



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

Fourth Cash Management Committee
Meeting Minutes
July 2, 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 management of the ARD and ACD should organize regular meetings to address the problems in revenue collection and to improve the collection performance. They should also update the minister on a regular basis about their progress.
2. To avoid the end-year budget deficit, agencies with the lower revenue collection will be reviewed and their budget allocation will be linked with their revenue collection. The budget for underperforming agencies will be reduced during the midyear review.
3. Based on the six-month performance report of the ACD, proper actions will be undertaken to enhance the collection performance of the customs.

The main discussion points:

Ahmady sahiba

4. There are deferred taxes owed by some large taxpayers, the ARD is in negotiation with them to transfer the amount in the next couple of months. The amount expected to realize from this source is at around Afs 4.5 billion.
5. The ARD has started registration of properties in the Kabul city, although it is time-consuming, it will be another big source for the collection of revenues in the future.
6. There is serious problem collecting revenues from the rental properties. The owners of these properties misrepresent the income to reduce their payable taxes. The ARD has plan to work on a norms to identify the actual income on these properties.



7. Most of the Mastofies are newly appointed, it therefore takes time to improve the collection performance for some of the underperforming Mastofiats.
8. The problems with the ministries collection arises due to two main factors: (1) the merger of some of the top revenue collecting ministries which resulted in low revenue collection as the merged agencies play the blame game, (2) the closure of airspace in Pakistan due to recent tensions with India, has resulted in reduced air traffic and thus reduced revenue.

Popal sahib

1. The ACD has worked on a report to identify the reasons for the lower collection. In report, the ACD has proposed the establishment of a task force that will work on a plan to stop leakages and corruption in the administrative system. The guidelines on how the taskforce will function is almost ready for the implementation. The taskforce will have the authority to fire, replace, or warn staff, who are identified breaching the customs' rules, in accordance on the gravity of their violations.
2. The security forces especially the NDS should help the ACD in identifying the serious corruptions and smuggling.

Salarzai sahib

3. The sum of cash in the government account is adequate but as is expected if the revenue collection does not materialize, there is high probability of violating the IMF minimum reserve benchmark.

جمهوری اسلامی افغانستان
وزارت مالیه



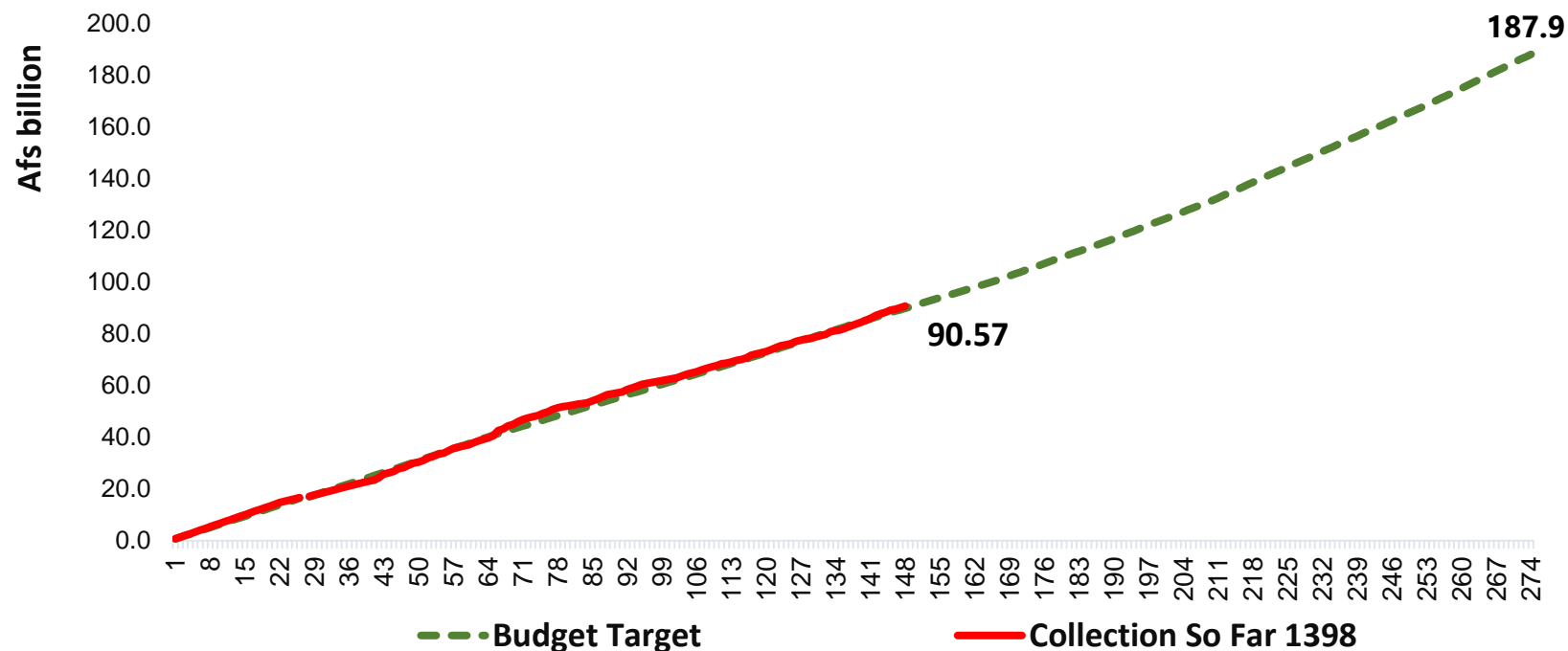
د افغانستان اسلامی جمهوریت
د مالیې وزارت

