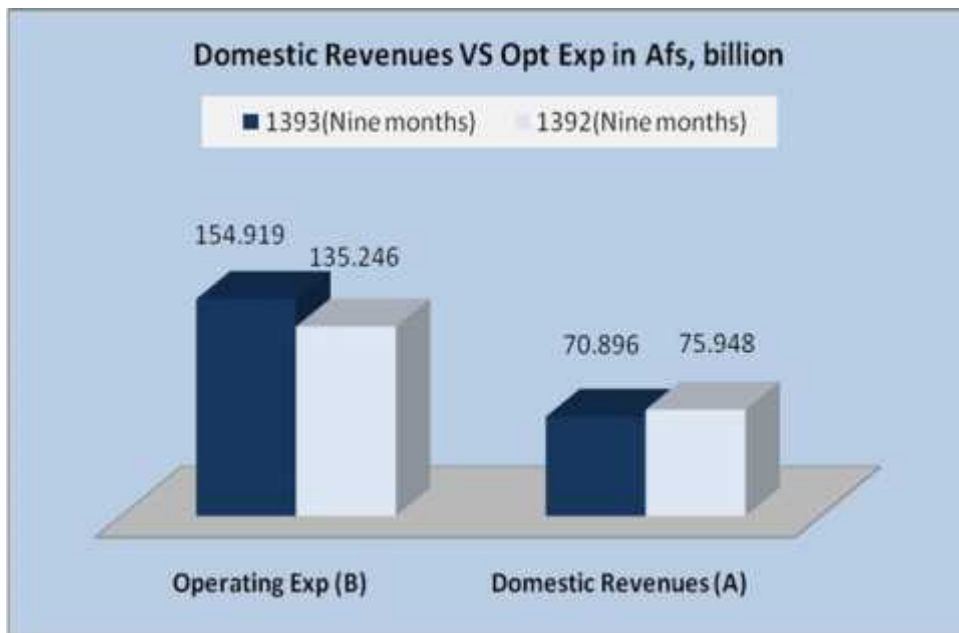




Islamic Republic of Afghanistan
Ministry of Finance
Office of the Deputy Minister for Administration
Reform Implementation & Management Unit

Nine months Performance Report 1393
On Strategic Plan



Submitted to: MoF Top Management

Submitted by: RIMU

Submission Date:

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Executive Summary:

Ministry of Finance had remarkable performance towards realization of the annual targets in the nine months of the year 1393 particularly on the core budget revenues side; on the other hand, in terms of core budget expenditures, the core development budget expenditures remained low due to certain factors. Most of the other supporting and development activities were achieved as per the set targets in line with MoF strategy.

Domestic revenues both tax and non tax reached to Afs 70.896 B for the nine months of 1393 FY showing a shortfall of 24% against the target of Afs. 93.68 B for the nine months. Compared with annual target of 1393, Afs. 133.20 B, it has completed 53% of it. Relative to nine months revenues of last year, Afs 75.948B, it shows a decrease of 7%.

As a part of domestic revenues, customs revenues reached to Afs 31.7 B in the nine months of the year, showing a shortfall of 31% against the nine months target of 45.9 B. Compared to last year's nine months customs revenues, Afs. 36.1B, it shows a decrease of 12%. Relative to customs revenues annual target for 1393, Afs. 61.2B, it has completed 52% of it.

Core budget/national budget for FY 1393 is Afs 467.636B (operating budget Afs 288.946B and core development budget Afs 178.690B). Compared to last year's core budget of Afs 358.244B (operating budget Afs 206.585B and core development budget Afs 151.659B) as indicated in nine months of last year, it shows an increase of 23%. The operating budget has increased by 39%, and core development budget shows an increase of 17%.

Regarding core budget expenditures, the execution rate of core development budget is 29% for nine months, while last year, it was 28% for the same period. This low execution rate of the core development budget is primarily due to low capacity at ministries and government agencies in planning and executing projects. On the other hand, the execution rate of operating budget is 54%, while last year it was 65% for the same period.

Domestic revenues covered 46% of the total operating expenditures in nine months of the year, whereas last year it had covered 56% of it for the same period. It is expected that it shall cover around 46% of the total operating expenditures by the end of the year.

The MTBF a pre-budget document including approved budget ceiling and has been prepared and published online by September 2014. ANDS/NPPs priorities has been incorporated in the budget formulation; progress will be shown at the end of the year; For 1393, The 1394 BC1 and BC2 submissions are based on ANDS result frameworks. For 1394 Budget Preparation, a 12 month Time Table (starting from 21 Dec 2013 – 20 Dec 2014) is prepared and approved by budget committee and currently being implemented.

All line ministries and provinces have online or batch access to AFMIS. AFMIS helpdesk system is fully functional, procedures being added for supporting other AFMIS modules too. Payroll also being considered.

During the nine months of FY 1393, PPU has assessed 10 line ministries(MRRD, MoPH, MoCI, MOD, MOI, MoCIT, MAIL, MoTBA, MoHE, Office of State Minister for parliamentary affairs) for Capacity Certification and standalone procurement. Out of these 10 LMs, 4 ministries (MAIL, MoD, MoCIT and Office of State Minister for parliamentary affairs) are fully certified for standalone procurement; however, GCMU of MoPH and ARAP of MRRD are already certified. PPU's recommendations and findings have been communicated to the non-certified organization in relation to their procurement proceedings in order to improve those deficiencies and get prepared for certification in the near future. None of provinces are assessed for the certification as ARDS is not functional in the provinces.

MoF 1393 tashkeel reached to 8665 positions of which 1845 posts are Ajeers, which is almost 1.17% higher than the number of the tashkeel positions, 8565, in 1393. Regarding Training and Capacity Building ,during the nine months of FY 1393, a total number of 45 training programs conducted under which 1107 MoF employees (139 women and 968 men) received the necessary trainings related to laws (customs law, civil service law, labor law and procurement law) Office management, time management ,planning, coordination, performance appraisal, project management Academy training programs, monitoring and evaluation, management fundamentals, communications, risk management, conducting orientations program, computer programs such as Ms Excel, Ms word .

MoF programs were updated with consultation of MoF line department for next five years. MoF strategic plan was updated for the next five years in both English and Dari; its first draft was circulated for review and comments and receiving comments approved by DM for administration for the usage.1392 FY annual performance review report was prepared both in Dari and English in line with the strategic plan and uploaded in MoF website. Reporting templates and monitoring frameworks for 1393 with their indicators, baselines and benchmarks were reviewed and updated in line with strategic plan, which were put into use for data collection.

