



Islamic Republic of Afghanistan
Ministry of Finance
Macroeconomics and Fiscal Policy Directorate General

Third Cash Management Committee
Meeting Minutes
Jun 11, 2019

The meeting was held to discuss revenue collection performance, budget execution, and foreseeable pressures on budget, expenditure control, and overall cash management issues.

The following decisions were made:

Revenue Collection

1. The ACD shall prepare a report on the reasons for low revenue collections and recommend solutions on how to properly manage the individual custom houses.
2. Proper action will be taken if the low revenue collection resulted from the weak performance of the customs authorities. In other cases, the management will work on solutions to the problems resulting in low revenue collection.
3. The ARD to organize meetings with the line ministries on how to properly manage revenue collection and to reach collection targets effectively.
4. Agencies with lower revenue collection to target will be pressurized at the cabinet meeting and their respective budget will be deducted if they do not improve their performance.

Budget Performance

5. Agencies with lower development budget execution (lower than 50%) will be reviewed and their budget allocation will be reduced during the midyear review if they were slow in their budget execution.

The main discussion points:

H.E. the Minister:

1. The revenue targets should be set realistically. And once the target is finalized, then the individual agency is responsible to use every possible mean to achieve the expected target.



2. If we act beyond the normal range and pressurize the individual custom houses or mustofiat without recognizing their problems on the ground, it will create problems.

Ahmady sahiba

3. The year to date Budget Target for the ARD is achieved.
4. The ARD is going to sign an agreement with the Ministry of Mines and Petroleum to electronically link their system or the revenue collection with the RMIS.
5. The ARD is working on an E-filling system. This will reduce connection of the tax payers with the employees and reduce corruption.
6. The ARD has started registration of properties in the Kabul city, although it is time consuming but it will be another big source for the collection of revenues in future.

Popal sahib

7. The ARD will work on a report to recognize the reasons for the lower collection at some of the custom houses and will present it to the management for further actions.

Hamdard sahib,

8. The budget allocation increased by Afs 10 billion at the MYR, this should be reflected in the revenue target in order to increase the target by a similar amount.

جمهوری اسلامی افغانستان
وزارت مالیه



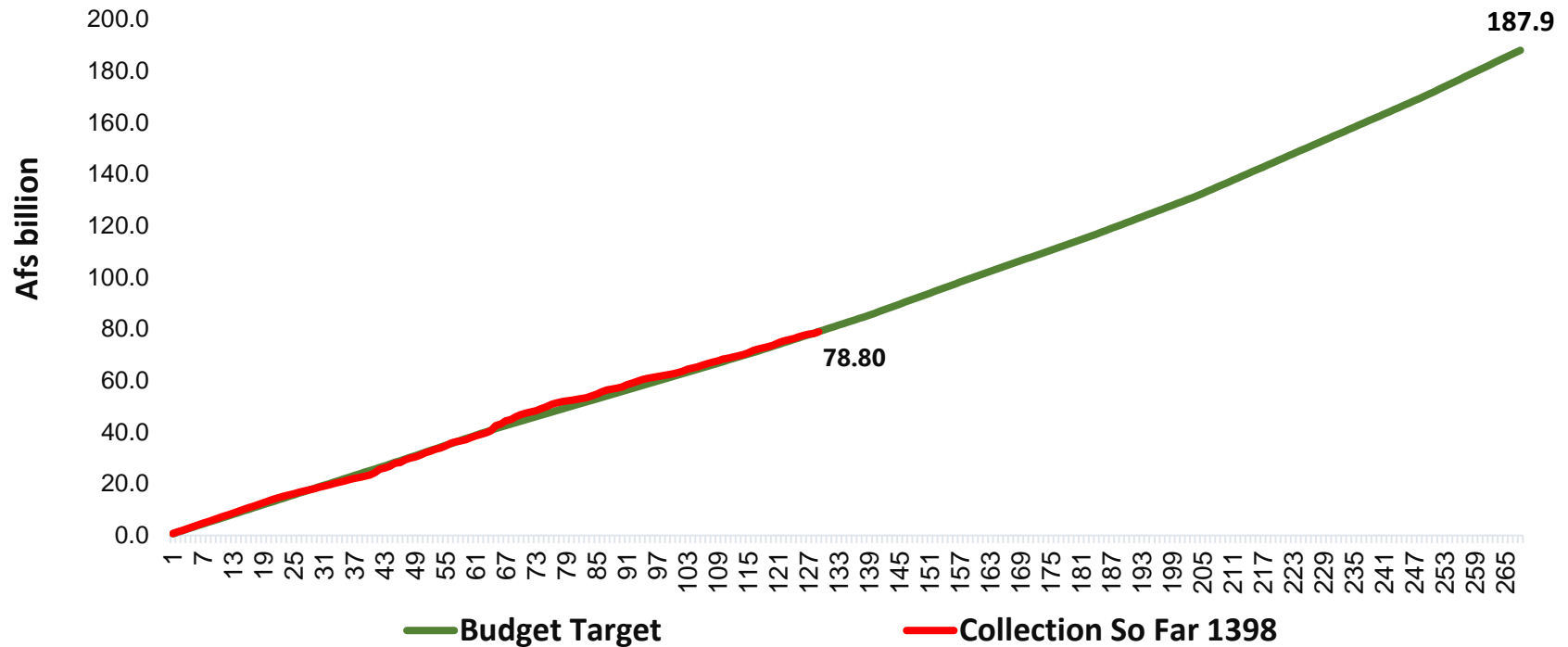
د افغانستان اسلامی جمهوریت
د مالیې وزارت

Islamic Republic of Afghanistan
Ministry of Finance
Macroeconomics and Fiscal Policy Directorate General

Fiscal Performance in 2019

as of Jun 10, 2019

Total revenue collection to date



Source: Afghanistan Financial Management Information System (AFMIS)

Budget target to date: Afs 79.0 billion;