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

Fiscal Performance in 2019

as of July 2, 2019

Total revenue collection to date



Source: Afghanistan Financial Management Information System (AFMIS)

Budget target to date: Afs 89.83 billion;

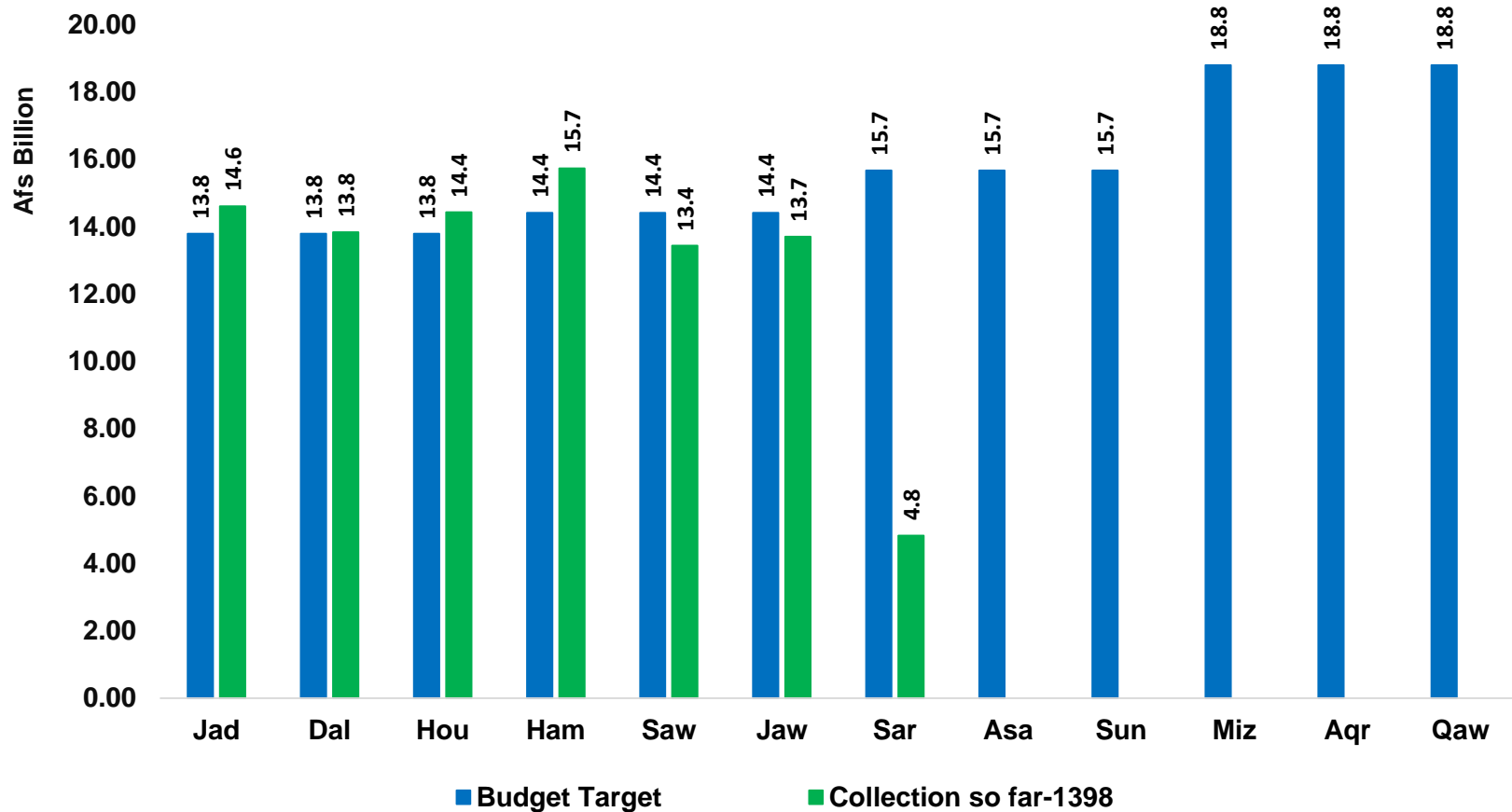
Collection to date: Afs 90.57 billion;

Collection is higher than the target by: Afs 0.74 billion.

Last year collection to date: Afs 85.23 billion.

Collection performance by month

On average, monthly collection is higher the Budget target by Afs 0.19 billion during the first six months.



