

A dark blue vertical bar runs along the left edge of the page. A blue arrow-shaped banner points to the right from this bar, containing the text '1399 / 2020'. In the bottom-left corner, there are several thin, curved lines in dark blue and light grey, resembling stylized reeds or grass.

1399 / 2020

# Fiscal Strategy Paper

Medium Term Fiscal Framework

Macroeconomics and Fiscal Policy Directorate General  
MINISTRY OF FINANCE

## Preface

The Fiscal Strategy Paper (FSP), which is published once a year, outlines the country's fiscal policy and medium-term macro-fiscal framework in the context of prevailing macroeconomic policies and outlook of the Afghan economy. It covers recent economic developments, outlook of macroeconomic performance and fiscal stance, the medium-term fiscal framework, the forward estimates, the risks to the framework, and the growth options for enhancing the economic performance of Afghanistan.

The Fiscal Strategy Paper is intended for all the professionals engaged with Afghanistan's economy in the capacity of policy makers and economic analysts.

This document was prepared by the staff of Macroeconomics and Fiscal Policy Directorate General. The overall guidance was provided by Shamsul Haq Noor (Director General) and Abdul Rahman Rahimi (Fiscal Policy Director). The authors are grateful for the cooperation, comments and suggestions received from the Government officials with respect to sharing of the data and statistics.

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## Acronyms

|                  |   |
|------------------|---|
| <b>ALCS</b>      | Afghanistan Living Conditions Survey                      |
| <b>ANPDF</b>     | Afghanistan National Peace and Development Framework      |
| <b>ARTF IP</b>   | Afghanistan Reconstruction Trust Fund – Incentive Program |
| <b>CASA 1000</b> | Central Asia-South Asia Power Project                     |
| <b>CSO</b>       | Central Statistics Organization                           |
| <b>CSTC-A</b>    | Combined Security Transition Command - Afghanistan        |
| <b>FSP</b>       | Fiscal Strategy Paper                                     |
| <b>GDP</b>       | Gross Domestic Product                                    |
| <b>IMF</b>       | International Monetary Fund                               |
| <b>LOTFA</b>     | Law and Order Trust Fund for Afghanistan                  |
| <b>MFM</b>       | Macro-Fiscal Model  |
| <b>MFPD</b>      | Macroeconomics and Fiscal Policy General Directorate      |
| <b>MoF</b>       | Ministry of Finance                                       |
| <b>MTFF</b>      | Medium Term Fiscal Framework                              |
| <b>NATFO</b>     | National Army Trust Fund Office                           |
| <b>PFEM</b>      | Public Financial and Expenditure Management               |
| <b>PIM</b>       | Public Investment Management                              |
| <b>SRBC</b>      | State and Resilience Building Contract                    |
| <b>TAPI</b>      | Turkmenistan-Afghanistan-Pakistan-India Pipeline          |
| <b>VAT</b>       | Value-Added Tax   |

## Chapter 1: Introduction

The Fiscal Strategy Paper (FSP) 2020 provides the strategic direction of the Government's overall revenue and expenditure management. The main goal of the Government of Afghanistan is to pursue a prudent fiscal policy stance with a view to ensuring macroeconomic stability and conducive environment for implementing the Medium-term Growth Strategy for Afghanistan. The content of the Fiscal Strategy Paper 2020 is largely informed by the Article 7 of the Public Expenditures Management Law. The Fiscal Strategy Paper serves as the basis for the preparation of annual estimates of the revenue and expenditure for the Budget 2020-21. This strategy is adopted against the backdrop of low level of socioeconomic development, declining level of aid, extraordinary security situation and the emerging risks to the regional economies with declining growth rates.

The Fiscal Strategy Paper sets out:

- Overview of recent developments in the economy and economic outlook
- Afghanistan Fiscal Policy and Fiscal Management
- The medium term outlook and forward estimates
- Major risks to the Afghan economy
- Economic growth options and the four key sectors to stimulate growth

After the triple transitions (economic, political and security) which unfolded in 2014, the Afghan economy has been picking up a slow but sure momentum. Economic growth made a steady recovery from 1.3 percent in 2015 to 2.7 percent in 2018 and is projected to gradually gain pace mainly due to the recalibration of focus to the potential sectors of the Afghan economy and as drought conditions abate and confidence picks up. Some social indicators such as poverty and unemployment worsened during the last years, because of which the number of vulnerable people increased. Inflation in 2018 remained under control but exchange rate depreciated by 9 percent. Performance in external sector saw an improvement of a negligible 2 percent where the trade deficit as percentage of GDP declined from 42 percent in 2017 to 40 percent in 2018. On fiscal side, budget execution rate reached more than 90 percent and budget and revenue outturns were satisfactory. In 2018, the government adopted a number of significant reforms in the presentation and formulation of the budget. The increasing level of accuracy in the budget formulation can be attributed to reforms introduced in public expenditure management.

For more than a decade, Afghanistan enjoyed expansionary fiscal policy, which was largely held together by injecting donor assistance to the economy. However, with the partial drawdown of International Security Assistance Forces from Afghanistan in 2014, foreign aid declined; which financially constrained the overall economy. The weakened security situation after the draw-down

of international forces resulted in lower economy activity, and weak revenue generation. The downturn in both these sources of funds constrained the Government in recent years. In response to this reality the government has recently resorted to prudent fiscal policy through rationalizing and consolidating the spending levels. New pension system has been approved to curtail the expanding pension expenditures and ensure that pension payments are fiscally affordable and financially sustainable in the medium to long run. A new wage bill management policy has also been approved in principle by the Cabinet to harmonize the parallel pays structures, reward performance, provide market-based wages, and ensure that the public services are delivered in a cost-effective and fiscally sustainable manner.

The Medium Term Fiscal Framework is created based on a number of key policy assumptions for revenue, expenditures, development support and borrowing. Revenue performance over the last three years was very strong and is projected to improve further over the coming years. Donor aid is expected to reduce over the medium term and as a result the resources available to budget will be tightened. To ensure fiscal sustainability, the government plans to increase the contribution of domestic revenue in the national budget. As part of its revenue enhancing measures the government aims to introduce the Value-added Tax (VAT) in 2021 which is expected to yield additional revenue of 1.1 percent of GDP.

The forward estimates present the budget for fiscal year 1398 and the costing of continuing current policy for four forward years (1399-1402). It summarizes the allocations and estimates of expenditures proposed by the government for each ministry to meet the planned priorities. The difference between the estimated resource envelope and total expenses generates fiscal space. Based on projections, the available fiscal space for 1399 will be at around Afs 2.1 billion. The fiscal space can be used to finance new programs and projects in potential sectors as identified in the growth strategy; such as Agriculture & Irrigation, Infrastructure and Extractives, Regional Integration, Information and Communication Technology (ICT), and Human Capital Development.

The upcoming presidential elections in mid-year 2019 could have a large impact on economic activities mainly on the revenue collection and market stability which will slow down overall economic growth. Foreign aid reduction also has a significant impact on the overall economy. In 2018, almost 51 percent of core budget expenditures were funded through donor aid and assistance. A negative trade balance of USD 6.5 billion is also considered to be formidable challenge and risk to the Afghan economy. Afghanistan will continue to depend on imports and this will further widen the trade deficit, which will continue to impact economic growth and currency value. Insufficient and low production capacity is the largest constraint for production and trade. The export base is extremely narrow, reflecting the country's limited agricultural production and very small manufacturing base and poor infrastructure. The mounting level of pension expenditures is also a source of potential risk to the Afghan economy.

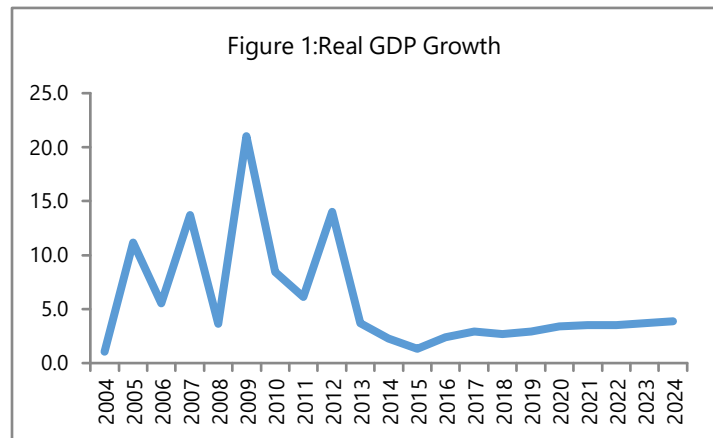
The fiscal policy is the main tool to support the goals as outlined in the growth strategy of the Government of Afghanistan. The government is seeking to implement the growth strategy to achieve economic self-sufficiency in the context of expected declines in international assistance over coming years. The specific goals of the strategy are to sustain 8 percent growth rate and increase exports to USD 2 billion by 2024 and raise revenue to USD 8 billion by 2025. It also aims to reduce poverty in the long term. By identifying different scenarios and the medium and long term growth options, the government of Afghanistan is set to put the new growth strategy to use for its economic development. Mining sector expansion and investment in hydrocarbons has the capacity to substitute international aid as a source of revenue and exports. Increasing the productivity in the agriculture sector, investment in human capital development and Afghanistan's integration with the region are other areas which can put the country on the path to self-reliance.



## Chapter 2: Recent Developments in the Economy and Economic Outlook

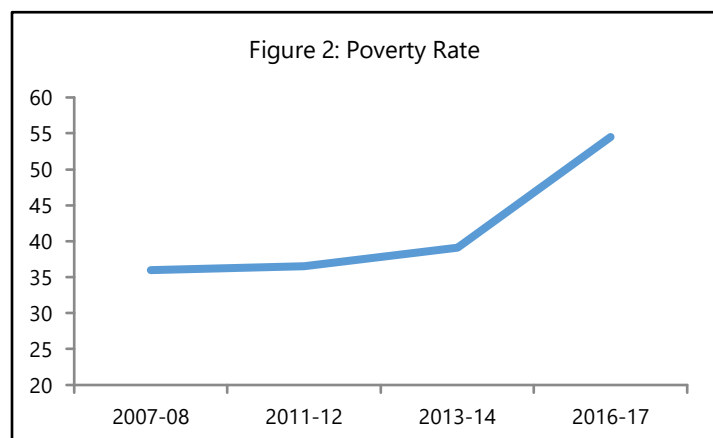
### 2.1 Overview of Recent Economic and Social Developments

After the triple transitions (economic, political and security) which unfolded in 2014, the Afghan economy has been picking up a slow but sure momentum. Economic growth made a steady recovery from 1.3 percent in 2015 to 2.7 percent in 2018 and is projected to gradually gain pace mainly due to the recalibration of focus to potential sectors of the Afghan economy and as drought conditions in the South, South-West, Center and in the North abate and confidence picks up. Nevertheless, some indicators such as political instability and election related uncertainty suggest that recent recovery may be at risk. The past few years were marked by low economic growth because of the decline in aid, a low level of business confidence and persistent political uncertainty.



Source: Macro-Fiscal Model

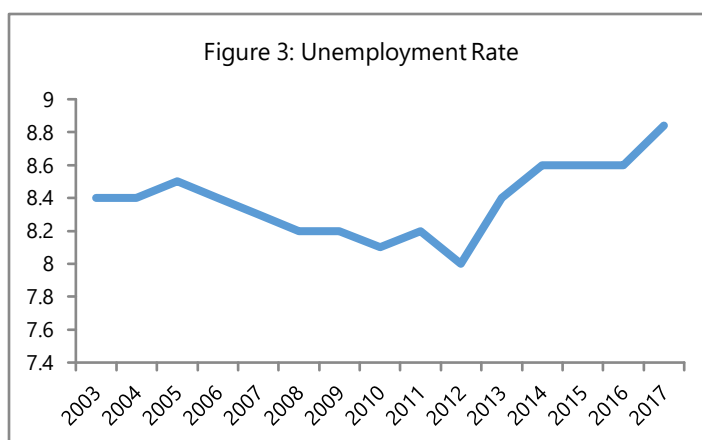
In this context, some social indicators worsened during the last years, because of which the number of vulnerable people increased. The official estimates for 2017 show that 51.7 percent of the population are multi-dimensionally poor and 54.5 percent are monetary poor. The problem of poverty is more severe in the rural areas compared to urban areas because of the reliance on grown produce that are highly susceptible to weather conditions. It is observed that the pattern of growth rate in the last one and half decades widened the gap between the rich and the poor. The poorest 20 percent of the Afghan population experienced a 2 percent reduction in real per capita expenditure, while real per capita expenditures raised by 9 percent for the richest 20 percent. Real GDP growth was too low to reduce unemployment and poverty. Declining per capita incomes, as population growth outstrips GDP growth due to the depressed economy, is considered an important reason according to Afghanistan Living Conditions Survey



Source: CSO

(ALCS) for a significant increase in the proportion of Afghans living below the poverty line<sup>1</sup>. As result of drought conditions, food insecurity has increased from 30 percent in 2011/12 to 45 percent in 2016. Vulnerability to poverty is widespread, with simulations showing that a 30 percent reduction in incomes would lead to a poverty rate exceeding 80 percent. Poverty levels and trends vary substantially at provincial level, partly reflecting geographic differences in international spending and differences in conflict incidence.

Employment and labor force participation has fallen between 2013 and 2017 because of the downward trend in the economic activities. The employment to working age population ratio fell from 42.9 percent in 2013/14 to 41 percent in 2017/18. The labor force participation rate also fell from 55.4 percent in 2013/14 to 53.9 percent in 2016/17, equivalent to an increase in discouraged workers (i.e. those that are of working age, not currently employed and not seeking employment) of around 118,000. Employment of working age males between the ages of 25 and 50 declined from 93.4 percent in 2011/12 to 84.3 percent in 2016/17, equivalent to a reduction in employment by around 176,000 jobs. Lower level of economic growth coupled with demographic pressure have contained the government to reduce unemployment and absorb the people in the labor market. The annual population growth is hovering around 3 percent at a time when according to the Ministry of Labour, Social Affairs, Martyrs and Disabled (MoLSAMD) more than 400,000 people are becoming eligible to get the opportunity in the labor market. The growing number of returnees from Pakistan and Iran is another dimension to the higher level of unemployment.



Source: CSO

<sup>1</sup> The current poverty line is defined as an income of 70 Afghanis per person a day.

## 2.2 Fiscal Performance

Fiscal year 2018 marked a significant change in Afghanistan's budgetary process. In 2018, the government adopted a number of significant reforms in the presentation and formulation of the budget. Annual budget for 2018 was in line with international standards for good practices advocated for in the public financial management law. The national legislature approved a budget of Afs 377,190 million for fiscal year 2018, but the actual budget and expenditure outturns were Afs 416,240 and Afs 387,805 million, respectively. The overall budget execution rate in fiscal year 2018 was more than 90 percent. The increasing level of accuracy in the budget formulation can be attributed to some unprecedented reforms for expenditure management introduced by the government.

| Fiscal Indicators<br>(In million Afs) | 2018           |                |                      |
|---------------------------------------|----------------|----------------|----------------------|
|                                       | Initial Budget | Outturn Budget | Outturn Expenditures |
| Preliminary                           |                |                |                      |
| <b>Total Budget Expenditure</b>       | <b>377,190</b> | <b>416,240</b> | <b>387,805</b>       |
| Operating Expenditure                 | 266,133        | 280,490        | 260,219              |
| Development Expenditure               | 111,057        | 135,750        | 127,587              |
| Discretionary Expenditure             | 52,085         | -              | 54,239               |
| Non-Discretionary Expenditure         | 58,971         | -              | 73,348               |

The total domestic revenue for 2018 was predicted at Afs 173,500 million, but the actual outturn was Afs 189,605 million showing a difference of Afs 16,105 million. This difference between the original and actual revenue in 2018 is smaller as compared to the difference in fiscal year 2017. This speaks for the increasing level of precision in the forecast of annual revenue for the Afghan government.

| Domestic Revenue<br>(In million Afs) | 2018           |                |               |
|--------------------------------------|----------------|----------------|---------------|
|                                      | Target         | Outturn        | Difference    |
| <b>Revenue (Excluding grants)</b>    | <b>173,500</b> | <b>189,605</b> | <b>16,105</b> |
| Tax Revenue                          | 80,760         | 72,759         | (8,001)       |
| Non-tax Revenue                      | 42,951         | 41,085         | (1,866)       |
| Custom                               | 39,160         | 33,330         | (5,830)       |
| Miscellaneous                        | 5,296          | 34,770         | 29,474        |
| Sales of Land and Buildings          | 99             | 2,511          | 2,412         |
| Social Contributions                 | 5,234          | 5,149          | (85)          |
| <b>Grants</b>                        | <b>191,282</b> | <b>207,351</b> | <b>16,069</b> |

## 2.3 Outlook for the Domestic Economy

The domestic economy faces a continued challenge from the decline in development assistance. The outlook of the Afghan economy was highly influenced by the official development assistance of donor countries, particularly up to 2015, when the US forces reduced substantially in size. Between 2003 and 2014, economic growth was led in large part by donor assistance, and economy grew at an annual average growth rate of 9.5 percent. As the donor assistance (off-budget security spending) declined in the backdrop of the transitions, the economic growth slumped to 2.1 percent between 2014-16.

The Afghan government maintains its commitment to putting the country on the path to self-reliance. The future of the international support and engagement will play a crucial role in the success of the government's efforts to achieve self-reliance. It is anticipated that development assistance will be reducing further which will put an immediate strain on the Afghan national budget and growth.

In the spirit of achieving national and economic development (as set out in the ANPDF), the government has employed a series of measures to uplift the economy and ensure macroeconomic stability. These measures include, adopting a more measured budget and consolidating public spending, making cost adjustments to manage public finances and expanding economic and trade engagements through boosting regional connectivity.

The medium term outlook for economic growth remains stable at 3.6 per cent, which is below the targeted rate of the government. This is a baseline scenario; however, with a re-prioritization of sector reallocations and implementing the growth strategy through linking it with potentials sectors such as agriculture, education, health, social protection, and infrastructure, the Macroeconomic and Fiscal Policy Directorate's estimations show that growth forecasts could improve to 8 percent per year through the successful implementation of the growth agenda presented to the government of Afghanistan. Raising financial capital through Islamic Capital Market initiative can also play a potentially complementary role to increasing the medium term economic growth rate to a desirable level.

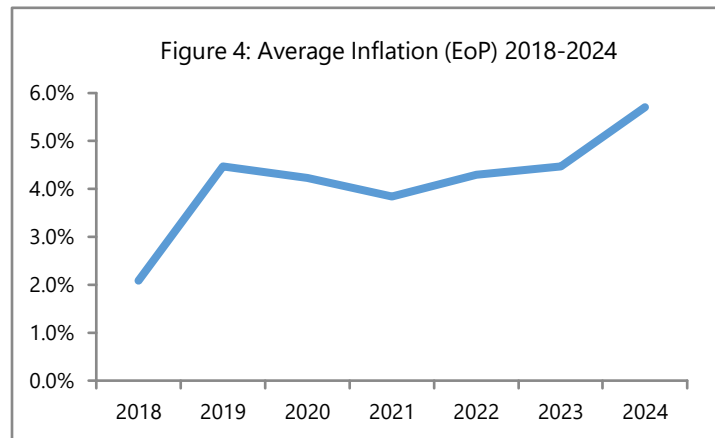
## 2.4 Macroeconomic Performance and Outlook

This section sets out the economic parameters that underpin the national budget for 2020 and provides economic guidance to the medium term outlook. The next sections will briefly explore the international economic outlook including that of the United States and the neighboring countries that impacts the Afghan economy followed by an analysis of Afghanistan's recent trade developments.

### 2.4.1 Inflation

Inflation remains under control. The End-of-Period inflation in 2018 reached 2.1 percent. Despite a severe drought in 2018, food prices registered negative growth rate because of a sharp decline in grain prices and increased food imports. Inflation in 2019 is projected to reach up to 4.5 percent given the impending national elections, political uncertainty and a bleak overall economic context. However, inflation rate in 2020 is expected to slightly decline to around 4.2 percent presumably because of the reduction in political uncertainty.