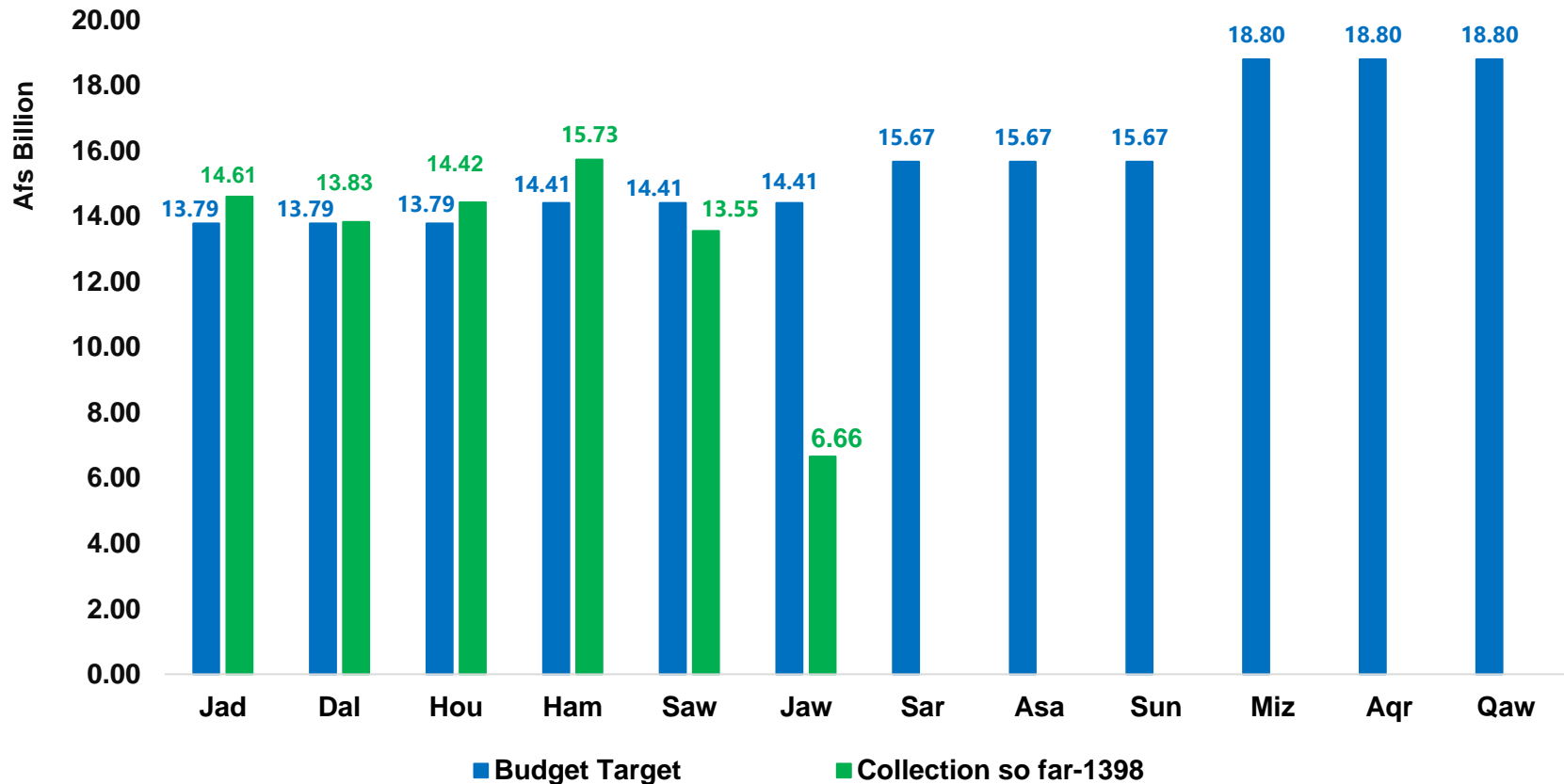
Collection to date: Afs 78.80 billion;

Collection is lower than the target by: Afs – 1.16 billion.

Last year collection to date: Afs 79.74 billion.

Collection performance by month

Monthly collection is above the budget target by Afs 1.96 billion during the first five months.



Source: Afghanistan Financial Management Information System (AFMIS)

Revenue Forecast: Based on the five months' collection FY-1398

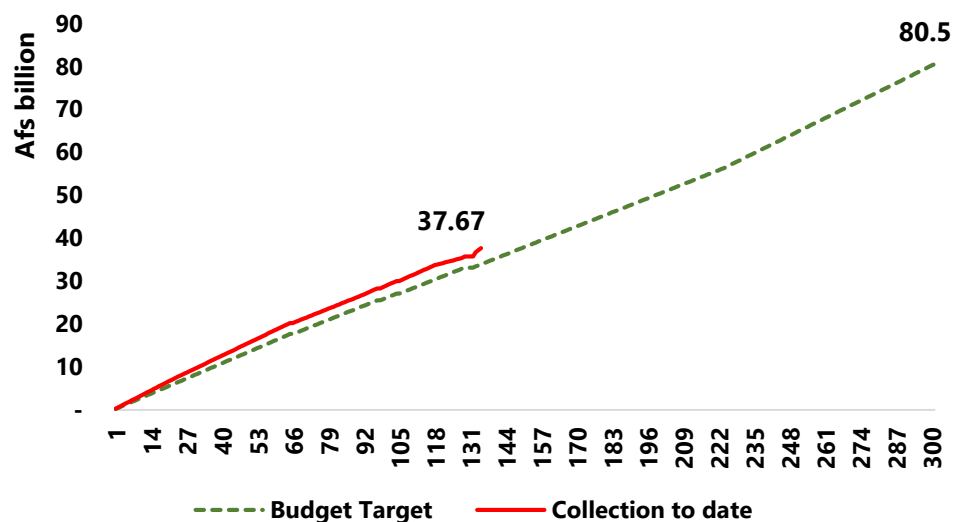
- **Linear Trend:** Afs 166.96 billion;
- **Growth Trend:** Afs 188.03 billion.
- **Pattern:** Afs 180.44 billion

