



Journal of Social and Political Sciences

Hamoon, W., & Tawakkoli, A. O. (2024). National Budgeting and Revenue Collection under the Taliban. *Journal of Social and Political Sciences*, 7(1), 122-134.

ISSN 2615-3718

DOI: 10.31014/aior.1991.07.01.471

The online version of this article can be found at:

<https://www.asianinstituteofresearch.org/>

Published by:
The Asian Institute of Research

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National Budgeting and Revenue Collection under the Taliban

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Abstract

In August 2021, the Taliban seized power and established an authoritarian theocracy. Their government is not internationally recognized and cannot access international aid that played such an essential role in the financing of the previous government. As a consequence, the Taliban's budget is half of what it was under their predecessor, relies on internal revenues to fund government operations, and has reduced to minimum spending socio-economic development programmes at a time when the country faces a humanitarian crisis. The international community has come to the population's rescue and aid spending is greater than the government's budget. Public finances under the Taliban are under researched. This paper aims to fill that gap by providing a detailed national budget analysis that reflects their political priorities and the government's rigorous pursuit of internal revenue sources. It examines the broader economic and societal consequences of Taliban rule.

Keywords: Afghanistan, Islamic Emirate, the Taliban, National Budget, Government, Revenue Collection

1. Introduction

On August 15th, 2021, the Taliban took control of Afghanistan's capital, resulting in dramatic changes in the country's political, economic, and financial landscape. The new government, the Islamic Emirate of Afghanistan, is not recognized and cannot receive international financial assistance because of its policies on women and lack of political inclusivity, leading to serious challenges in revenues and budgeting. The Emirate has to rely on domestic revenue to finance expenses. The previous government was heavily dependent on foreign assistance that has been withdrawn leaving the country's economy and public finances in dire straits.

The Emirate is collecting revenue from every possible source to cover its recurrent expenses, but this effort is far from sufficient to bridge the gap created by the absence of aid. This has led to a significant contraction of the budget, and a decline in development spending to address the urgent humanitarian crisis and socio-economic needs. Moreover, even the current budgetary allocations are diminished because allocations are not part of a

coherent strategy to address short and medium-term issues, not to mention a longer-term roadmap to address the country's persistent problems.

While the political, social, and especially gender aspects of the extensive changes brought about by the Taliban regime have been studied, their national budget and revenue collection practices remain under-researched. Research has been stymied by the Taliban government's hesitancy to release budget and expenditure data. This paper, written by a team with a background in Afghan public finance, based on hitherto unpublished data, offers new insight on national budget and revenue collection.

The data presented in this paper is based on national budget documents for the respective fiscal years, as well as data from the Revenue Management Information System (RMIS). Due to the current absence of reporting transparency that existed under the previous government, some data that would normally be in the public domain were collected through informal channels. In the interest of the country's public good, this data will be presented although not referenced.

2. Literature Review

The Taliban, unlike the previous government, is sparing in releasing budget and expenditure information, and it is not surprising that there are only a few studies in this field. The Ministry of Finance's mini-budget for the last quarter of 1400 (21 December to 20 March 2022. The Islamic Emirate of Afghanistan's official calendar is the Solar Hijri calendar) was the first time some information was released. Kate Clark and Roxanna Shapour were the first researchers to publish an analysis of this budget (Clark et al. 2023). They noted that with international assistance suspended, the Taliban have become diligent revenue collectors and provide data in this area, while expenditure reporting is incomplete. From what is known, large amounts of money are allocated to security, and relatively little is spent on the social sector.

In addition to looking at the mini-budget mentioned above, the 2023 study by Salma Alokozai and Khalid Payenda examined the high-level summaries of the 2022-23 budget that the government released (Alokozai et al. 2023). They discuss the lack of transparency in public spending. For example, data on budget execution has yet to be made public. However, of note is the vast improvement in collecting customs dues compared to the pre-2021 authorities.

The international organizations in Afghanistan regularly report on the state of the economy, budgeting and revenue collection aspects, and the dire humanitarian situation where donors almost entirely fund assistance. "*The World Bank Economic Monitor Reports on Afghanistan*" and UNDP's "*Afghanistan Socio-Economic Outlook*" by UNDP are essential readings for understanding current issues. However, the reports do not thoroughly examine the Taliban's public finances. This paper contributes to a new understanding of the Taliban's budgeting and revenue policies because unpublished data were available to the team.

3. National Budgeting under the Republic (2002-2021)

After the fall of the first Taliban regime in late 2001, power in Afghanistan became decentralized, with factional leaders controlling distinct geographical areas. The Interim Authority (2001-2004), established by the Bonn Agreement, aimed to increase Kabul's influence, and establish central administrative structures. The adoption of the 2004 constitution and approval of the Public Financial and Expenditure Management Law in 2005, established the legal base for the administration of the country's public finance. The Law defined the budget processes and cycle and gave the Ministry of Finance (MoF) the authority to manage the country's public finances.