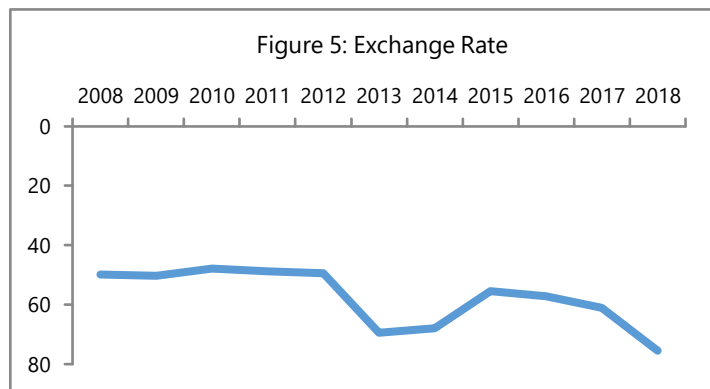
Afghanistan reflects the price of imported goods in the basket of basic commodities because it is highly reliant on imports. Da Afghanistan Bank has made efforts to maintain low and stable price growth to avoid undesirable effects on the purchasing power of poor and on unpredictability for investment decisions. Immediate medium term risks include, the anticipated reduction in the donor grants that could depreciate the Afghani, causing inflation in imports.



Source: Macro-Fiscal Model (MFM)

### 2.4.2 Exchange Rate

In 2018, the Afghani against the US dollar considerably depreciated to 75.5 AFN/USD. Afghani depreciated 9 percent against the US dollar between December 2017 and December 2018. In the domestic market, interest reduction on capital notes to private banks also played a negative role. The central bank abandoned the interest rate on capital notes in an attempt to manage the liquidity, this caused the rate to go from 5 percent down to 3 percent. However, due to uncertainty and uncongenial environment, were less interested to invest the amount in the local markets; and it was getting costlier for them to keep their deposits in Afghani. The outflow of dollars to neighboring countries. US dollar partly driven by the increased purchasing power of US dollar in Iran in the context of recent sanction. This incentivized informal cross-border outflow. In this context, the global strengthening of USD was a much more significant factor. The Federal Reserve



Source: Da Afghanistan Bank

tightened the monetary policy, and the investors around the world are savings into the US to take advantage of the higher interest rates. this led to the appreciation of USD.

The government, however, cannot enjoy the gains the weaker exchange rate offers in terms of both exchange earnings and improving the balance of payment because of the constraints on the supply side of the economy. Decline in foreign aid will also lead to the depreciation of Afghani by about 1.5 percent in the medium term. In order to stem the slide of the currency, the central bank should take necessary steps for stabilizing the currency at the domestic market level. Currently, the concerns about the Afghani depreciation are not relevant for several reasons. Firstly, large part of Afghanistan's trade is not denominated in USD. Therefore, Afghani depreciation has impact on a limited proportion of exports and imports. In fact, Afghani has appreciated against most of its trading partners. The extent to which rapid depreciation leads to inflation and therefore hardship for households and a decline in profitability for firms depends on the extent to which these economic agents depend on imported items and the behavior of international prices to relative to local prices.

### 2.4.3 The Balance of Payments

Afghanistan's exports increased from USD 0.83 billion in 2017 to USD 0.87 billion in 2018, also imports for the same period decreased from USD 7.79 billion to USD 7.40 billion. Imports decreased by 4 percent and exports increased by 5 percent between 2017 and 2018. A slight improvement in the current account balance position reflects an expansion in Afghanistan's connection to world markets due to the recent opening-up of the air corridors with India, Turkey, Gulf States and Central Asian markets. The Government expects this improvement to continue for the next few years.

The newly passed mining law, which is mainly focusing on developing the extractive sector, will also help improve the balance of payment, as exports from this sector are also likely to increase in the coming years.



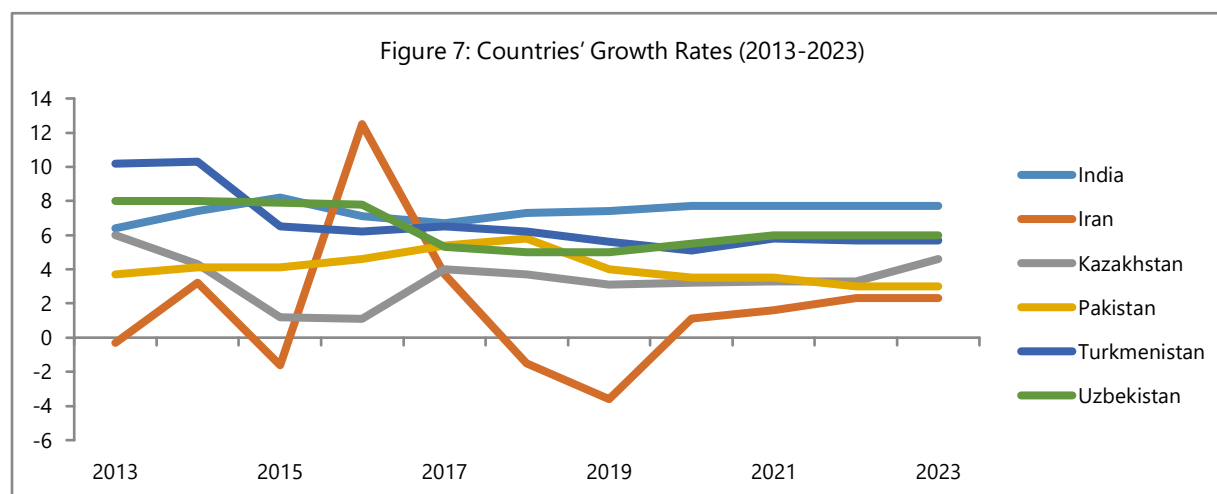
Source: CSO

The trade deficit was 40 percent of GDP in 2018 which showed slight improvement from its level of 42 percent in 2017. The current account remained in surplus at end-2018, reflecting large aid inflows. Capital account and financial account flows remained modest. Foreign exchange reserves now stand at USD 7.71 billion, or more than one year of merchandise imports cover. Total exports remain limited and are concentrated in a narrow range of commodities (dried fruits, nuts, and

textiles) with a value equal to around 8 percent of GDP. The recent reduction in imports was mainly because of the Afghani depreciation. Establishing air corridors with India, Turkey and UAE reflected a growth of 5 percent in exports.

## 2.5 Economic Outlook for the United States and Afghanistan's Neighbors

Average economic growth for Afghanistan's major trading partners was 4.8 percent in 2018, and it is projected to fall to 3.7 percent in 2019, but it is expected to move up to 5 percent until 2023. Among Afghanistan's trading partners, China, India and Kazakhstan achieved more than 5 percent economic growth in 2018. Iran fell into the negative territory because of the new waves of economic sanctions. Pakistan's economic growth rate improved slightly, whereas Uzbekistan and Turkmenistan's growth rate declined modestly. The Emerging and Developing economies carried economic growth rate of 4.7 and 3.7 percent from 2017 to 2018 respectively. The United States, witnessed moderate reduction in economic growth in 2018 because of the trade war between China and the United States.



Source: International Monetary Fund

**The United States of America:** Afghanistan is highly reliant on donor aid to finance its national budget. These financed around 51 percent of the Afghan budget in 2018, with the US the major donor. The US foreign policy and its signal to allied countries has its direct impact on Afghanistan economy. In addition, certain policies of the government in the US, such as measures to adopt protectionist trade policies, could negatively affect global trade flows, especially with emerging economies like China and India. Furthermore, the US has begun to move away from the extraordinary monetary conditions that have prevailed since the global financial crisis with a small rise in the US Federal Reserve's benchmark interest rate. Further unwinding of these supportive monetary conditions in the US is likely to happen at a slow rate over the medium term. U.S. GDP growth is expected to slow to 2.5 percent in 2019 from 2.9 percent in 2018. It will be 2 percent in 2020, and 1.8 percent in 2021. The projected slowdown in 2019 and beyond is a side effect of

the trade war, a key component of Trump's economic policies. It is also because the economy is nearing its productive potential.

**India:** Afghanistan and India are poised to become important trade partners. The recent establishment of an air corridor between Afghanistan and India has created an opportunity for Afghanistan and India to enhance their bilateral and economic relations. The cargo service aims to improve landlocked Afghanistan's links to markets abroad and boost the growth prospects of its agricultural and carpet industries. The recent improvement in Afghanistan's trade balance is attributed mainly to the opening up of this air corridor between the two countries. India is one of the largest humanitarian and reconstruction aid providers to Afghanistan. India has been able to sustain its impressive economic growth. The medium term economic growth prospects of India can directly affect Afghan economy. The projections show that India will grow at around 7.7 percent in the next five years because of increasing foreign direct investment and the elimination of retrospective taxes that had stifled the manufacturing sector in the country.

**China:** Afghanistan is currently not so much connected with Chinese economy, but as China is a major stakeholder in the Afghan mining sector, a considerable change in its economic growth can affect Afghan economy. It can particularly influence their future investment in the extractive industry. In China, growth remains solid and is expected to gradually slow to 5 percent mark as the economy has been undergoing some structural changes. In the last decade, China fully utilized the low cost labor for achieving 7.5 percent economic growth rate. However, with greater economic prosperity, the demand for higher wages and better working conditions increased. Therefore, the input prices increased, which negatively affects economic growth. China's GDP growth is 6.7 percent in 2018.

**Iran:** The IMF in its latest World Economic Outlook predicts Iran's economy will contract in the following years because of the re-imposition of US sanctions against Iran. The disruption in Iranian exports will increase demand for US dollar in order to finance imports and savings; this will widen the gap between the official and parallel rates. According to the World Bank, this will negatively affect the Iranian currency, and the inflation will go above 30 percent. Given the expected reduction of Iran's economic regional and global connectivity, it will divert most of its attention to occupy markets in Afghanistan, which will affect the price level.

**Pakistan:** IMF's projections show that Pakistan's economic growth will significantly decline from 5.8 percent to 4 percent in 2019. In the medium term, GDP growth will reach as low as 3 percent by 2022. Lower economic growth in Pakistan could be attributed to the weakening industrial and manufacturing sectors. In the last year, Pakistani currency devalued by 35 percent in an attempt to bring under control a ballooning current deficit that threatens to trigger a balance of payments crisis. Historically, Afghanistan was reliant on Pakistan for import commodities, however with the



recent opening-up of trade avenues with the neighboring countries like Turkmenistan, Kazakhstan, Uzbekistan and Iran (Chabahar) the trade reliance on Pakistan has decreased.

## **2.6 International Trade**

After accession to WTO, Afghanistan embarked upon a number of initiatives to link the economy with the world and increase the share of its engagement in international trade. Afghanistan adopted a multi-faceted approach for connecting the economy with the region and the world, i.e. Chabahar port (sea), Air Corridors (Air), Lapis Lazuli Corridor (Land), and Central Asia (Railway). In the past, Afghanistan was traditionally engaged in trade relations with South Asian countries, but considering the suitable location of Afghanistan, the government decided to search for new routes to diversify the flow of the trade of goods and services. This includes maintaining or increasing the existing volume of trade with South Asia, but also increasing the level of economic engagement with Central Asia and beyond.

The increasing focus on trade resulted for Afghanistan to improve its trade balance from -42 percent in 2017 to -40 percent of GDP in 2018. The development of trade with Central Asia could increase exports along with the opening of new railway linking China to Afghanistan via Kazakhstan, Uzbekistan, Kyrgyzstan and Tajikistan. Afghanistan's primary export destinations are Pakistan (43% of total exports), India (41%) and Turkey (2.4%), followed by Iran, UAE and Russia in 2018. Recently, the government opened the Lapis Lazuli Transit and Transport Route with a view to enhance regional economic integration and trade-based connectivity between Afghanistan, Turkmenistan, Azerbaijan, Georgia, and Turkey. This corridor will also expand the range of economic opportunities for the citizens of the involved countries. This project is vital to Afghan economy as more than 80 percent of goods from Afghanistan to Europe will be transited through it.

## Chapter 3: Afghanistan Fiscal Policy and Fiscal Management

### 3.1 Current Fiscal Policy Stance

The Government has adopted the fiscal policy of “living within the means”. To achieve this the government has resorted to the policy of rationalizing and consolidating the spending levels. For more than a decade, Afghanistan enjoyed expansionary fiscal policy, which was largely held together by injecting donor assistance to the economy. However, with the partial drawdown of International Security Assistance Forces from Afghanistan in 2014, foreign aid declined; which constrained economic choices of the Afghan government. Deteriorate security situation after the draw-down of international forces resulted in lower economy activity, and weaken revenue generation. At the same time, the Afghan government aims to phase out donor support for operating expenditure in the long term. Particularly, fully financing the security sector operating expenditure by 2024 is one of the most important commitments of the Afghan government with the International Community.

The 1397 budget demonstrates significant shift of approach to fiscal planning. The government for the first time presents a consolidated budget over the medium term, and the reforms introduced through the 2018 budget process laid the foundation for continued improvements in budget execution. During 2018, the overall budget execution was high than the previous years. The budget execution rate was more than 90 percent, which was recorded as the highest execution rate in the recent history.

The government is committed to formulating fiscal policy in a way that can ensure catering for the fiscal gap, which may emerge from donor assistance. The government will adopt a more robust fiscal strategy approach with the long-term goal to support economic growth and development. The approach includes three policy principles as highlighted in the ANPDF document:

1. To encourage more investment and growth and protect the economy from shocks, the government will adopt fiscal policy as key tool.
2. To improve revenue performance to cover operational expenditure and to gradually cover development needs in the long-term because donor support will continue to decline.
3. To balance the budget in the long-term without borrowing and when needed the borrowings are concessional and are based on agreement with IMF.

The medium term fiscal strategy aims to achieve some aspirational goals set by the government of Afghanistan. This will help decision makers at the top to attract investment to the right areas of the economy. The medium term objectives of the government of Afghanistan set in the Afghanistan National Peace and Development Framework (ANPDF) are as follows:

1. Deliver average growth of 5 percent per year until 2020;

2. Increase development budget expenditure by 15 percent each year as we expand delivery of education and health services in the medium-term;
3. Annually stimulate domestic revenue by up to 12 percent, with the overarching goal of having domestic revenues account for 14 percent of GDP by 2020;

### **3.2 Constraining Factors to the Current Fiscal Performance**

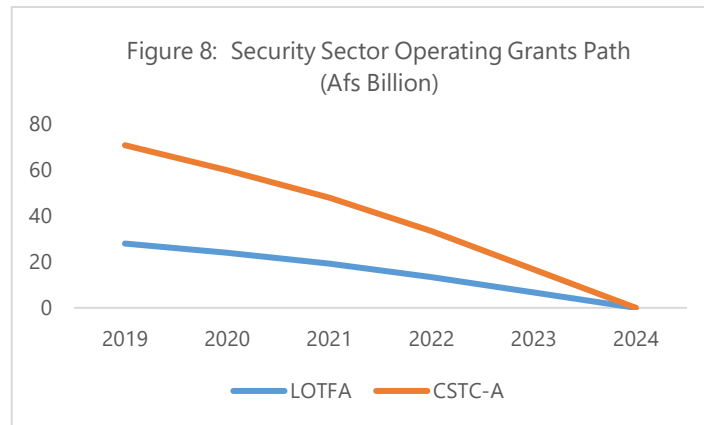
Some factors have created challenges for the Afghan government to implement its fiscal policy, bring necessary reforms in the budgetary processes and achieve its socioeconomic goals. Such factors are:

- Too many projects across too broad a scope, leaves the government with little fiscal flexibility to move funds to where they can be spent for better outcomes. The Government is working to review and analyze projects going forward to ensure we select economically effective projects, and have sufficient fiscal space to carry them out.
- Poor practices in programs and projects planning, designing and structure that are not flexible in redirecting money from lower priority activities to higher priority activities. To address this, the annual budget process is continuously revised to better align budget outcomes with high national priorities.
- Security situation and uncertainty is also constraining the domestic resources, mainly in revenue generation and thereby constraining the economic development.
- Corruption in government institutions put the public and donor money in danger of waste or embezzlement. This undermines the confidence of the donor agencies and more crucially of the investors. As a result, the level of economic activities declines. To reduce corruption, the government increased its reliance on technology.

### **3.3 Security Sector Costs**

Government as per its commitment with international partners is intended to gradually reduce its reliance on donor aid for security sector and meet the security costs through domestic revenue by 2024. However, if the cost of the security sector does not change and remain at USD 5 billion per year, the achievement of this goal will be difficult and might put significant pressure on the national budget and the government's ability to significantly improve domestic revenue collection, and improve efficiency in security sectors.

The chart presents the assumed grants amounts for both LOTFA and CSTC-A as estimated by the Budget Directorate.



Source: Budget Directorate

### 3.4 Public Financial Management Reforms

A new drive of reforms in the sphere of Public Financial Management is spearheaded by the Ministry of Finance to ensure improvements in financial management. This encompasses public sector pension reforms, wage bill policy reforms

#### 3.4.1 Public Sector Pension Policy Reforms

There are two Defined Benefit Pension Schemes in place in Afghanistan: one for Civil Servants and one for Security Forces personnel. Both these services are undergoing rapid and comprehensive transformation, and thereby affecting the compensation and remuneration of public sector employees.

The current pension system is perceived to be unsustainable in long term, because the deductible employee contributions are treated as revenue for financing recurrent spending on annual basis.

'Good' pension systems operate along the principles of (i) providing adequate benefits (ii) in an affordable and (iii) financially sustainable manner that are (iv) delivered in an administratively efficient manner, but (v) without causing economic and labor market distortions. 'Good' pension systems also cover a large, or at least steadily increasing, share of the labor force.

The two existing pension schemes, however, covers only some 7.5 percent of the labor force. The employees covered under these schemes are in relatively privileged positions possessing stable public sector jobs and likely not belonging to those 55 percent of the population living in households below the poverty line. These narrow coverage pension schemes are on increasingly unaffordable and financially unsustainable paths, but even before their maturation, i.e. before the share of beneficiaries to contributors (system dependency ratio) starts to rapidly increase, they spend 0.5 - 0.6 percent of the GDP in a country where domestic revenue collection is 13.1 percent of the GDP. In effect, the existing pension schemes (combined with the Martyrs and Disabled

Benefit Scheme) already crowds out social expenditures to the poor and vulnerable. Even without calculating the recent ad hoc increases to benefits such as the special early retirement arrangements for classes of employees and increased allowances for education attainment levels, annual pension expenditures increase 14-16 percent annually in a 4 percent average inflation environment. The pension system is a long-term financial construct, it should not be judged based on its less threatening annual balance figures at current low system and demographic dependency levels. Without urgent reforms nominal pension expenditures will double in 5 years, triple in 8 years, and quadruple in 10 years as much as it was in 2018.

The issues with the pension system are further exacerbated by implementation issues. The existing pension schemes are contributory schemes under which employees (i.e. civil servants and security forces personnel) and employers (i.e. the government) are obliged to pay wage proportional contributions. These contributions are used to pay current pension benefits and to generate pension reserves to pay for future pension liabilities at higher degrees of pension system maturation and higher levels of system and demographic dependency. However, the contribution collection and the reserves accumulation features of the pension system have not yet been implemented in Afghanistan. The Public Pension Fund, that would separate the implementation of the long-term pension system from the annual budget operations does not exist. In reality, the payroll deductions for pension contributions (currently administered as budget revenue) only exist as accounting entries without the actual flows of funds and the government does not make payments in accordance with its wage proportional pension contribution obligation under the pension laws and regulations. It only transfers resources that covers current pension obligations or even less.

To address concerns in the current pension schemes, Afghan Cabinet, decided about a set of parametric pension reform measures with the primary objectives of improving the financial sustainability and affordability of the pension system. The reform measures to the defined benefits schemes include (i) a moderation in the accrual rate (ii) an increase in the employee contribution rate, (iii) lengthening of the averaging period of wages prior to retirement for the calculation of the reference wage, and (iv) an introduction of an age limit for survivor pension benefits. The changes in the benefit formula would affect those retiring after the enactment of the reforms. A benefit adequacy improvement reform feature is approved to be introduced along with the financial sustainability enhancement features, that is, an automatic pension indexation is to be introduced to improve and eventually maintain the purchase value of the pension benefits. Pensions will be increased automatically by 1.5 percent annually for 10 years after which indexation to inflation (changes in the consumer price index) will commence.

The Cabinet also approved the establishment of Public Pension Fund to separate the finances of the pension system from the annual budget implementation cycle, i.e. to collect employer and

employee contributions, to transfer the current financing needs to the Pension Department for current pension benefit payments, and to manage the reserves of the pension systems. These measures are currently being embedded in the applicable laws and regulations for enactment. Simultaneously, further reform preparation measures are in place to set the governance arrangements of the Public Pension Fund and to design investment management practices.