During the nine months of FY 1393, Afs 372.640 Million was paid to large Tax Office account from tax and disbursement of Governmental Industries. Also in the third quarter of FY 1393, SOE Department has collected Afs 8.931 Million from SOEs as rent, profit and other obligations and paid to SoEs bank account.

With reference to registration of government's properties, properties of 148 belonging to 18 state organizations in capital and 150 in Ghor province which comprise apartments, buildings, electricity stations, mosques, restaurants and gardens have been registered in third Quarter of fiscal year 1393.

Under the Office of Chief of Staff, During the nine months of FY year 1393, management meetings have been held regularly, 19 Presidential Decrees, 469 Presidential Orders and 38 decisions of Cabinet were followed up for execution. Additionally, number of 3753 letters were prepared in this period.

According to NPP financing committee's action plan, the five selected NPPs (1- ARD cluster – Agriculture NPP 2- PSD cluster- E-Afghanistan 3- Governance cluster- Sub-national local governance 4- HRD cluster – Higher Education !- ID cluster- Industry Extractive) have been analyzed for funding and are ready to be presented to donors.

First follow up conference on Tokyo Mutual Accountability Framework (TMAF) at Ministerial level is going to be held on third and fourth December 2014 in London. A preparatic committee was established in last week of August/14. Main stakeholders had regular meetings for preparation of this conference. A main government paper is in the process of being drafted. 3-4 major achievements since Tokyo have been collected from LMs. In the process of identifying expenditures of NPPs since their endorsement, working has been going on for its accomplishment.

1. Main Achievements

1.1 Public Finance Management

Core Budget:

Core budget/national budget for FY 1393 is Afs 467.636B (operating budget Afs 288.946B and core development budget Afs 178.690B). Compared to last year's core budget of Afs 358.244B (operating budget Afs 206.585B and core development budget Afs 151.659B) as indicated in nine months of last year, it shows an increase of 23%. The operating budget has increased by 39%, and core development budget shows an increase of 17%.

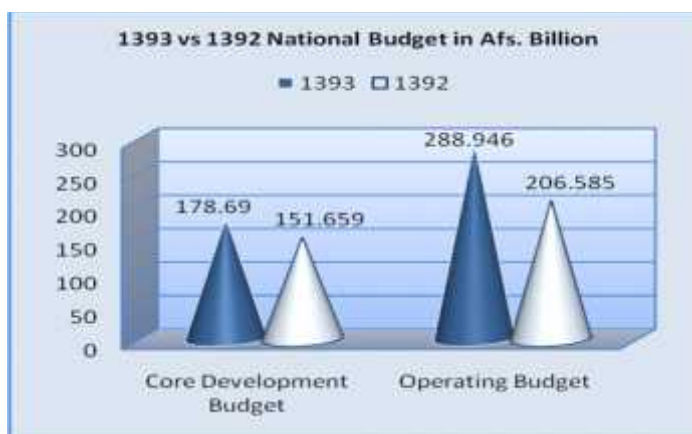
Figures in Afs Billion:

Fiscal Year	Operating Budget	Core Development Budget	Total
1393	288.946	178.690	467.636
1392	206.585	151.659	358.244

Source: Budget Department

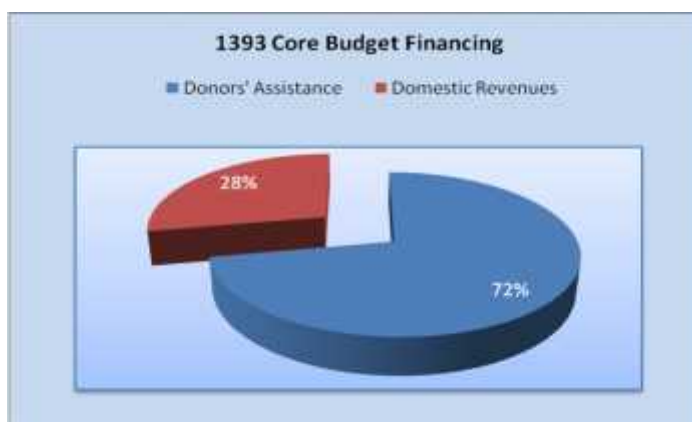
Note: Core budget reached to 440.978B in the first six months but it increased to 467.636B due to some additional financing in the nine months of FY1393.

The share of operating budget in the core budget has increased as compared to that of last year. Operating budget as % of the core budget is 62 %, while last year it was 58% as reported in the nine months. However, the share of the core development budget in the core budget has decreased as compared to that of last year. Core development budget as % of core budget is 38%, while last year, it was 42 % as reported in nine months.



Core Budget Financing:

Related to the core budget financing, domestic revenues shall cover 28% of the core budget in 1393 while the short fall of 72% shall be covered by donors' assistance to core budget. Compared to operating budget, domestic revenue is projected to cover 46% of it for the FY 1393.



% of Operating Expenditures Covered by Domestic Revenues

Domestic revenues covered 46% of the total operating expenditures in nine months of the year, whereas last year it had covered 56% of it for the same period. It is expected that it shall cover around 46% of the total operating expenditures by the end of the year.



Figures in Afs. Billion:

Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1393(Nine months)	70.896	154.919	46%
1392(Nine months)	75.948	135.246	56%

Source: AFMIS/Revenue & Budget Departments

Core Budget Expenditures:

The execution rate of core development budget is 29% for nine months, while last year, it was 28% for the same period. This low execution rate of the core development budget is primarily due to low capacity at ministries and government agencies in planning and executing projects. On the other hand, the execution rate of operating budget is 54%, while last year it was 65% for the same period.



Core Development Budget Expenditures in the Nine Months:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1393	178.690	78.489	51.120	29%	65%
1392	151.659	55.828	41.917	28%	75%

Source: AFMIS/Budget Department/ in Afs Billion

Operating Budget Expenditures in the Nine Months:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1393	288.946	228.905	154.919	54%	68%
1392	206.585	167.469	135.246	65%	81%

Source: AFMIS/Budget Department/ in Afs Billion



The MTBF a pre-budget document including approved budget ceiling and has been prepared and published online by September 2014. ANDS/NPPs priorities has been incorporated in the budget formulation; progress will be shown at the end of the year; For 1393, The 1394 BC1 and BC2 submissions are based on ANDS result frameworks. For 1394 Budget Preparation, a 12 month Time Table (starting from 21 Dec 2013 – 20 Dec 2014) is prepared and approved by budget committee and currently being implemented.