Source: Afghanistan Financial Management Information System (AFMIS)

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

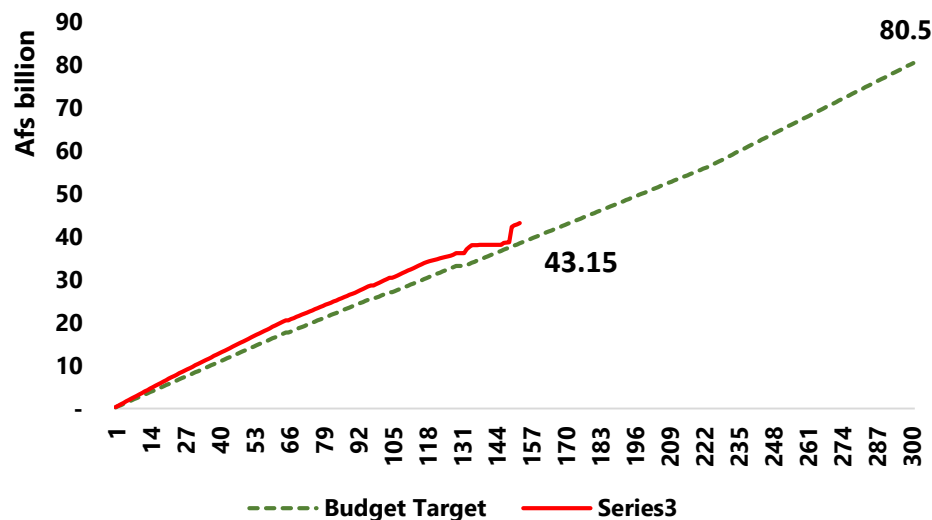
- **Linear Trend:** Afs 166.9 billion;
- **Growth Trend:** Afs 192.4 billion.
- **Pattern:** Afs 182.9 billion

	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	13.43	13.70	13.85	13.72	13.60	13.47	13.34	13.22	166.94
Growth Trend	14.61	13.83	14.42	15.73	13.43	13.70	14.73	15.84	17.03	18.30	19.67	21.15	192.46
Pattern	14.61	13.83	14.42	15.73	13.43	13.70	14.84	14.12	14.27	15.25	15.89	22.78	182.88
Actual FY-1397	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 38.72 billion;

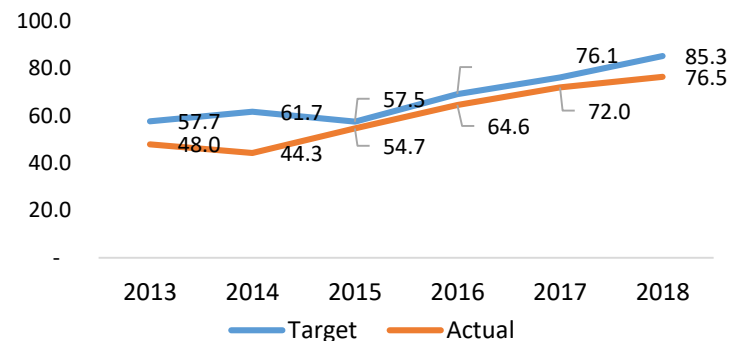
Collection to date: Afs 43.15 billion;

Collection is higher than the target by: Afs 4.42 billion.

Last year collection to date: Afs 41.17 billion.

Note: Afs 1.91 billion of total domestic revenue is unclassified.

Customs historical performance



Customs collection continued to underperform. As on average:

- Collection were lower 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.

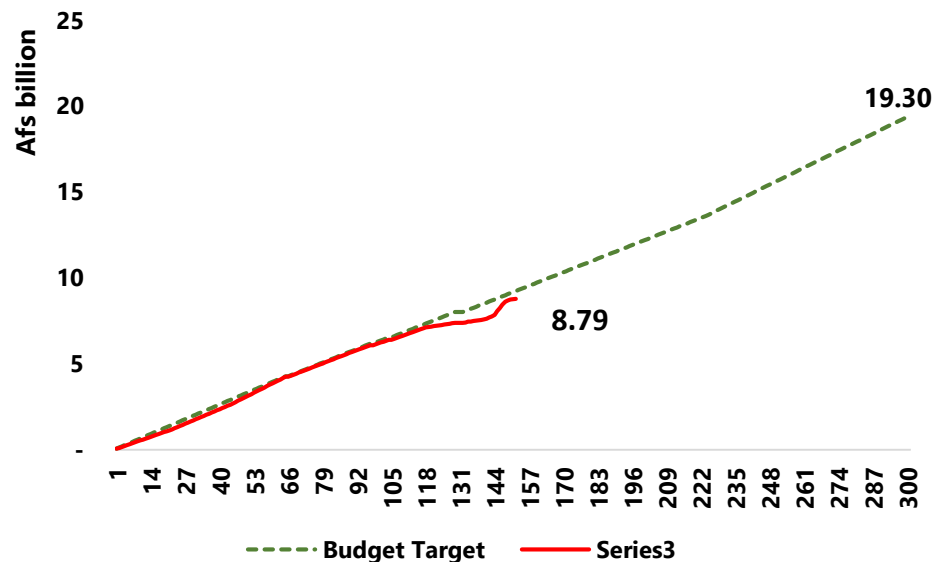
Individual Customs House's revenue performance - 1398