The MoF, responsible for implementing the provisions of the Public Financial Management (PFM) law, had the following mandate: (1) setting financial and public expenditure policy of Afghanistan, (2) Reporting to the government leadership and the parliament on the implementation of the provisions of PFM law, (3) proposing the adoption of regulations to the government and (4) adopting procedures and rules, for the better implementation of

PFM law. During this period, the government comprised 26 ministries and agencies at national and subnational levels, as well as the apparatuses of the judiciary and legislature, with each of them identified as a budgetary unit. In the immediate post-2001 period, the MoF lacked modern budget accounting, reporting, and digitalization. As part of the PFM reform plan, with the financial and technical assistance of the international partners, the first balance-based online application was implemented in MoF's treasury department in late 2002, named the Afghanistan Management Information System (AFMIS). Gradually, the AFMIS rolled out to line ministries and provincial finance offices known as Mustofiat. The last Mustofiat integrated into the system was in the remote province of Nuristan in 2010. The introduction of a Treasury Single Account (TSA), a unified government bank account that consolidated all government revenues, receipts, and payments, led to greater transparency and accountability in government financial management. Budget preparation and spending processes were improved, and revenue collection from tax, fees, and customs duties was modernized using sophisticated systems. (Platais et al. 2010)

In terms of revenue collection, there was much progress in digitalization. In 2004, the customs department acquired the Automated System for Customs Data (ASYCUDA), replacing the previous manual approaches. Also, the Afghan Revenue Department (ARD) received two digital systems, the Standard Integrated Government Tax Administration System (SIGTAS) and RMIS, which digitalized the tax declarations and processing in tax centers.

The digital systems transformed budget execution, reporting, controlling, audit, and integrated banking into the Afghan PFM, allowing financial management to be more donor-friendly and conform to international standards.

4. Public Participation, Transparency, and the Corruption Conundrums

The PFM cycle under the Republic included a set of initiatives that would allow communities to be involved in development activities. Besides the commitment to provide the public with systematic and timely reporting of the budget, the MoF tried to keep a fiscal responsibility to provincial budgeting that facilitated the establishment of Community Development Councils (CDCs) in districts and villages, which could propose small or medium-scale budgets through the Provincial Development Plan Guideline (PDPG). Unfortunately, most of the time, the commitments could not reach \$1 million per province, which meant many projects proposed did not receive government funding. However, through World Bank funding, important initiatives such as the Citizens' Charter Program carried out development projects identified as priorities by local communities.

The Republic's administrations were notorious for their corruption. The country occupied 165th place out of 180 countries on Transparency International's 2020 corruption index (Transparency International, 2020). This syndrome undermined sustainable growth and the confidence of international donors. The Customs Authority was a notable center of corruption that served influential people and deprived the government of critical revenues. According to the last finance minister of the Republic, the country lost \$8 million a day in revenues because of embezzlement at customs (BBC, 2021)

Nevertheless, there were tangible developments of the Afghan PFM as evidenced by the results of the Open Budget Survey (OBS) 2021, which assessed the government practices in the 2020 budget; overall, Afghanistan ranked 70 out of 120 countries. Regarding criteria such as transparency of budget information, the country took 43rd place out of 100 countries, a better showing than Sri Lanka, India, or Nepal. On the public participation indicator, it was 13th out of 100, and regarding public oversight, it was 31st (Open Budget Survey, 2021).

While the country had sound systems and growing professional capacity at the PFM system, serious issues continued to plague the country. Political patronage, in-fighting among elites, corruption, the growing insurgence, and increasing insecurity exacerbated the situation in a country that was a fragile state to begin with and contributed significantly to the Republic's collapse.

5. Development Strategies and the Budget

In 2004, Karzai was elected President. The Bonn Agreement and the more ambitious 2006 Afghanistan Compact set ambitious and complex aims in socio-economic development, governance, security, rule of law, health

education, and other spheres to be achieved in a few years (London, 2006). This 'maximalist model' of post-conflict and state-building required massive financial and human resources to achieve and need to be disaggregated into actionable plans.

The Afghan Republic government has produced four main agendas throughout its lifetime: National Development Framework (Kabul Reconstruction, n.d.) (NDF), Afghanistan National Development Strategy (Ministry of Finance, 2006) (ANDS), Afghanistan National Peace and Development Framework I 2017-2021 (Ministry of Finance, 2017) and II 2021-2024 (Ministry of Finance, 2021). The documents produced for each of the agendas outlined strategic visions for the development of Afghanistan that were further elaborated in National Priority Programs (NPPs) that took into account endogenous potential and international aid in addressing development and humanitarian needs.