### Parametric reform of the public sector pension schemes for the National Budget

|  | Existing Pension Scheme   |   | Parametric Reform Option  |   |
|--|---|---|---|---|
|  | Civil Servants  | Security Forces   | Civil Servants  | Security Forces   |
| <b>Contribution</b>                        | CS: 8 % Govt:8%   | SF: 5% Govt: 11%  | CS: 10% (+2%) Govt:8%   | SF: 7% (+2%) Govt: 11%  |
| <b>Accrual Rate</b>                        | CS: 4% for 1 <sup>st</sup> 10 Years of Service (LoS), 2% for other LoS; | SF: 4% for 1 <sup>st</sup> 10 Years of Service (LoS), 2.3% for other LoS; | CS: 2% for every year of service  | SF: 2.1% for every year of service  |
| <b>Retirement Age</b>                      | 65  | 52 till 62 – based on rank and LoS  | 65  | 52 till 62 – based on the ranks and LoS   |
| <b>Wage Measure</b>                        | Last month salary   | Last month salary   | Average of last 5 years' salary   | Average of last 5 years' salary   |
| <b>Inflation Indexation</b>                | Identical to the indexation of salaries                                 | Identical to the indexation of salaries                                   | 1.5% for 10 years, inflation afterwards   | 1.5% for 10 years, inflation afterwards   |
| <b>Interest Rate on Pension Fund</b>       | Currently not applicable  | Currently not applicable  | 2% + inflation on the fund size   | 2% + inflation on the fund size   |
| <b>Harmonization in Survivors Benefits</b> | 100% of pension for survivors on regular basis                          | 100% of pension for survivors on a regular basis                          | Age limit is introduced for surviving children at 18, 23 if she/he is a student | Age limit is introduced for surviving children at 18, 23 if she/he is a student |
| <b>Ceiling for the Pension Benefits</b>    | 100%  | 100%  | 80%   | 84%   |
| <b>Penalty on early retirements</b>        | No penalty  | No penalty  | No penalty  | No penalty  |
| <b>Scenario Application</b>                |   |   | Only to new pensioners  | Only to new pensioners  |

### 3.4.2 Wage Bill Policy Reforms

Government compensation and employment policies are important for the efficient delivery of public services. Therefore, Civil Service compensation should attract and retain qualified staff to deliver public services while remaining fiscally sustainable. Good international practice calls for a civil service with sufficient capacity and continuity to deliver high quality services. At the same time, the size and composition of the Civil Service must remain fiscally sustainable over the longer term. To achieve this balance, institutional arrangements should regularly assess competitiveness and adequacy for service delivery objectives and forecast future costs as part of a medium-term fiscal framework. Flexibility is required to maintain a competitive, cost-effective Civil Service over the longer term.

While significant reforms have been implemented in Afghanistan, the Civil Service compensation arrangements do not sufficiently reflect the breadth of skills and market conditions. To attract Civil Servants to key positions, a variety of arrangements have been used to supplement on-

budget salaries. However, these approaches have not been integrated in the Civil Service compensation framework and the sustainability of this approach is unclear.

Pressure is rising to contain the costs of the Civil Service in the context of significant fiscal pressure, whereas almost 50 percent of the budget is externally financed and the government targeting self-sufficiency as a national priority. The Civil Service has grown in recent years as additional teachers have been added to the payroll. Additionally, Pay and Grading reforms have increased nominal salaries. Any changes to the compensation framework will require stronger integration with fiscal planning to ensure sustainability.

Effective management of wage bill spending is needed to ensure that the desired public services are delivered in a cost-effective and fiscally sustainable manner. This requires adequate fiscal planning to ensure appropriate financing of the wage bill, competitive compensation to attract and retain skilled staff and incentivize performance, and the flexibility to adjust the level and composition of employment to respond efficiently to demographic and technological changes.

The new wage bill policy developed by the Ministry of Finance presents an analysis of the composition arrangement and fiscal cost; structure, and size of the Civil Service, it also provides recommendations and tools to address challenges in the current pay structure.

### **3.5 Fiscal and Monetary Policies Coordination**

Macroeconomic policies aim to achieve non-inflationary, stable growth. The two major groups of policy instruments to achieve this purpose are related to monetary and fiscal conditions. Monetary instruments are employed by the central banks and the Ministry of Finance employs fiscal instruments. The objectives and implications of monetary and fiscal policies often conflict with each other and thus call for policy coordination for effective implementation of policy decisions to achieve the objectives.

The successful development of an economy depends on the coordination of monetary and fiscal policies, whereas the lack of coordination among them leads to a poor overall economic performance.

The different interactions between these two policy instruments are:

- **Direct Impact of Monetary Policy on Fiscal Policy:** Interest rates and inflation rates can be identified as direct mechanisms through which monetary policy influences the fiscal position of a country. Interest rates level and volatility affects the debt servicing cost and thus the debt sustainability whereas the level and volatility of inflation rate impacts the public finances. Under high and volatile inflation, the taxation system becomes distorted and the public finances become more unpredictable.

- Indirect Impact of Monetary Policy on Fiscal Policy: Monetary Policy can smooth out the excessive fluctuations in national production that improves the predictability of revenues and expenditures.
- Impact of Fiscal Policy on Monetary Policy: An expansionary fiscal policy may create economic boom which can urge the monetary authorities to tighten the monetary conditions and subdue the inflationary pressures.



## Chapter 4: Medium Term Framework

The Medium Term Fiscal Framework sets out the estimated resources (domestic revenue with total grants) and expenditure for the current budget of 2019 & the planned budget of 2020 and the next four years. The framework is created on a number of key policy assumptions for domestic revenue, expenditure, donor support and borrowing as specified in the table below:

| <b>Medium Term Fiscal Framework</b> | <b>Historic</b>  | <b>Current Budget</b> | <b>Proposed Budget</b> | <b>Outer Years</b> |                  |                  |                  |
|-------------------------------------|------------------|-----------------------|------------------------|--------------------|------------------|------------------|------------------|
| Afs Millions                        |                  |                       |                        |                    |                  |                  |                  |
| Preliminary                         | <b>2018</b>      | <b>2019</b>           | <b>2020</b>            | <b>2021</b>        | <b>2022</b>      | <b>2023</b>      | <b>2024</b>      |
| <b>TOTAL REVENUE AND GRANTS</b>     | <b>395,237.9</b> | <b>388,097.1</b>      | <b>403,117.7</b>       | <b>398,808.4</b>   | <b>402,649.1</b> | <b>407,510.8</b> | <b>414,050.0</b> |
| <b>Domestic Revenue</b>             | 189,605.2        | 188,031.0             | 223,691.5              | 252,713.8          | 280,235.1        | 314,265.8        | 364,050.0        |
| <b>Tax Revenue</b>                  | 106,089.3        | 108,358.8             | 133,850.8              | 156,106.5          | 176,186.0        | 202,023.3        | 242,773.3        |
| <i>Taxes on Income and Profits</i>  | 39,725.1         | 38,891.2              | 46,444.6               | 49,720.3           | 53,389.8         | 57,511.8         | 62,154.3         |
| <i>Taxes on Property</i>            | 505.8            | 479.6                 | 553.2                  | 570.3              | 588.1            | 606.3            | 625.2            |
| <i>Taxes on Goods and Services</i>  | 30,706.0         | 31,949.0              | 39,324.6               | 51,246.5           | 59,494.1         | 71,767.2         | 96,949.1         |
| <i>of which Value added Tax</i>     | -                | -                     | -                      | -                  | -                | -                | -                |
| <i>Taxes on Trade</i>               | 33,330.4         | 35,311.8              | 45,536.7               | 52,516.8           | 60,598.7         | 69,957.8         | 80,797.6         |
| <i>Other Taxes</i>                  | 1,822.1          | 1,727.2               | 1,991.6                | 2,052.6            | 2,115.4          | 2,180.2          | 2,247.0          |
| <b>Non-Tax Revenue</b>              | 81,004.6         | 79,672.2              | 89,840.7               | 96,607.3           | 104,049.1        | 112,242.5        | 121,276.7        |
| <b>Total Grants <sup>1</sup></b>    | 205,632.7        | 200,066.0             | 179,426.3              | 146,094.6          | 122,414.0        | 93,245.0         | 50,000.0         |
| <i>Operational</i>                  | 120,332.1        | 98,844.0              | 83,995.7               | 67,196.6           | 47,037.6         | 23,518.8         | -                |
| <i>Development</i>                  | 85,300.6         | 101,222.0             | 95,430.5               | 78,898.0           | 75,376.4         | 69,726.2         | 50,000.0         |
| <b>TOTAL EXPENDITURE</b>            | <b>387,805.3</b> | <b>399,417.9</b>      | <b>401,042.4</b>       | <b>399,306.2</b>   | <b>418,062.2</b> | <b>423,237.2</b> | <b>435,250.8</b> |
| <b>Discretionary</b>                | 285,114.2        | 317,163.1             | 320,519.6              | 332,772.1          | 351,778.4        | 358,228.5        | 379,316.8        |
| <b>Non-Discretionary</b>            | 102,691.1        | 82,254.8              | 80,522.8               | 66,534.1           | 66,283.8         | 65,008.7         | 55,934.0         |
| <i>Pensions</i>                     | 27,345.1         | 17,365.0              | 21,157.1               | 24,471.6           | 28,504.4         | 33,448.7         | 39,554.7         |
| <i>Interest Expenses</i>            | 2,002.5          | 1,917.7               | 2,185.1                | 1,797.0            | 1,421.8          | 1,242.8          | 1,220.7          |
| <i>Ongoing Projects</i>             | -                | -                     | -                      | -                  | -                | -                | -                |
| <i>Earmarked (Project) Aid</i>      | 73,343.6         | 62,972.0              | 57,180.5               | 40,265.5           | 36,357.6         | 30,317.2         | 15,158.6         |
| <i>Earmarked (Other Codes)</i>      | -                | -                     | -                      | -                  | -                | -                | -                |
| <b>Sale of Assets</b>               | 2,511.3          | -                     | -                      | -                  | -                | -                | -                |
| <b>Overall Balance</b>              | 7,432.6          | (11,320.8)            | 2,075.3                | (497.8)            | (15,413.1)       | (15,726.4)       | (21,200.8)       |
| <b>Primary Balance</b>              | 9,435.1          | (9,403.1)             | 4,260.4                | 1,299.2            | (13,991.3)       | (14,483.6)       | (19,980.2)       |
| <b>NET FINANCING</b>                | (440.1)          | 11,320.8              | (2,075.3)              | 497.8              | 15,413.1         | 15,726.4         | 21,200.8         |
| <b>Bank Account</b>                 | -                | -                     | -                      | -                  | -                | -                | -                |
| <b>Loans</b>                        | -                | 16,600.1              | 15,134.5               | 16,857.6           | 37,018.9         | 59,422.8         | 88,312.5         |
| <i>External</i>                     | -                | 4,724.1               | 3,732.4                | 1,642.7            | -                | -                | -                |
| <i>Domestic</i>                     | -                | 11,876.0              | 11,402.2               | 15,214.8           | 37,018.9         | 59,422.8         | 88,312.5         |
| <b>Principal Repayments</b>         | 440.1            | 5,279.2               | 17,209.9               | 16,359.8           | 21,605.7         | 43,696.4         | 67,111.7         |
| <i>External</i>                     | 440.1            | 5,279.2               | 5,333.9                | 4,957.6            | 6,390.9          | 6,677.6          | 7,688.9          |
| <i>Domestic</i>                     | -                | -                     | 11,876.0               | 11,402.2           | 15,214.8         | 37,018.9         | 59,422.8         |

Source: MFPD Staff Forecasts

1. The grants numbers in red indicate that there is no formal commitment for funds from the donors yet.

### **Key Assumptions:**

- There is zero ceiling on non-concessional borrowing and guarantees. The government will not borrow, except for on a concessional basis for specific pro-growth development projects. Any non-concessional borrowing for development projects should be consulted with IMF.
- The Government would need to maintain the overall budget deficit (including grants) close to zero, and decrease the operating budget deficit (excluding grants) over the medium term as fiscal policy anchor. To do this, the government should rally more domestic resources to move towards fiscal sustainability.
- The Government will finance increasing amount of the security sector operating expenditure with the intention of providing full support by 2024.

### **Other Assumptions include:**

- The estimates for outer years are kept relatively conservative, which are based on the donor commitments and availability of resources in future years.
- It is needed to make savings in expenditure to cover the deficit arising from aid reduction in outer years. This ensures that the current and new policies are affordable in the outer years.
- The aid assumptions are kept conservative for the outer years and assumed to decline to around one-fourth of the current level, as the Brussel commitments will be only until 2020. Reducing or increasing this amount (either deducing/increasing security spending or increasing/decreasing the LOTFA/CSTC-A contribution) will affect the fiscal space.

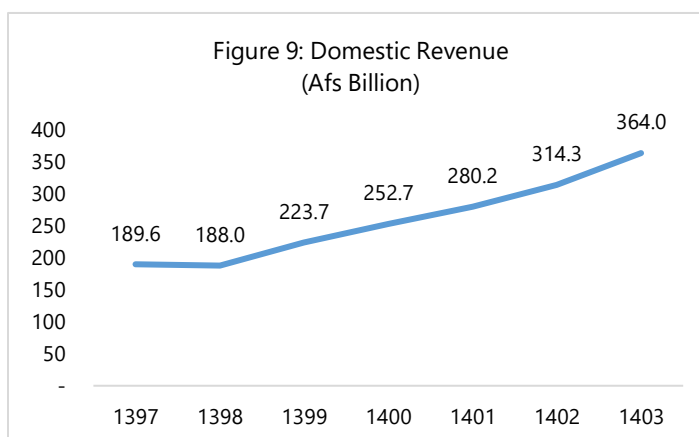
### **Revenue Forecast Assumptions:**

- The Revenue forecast for the budget and the outer years is based on each specific revenue line, grown by specific macroeconomic assumptions such as growth in GDP, GDP deflator, GDP by sub-sector, inflation, world inflation, and growth on imports, efficiency, and new revenue measures.
- Revenue estimates from VAT, TAPI, CASA-1000 and other transitory revenues are not incorporated; revenues from such sources will be considered in the projections when its operationalization becomes certain.

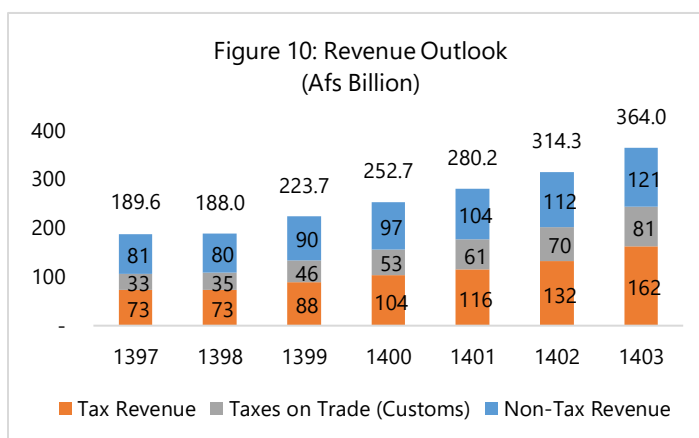
## 4.1 Revenue Projection (1397-1403)

Over the past three years (2016-2018), revenue collection performance was very strong, which was a remarkable achievement for the government. Enhancing the revenue generation and collection capacity would help the Government to come closer toward its main goal of self-reliance in terms of its own resources.

The revenue to GDP ratio (or revenue as a proportion of GDP) significantly increased over recent years. This indicator improved by 32 percent between 1394 and 1397. The revenue to GDP ratio is expected to fall to 12.1 percent in 1398 due to election related political uncertainty before rising up to 13.5 percent and 14.2 percent in 1399 and 1400, respectively.



The outlook for domestic revenue shows steady and improved growth over 1399 – 1403. The forecast shows domestic revenues are expected to increase from estimated Afs 223.7 billion in 1399 to Afs 252.7 billion in 1400. Domestic revenues for 1401, 1402 and 1403 are expected at Afs 280.2 billion, Afs 314.3 billion, and Afs 364.0 billion, respectively.



The main revenue categories include Tax revenue, Non-Tax revenue, and tax on international trade.

The tax revenue is one of the largest contributors to the overall domestic revenue collection, which is expected to reach to Afs 162 billion by FY 1403 if reforms in tax administration is implemented as planned.

## 4.2 Value-Added Tax (VAT)

So far the government has been successful in increasing the revenue collection through improving the tax administration. To spur further revenue growth, the Afghan government is set to transition from Business Receipt Tax to Value-Added Tax. The proposed switch from BRT to a 10 percent

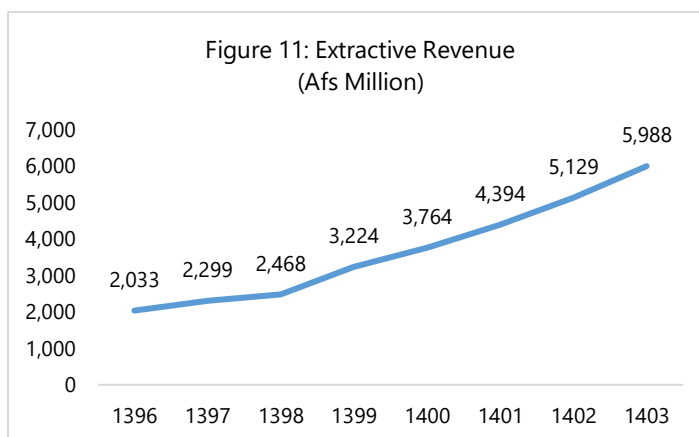
VAT for taxpayers above a turnover threshold of 150 M Afs, while applying the BRT under threshold, should translated into additional revenue of 1.8 percent of GDP.

The **Afghan** government's revision of the **Minerals Law** is missing critical protections to reduce the threat of corruption and abuses and allow the country's huge mineral wealth to benefit its people

### 4.3 Mining Revenue

The Government of Afghanistan is currently revising the Mineral Law in order to embed some critical protections in it to reduce the threat of corruption and abuses. The Afghan government is committed to allowing the country's mineral wealth to benefit its people. However, so far there is no timeline for the operations of most of the projects in the mining sector.

There is therefore expected to be limited revenues collected from the extractive sector in the near future.

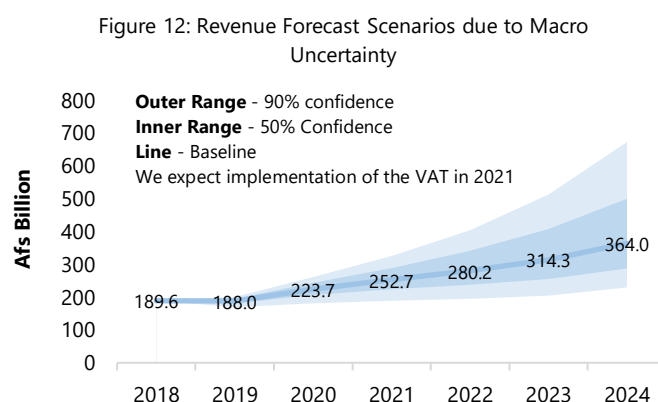


Source: MFM Extractive Revenue Projections

### 4.4 Revenue Sensitivity Analysis

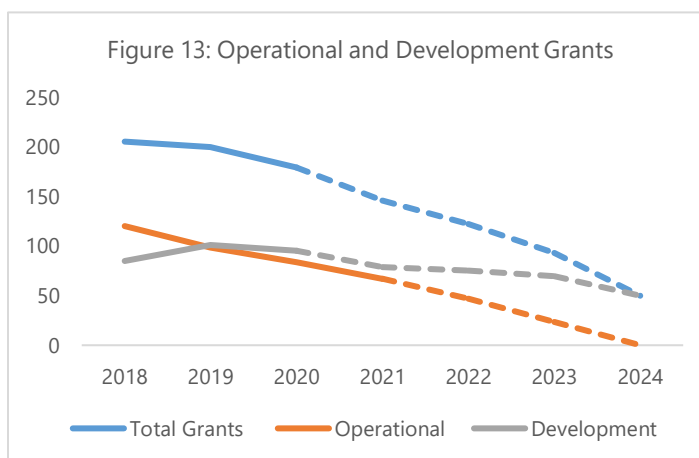
A given set of assumptions (GDP, exports and inflation) are defined for the sensitivity analysis of this period. The sensitivity analysis of revenue forecast to changes in economic parameters is set out in Figure 12.

