May 2024; Amiri and Jackson.

¹⁶³ Amiri and Jackson; A.M. Sabawoon, "Delivering public services in insurgency-affected Nad Ali district of Helmand province", *One Land, Two Rules*, 6th Publication, C. Bleuer, J. Bjelica, S.R. Kazemi and M. van Bijlert (eds.), Afghanistan Analysis Network, 2 June 2019:

<https://www.afghanistan-analysts.org/en/reports/economy-development-environment/one-land-two-rules-6-delivering-public-services-in-insurgency-affected-nad-ali-district-of-helmand-province/>, accessed 19 May 2024.

¹⁶⁴ Amiri and Jackson.

¹⁶⁵ *Ibid.*

landowners had negotiating power. There is also evidence of ad hoc forms of checkpoint-based extractions (R1).¹⁶⁶

The period between 2006 and 2014 was marked by internal tensions as the leadership met resistance from local commanders when seeking to exert greater control and great variations in Taliban-controlled territory (R1).¹⁶⁷ The publication of the *Layha* in 2006 by the Taliban leadership provided the first policy guidance for extraction collection. It specified the collection of *ushr* and *zakat* and whilst the 2009 version demanded voluntary collection, this phrasing was replaced in the 2010 version by specifying that the payments should be “spent on their lawful needs” (R2).¹⁶⁸ *Zakat* (almsgiving) forms part of the five pillars of Islam, requiring the wealthy to pay 2.5% annually on their assets to charitable causes whereas *ushr*, a subset of *zakat*, demands the payment of a tithe on the harvest (R3/4).¹⁶⁹ Practices on the ground, however, varied widely in terms of how and where the system was implemented (R3).¹⁷⁰ In terms of implementation, the system relied on one-off tactics, vehicle checkpoints after dusk and the collection of a sales fee at markets - and thus, did not require a permanent presence by the Taliban (R1).¹⁷¹ Collected financial means were likely spent on developing the governance system, particularly the judiciary or military efforts.

Between 2015 and 2020, the system became much more predictable and permanent, although also more coercive and restrictive. The period was marked by the gradual expansion of Taliban-held territory and the assumption of *de facto* control by Mullah Akhtar Mansour, who introduced reforms to centralize and discipline the movement (R1).¹⁷² In these years, the Taliban established a very sophisticated extraction system, turning from ‘raidable tax’ to taxes “based on agricultural tithe and landholdings”,¹⁷³ requiring a permanent presence. The system was coordinated by local financial commissions and fees were levied on almost every business activity (even in not formally controlled territories). The system became more coherent (for instance, with letterhead customs price lists circulating across different regions), although some regional differences remained and double taxation with the local Afghan police occurred (R1).¹⁷⁴ Notwithstanding these advances, however, the Taliban used the generated revenue for their own operational cost.¹⁷⁵ In terms of freedom of movement, territorial control allowed the Taliban to

¹⁶⁶ D. Mansfield, “Turning deserts into flowers: settlement and poppy cultivation in southwest Afghanistan”, *Third World Quarterly*, Vol. 39, No. 2, 2018, pp. 331-349.

¹⁶⁷ A. Jackson, *Life under the Taliban shadow government*, Overseas Development Institute, 1 June 2018: <https://odi.org/en/publications/life-under-the-taliban-shadow-government/>, accessed 19 May 2024.

¹⁶⁸ K. Clark, *Taxing the Afghan Nation: What the Taleban’s pursuit of domestic revenues means for citizens, the economy and the state*, Special Report, Afghanistan Analysis Network, September 2022: <https://www.afghanistan-analysts.org/en/wp-content/uploads/sites/2/2022/09/Taleban-Taxation-Final-1.pdf>, accessed 19 May 2024.

¹⁶⁹ *Ibid.*

¹⁷⁰ Amiri and Jackson; Mansfield 2018.

¹⁷¹ Mansfield 2018.

¹⁷² Amiri and Jackson.

¹⁷³ Mansfield 2018, p. 44.

¹⁷⁴ O. Ali, C. Bleuer, and S.A. Sadat, “Delivering public services in insurgency-affected insurgent-controlled Zurmat district”, *One Land, Two Rules*, 8th Publication, T. Ruttig and C. Clark (eds.), Afghanistan Analysis Network, 4 September 2024:

<https://www.afghanistan-analysts.org/en/reports/war-and-peace/one-land-two-rules-8-delivering-public-services-in-insurgency-affected-insurgent-controlled-zurmat-district/>, accessed 19 May 2024; Sabawoon.

