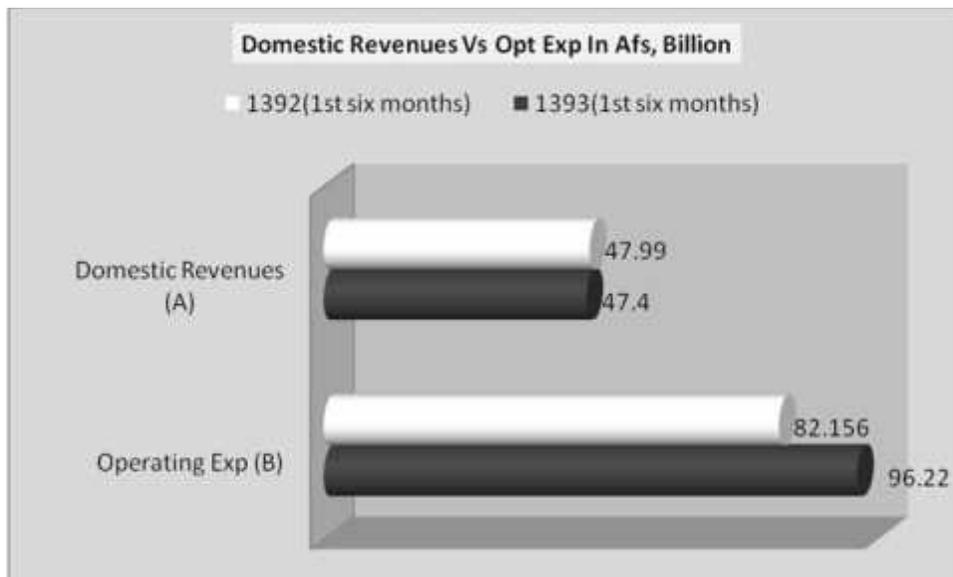




Islamic Republic of Afghanistan
Ministry of Finance
Office of the Deputy Minister for Administration
Reform Implementation & Management Unit

Semi Annual Performance Report 1393
On Strategic Plan



Submitted to: MoF Top Management

Submitted by: RIMU

Submission Date: 29 Asad 1393

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Executive Summary:

Ministry of Finance had remarkable performance towards realization of the annual targets in the first six 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 47.4 B for the 1st six months of 1393 FY showing a shortfall of 21% against the target of Afs. 59.94 B for the six months. Compared with annual target of 1393, Afs. 133.20 B, it has completed 35.5% of it. Relative to 1st six months revenues of last year, Afs. 47.99B, it shows a decrease of 1%.

As a part of domestic revenues, customs revenues reached to Afs 21.46 B in the first six months of the year, showing a shortfall of 30% against the six months target of Afs. 30.6 B. Compared to last year's first six months customs revenues, Afs. 23.72B, it shows a decrease of 9%. Relative to customs revenues annual target for 1393, Afs. 61.2B, it has completed 35% of it.

Core budget/national budget for 1393 is Afs 440.978B (operating budget Afs 288.607B and core development budget Afs 152.371B). Compared to last year's core budget of Afs 360.260B reported in the first six months (operating budget Afs 218.274B and core development budget Afs 141.985B) as indicated in the first six months of last year, it shows an increase of 22%. The operating budget has increased by 32%, and core development budget shows a decrease of 7%.

Regarding core budget expenditures, the execution rate of core development budget is 21% for the first six months, while last year, it was 15% 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 33%, while last year it was 38% for the same period.

Domestic revenues covered 49% of the total operating expenditures in the first six months of the year, whereas last year it had covered 58% 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.

MTFF for a pre-budget document was prepared with MTBF. The MTBF including MTEF and Budget Ceilings will be sent to Cabinet for approval. ANDS/NPPs priorities will be incorporated in the budget formulation; progress will be shown at the end of the year. For 1393, the 1394 BC1 submission was 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 is currently being implemented.

AFMIS helpdesk system is fully functional, procedures being added for supporting other AFMIS modules too. Payroll also was considered. 30,000 Employees were paid through Verified Payroll

Process – salary deposited to employee bank account. Bid documents evaluated. Report made and sent to ARDS for further process

Procurement Policy Unit (PPU) within the 1st six months of 1393, assessed 6 line ministries MAIL, MoI, MoD, MRRD, MoPH, MoCI) for Capacity Certification and standalone procurement. Out of these 3 LMs, none are certified for standalone procurement; however, GCMU of MoPH is 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 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. Regarding Training and Capacity Building ,during the first six months of FY 1393, a total number of 20 training programs were held under which 352 MoF employees (51 women and 301 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 .