As per the approved budget time table, The national budget will be submitted to Parliament on 3rd November. The Budget Statement which is a detail budget document will be submitted to the parliament 2 weeks after the approval of national budget.

The approved 1393 budget is uploaded on the website on time (immediately after approval by Parliament) and circulated to the line ministries/departments and provincial Mustofiats. The 1393 budget statement, the citizen budget, the budget calendar and budget planner are also posted on the budget department website. 1394-96 statement has been published online.

For 1394, all budgetary units will submit their budget with provincial breakdown. For 1393, 6 ministries have submitted their budgets gender sensitive. For 1394, 6 ministries will submit their budgets covering for GRB.

Aid Coordination:

Follow up has been done by the Government of Afghanistan (GoA) but however some of the donors were not available due to their engagement in various activities and new political shifts. The process was also postponed due to the presidential election and political transitions.

The DCD meetings were conducted for (19) bilateral donor's namely ADB, Australia, Canada, Czech Republic, Denmark, EU, Finland, France, Germany, Italy, Japan, Netherlands, Norway, South Korea, Sweden, Switzerland, UK, UAS, World Bank which .

This year the DCD were also conducted with the(17) UN agencies. T According to the tentative plan all the DCD's were assumed to be completed by August 24, 2014 but however it took longer and the DCD's were finished by September 24 due to the various landmark events like presidential election, set up of new administration, non-availability of the donor's data on time, rescheduling of the DCD's date by donors, security reasons and large number of the donors.

Head of Agencies meetings were held in Khyber Hall of MoF in July, August and September, 2014. Two meetings are held every month to update the international community on different issues of progress, sharing information and concerns.

During the month of April 2014 a total of 2remaining USAID Portfolio Reviews of Local Governance and EconomicsGovernance sector's projects were conducted where USAID, MoF and the relevant Line Ministries participated to discuss a wide range of issues regarding the progress, concerns, shortfalls, and issues of the active project portfolio for the necessary decision making.

Negotiations for the Northern Flood-Damaged Infrastructure Recover Project were held in the end of September among the representatives of MoF/GIRoA at the Afghanistan Resident Mission of the ADB in Kabul and representatives of ADB at its Headquarters in Manila and Pacific Liaison and Coordination Office in Sydney through the means of Video Conference. The 2 Grant Agreements have been drafted and most probably will be signed by the end of current year(2014). The total value of the project is US\$57M (ADB US\$40M and AITF co-finance available fund US\$17M). The project will start in 2015 and complete on October 31, 2017 that will be executed in 15 Northern Provinces for emergency relief works.

The second Japan's Non-Project Grant Aid (NPGA) 2013 agreement value of US\$25.25M was signed between the MoF and Japan International Cooperating System (JICS).

Every year Govt. of Japan is supporting the recipient countries with monetization scheme for NPGA where the Japan Govt. procure fuel in one of the border countries through supplier and the End User utilize the fuel inside Afghanistan.

A Finance Agreement was signed between the GoA and Microfinance Investment Support Facility for Afghanistan (MISFA) as "On-Lending Partner" and the First Micro Finance Bank Afghanistan (FMFB-A) " Project Executing Agency" on July 9, 2014. The total value of agreement is Euro_7,750,000 to finance SME Programs in Afghanistan.

Treasury:

Bank transactions on operating budget reconciled daily but finalized on a monthly basis. Reconciliations on Development Budget completed within 30 days of month end. Financial statements and cash flow projections have been issued timely. More than 162,476 ordinary budget payments processed and also Approx. 9560 development budget payments processed.

Qatias for FY 1392 have been audited and submitted to the Parliament in time. Asset recording and accounting procedures in final stage. The procedure will be approved by Treasury management no later than end of October 2014. Payment file transfer to DAB is at the final stage and real testing starts at the beginning of fourth quarter 1393 for salary payments.

Common Wealth Debt Reporting and Management System (CSDRMS) have been installed and the advisor will conduct the training at the beginning of quarter four.

All line ministries and provinces have online or batch access to AFMIS. AFMIS helpdesk system is fully functional, procedures being added for supporting other AFMIS modules too. Payroll also being considered.

During the period about 30,000 Employees were paid through Verified Payroll Process – salary deposited to employee bank account. Bid opening will be done On 25th October in ARDS.

Fiscal Policy:

Under the Fiscal Policy Dept (FPD), Macroeconomic framework is developed for 1394 budget and midterm. MTFP is updated for 1394 budget which also includes projections for the midterm. Also, MTFP write up completed and submitted to DGB Directorate.

During the third quarter of FY fiscal database was updated once. The 6th, 7th and 8th economic bulletins were prepared and published. Also, second quarterly bulletin template prepared and ready for writing up.

FPD team worked on Pre-Budget report for the FY 1394, FPD did analysis and completed the write up mainly on Macro Outlook, Revenue and Expenditure Analysis, Fiscal Pressures and Fiscal Strategy and Outlook over the short and midterm.

Revenue Performance: FPD regularly carries out revenue performance analysis based on both – economic categories and by agencies. It assesses the progress of target revenues and actual collection.

Article on Election Impact on Economy: FPD prepared analysis on the impact of election on economic situation in Afghanistan. This was also published in 3rd Quarterly bulletin.

Revenue Shortfall: A macro-economic and revenue brief was prepared depicting the economic impact of revenue shortfall and adverse effects due to the ongoing election had on macroeconomic indicators.

Value Added Tax Model: Data on VAT revenue and credit was shared with revenue planning directorate. The figures were discussed and finalized for next fiscal year.

Estimation of Fiscal Costs: FPD conducted analysis on fiscal cost of military food allowance. A new analysis based on the current contracts was carried out and a new rate for food allowance is currently under discussion to be decided.

Medium Term Fiscal Framework: Revised and updated MTFE for the FY 1394 based on new macro assumptions and policy changes, this was agreed between FPD & ARD, however, still we need to discuss it further with IMF.