¹⁷⁵ Ali *et al.*

set up checkpoints at main arterial roads and major border crossings since early 2021. To implement these measures, the group relied on the threat or use of violence (R2).¹⁷⁶ Generally, NGOs and the Afghan government funded public services but occasionally, the Taliban collected revenue for specific community projects.¹⁷⁷

Immediately before the withdrawal of the US in 2020/21, however, the Taliban extorted more heavily. They used checkpoints as a means to control movement, killing individuals at checkpoints that had no permission to enter.¹⁷⁸ Control of border crossings led the Taliban to levy “skyrocketing” amounts on essential goods to deprive the government of resources.¹⁷⁹ The extraction system also bolstered the group’s negotiation position at the Doha peace talks.¹⁸⁰ In addition, double taxation between the Taliban and the government occurred in areas of high contestation such as Kandahar, leading to displacement, protest and severe economic hardship (R1/6).¹⁸¹

¹⁷⁶ D. Mansfield, A Taxing Narrative: Miscalculating Revenues and Misunderstanding the Conflict in Afghanistan, Afghanistan Research and Evaluation Unit, October 2021: https://areu.org.af/wp-content/uploads/2022/11/2106E-A-Taxing-Narrative_Policy-Note.pdf/, accessed 19 May 2024.

¹⁷⁷ *Ibid.*

¹⁷⁸ D. Zucchini and F. Abed, “On Afghan Highways, Even the Police Fear the Taliban’s Toll Collectors”, *New York Times*, 1 November 2020: <https://www.nytimes.com/2020/11/01/world/asia/afghanistan-taliban-bribery.html>, accessed 19 May 2024.

¹⁷⁹ RFE/RL’s Radio Azadi and A. Siddique, “Death And Double Taxation In A Contested Afghan Province”, *Radio Free Europe/Radio Liberty*, 29 July 2021: <https://www.rferl.org/a/kandahar-afghanistan-taliban/31384305.html>, accessed 19 May 2024

¹⁸⁰ Zucchini and Abed.

¹⁸¹ Radio Azadi and Siddique.

6. Kachin Independence Army (Myanmar)

Kachin State is situated in northern Myanmar, bordering China, Eastern Tibet and Yunnan. The majority Christian population live under the control of the Kachin Independence Organization (KIO) along with the Kachin Independence Army, its military faction (R3).¹⁸² KIA, comprising around 15,000 soldiers,¹⁸³ emerged following the Ne Win 1962 Burmese coup.¹⁸⁴ The situation in Kachin State has been complex since 2011, when the 17-year ceasefire agreement between the Burmese military and the KIA was breached.¹⁸⁵ The KIA is now engaged in a NIAC with the military junta in Kachin State.

During the NIAC, and prior to the 1994 ceasefire agreement, the KIO embodied the role of the “main Kachin nationalist vehicle”,¹⁸⁶ creating an environment where they were able to provide public services including education and health-care facilities and thus create a Kachin national “citizenship” (R3 and R7).¹⁸⁷ The early days of the KIO-A consisted of growth largely rooted in fostering “nationalist enthusiasm, economic incentives, and systematic conscription”.¹⁸⁸ KIO was able to provide security to its citizens, created a conscription system, and offered employment opportunities (R1).¹⁸⁹ The KIO financed these services by trading jade with China (R4). Additionally, a licensing system was established for miners and the jade extracted and exported from Kachin territory was taxed. A taxation system was also created for Kachin farmers, taking the shape of an “annual duty owed by each household and paid in kind or cash”,¹⁹⁰ giving rise to a common Kachin citizenship (R4). Local village heads collected the tax systematically and equitably,¹⁹¹ and accounts show that civilians were not burdened by the collection (R4). Civilians justified taxation because of the KIO’s provision of services and as a “legitimate demand for their independent government” (R2).¹⁹² It is unknown whether the junta also collected taxes at this time.

During the ceasefire period (1994-2011), KIO lost territory, leaving them with only 20% of Kachin State and the junta doubled its presence, closed businesses and imposed government taxation.¹⁹³ Overall, the ceasefire period was detrimental to the KIO, as it became unable to provide as many public goods and services and adequate security (R1). Social problems including the use of narcotics and an HIV/AIDS epidemic rose.¹⁹⁴ In 2011, the ceasefire ended, with accounts stating “KIO schools and

¹⁸² Minority Rights Group, “Kachin in Myanmar”, *MRG*, 2023: <https://minorityrights.org/communities/kachin/>, accessed 16 May 2024.

¹⁸³ S. Yan Naing, “A Visit to Laiza Town”, *Irrawaddy*, 31 October 2013: <https://www.irrawaddy.com/features/visit-laiza-town.html>, accessed 16 May 2024.

¹⁸⁴ A. Graceffo, “Backgrounder: Ethnic Armies in the Myanmar Civil War”, *Geopolitical Monitor*, 27 February 2024: <https://www.geopoliticalmonitor.com/backgrounder-ethnic-armies-in-the-myanmar-civil-war/>, accessed 16 May 2024.

¹⁸⁵ Minority Rights Group.

¹⁸⁶ A. Pelletier, “Identity formation, Christian networks, and the peripheries of Kachin ethnonational identity”, *Asian Politics & Policy*, Vol. 13, No. 1, 2020, p. 74.

¹⁸⁷ *Ibid.*

¹⁸⁸ B. Williams, *Excess of love: An oral history of the Kachin independence organization*, Unpublished Thesis, Williams College, 2017, p. 123, in Pelletier, p. 78.

¹⁸⁹ Pelletier, p. 78.

¹⁹⁰ Williams, p. 179, in Pelletier, p. 78.

¹⁹¹ Williams, p. 180, in Pelletier, p. 78.

¹⁹² Pelletier, p. 78.