The inner range for the sensitivity analysis shows 50 percent confidence while the outer range assumes 90 percent confidence that the revenue projections will not deviate from these intervals.



## 4.5 Donor Support (1397 – 1403)

Aid is expected to reduce over the medium term and as a result, the resources available to the budget will be tightened. The aid estimated for the budget and outer years are based on the commitments made in Warsaw and Brussels. We assumed aid will decline to around one-fourth of the current level by 1403 (2024). For new commitments, the Government may go for discussion with the donor communities after the existing commitments come to an end in 1399.



Note: Solid line shows grants commitment while dotted line means no commitment yet

Source: MFM

The non-discretionary development grants are based on existing commitments and expenditure, which is assumed to reduce in favor of funds moving to ARTF and other discretionary development options. The outer years' estimate assumes a 'matching grants' for estimated expenditure, which will either be paid via cash or in-kind by third parties.

### Discretionary and Non-Discretionary Grants

| Grants<br>Afs Millions | Historic<br>2018 | Current<br>Budget<br>2019 | Proposed<br>Budget<br>2020 | Outer Years      |                  |                 |                 |
|------------------------|------------------|---------------------------|----------------------------|------------------|------------------|-----------------|-----------------|
|                        |                  |                           |                            | 2021             | 2022             | 2023            | 2024            |
| <b>Preliminary</b>     |                  |                           |                            |                  |                  |                 |                 |
| <b>Total Grants</b>    | <b>205,632.7</b> | <b>200,066.0</b>          | <b>179,426.3</b>           | <b>146,094.6</b> | <b>122,414.0</b> | <b>93,245.0</b> | <b>50,000.0</b> |
| <b>Operational</b>     | <b>120,332.1</b> | <b>98,844.0</b>           | <b>83,995.7</b>            | <b>67,196.6</b>  | <b>47,037.6</b>  | <b>23,518.8</b> | -               |
| Security               |                  | 98,844.0                  | 83,995.7                   | 67,196.6         | 47,037.6         | 23,518.8        | -               |
| LOTFA                  |                  | 28,000.0                  | 24,026.7                   | 19,221.3         | 13,454.9         | 6,727.5         | -               |
| CSTC-A                 |                  | 70,819.0                  | 59,969.1                   | 47,975.3         | 33,582.7         | 16,791.3        | -               |
| NATFO                  |                  | 25.0                      | -                          | -                | -                | -               | -               |
| <b>Development</b>     | <b>85,300.6</b>  | <b>101,222.0</b>          | <b>95,430.5</b>            | <b>78,898.0</b>  | <b>75,376.4</b>  | <b>69,726.2</b> | <b>50,000.0</b> |
| Discretionary          |                  | 38,250.0                  | 38,250.0                   | 38,632.5         | 39,018.8         | 39,409.0        | 34,841.4        |
| ARTF                   |                  | 30,000.0                  | 30,000.0                   | 30,300.0         | 30,603.0         | 30,909.0        | 27,326.6        |
| SRBC                   |                  | 8,250.0                   | 8,250.0                    | 8,332.5          | 8,415.8          | 8,500.0         | 7,514.8         |
| Non-Discretionary      |                  | 62,972.0                  | 57,180.5                   | 40,265.5         | 36,357.6         | 30,317.2        | 15,158.6        |

The discretionary grant commitment is until 2020, the commitment will be renewed for 2021 and onwards.

## 4.6 Donor Support Types

The budget for security sector is receiving large off-budget support that comes through the Resolute Support Mission (RSM) and covers spending on goods and services, and other areas, in addition to the on-budget support through LOTFA, CSTC-A. The Funds from ARTF IP, LOTFA,

CSTC-A are used to support operating spending, while the funds from ARTF IP Plus, SRBC EU and the Government contribution to discretionary development funds are spent on discretionary development spending.

State and Resilience Building Contract (SRBC) is performance-based funds that are released upon meeting the SRBC criteria by the Government. This is EU's on-budget support program. Development Policy Grants (DPG) is disbursed upon the satisfactory performance of the Government in certain pre-determined areas.

| <b>Fund</b>            | <b>Discretionary/Non-Discretionary</b>  |
|------------------------|---|
| LOTFA                  | It is non-discretionary support and must be used largely for salaries, in the security sector. All salaries captured under this policy are predetermined to be spent in MTFF.   |
| CSTC-A                 | The Afghan government has a limited discretion over spending this, but must be used for salaries and other expenditures including fuel, in the security sector. All salaries captured under this policy are predetermined to be spent in MTFF.  |
| ARTF O&M               | The government has discretionary over using this budget for Operations and Maintenance purposes. This falls under the discretionary development budget. Its estimated value is included in discretionary envelope in MTFF (i.e. not all development grants are counted as earmarked). |
| ARTF Incentive Program | The government has full discretion over its use on financing projects. This falls under development category. Its estimated value included under discretionary envelope in MTFF (i.e. not all development grants are counted as earmarked).   |
| NATFO                  | The government has no discretion over this. Its use is entirely limited to security sector training and development expenditure.  |
| EU (SRBC)              | The government has discretion over this to use it as on-budget support, but it is subject to fulfillment of performance criteria, including fixed and variable components.  |
| World Bank (DPG)       | The government has discretion over which projects it can be used for, however, it must fall under development. Its estimated value included under discretionary envelope in MTFF (i.e. not all development grants are counted as earmarked).  |
| ARTF (Operations)      | The government has discretion to use it within the operation budget.  |
| Donor Project Support  | The government has no discretion over this. This should be used to support specific projects that are mutually agreed upon. This falls under earmarked codes in the MTFF  |

## 4.7 Fiscal Sustainability

The major fiscal sustainability indicator is the portion of the budget covered by domestic revenue. The government's medium term objective is to increase this proportion in the long run to reduce the threat of government insolvency or default on some of its liabilities or promised expenditures.

| Fiscal Sustainability Indicators          | 2018   | 2019   | 2020   | 2021   | 2022   | 2023   | 2024   |
|---|--------|--------|--------|--------|--------|--------|--------|
| Domestic Revenue/Budget                   | 48.9%  | 47.1%  | 55.8%  | 63.3%  | 67.0%  | 74.3%  | 83.6%  |
| Employee Compensation/Domestic Revenue    | 97.1%  | 103.9% | 86.3%  | 79.2%  | 74.1%  | 68.6%  | 62.5%  |
| Spending minus Development Grants/Revenue | 159.5% | 158.6% | 136.6% | 126.8% | 122.3% | 112.5% | 105.8% |
| Revenue minus Grants/GDP                  | 13.1%  | 12.1%  | 13.5%  | 14.2%  | 14.6%  | 15.2%  | 16.6%  |
| Grants/Revenue                            | 108.5% | 106.4% | 80.2%  | 57.8%  | 43.7%  | 29.7%  | 13.7%  |
| Improvement Index                         | 100.0  | 94.9   | 127.5  | 157.8  | 180.5  | 218.3  | 277.7  |

Source: MFM

Ensuring fiscal sustainability has been a key goal of the Ministry of Finance over the past one decade and more. However, due to huge expenditure pressures and lower revenue growth as a percent of GDP, there has been difficulty in achieving a self-sustaining level of expenditure. The government has aimed to ensure that domestic revenue should cover operating expenditure and gradually take over the development budget as well. Domestic revenues for the fiscal year 2018 covered 48.9 percent of the core budget only and will fall to 47.1 percent in 2019 due to political uncertainty amid the election cycle.

Domestic revenue as a percent of GDP is expected to increase to 13.5 percent in 2020 from 13.1 percent and 12.1 percent in 2018 and 2019, respectively. This increase is related to the Government commitment with donor agencies to have more contributions to the security sector. This will require more efforts to boost domestic revenue in the medium term to keep the current momentum of sustainability.

## 4.8 Debt Sustainability

The Public Financial and Expenditure Management (PFEM) law sets out rules under which the Government must control borrowing. The Government is required to ensure that the borrowing undertaken through the fiscal year is used for development purpose. This includes building infrastructure, creating industrial parks and other activities which will help boost investment. Currently Afghanistan is not in the critical situation of debt crisis like many other countries and debt can still be considered as a financing strategy to fund investment projects in the vital sectors of the economy.

| DSA Table   | 2018  | 2019  | 2020  | 2021 | 2022 | 2023  |
|---|-------|-------|-------|------|------|-------|
| Baseline Debt/GDP                                   | 6.8%  | 7.4%  | 7.0%  | 6.7% | 7.1% | 7.4%  |
| Growth Shock Debt/GDP                               | 6.8%  | 8.0%  | 8.2%  | 8.6% | 9.6% | 10.6% |
| Portion Loans below Min. Grant Element <sup>1</sup> | 55.4% | 81.2% | 95.7% | 0.0% | 0.0% | 0.0%  |
| External Debt Service/Exports                       | 0.6%  | 2.9%  | 5.8%  | 3.3% | 5.5% | 4.4%  |
| External Debt Service/Reserves                      | 0.1%  | 0.9%  | 1.1%  | 1.1% | 1.5% | 1.8%  |
| Total Debt Service/Revenues exc rollover            | 0.3%  | 3.8%  | 3.4%  | 2.7% | 2.8% | 2.5%  |
| 1/ Threshold for the minimum Grant element is 35%   |       |       |       |      |      |       |

**Source:** MFM

Since most of Afghanistan's current debt stock is on concessional basis, it remains well within the safe thresholds for most repayment indicators and will continue to do so into the medium term. Shocks to the baseline, for example, on the exchange rate depreciation, aid slowdown, and lower GDP growth cause some concern for debt over time. A great portion of the debt is in foreign currency; hence a slight change in the exchange rate will have a huge impact on debt profile.



## Chapter 5: Forward Estimates

The forward estimates present the budget for the fiscal year 1398 and the costing of continuing current policy for four forward years (1399-1402) with the objective to:

1. Summarize the budget year's allocations and forward estimates of expenditures proposed by the government for each ministry to meet planned key priorities.
2. Summarize the differences between the estimated resource envelope and total expenses which will generate fiscal space.

### 5.1 Methodology for Forward Estimates

The forward estimates are calculated based on a set of indexes which are used to estimate the "cost of continuing current policy" for each budgetary unit. At the moment the baseline does not reflect an accurate cost of operating services, however this will be improved over time through a process of rolling public expenditure reviews of Ministries. This then provides a guaranteed funding for Ministries, minus any efficiency savings.

For the operating budget, the estimations are calculated through growing the codes 21, 22, 23, 24, and 25 by indexes including inflation, population and others. as appropriate. For the discretionary development budget, we calculate what the cost of the ongoing projects are in the budget and outer years. This is based on the multi-year costing provided by Ministries, where available, otherwise discretionary development funds are held constant. This should show a falling figure over time as projects slowly move to completion, generating additional space in the future for new policy.

The forward estimates for years 1399 to 1402 are designed and projected based on the information provided by the Ministries and budgetary units.

## Values of the Forward Estimates (Afs Million)<sup>2</sup>

| Forward Estimate - Operating                               | Historic  | Current Budget | Proposed Budget | Outer Years |           |           |
|--|-----------|----------------|-----------------|-------------|-----------|-----------|
| Codes 21, 22, 23, 24, 25 Operating                         | 1397      | 1398           | 1399            | 1400        | 1401      | 1402      |
| Office of the Chief of staff to the President              | 2,951.3   | 4,226.3        | 4,215.7         | 4,361.1     | 4,515.8   | 4,677.5   |
| Meshrano Jirga   | 500.6     | 543.7          | 542.1           | 561.0       | 581.0     | 602.0     |
| Wolesi Jirga   | 1,662.0   | 1,677.3        | 1,669.3         | 1,727.9     | 1,790.5   | 1,855.9   |
| Administrative Office of the President                     | 3,604.1   | 6,559.7        | 3,555.5         | 3,678.2     | 3,808.8   | 3,945.1   |
| Supreme Court  | 3,670.6   | 3,731.7        | 3,698.5         | 3,831.6     | 3,974.1   | 4,123.3   |
| Presidential Protective Service                            | 1,798.8   | 2,112.2        | 2,101.5         | 2,172.6     | 2,248.5   | 2,327.8   |
| Radio and Television of Afghanistan                        | 533.6     | 453.9          | 454.9           | 470.4       | 486.8     | 503.9     |
| National Security Council                                  | 1,122.5   | 894.9          | 891.3           | 922.2       | 955.1     | 989.4     |
| Ministry of Finance  | 9,722.5   | 2,500.5        | 8,298.8         | 10,196.2    | 12,667.0  | 15,887.9  |
| Ministry of State & Paliamentary Affairs                   | 183.2     | 174.8          | 174.6           | 180.2       | 186.2     | 192.5     |
| Ministry of Defence  | 63,964.7  | 78,773.5       | 77,379.3        | 79,710.4    | 82,207.8  | 84,822.5  |
| Ministry of Foreign Affairs                                | 5,560.2   | 5,972.3        | 6,000.0         | 6,202.1     | 6,415.9   | 6,638.6   |
| Ministry of Haj & Religious Affairs                        | 1,322.0   | 1,349.7        | 1,344.9         | 1,392.0     | 1,442.2   | 1,494.7   |
| Ministry of Commerce and Industry                          | 492.7     | 505.8          | 507.8           | 524.6       | 542.4     | 561.0     |
| Ministry of Interior Affairs                               | 47,428.6  | 54,100.5       | 52,561.2        | 54,360.9    | 56,281.2  | 58,288.9  |
| Ministry of Education                                      | 34,941.1  | 34,505.7       | 34,217.4        | 35,447.2    | 36,763.5  | 38,141.6  |
| Ministry of Higher Education                               | 5,375.0   | 5,425.1        | 5,429.0         | 5,615.9     | 5,814.3   | 6,021.4   |
| Ministry of Refugee & Returns                              | 306.1     | 360.0          | 360.5           | 372.6       | 385.4     | 398.8     |
| Afghanistan Central Civil Registration Authority           | -         | 569.8          | 574.0           | 592.4       | 611.7     | 631.8     |
| Ministry of Mines and Petroleum                            | 538.5     | 544.7          | 544.9           | 563.6       | 583.5     | 604.3     |
| Office for the Protection of Disabled Persons and Martyrs  | -         | 7,123.7        | 15,123.5        | 16,627.7    | 18,282.2  | 20,101.9  |
| Ministry of Communication and Information Technology       | 605.1     | 614.0          | 614.9           | 635.6       | 657.6     | 680.5     |
| Ministry of Economy  | 253.8     | 308.6          | 309.6           | 320.0       | 330.9     | 342.4     |
| Ministry of Information and Culture                        | 629.1     | 588.7          | 588.5           | 608.6       | 630.1     | 652.5     |
| Ministry of Public Health                                  | 4,284.5   | 4,006.4        | 4,010.6         | 4,148.4     | 4,294.7   | 4,447.3   |
| Ministry of Women Affairs                                  | 215.2     | 227.8          | 227.6           | 235.1       | 243.1     | 251.4     |
| Ministry of Agriculture, Irrigation & Livestock            | 1,587.9   | 1,373.1        | 1,366.5         | 1,414.7     | 1,466.1   | 1,519.8   |
| Technical and professional training department             | -         | 1,786.0        | 1,782.1         | 1,844.2     | 1,910.4   | 1,979.5   |
| Ministry of Energy and Water                               | 1,019.4   | 696.1          | 696.4           | 720.2       | 745.5     | 772.0     |
| Ministry of Public Works                                   | 2,053.0   | 824.4          | 829.7           | 857.3       | 886.5     | 916.8     |
| Ministry of Rural Rehabilitation and Development           | 666.2     | 516.8          | 517.5           | 534.9       | 553.3     | 572.5     |
| Civil Aviation Authority                                   | 324.9     | 359.5          | 361.3           | 373.6       | 386.5     | 400.0     |
| Ministry of Transport                                      | 252.4     | 294.4          | 294.5           | 304.5       | 315.1     | 326.1     |
| Ministry of Frontiers and Tribal Affairs                   | 478.3     | 519.2          | 525.0           | 542.0       | 559.9     | 578.4     |
| Ministry of Labor Social Affairs Martyrs and Disabled      | 28,362.3  | 8,301.4        | 1,304.1         | 1,348.4     | 1,395.3   | 1,444.3   |
| Ministry of Counter Narcotics                              | 212.7     | 230.9          | 231.8           | 239.7       | 248.1     | 256.8     |
| Ministry of Urban Development and Land                     | 373.6     | 940.7          | 940.9           | 972.4       | 1,005.8   | 1,040.8   |
| Ministry of Justice  | 711.6     | 840.0          | 840.4           | 869.1       | 899.6     | 931.4     |
| Attorney General Office                                    | 2,373.6   | 2,750.7        | 2,733.3         | 2,828.8     | 2,930.9   | 3,037.6   |
| National Examination Office                                | -         | 170.4          | 171.7           | 177.4       | 183.4     | 189.7     |
| Independent Oil and Gas Authority                          | -         | 78.8           | 78.7            | 81.5        | 84.4      | 87.4      |
| Afghanistan National Standard Authority                    | 79.5      | 90.2           | 90.3            | 93.4        | 96.7      | 100.1     |
| Independent Directorate of Local Governance                | 4,512.7   | 4,287.8        | 4,329.7         | 4,464.2     | 4,605.7   | 4,752.8   |
| National Environmental Protection Agency                   | 211.7     | 238.2          | 238.2           | 246.2       | 254.7     | 263.5     |
| Afghanistan Academy of Sciences                            | 223.1     | 253.4          | 251.7           | 260.7       | 270.2     | 280.1     |
| Independent Administrative Reforms and Civil Service       | 501.8     | 528.5          | 528.8           | 546.6       | 565.4     | 585.0     |
| General Directorate of Sports and Fitness                  | 252.2     | 279.0          | 283.7           | 292.6       | 301.8     | 311.4     |
| General Directorate of National Security                   | 17,930.6  | 17,997.7       | 17,915.3        | 18,543.4    | 19,212.9  | 19,912.6  |
| Supreme Audit Office                                       | 155.9     | 174.6          | 174.7           | 180.7       | 187.1     | 193.8     |
| High Office of Anti-Corruption                             | 45.6      | -              | -               | -           | -         | -         |
| Afghanistan National Disaster Management Authority         | 905.6     | 141.3          | 142.1           | 146.8       | 151.8     | 156.9     |
| Independent Electoral Complaints Commission                | 417.1     | 318.4          | 318.4           | 327.7       | 337.6     | 347.9     |
| Independent Election Commission                            | 840.9     | 450.4          | 450.6           | 466.2       | 482.7     | 499.9     |
| Central Statistics Organization                            | 151.0     | 207.5          | 206.9           | 214.1       | 221.8     | 229.8     |
| Afghanistan Atomic Energy Commission                       | 47.6      | 49.1           | 49.0            | 50.6        | 52.3      | 54.1      |
| Directorate of Kochis                                      | 124.4     | 148.5          | 149.3           | 154.0       | 159.0     | 164.1     |
| Capital Region Independent Development Authority           | 38.9      | 52.3           | 53.3            | 54.8        | 56.4      | 58.0      |
| Independent Commission for Overseeing the Implementation   | 68.8      | 78.5           | 78.6            | 81.3        | 84.2      | 87.2      |
| Afghanistan Independent Human Rights Commission            | 34.8      | 40.5           | 41.8            | 43.0        | 44.3      | 45.6      |
| Afghanistan Independent Land Authority                     | 473.8     | -              | -               | -           | -         | -         |
| Executive Directorate and Secretariat of Ministers Council | 958.1     | 539.0          | 543.9           | 561.1       | 579.2     | 598.0     |
| Afghanistan Railway Authority                              | 1,440.9   | 83.2           | 84.0            | 86.5        | 89.1      | 91.8      |
| Contingency Codes  | 721.9     | 11,732.0       | 10,362.2        | 10,362.2    | 10,362.2  | 10,362.2  |
| Grand Total  | 260,218.6 | 275,223.8      | 274,362.5       | 285,742.8   | 298,385.9 | 312,332.9 |

<sup>2</sup> Details of forward estimates by economic classification are provided in the appendix 1.