London Conference: A new template and new analysis were initiated to be presented. Input from Policy Department and IMF are underway to be gathered in order to prepare good macro-economic and fiscal estimates for London Conference.

Fiscal Reports: During third quarter, FPD team finalized the second Quarter Fiscal Bulletin of 1393 which is available in the budget website, at the same time monthly economic reports for the 5nd, 6rd and 7th month's reports for 1393 produced and published in English, Dari and Pashto languages. These reports available in the budget web page. Meanwhile, the 8th monthly and 9th monthly data has been extracted and the template is currently being updated. In addition, for improving the analytical side of fiscal reports, Risk analysis has been introduced to fiscal bulletins and is going to be used in next quarterly bulletin.

Revenue Model: Revenue Model updated for the FY1394 budget based on new macroeconomic assumptions and new tax measures. Revenue model was also updated based on the actual data on FY 1393.

Procurement Policy:

All LMs and Independent directorates at central level have operational procurement units with PRR. However on provincial level, there are not well be established operational procurement unit therefore PP has draft an ID report and a proposal for a standard and required operational procurement units within provinces and waiting for the MoF approval.

During the nine months of FY 1393, PPU has assessed 10 line ministries (MRRD, MoPH, MoCI, MOD, MOI, MoCIT, MAIL, MoTBA, MoHE, Office of State Minister for parliamentary affairs) for Capacity Certification and standalone procurement. Out of these 10 LMs, 4 ministries (MAIL, MoD, MoCIT and Office of State Minister for parliamentary affairs) are fully certified for standalone procurement; however, GCMU of MoPH and ARAP of MRRD are already certified. PPU's recommendations and findings have been communicated to the non-certified organization in relation to their procurement proceedings in order to improve those deficiencies and get prepared for certification in the near future. None of provinces are assessed for the certification as ARDS is not functional in the provinces.

Regarding training and necessary skills, during the nine months of FY 1393 a total number of 1426 employees have been trained as: (Central Basic: 328, Central Intermediate: 110, Central

PMIS: 160, Special Courses: 203, Provincial Basic: 228 and Provincial intermediate: 397). Also circular # 56 has been issued during this period.

Till date around 19 Civil Servants have been recruited in different positions under the approved tashkeel. Transfer of knowledge and on the job training is under process.

During the nine months of FY 1393, 260 public bidding opportunities and 951 awarded contracts information are published in PMIS website. Also at the same time, a number of 4439 procurement plans and a number of 624 procurement monitoring have been uploaded on PMIS website.

During the first 3 Quarters of FY 1393, Appeal and Review Committee received and reviewed 18 complaints/cases of violation of Public Procurement Law and Rules of Procedure in procurement proceedings by bidders. Out these, 12 cases have been decided by the committee and the result of which has been published on the PMIS website and is accessible to the public and 6 cases are under process.

1.2 Domestic Revenues

Revenues:

Domestic revenues both tax and non tax reached to Afs 70.896 B for the nine months of 1393 FY showing a shortfall of 24% against the target of Afs. 93.68 B for the nine months. Compared with annual target of 1393, Afs. 133.20 B, it has completed 53% of it. Relative to nine months revenues of last year, Afs 75.948B, it shows a decrease of 7%.

Figures in Afs Billion:

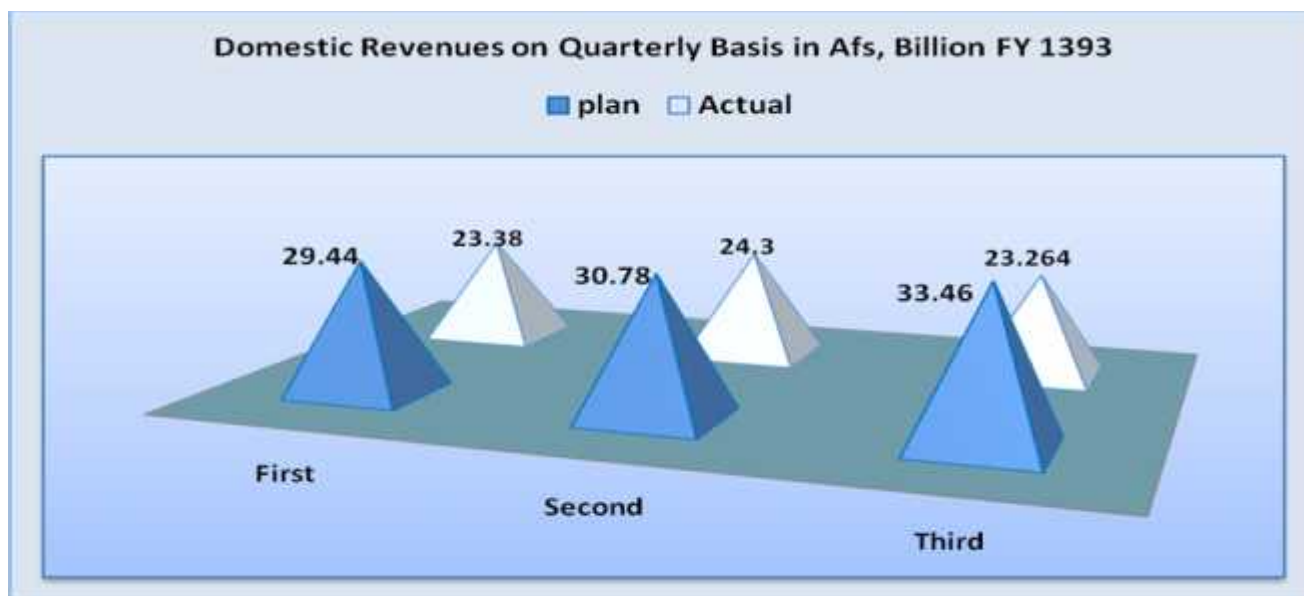
Domestic Revenues as of End of Nine Months				
Fiscal Year	Plan	Actual	% of the Quarter	% of the Year
1393(Nine Months)	93.68	70.896	76%	53%
1392(Nine months)	80.9	75.948	91%	66%

Source: AFMIS/Revenue Department

Domestic Revenues on quarterly basis:

Domestic revenues on quarterly basis FY 139				
Quarter	Plan	Actual	% of the Quarter	% of the Year
First	29.44	23.38	79%	18%
Second	30.78	24.3	79%	18%
Third	33.46	23.264	70%	17%

source: AFMIS/Revenue Department



Domestic Revenues as % of Operating Expenditures:

Domestic revenues covered 46% of the total operating expenditures in the nine months of the year, whereas last year it had covered 56% of it for the same period. It is expected that it shall cover around 46% of the total operating expenditures by the end of the year.