¹⁹³ *Ibid.* p. 85.

¹⁹⁴ *Ibid.*

hospitals, KIO taxes and laws, KIO protection and investment—[were] all nothing but a fading memory”.¹⁹⁵

Despite their difficulties, the KIA remains fully funded by the KIO who generate their revenue through tax collection of civilians living in Kachin, cross-border trading of jade, jade mine concessionaires, and small scale miners (R4).¹⁹⁶ Despite the loss of territory, they remain active in areas along the Chinese border and have a police department, fire brigade, educational system and immigration services.¹⁹⁷ Additionally, the KIO owns the Buga power plant which serves as the main source of electricity for the capital of Kachin. Prior to making the town of Laiza their headquarters, the KIO had a border gate where taxes were collected from traders and merchants on the Sino-Burma border. In 2002, they grew in size in the region and built hotels, schools, markets, and established a local radio station and television channels all under the administration of the KIO providing services akin to a ‘state-like’ entity (R1).¹⁹⁸

Post ceasefire, certain KIO-A leaders continue to operate their own businesses, providing services mainly to Chinese and Burmese companies, including security and the issuance of licences and concessions to commercially develop mining and other resources. These business enterprises also generate tax revenue from both corporations and individuals, some of which is funnelled back into the NSAG's military operations.¹⁹⁹ Political scientist Macartan Humphreys pinpoints KIA's methods of raising funds into three channels (R1):

- 1) Profits from extractive industries where the group profits from logging operations and jade mining;
- 2) Revenue from commercial agriculture where the group generates income from large-scale plantations;
- 3) Imposition of "quasi-voluntary" taxation where the group imposes a system of levies and fees on both businesses and civilians under its control.²⁰⁰

A civilian explains that since 2011, illegal logging activities have increased. Trucks are blocked outside checkpoints where they are unable to pay bribes set by the junta, who control most roads. The interviewee explained that KIO does not require such extortion of money since they “set up a systematic tax system” (R1).²⁰¹ Another individual specified how two years into the conflict, KIA made considerable profit margins when they conducted logging activities since Tatmadaw checkpoints had been demolished and ‘government’ taxes were no longer imposed. Additionally, the KIO levied taxes as a condition for allowing logging operations. They then worked to get supporters of KIO employed, enabling both the KIO and its members to financially benefit from the NIAC (R4).²⁰²

¹⁹⁵ Williams, pp. 227-228, in Pelletier, 85.

¹⁹⁶ Global Witness, *Jade: Myanmar's "Big State Secret"*, Global Witness, London, 2015:

<https://www.globalwitness.org/en/campaigns/oil-gas-and-mining/myanmarjade/>, accessed 16 May 2024, p. 90.

¹⁹⁷ United Nations Development Programme, *The State of Local Governance: Trends in Kachin*, UNDP Myanmar, 2015: https://www.undp.org/sites/g/files/zskgke326/files/migration/mm/UNDP_MM_State_of_Local_Governance_Kachin_ENG.pdf, accessed 16 May 2024.

¹⁹⁸ Yan Naing.

¹⁹⁹ C. Jaquet “The peace process deadlock”, in C. Jaquet, *The Kachin Conflict: Testing the Limits of Political Transition in Myanmar*, Research Institute on Contemporary Southeast Asia, 2013, pp. 65-82.

²⁰⁰ Macartan Humphreys, 2002, in Jaquet.

²⁰¹ Jaquet.

²⁰² *Ibid.*

The military junta is omnipresent in Kachin State, oftentimes deploying large troop numbers to destabilize the KIA,²⁰³ which they consider an illegal organization.²⁰⁴ COVID-19 pandemic sheds light on double-taxation. Civilians have stated that they continued to be double-taxed by the government and the KIA (R5).²⁰⁵ KIA only tightened its grip in the following years, increasing taxes from villages under their control despite the military coup. An individual stated how KIA have since been providing local shop owners with business cards where they must report and arrange payment to avoid being threatened in their homes. The civilian continues to explain that it was reported that last year, a shop paid \$160 and was asked to pay double this year (R6). The described area of Shan State is also under control of other armed groups who also collected taxes from civilians, meaning that the civilians are in fact being extorted and double-taxed (R6).

KIA spokesman Colonel Naw Bu has emphasized that the purpose of tax collection is to support its military operations and that they do not threaten civilians.²⁰⁶ It has been reported, however, that Kachin soldiers demand owners of small and medium-sized businesses to pay 400,000 to 1 million kyats, yet ask larger establishments for up to 1-2 million kyats (R6).²⁰⁷ It is unclear whether these have negatively impacted civilians. Assumptions, however, point to the possibility that civilians face economic hardship.

²⁰³ Yan Naing.

²⁰⁴ S. Naw “Myanmar’s Kachin State Under the Coup Regime”, *The Diplomat*, 25 February 2021: <https://thediplomat.com/2021/02/myanmars-kachin-state-under-the-coup-regime/>, accessed 16 May 2024

²⁰⁵ S. San Aung, “Kachins Complain of ‘Tax’ Collection by Ethnic Armed Group Amid COVID-19” *Radio Free Asia*, 7 August 2020: <https://www.rfa.org/english/news/myanmar/tax-collection-08072020134716.html>, accessed 16 May 2024.