| Forward Estimate - Discretionary Development               | Historic | Current Budget | Proposed Budget | Outer Years |          |          |
|--|----------|----------------|-----------------|-------------|----------|----------|
| Discretionary Development                                  | 1397     | 1398           | 1399            | 1400        | 1401     | 1402     |
| Meshrano Jirga   | 8.0      | 15.0           | 10.0            | 10.0        | 10.0     | 10.0     |
| Wolesi Jirga   | 21.9     | 21.7           | 23.8            | 21.9        | 20.1     | 18.0     |
| Administrative Office of the President                     | 2,388.3  | 3,989.7        | 4,355.8         | 4,878.5     | 5,463.9  | 6,119.5  |
| Supreme Court  | 38.1     | 36.8           | 12.0            | 10.0        | 10.0     | 10.0     |
| Presidential Protective Service                            | 97.4     | 269.4          | 263.0           | 263.0       | 188.0    | 150.0    |
| Radio and Television of Afghanistan                        | 101.6    | 95.7           | 90.0            | 90.0        | 90.0     | 90.0     |
| Ministry of Finance  | 1,965.5  | 1,928.2        | 2,159.5         | 2,483.5     | 2,731.8  | 2,923.0  |
| Ministry of State & Paliamentary Affairs                   | 7.2      | 20.0           | 35.0            | 40.0        | 42.0     | 45.0     |
| Ministry of Defence  | 38.5     | 76.9           | 549.1           | 323.2       | 215.4    | 260.0    |
| Ministry of Foreign Affairs                                | 1,106.7  | 840.0          | 412.1           | 570.0       | 620.0    | 700.0    |
| Ministry of Haj & Religious Affairs                        | 360.6    | 356.3          | 25.0            | 25.0        | 20.0     | 20.0     |
| Ministry of Commerce and Industry                          | 262.5    | 211.1          | 140.0           | 119.6       | 124.7    | 166.6    |
| Ministry of Interior Affairs                               | 1,511.6  | 783.5          | 877.5           | 982.9       | 1,100.8  | 1,232.9  |
| Ministry of Education                                      | 1,802.5  | 1,473.4        | 1,230.1         | 1,956.6     | 2,332.0  | 2,632.6  |
| Ministry of Higher Education                               | 874.9    | 1,462.0        | 1,506.3         | 1,724.9     | 1,983.7  | 2,281.2  |
| Ministry of Refugee & Returns                              | 249.1    | 80.0           | 977.4           | 1,249.1     | 1,249.1  | 1,067.6  |
| Afghanistan Central Civil Registration Authority           |          | 200.0          | 200.0           | 200.0       | 200.0    | 200.0    |
| Ministry of Minas and Petroleum                            | 700.4    | 87.7           | 17.0            | 24.5        | 30.0     | -        |
| Office for the Protection of Disabled Persons and Martyrs  |          | 40.0           | 40.0            | 40.0        | 40.0     | 40.0     |
| Ministry of Communication and Information Technology       | 1,094.8  | 1,710.0        | 1,882.8         | 1,411.0     | 1,576.0  | 1,630.0  |
| Ministry of Economy  | 251.7    | 201.2          | 50.0            | 34.5        | 35.0     | 35.0     |
| Ministry of Information and culture                        | 99.9     | 203.9          | 56.5            | 65.0        | 74.7     | 85.9     |
| Ministry of Public Health                                  | 6,086.6  | 5,121.0        | 3,130.1         | 2,863.5     | 2,628.7  | 2,556.2  |
| Ministry of Women Affairs                                  | 61.8     | 42.0           | 50.0            | 56.0        | 62.0     | 70.0     |
| Ministry of Agriculture, Irrigation & Livestock            | 3,247.3  | 2,223.6        | 2,490.4         | 2,989.3     | 4,373.0  | 4,833.0  |
| Technical and professional training department             |          | 250.0          | 280.0           | 313.6       | 351.2    | 393.4    |
| Ministry of Energy and Water                               | 2,961.3  | 4,452.6        | 4,746.0         | 4,914.4     | 5,125.3  | 5,270.0  |
| Ministry of Public Works                                   | 6,821.0  | 7,452.0        | 7,872.5         | 8,404.9     | 9,413.4  | 10,543.1 |
| Ministry of Rural Rehabilitation and Development           | 6,505.2  | 5,529.8        | 8,665.3         | 4,613.2     | 2,250.0  | 2,250.0  |
| Civil Aviation Authority                                   | 2,762.9  | 3,878.7        | 4,273.0         | 6,284.1     | 7,739.2  | 9,190.2  |
| Ministry. of Transport                                     | 75.0     | 85.0           | 95.0            | 105.0       | 122.0    | 158.0    |
| Ministry of Frontiers and Tribal Affairs                   | 58.0     | 63.4           | 60.0            | 66.0        | 72.0     | 80.0     |
| Ministry of Labor Social Affairs Martyrs and Disabled      | 596.0    | 370.0          | 605.0           | 603.0       | 608.0    | 618.0    |
| Ministry of Counter Narcotics                              | 185.3    | 72.0           | 50.0            | 52.0        | 58.2     | 65.2     |
| Ministry of Urban Development and Land                     | 3,930.5  | 5,371.3        | 7,798.0         | 9,227.2     | 13,924.3 | 12,519.2 |
| Ministry of Justice  | 132.9    | 185.6          | 90.0            | 90.0        | 90.0     | 90.0     |
| Attorney General Office                                    | 147.6    | 81.8           | 12.0            | 12.0        | 12.0     | 12.0     |
| Independent Oil and Gas Authority                          |          | 583.2          | 640.9           | 710.3       | 788.4    | 875.1    |
| Afghanistan National Standard Authority                    | 34.8     | 36.1           | 15.0            | 10.0        | 10.0     | 10.0     |
| Independent Directorate of Local Governance                | 495.3    | 520.3          | 582.8           | 652.7       | 731.0    | 818.7    |
| National Environmental Protection Agency                   | 68.5     | 78.7           | 21.5            | 19.9        | 18.0     | 18.0     |
| Afghanistan Academy of Sciences                            | 8.0      | 15.8           | 15.8            | 15.8        | 15.8     | 15.8     |
| Independant Administrative Reforms and Civil Service       | 49.2     | 35.0           | 17.1            | 20.0        | 22.0     | 26.0     |
| General Directorate of Sports and Fitness                  | 81.6     | 95.9           | 50.0            | 50.0        | 50.0     | 50.0     |
| General Directorate of National Security                   | 77.7     | 220.0          | 150.0           | 143.2       | 145.0    | 150.0    |
| Supreme Audit Office                                       | 23.1     | 87.8           | 50.5            | 45.0        | 45.0     | 40.0     |
| Central Statistics Organization                            | 1,681.6  | 291.2          | 310.0           | 205.0       | 190.0    | 165.0    |
| Directorate of Kochis                                      | 92.9     | 46.0           | 60.0            | 72.0        | 80.0     | 87.0     |
| Kabul Municipality   | 430.5    | 491.0          | 638.3           | 829.8       | 1,078.7  | 1,402.3  |
| Urban Water Supply and Canalization Corporation            | 487.9    | 451.0          | 818.1           | 651.5       | 670.0    | 750.4    |
| Da Afghanistan Brishna Shirkat                             | 125.2    | 343.0          | 394.5           | 1,295.8     | 1,451.3  | 1,625.4  |
| Capital Region Independent Development Authority           | 914.3    | 910.1          | 955.6           | 1,003.3     | 1,053.5  | 1,106.2  |
| Independent Commission for Overseeing the Implementation   | 322.8    | -              | -               | -           | -        | -        |
| Afghanistan Independent Human Rights Commission            | 36.1     | 20.2           | 22.2            | 24.4        | 26.9     | 29.6     |
| Executive Directorate and Secretariat of Ministers Council | 305.5    | 268.5          | 237.0           | 237.0       | 80.0     | 80.0     |
| Afghanistan Railway Authority                              | 387.1    | 2,095.2        | 4,038.0         | 4,843.1     | 6,524.5  | 8,620.0  |
| Contingency Codes  | 2,063.6  | 5,352.0        | 5,352.0         | 5,352.0     | 5,352.0  | 5,352.0  |
| Grand Total  | 54,238.9 | 61,222.1       | 69,499.4        | 73,297.9    | 83,318.7 | 89,587.2 |

The FEs were prepared and designed using the following steps:

## **1- Data Collection**

### **a) Collecting Development Budget Data**

The Directorate General for Budget has prepared a specific format for collecting development projects' data and has shared it with all the ministries and government units. The format contains the following main points:

- General Information:
  - Project code, title, start date, end date, project cost, and scope of the project
  - Spending percentage of last 3 years based on discretionary and non-discretionary, total budget, and information on NTA employees
- Financial Information of the Project:
  - Discretionary: This includes all the contracts that are currently in progress and planned which creates a financial burden in the future.
  - Non-Discretionary: This part is similar to discretionary, but it should be based on donors commitments.

### **b) Collecting Operating Budget Data**

Operating Budget has a separate format designed for the ministries to calculate their budget accurately. The format contains operating budget allocation based on expenditure codes (21, 22, 23, 24, and 25). The format with data was submitted to the ministries to check the budget allocation for each code based on their plan.

## **2- Reviewing Collected Data of the Ministries**

The General Directorate for Budget thoroughly checked and evaluated the collected data to prepare the budget estimation.

## **3- Preparing and Finalizing the Estimation**

The forward estimates for FY1399 to FY1402 are based on the collected information received from the government units. As the amounts provided by the ministries/units were not completed and compiled, therefore the estimations are prepared based on available data and considering spending capabilities of the ministries.

## **5.2 Fiscal Space**

The available fiscal space can be used to finance new projects and activities. This is sensitive to both policy decisions by the Government (including on tax rates, contributions to security etc.) and on the macro-economic environment. The budget for 1398 shows deficit of around Afs 11 billion, but for 1399 a limited fiscal space (Afs 2.1 billion) is predicted to be available to finance new projects and activities. For 1400 to 1403, the estimates show a deficit and there is no fiscal

space available. Fiscal space for these years could be created by increasing revenue above the current estimates and undertaking expenditure consolidation measures.

| Fiscal Space            | Historic         | Current Budget    | Proposed Budget  | Outer Years      |                   |                   |                   |
|-------------------------|------------------|-------------------|------------------|------------------|-------------------|-------------------|-------------------|
|                         | 1397             | 1398              | 1399             | 1400             | 1401              | 1402              | 1403              |
| <b>Total Resources</b>  | <b>395,237.9</b> | <b>388,097.1</b>  | <b>403,117.7</b> | <b>398,808.4</b> | <b>402,649.1</b>  | <b>407,510.8</b>  | <b>414,050.0</b>  |
| <b>Domestic Revenue</b> | <b>189,605.2</b> | <b>188,031.0</b>  | <b>223,691.5</b> | <b>252,713.8</b> | <b>280,235.1</b>  | <b>314,265.8</b>  | <b>364,050.0</b>  |
| <b>Grants</b>           | <b>205,632.7</b> | <b>200,066.0</b>  | <b>179,426.3</b> | <b>146,094.6</b> | <b>122,414.0</b>  | <b>93,245.0</b>   | <b>50,000.0</b>   |
| Operational             | 120,332.1        | 98,844.0          | 83,995.7         | 67,196.6         | 47,037.6          | 23,518.8          | -                 |
| Development             | 85,300.6         | 101,222.0         | 95,430.5         | 78,898.0         | 75,376.4          | 69,726.2          | 50,000.0          |
| Discretionary           | 22,528.5         | 38,250.0          | 38,250.0         | 38,632.5         | 39,018.8          | 39,409.0          | 34,841.4          |
| Non- Discretionary      | 62,772.1         | 62,972.0          | 57,180.5         | 40,265.5         | 36,357.6          | 30,317.2          | 15,158.6          |
| <b>Expenditures</b>     | <b>387,805.3</b> | <b>399,417.9</b>  | <b>401,042.4</b> | <b>399,306.2</b> | <b>418,062.2</b>  | <b>432,237.2</b>  | <b>435,250.8</b>  |
| <b>Operating</b>        | <b>260,218.6</b> | <b>275,223.8</b>  | <b>274,362.5</b> | <b>285,742.8</b> | <b>298,385.9</b>  | <b>312,332.9</b>  | <b>327,336.9</b>  |
| <b>Development</b>      | <b>127,586.7</b> | <b>124,194.1</b>  | <b>126,680.0</b> | <b>113,563.4</b> | <b>119,676.3</b>  | <b>119,904.4</b>  | <b>107,913.9</b>  |
| Discretionary           | 54,238.9         | 61,222.1          | 69,499.4         | 73,297.9         | 83,318.7          | 89,587.2          | 92,672.9          |
| Non- Discretionary      | 73,347.9         | 62,972.0          | 57,180.5         | 40,265.5         | 36,357.6          | 30,317.2          | 15,241.0          |
| <b>Fiscal Space</b>     | <b>7,432.6</b>   | <b>(11,320.9)</b> | <b>2,075.3</b>   | <b>(497.8)</b>   | <b>(15,413.1)</b> | <b>(24,726.4)</b> | <b>(21,200.8)</b> |

### 5.3 Allocating Fiscal Space to New Policies and Priority Programs

The forward estimates totalled together give the costing estimate of delivering services at the current level in outer years. The resource envelope minus the total cost of the forward estimates gives the available resources for new policies and programs. These resources are allocated by Cabinet or with the recommendation of Cabinet.

The priority areas, to which the available resources should be allocated, are already identified in the growth agenda that was presented at the Geneva Conference. Based on the growth agenda, sectors and sub-sectors that have potential to contribute to economic growth, employment creation, poverty reduction and to the promotion of private sector's investments, should be selected for investment. The list of priority areas is given below:

- Agriculture & Irrigation
- Extractive Industry
- Infrastructure and Regional Integration
- Sectors to supply domestic markets.
- Information and Communication Technology (ICT)
- Human Capital Development

Around 166 programs and projects (Appendix 2) that are aligned with the above listed priority areas are identified and approved by the Public Investment Management (PIM) Unit. Of these 34 are considered as priority projects. These are given below:

| No. | Sector            | Project Title  | Implementing Organization | Capital Value USD Million | Location   | Life Cycle | Cash Flow Year1 (\$m) | Cash Flow Year 2 (\$m) | Cash Flow Year 3 (\$m) | Strategic Fit Recommendation | Relevant NPP         |
|-----|-------------------|--|---------------------------|---------------------------|--|------------|-----------------------|------------------------|------------------------|------------------------------|----------------------|
| 1   | Infrastructure    | Sheberghan-Mazar Sharif 94.5 km Pipeline Project   | MoMP                      | 6.1                       | Jawzjan and Balkh Provinces  | 1          | 6.1                   | 0.0                    | 0.0                    | 2nd rank                     | Mining NPP           |
| 2   |                   | Procurement of 1.5 million cubic meter Gas Turbine Simulator   | MoMP                      | 8.2                       | Jawzjan Province   | 1          | 8.2                   | 0.0                    | 0.0                    | 2nd rank                     | Mining NPP           |
| 3   |                   | Stone-pavement of 35 km streets in Capital Region  | Crida                     | 12.1                      | Logar, Parwan , Kapisa and Wardak  | 2          | 5.2                   | 5.2                    | 0.0                    | 1st rank                     | UNPP                 |
| 4   |                   | Construction of water infrastructure in Capital Region   | Crida                     | 5.2                       | Kabul (Joi Sher,Tawhid Abad, Qabel Bai and Mamozil)  | 2          | 2.9                   | 2.3                    |                        | 1st rank                     | UNPP                 |
| 5   |                   | 50 Km of Roads within cities   | Crida                     | 22.1                      | Kabul, Parwan , Kapisa   | 2          | 13.8                  | 8.3                    |                        | 1st rank                     | UNPP                 |
| 6   |                   | Building Infrastructure in Mahmad Agha Industrail Park   | Crida                     | 9.9                       | Logar  | 2          | 0.6                   | 9.4                    |                        | 1st rank                     | UNPP                 |
| 7   |                   | Design and Construction of Khwaf Herat Railway-Phase1  | ARA                       | 47.0                      | Herat  | 1          | 47.0                  | 0.0                    | 0.0                    | 2nd rank                     | NIP                  |
| 8   |                   | Purchasing Heavy equipment for airports  | ACA                       | 8.5                       | Provinces  | 1          | 8.5                   | 0.0                    | 0.0                    | 2nd rank                     | NIP                  |
| 9   |                   | Design and extensin of transmission power line of the kv110 from Salma Dam to Ghor sub-station, 150 kilometers long, and the building design and montage of kv20/110 sub-station in Ghor with the capacity of 2x16MVA    | MoEW                      | 22.5                      | Ghor   | 2          | 2.3                   | 11.3                   | 9.0                    | 2nd rank                     | NIP                  |
| 10  |                   | Design and extensin of transmission power line of the kv110 single circuit from Mazar-i- Sharif sub-station to Dawlatabad district, 55km long, and the building design and montage of kv20/110 sub-station in Dawlatabad | MoEW                      | 12.1                      | Balkh  | 2          | 1.2                   | 6.0                    | 4.8                    | 2nd rank                     | NIP                  |
| 11  |                   | Distritbution of electricity in kabul - 12000 beneficiaries  | DABS                      | 7.5                       | Kabul  | 1.5        | 5.5                   | 2.0                    | -                      | 1st rank                     | NIP                  |
| 12  |                   | Distritbution of electricity in Zabul - 15000 beneficiaries  | DABS                      | 7.0                       | Zabul  | 1          | 5.2                   | 1.8                    | -                      | 1st rank                     | NIP                  |
| 13  |                   | Substation of Shajoy in Zabul - 16000 beneficiaries  | DABS                      | 8.0                       | Zabul  | 2          | 5.9                   | 2.1                    | -                      | 1st rank                     | NIP                  |
| 14  |                   | Distribution of electricity in kabul, Nangrahar, Ghazni, Parwan, Paktika & Herat - 56000 beneficiaries   | DABS                      | 18.6                      | Kabul, Nangrahar, Ghazni, Parwan, Paktika & Herat  | 2          | 13.7                  | 4.9                    | -                      | 1st rank                     | NIP                  |
| 15  |                   | Addition of road from Qalat to Sinkel to shamal Zai  | MoPW                      | 30.7                      | Zabul  | 4          | 1.2                   | 9.8                    | 9.8                    | 1st rank                     | NIP                  |
| 16  |                   | Road from center of Qarabagh district to new Bagram road   | MoPW                      | 5.3                       | Kabul & Parwan   | 4          | 0.2                   | 1.7                    | 1.7                    | 1st rank                     | NIP                  |
| 17  |                   | 20km bypass road in kandahar province  | MoPW                      | 9.4                       | Kandahar   | 4          | 0.4                   | 3.0                    | 3.0                    | 1st rank                     | NIP                  |
| 18  |                   | Road from Arghandab to khakriz district  | MoPW                      | 30.8                      | Kandahar   | 4          | 1.2                   | 9.8                    | 9.8                    | 1st rank                     | NIP                  |
| 19  |                   | Road from Ghurak to Maiwand and kandahar   | MoPW                      | 23.9                      | Kandahar   | 4          | 1.0                   | 7.6                    | 7.6                    | 1st rank                     | NIP                  |
| 20  |                   | Consruction of Farsi district road to shindand   | MoPW                      | 7.2                       | Herat  | 2          | 0.3                   | 7.0                    | 1.0                    | 2nd rank                     | NIP                  |
| 21  |                   | Road from Dara Turkham to surkh pars district  | MoPW                      | 17.0                      | Parwan   | 4          | 0.7                   | 5.4                    | 5.4                    | 1st rank                     | NIP                  |
|     |                   | Sub Total  |                           |                           | 319.1  |            |                       | 131.0                  | 97.6                   | 52.1                         |                      |
| 22  | Education         | Construction of 281 Schools in 17 Provinces  | MoE                       | 52.2                      | Bamyan,Badakhshan,Baghlan, Parwan,Paktika,Panjshir,Takhar,Jawzjan, Daikundi,Saripul,Sa mangan,Ghor, Farah,Laghman, Nimroz,Kapisa & Kunar | 4          | 13.0                  | 13.0                   | 13.0                   | 2nd rank                     | Human Capital        |
|     | Sub Total         |  |                           | 52.2                      |  |            | 13.0                  | 13.0                   | 13.0                   |                              |                      |
| 23  | Security          | Construction of Building for ANDS in Nijrab Kapisa district  | ANDS                      | 2.0                       | Najrab District Kapisa   | 2          | 1.0                   | 1.0                    | 0.0                    | 2nd rank                     | Effective Governance |
| 24  |                   | Construction of Building for ANDS in Parwan  | ANDS                      | 2.4                       | Parwan   | 2          | 1.3                   | 1.1                    | 0.0                    | 2nd rank                     | Effective Governance |
| 25  |                   | Reconstruction of General consulate of the Islamic Republic of Afghanistan in Jedah  | MoFA                      | 0.3                       | Jedah  | 1          | 0.3                   | 0.0                    | 0.0                    | 2nd rank                     | NIP                  |
| 26  |                   | Construction of Building for Ministry of Foreign Affairs's Delegation in Kandahar, Herat, Paktia provinces   | MoFA                      | 1.0                       | Kandahar , Herat & Paktia  | 1          | 1.0                   | 0.0                    | 0.0                    | 2nd rank                     | NIP                  |
|     | Sub Total         |  |                           | 5.7                       |  |            | 3.6                   | 2.1                    | 0.0                    |                              |                      |
| 27  | Health            | Established 3 Centers for Treatment of 20 Substance Drug Addicts   | MoH                       | 2.0                       | Urozgan,Noristan,Zabul   | 3          | 0.8                   | 0.8                    | 0.8                    | 2nd rank                     | Human Capital        |
| 28  |                   | Outbreak of vulnerable populations (prisons, safe houses, orphanages and other neighborhoods)  | MoH                       | 8.9                       | All Related Provinces  | 5          | 1.8                   | 1.8                    | 1.8                    | 2nd rank                     | Human Capital        |
| 29  |                   | Increasing the capacity of female employees in the Ministry of Public Health   | MoH                       | 0.2                       | Kabul  | 3          | 0.1                   | 0.1                    | 0.1                    | 2nd rank                     | Human Capital        |
| 30  |                   | Congo CCHF Control   | MoH                       | 1.9                       | Kabul  | 3          | 0.2                   | 0.2                    | 0.2                    | 2nd rank                     | Human Capital        |
|     | Sub Total         |  |                           | 12.9                      |  |            | 2.8                   | 2.9                    | 2.9                    |                              |                      |
| 31  | Social Protection | Identify vulnerabilities (surveys and maps).   | ANDMA                     | 2.0                       | 5 Provinces  | 3          | 0.7                   | 0.7                    | 0.7                    | 2nd rank                     | Human Capital        |
| 32  |                   | Equipping emergency centers  | ANDMA                     | 0.7                       | 10 Provinces   | 3          | 0.2                   | 0.2                    | 0.2                    | 2nd rank                     | Human Capital        |
|     |                   | Sub Total  |                           |                           | 2.7  |            |                       | 0.9                    | 0.9                    | 0.9                          |                      |
| 33  | Economy sector    | Liquidation of the repair and maintenance of oil laboratory equipment  | ANSA                      | 0.0                       | Kabul Province   | 2          | 0.0                   | 0.0                    | 0.0                    | 1st rank                     | Human Capital        |
| 34  |                   | Serurvey of Afghanistan Development Situation  | CSO                       | 0.9                       | All Provinces  | 1          | 0.9                   | 0.0                    | 0.0                    | 2nd rank                     | Human Capital        |
|     | Sub Total         |  |                           | 0.9                       |  |            | 0.9                   | 0.0                    | 0.0                    |                              |                      |
|     | Grand Total       |  |                           | 393.5                     |  |            | 152.2                 | 116.5                  | 68.9                   |                              |                      |