Alongside the strategic visions, MoF's macro-fiscal department prepared an annual Fiscal Strategy Paper (Ministry of Finance, 2021) (FSP) which defined the midterm budgeting framework of the country, given the macro-fiscal situation and economic outlook of Afghanistan.

However, the above-mentioned strategies and agendas presented by the government were not the sole bases on which a national budget was formulated. Parliament had to approve the budget and its yearly discussion became a political battleground between the government and the legislators who lobbied special interests.

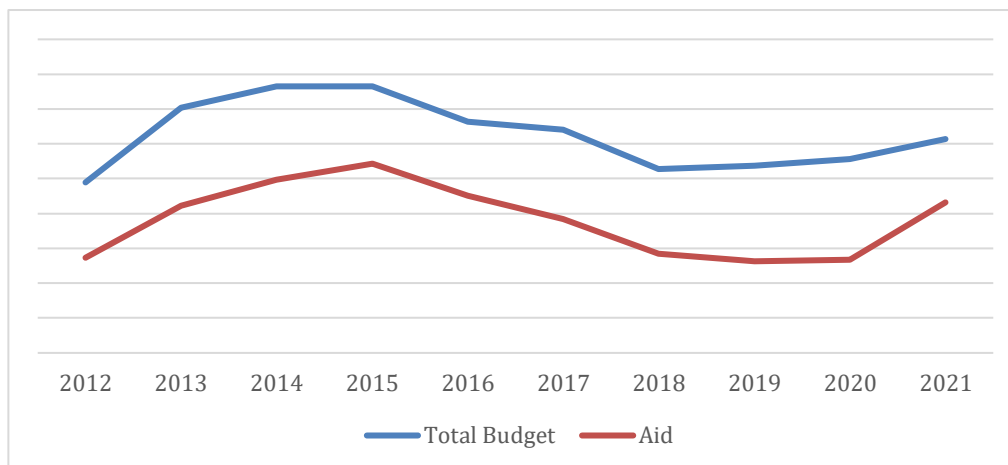
6. Aid Dependency

Afghanistan received more than \$80 billion in ODA funding from 2002 to mid-2021, and around \$80 billion in security assistance. Although the bigger part of the aid was through off-budget channels, the government continuously called on donors to consider channeling growing amounts of aid through the national budget, claiming the government was ready to adequately handle fiduciary, capacity, and other risks. As a result, the country's development budget was overwhelmingly financed through international assistance, and most of this on-budget aid was non-discretionary and channeled through two major trust funds: The Afghanistan Reconstruction Trust Fund (ARTF) and the Afghanistan Infrastructure Trust Fund (AITF). Thus, between 2012 and 2021, foreign aid covered 78% of the government's on-budget development financing. Of course, off-budget development spending was financed by foreign governments and non-government bodies (National Budget Book et al., 2012-2021).

ARTF, established in 2002, was the most important on-budget trust fund. It supported projects aimed at state-building, service delivery, poverty alleviation through job creation, and social inclusion. ARTF's portfolio had 28 development projects of different sizes, among them the well-known Citizens' Charter Program. The Fund disbursed \$11.429 billion of the \$12.409 billion committed by the participating donors (World Bank ARTF, 2015-2024). Moreover, AITF, established in 2010, was administered by the Asian Development Bank (ADB) and focused on infrastructure projects, transport connectivity, and private sector development (ADB, 2010).

While aid played an essential role in the country's socio-economic development, it also contributed to the government's lack of effort in mobilizing endogenous resources. Afghanistan became a 'rentier state' (Bizhan, 2018). As the figure below shows, aid's share of the total budget between 2012 and 2021 ranged from 48% to 72%. Aid covered most of the development budget and played a significant role in covering recurring government expenses, especially those associated with the armed forces and security, and paid the salaries and expenses of the Afghanistan National Defense and Security Forces (ANDSF) through the Combined Security Transition Command (CSTCA) and Law and Order Trust Fund for Afghanistan (LOTFA) funds.

Figure 1: Budget Aid Dependency in Afghanistan (2012-2021)



Source: Authors' Calculation based on the MoF and the World Bank data

7. National Budget under the Islamic Emirate

Budgeting under the Islamic Emirate of Afghanistan (IEA) occurs in a context very different from that of the Republics. The Emirate is a centralized theocracy with power concentrated in the hands of the Supreme Leader, the religious leader, the head of state, and the commander-in-chief. The Supreme Leader appoints and dismisses the Cabinet, judiciary, armed forces general staff, and provincial and municipal authorities; issues decrees and instructions; approves or vetoes laws drafted by the Cabinet. The Prime Minister and Council of Ministers, based in Kabul, are responsible for government operations. There is no Constitution and no Parliament. The Taliban's ultra-conservative poles apart from the Republic's, whose constitution upheld universal human values. The Taliban budget is driven by two factors – the need to reshape society to fit the procrustean bed of their distorted worldview and to remain in power.