²⁰⁶ *Ibid.*

²⁰⁷ *Ibid.*

PART III: Analysis

This part analyses and synthesizes the case studies. The first section considers the case study evidence according to the relationships discussed in Part I and discusses other interesting findings across cases. Section two presents the implications of these findings, followed by the limitations of this study in the third section. Prior to commencing the analysis, however, we wish to highlight that we provide an overview of the case studies in the Appendix (Appendix A) with coding scheme (Appendix B).

1. Review of the Preliminary Evidence

R1: Territorial Control and Intelligence/Geographic Foundation

Overall, we find mixed support for the literature's theoretical expectation that longer territorial control would lead to a more intelligence- and geography-based extraction system. It appears that the cases of the FARC, Houthis, Taliban and LTTE offer preliminary support. For instance, the Taliban moved from a donation and fixed-amount system to an income and property-based system. Additionally, territorial control allowed them to erect checkpoints and border control to charge customs.²⁰⁸ As a qualification, it is worth noting that Al-Shabaab operated a significantly intelligence-based system far beyond their territorial control,²⁰⁹ and KIO-A's system does not appear to have changed over time.²¹⁰ Additionally, we did not find any case where increased consolidation led to a reduction in complexity.

Furthermore, the cases provide some nuance to the relationship: For instance, whilst operating an elaborate extraction system in areas of prolonged control, the Taliban operated a more ad-hoc system at the frontlines in 2020/21. Extraction was also associated with more indiscriminate violence across case studies in areas of contestation.²¹¹ This lends support to the argument that territorial consolidation and the employment of violence correlate.²¹²

R2: NSAG's Command Structure and Violence

We find substantial support that NSAGs with stricter command and control structures may employ less lethal and opportunistic violence for the implementation of their extraction system. The FARC, LTTE, KIO-A, Houthis and Al-Shabaab all exhibited high degrees of discipline and generally relied on the threat of violence to extract payable amounts. On the contrary, a breakdown in internal structure may correlate with an increase in lethal and opportunistic violence. For instance, when the LTTE split in 2004, they used lethal violence during implementation and engaged in 'within-group' double taxation.²¹³ However, this relationship may not be as strong as the one postulated in R5 because there are instances where, despite significant command and control, NSAGs resorted to violence.

²⁰⁸ See p. 25 of this report.

²⁰⁹ See p. 16 of this report.

²¹⁰ See p. 29 of this report.

²¹¹ See p. 27 of this report.

²¹² See Kalyvas.

²¹³ See p. 24 if this report.

R3: Ideology and Differentiation (1)

We find mixed evidence linking ideologies to differentiation practices by NSAGs. Marxist groups, represented here by the FARC, created taxation systems explicitly based on their ideology.²¹⁴ Likewise, Ethnic Nationalist groups clearly differentiate on the basis of ethnicity. The Houthis, for example, disproportionately tax people who are not a part of the Houthi ethnicity, believing themselves superior to other Muslims.²¹⁵ The LTTE differentiated between Tamils and non-Tamils, by taxing the former while violently forcing out the latter.²¹⁶ On the other hand, the KIO-A, despite having an ethnic nationalist identity, does not differentiate on that basis because it considers everyone in its territory to be part of the Kachin Nation.²¹⁷ In the case of Al-Shabaab and the Taliban, taxation did not necessarily lead to differentiation but instead focused on the economic needs of the group.²¹⁸

This may also indicate a trend whereby NSAGs motivated by Ethnic Nationalism or Marxism are more likely to differentiate in their extraction methods than religiously motivated NSAGs motivated by religious or territorial ideologies.

R4: Profitability and Differentiation (2)

Alternatively, we find strong supporting evidence that NSAGs differentiate based on profitability. The Taliban implement redistributive taxes in accordance with Islamic law.²¹⁹ Other Islamic groups like Al-Shabaab and the Houthis also have these policies, though it is unclear if redistribution really occurs.²²⁰ Certain groups also tax based on the profitability of industries. For example, KIO-A taxes more profitable industries in its territory, like jade or logging.²²¹ The Taliban similarly taxed the drug trade extensively.²²² Al-Shabaab used to similarly tax the charcoal industry, but they abandoned this tax and now actively undermine the charcoal business to weaken other groups that profit from it.²²³ However, when a group needs more funds, differentiation may disappear. In short, NSAGs are pragmatic when choosing methods and targets of taxation.

It should also be noted that in the case of FARC, ideology and profitability are the same, as Marxist ideology encourages the taxation of the wealthy.²²⁴

R5: Financial Shocks and Humanitarian Hardship

Financial shocks may increase humanitarian hardship as a result of increased extraction. The 1999 Colombia Plan and the 2021 Coca Crisis exemplify cases of the FARC's financial shocks which led to more taxes and violence.²²⁵ Similarly, the LTTE increased extraction practices prior to wars and after

²¹⁴ See p. 12 of this report.

²¹⁵ See p. 20 of this report.

²¹⁶ See p. 24 of this report.

²¹⁷ See p. 28 of this report.