Regarding Monitoring and Evaluation of the Strategic Plan, MoF programs were updated with consultation of MoF line department for next five years. MoF strategic plan was updated for the next five years and its first draft was circulated for review and comments. 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 first six months of FY 1393, Afs 320.73 Million was paid to large Tax Office account from tax and disbursement of Governmental Industries. Also during this period, SOE Department has collected Afs 8.95 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 222, in the center and provinces which comprise apartments, buildings, electricity stations, mosques, restaurants and gardens have been registered in first six months of fiscal year 1393.

Under the Office of Chief of Staff, During the six months of FY year 1393, management meetings have been held regularly, 17 Presidential Decrees, 455 Presidential Orders and 29 decisions of Cabinet were followed up for execution. Additionally, in second quarter of FY 1393 numbers of 1180 letters were prepared.

Under the Office of DM for Policy, 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 5- ID cluster- Industry Extractive) have been analyzed for funding and are ready to be presented to donors.

1. Main Achievements

1.1 Public Finance Management

Core Budget:

Core budget/national budget for 1393 is Afs 440.978B (operating budget Afs 288.607B and core development budget Afs 152.371B). Compared to last year's core budget of Afs 360.260B reported in the first six months (operating budget Afs 218.274B and core development budget Afs 141.985B) as indicated in the first six months of last year, it shows an increase of 22%. The operating budget has increased by 32%, and core development budget shows a decrease of 7%.

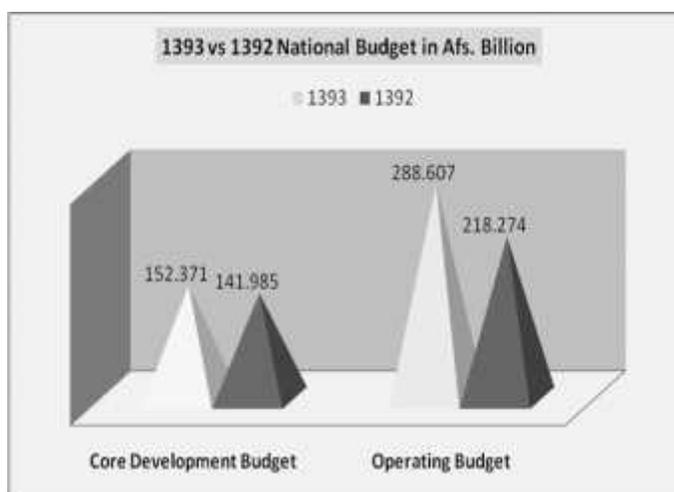
Figures in Afs Billion:

Fiscal Year	Operating Budget	Core Development Budget	Total
1393	288.607	152.371	440.978
1392	218.274	141.985	360.260

Source: Budget Department

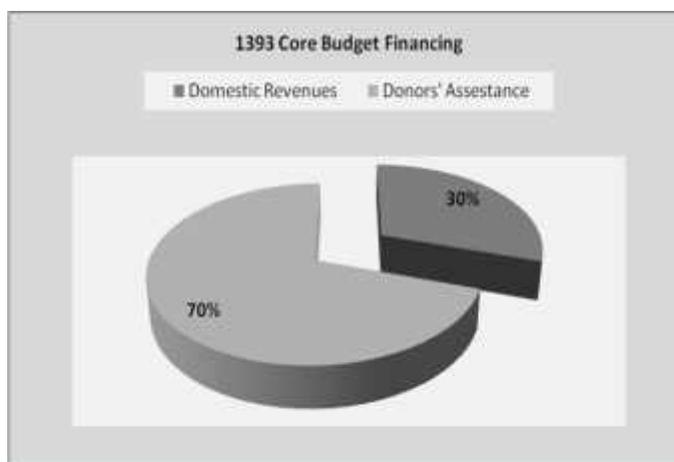
Note: Core budget reached to 428.377B in the first quarter but it increased to 440.978B due to some additional financing in the first six months of the FY1393.

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 65%, while last year it was 60% as reported in the first six 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 34%, while last year, it was 39% as reported in the first quarter.