Figures in Afs Billion:

Domestic Revenues vs. Operating Expenditures as of End of Nine Months			
Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1393(Nine months)	70.896	154.919	46%
1392(Nine months)	75.948	135.246	56%

Source: AFMIS/Revenue & Budget Departments

General Revenue Planning Directorate (GRPD) is a newly established directorate under the Office of DM for Revenue. For 1393, the plan was to implement the AFMIS roll-out in the provinces but so far the work is not started, it may be implemented in the 4th Quarter or in the 1st Quarter of next year. The AFMIS rollout in the provinces will be implemented with support of Revenue and Treasury Departments.

For 1393, the GRPD has planned to develop an implementation plan for AFMIS rollout to 5 ministries. The date is not fixed for this but it will be any time during the 4th quarter of 1393 or 1st quarter of next year.

For 1393, the GRPD has planned to develop an implementation plan for AFMIS rollout to 5 ministries. The date is not fixed for this but it will be any time during 1393. Also the GRPD will implement the AFMIS rollout with support of Treasury and Revenue Departments.

For 1393, GRPD planned to re-develop RRD database according to the need and linked with RTAS. According to the plan, the Revenue Reconciliation Database (RRD) will be implemented to all collecting agencies in 1394 in the provinces and center. Also during 1393, 18 staffs are under training in accounting techniques and English speaking.

For 1393, GRPD planned to re-develop RRD¹ database according to the need and linked with RTAS. According to the plan, RRD will be implemented to all collecting agencies during 1393 but so far the work is not started and the work is to be started soon.

For 1393, the GRPD has planned to implement the RTAS to all collecting agencies to reconcile their revenue collections with that of official book of record.

The work may start any time during the remaining months of 1393. The RTAS w implemented in all collecting agencies in 1393 and will be linked with RRD to speed up the revenue reporting mechanism.

¹ Revenue Reconciliation Database

Domestic revenues as % of GDP:

It is projected that domestic revenues to GDP ratio shall reach to 10.7% by the end of the year.

Fiscal Year	Plan	Actual	% of the Year
1393	10.70%		

Source: FPU

Implementation of SIGTAS in Ministry of Commerce, Central Board of Revenue, and other section of LTO and taxpayer identification office and in Herat and Balkh provinces is in progress.

Customs:

As a part of domestic revenues, customs revenues reached to Afs 31.9 B in the nine months of the year, showing a shortfall of 31% against the nine months target of 45.9 Billion. Compared to last year's nine months customs revenues, Afs. 36.1B, it shows a decrease of 12%. Relative to customs revenues annual target for 1393, Afs. 61.2B, it has completed 52% of it.

Figures in Afs. Billion:

1393 Customs Revenues including 2% Tax on Imports as of End of Nine months				
Fiscal Year	Plan	Actual	% Nine months	% of the year
1393	45.9	31.9	69%	52%
1392	43.2	36.1	84%	63%

Source: Customs Department



It is worth mentioning that the total revenue realized through Mobile Verification teams (MVTs) in the nine months of fiscal year 1393 is 84.6 Million AFS.

Post Clearance Audit (PCA) has realized 1.1 million AFs so far in the third quarter of FY 1393; the total reports from the provincial custom houses are not finalized.

Regarding to construction work, the construction of the Torkham fiber optic cabling is in progress and Civil Works, Khost Linking Road, Nimroz Warehouse and Car parking and other construction work have been completed 100%

Also, 143 customs officers from various departments of customs and customs houses have been trained in the (3rd Quarter of 1393) at ANCA. Some of 50 customs officers have acquired trainings and attended workshops under various topics abroad in the 3rd quarter 1393.

During the nine months of FY 1393, ASYCUDA WORLD (AW) Selectivity control page implemented at Kabul ICD, KIA ICD, Nangarhar Customs, Torkham ICD, Herat ICD, Andkhai ICD, Kandahar ICD, Sherkan Bandar ICD Islam Qala, Torghuni Customs and monitored for three consecutive days, the result was positive, and had good response from the officers.

AW Selectivity control page training was arranged in the ASYCUDA Training center and 14 officers were trained. Also, AW Selectivity control page was arranged for KIA 20 officers at ASYCUDA Training Center for 2 days.

All 6 Custom departments (Kabul ICD, KIA ICD, Jalalabad ICD, Bakh ICD, Herat ICD), which are currently using risk management system fully supported by ASYCUDA team, additional practical training carried over to Customs officers and brokers.

Web base reporting progress / Enhancement of ACD AW Web-Reports ASYCUDA and ASYCUDA World detail Web Reports are developed and being used by Customs branches. These reports are related to Revenue, DPS, Selectivity, Manifest, Transit and valuation. In the reporting period 5 additional reports has been developed and now 115 Web Based report are ready for Customs use.

1.3 Operation

Operation Support:

Admin, Finance and Projects Coordination

MOF Budget Execution:

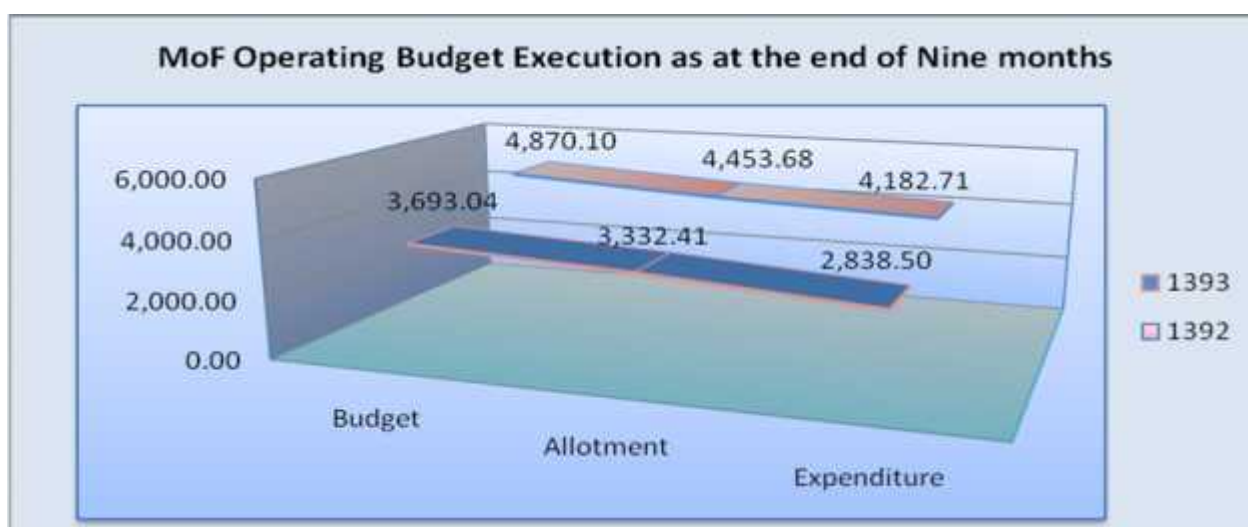
The 1393 operating budget of the Ministry of Finance is Afs 3693.04m, of which Afs. 3332.41m, allotments have been issued and Afs. 2,838.5m has been spent as of end of nine months of the 1393FY.