²¹⁸ See p. 17 and p. 25 of this report.

²¹⁹ See p. 25 of this report.

²²⁰ See pp. 18-19 of this report.

²²¹ See p. 29 of this report.

²²² See p. 25 of this report.

²²³ See p. 16 of this report.

²²⁴ See p. 12 of this report.

²²⁵ See p. 13 of this report.

the 2004 Tsunami, increasing the amount of extracted resources to generate more income and thereby increasing humanitarian hardship.²²⁶ Similarly, as the Houthis' financial need grew, the tax grew significantly and caused financial hardship.²²⁷ When there was an increase in financial need, Al-Shabaab implemented Infaaq, an arbitrary emergency tax.²²⁸ The case of the Taliban and KIO-A does not provide clear examples of a financial shock. However, post-COVID-19, the KIO-A began violently taxing civilian-owned businesses and shops, potentially increasing humanitarian hardship.²²⁹

R6: Humanitarian Hardship and Civilian Resistance

Our findings demonstrate a link between humanitarian hardship resulting from the burden of the extraction system and civilian resistance. Specifically, the Taliban used taxation as a military tool which increased during the withdrawal of US troops, leading to protests and open resistance.²³⁰ Moreover, the LTTE exerted violence against the Muslim community, which consequently led to rebellion and civil unrest.²³¹ However, humanitarian hardship does not always lead to open resistance due to fear of retaliation. In the case of the Houthis, despite serious hardship, civilians generally complied with paying taxes. The FARC remained vigilant of civilian discontent by not committing criminal acts and by not furthering humanitarian hardship, thus resistance remained low.²³² The KIO-A taxation system was generally approved by civilians.²³³ During COVID-19 signs of humanitarian hardship increased, instances of individual non-payment, but no organized resistance manifested.²³⁴

R7: Corruption and Civilian Resistance

The case studies seem to substantiate the relationship that the higher the perception of misappropriation of extracted resources, the greater the civilian resistance. It is important to highlight, however, that a civilian's perception of corruption is nuanced. In other words, instances exist where civilians resist against individuals themselves, and not against the NSAG as a whole. Additionally, protesting might be tolerated when civilians are allied to the NSAG, whereas civilians seen as enemies would in most cases not enjoy such freedoms. Nevertheless, our findings show that civilians under the Houthi administration support the claim as evidenced by civilians' use of physical violence (attacks and killings) against corrupt Tax Supervisors. The FARC, Taliban, Al-Shabaab and KIO-A also offer support of the literature's theoretical expectation as evidenced by its generally positive perception by the civilian population with little or no record of corruption. In the case of the LTTE, over time, the perception of misappropriation grew amongst the civilian population. As a result, public opinion shifted from initial support of taxation to compliance, though it never reached the level of resistance.²³⁵

²²⁶ See p. 24 of this report.

²²⁷ See p. 19 of this report.

²²⁸ See p. 17 of this report.

²²⁹ See p. 30 of this report.

²³⁰ See p. 27 of this report.

²³¹ See p. 24 of this report.

²³² See p. 13 of this report.

²³³ See p. 28 of this report.

²³⁴ See p. 30 of this report.

²³⁵ See p. 24 of this report.

Other Findings

We have also observed certain other relevant trends. Firstly, we would like to note that in addition to many cases of double-taxation, there are cases where there is even triple-taxation. In the cases of FARC and KIO-A in particular, we noticed situations where civilians were being taxed by multiple NSAGs and the state at the same time.²³⁶ There are also situations where people are being taxed multiple times by the same NSAG (within-group taxation). NSAGs like Al-Shabaab and FARC have been very effective at internally preventing this through their use of receipts.²³⁷ We also noticed a trend in the use of taxation as a means to weaken the government. NSAGs like Al-Shabaab, the Houthis, and the Taliban all have certain taxation policies and practices which are explicitly designed to deprive the government of money or resources.²³⁸

Regarding the provision of services by NSAGs, we have found considerable variation between the different cases, which could be summarized into three categories. There are those NSAGs who provide services to the best of their ability, those who share the load of services with the state, and those who do not provide services. KIO-A is the best example of the former, providing a wide range of services to its population.²³⁹ The Taliban and the LTTE have shared the cost of service provision within their territory with the state,²⁴⁰ while the Houthis use state funding for services within their territory.²⁴¹ Sharing services may be a strategic decision, as the state wants to ingratiate itself with the populations under NSAG control while the NSAG wants to reduce expenses. While we do not know the reasons for these varieties of service provisions, we can speculate that financial ability, legitimacy-building, and humanitarian concern all play roles.

²³⁶ See p. 30 of this report.

²³⁷ See p. 12 and p. 17 of this report.

²³⁸ See p. 16, p. 20, and p. 27 of this report.

²³⁹ See p. 28, p. 29, and p. 30 of this report.

²⁴⁰ See p. 23 and p. 27 of this report.

²⁴¹ See p. 20 of this report.