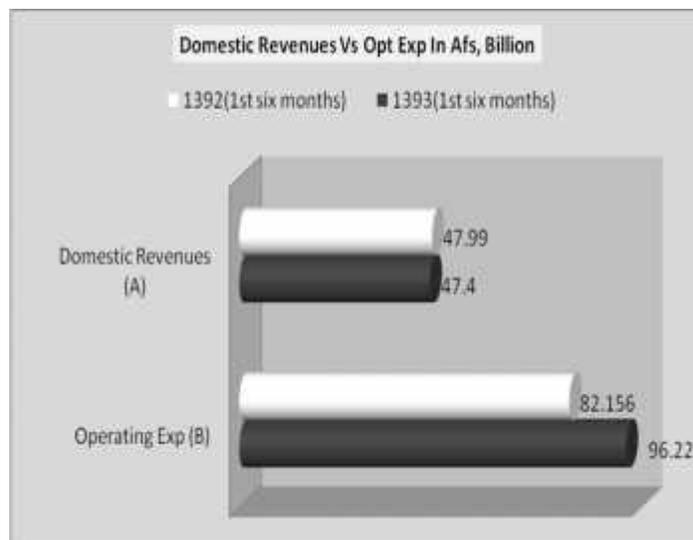
Core Budget Financing:

Related to the core budget financing, domestic revenues shall cover 30% of the core budget in 1393 while the short fall of 70% 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 49% of the total operating expenditures in the first six months of the year, whereas last year it had covered 58% 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.



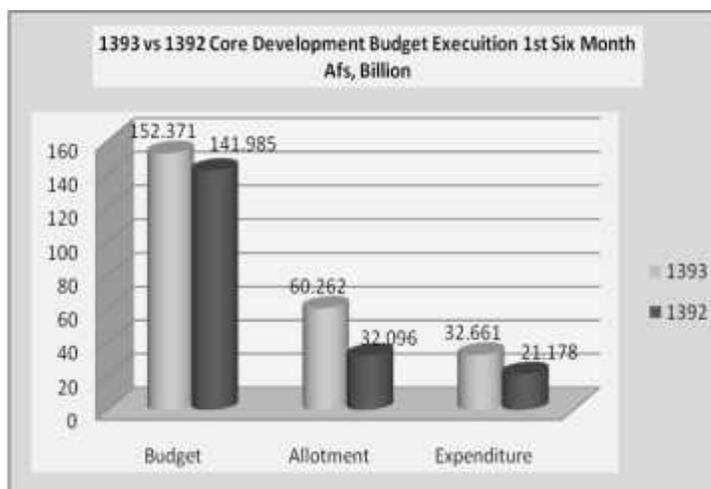
Figures in Afs. Billion:

Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1393(1 st six months)	47.4	96.220	49%
1392(1 st six months)	47.99	82.156	58%

Source: AFMIS/Revenue & Budget Departments

Core Budget Expenditures:

The execution rate of core development budget is 21% for the first six months, while last year, it was 15% 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 33%, while last year it was 38% for the same period.



Core Development Budget Expenditures 1st Six Month:

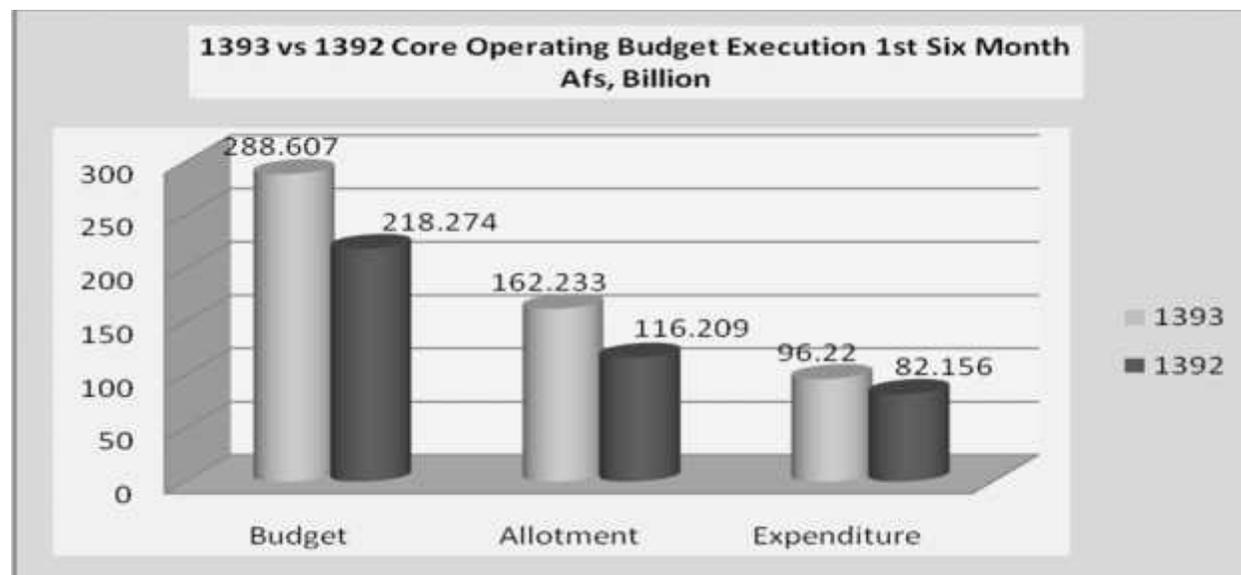
Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1393	152.371	60.262	32.661	21%	54%
1392	141.985	32.096	21.178	15%	66%