Unlike their first entry in Kabul in 1996, this time, the Taliban inherited a government well equipped, functional, and modernized. The first Taliban government's Finance Ministry in their last year in power, 2001, did not have a single computer. In 2021, however, they found the ministry digitally equipped with robust financial management systems run by qualified civil servants. Having taken over the state administration with its complex systems, the Taliban were aware that qualified personnel were required to keep it running, and on 7 September, before they formed a government, they asked all male employees to report to work to keep the systems running and secure. Most operational staff remained while the senior staff either left the country or were dismissed.

While the computers and systems remain in the Ministry of Finance, PFM now operates in a different fiscal and political environment. Some aspects include the cession of aid and the sudden sharp decline of the economy, revenues, and a reduced budget. Another is an abrupt shift of funding priorities, with prominence given to military and security expenditures while sectors such as health, social welfare, and infrastructure development were passed over. The dramatic change in government meant that the entire budget process, now without the role of parliament or the public, became opaque, without any effort to achieve transparency or public discussion. The budget process is driven by a relatively small circle, as reflected in the figure below:

Figure 2: Budgeting Process under the IEA



Source: Authors' observations

The Emirate halted the Republic's public release of budget information. The Republic's MoF made significant strides in disclosing data posting on its website on budget formulation, revenue collection, and budget execution. The Emirate closed the curtains on the disclosure of budget information. The only budget document released on MoF's website was the January- March 2022 minibudget (Clark et al. 2023). The budget documents for 1401 (2022-23) and 1402 (2023-24) were not made public. Only limited information is released. Moreover, revenue collection is now not part of MoF's PFM system. While the Taliban are aggressively pursuing internal revenues, citizens are denied information on how their taxes are being spent. However, since budget data is essential in understanding where the country is heading, the research team obtained summary data of the government's 2023-24 budget that, for obvious reasons, is not referenced (See Annex 1).

The Emirate's budget is not a component of an articulated mid- or long-term development agenda. The Taliban are famous for their silence on their decision-making processes and policy thinking and offer no hints of whatever internal debates occur. Given the practicalities of running the country, Taliban officials understand the realities, but this is not situated within a framework that would provide a rationale for various individual decisions that are taken.

8. The Taliban's Mini Budget and the First Yearly Budget of 1401 (2022-23)

The Taliban occupied Kabul in August 2021, the 8th month of the ongoing fiscal year, and based on that budget, they renewed the temporarily suspended salary payments. That year's budget was \$6.143 billion, 70% of which was provided by foreign donors. Even with a much diminished, the government retained the development portion of the Republic's budget, 29% of the total, although there is no reporting on how these funds were spent (Budget Book, 2021, p. 2-4). The IEA continued spending as allocated by the inherited budget using domestic resources until 10 January 2022. At the same time, the Emirate changed the fiscal year to base it on the exact start and end of the solar Hijri year and hence produced a three month-mini budget in January 2022 to cover the months before the beginning of the new budget year in March 2022 (The fiscal year under the Republic was from 1st day of the 10th Solar Hijri month to the last day of the 9th month of the next Solar Hijri Year, corresponding to 10 January to next year's 9 January of the Gregorian calendar. Now, it stretches the fiscal year from the 1st day of the 1st month of the solar Hijri year to the last day of the 12th month of the same solar Hijri year corresponding to 21 March to 20 March of the next Gregorian year).

The mini-budget was published on MoF's website as required by the previous government's PFM law. The 53.9 billion AFN (\$634 million assuming an exchange rate of 85 AFN to one USD) was the first budget without foreign and had provisions to pay the salary arrears. Over 90% of the budget went to operating costs, primarily salaries, and the remaining 8.7% was for development. However, the development budget was unfunded, and the operating budget's deficit was 1.7 billion AFN (\$20 million). Defence and security received 40% of the budget (Clark et al. 2023).

The 1401 (2022-23) budget was the Emirate's first full-year effort. The budget did not appear on MoF's website. However, Table 1 below provides a summary of the budget from documents the authors obtained.