2. Implications

We identified three major gaps in existing knowledge, which our findings help to address. Firstly, several authors currently use the term taxation vaguely. This report endorses the use of an umbrella term - extraction - to capture this range of practices and then to use the designated terms (pillage, extortion, plunder, theft, etc.). A term that may be useful is coercive taxation - taxation without service provision - which may capture some of the extraction behaviour by NSAGs. Greater nuance in terminology is required to allow for greater comprehension of practices. Secondly, this report provides detailed insights into several NSAG extraction systems, finding interesting cases of within-group double taxation and triple taxation.

Thirdly, the report points towards several potential relationships explaining NSAG extraction practices. The mixed support for the relationship between territorial consolidation and an intelligence/geography-based system may have occurred because this analysis is unable to isolate impacts. We believe that territorial consolidation could impact the degree of intelligence/geography-based in line with Sabates-Wheeler and Vermin, but in the case studies, other strategic objectives of KIO-A and Al Shabaab prevent such development.²⁴² The evidence also highlights that territorial consolidation is not homogenous at a single point in time as borders may be inherently more contested and that territorial consolidation could impact the degree of violence used when implementing extraction systems (supporting Kalyvas).²⁴³ Findings also support Tilly's theory that the process of state-formation is inherently based on violent competition. Our research confirms that taxation plays a role in this process. NSAG taxation becomes more sophisticated as required in its competition with the state. We also find evidence that the organizational structure of NSAGs affects how violent extraction is, in accordance with the extant literature. We wonder, however, whether structure may proxy other factors, such as the NSAG's objective or time and encourage further research to investigate the relationship.

Nevertheless, in contrast to the existing literature, the findings of this report question the importance of ideology in informing extraction systems and contradict the resource curse theory. Indeed, the findings suggest that financial reasons may structure the extraction practices to a greater extent than ideology. Since the cases also suggest that a financial shock increases hardship, we suggest that NSAGs may engage in prioritization of objectives in situations of urgency, thus neglecting civilian support and other potential motivations for taxation (legitimacy, institution building, legibility, etc.) for reasons of organizational survival.

Concerning the impact of extraction systems, an NSAG's corruption and inflicted hardship may determine the degree of civilian resistance. However, we wish to highlight that the threshold for open rebellion may be high. Hardship may have to reach very high levels, for civilians to move from compliance to open resistance against an extraction system. We wish to highlight that unlike in traditional theories of state-formation, as the NSAG becomes more sophisticated and bureaucratic, its system does not become less violent. Indeed, while the opportunistic and physical cases of violence may decrease, the explicit threat and performance of violence are consistent in our cases regardless of the sophistication of taxation. We would also like to point out that a financial shock for the NSAG may mean a 'double' financial burden for the civilian population. Events such as a Tsunami or price drops may affect civilians

²⁴² See Sabates-Wheeler and Verwimp.

²⁴³ See Kalyvas.

directly (e.g. destroy property, reduce income) and increase their hardship, with the increased tax burden adding an additional layer of financial strain.

This research has previously argued that a significant gap in the literature is a lack of knowledge integration, as currently numerous explanations are offered to explain extraction systems. Ultimately, to integrate the extant literature, this report highlights that extraction and its impact are likely determined by certain categories: NSAGs objectives, characteristics (command and control) and contextual pressures (financial needs, territorial control). However, financial objectives may ultimately prevail.

However, we were only partially able to fill an existing gap on the impact of extraction systems on civilian populations. We would encourage more bottom-up research to assess on a case-by-case basis the severity (or lack thereof) of the impact observed on civilian populations. Quantitative information is required to allow for better comparability of cases. Also, data on the humanitarian situation of the civilian population under NSAG taxation are greatly required to better understand the impact of extraction systems. This research also only points towards potential relationships and more research is needed to substantiate the claims made. Considering the significant number of people living under NSAG control, such data and research are essential.

To avoid the causes that lead to violations of international humanitarian and human rights law, we advise humanitarians to be particularly mindful of:

1. Breaks within the command and control structure of NSAGs;
2. Areas with little territorial consolidation, and;
3. Financial shocks, either natural catastrophes or price jumps in goods produced by the controlled population/NSAG.

3. Limitations

It should be noted that this research has significant limitations pertaining to its data, measurement, research design and sample that reduce the internal and external validity of this research. Specifically, we faced significant data availability limitations. We were unable to produce yearly panel data and struggled to find comprehensive data on extraction system policies or humanitarian hardship. Sub-national data, ethnographic data and quantitative data were also scarce, and interview data may be biased. As a result, indicators may not adequately capture investigated concepts and are difficult to compare across cases, likely reducing the reliability and validity of our measurement.

Furthermore, for some relationships, we also could not identify a corresponding ‘counterfactual’ in our data. Covariates were not controlled for and our sample comprised only well-known NSAGs with high organizational capacity and some territorial control, meaning this research may suffer from sampling and omitted variable bias. These deficits in internal validity also extend to the external validity of this study - the results may not apply to all extracting NSAGs.

Since this is an explorative research, these limitations come somewhat naturally. The objective of this research is to start filling a substantial knowledge and data gap in the literature and stimulate discussion.