	Actual					Forecast							
Billion Afs	Jad	Dal	Hou	Ham	Saw	Jaw	Sar	Asa	Sun	Miz	Aqr	Qaw	TOTAL
Linear Trend	14.61	13.83	14.42	15.73	13.55	14.50	14.07	13.45	13.71	13.19	13.01	12.88	166.96
Growth Trend	14.61	13.83	14.42	15.73	13.55	14.23	14.94	15.69	16.48	17.30	18.16	19.07	188.03
Pattern	14.61	13.83	14.42	15.73	13.55	16.87	13.97	13.28	13.43	14.35	14.96	21.43	180.44
Actual FY-1396	13.34	10.99	13.58	14.65	12.36	14.74	15.51	13.04	17.84	16.62	23.48	23.76	189.91

Source: MFPD Staff forecast

Customs Collection Performance

Customs' collection performance 1398



Source: Revenue Management Information System (RMIS)

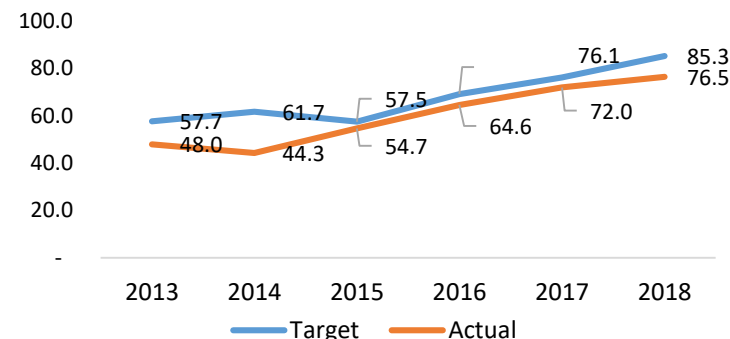
Budget target to date: Afs 33.93 billion;

Collection to date: Afs 37.67 billion;

Collection is higher than the target by: Afs 3.74 billion.

Last year collection to date: Afs 33.98 billion.

Customs historical performance



Customs collection continued to underperform. As on average:

- Collection were than the target by Afs 7.9 billion over the last 6 years;
- The collections were lower than the target by Afs 5.9 billion over the last 3 years;
- Collections were not improved when compared to GDP.

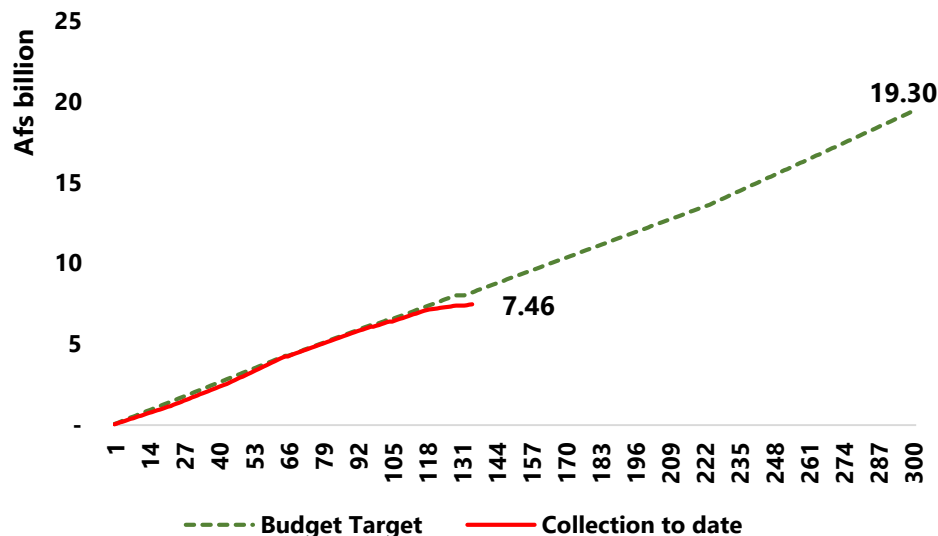
Individual Customs House's revenue performance - 1398

Values are in Million Afghanis					
Customs House	Annuual Budget Target	Budget Target so far	Collection so far	Collection Vs Target	Above/Below Target (%)
NANGARHAR	17,343.44	7,317.9	8,140.6	822.7	11.2%
PAKTIKA	367.68	155.1	565.7	410.5	264.6%
PAKTYA	786.49	331.9	655.2	323.3	97.4%
KHOST	553.60	233.6	585.1	351.5	150.5%
KUNARHA	8.11	3.4	1.3	(2.1)	-61.6%
BADAKHSHAN	5.75	2.4	1.0	(1.5)	-60.1%
TAKHAR	21.14	8.9	12.3	3.4	37.9%
KUNDUZ	988.68	417.2	467.0	49.8	11.9%
BALKH	12,590.13	5,312.3	4,739.9	(572.4)	-10.8%
KANDAHAR	7,449.56	3,143.3	5,486.8	2,343.5	74.6%
FARYAB	3,834.95	1,618.1	2,169.5	551.4	34.1%
HERAT	21,823.12	9,208.1	8,773.9	(434.2)	-4.7%
FARAH	3,762.90	1,587.7	1,040.9	(546.8)	-34.4%
NIMROZ	7,229.70	3,050.5	3,636.8	586.3	19.2%
Kabul - Custom Airport	2,217.73	935.8	956.4	20.7	2.2%
Kabul - Custom	1,423.34	600.6	430.0	(170.6)	-28.4%
Kabul - Custom Post Porcel	6.38	2.7	12.3	9.6	356.1%
Total	80,412.7	33,929.5	37,674.7	3,745.2	11.0%

Source: Revenue Management Information System (RMIS)

Mustofiats' collection performance

Mustofiats' collection performance 1398



Source: Revenue Management Information System (RMIS)

Budget target to date : Afs 8.20 billion;

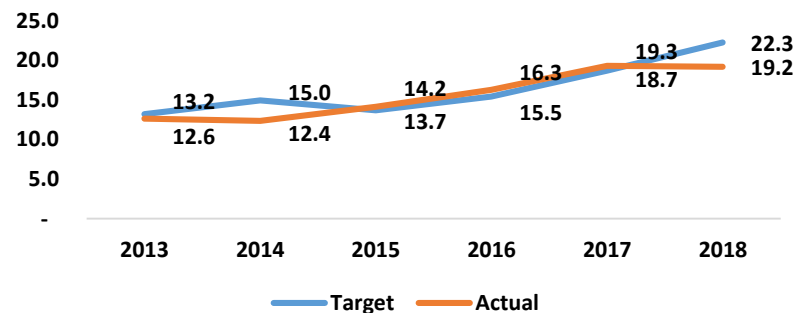
Collection to date: Afs 7.46 billion;

Collection is lower than the target by: Afs **- 0.74** billion.