Values are in Million Afghanis					
Customs House	Annuual Budget Target	BudgetTarget so far	Collection so far	Collection Vs Target	Above/Below Target (%)
NANGARHAR	17,343.44	8,352.42	9,583.12	1,230.69	14.7%
PAKTIKA	367.68	177.07	615.91	438.84	247.8%
PAKTYA	786.49	378.77	693.02	314.25	83.0%
KHOST	553.60	266.61	653.63	387.02	145.2%
KUNARHA	8.11	3.91	1.31	(2.59)	-66.4%
BADAKHSHAN	5.75	2.77	1.24	(1.53)	-55.2%
TAKHAR	21.14	10.18	13.56	3.38	33.2%
KUNDUZ	988.68	476.14	547.26	71.12	14.9%
BALKH	12,590.13	6,063.28	5,442.85	(620.42)	-10.2%
KANDAHAR	7,449.56	3,587.63	6,150.81	2,563.18	71.4%
FARYAB	3,834.95	1,846.87	2,392.96	546.09	29.6%
HERAT	21,823.12	10,509.79	10,101.17	(408.62)	-3.9%
FARAH	3,762.90	1,812.18	1,309.48	(502.70)	-27.7%
NIMROZ	7,229.70	3,481.75	4,054.55	572.80	16.5%
Kabul - Custom Airport	2,217.73	1,068.03	1,112.27	44.24	4.1%
Kabul - Custom	1,423.34	685.47	461.95	(223.52)	-32.6%
Kabul - Custom Post Porcel	6.38	3.07	13.97	10.90	354.6%
Total	80,412.72	38,725.94	43,149.05	4,423.12	11.4%

Source: Revenue Management Information System (RMIS)

Mustofiats' collection performance

Mustofiats' collection performance 1398



Source: Revenue Management Information System (RMIS)

Budget target to date : Afs 9.36 billion;

Collection to date: Afs 8.79 billion;

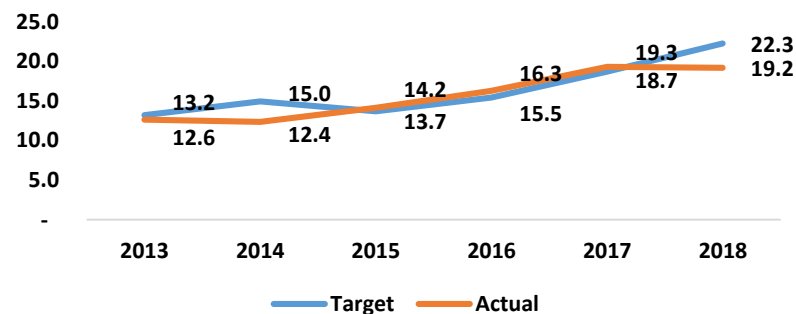
Collection is lower than the target by: Afs **- 0.57** billion.

Last year collection to date: Afs **9.51** billion.

Note: Afs 1.91 billion of domestic revenue is unclassified in RMIS.

Mustofiats Historic Performance

Billion Afs



Collection continued to underperform. As on average:

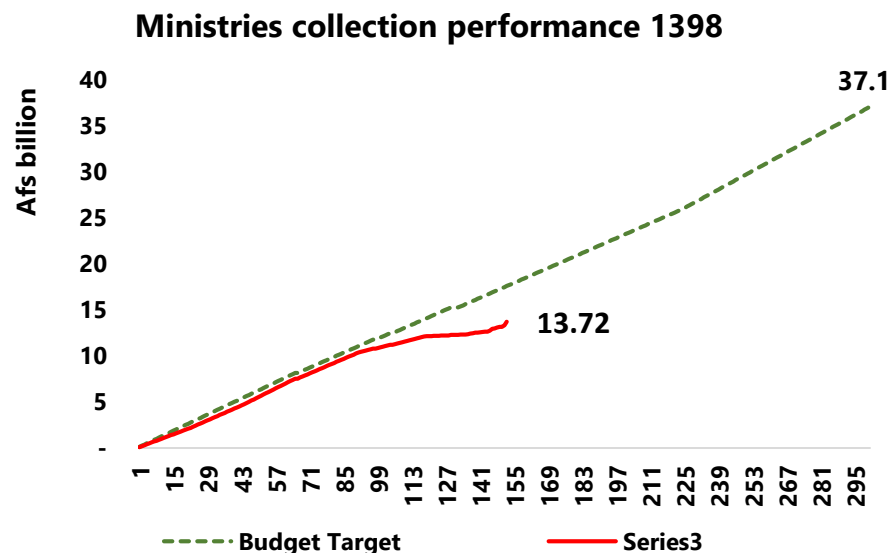
- Collection were lower than the target by Afs 0.73 billion over the last 6 years;
- The collection were lower than the target by Afs 0.56 billion over the last 3 years;
- Collections were not improved when compared to GDP.