PART IV: Conclusion

The research sheds light on the design and impact of extraction systems on civilians living under NSAGs' *de facto* governance. Our research attempted to fill the gap to assess whether extraction practices by NSAGs cause hardship to people. This practice remains widespread. We have highlighted that at times, such taxes are collected by force or through the threat of its use. Conversely, taxes are sometimes also collected using systems similar to those employed by states. By presenting our findings and as outlined by our case studies, our evidence supports that each NSAG is motivated by diverse factors, justifies their means of taxation differently, and employs extraction methods that are distinct from one another. *Overall, some key recurrences are the NSAG's objective, its characteristics and its contextual constraints.*

By studying certain key relationships between different factors, we were able to conclude that NSAG's territorial control and discipline may impact civilian treatment within the extraction system. Financial shocks may increase humanitarian hardship experienced and financial motives may determine extraction systems' design. Indeed, the report suggests that financial motives are the primary driver for the erection and use of extraction systems. Civilian resistance could be related to the civilian population's perception of the NSAG corruption and the level of humanitarian hardship experienced by the civilian population. Double and sometimes triple taxation are prevalent in certain cases, suggesting undesired impacts on affected civilians. Based on these conclusions we emphasize that civilian hardship is likely observed in the territories we studied. The impact, under our assumption, is significant. However, deciphering perceived impacts and how civilians experience them personally remains too difficult to find and quantify.

Our study has important implications in the field of humanitarian work. The explorations conducted, substantiated by desk research and interviews, provided nuance on systems of extraction, and particularly methods employed by NSAGs. We also sought to describe civilian experience under NSAG control, which is an element lacking in existing literature. Nonetheless, we encourage the need for more bottom-up research that directly assesses the severity of impacts on civilians living under NSAG control. Desk research and a small number of interviews with humanitarians simply do not do justice to civilian representation, nor do they allow us to collect sufficient data on hardships faced by civilians. Additionally, in cases where taxation is enforced through the use of force, we have not generated sufficient data to draw a comprehensive analysis of the impact experienced by the civilians. There were accounts of civilians fleeing, albeit most cases fell short of explaining the feelings, motivations, and hardships faced by civilians. That is why we believe it would be beneficial for more extensive research to be done to address impact by employing more ethnographic research approaches.

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Appendix A: Summative Table of Case Studies

Name of NSAG	Period / events	Degree of Territorial Consolidation (H1)	Intelligence (H1)	Centralization of NSAG (H2)	Violence at Implementation (H2)	Differentiation based on Ideology (H3)	Differentiation based on Income (H4)	Financial Shock (H5)	Civilian Resistance (H6)	Perceived Corruption (H7)
FARC	1980-1990	Stable/ Consolidated	Low	Centralized	High	Yes	Yes	No	Compliance	n/a
FARC	1990-1999	Stable/ Consolidated	High	Centralized	Low	Yes	Yes	No	Compliance	n/a
FARC	1999-2005	Fluctuating	High	Decentralized	High	Yes	Yes	Yes	Resistance	n/a
FARC	2021-2023	Stable/ Consolidated	High	Centralized	Low	Yes	Yes	Yes	n/a	n/a
Al-Shabaab	2006-2011	Fluctuating	n/a	n/a	High	No	No	Yes	Resistance	n/a
Al-Shabaab	Since 2011	Stable/ Consolidated	Medium	Centralized	High	No	No	No	Compliance	n/a
Houthis	2014-2020	Fluctuating	High	Centralized	High	No	No	No	Compliance	High
Houthis	Since 2020	Stable/ Consolidated	High	Centralized	High	Yes	No	No	Compliance	High
LTTE	1980-1990	Fluctuating	Low	Centralized	Low	No	Yes	No	Support	Low
LTTE	1991-1994	Stable/ Unconsolidated	Medium	Centralized	Low	No	Yes	No	Compliance	Low
LTTE	1995-2002	Fluctuating	Low	Centralized	High	No	Yes	Yes	Compliance	Low
LTTE	2002-2004	Stable/ Consolidated	High	Centralized	Low	No	Yes	No	Compliance/ Resistance	High
LTTE	2004-2006	Fluctuating	Low	Decentralized	High	No	Yes	Yes	Compliance/ Resistance	High
Taliban	2002-2005	Fluctuating	Low	Decentralized	High	No	Yes	Yes	Compliance	Low
Taliban	2006-2014	Fluctuating	Medium	Decentralized	High	No	Yes	Yes	Compliance	Low
Taliban	2015-2020	Stable/ Consolidated	High	Centralized	Low	No	Yes	No	Compliance	Low
KIO-A	1962-1994	Stable/ Consolidated	Medium	Centralized	Low	No	No	No	Support	Low
KIO-A	2011-2018	Fluctuating	Medium	Centralized	Low	No	Yes	No	Support	Low
KIO-A	Since 2019	Fluctuating	Medium	Centralized	High	No	Yes	No	Compliance	High

Table (1): Overview of Evidence on Relating to the Relationships of Interest.²⁴⁴

²⁴⁴ We refrain from mentioning the ‘Humanitarian Hardship’ variable in the Table. To understand humanitarian hardship, we look for time-variations within an indicator that is specific to a case. We avoid cross-comparisons, as it would lead to a distorted representation of the cases. A definition can be found in Appendix B.