Table 1: Budget Breakdown of Fiscal Year 1401 (2022-2023)

<i>Budget 2022-23 (Million USD)</i>	<i>Planned</i>	<i>Share in %</i>	<i>Actual/Revised</i>	<i>Changes in %</i>
<i>Total Budget</i>	\$2,522.00	100%	\$2,617.00	+3.7%
- <i>Operating Budget</i>	\$2,240.00	88.80%	\$2,329.00	+3.9%
- <i>Developing Budget</i>	\$ 280.00	11.10%	\$ 309.00	+10.3%
<i>Total Revenue</i>	\$2,232.00	100%	\$2,570.00	+15%
- <i>Customs Duties</i>	\$1,101.00	49.32%	\$1,440.00	+30%
- <i>Tax</i>	\$ 518.00	23.20%	\$ 591.00	+14%
- <i>Non-tax Revenue (NTR)</i>	\$ 449.00	20.11%	\$ 539.00	+20%
<i>Deficit/Surplus</i>	\$ -450.00	-17%	\$-47.00	-89%

Source: Authors calculations based on accessed data of budget 1401 (2022-2023)

The table above summarizes the 1401 budget with its planned and actual expenditures. Several aspects deserve to be highlighted. The development allocation is only 11% of the total. Although actual spending was almost 3.7% higher than budgeted, development spending was one percent lower. Secondly, the actual deficit of \$47 million was markedly lower than the planned target of \$450. Of note is the strong revenue performance, which was 15% higher than expected, especially the receipts from customs duties that exceeded their target by 30%. More robust revenue collection overall is not because the economy has improved, but because of a crackdown on corruption. The 1402 (March 2023-March 2024) \$3.5 billion budget was a 34% increase over the previous one. This increase is due to a significant projected \$1 billion deficit since \$2.5 billion in revenues is only 12% greater than the \$2.2 number for 2022-2023. Custom revenues continue to be the most significant source of revenue, representing 56% of the total. (See Table 2 below) In terms of expenditures, the operating budget is 87% of the total, with 42% supporting defense and security agencies and development initiatives given only 13% of resources. Agencies crucial for human development, such as higher education and health, receive a mere 3% and 2.2%, respectively. The Taliban have not paid pensions since taking power.

Table 2: Budget Breakdown of Fiscal Year 1402 Budget (21 March 2023 to 20 March 2024)

Budget 2023-24 (Million USD)	Allocation	Share in %
Total Budget	\$3,548.00	100%
- Operating Budget	\$3,086.00	87%
- Developing Budget	\$461.00	13%
Total Revenue	\$2,458.00	70%
- Customs Duties	\$1,377.00	39%
- Tax	\$565.00	16%
- Non-tax Revenue (NTR)*	\$516.00	15%
Deficit/Surplus	-\$1,090.00	-30%

Source: Annex 1

According to the 2023-24 budget, the Taliban allocates 40% of expenditures on security, specifically the Ministry of Defense, Ministry of Interior, and the General Directorate of Intelligence (see Table 3). Moreover, there are three other entities dedicated to control and punishment. The Ministry for Promoting Virtue and Preventing Vice is an odious agency charged with implementing the Taliban's version of Islamic rules whose religious police arrest women not fully covered and people listening to music, imprison offenders, and organize public beatings. The Prime Minister's Protecting Services and Prisons Affairs Authority are also part of the security apparatus. In a country where fighting has stopped and faces only minor insurgencies and threats from the various resistance fronts and Islamic State in Khorasan Province (ISKP), it is the Taliban's policies that give rise to a so-called 'security' situation that is mainly about ensuring the population complies to their highly restrictive norms of personal conduct.

Table 2: Budget allocation of Security Entities for 2023-24 Budget

No.	Entity	Budget (Million USD)	Percent of Total
1	Ministry of Interior	\$ 650.90	18.35%
2	Ministry of Defense	\$ 616.80	17.38%
3	General Directorate of Intelligence	\$ 225.50	6.36%
4	Prisons Affairs Authority	\$ 42.51	1.20%
5	Ministry of Promoting Virtue and Preventing Vice	\$ 20.05	0.57%
6	Prime Minister's Protecting Services	\$ 12.70	0.36%
7	Total	\$1,568.46	44.22%

Source: Annex 1

The Ministry of Interior and Defense has a high number of staff members, with 223,338 and 179,934, respectively (Statistical Yearbook, 2021, table. 3.3). The Emirate's armed forces and police are more significant than those of the Republic that faced large-scale insurgency: a police force of 119,00 and a 182,00-strong army. The Emirate's inflated numbers are partly because their police and the military create jobs for former fighters who otherwise would be out of work.

The highest spending on non-security related ministries is on the Ministry of Education which in 2023-24 is allocated \$492.90 million, 13.8% of the budget. Since the Ministry banned women from attending school beyond grade 6, this level of expenditure, similar to the Republic's ought to be lower. However, the Ministry increased its staff by 120,000 and now numbers 389,000. This is due to the madrassas and other religious schools that were incorporated into the Ministry and are being expanded to undermine secular education and build an ideologically compliant social base among young people. The Ministry recently boasted of enrolling nearly one million students into religious madrasas (Moradian. 2023). The funding is primarily to pay staff costs. Only \$0.9 million is allocated for development, a meager amount in a country where schools are often in a dilapidated state and without computers.