Individual Mustofiat's revenue collection performance - 1398

Values are in Million Afghanis					
Mustofiats'	Anuual Budget Target	BudgetTarget so far	Collection so far	Collection Vs Target	Above/Below Target (%)
KAPISA	225.22	108.5	91.02	(17.45)	-16.1%
PARWAN	493.82	237.8	231.06	(6.75)	-2.8%
WARDAK	271.00	130.5	112.69	(17.82)	-13.7%
LOGAR	194.33	93.6	60.31	(33.28)	-35.6%
NANGARHAR	2,449.42	1,179.6	1,041.99	(137.63)	-11.7%
LAGHMAN	283.74	136.6	114.52	(22.12)	-16.2%
PANJSHER	136.83	65.9	52.09	(13.80)	-20.9%
BAGHLAN	481.90	232.1	223.31	(8.77)	-3.8%
BAMYAN	226.67	109.2	105.41	(3.75)	-3.4%
GHAZNI	497.69	239.7	231.68	(8.00)	-3.3%
PAKTIKA	153.54	73.9	73.72	(0.23)	-0.3%
PAKTYA	718.95	346.2	300.29	(45.95)	-13.3%
KHOST	511.51	246.3	248.34	2.00	0.8%
KUNARHA	306.64	147.7	120.66	(27.02)	-18.3%
NOORISTAN	73.53	35.4	34.09	(1.32)	-3.7%
BADAKHSHAN	393.03	189.3	180.32	(8.96)	-4.7%
TAKHAR	484.00	233.1	204.81	(28.28)	-12.1%
KUNDUZ	559.89	269.6	267.97	(1.66)	-0.6%
SAMANGAN	228.17	109.9	119.66	9.78	8.9%
BALKH	2,543.25	1,224.8	1,122.44	(102.36)	-8.4%
SAR-E- PUL	198.42	95.6	97.09	1.54	1.6%
GHOR	191.02	92.0	63.19	(28.80)	-31.3%
DAYKUNDI	160.42	77.3	72.15	(5.11)	-6.6%
UROZGAN	77.03	37.1	48.84	11.74	31.7%
ZABUL	122.94	59.2	59.23	0.02	0.0%
KANDAHAR	1,435.14	691.2	668.56	(22.59)	-3.3%
JAWZJAN	410.92	197.9	192.05	(5.84)	-3.0%
FARYAB	511.23	246.2	208.46	(37.74)	-15.3%
HELMAND	796.97	383.8	303.78	(80.03)	-20.9%
BADGHIS	171.03	82.4	78.03	(4.33)	-5.3%
HERAT	3,329.18	1,603.3	1,718.01	114.71	7.2%
FARAH	386.48	186.1	132.13	(54.00)	-29.0%
NIMROZ	418.11	201.4	214.18	12.82	6.4%
Total	19,442.01	9,363.07	8,792.07	(571.00)	-6.1%

Source: Revenue Management Information System (RMIS)

Ministries collection performance



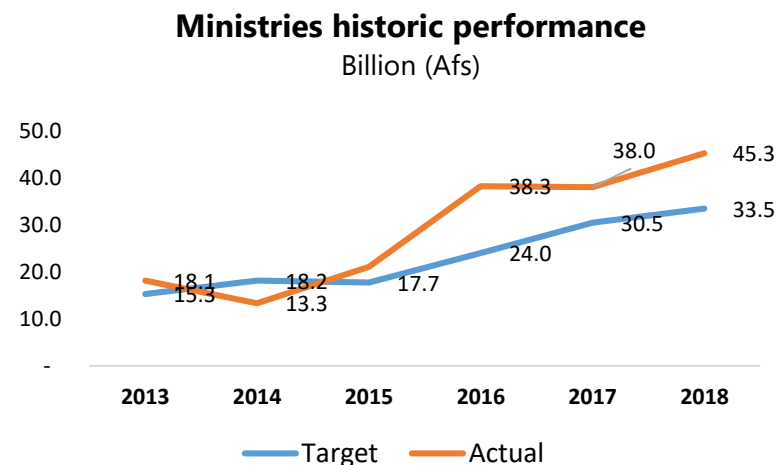
Source: Revenue Management Information System (RMIS)

Budget target to date: Afs 17.82 billion;

Collection to date: Afs 13.72 billion;

Collection is lower than the target by: Afs **-4.10** billion.

Last year collection to date: Afs **16.14** billion.



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

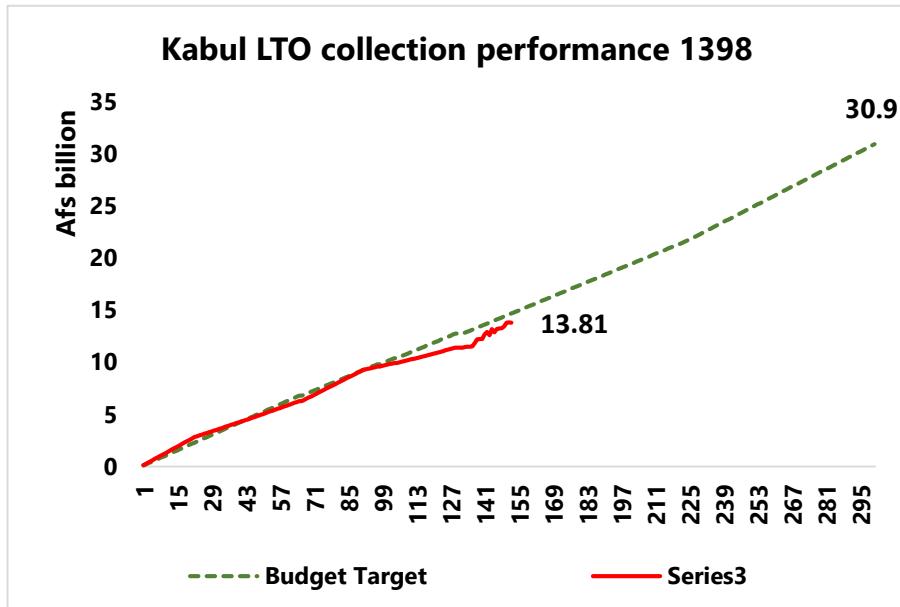
- NTR exceeded the target by Afs 5.8 billion over the last 6 years;
- The target was exceeded by Afs 11.2 billion over the last 3 years;
- NTR collection doubled (1.6% to 3.2%) in the last 6 years when compared to GDP;
- Increasing NTRs reduces national assets, purchasing power, and increases burden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