Figures in Afs Million:

MoF Operating Budget Execution as at the End of nine months					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1393	3,693.04	3,332.41	2,838.50	77%	85%
1392	4,870.10	4,453.68	4,182.71	86%	94%

Source: Budget Department

Note: The MoF operating budget increased from Afs2, 836.26m to 3693.04m in the third quarter of the FY1393.

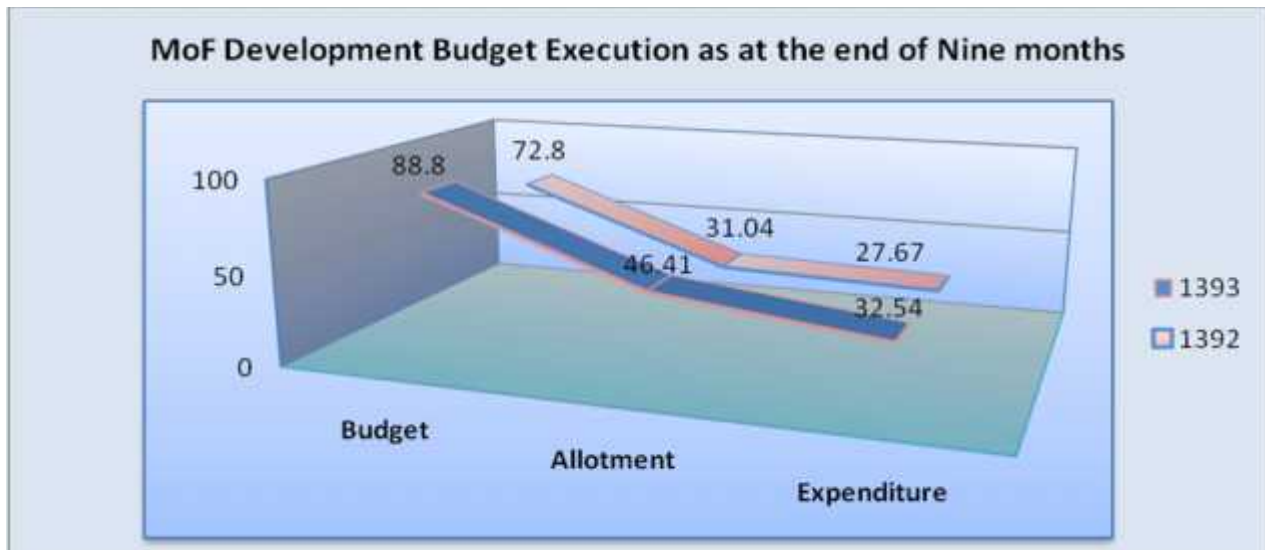


Figures in USD Million:

MoF Core Development Budget Execution as at the End of Nine months					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1393	88.8	46.41	32.54	37%	70%
1392	72.8	31.04	27.67	38%	89%

Source: Budget Department

Note: The MoF core development budget increased from Afs 83.7m to Afs 88.8m in the third quarter of 1393 FY.



MOF core development budget execution rate is 38%, while last year it was 37% for the same period.

General Admin Services:

Related to general admin service, during nine months of FY 1393, 70% timely procurement process has been implemented. Regarding allotments, in total 51% of allotments have been executed timely in third quarter of FY 1393.

Payments have been made based on the obtained allotments; it shows 100% processing of payment. Related to the working condition at MoF offices, MoF’s offices were equipped with suitable equipments.

Projects Implementation Unit (PIU)

The PIU is responsible for facilitating accelerated project execution and development budget under the Ministry of Finance. The projects are hosted in different departments of the Ministry of Finance, but coordinated by the Unit. In the year 1393, there are 23 projects under the Development Budget. With PIU efforts, the following are their respective performance in the First three Quarters (January – September 31st2014).

APRP and RIMU projects managed to execute their work in line with their action plans. In the same line, the MBAW, PPU and ATP did fairly well towards their action plan. On the least is the Human Resources Department which did not really do well on its long and short term capacity development projects. It should be noted that five projects did not report anything on physical progress of the projects. This is worrisome because the Ministry of Finance adopted the programme Budgeting Framework, where all projects are expected to demonstrate results which should be in line with their budget expenditures. Overall, projects are at 44% physical

progress under the PIU and this does not really demonstrate accelerated project implementation for the quarter.

Human Resources Management:

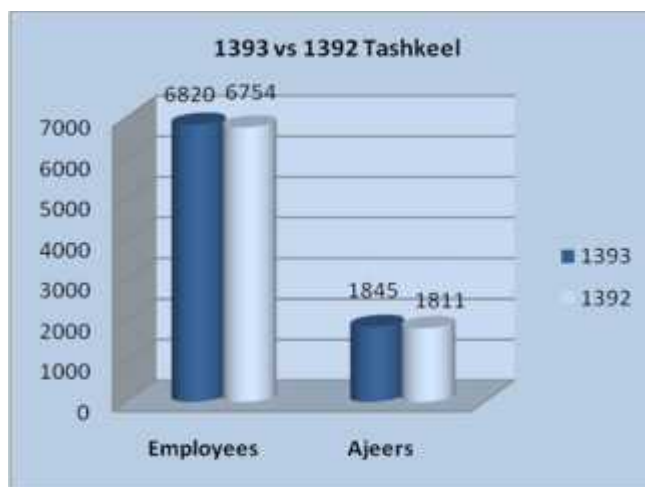
Taskheel:

MoF 1393 taskheel reached to 8665 positions of which 1845 posts are Ajeers, which is almost 1.17% higher than the number of the tashkeel positions, 8565, in 1392.