Last year collection to date: Afs 7.75 billion.

Mustofiats Historic Performance

Billion Afs



Collection continued to underperform. As on average:

- Collection were than the target by Afs 0.73 billion over the last 6 years;
- The collection were lower than the target by Afs 0.56 billion over the last 3 years;
- Collections were not improved when compared to GDP.

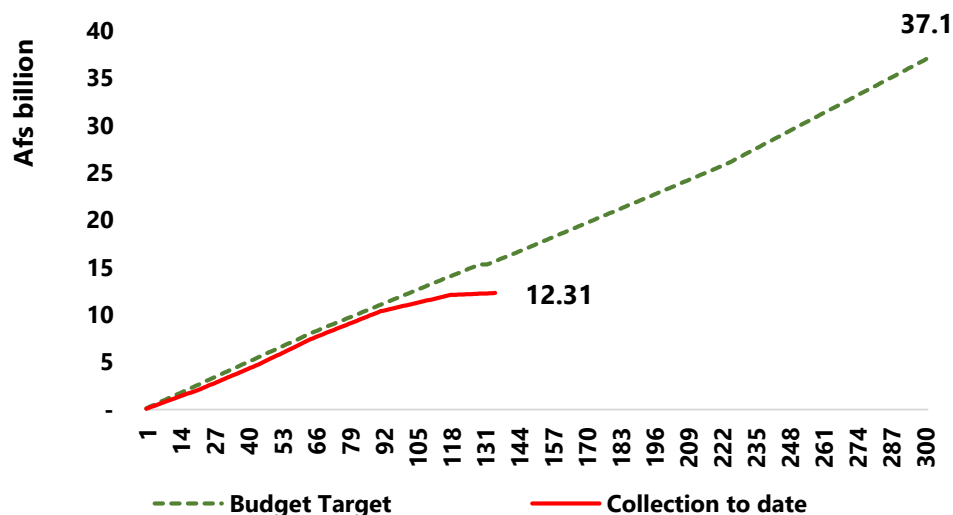
Individual Mustofiat's revenue collection performance - 1398

Values are in million Afghanis					
Mustofiats'	Annuual Budget Target	Budget Target so far	Collection so far	Collection Vs Target	Above/Below Target (%)
KAPISA	225.22	95.03	63.27	(31.8)	-33.4%
PARWAN	493.82	208.36	193.83	(14.5)	-7.0%
WARDAK	271.00	114.35	93.12	(21.2)	-18.6%
LOGAR	194.33	82.00	58.10	(23.9)	-29.1%
NANGARHAR	2,449.42	1,033.51	908.94	(124.6)	-12.1%
LAGHMAN	283.74	119.72	100.33	(19.4)	-16.2%
PANJSHER	136.83	57.73	42.60	(15.1)	-26.2%
BAGHLAN	481.90	203.33	191.40	(11.9)	-5.9%
BAMYAN	226.67	95.64	87.80	(7.8)	-8.2%
GHAZNI	497.69	210.00	199.78	(10.2)	-4.9%
PAKTIKA	153.54	64.78	60.83	(4.0)	-6.1%
PAKTYA	718.95	303.36	246.55	(56.8)	-18.7%
KHOST	511.51	215.83	197.36	(18.5)	-8.6%
KUNARHA	306.64	129.38	102.22	(27.2)	-21.0%
NOORISTAN	73.53	31.03	26.85	(4.2)	-13.5%
BADAKHSHAN	393.03	165.84	147.61	(18.2)	-11.0%
TAKHAR	484.00	204.22	178.91	(25.3)	-12.4%
KUNDUZ	559.89	236.24	231.30	(4.9)	-2.1%
SAMANGAN	228.17	96.27	103.78	7.5	7.8%
BALKH	2,543.25	1,073.10	946.86	(126.2)	-11.8%
SAR-E- PUL	198.42	83.72	82.17	(1.6)	-1.9%
GHOR	191.02	80.60	52.88	(27.7)	-34.4%
DAYKUNDI	160.42	67.69	56.41	(11.3)	-16.7%
UROZGAN	77.03	32.50	38.16	5.7	17.4%
ZABUL	122.94	51.87	54.06	2.2	4.2%
KANDAHAR	1,435.14	605.55	579.04	(26.5)	-4.4%
JAWZJAN	410.92	173.38	164.63	(8.8)	-5.0%
FARYAB	511.23	215.71	183.64	(32.1)	-14.9%
HELMAND	796.97	336.27	257.24	(79.0)	-23.5%
BADGHIS	171.03	72.16	63.42	(8.7)	-12.1%
HERAT	3,329.18	1,404.72	1,448.90	44.2	3.1%
FARAH	386.48	163.07	113.55	(49.5)	-30.4%
NIMROZ	418.11	176.42	188.81	12.4	7.0%
Total	19,442.0	8,203.4	7,464.4	(739.0)	-9.0%

Source: Revenue Management Information System (RMIS)

Ministries collection performance

Ministries collection performance 1398



Source: Revenue Management Information System (RMIS)

Budget target to date: Afs 15.63.01 billion;