Ministry/agency revenue performance

Values are in Million Afghanis

Ministries	Anuual Budget Target	Budget Target so far	Collection so far	Collection Vs Target	Above/Below Target (%)
Civil Aviation Authority	8,233.1	3,965.0	2,473.9	(1,491.0)	-37.6%
Ministry of Communication Information Technology	5,794.6	2,790.6	3,251.9	461.3	16.5%
Ministry of Interior Affairs	4,437.4	2,137.0	2,280.1	143.1	6.7%
Ministry of Foreign Affairs	4,003.4	1,928.0	1,405.1	(522.9)	-27.1%
Afghanistan Railway Authority	2,744.1	1,282.9	1,167.7	(115.2)	-9.0%
Ministry of Mines and Petroleum	2,663.9	1,235.3	551.6	(683.7)	-55.3%
Ministry of Finanace	2,565.1	1,186.1	450.9	(735.2)	-62.0%
Ministry of Commerece and Industry	2,462.9	503.8	78.9	(425.0)	-84.3%
Ministry. of Trasport	1,046.2	319.6	247.7	(71.9)	-22.5%
Supreme Court	663.7	267.4	244.3	(23.2)	-8.7%
Properties Department	555.3	219.5	-	(219.5)	-100.0%
Ministry of Higher Education	185.7	89.5	77.0	(12.4)	-13.9%
Others	1,675.9	1,904.9	1,495.2	(409.7)	3369.8%
Total	37,031.4	17,829.6	13,724.4	(4,105.3)	-23.0%

LTO collection performance



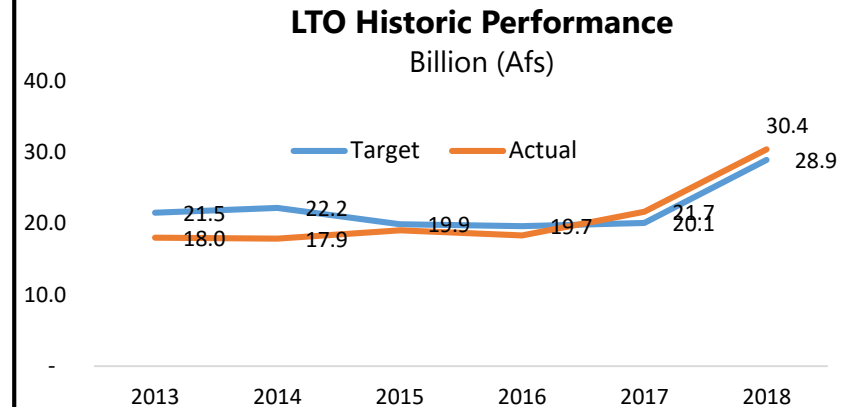
Source: Revenue Management Information System (RMIS)

Budget target to date: Afs 14.69 billion;

Collection to date: Afs 13.81 billion;

Collection is lower than the target by: Afs -0.88 billion.

Last year collection to date: Afs 13.04 billion.

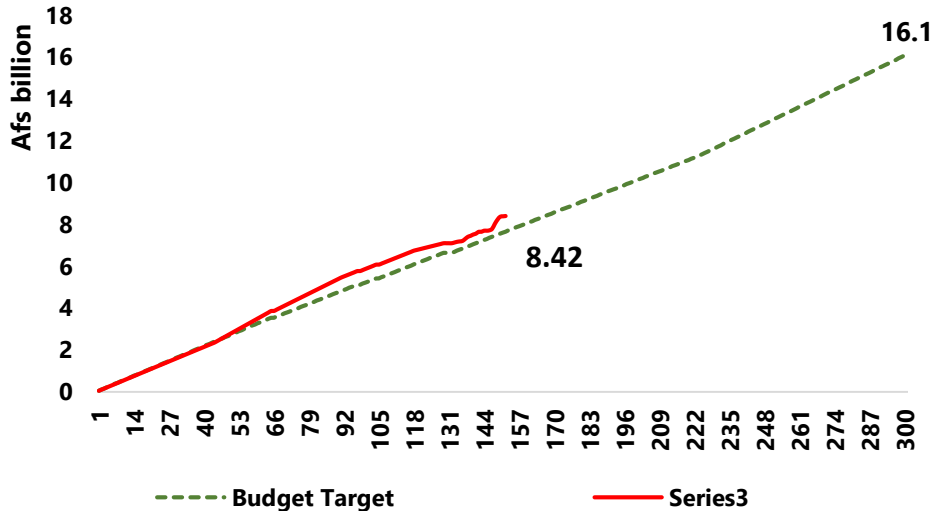


LTO continued to underperform on average by:

- 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)

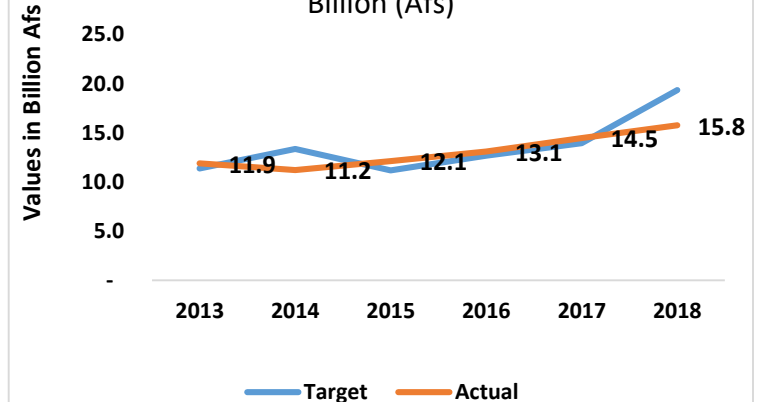
Budget target to date: Afs 7.66 billion;

Collection to date: Afs 8.42 billion;

Collection is higher than the target by: Afs 0.76 billion.