Source: AFMIS/Budget Department/ in Afs Billion

Operating Budget Expenditures 1st Six Month:

Fiscal Year	Budget	Allotment	Expenditure	% Exp of the Budget	% Exp of the Allotment
1393	288.607	162.233	96.220	33%	59%
1392	218.274	116.209	82.156	38%	71%

Source: AFMIS/Budget Department/ in Afs Billion



MTFF for a pre-budget document was prepared with MTBF. The MTBF including MTEF and Budget Ceilings will be sent to Cabinet for approval. ANDS/NPPs priorities will be incorporated in the budget formulation; progress will be shown at the end of the year. For 1393, the 1394 BC1 submission was 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 is currently being implemented.

As per the approved budget time table, the national budget will be submitted to the cabinet on 17th September and to the 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.

For 1393, all budgetary units have submitted their budget with program budgeting mechanism. For 1394, all budgetary units submitted their budget with program budgeting mechanism as well.

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:

ND Monitoring Survey was conducted and the report was submitted to the International Dialogue Secretariat. The purpose of the survey was to gauge the process of the New Deal implementation in the country

DCD meetings are conducted for Australia, Finland, Germany, France, Norway, Italy, Sweden, UK and World Bank for the rest of the donors it is in progress. According to the tentative plan the DCD's will be completed by July 24, 2014.

Head of Agencies meetings were held in Khyber Hall of MoF in April, May and June, 2014. Two meetings were held every month to update the international community on different issues.

During the month of April 2014 a total of 2 remaining USAID Portfolio Reviews of Local Governance and Economics Governance 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.

Quarterly Performance Review (QPPR) for the 1st quarter of 2014 of ADB project was conducted with each Line Ministry project team during April 23-24, 2014 at the ADB/AFRM Conference Room. Representatives from MoF who are responsible for oversight, administration also attended the meeting for their respective projects. The project directors prepared updated brief on current project status for discussing during the meeting that focused on the issues affecting performance, including program updated of the previous QPPR's acting items. As a result of these meeting result-oriented action plan was developed and decisions were taken in the high level wrap-up meeting chaired by the MoF on April 29, 2014

Afghanistan Country World Bank Portfolio Performance Review was done during May 13 & 21, 2014 in the two sessions in MoF with the Line Ministries for the discussion and dialogue on the key findings of the portfolio reviews. The WB delivered presentation on its Country Portfolio Performance Review where key findings and recommendations were discussed and a number of solution areas and actions were identified through the meetings. Since the high level engagement proved a significant impact it has been agreed to hold a follow-up meeting within the 2-month in late July 2014 to review progress against agreed actions. The main action points they were agreed upon during the meetings were resolving implementation bottlenecks, delay in the allotment process, and the role of the MoF financial controllers, procurement, HR guidelines and CBR salary scales.

Negotiations were held in June, 2014 with the Czech Republic on the feasibility study of Karte-sakhi Tunnels between MoF, Kabul Municipality and Embassy of Czech Republic.

A loan negotiation for drafting of Kabul Ring Road Program (KRRP) valued of US\$60 Million was done with the IDB where the IDB will provide the amount for the project execution. The loan will be approved by the Ministerial Cabinet and Afghan Parliament when the agreement after the legal process was over that was ultimately signed on Jun 26th, 2014.

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 75,000 ordinary budget payments processed and also Approx. 5,500 development budget payments processed.

Qatias for FY 1392 have been audited and submitted to the Parliament in time. Testing was conducted for different scenarios, trial period using selected salary payments. Coordination with DAB is ongoing to resolve identified limitations and control issues. Accounting manual is already adopted. Other related procedures for development budget have been drafted and the draft is under review. These would be adopted upon approval which is expected to be completed before the end of next quarter.

AFMIS helpdesk system is fully functional, procedures being added for supporting other AFMIS modules too. Payroll also was considered. 30,000 Employees were paid through Verified Payroll Process – salary deposited to employee bank account. Bid documents evaluated. Report made and sent to ARDS for further process

Fiscal Policy:

Under the Fiscal Policy Dept (FPD), Macroeconomic framework is developed for 1394 Pre-Budget Report (MTBF) and 1394 budget / budget statement MTF is updated for 1394 budget which also includes projections for the medium term. Revenue projection has been revised based on new macro assumption for the FY1393 budget and medium term.

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 medium term.