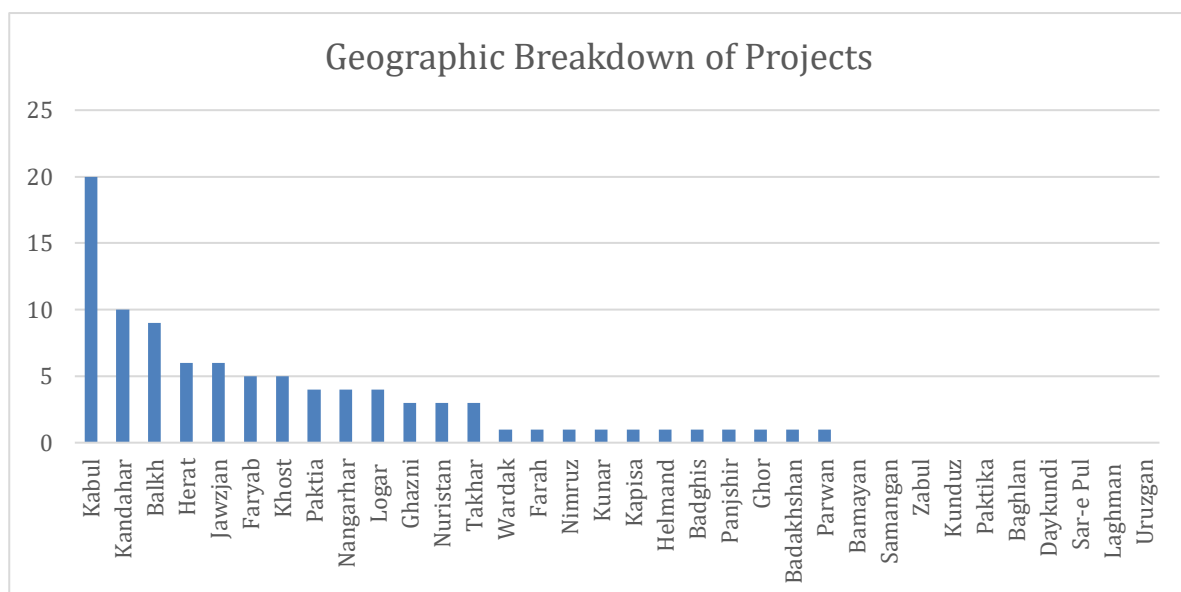
9. The Budget's Development Allocations

Sectors that are typically included in the development plans of poor countries, such as agriculture and rural development, are overlooked. Meanwhile, leaders who wish to demonstrate their commitment to their communities, even if it results in wasteful spending (Pork Barrel Projects), initiated small projects. Out of 170 projects, only 25 exceed a cost of two million dollars with the two projects that stand out with the highest value, first, the second phase of the Qosh Teppa Canal receiving \$95 million, and the second \$16 million funding is given to continue with the later stages of the Herat-Khaf Railway Project.

It is worth noting the following points regarding the Taliban development budget for the year 1402 (2023-24):

- The number of projects among the provinces is almost unbalanced centered on only 10 provinces.
- The distribution in value, however, significantly varies with only 5 provinces (Jawzjan, Kabul, Herat, Balk, and Kandahar) getting 80% of the allocation and around 10 provinces being deprived of getting any funds.
- Other than the above, there is little geographic pattern, probably reflecting a lack of coordination throughout Line Ministries and Agencies in terms of strategic planning.

Figure 3: Geographic Breakdown of Projects of Development Budget for Fiscal Year 1402 (2023-24)



Source: Authors calculations based on accessed data of development budget 1402 (2023-2024)

10. Resolution in Revenue Collection; Anti-Corruption and Afghanistan Natural Resources

The Taliban have shown to be resolute in collecting revenues. The 2022-23 revenue data and 2023-24 estimates indicate increased revenue collection, notwithstanding a faltering economy and pervasive poverty. In addition to the taxes mentioned above, the Taliban reinstated two additional taxes: religious taxes such as *Ushur* (a tithe levied on harvest) and *zakat* (a share of one's wealth given away for the sake of the poor). These taxes are an added burden on the population and are not collected through the MoF system but are the responsibility of the Ministry of Agriculture, Irrigation and Livestock (MAIL). Since most of these taxes are levied on people in rural areas, it is unsurprising that there have been reports of taxpayers' grievances against what they consider unfair taxes (Clark et al. 2022).

The Emirate is also pursuing non-tax revenue. For instance, the Ministry of Petroleum and Mines increased its earnings by about five times in 2022 compared to 2021. The Ministry of Commerce has focused on industrial parks as a revenue-generating opportunity. In the meantime, the government bodies are also either increasing their service charges or establishing new service charges. Examples are increases in passport fees, E-ID fees, and business license fees (Alokozai et al. 2023).