## Chapter 6: Risks to the Economy

This section sets out the risks to the economy, including an assessment of the scale of the risk, the likely outcomes of the risk and potential mitigation strategies.

### 6.1 Risk Matrix

The below table sets out the key risks to the Government's macroeconomic and fiscal forecasts.

| <b>Endogenous Risks:</b> Risks that the government can control.  |                   |               |   |
|--|-------------------|---------------|---|
| <b>Risks</b>   | <b>Likelihood</b> | <b>Impact</b> | <b>Details</b>  |
| <b>Macroeconomic:</b> Lower donor support will impact economic activity (and will potentially increase unemployment).      | <b>MEDIUM</b>     | <b>HIGH</b>   | The donor aid reduction will impact the activities in the economic sector and other sectors as well.  |
| <b>Macroeconomic:</b> Upcoming presidential elections can cause reduction in economic activities.                          | <b>MEDIUM</b>     | <b>HIGH</b>   | Presidential elections are supposed to begin in mid- 2019 which will affect overall economic situation of Afghanistan.  |
| <b>Macroeconomic:</b> Security problems cause reduced economic activity in the provinces.                                  | <b>MEDIUM</b>     | <b>MEDIUM</b> | Peace talks are underway with insurgents however risks remain to the security situation given the worsening casualty rates in recent years, and emerging new threats. |
| <b>Fiscal:</b> Introduction of the new wage policy will impact expenditure.  | <b>HIGH</b>       | <b>LOW</b>    | The introduction and implementation of the new wage policy will put pressure on government expenditures.  |
| <b>Fiscal:</b> Efforts to increase execution rates impact the cash availability, and potentially cause liquidity concerns. | <b>MEDIUM</b>     | <b>MEDIUM</b> | Efforts by the Government to continue regular high-level cash management meetings and monitor cash and expenditure throughout the year will help mitigate this.       |
| <b>Macroeconomic:</b> Continued emigration creates a downward pressure on the Afghani.                                     | <b>MEDIUM</b>     | <b>LOW</b>    | Continued high levels of emigration, for which people typically require US dollars, could create a continued pressure on the currency.                                |
| <b>Fiscal:</b> Exchange rate depreciation increases the cost for Government imports  | <b>MEDIUM</b>     | <b>MEDIUM</b> | The exchange rate has fallen dramatically in the past year, this could result into higher prices locally, putting pressure on Government expenditures.                |

|   |               |               |  |
|---|---------------|---------------|--|
| <b>Macroeconomic:</b> Continued security uncertainty reduces FDI  | <b>MEDIUM</b> | <b>MEDIUM</b> | Continuation of economic and security uncertainty will likely suppress this further, particularly during the presidential elections.   |
| <b>Fiscal:</b> Reduced retail activity causes underperformance in BRT collection as well as reduced overall growth.   | <b>LOW</b>    | <b>MEDIUM</b> | Retail activity is particularly vulnerable to changes in donor presence, and changes in consumer confidence. Falls in confidence could lead to cut backs on consumables.   |
| <b>Macroeconomic:</b> Inflation and reduction in the dollar inflows cause a depreciation in the value of the Afghani. | <b>LOW</b>    | <b>MEDIUM</b> | Afghanistan has the added pressure of difficulties from reducing dollar inflow, and increased demand for foreign currency with emigration.   |
| <b>Fiscal:</b> O&M costs are calculated higher than anticipated.  | <b>LOW</b>    | <b>MEDIUM</b> | The costs of particularly donor-determined projects create pressure for the budget in the medium term. This will be a particular issue once we come to assessing the baseline costs of providing services through rolling assessments of Ministries. |
| <b>Fiscal:</b> Pension payments exceeds pension collections in the medium term.                                       | <b>MEDIUM</b> | <b>LOW</b>    | The cost of the pension scheme will outweigh the collection made on employee contributions. It is likely to outweigh the cost of the employee and employer contributions in the medium term.   |
| <b>Fiscal:</b> Mismatches between revenue collection and expenditure could cause a cash shortfall.                    | <b>MEDIUM</b> | <b>HIGH</b>   | A key difficulty for the Government remains the low available cash; this has led to a fiscal crisis in previous years.   |
| <b>Macroeconomic:</b> Depreciation of the Afghani causes increases in food prices and the CPI                         | <b>LOW</b>    | <b>MEDIUM</b> | The Afghani depreciation will affect government expenditure and increase overall price levels, which could put pressure on household expenditures.   |
| <b>Fiscal:</b> Low imports will decrease revenue collection from import taxes.  | <b>MEDIUM</b> | <b>MEDIUM</b> | Reduced import activity could affect multiple revenue lines.   |

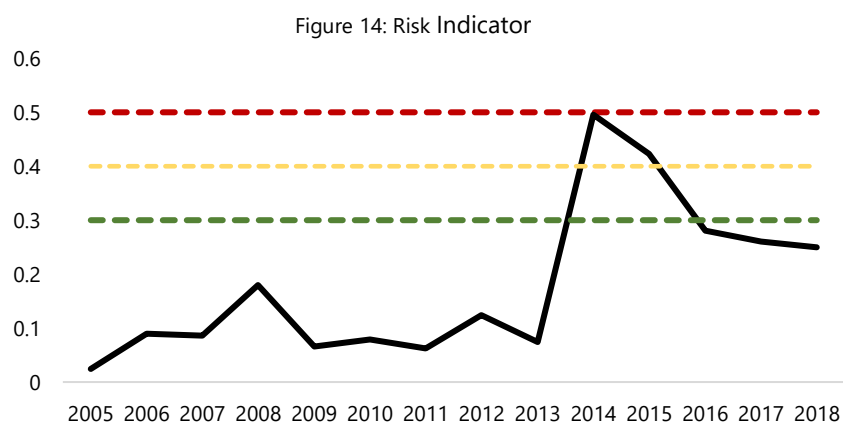


| <b>Exogenous Risks:</b> Risks that are outside government control.                               |                   |               |   |
|--|-------------------|---------------|---|
| <b>Risk</b>  | <b>Likelihood</b> | <b>Impact</b> | <b>Details</b>  |
| <b>Fiscal:</b> Aid reduction   | <b>MEDIUM</b>     | <b>HIGH</b>   | Reduced aid support, either because of disbursements not made, or conditionality not met by the Government could drastically cut back expenditures.                               |
| <b>Macroeconomic:</b> Low rainfall and inadequate irrigation systems reduces agriculture growth. | <b>LOW</b>        | <b>MEDIUM</b> | Bad weather or drought have significant impact on the agriculture production, as large part of cultivation lands in Afghanistan are dependent on the amount of rainfall/snowfall. |

## 6.2 Fiscal Risk Indicator

|                        |     |
|------------------------|-----|
| <b>Indicator Value</b> | 25% |
|------------------------|-----|

Changes in fiscal risk indicator since the past two years are generally driven by an improved revenue and economic growth outlook, and a reduction in the likely structural and primary fiscal balances by the end of the year. The ratio of Debt to GDP remains far below the threshold for risk at around 6.8 percent in 2018. The major risks to the fiscal situation in the indicator are the high fertility rate and non-performing loans; presenting fiscal pressures in the future.



Source: MFPD, Risk Indicator Model

## 6.3 Impact of Risks

### Security Condition

The on-going conflict in Afghanistan affects economic activities in the country. An uncertain security situation will slow economic activities and result in reduced revenue collection and economic growth. The Government as per its agreement with international partners is intended to gradually reduce its reliance on donor aid for security sector and meet the security costs through domestic revenue. This goal will be achieved by 2024 according to the commitment. The achievement of this goal is subject to a range of factors that might put significant pressure on the national budget and the Government's ability to meet demands for recurrent funding and improve efficiency in security sectors.

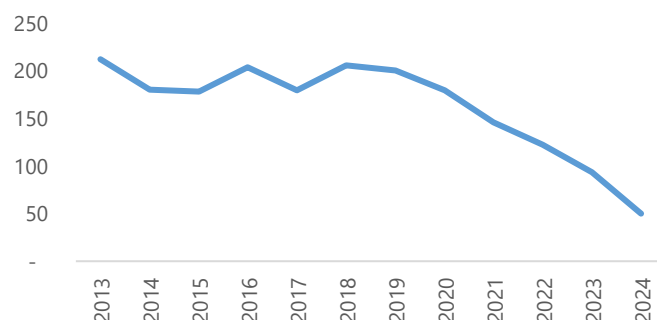
### Presidential Elections 2019

The upcoming presidential elections in mid-year 2019 could have a large impact on economic activities mainly on the revenue collection and market stability that will slow down overall economic growth. The political uncertainty would have a dramatic impact on the collection of resources by the Government resulting in a downfall in the economic growth.

### Aid Slowdown

Foreign aid reduction has a significant impact on the overall economy; in 2018, almost 51 percent of core budget expenditures were funded through donor aid and assistance. As shown in the graph below, the aids have been facing many trends since the past few years and it is expected that the aid will face a downward trend in the upcoming years. This will highly impact the economic activities as the Government is not capable to fully finance its expenditures from domestic revenues, as a result, the economic growth will face a sharp fall. Aid reduction will impact the revenue on a significant level, dramatically slowing collection as a result of how interlinked aid is with the rest of the formal economy.

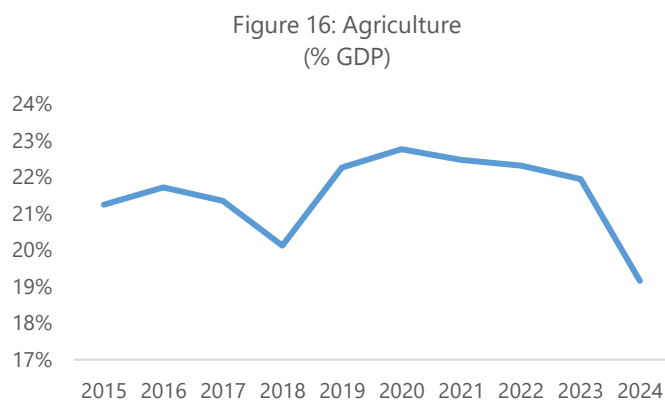
Figure 15: Foreign Aid  
(Afs Billion)



Source: MFM/MFPD Projections

## Agricultural Growth

The agriculture sector is highly reliant on the level of precipitation. A large part of cultivation lands in Afghanistan are dependent on the amount of water supply generated mainly from rainfalls and melted snow. Bad weather or drought have significant impact on the agriculture production. Low precipitation has caused dramatic drops in sector performance in the past (with falls of 15-20% in the sector). On the other side, Afghanistan is also facing inadequate irrigation systems. Lack of irrigated land has been a serious challenge as adequate irrigation is critical to address the mismatch in the timing of water supply (mainly from melted snow) and demand.



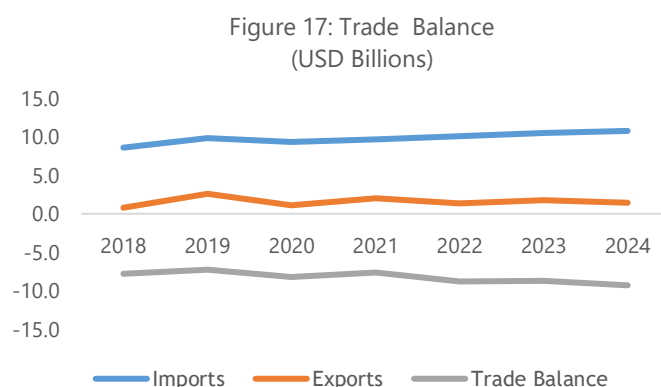
Source: MFM/MFPD Projections

In 2018, the agriculture to GDP ratio fell to 20.1 percent from 21.4 percent in 2017 and it is expected to be above 22 percent in 2019. In 2024, it is expected that the industrial and services will develop and their shares in GDP will increase, as a result, the agriculture to GDP ratio is estimated to fall down to around 19 percent.

The immediate fall in activity in the year in which the drought occurs is followed by a recovery and some medium term slowdown in growth (as a result of reduced capital, and the likely impact a drought year would have on health and labor). Revenue collection from the agriculture sector does not impact as much in the year in which the drought occurs, partially because so little is collected directly from the agriculture sector, however there is a medium term impact as growth all over is reduced.

## Trade Balance

Afghanistan is a highly import dependent country. In 2018, Afghanistan imported USD 7.4 billion and exported only USD 875 million, resulting in a negative trade balance of USD 6.5 billion. At present, Afghanistan imports are 8 times higher than exports. Afghanistan will continue to depend on imports, an increase in imports level will widen up the trade deficit. The



Source: MFM/MFPD Projections

continuous trade deficit will highly impact the economic growth and currency value. The largest constraint for production and trade is insufficient production capacity. The export base is extremely narrow, reflecting the country's limited agricultural production and very small manufacturing base and poor infrastructure.

### **Pensions Scheme**

The pension expenditure has been gradually increasing over time putting pressure on the government overall expenditures. In 2018, Pension payments have reached to 27.3 billion Afghanis and it is anticipated that Afghanistan will face crisis due to the expanding expenditures resulting from pension payments in the upcoming years. The Cabinet have approved to establish a distinct Public Pension Fund to separate the finances of the pension system from the annual budget implementation cycle, i.e. to collect employee and employer contributions, to transfer the current financing needs to the Pension Department for current pension benefit payments, and to manage the reserves of the pension systems. These measures are currently being embedded in the applicable laws and regulations for enactment. Additionally, further reform measures are in place to design investment management practices for the Public Pension Fund, likely with the use of government issued Sukuk instruments that would prevent a fiscal cash flow shock when the government will start paying its full contribution obligation to the Public Pension Fund as an employer.

### **State Owned Enterprises (SOEs)**

Afghanistan has multiple SOEs operating in the areas of energy, mining, manufacturing, tourism, transportation, water, trade, telecommunications, insurance and industry. In addition to the fact that some enterprises do not have enough revenues, they create opportunity costs to the government. A number of state-owned enterprises, due to their low capacity, cannot submit their balance sheets in a timely manner, which makes it impossible to provide the necessary information and comprehensive financial analysis on a timely basis. The continued functioning of these enterprises without their accurate financial statements could bring serious financial risks to the economy.

### **Public Private Partnerships (PPPs)**

Afghan Government implemented Public Private Partnerships (PPPs) on top of the macroeconomic policy with an aim to deliver services and develop infrastructures projects, attract private sector entrepreneurship skills, use public properties and assets efficiently and to exploit capitals existing in the private sector and banks in an effective manner.

PPP projects are normally long term projects which at circumstances may take decades to complete. As one of the two main partners (government and private sector), the government significantly contributes in recognition, preparation, procurement, implementation and oversight of the PPP projects and pledges commitments that will make government take on responsibilities and fiscal risks both in short and long term including direct and likely commitments. Direct commitments are those commitments for which the duration and the required amounts will be included in the PPP contracts like Viability Gap Fund, Letter of Credit, custom exemption and etc. that clearly direct responsibilities towards the government in a specific time. Indirect state commitments include all types of state guarantees related to the project risk deduction involving performance guarantee of ministries, agencies, state enterprises and corporations, security guarantees, project implementing companies loan guarantee (Partial Risk Guarantee), guarantee against unexpected political and non-political incidents and all other types of guarantees and commitments.

## 6.4 Mitigation of Risks

Below given are some of the most pressing risks along with their associated mitigation plans and measures:

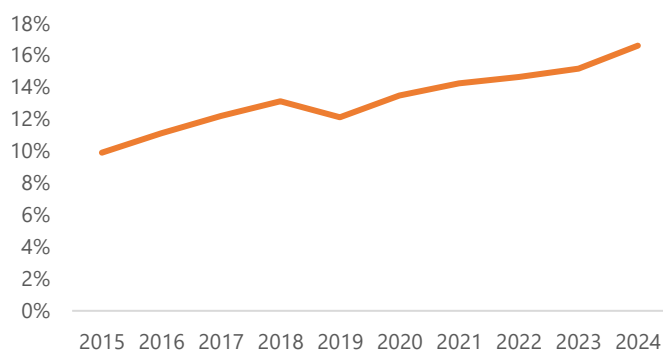
| Risk   | Mitigation Plans   |
|--|--|
| Donor aid reduction  | The Government is putting in place measures to improve revenue collections and increase grant support by getting more discretionary resources from donors or consultation with donors to re-channel some non-discretionary funds to discretionary funds. |
| Fiscal pressure due to increased pension payments                    | The Government is going to establish a distinct Public Pension Fund to separate the finances of the pension system from the annual budget implementation cycle.  |
| Reduced economic activity in some provinces due to security problems | The Afghan Peace Process is in progress between the Government and the Taliban. If both parties reach a political settlement, the security situations may improve significantly.   |
| Continued depreciation of the exchange rate                          | The government can mitigate this risk by controlling large capital outflows and focus on supply side policies to improve performance of the external sector.   |

## 6.5 Indicators

### Revenue Target

Revenue collection has increased over time and it was 13.1 percent of GDP in 2018. This indicator fell in recent years, falling to the lowest recent level in 2014 when collection reached 9.3 percent. The revenue collections have faced a recovery back up to the trend in 2018, and going forward revenue collection is expected to increase to around 15 percent of GDP.