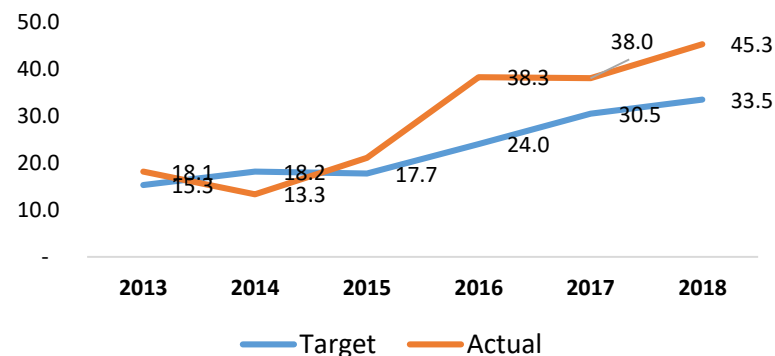
Collection to date: Afs 12.31 billion;

Collection is lower than the target by: Afs **-3.32** billion.

Last year collection to date: Afs **14.08** billion.

Ministries historic performance

Billion (Afs)



Collections have significantly improved through Non-tax revenues. As on average:

- NTR exceeded the target by Afs 5.8 billion over the last 6 years;
- The target was exceeded by Afs 11.2 billion over the last 3 years;
- NTR collection doubled (1.6% to 3.2%) in the last 6 years when compared to GDP;
- Increasing NTRs reduces national assets, purchasing power, and increases burden on the general public.

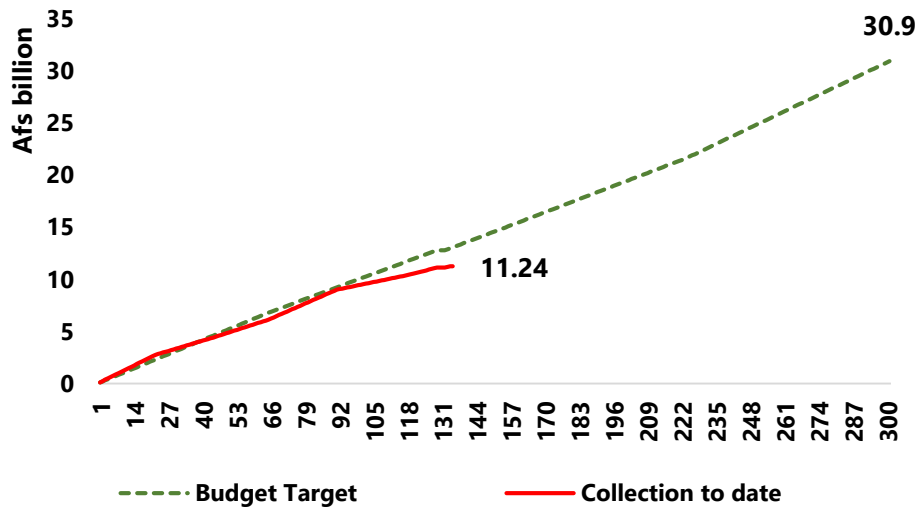
Ministry/agency revenue performance

Values are in Million Afghanis					
Ministries	Annuual Budget Target	Budget Target so far	Collection so far	Collection Vs Target	Above/Below Target (%)
Civil Aviation Authority	8,233.1	3,474.7	2,473.9	(1,000.8)	-28.8%
Ministry of Communication Information Technology	5,794.6	2,445.6	2,980.2	534.6	21.9%
Ministry of Interior Affairs	4,437.4	1,872.8	1,987.2	114.4	6.1%
Ministry of Foreign Affairs	4,003.4	1,689.6	1,387.9	(301.7)	-17.9%
Afghanistan Railway Authority	2,663.9	1,124.3	1,002.5	(121.8)	-10.8%
Ministry of Mines and Petroleum	2,565.1	1,082.6	87.0	(995.5)	-92.0%
Ministry of Finanace	2,462.9	1,039.5	443.1	(596.3)	-57.4%
Ministry of Commerece and Industry	1,046.2	441.5	67.5	(374.1)	-84.7%
Ministry. of Trasport	663.7	280.1	226.9	(53.2)	-19.0%
Supreme Court	555.3	234.3	214.3	(20.0)	-8.5%
Ministry of Higher Education	185.7	78.4	61.8	(16.5)	-21.1%
Ministry of Public Health	142.0	59.9	102.9	43.0	71.7%
Others	4,269.2	1,801.8	1,270.3	(536.5)	3416.4%
Total	37,022.5	15,625.1	12,305.7	(3,319.4)	-21.2%

Source: Revenue Management Information System (RMIS)

LTO collection performance

Kabul LTO collection performance 1398



Source: Revenue Management Information System (RMIS)

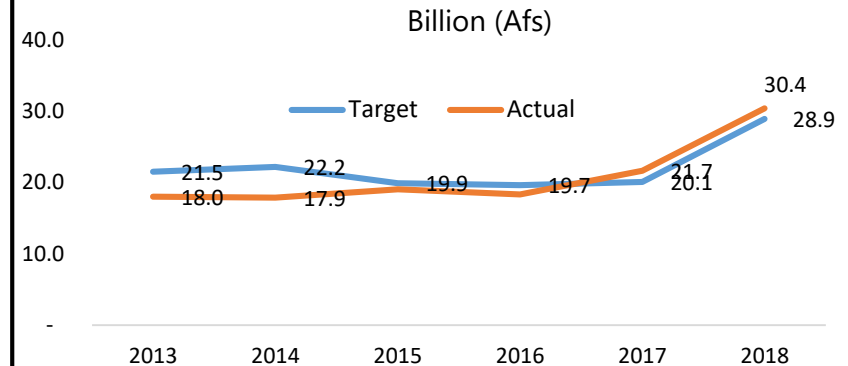
Budget target to date: Afs 13.04 billion;

Collection to date: Afs 11.24 billion;

Collection is lower than the target by: Afs -1.78 billion.

Last year collection to date: Afs 9.57 billion.