Last year collection to date: Afs 8.23 billion.

MTO Historic Performance
Billion (Afs)

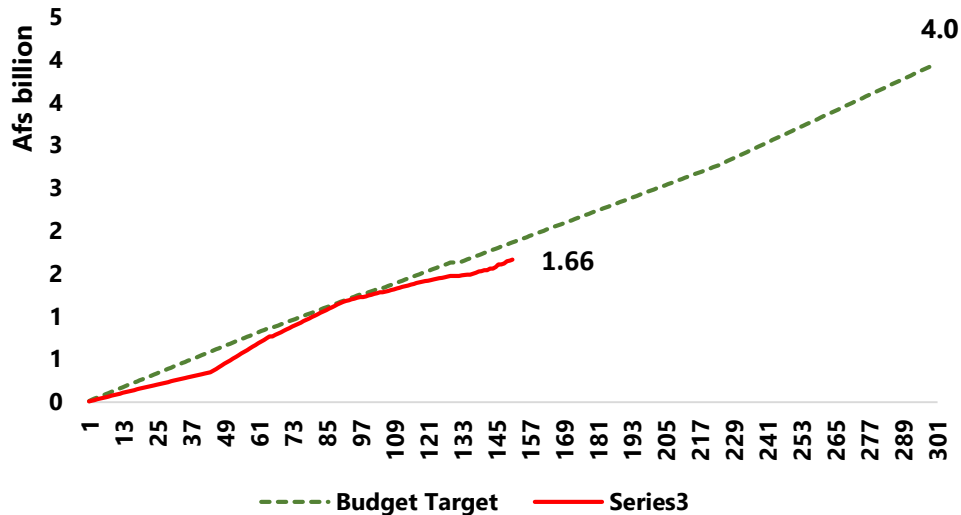


MTO collection continued to underperform. As on average:

- 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)

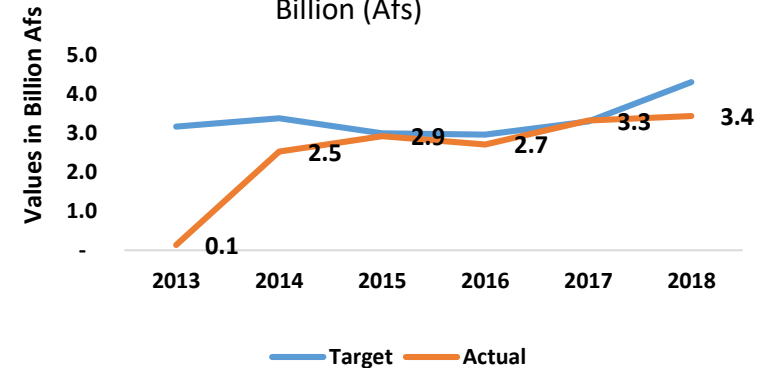
Budget Target to date: Afs 1.86 billion;

Collection to date: Afs 1.66 billion;

Collection is lower than the target by: Afs -0.2 billion.

Last year collection to date: Afs 1.6 billion.

STO Historic Performance
Billion (Afs)

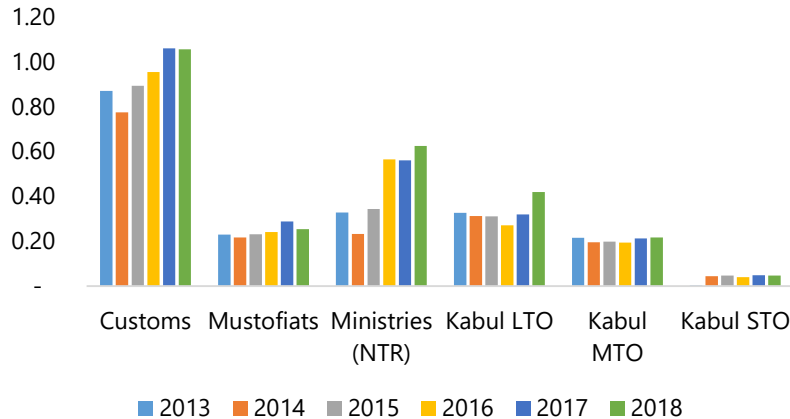


STO collection continued to underperform. As on average:

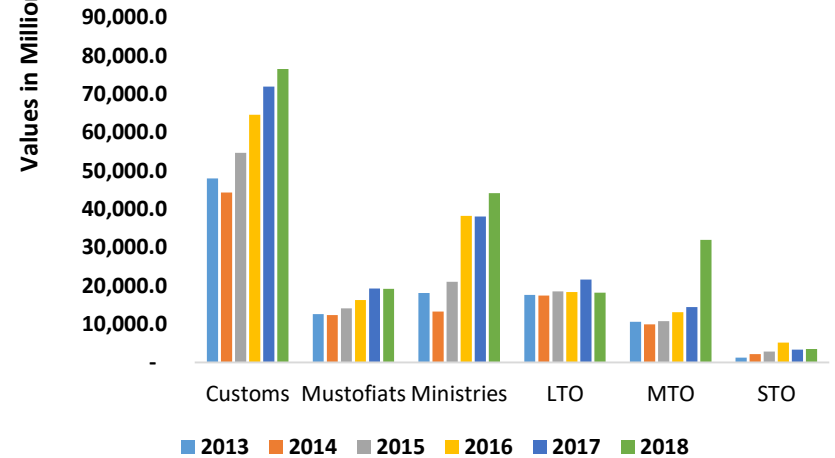
- Collection were lower than the target by Afs 0.84 billion over the last 6 years;
- The collection were lower than the target by Afs 0.36 billion over the last 3 years;
- Collections were not improved when compared to GDP.