Year	Employees	Ajeers	Total
1393	6820	1845	8665
1392	6754	1811	8565

Source: MoF HRMD

Ministry of Finance 1393 Tashkeel within 8665 positions were approved. In order to have a thorough review of the MoF organization structure and job descriptions in line with civil service policies, a team comprised of representatives of IARCSC and HRMD are working rigorously on the revision of the overall MoF organization structure and job descriptions with around 80% to date. The process shall reduce the overlaps and create a more effective organization structure with standardized job descriptions.



Recruitment:

In the field of recruitment, implementation of Pay & Grading (P&G) system is going smoothly with a rapid pace and there has been significant progress to date. Since the beginning of the Program in 1388, more than 92% of the tashkeel positions have been filled under the Pay and Grading System. It is worth mentioning that all the recruitment is done as per the civil servants law meeting civil service standards.

Performance Appraisal:

During the nine of FY 1393, a number 2373 performance appraisal forms have been sent based on annual plan performance appraisal, out of which a total number of 1886 employees have gone through performance appraisal process and recorded in HRMIS. The remaining 487 forms are under process.

Training & Development:

Short term training Programs:

Regarding Training and Capacity Building ,during the nine months of FY 1393, a total number of 45 training programs conducted under which 1107 MoF employees (139 women and 968 men) received the necessary trainings related to laws (customs law, civil service law, labor law and procurement law) Office management, time management ,planning, coordination, performance appraisal, project management Academy training programs, monitoring and evaluation, management fundamentals, communications, risk management, conducting orientations program, computer programs such as Ms Excel, Ms word .



In the third quarter of this fiscal year a number of 70 were introduced to Mof to accomplish their practical work. Also, a one day seminar was conducted for 129 students of Kabul university faculty of economics.

Major Achievements

- A number 20 MoF employees have been introduced for the second batch DPP program, which is currently in progress;
- A group of MoF employees comprised of 22 male and 5 female were sent to Dubai under UNITAR Fellowship training program.
- A number of 27 MoF employees have been sent for different overseas trainings out of which 9 were female candidates;
- 4 MoF employees have been sent for Masters program to Japan through JICA scholarships;
- A number of 8 other employees are sent for Masters program to India through Ministry of Higher Education.

Reform Implementation & Management Unit (RIMU)

A: Strengthening Human Resources Management Department (HRMD)

The objectives of the RIMU under PFMRII Project are : i) to strengthen Human Resources Management Department and assist in implementation of administrative reform , ii) to assist MoF in monitoring and evaluation of the strategic plan and technical assistance projects and iii) to coordinate and provide operation support to PFMR Project. The activities carried out in this regard during the nine months of FY 1393 are as below:

MoF Questions Bank Book Dari version was finalized and printed. Its Pashto version is under review. Pashto version of the HR Policies Handbook was finalized and is under printing process. HRMD annual newsletter was developed in three English languages (Dari, Pashto and English) and published in MoF website.

Annual training plan and proposal was developed based on the TNA which went approved. Additionally, a specific TNA of the HRMD was conducted, a training proposal was developed which went approved by WB and its implementation will start in the coming quarters. Training materials are under development for the HRMD trainings.

In line with the training plan, 7 training programs were conducted in general management on different topics such as Proposal Writing, Project Management, Communication, Office Management, Filing System and etc here in Headquarter and 134 staff of different MoF Departments were trained.

In addition, a two-day orientation seminar was successfully held on 2nd and 3rd of Jadi 1392 for total number of 30 graduate internees' of Kabul University introduced to Ministry of Finance for their internship period. Likewise, another two-day orientation seminar was successfully held on 19th and 20th of Dalwa 1392 for a total number of 24 graduate internees' of Kabul University.

For the HRMD shared services model implementation, Assistance provided to recruit a number of 30 new experts of SIGTAS and ACD Management Unit. effective coordination has been maintained with the Headquarter. A comprehensive training plan was developed for ARD and ACD with consultation of their department heads and ARD training section.

A one-day training program in client services and code of conduct was conducted for STO 30 new recruited employee on 28 Jadi 1392. Additionally, a three-day training program in training methodology (TOT) for SIGTAS and ARD/TD 7 trainers were conducted from 21 to 23 Dalwa 1392. Similarly, a one-day training program in data collection methods was conducted for STO 40 new required employee 19 Dalwa 1392.

During the 3rd quarter, 667 TNAs are trained in areas of proposal writing, project management and other administration. also MoF's TA report was prepared.

During the 3rd quarter of 1393 one training program on Proposal Writing, Project Management, Office Management and Communication to 27 staff of Insurance, Budget, Finance & Account, National Programs Implementation, Policy, PPU, Chief of Staff, Administrative and HR Departments at HR Training Center was conducted. Also two training program on Fundamentals of Management, Time Management, Coordination, M&E and Filling System to 31 staff of HR, Audit, Treasury, National Programs Implementation, Media, Chief of Staff, Accounting & Finance, Government Enterprises, Insurance and PPU departments was conducted.

TNA has been completed for the fiscal year of 1393 and will be incorporated in the annual plan.

B: Monitoring and Evaluation:

MoF programs were updated with consultation of MoF line department for next five years. MoF strategic plan was updated for the next five years in both English and Dari; its first draft was circulated for review and comments and receiving comments approved by DM for administration for the usage.

1392 FY annual performance review report was prepared both in Dari and English in line with the strategic plan and uploaded in MoF website. Reporting templates and monitoring frameworks for 1393 with their indicators, baselines and benchmarks were reviewed and updated in line with strategic plan, which were put into use for data collection. 1393 FY semi-annual and nine months performance reports were prepared both in English and Dari. The results framework for Office of DM for Admin was updated as well.

Additionally, MoF 1392 annual report was prepared and submitted to Office of Administration Affairs OAA. Furthermore, based on instructions of DM for Admin, a summary report of the last twelve years achievements were prepared and submitted to him.

The MoF 3rd quarter progress report against CBR result framework prepared and submitted to CBR office.