Appendix B: Reference Terms for Table (1)

Concept	Definition	Indicators	Coding/Scale
Centralisation	Extent to which an NSAG has a hierarchical organizational structure, thus a leadership and rank-and-file combatants.	Decision-making.	Centralised: top-down decision making. Decentralised: limited hierarchy, consensus amongst sub-commanders or divisions. Embedded: Joint decision-making with members.
Civilian population	Residents of the territory controlled by NSAG where the taxation system is implemented, including civilians and businesses.	-	-
Civilian Resistance	Degree of resistance towards the extraction system, the opposite of support.	Resistance Indicator: Migration, Avoidance, Protest. Compliance indicator: qualitative evidence of compliance, e.g. for fear or harm. Support indicator: qualitative evidence of active support	Resistance: Multiple incidences of resistance in a given time period. Compliance: Evidence of compliance Support: Evidence of support.
Corruption	The degree of corruption within the NSAG.	Perceived NSAG corruption (qualitative evidence).	High: NSAG is generally perceived as corrupt. Low: No accounts of corruption, or only very individualized.
Differentiation	The type of population targeted by the extraction system. Differentiation (1): Higher amounts are levied based on ideology (based on class, religion, ethnicity). Differentiation (2): Higher amounts are levied based on income.	Extraction Policy.	Nominal (1): Yes: based on ideology. No: not based on ideology. Nominal (2): Yes: based on income/profitability. No: not based on income/profitability.
Financial Reliance on Civilian Population	Extent to which NSAG relies on the income generated from the controlled civilian population for income.	Funding sources and their relative importance.	High: little other funding sources in a given time period. Low: many other funding sources and evidence of their importance in a given time period.
Financial Shock	Sudden shock in an NSAG's demand for funding/financial resources for within-case analysis.	Sudden shocks in demand for income, e.g. natural catastrophes in territory, collapse of revenues, significant losses of the NSAG of territory/combatants on the battlefield. The enemy gained a new ally.	Yes: Shock in a given time period. No: no shock in a given time period.
Humanitarian Hardship	Financial and physical hardship of civilians that occurred due to the implementation.	Financial Indicator: Household income in controlled territory relative to payable amounts of the extraction system. Physical Indicator: Use of violence. Service Indicator: Provision of quality public services. Crisis Indicator: Description of the controlled area as "humanitarian crisis", the sending of life-saving supplies/relief goods/food.	High: Evidence of 'crisis' (sending of relief goods or label as a humanitarian crisis), as well as evidence of household income being similar or exceeding payable amount (financial indicator). There is also evidence of the use of violence or a lack of public service providence. Medium: Evidence or the financial or crisis indicator. Low: No evidence of 'crisis' or for the financial indicator.
Ideology	"Systematic ideas that identify a constituency, the challenges the group confronts, the objectives to pursue on behalf of that group" (Schubiger and Zelina, 2017). Either Marxist, Jihadist or ethnic nationalist (ibid.,).	NSAG Program/Objective.	Marxism, Jihadism, Ethnic Nationalism.
Implementation method	The method of collection.	-	-

Intelligence-based system	The degree of intelligence/information needed for implementing a certain extraction policy.	Type of extraction policy.	Ordinal: High; e.g. property tax, proportional income tax in a given time period. Medium: e.g. checkpoints. Low: e.g. donations, fixed-amount fees, ransom payments in a given time period.
Pillage	The violent extraction of resources by a member of a belligerent group for personal and private gain without the owner's consent during an armed conflict.	-	-
Profitability	The revenue or income of the groups/industries extracted from. It is dependent on geography. For instance, in a given context, those involved in drug trade may generate most revenue and are thus, most profitable, whereas in another context, there is no drug trade at all, but farmers have the highest earnings.	Profession/industry.	High profitability: List of industries/entities considered with high income. High profitability: List of industries/entities considered with low income.
Profitability	The revenue or income of the groups/industries extracted from. It is dependent on geography. For instance, in a given context, those involved in drug trade may generate most revenue and are thus, most profitable, whereas in another context, there is no drug trade at all, but farmers have the highest earnings.	Profession/industry.	High: Considered having most/substantial income/revenue in specific country context. Low: With little income.
Provided services	Public services provided through an extraction system. These may include courts, education or hospitals.	-	-
Taxation	Extraction of resources or money from the civilian population that is widespread, repeated, rule-based and obligatory, with an element of reciprocity beyond security provision through the military or police.	-	-
Territorial Consolidation	Extend to which NSAG operated in a stable or contested territory.	Geographical presence.	Stable/unconsolidated: NSAG had stable control over territory. However, territorial control was held for less than two years. Stable/consolidated: NSAG had stable control over territory for more than two consecutive years. Fluctuating: Significant territory was lost (and regained) in a given time period.
(Use of) Violence at implementation	The extent to which open and direct violence is used to extract the payable amount.	Use or threat of lethal violence, humanitarian exemptions, detention, expulsions, legal appeal system.	High: use or threat of lethal violence, detention in a given time period. Low: little mention of use of lethal violence and evidence for humanitarian exemptions, and appeals systems in a given time period.

Table (2): Coding Scheme for Table (1).