LTO Historic Performance

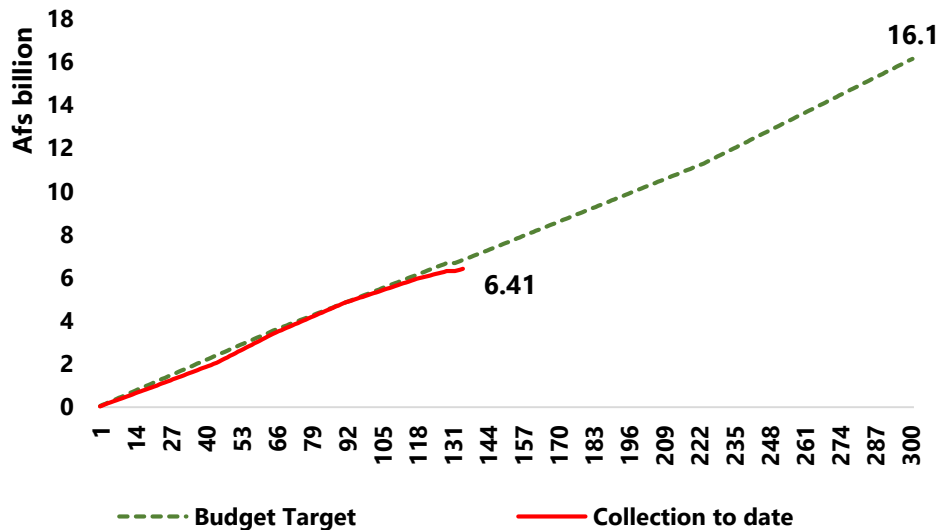


LTO continued to underperform on average by:

- Afs 1.2 billion over the last 6 years;
- Afs 600 million over the last 3 years;
- Collection remained stagnant when compared to GDP;
- LTO currently collects 28% of tax revenues against the international standard of 45%.

MTO collection performance

Kabul MTO collection performance 1398



Source: Revenue Management Information System (RMIS)

Budget target to date: Afs 6.81 billion;

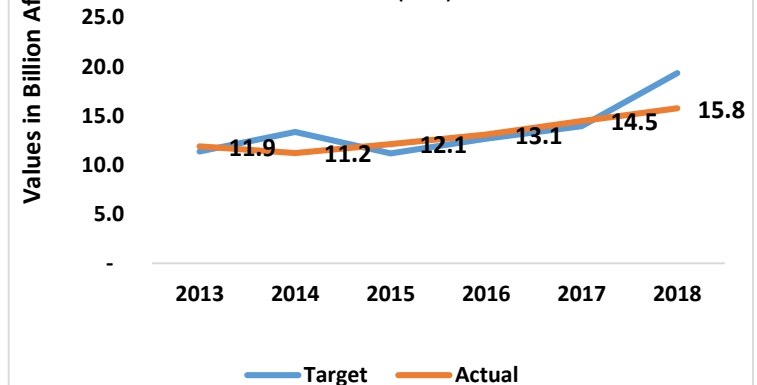
Collection to date: Afs 6.41 billion;

Collection is lower than the target by: Afs -0.39 billion.

Last year collection to date: Afs 6.1 billion.

MTO Historic Performance

Billion (Afs)

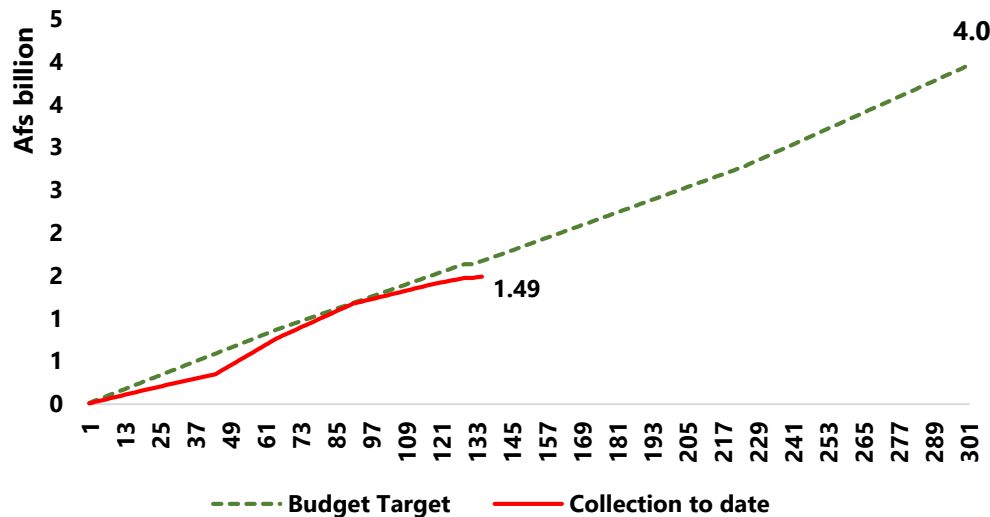


MTO collection continued to underperform. As on average:

- Collection were lower than the target by Afs 0.56 billion over the last 6 years;
- The collection were lower than the target by Afs 0.89 billion over the last 3 years;
- Collections were not improved when compared to GDP.

STO collection performance

Kabul STO collection performance 1398



Source: Revenue Management Information System (RMIS)

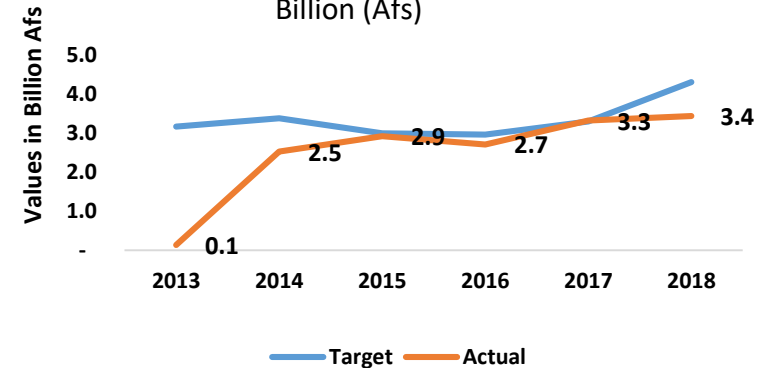
Budget Target to date: Afs 1.67 billion;

Collection to date: Afs 1.49 billion;

Collection is lower than the target by: Afs -1.18 billion.