C: PFMR II Project Coordination:

FY 1392 fourth quarter Financial Monitoring Report (FMR) and FY 1393 first and second quarters FMR were prepared and submitted to WB on time. Work is underway on preparation of the 3rd quarter FMR.

PFMR II project revised costing was done for the extension to end of Dec 20 5. Similarly, PFMR II project high level WP and results framework were updated for extension. Work is underway on updating the procurement plan in SEPA. Additionally, an excel report has been prepared and submitted to WB. Assistance was provided to audit of FY 1392 and issue was coordinated with all implementing units.

The PFMRll project monitoring report effective from 22 June 2013 to 22 Sept 2014 has been prepared and was submitted to World Bank on time. And Day to Day advice has been given to project implementing units on operation issues and coordination has been strengthened with WB.

Office of the Chief Staff Affairs:

During the nine months of FY year 1393, management meetings have been held regularly, 19 Presidential Decrees, 469 Presidential Orders and 38 decisions of Cabinet were followed up for execution. Additionally, numbers of 3753 letters were prepared in this period.

Arrangement of press conferences, invitation of media, publishing of press release and news releases are the main performances that are executed by Media Office. The Media documents of Internal events of the Ministry like workshops, seminars, signing ceremonies and press conferences are stored in safe archives of Ministry and the external media documents of other publications that are related to Ministry of Finance are also recorded and stored in archive.

MoF website has been maintained and regularly updated with up-to-date information inclusive of reports, plans, laws and etc.

Insurance Affairs:

Regarding to public awareness of insurance culture, General Directorate of Insurance used televised advertisements, web site (accessibility of data through internet to investors), billboard installation across the capital and four major cities (Balkh, Herat, Kandahar and Nangarhar).

During third quarter of FY 1393, license dissemination plan have been completed. In terms of rules and regulations, new draft of insurance laws was completed. Health insurance regulation plan is under process, regulation of life insurance has been prepared and legislative sessions have been conducted between Directorate of insurance and Directorate of economics and finance of Ministry of Public health. Formats for financial reporting (balance sheet, revenue balance, circulated fund balance) were planned, designed and have been prepared.

Asset Management:

Privatization:

During the nine months of 1393FY, Afs 372.640 Million was paid to large Tax Office account from tax and disbursement of Governmental Industries. Also in the third quarter of 1393FY, SOE Department has collected Afs 8.931 Million from SOEs as rent, profit and other obligations and paid to SoEs bank account.

Regarding privatization Five SOEs which were supposed to be liquidated and its personality changes to food industry based on ministries council's but, the decision was rejected by Parliament of Afghanistan. Personality change of enterprise security to budgetary unit is under liquidation.

Property Management:

With reference to registration of government's properties, properties of 148 belonging to 18 state organizations in capital and 150 in Ghor province which comprise apartments, buildings, electricity stations, mosques, restaurants and gardens have been registered in third Quarter of 1393FY.

In the third quarter of FY1393, in total 18 contracts have been done by General management which 12 of them belong to MoF and remaining 6 contracts are under development planning. Also, 5 other contracts have signed in Kabul's districts and provinces.

During the nine months of FY1393, total revenue generated from properties leased and rented in capital (Kabul) as well as in provinces reached to Afs 283 M which was deposited in government's revenue account.

Internal Audit:

Audit found AFs. 55,411,568 as Un-declared revenue six months audits. Third Quarter figures, if any, will be reported in 4th quarter.

During the period, a total of 59 units were audited. Audit findings with written management response were sent total auditees' for their corrective and preventive actions against the audit observations and recommendations. As of date, Audits for 3rd quarter are not yet completed because they were started late. Once audits are completed and reports are reviewed by QA committee they will be sent to auditors' for their corrective & preventive actions against the audit observations / recommendations.

Related to fraud investigation, out of 20 cases four of them were investigated. Nine cases were sent to related departments for the follow up purpose. Three cases were solved via telephone with relevant departments. One case was delayed and another one case was saved.

Audit Information System "DEBT Management System" initiated in treasury dept of MoF.

Regarding the training, In total number of 129 employees participated in different programs like specialized training, bachelor and master program in which 89 employees were from IAD and 50 remaining participants were from other LMs IAD.

28 planned audits are initiated in different Mustofiats, customs, taxpaying organizations and districts and are still in progress.

1.4. Government Policies Coordination

Policies Coordination & Strategy Implementation:

According to NPP financing committee's action plan, the five selected NPPs (1- ARD cluster – Agriculture NPP 2- PSD cluster- E-Afghanistan 3- Governance cluster- Sub-national local governance 4- HRD cluster – Higher Education !- ID cluster- Industry Extractive) have been analyzed for funding and are ready to be presented to donors.

First follow up conference on Tokyo Mutual Accountability Framework (TMAF) at Ministerial level is going to be held on third and fourth December 2014 in London. A preparat committee was established in last week of August/14. Main stakeholders had regular meetings for preparation of this conference. A main government paper is in the process of being drafted. 3-4 major achievements since Tokyo have been collected from LMs. In the process of identifying expenditures of NPPs since their endorsement, working has been going on for its accomplishment.

As part of the preparation for London Conference in December, the ANDS directorate as whole and all Clusters specifically started work on identifying reform areas that are needed for ministries under their Cluster. 4 inter-ministerial meetings were held as a result of which 4-5 reform areas for each ministry has been identified.

Reforms and Priorities suggested by Clusters Ministries were linked up with reforms of the two presidential candidates and then it was separately discussed through series of meetings. These reforms were discussed with H.E President Dr. Ashraf Ghani and CEO, Dr. Abdullah Abdullah. The relevant information from this exercise will be used in the government paper being produced for the London Conference. A new ministry, Ministry of Immigration Affairs has been added to the HRD cluster and MoEW moved from ARD cluster to ID cluster.

Several Heads of Donor Agencies (HoA) meetings have been held at MoF.TMAF Technical Committee on Planning meetings have been taking place weekly to prepare for the London Conference

The 12 years reporting of the main achievements of government institutions was coordinated and compiled by ANDS team. The report was translated in English by the ANDS team.

During third quarter of FY 1393, accompanied the Asset Transfer Commission members during field visit to 5 more provinces; final stage of Base closure completed and reports were presented to High Security Council, Base Closure Commission and President's office for taking necessary actions.