Figure 18: Revenue Collection (% of GDP)

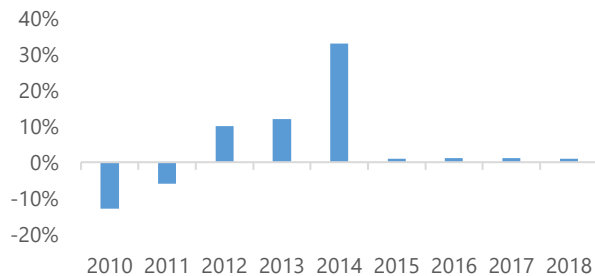


Source: MFM/MFPD Projections

Forecasts have faced many errors in the past periods from 2008, initially under-, then over-forecasting the collection until 2014. However, from 2015 onward, forecasts have improved and returned to accurate performance of the revenue collection. The aim of the Government is to ensure conservative forecasts that may systematically slightly under-estimate revenue, in order to ensure, budgets are prepared in line with realistic resources and do not have to be cut dramatically through the year.

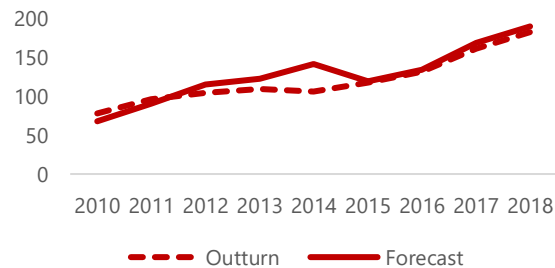
The chart on the right shows the collection against the forecast, again showing an improvement in accuracy of the forecast from fiscal period 2015 and onward.

Figure 19: Error Margin (% Outturn)



Source: MFM

Figure 20: Domestic Revenue Collection (Afs Billions)



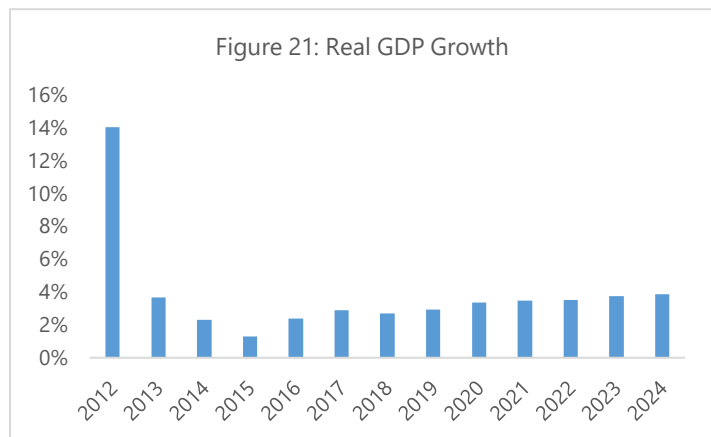
## **Non-Compliance in Revenue**

It is difficult to accurately measure the non-compliance in revenue, given the constraints in getting information of the eligible for tax goods, companies and individuals. Tax evasion is widely practiced in Afghanistan by national and international companies, organizations and individuals. There are many forms of tax evasion such as individuals or businesses underreporting their true income, or failing to report their income at all. Companies and individuals also hide or evade obligatory tax withholding on their rental income and rental payments, business services and staff salaries. There is large-scale underreporting of profits in various sectors such as telecommunications, construction, trading and extractive industries. There is also significant tax evasion in custom duties as some importers/exporters find ways to avoid paying taxes.

## Chapter 7: Government Spending Options to Stimulate Growth

As a result, of post - conflict recovery and aid inflows, Afghanistan's economy grew rapidly between 2002 and 2012. Since 2012, however, the economy has faced major disorders. Since the partial drawdown of international security forces in 2014, Afghanistan has faced slow growth and low investment. The slow-down has reflected the demand-side impacts of reduced aid expenditure associated with the draw-down, political instability following the 2014 elections and now as the next election approaches this year, continued high levels of violent conflict and insecurity and the forced return of refugees from Pakistan and Iran.

While there appears to have been a slight recent uptick in growth and confidence driven by reforms pursued by the current government, the outlook remains difficult and subject to substantial risks. Under a business-as-usual scenario, growth is expected to average just 3.6 percent over the medium term and provide little employment growth. With population growth of around 3 percent per year, there would be negligible improvements in incomes and living standards.



Source: MFPD

The aid flows are expected to moderate from exceptionally high levels in the coming years so the fiscal space will be limited to support new public investments for growth.

The Government of Afghanistan is seeking to develop and implement a growth strategy to achieve economic self-sufficiency in the context of expected declines in international assistance over coming years. The specific goals of the strategy are:

- Sustained 8 percent growth rate by 2024 (6 years)
- Reduction in poverty, including in lagging areas (long term)
- Expansion of exports to USD 2 billion by 2024 (6 years)
- Expansion of revenues to USD 8 billion by 2025 (7 years)
- Increased private investment and mobilization of private capital to support development.
- Substantially improving the trade balance.

The number of challenges may increase when the multiple economic development goals in growth, exports, revenues, and poverty reduction are identified. Increasing revenues through increased taxes, for example, may have negative impacts on overall growth. Some of the most viable growth options, such as mobilizing extractives, may have negligible impacts on poverty



unless combined with other growth drivers. Any growth strategy, therefore, must achieve multiple objectives and manage potential trade-offs between competing objectives.

Afghanistan economy has improved in past three years. The government revenues recovered, the domestic revenue will contribute 47 percent to the 2019 national budget. GDP growth increased from 1.3 percent in 2015 to 2.9 percent in 2017 and is estimated at 2.7 percent in 2018. The growth decreased in 2018 because of the serious drought during the year, which adversely affected agriculture sector.

Recently, population grew faster than income; this caused negative pressure on living standards. The gap between the growth in income and population caused the poverty rate to reach the record level high of almost 55 percent in 2017. Therefore, the economy growth rate has been deficient and much higher rates are required to reduce poverty and improve living standards.

## **7.1 Medium and Longer-term Growth Options**

Growth strategy options and implications are identified by comparing modeled scenarios against a baseline scenario in which 'business as usual' is assumed for policy settings and the distribution of public investment.

### **7.1.1 Baseline Scenario**

The baseline assumes a 3.6 percent average GDP growth rate, increasing from 2.9 percent in 2017 to 3.9 percent by 2024. We assume a scenario with unmanaged migration flows. Under this assumption, population grows at an average annual rate of 3 percent, and labor force at an average annual rate of 2.7 percent. The average net outflow of migrants is close to 200,000. As a result, from migration outflows, remittances per capita increases at an average growth rate of 6.3 percent annually between 2015 and 2030.

We assume that foreign aid decreases in terms of GDP. However, on-budget aid increases as percentage of GDP while off-budget aid decreases.

For the baseline, we assume that the Afghan government relies more on foreign borrowing, reaching 0.7 percent of GDP in 2030. We also assume that the government starts to borrow from domestic agents in year 2024, and that domestic borrowing reaches 2.3 percent of GDP in 2030.

## Simulation Scenarios

The baseline provides the default for subsequent simulations. These are summarized below:

| Scenario                  | Description                         | Variables  |
|---------------------------|-------------------------------------|--|
| Mining Sector             | Development of mining projects      | Mining factor growth; productivity growth in the mining sector; increase in FDI flows        |
| Agriculture Sector        | Expansion of the agriculture sector | Agriculture land expansion; productivity growth in the agriculture sector                    |
| Human Capital Development | Human Policies                      | Increase in civilian public expenditures; reduction of mortality rates; improve in education |
| Regional Integration      | Transit and Trade                   | Rapid implementation of major regional integration projects i.e. TAPI. CASA-1000             |

### 7.1.2 Mining Sector Expansion Scenario

In terms of natural resources, underutilized workforce, and a strategic location, Afghanistan has the potential to achieve a much higher growth rate and move toward self-reliance in medium term.

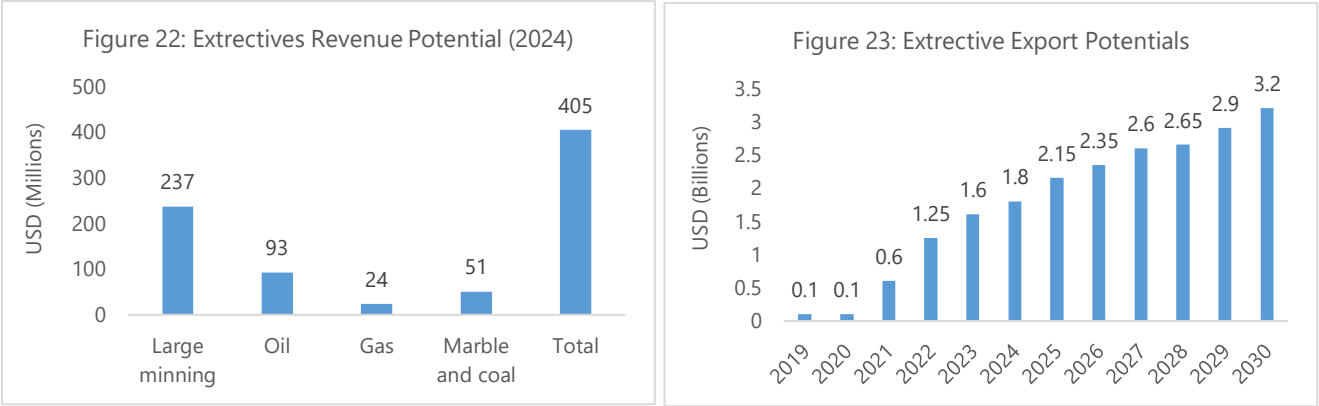
Extractives sector is the only sector that has the capability to substitute international aids as a source of revenue and exports. The estimated total value of mineral deposits in the country ranges between one to three trillion US Dollars. This scenario is a private investment-led scenario. It simulates mining development proceeds with required public investments and forceful efforts to attract private investment (FDI). This scenario is built from the assumptions and reforms including:

- Development of Amu Darya Basin.
- Additional hydrocarbon development (Afghan-Tajik oil basin).
- Additional mining investments (copper, iron ore, medium-scale coal, marble, chromite, gold, lithium and others).
- Associated increases in FDI and government revenues.

In addition, to ensure that potential revenues are captured and adequately managed, and that environment and social risks are managed, an appropriate regulatory and legal framework will be established, and capacity built within the Ministry of Mines and Petroleum.

Extractives full implementation could lead growth to 5 percent; the total estimated revenue from the mining sector is about USD 400 million by 2024. The revenue generation depends on the rapid

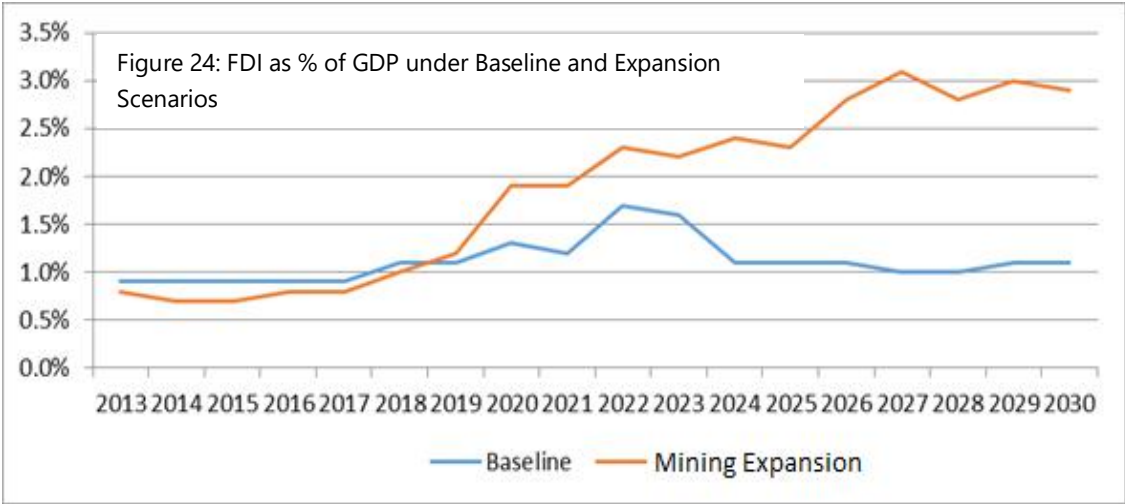
implementation of planned and prospective major projects, marble sector development, and informal semi-precious stone mining taxation. The volume of exports expected from the mining sector is around USD 1.8 billion by 2024. Mining sector is capital intensive; the planned projects will create 100,000 jobs. In order to create more jobs in the sector, the extractive development should be combined with a broader growth strategy.



Source: Afghanistan Growth Agenda

This scenario is achieved through an exogenous increase in the mining sector capital, financed through FDI investment. Specifically, it assumes an increase of FDI investment by more than 2 percent of GDP above the baseline between 2022 and 2030.

FDI as percentage of GDP under Baseline and Mining expansion scenarios:



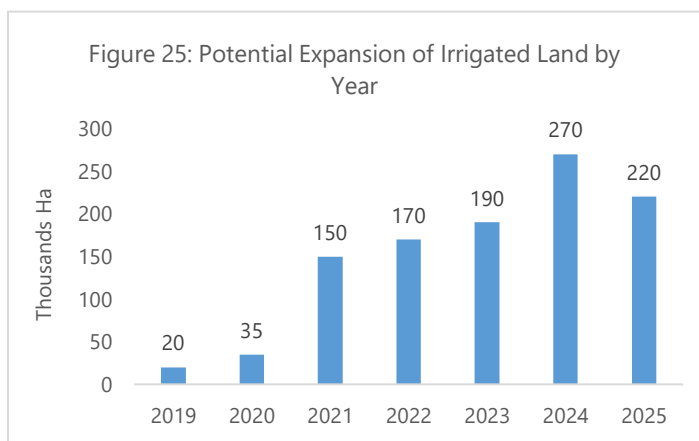
### 7.1.3 Agriculture Productivity and Production Scenario

The Afghan economy is centered on agriculture sector, and it is considered as the pillar of development and national security in Afghanistan. Agriculture has traditionally dominated Afghanistan's economy and contributed for a large part to its growth. Despite a decline in its share of Afghanistan's overall economy, the sector still employs 44 percent of the total work force, and more than half of Afghans living in rural areas contribute to agriculture. With the right mix of policies and investments, the agriculture sector can drive down poverty and boost sustained growth in Afghanistan through jobs, better productivity, and inclusiveness.

Given the numerous challenges faced by the sector in the Afghan economy's context, however, agriculture has not yet been able to realize its full potential. Revitalizing agriculture and creating agriculture jobs is thus a priority for the government of Afghanistan, as the sector can play an important role in reducing poverty and sustaining inclusive growth in the country.

The limited market participation and the high number of unpaid family workers primarily drive the low share of agricultural income, despite high agricultural employment in the agriculture and livestock sectors.

The agriculture sector has the potential to produce an additional 1 million tons of wheat. To achieve this milestone, the land under cultivation should be reached by 2030 to 3.5 million ha (an average increase of 150,000 ha per year). The formation of agri-business parks will increase the agro-processing value added by around USD 330 million. The agro-processing will result 1.7 percent higher growth in total export volume by 2024, and improvements in export procedures and certification may lead to a 5 percent rise in the exports of agricultural products. Grain and horticulture, including grapes, almonds, pomegranates and pine nuts, will drive agricultural growth. The number of learning centers for farmers will rise to 400. By 2024, we will have 2.5 percent faster growth in employment and could drive economic growth to 7.5 percent if agriculture potential is fully implemented.



Source: Afghanistan Growth Agenda

## Cost and Benefits of the Scenario

The World Bank did the cost and benefit analysis of such a scenario. To deal with access to land and fragmented value chains, the principle cost driver is the investment needed to establish Agri-Food parks. According to World Bank study, the cost of rehabilitating irrigated land is calculated as \$450 per hectare. Establishing export certification laboratories in Agri-Food Parks is expected to cost \$1.5 million per laboratory, distributed over 4 (Herat, Boost, Hesar Shahi, Maidan Wardak) Agri-Food parks. The costs of improving the availability of high quality inputs consists of the fiscal impact of reducing import tariffs on inputs and machinery, which is assumed to reduce customs revenue by 1 percent over a current base of \$959 million dollars per year, and establishing input inspection facilities at Afghanistan's major airports at a cost of \$1 million each. The main cost of improving production practices following the National Agricultural Extension Policy is the establishment of 400 Farmer Learning and Resource centers, which is assumed to cost \$75,000 each. The Agri-Food Parks are expected to attract investment of \$1.6 million per hectare, or \$318 million in total after the completion of all four parks with a total area of 202 hectares. Assuming a conservative rate of return of 3 percent on this investment leads to the estimated value-added figure, which is equivalent to a 25 percent increase in agricultural value added based on 2017 figures. The impact of rehabilitating irrigated land was calculated as the difference in wheat yields between irrigated (2.82 MT/hectare) and rain fed (0.83 MT/hectare) areas, multiplied with the rehabilitated area.

### 7.1.4 Human Capital Development Scenario

The development of human capital ranges from spending on school education and literacy programs to vocational trainings and better provision of health services. According to *Joseph Stiglitz*, too much of the poverty at the bottom of the income spectrum is due to economic discrimination and the failure to provide adequate education and health care facilities to them.

The Human Capital Development Scenario pretends an increase of public expenditure on human capital (non-security) to 50 percent of the recurrent budget. The scenario assumes an improved literacy and health outcomes and a slowdown of population growth because of reduced fertility rate. As a result, it imposes a change in the composition of employment by skill levels.

Human Capital Development Scenario

|                        | Baseline | HCAP  |
|------------------------|----------|-------|
| Populación Growth (%)  | 3%       | 2%    |
| Labor Force Growth (%) | 2.7%     | 2.4%  |
| Literacy Rate (%)      | 43.4%    | 52.2% |

Investments in human capital through improving access to and quality of services such as health and education will open new opportunities for participation and ensure all Afghans can contribute to and benefit from growth.

Even though it is somehow difficult to quantify its contribution to growth, but empirical results suggest that private returns are very high. Investment in adult literacy could significantly improve productivity in agriculture. While investing in Education, the Government needs to consider the areas of high performance and weak performance in Afghanistan (e.g. pre-school enrolment is high, but number of teacher training support programs is low). Thus, there is no point in investing in building new pre-schools, it would be much better to support teacher training etc. to improve the quality.

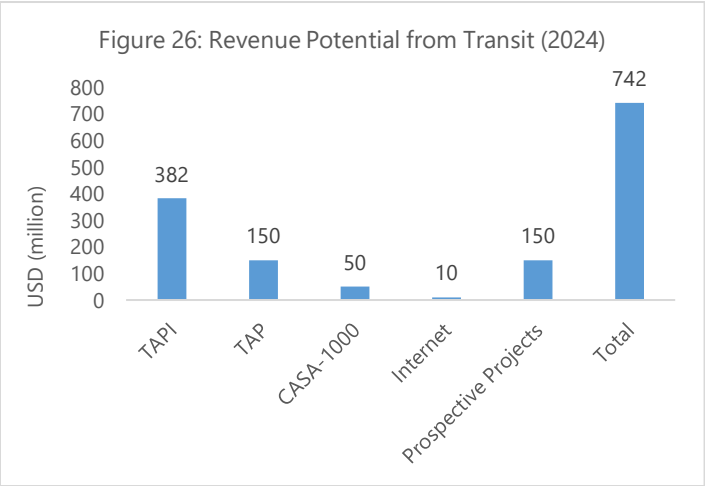
7.1.5 Regional Integration Scenario

Regional integration will boost transit and trade. Rapid implementation of major regional integration projects could support substantial revenue improvements while boosting growth and exports.

The planned projects i.e. TAPI, TAP, CASA-1000 and other transport infrastructure projects can achieve the potential in regional integration scenario. In order to increase the impacts of the projects, improvements in logistics and regulatory constraints at border points should be minimized. The afghan economy will witness new opportunities through expansion of internet connectivity, including regional fiber-optic cable connections.

Around US\$740 million revenue is expected by 2024, based on best-case estimates from planned and prospective projects. In addition, substantial short-term employment associated with major construction works, and improvements in connective infrastructure, documentary and procedural requirements, and harmonization of transportation standards will boost exports by around 10 percent.