Agency performance since 2013

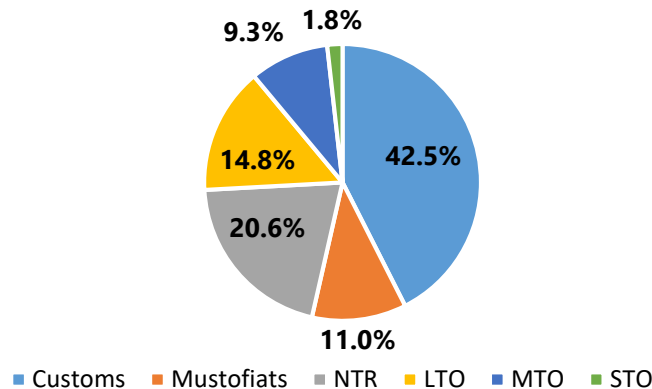
Agency performance since 2013
in million US\$



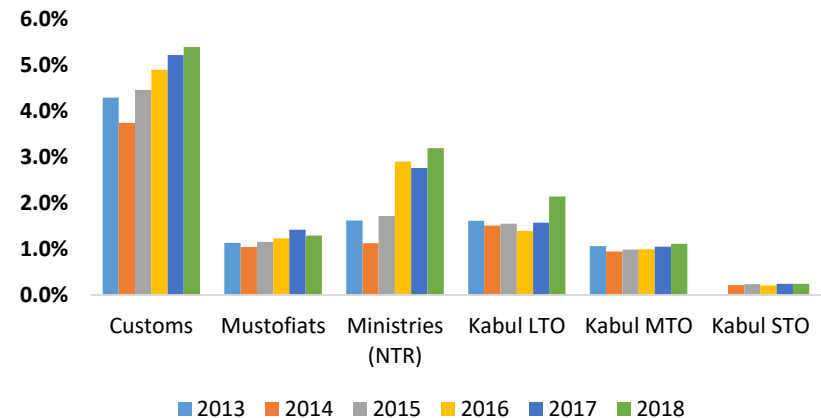
Agency Performance Since 2013 in Million
Afs



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	37,518.8	53,478.8	15,960.0	436.93
Execution to date (% of total Dev... Budget)	27.6%	41.7%	14.0%	0.3%
Operating Expenditure (Afs million)				Amount Executed Today
	1397	1398	Difference	1398
Operating Expenditure	117,430.6	122,824.9	5,394.3	632.26
Execution to date (% of total Opr... Budget)	41.9%	46.5%	4.7%	0.2%
Total Expenditure (Afs million)				Amount Executed Today
	1397	1398	Difference	1398
Total Expenditure	154,949.4	176,303.7	21,354.3	1069.19
Execution to date %	37.2%	45.8%	8.6%	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	55.6	27.8	28.7	31.2	52.4	32.0	58.0	414.2	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	40.5	15.3	11.8	13.8	35.9	14.2	36.8	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	11.3	(4.9)	(5.3)	0.7	18.9	(5.8)	13.4	30.2	(9.5)

TREASURY DAILY CASH POSITION REPORT				
July 1, 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		90,562	
	One off Revenues (DAB Dividend)		8,991	
	Donor Revenues (Recurrent Budget Grants)	54,238		
	Less: Security Sector Advances (MOD & MOI grants)	(11,099)		
	Excess / (Shortfall) in Donor Funds (1398)		43,139	
	Total Recurrent Budget Revenues			142,692
	Less : Transfers to Discretionary Development Budget Expenditures			(18,017)
	Recurrent Budget Expenditures (Including Cash Transfer To Province)			(130,520)
	Excess / (Shortfall) in Funds (1398)			(5,844)
	BALANCE OF AVAILABLE FUNDS (Without Restrictions)			20,903
	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			50,311
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	18,017	Total Allotments issued	53,228
	Other Receipts		Expenditures	24,103
	Total Funds Available	26,332	Balance of Unspent Allotment	29,125
	Expenditures	24,103	Net Funds available	2,229
	Net Funds Available	2,229	Allotments without financing	26,896
	Note:			
	1- Unspent cash balance in provinces	7,693	Bn Afs	
	2- Total available cash balances (incl Disc Dev & Province)	30,825	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	136,099	139,125
	Domestic revenues (Operating budget)	188,006	90,562	97,444
	Donor Financing Commitments - Operating	98,844	45,537	53,307
	LOTFA	28,000	14,481	13,519
	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	8,702	36,144
	Revenue Surplus (1397)	10,000	0	0
	Revenue Surplus (1398)	11,626	0	7,645
	European Commission	7,440	8,702	(1,262)
	ARTF (IP +)	29,760	0	29,760