To help with revenue in the long run, the Emirate has also turned towards the mining sector. Afghanistan possesses vast mineral reserves worth an estimated \$1-3 trillion. Developing these resources could be the foundation of the country's economic revival and ease the gap left by the shutdown on aid. The mining sector generated revenues of around \$209 million (Exchange rate of 84 AFN to USD) or 8% of total revenue in 2022, and in the 2023 budget, the revenue target of the mining sector remains roughly the same (RMIS et al., 2023). This marks a significant improvement over the Republic's performance, which collected only \$28.5 million in 2020 (Ministry of Mines and Petroleum, 2020).

The Emirate recently signed some multi-billion mining sector contracts worth \$6.5 billion in August 2023. The contractors are reported to be nationals with connections in other countries such as Britain, China, Turkey, and Iran (VOA, 2023). The government is also banking on China to invest in Afghanistan's mining sector, benefiting from its long-term strategy to secure access to hydrocarbons and minerals, and in early 2023 a contract with a Chinese company has been signed to develop oil and gas in north of Afghanistan. There are reports of a discussion over a ten-billion-dollar deal with a Chinese company for the extraction of Lithium, an attractive mineral for the growing electric cars industry. However, few mining projects have come to fruition. The Taliban can offer companies physical security. But there are other constraints such as infrastructure to deliver the product to the markets, a certain regulatory environment, and reputational risk that accompanies non-transparent arrangements. Nonetheless, the Taliban will certainly rigorously pursue opportunities since mining royalties fill government coffers without any need to address domestic economic issues (Blumenthal et al. 2022).

11. The Role and Influence of the Humanitarian Aid Flow

While focusing on the Taliban's budget, it is essential to stress the role of humanitarian assistance that has kept society on the edge of a precipice. The Taliban are fortunate that the international community has responded to the country's humanitarian crisis. At the same time, they stubbornly refuse to yield on women's rights and political inclusion that would have resulted in recognition and opened the usual doors of international aid. While the Emirate's budget ensures they stay in power, they have outsourced critical care for the population to international agencies. The Emirate is a new form of a 'rentier state.'

Table 4: Humanitarian Aid by Sector 2022-2023

Year	Amount	Sectors	Amounts dedicated
2022	\$3.24 billion	Health	\$459.2 million
		Education	\$261.1 million
		Food Security, Agriculture, and Nutrition	\$1923.3 million
		Other sectors	\$596.7 million
		2023	\$1.47 billion
2023	\$1.47 billion	Education	\$85.1 million
		Food Security, Agriculture, and Nutrition	\$774.1 million
		Other sectors	\$432.3 million

Source: Authors calculations based on UN-OCHA data

The humanitarian aid and currency transfers in Afghanistan, which bypass the government, have been significant. Aid disbursed in 2022 accounted for 26% of the GDP. In the case of health, while the government allocated only \$80 million in the 2023 budget, aid spending was \$178 million (see Table 4). In 2022, Afghanistan received \$3.2 billion in assistance, which is larger than the government's budget. The UN's appeal for \$4.4 billion in 2022 was not reached, but that number points to the magnitude of the country's needs. Afghanistan's tragedy is that it has a government that places obscurantist dogma higher than the welfare of its people.

Author Contributions: All authors contributed to this research.

Funding: This study was supported by a grant from the Afghanistan Research Initiative, University of Central Asia, funded by Canada's International Development Research Centre and the Aga Khan Foundation-Canada.

Conflict of Interest: The authors declare no conflict of interest.

Informed Consent Statement/Ethics Approval: Not applicable.