Last year collection to date: Afs 1.26 billion.

STO Historic Performance
Billion (Afs)

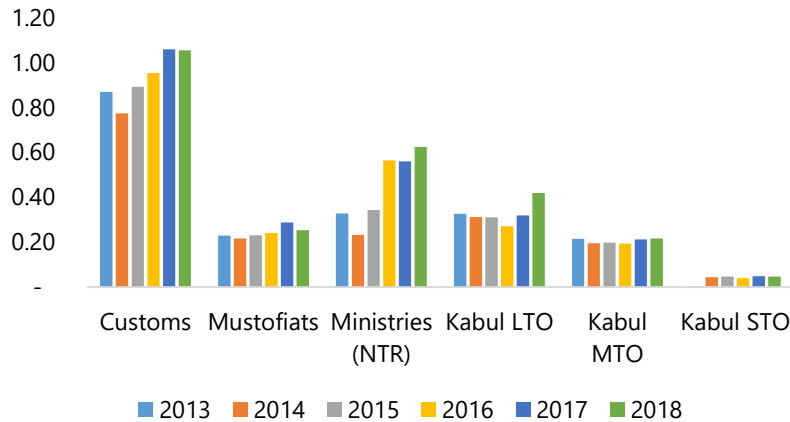


STO collection continued to underperform. As on average:

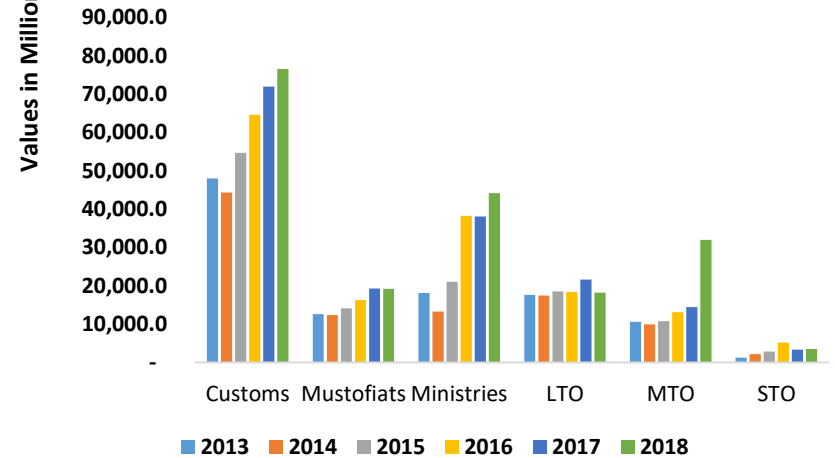
- Collection were lower than the target by Afs 0.84 billion over the last 6 years;
- The collection were lower than the target by Afs 0.36 billion over the last 3 years;
- Collections were not improved when compared to GDP.

Agency performance since 2013

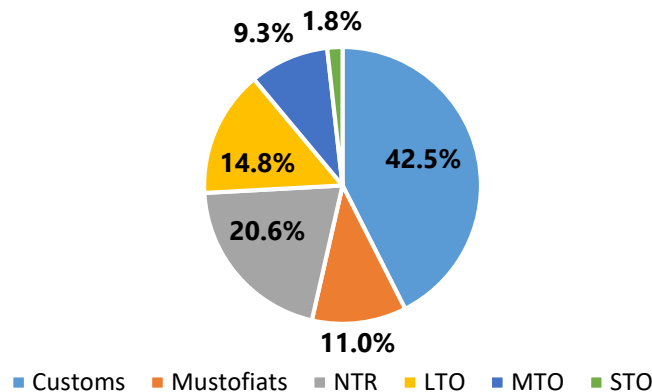
Agency performance since 2013
in million US\$



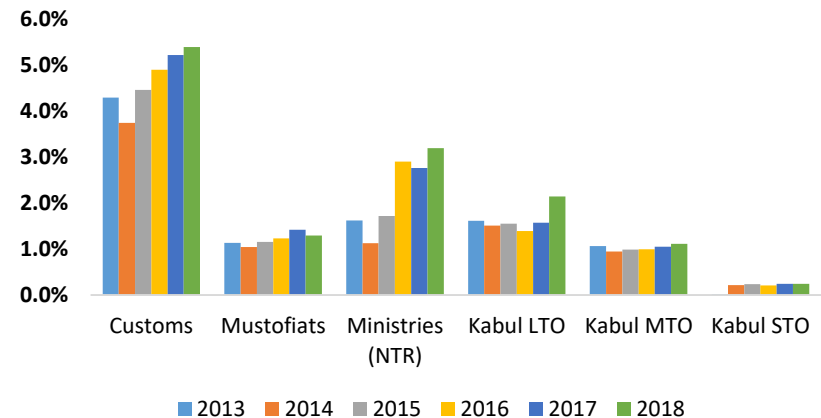
Agency Performance Since 2013 in Million
Afs



Share in revenues (6 year average)



Agency Performance as a percentage of GDP since
2013



Budget execution summary

Development Expenditure (Afs million)				Amount Executed Today
	1397	1398	Difference	1398
Development Expenditure	31,744.5	44,251.2	12,506.7	544.08
Execution to date (% of total Dev... Budget)	23.4%	34.6%	11.2%	0.4%

Operating Expenditure (Afs million)				Amount Executed Today
	1397	1398	Difference	1398
Operating Expenditure	106,586.9	110,810.1	4,223.1	497.17
Execution to date (% of total Opr... Budget)	38.0%	42.1%	4.1%	0.2%

Total Expenditure (Afs million)				Amount Executed Today
	1397	1398	Difference	1398
Total Expenditure	138,331.5	155,061.3	16,729.8	1041.25
Execution to date %	33.2%	39.8%	6.5%	0.3%