CGE Model: Computable General Equilibrium Model planned to be work out and develop in FPD for a wide range of macro forecasting and analysis, this model is in preliminary stage and this is expected to be completed soon.

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: VAT Tax refunds were estimated using Input-Output economy wide model, this was discussed with ARD how to calculate Tax Refund in the future in order to have an accurate estimation to be able to meet the stakeholder request once VAT implemented.

Estimation of Fiscal Costs: different analysis was conducted by FPD on fiscal cost for the senior management. First, the additional cost of pension based on cabinet decision and pressure on MoF. Second, introducing proposed higher education draft law and Third, Fiscal cost estimation of travel allowance law and its impact on expenditures. These new laws have its fiscal impacts and pressure on expenditures. FPD prepared policy note for the senior management on this. This policy note was based on solid costing and considering fiscal implications for government of Afghanistan.

Medium Term Fiscal Framework: MTFE was revised and updated 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, this has been delayed due to election results.

Fiscal Reports: During second quarter, FPD team finalized the fourth Quarter Fiscal Bulletin of 1392 which is available in the budget website, at the same time monthly economic reports for the 2nd, 3rd and 4th month's reports for 1393 produced and published in English, Dari and Pashto languages. These reports available in the budget web page. Meanwhile, the 1392 Annual Fiscal Report has been published in English and shortly Dari & Pashto version will be available in budget website shortly. In addition, for improving the analytical side of fiscal reports, Risk analysis has been introduced to fiscal bulletins and is currently in beginning stage and its planned to be incorporated in our fiscal reports in near future.

Revenue Model: Revenue Model was updated for the FY1394 budget based on new macroeconomic assumptions and new tax measures.

Procurement Policy:

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

Procurement Policy Unit (PPU) within the 1st six months of 1393, assessed 6 line ministries MAIL, MoI, MoD, MRRD, MoPH, MoCI) for Capacity Certification and standalone procurement. Out of these 3 LMs, none are certified for standalone procurement; however, GCMU of MoPH is 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.

In the training area, during 2nd quarter of 1393 a total number of 497 employees have been trained as: (Central Basic: 98, Central Intermediate: 65, Central PMIS: 106, Provincial Basic: 44 and Provincial intermediate: 184. Also circular # 56 has been issued during this quarter.

Till date around 17 Civil Servants have been recruited in different positions under the approved tashkeel. Transfer of knowledge and on the job training is under process.

In the 2nd quarter of 1393, 108 public bidding opportunities and 405 awarded contracts information are published in PMIS website. During this period, a number of 564 procurement plans and a number of 170 procurement monitoring have been uploaded on PMIS website.

During 2nd Quarter of FY 1393, Appeal and Review Committee received and reviewed 10 complaints/cases of violation of Public Procurement Law and Rules of Procedure in procurement proceedings by bidders.

1.2 Domestic Revenues

Revenues:

Domestic revenues both tax and non tax reached to Afs 47.4 B for the 1st six months of 1393 FY showing a shortfall of 21% against the target of Afs. 59.94 B for the six months. Compared with annual target of 1393, Afs. 133.20 B, it has completed 35.5% of it. Relative to 1st six months revenues of last year, Afs. 47.99B, it shows a decrease of 1%.

Figures in Afs Billion:

Domestic Revenues as of End of First Six Months				
Fiscal Year	Plan	Actual	% of the Quarter	% of the Year
1393(1 st six months)	59.94	47.4	79%	35.5%
1392(1 st six months)	50.6	47.99	95%	42%

Source: AFMIS/Revenue Department

Domestic Revenues as % of Operating Expenditures:

Domestic revenues covered 49% of the total operating expenditures in the first six months of the year, whereas last year it had covered 58% 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 First Six Months			
Fiscal Year	Domestic Revenues (A)	Operating Exp (B)	A/B
1393(1 st six months)	47.4	96.220	49%
1392(1 st six months)	47.99	82.156	58%

Source: AFMIS/Revenue & Budget Departments

Related to satisfaction of taxpayers, based on a survey which was conducted by ARD all taxpayers are 85% to 90% satisfied from ARD services and work, establishment of SIGTAS made the work easier and decreased the paperwork.

Related to TIN, about 12030 TIN numbers were produced. The collected amount of NTR is reached to Afs 4117.69 million in the first quarter of the year. Additionally, 22 LTO and 146 MTO cases were audited according to the plan.

General Revenue Planning Directorate (GRPD) is a newly established directorate under the Office of DM for Revenue, during 1393; the AFMIS rollout will be implemented in 4 provinces. The work on implementation of AFMIS rollout will start sometimes during 1393. 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 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.