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Appendix A

The Emirate's Budget 2023-24 by Units of Government

Entity or Contingency	Operating Budget (Million USD)	Developing Budget (Million USD)	Total Budget (Million USD)	Percent of Total
Office of Supreme Leader*	\$ 49.00	\$ 0.60	\$ 49.60	1.40%
Office of Prime Minister	\$ 14.20		\$ 14.20	0.40%
Administrative Office of IEA Affairs	\$ 19.00	\$ 95.00	\$ 114.00	3.21%
Ministry of Foreign Affairs	\$ 28.50	\$ 3.60	\$ 32.10	0.90%
Ministry of Justice	\$ 6.00	\$ 0.27	\$ 6.27	0.18%
General Directorate of Intelligence	\$ 222.00	\$ 3.50	\$ 225.50	6.36%
Prime Minister Protection Services	\$ 11.40	\$ 1.30	\$ 12.70	0.36%
Ministry of Defence	\$ 613.00	\$ 3.80	\$ 616.80	17.38%
Ministry of Interior	\$ 648.00	\$ 2.90	\$ 650.90	18.35%
Attorney General	\$ 28.00	\$ 0.17	\$ 28.17	0.79%
Supreme Court	\$ 80.13		\$ 80.13	2.26%
Office of Disaster Preparedness	\$ 2.30		\$ 2.30	0.06%
Prisons Affairs Authority	\$ 42.50	\$ 0.01	\$ 42.51	1.20%
Ministry of Economy	\$ 3.10	\$ 0.06	\$ 3.16	0.09%
Ministry of Agriculture and Livestock	\$ 19.30	\$ 4.20	\$ 23.50	0.66%
Ministry of Commerce and Industry	\$ 4.20	\$ 1.60	\$ 5.80	0.16%
Afghanistan National Standards Authority	\$ 1.30	\$ 4.50	\$ 5.80	0.16%
Ministry of Finance	\$ 148.50	\$ 12.00	\$ 160.50	4.52%
Control and Audit Office	\$ 2.30	\$ 0.03	\$ 2.33	0.07%
Central Statistics Office	\$ 11.00	\$ 8.10	\$ 19.10	0.54%
Ministry of Public Health	\$ 62.50	\$ 17.50	\$ 80.00	2.25%
Afghanistan Medical Council	\$ 0.86	\$ 0.15	\$ 1.01	0.03%
National Administration of Food and Spice Regulation of Afghanistan	\$ 4.30	\$ 0.73	\$ 5.03	0.14%
Ministry of Mines and Petroleum	\$ 8.10	\$ 5.70	\$ 13.80	0.39%
Ministry of Energy and Water	\$ 10.00	\$ 44.50	\$ 54.50	1.54%
Da Afghanistan Brishna Sherkat (Electricity Company)		\$ 4.30	\$ 4.30	0.12%
Afghanistan High Atomic Energy Commission	\$ 0.68		\$ 0.68	0.02%
Ministry of Communication	\$ 5.50	\$ 2.90	\$ 8.40	0.24%
Ministry, of Public Works	\$ 16.10	\$ 31.20	\$ 47.30	1.33%
Ministry of Transport & Civil Aviation	\$ 25.30	\$ 4.70	\$ 30.00	0.85%
Afghanistan Railway Authority	\$ 1.60	\$ 31.00	\$ 32.60	0.92%
Kabul Municipality		\$ 0.50	\$ 0.50	0.01%
Ministry of Urban Development	\$ 8.30	\$ 1.30	\$ 9.60	0.27%
Afghanistan Water Supply and Canalization Company	\$ 5.22		\$ 5.22	0.15%
Ministry of Rural Rehabilitation and Development	\$ 5.70	\$ 2.00	\$ 7.70	0.22%
Ministry of Haj and Religious Affairs	\$ 18.30	\$ 0.05	\$ 18.35	0.52%
Ministry of Information and Culture (National Radio and Television, Commission on Access to Information)	\$ 11.90	\$ 1.13	\$ 13.03	0.37%
General Directorate of Physical Education and Sport	\$ 2.40	\$ 0.03	\$ 2.43	0.07%
Ministry of Education	\$ 492.00	\$ 0.90	\$ 492.90	13.89%

TVET	\$ 16.40	\$ 0.22	\$ 16.62	0.47%
Ministry of Higher Education	\$ 99.50	\$ 8.60	\$ 108.10	3.05%
Science Academy	\$ 3.00		\$ 3.00	0.08%
National Examination Authority	\$ 1.90		\$ 1.90	0.05%
Ministry for Preaching and Guidance and the Propagation of Virtue and the Prevention of Vice	\$ 20.00	\$ 0.05	\$ 20.05	0.57%
Directorate of Environment	\$ 2.00	\$ 0.02	\$ 2.02	0.06%
Ministry of Frontiers and Tribal & Kuchis (Nomads) Affairs	\$ 5.00	\$ 0.04	\$ 5.04	0.14%
Ministry of Refugees and Repatriates	\$ 4.60	\$ 0.03	\$ 4.63	0.13%
Vocational Education Authority	\$ 0.98		\$ 0.98	0.03%
Ministry of Work and Social Affairs	\$ 13.20	\$ 0.24	\$ 13.44	0.38%
Ministry of Martyrs, Disabled	\$ 146.50	\$ 0.30	\$ 146.80	4.14%
Contingency codes	\$ 149.70	\$ 153.00	\$ 302.70	8.53%
Total Budget	\$3,095.27	\$ 452.73	\$3,548.00	100.00%

Budget Year 1402 (March 2023 to March 2024)

Assuming the Average Exchange rate for 2023: 1 USD = 84 AFN

*Religious taxes collected by the Ministry of Agriculture and Livestock (MAIL) go to the office of the Supreme Leader. It is in addition to the budget allocation from the Ministry of Finance. MAIL collected 1 billion AFN (around \$12 million) for 2022 (Pajhwok, 2023).