Monthly cash projection

Annex: Monthly Cashflow projections															
Values are in Afs billion	1	2	3	4	5	6	7	8	9	10	11	12	End-year total		
Sources of Funds	Actuals					Forecasts								Projections	Budget
Total	14.6	17.2	25.7	26.7	44.2	47.5	27.8	28.7	31.2	41.2	32.0	46.8	383.6	397.0	
1. Domestic Revenues	14.6	13.8	14.4	15.9	22.6	15.2	12.5	16.9	17.4	16.5	17.8	21.2	198.9	188.0	
2. Total Grants	0.0	3.3	11.3	10.8	21.7	32.3	15.3	11.8	13.8	24.7	14.2	25.5	184.7	209.0	
a. Operating grants	0.0	2.0	9.9	7.0	18.6	15.7	9.6	9.6	7.6	8.9	8.5	9.2	106.6	98.8	
1. Security	0.0	2.0	9.9	7.0	15.9	13.0	9.6	9.6	7.6	8.9	8.5	9.2	101.1	98.8	
2. Non-security	-	-	-	-	2.7	2.7	-	-	-	-	-	-	5.5	-	
b. Development Grants	-	1.4	1.4	3.7	3.1	16.6	5.7	2.3	6.2	15.8	5.7	16.4	78.2	110.2	
1. Discretionary	-	-	-	-	-	8.1	-	-	-	11.3	-	11.3	30.6	47.2	
Operating surplus from the last year	-	-	-	-	-	-	-	-	-	-	-	-	-	10.0	
2. Non-discretionary	-	1.4	1.4	3.7	3.1	8.5	5.7	2.3	6.2	4.5	5.7	5.1	47.5	63.0	
Uses of Funds														end-year Total	
Total	4.7	20.7	26.7	42.3	32.0	44.3	32.7	34.0	30.5	33.5	37.8	44.6	384.0	406.5	
1. Operating Expenditures	4.7	18.0	19.6	27.4	22.1	32.0	24.3	24.4	21.3	22.9	25.4	27.5	269.7	282.3	
2. Development Expenditures	-	2.7	7.0	15.0	9.9	12.2	8.5	9.7	9.3	10.6	12.4	17.1	114.3	124.2	
1. Discretionary	-	1.2	3.8	5.4	4.1	6.0	4.7	4.8	5.5	6.3	5.3	8.8	55.9	61.2	
2. Non-Discretionary	-	1.5	3.2	9.6	5.8	6.3	3.8	4.9	3.8	4.3	7.1	8.3	58.4	63.0	
Surplus/Deficit	9.9	(3.6)	(0.9)	(15.6)	12.2	3.2	(4.9)	(5.3)	0.7	7.6	(5.8)	2.1	(0.4)	(9.5)	

TREASURY DAILY CASH POSITION REPORT				
June 10, 2019				
I	SUMMARY REPORT OF FUNDS AVAILABLE UNDER THE OPERATING BUDGET			
		(Mn Afs)	(Mn Afs)	(Mn Afs)
	Opening Balance Of Unrestricted Funds (FY 1398)			16,747
	Restricted 1397 balance (1398 budget allocation Disc Development)			10,000
	Domestic Revenues (Operating Budget) Excluding Restricted		78,807	
	One off Revenues (DAB Dividend)		8,991	
	Donor Revenues (Recurrent Budget Grants)	43,106		
	Less: Security Sector Advances (MOD & MOI grants)	(9,750)		
	Excess / (Shortfall) in Donor Funds (1398)		33,356	
	Total Recurrent Budget Revenues			121,154
	Less : Transfers to Discretionary Development Budget Expenditures			(13,980)
	Recurrent Budget Expenditures (Including Cash Transfer To Province)			(114,382)
	Excess / (Shortfall) in Funds (1398)			(7,207)
	BALANCE OF AVAILABLE FUNDS (Without Restrictions)			19,540
	Currency Exchange Gain (Realised)		10,624	
	Currency Exchange Gain (Unrealised Reserve) holding forex balance		5,980	
	PRGF Funds (153.043 Mn USD)		10,304	
	ARTF Advance Payment (50 Mn USD)		2,500	29,408
	TOTAL AVAILABLE BALANCE OF FUNDS			48,948
II	SUMMARY OF FUNDS AVAILABLE AND BUDGET UNDER THE DISCRETIONARY DEVELOPMENT BUDGET			
	CASH POSITION		BUDGET AND ALLOTMENT	
	Particulars	Mn Afs		Mn Afs
	Opening Balance (1398 balance)	8,315	Total Approved Budget	61,222
	Receipts	13,980	Total Allotments issued	58,905
	Other Receipts		Expenditures	18,803
	Total Funds Available	22,295	Balance of Unspent Allotment	40,103
	Expenditures	18,803	Net Funds available	3,492
	Net Funds Available	3,492	Allotments without financing	36,610
	Note:			
	1- Unspent cash balance in provinces	3,585	Bn Afs	
	2- Total available cash balances (incl Disc Dev & Province)	26,617	Bn Afs	
III	BALANCE OF FUNDS RECEIVABLE AGAINST ESTIMATED BUDGET AND DONOR COMMITMENTS FOR 1398			
	Sources	Afs Million		
		Budget	Receipts	Balance
	Operating Budget	275,224	121,913	153,311
	Domestic revenues (Operating budget)	188,006	78,807	109,198
	Donor Financing Commitments - Operating	98,844	43,106	55,738
	LOTFA	28,000	12,050	15,950
	CSTC-A MOD	60,520	25,581	34,939
	CSTC-A MOI	10,299	5,452	4,847
	NATFO - NSC	25	22	3
	Donor Financing Commitments - Discretionary Development	58,826	0	44,846
	Revenue Surplus (1397)	10,000	0	0
	Revenue Surplus (1398)	11,626	0	7,645
	European Commission	7,440	0	7,440
	ARTF (IP +)	29,760	0	29,760