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	10.7%		

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 21.46 B in the first six months of the year, showing a shortfall of 30% against the six months target of Afs. 30.6 B. Compared to last year's first six months customs revenues, Afs. 23.72B, it shows a decrease of 9%. Relative to customs revenues annual target for 1393, Afs. 61.2B, it has completed 35% of it.

Figures in Afs. Billion:

1393 Customs Revenues including 2% Tax on Imports as of End of First Six months				
Fiscal Year	Plan	Actual	% of the quarter	% of the year
1393	30.6	21.46	70%	35%
1392	30.55	23.72	78%	39%

Source: Customs Department

It is worth mentioning that the total revenue realized through MVTs in the 2nd quarter of fiscal year 1393 is 12 Million AFS. The total reports from the provinces are not finalized so far in the first six months of 1393. Post Clearance Audit (PCA) was realized 1.3 million afs so far in the second quarter of 1393 the total reports from the provincial custom houses are not finalized.

Related to Manifest Procedure, the manifest procedure was finalized after approval and has been sent to various custom houses for implementation. The duplicate mechanism procedure is finally has been finalized after approval and being sent to customs houses for implementation.

Regarding to construction work, the construction of the Torkham fiber optic cabling and Civil Works is in progress and the rest of the construction works are under the process and in most areas have been completed 100%.

Also, 50 customs officers from various departments of customs and customs houses have been trained in the (2nd Quarter of 1393) at ANCA. Some of 102 customs officers have acquired trainings and attended workshops under various topics abroad in the 2nd quarter 1393.

The RMC in coordination with ASYCUDA project successfully implemented the Risk Management and ASYCUDA selectivity module on 22.Oct.2013 in Heart, Kandahar, Customs based on the ARTF/WB benchmark. ASYCUDA managed to configure all risk approved profiles and criteria and the system is fully functional and operating now.

ASYCUDA DPS is fully functionalized at Torkham, Andkhoy Custom Station. ASYCUDA Selectivity Risk Management Module was run at Jalalabad ICD/ Kabul International Airport, Kabul ICD, Balk ICD. AYSCUDA user manual is ready in Dari.

ASYCUDA World detail Web Reports are developed and being used by Customs branches. These reports are related to Revenue, DPS, Selectivity, Manifiest, Transit and Valuation. Additional reports and amendment on the existing reports are under progress.

1.3 Operation

Operation Support:

Admin, Finance and Projects Coordination

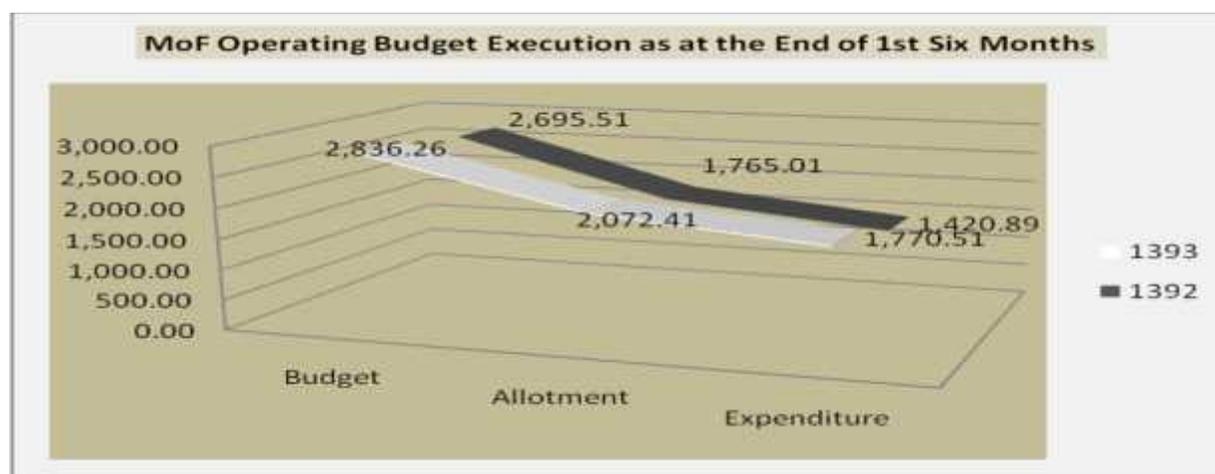
MOF Budget Execution:

The 1393 operating budget of the Ministry of Finance is Afs 2,836.26m, of which Afs. 2,072.41m, allotments have been issued and Afs. 1,770.51 m has been spent as of end of first six months of the year of 1393FY.

Figures in Afs Million:

MoF Operating Budget Execution as at the End of First Six months					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1393	2,836.26	2,072.41	1,770.51	62%	85%
1392	2,695.51	1,765.01	1,420.89	53%	80.5%

Source: Budget Department



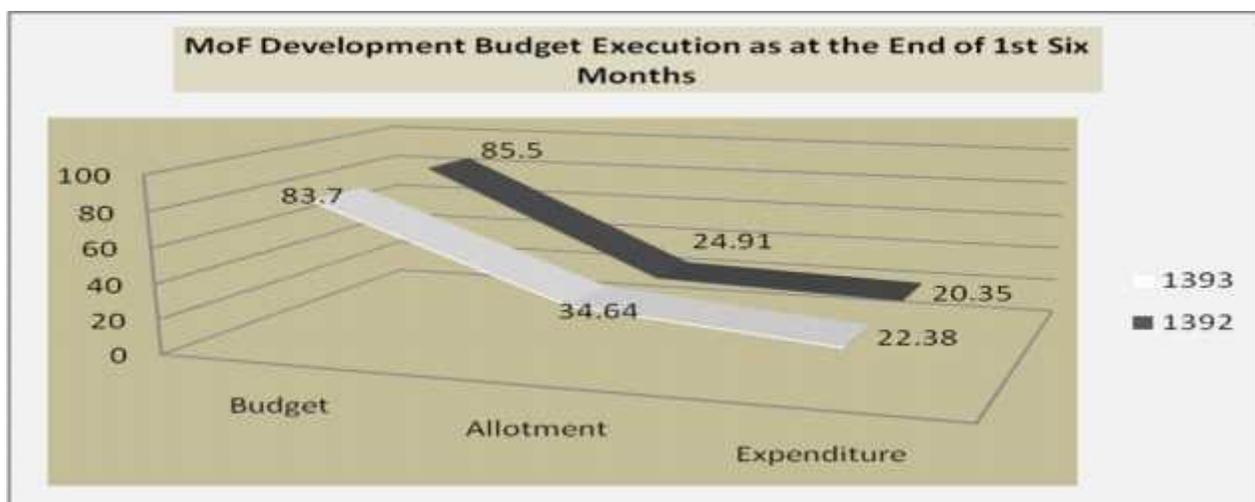
Note: The MoF operating budget increased from Afs2, 281.21m to Afs2, 836.26m in the second quarter of the FY1393.

Figures in USD Million:

MoF Core Development Budget Execution as at the End of First Six months					
Fiscal Year	Budget	Allotment	Expenditure	% Expenditure of the Budget	% Expenditure of the Allotment
1393	83.7	34.64	22.38	27%	65%
1392	85.5	24.91	20.35	24%	82%

Source: Budget Department

Note: The MoF core development budget increased from Afs81.7m to Afs 83.7m in the 2nd quarter of the 1393 FY.



MOF core development budget execution rate is 27%, while last year it was 24% for the same period.

General Admin Services:

Related to general admin service, during the first six months of FY 1393, 38% timely procurement process has been implemented. Regarding allotments, in total 24% allotments have been executed timely in second 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)

In the second quarter of 1393 the projects implementation rate reach to 44% [physical progress] while there is 27% of the budget execution. The interlink between the budget and the physical progress shows more than 70% discrepancy in this quarter. However, plans are in place to ensure that improvements are substantial.

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:

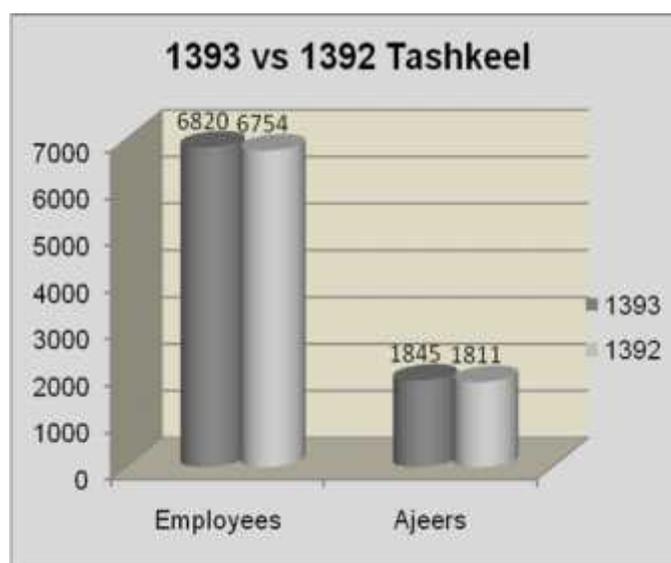
MoF 1393 taskheel reached to 8665 positions of which 1845 posts are Ajeers, which is almost 1.17% higher than the number of the taskheel positions, 8565, in 1392.

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 91% 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 first six months of FY 1393, a number 954 performance appraisal forms have been sent based on annual plan performance appraisal, out of which a total number of 887 employees have gone through performance appraisal process and recorded in HRMIS. The remaining 67 forms are under process.

Training & Development:

Short term training Programs:

Regarding Training and Capacity Building ,during the first six months of FY 1393, a total number of 20 training programs were held under which 352 MoF employees (51 women and 301 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 Second quarter of this fiscal year a number of 20 students from Kabul university completed their practical achieved good work experience in MoF.

Major Achievements

- A number 20 MoF employees have been introduced for the second batch DPP program, which is currently in progress;
- 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 third quarter 1390 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, 4 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.

Under the HRMD shared services model, 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 2nd quarter, two training events were held on general management and induction for 52 staff of ACD/ARD.

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 and its first draft was circulated for review and comments.

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 1st quarter performance report was 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.

C: PFMR II Project Coordination:

FY 1392 fourth quarter Financial Monitoring Report (FMR) and FY 1393 first quarter FMR were prepared and submitted to WB on time. Work is underway on preparation of the 2nd quarter FMR.

PFMR II project revised costing was done for the extension to end of Dec 2016. 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. 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 six months of FY year 1393, management meetings have been held regularly, 17 Presidential Decrees, 455 Presidential Orders and 29 decisions of Cabinet were followed up for execution. Additionally, in second quarter of FY 1393 numbers of 1180 letters were prepared.

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). Also conferences were held in ministry of Public health and information and culture. workshops, brochure distribution were another part of this public awareness campaign.

In second quarter of FY 1393, 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 first six months of FY 1393, Afs 320.73 Million was paid to large Tax Office account from tax and disbursement of Governmental Industries. Also during this period, SOE Department has collected Afs 8.95 Million from SOEs as rent, profit and other obligations and paid to SoEs bank account. Also Regarding to the privatization, five SOEs are waiting for parliament approval.

In the second quarter of FY 1393, A three day seminar which was held by Financial Supervision Department of Enterprises, public and mixed companies from June 13-15 in Herat, a number of Enterprise's staff participated. It was sponsored by UNDP and was welcomed by Herat authorities.

Property Management:

With reference to registration of government's properties, properties of 222, in the center and provinces which comprise apartments, buildings, electricity stations, mosques, restaurants and gardens have been registered in first six months of fiscal year 1393.

During the 2nd quarter of FY1393, 31 government contracts which 17 of them belonging to MoF and remaining 14 contracts under development planning were has been received by General Management contracts Office and has been followed up.

In the second quarter of FY1393, total revenue generated from properties leased and rented in capital (Kabul) as well as in provinces reached to Afs 73.3 M which was deposited in government's revenue account. It is worth mentioning that the comparing with previous quarter which was Afs 46.05 Million, the revenue shows 59% increase.

Internal Audit:

Audit founds AFs. 38,596,137 as Un-declared revenue during 1st quarter audits. 2nd Quarter figures, if any, will be reported in 3rd quarter.

In the 1st quarter of the year 1393, a total of 31 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 2nd 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, 20 cases were investigated, four cases were investigated. Two cases were given to the planned audit panel members for the investigation purpose. Two cases were closed due to insufficient information / evidence and three cases were solved via telephone with relevant departments.

Audit Information System "**DEBT Management System**" initiated in treasury dept of MoF. Field work completed and final report has been prepared.

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 5- ID cluster- Industry Extractive) have been analyzed for funding and are ready to be presented to donors.

Several Heads of Donor Agencies (HoA) meetings have been held at MoF. Also EVAW law first report was reviewed by 5+3 donors 'sub-committee and a meeting of the TMAF Sub-Committee on EVAW Law and Human Rights was held on May 2014. Main discussion was on mediation system for solving EVAW cases.

The ANDS team had several meetings at technical level with MoWA, AGO and SC in order to create a more comprehensive second report by addressing some of the limitations that existed in the first report. MoWA has started to draft an action plan for these recommendations.

EVAW data cases for the second report have been collected from three agencies: MoWA, AGO and Mol.

The 12 years reporting of the main achievements of government institutions was coordinated and compiled by ANDS team. The report was presented and approved in presidential committee meeting.

MoE, Mol, NDS and ISAF Joint Command was assisted in transfer and Closure of **79** bases as per the directive of Decree# 5543 of H.E President through facilitation of Asset Transfer Commission (ATC), Joint Basing Closure Working Group and Round Table Meetings.

Accompanied the Asset Transfer Commission members during field visit to Herat (Shandand district, Still camp, Arena camp, Turnham and Bagram camps area result separate reports were presented to High Security Council, Base Closure Commission and President's office for taking necessary actions.