Due to increased exports and wider productivity improvements associated with better transportation and energy access, the regional integration projects will rise the growth rate to around 7 percent by 2024.



Source: Afghanistan Growth Agenda

### 7.1.6 Summary and Findings

- Firstly, results indicate the need for significant reforms and structural transformation for Afghanistan to achieve its economic development goals. Under a baseline scenario, income per capita remains stagnant, and there is little progress with poverty reduction. Under a scenario where all potential growth sectors are mobilized, per capita income could increase substantially, and income could reach the current lower-middle income country threshold by 2030.
- Secondly, the high growth strategy could be affordable if all public resources are allocated in accordance with the growth plan. However, required investment is only affordable if there is an increase in growth resulting from implementation of the growth strategy. Further, there are sequencing issues that will need to be addressed, with required investments exceeding available resources over the short-term.
- Thirdly, Afghanistan could make progress towards key Growth Agenda goals with the right set of policy reforms and investments. In addition to peace and significant improvements in the security situation, it requires funding for all projects to achieve the goals of the growth strategy.

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# Appendices

## Appendix 1 (Values in Million Afs)

| Forward Estimate - Details                    |                                 | Historic | Current Budget | Proposed Budget | Outer Years |          |           |
|---|---------------------------------|----------|----------------|-----------------|-------------|----------|-----------|
|   |                                 | 1397     | 1398           | 1399            | 1400        | 1401     | 1402      |
| Office of the Chief of staff to the president | 21                              | 2,359.22 | 3,270.20       | 3,233.03        | 3,350.93    | 3,477.46 | 3,610.06  |
|   | 22                              | 560.22   | 887.54         | 914.17          | 941.59      | 969.84   | 998.93    |
|   | 23                              | -        | -              | -               | -           | -        | -         |
|   | 24                              | -        | -              | -               | -           | -        | -         |
|   | 25                              | 31.86    | 68.55          | 68.55           | 68.55       | 68.55    | 68.55     |
|   | Discretionary non-Discretionary | -        | -              | -               | -           | -        | -         |
| Meshrano Jirga                                | 21                              | 413.46   | 428.47         | 423.60          | 439.05      | 455.62   | 473.00    |
|   | 22                              | 87.09    | 109.08         | 112.35          | 115.72      | 119.19   | 122.77    |
|   | 23                              | -        | -              | -               | -           | -        | -         |
|   | 24                              | -        | -              | -               | -           | -        | -         |
|   | 25                              | -        | 6.20           | 6.20            | 6.20        | 6.20     | 6.20      |
|   | Discretionary non-Discretionary | 6.82     | 15.00          | 10.00           | 10.00       | 10.00    | 10.00     |
| Wolesi Jirga                                  | 21                              | 1,339.83 | 1,401.45       | 1,385.52        | 1,436.05    | 1,490.27 | 1,547.09  |
|   | 22                              | 283.89   | 262.85         | 270.73          | 278.85      | 287.22   | 295.84    |
|   | 23                              | -        | -              | -               | -           | -        | -         |
|   | 24                              | -        | -              | -               | -           | -        | -         |
|   | 25                              | 18.28    | 13.01          | 13.01           | 13.01       | 13.01    | 13.01     |
|   | Discretionary non-Discretionary | 22.00    | 21.75          | 23.81           | 21.90       | 20.15    | 18.00     |
| Administrative Office of the President        | 21                              | 2,100.89 | 2,659.91       | 2,629.68        | 2,725.58    | 2,828.49 | 2,936.34  |
|   | 22                              | 1,170.80 | 868.77         | 894.83          | 921.68      | 949.33   | 977.81    |
|   | 23                              | -        | -              | -               | -           | -        | -         |
|   | 24                              | 278.08   | 3,000.00       | -               | -           | -        | -         |
|   | 25                              | 54.32    | 30.99          | 30.99           | 30.99       | 30.99    | 30.99     |
|   | Discretionary non-Discretionary | 2,619.26 | 3,989.75       | 4,355.77        | 4,878.46    | 5,463.88 | 6,119.54  |
| Supreme Court                                 | 21                              | 275.07   | 220.02         | 180.00          | 160.00      | 155.00   | 150.00    |
|   | 22                              | 3,432.28 | 3,502.41       | 3,462.60        | 3,588.88    | 3,724.39 | 3,866.40  |
|   | 23                              | 228.28   | 219.99         | 226.59          | 233.38      | 240.39   | 247.60    |
|   | 24                              | -        | -              | -               | -           | -        | -         |
|   | 25                              | -        | -              | -               | -           | -        | -         |
|   | Discretionary non-Discretionary | 10.03    | 9.30           | 9.30            | 9.30        | 9.30     | 9.30      |
| Presidential Protective Service               | 21                              | 40.73    | 36.78          | 12.00           | 10.00       | 10.00    | 10.00     |
|   | 22                              | 56.64    | -              | -               | -           | -        | -         |
|   | 23                              | 1,522.10 | 1,718.18       | 1,698.65        | 1,760.60    | 1,827.07 | 1,896.74  |
|   | 24                              | 183.61   | 295.50         | 304.37          | 313.50      | 322.90   | 332.59    |
|   | 25                              | -        | -              | -               | -           | -        | -         |
|   | Discretionary non-Discretionary | 93.06    | 98.50          | 98.50           | 98.50       | 98.50    | 98.50     |
| Radio and television of Afghanistan           | 21                              | 103.25   | 269.40         | 263.00          | 263.00      | 188.00   | 150.00    |
|   | 22                              | -        | -              | -               | -           | -        | -         |
|   | 23                              | 311.34   | 300.99         | 297.57          | 308.42      | 320.07   | 332.27    |
|   | 24                              | 218.59   | 149.41         | 153.89          | 158.51      | 163.26   | 168.16    |
|   | 25                              | -        | -              | -               | -           | -        | -         |
|   | Discretionary non-Discretionary | 3.70     | 3.47           | 3.47            | 3.47        | 3.47     | 3.47      |
| National Security Council                     | 21                              | 97.49    | 95.74          | 90.00           | 90.00       | 90.00    | 90.00     |
|   | 22                              | 11.61    | -              | -               | -           | -        | -         |
|   | 23                              | 821.70   | 671.13         | 663.50          | 687.70      | 713.66   | 740.88    |
|   | 24                              | 283.06   | 216.96         | 223.47          | 230.18      | 237.08   | 244.20    |
|   | 25                              | -        | -              | -               | -           | -        | -         |
|   | Discretionary non-Discretionary | 17.70    | -              | -               | -           | -        | -         |
| Ministry of Finance                           | 21                              | -        | 6.82           | 4.31            | 4.31        | 4.31     | 4.31      |
|   | 22                              | -        | -              | -               | -           | -        | -         |
|   | 23                              | 1,752.52 | 1,601.83       | 1,583.63        | 1,641.38    | 1,703.36 | 1,768.30  |
|   | 24                              | 5,597.62 | 814.89         | 839.33          | 864.51      | 890.45   | 917.16    |
|   | 25                              | 2,002.48 | -              | -               | -           | -        | -         |
|   | Discretionary non-Discretionary | 360.80   | -              | 5,792.13        | 7,606.57    | 9,989.40 | 13,118.68 |
| Ministry of State & Paliamentary Affiars      | 21                              | 9.06     | 83.76          | 83.76           | 83.76       | 83.76    | 83.76     |
|   | 22                              | 1,999.39 | 1,928.15       | 2,159.53        | 2,483.46    | 2,731.81 | 2,923.03  |
|   | 23                              | 2,050.18 | 623.12         | 600.00          | 580.00      | 520.00   | 480.00    |
|   | 24                              | -        | -              | -               | -           | -        | -         |
|   | 25                              | 132.81   | 124.63         | 123.21          | 127.70      | 132.53   | 137.58    |
|   | Discretionary non-Discretionary | 37.32    | 37.81          | 38.95           | 40.12       | 41.32    | 42.56     |

|   |                   |           |           |           |           |           |           |
|---|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Ministry of Defence   | 21                | 58,244.02 | 62,996.12 | 62,280.07 | 64,551.34 | 66,988.73 | 69,542.99 |
|   | 22                | 4,501.21  | 12,810.77 | 11,955.07 | 12,014.85 | 12,074.92 | 12,135.29 |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | 16.25     | -         | -         | -         | -         | -         |
|   | 25                | 1,203.18  | 2,966.59  | 3,144.17  | 3,144.17  | 3,144.17  | 3,144.17  |
|   | Discretionary     | 36.84     | 76.87     | 549.10    | 323.15    | 215.44    | 260.00    |
|   | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Ministry of Foreign Affairs                                       | 21                | 3,273.36  | 3,633.32  | 3,592.02  | 3,723.02  | 3,863.60  | 4,010.92  |
|   | 22                | 2,144.80  | 2,300.00  | 2,369.00  | 2,440.07  | 2,513.27  | 2,588.67  |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 141.99    | 39.01     | 39.01     | 39.01     | 39.01     | 39.01     |
|   | Discretionary     | 1,117.65  | 840.00    | 412.08    | 570.00    | 620.00    | 700.00    |
|   | non-Discretionary | 74.98     | 33.50     | 32.00     | 30.00     | 28.00     | 28.00     |
| Ministry of Haj & Religious Affairs                               | 21                | 897.05    | 1,091.13  | 1,078.73  | 1,118.07  | 1,160.28  | 1,204.52  |
|   | 22                | 420.94    | 251.18    | 258.71    | 266.47    | 274.47    | 282.70    |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 4.01      | 7.44      | 7.44      | 7.44      | 7.44      | 7.44      |
|   | Discretionary     | 355.67    | 356.30    | 25.00     | 25.00     | 20.00     | 20.00     |
|   | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Ministry of Commerce and Industry                                 | 21                | 287.91    | 309.85    | 306.33    | 317.50    | 329.49    | 342.05    |
|   | 22                | 203.39    | 183.53    | 189.04    | 194.71    | 200.55    | 206.57    |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 1.36      | 12.39     | 12.39     | 12.39     | 12.39     | 12.39     |
|   | Discretionary     | 254.43    | 211.07    | 140.05    | 119.65    | 124.65    | 166.59    |
|   | non-Discretionary | -         | -         | 60.00     | 20.00     | 20.00     | -         |
| Ministry of Interior Affairs                                      | 21                | 40,307.20 | 42,875.52 | 42,388.17 | 43,934.02 | 45,592.91 | 47,331.36 |
|   | 22                | 4,736.25  | 9,511.72  | 8,459.74  | 8,713.53  | 8,974.94  | 9,244.19  |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | 1,398.00  | 365.00    | 365.00    | 365.00    | 365.00    | 365.00    |
|   | 25                | 987.19    | 1,348.31  | 1,348.31  | 1,348.31  | 1,348.31  | 1,348.31  |
|   | Discretionary     | 1,493.53  | 783.52    | 877.55    | 982.85    | 1,100.79  | 1,232.89  |
|   | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Ministry of Education   | 21                | 32,269.71 | 31,964.93 | 31,601.60 | 32,754.07 | 33,990.82 | 35,286.89 |
|   | 22                | 2,633.78  | 2,500.86  | 2,575.88  | 2,653.16  | 2,732.75  | 2,814.73  |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 37.57     | 39.95     | 39.95     | 39.95     | 39.95     | 39.95     |
|   | Discretionary     | 1,813.41  | 1,473.36  | 1,230.08  | 1,956.57  | 2,331.99  | 2,632.58  |
|   | non-Discretionary | 1,564.85  | 1,723.98  | 14,357.65 | 11,491.04 | 9,491.04  | 8,119.04  |
| Ministry of Higher Education                                      | 21                | 3,661.24  | 3,829.36  | 3,785.84  | 3,923.90  | 4,072.06  | 4,227.33  |
|   | 22                | 1,710.56  | 1,580.58  | 1,627.99  | 1,676.83  | 1,727.14  | 1,778.95  |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 3.19      | 15.13     | 15.13     | 15.13     | 15.13     | 15.13     |
|   | Discretionary     | 821.58    | 1,462.00  | 1,506.26  | 1,724.94  | 1,983.68  | 2,281.23  |
|   | non-Discretionary | 1,072.05  | 876.00    | 558.58    | 474.79    | 403.58    | 343.04    |
| Ministry of Refugee & Returns                                     | 21                | 221.38    | 242.98    | 240.21    | 248.98    | 258.38    | 268.23    |
|   | 22                | 76.25     | 107.74    | 110.97    | 114.30    | 117.73    | 121.26    |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 8.53      | 9.30      | 9.30      | 9.30      | 9.30      | 9.30      |
|   | Discretionary     | 247.79    | 80.00     | 977.41    | 1,249.05  | 1,249.05  | 1,067.55  |
|   | non-Discretionary | 16.14     | 17.34     | 15.00     | 15.00     | 15.00     | 15.00     |
| Afghanistan Central Civil Registration Authority                  | 21                | -         | 292.94    | 289.61    | 300.17    | 311.51    | 323.38    |
|   | 22                | -         | 251.27    | 258.81    | 266.58    | 274.57    | 282.81    |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | -         | 25.61     | 25.61     | 25.61     | 25.61     | 25.61     |
|   | Discretionary     | -         | 200.00    | 200.00    | 200.00    | 200.00    | 200.00    |
|   | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Ministry of Mines and petroleum                                   | 21                | 369.69    | 389.08    | 384.65    | 398.68    | 413.73    | 429.51    |
|   | 22                | 166.16    | 152.68    | 157.26    | 161.97    | 166.83    | 171.84    |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | -         | -         | -         | -         | -         |
|   | 25                | 2.64      | 2.95      | 2.95      | 2.95      | 2.95      | 2.95      |
|   | Discretionary     | 692.75    | 87.66     | 17.00     | 24.50     | 30.00     | -         |
|   | non-Discretionary | 693.47    | 74.40     | 387.75    | 587.75    | 697.75    | 531.38    |
| Office for the Protection of Disabled Persons and Martyrs' Heroes | 21                | -         | 94.56     | 93.49     | 96.89     | 100.55    | 104.39    |
|   | 22                | -         | 27.18     | 28.00     | 28.84     | 29.70     | 30.59     |
|   | 23                | -         | -         | -         | -         | -         | -         |
|   | 24                | -         | 7,000.00  | 15,000.00 | 16,500.00 | 18,150.00 | 19,965.00 |
|   | 25                | -         | 1.97      | 1.97      | 1.97      | 1.97      | 1.97      |
|   | Discretionary     | -         | 40.00     | 40.00     | 40.00     | 40.00     | 40.00     |
|   | non-Discretionary | -         | -         | -         | -         | -         | -         |

|  |                   |           |           |          |          |          |           |
|--|-------------------|-----------|-----------|----------|----------|----------|-----------|
| Ministry of Communication and Information Technology | 21                | 393.10    | 413.70    | 409.00   | 423.91   | 439.92   | 456.69    |
|  | 22                | 201.37    | 187.15    | 192.76   | 198.55   | 204.50   | 210.64    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 10.62     | 13.16     | 13.16    | 13.16    | 13.16    | 13.16     |
| Ministry of Economy                                  | Discretionary     | 1,099.98  | 1,709.98  | 1,882.78 | 1,411.00 | 1,576.00 | 1,630.00  |
|  | non-Discretionary | 62.56     | 1,973.61  | 1,975.00 | 1,275.00 | 1,120.00 | 1,060.00  |
|  | 21                | 172.55    | 193.55    | 191.35   | 198.33   | 205.82   | 213.66    |
|  | 22                | 73.22     | 109.10    | 112.38   | 115.75   | 119.22   | 122.80    |
|  | 23                | -         | -         | -        | -        | -        | -         |
| Ministry of Information and culture                  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 8.00      | 5.91      | 5.91     | 5.91     | 5.91     | 5.91      |
|  | Discretionary     | 245.93    | 201.20    | 50.00    | 34.50    | 35.00    | 35.00     |
|  | non-Discretionary | 104.30    | 98.35     | 60.00    | 30.00    | 20.00    | 20.00     |
|  | 21                | 417.49    | 428.82    | 423.95   | 439.41   | 456.00   | 473.39    |
| Ministry of Public Health                            | 22                | 206.42    | 153.10    | 157.69   | 162.42   | 167.29   | 172.31    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 5.14      | 6.82      | 6.82     | 6.82     | 6.82     | 6.82      |
|  | Discretionary     | 92.60     | 203.86    | 56.50    | 64.98    | 74.72    | 85.93     |
| Ministry of women affairs                            | non-Discretionary | 119.78    | 111.59    | 35.00    | 32.00    | 30.00    | 30.00     |
|  | 21                | 2,479.58  | 2,794.80  | 2,763.03 | 2,863.80 | 2,971.93 | 3,085.25  |
|  | 22                | 1,769.32  | 1,198.60  | 1,234.56 | 1,271.60 | 1,309.74 | 1,349.04  |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
| Ministry of Agriculture, Irrigation & Livestock      | 25                | 35.55     | 13.01     | 13.01    | 13.01    | 13.01    | 13.01     |
|  | Discretionary     | 5,988.96  | 5,120.95  | 3,130.07 | 2,863.49 | 2,628.69 | 2,556.19  |
|  | non-Discretionary | 11,130.15 | 7,752.93  | 5,146.94 | 430.00   | 3,520.00 | 2,950.00  |
|  | 21                | 148.16    | 160.99    | 159.16   | 164.97   | 171.20   | 177.72    |
|  | 22                | 51.05     | 54.41     | 56.05    | 57.73    | 59.46    | 61.24     |
| Technical and professional training department       | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 15.99     | 12.39     | 12.39    | 12.39    | 12.39    | 12.39     |
|  | Discretionary     | 59.54     | 42.00     | 50.00    | 56.00    | 62.00    | 70.00     |
|  | non-Discretionary | 5.69      | 8.80      | 8.00     | 8.00     | 8.00     | 8.00      |
| Ministry of Energy and Water                         | 21                | 1,087.58  | 1,150.16  | 1,137.08 | 1,178.55 | 1,223.05 | 1,269.69  |
|  | 22                | 490.34    | 216.73    | 223.23   | 229.93   | 236.83   | 243.93    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 10.02     | 6.20      | 6.20     | 6.20     | 6.20     | 6.20      |
| Ministry of Public Works                             | Discretionary     | 3,155.77  | 2,223.61  | 2,490.44 | 2,989.30 | 4,373.00 | 4,833.00  |
|  | non-Discretionary | 6,353.61  | 5,915.50  | 2,430.96 | 453.94   | 320.00   | 252.00    |
|  | 21                | -         | 1,386.12  | 1,370.37 | 1,420.34 | 1,473.97 | 1,530.18  |
|  | 22                | -         | 394.00    | 405.82   | 417.99   | 430.53   | 443.45    |
|  | 23                | -         | -         | -        | -        | -        | -         |
| Civil Aviation Authority                             | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | -         | 5.91      | 5.91     | 5.91     | 5.91     | 5.91      |
|  | Discretionary     | -         | 250.00    | 280.00   | 313.60   | 351.23   | 393.38    |
|  | non-Discretionary | -         | 88.80     | 75.00    | 68.00    | 62.00    | 58.00     |
|  | 21                | 480.67    | 492.50    | 486.90   | 504.66   | 523.71   | 543.68    |
| Ministry of Rural Rehabilitation and Development     | 22                | 451.91    | 197.00    | 202.91   | 209.00   | 215.27   | 221.73    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 86.77     | 6.56      | 6.56     | 6.56     | 6.56     | 6.56      |
|  | Discretionary     | 3,221.96  | 4,452.57  | 4,745.97 | 4,914.36 | 5,125.34 | 5,270.00  |
| Ministry of Transportation                           | non-Discretionary | 2,140.40  | 2,100.00  | 1,700.00 | 1,300.00 | 1,280.00 | 1,150.00  |
|  | 21                | 449.19    | 463.94    | 458.66   | 475.39   | 493.34   | 512.15    |
|  | 22                | 1,361.39  | 351.65    | 362.19   | 373.06   | 384.25   | 395.78    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
| Ministry of Transport                                | 25                | 242.43    | 8.87      | 8.87     | 8.87     | 8.87     | 8.87      |
|  | Discretionary     | 7,186.16  | 7,451.98  | 7,872.50 | 8,404.86 | 9,413.44 | 10,543.05 |
|  | non-Discretionary | 11,279.53 | 5,050.00  | 6,957.34 | 5,796.21 | 4,535.00 | 3,235.00  |
|  | 21                | 325.79    | 346.95    | 343.01   | 355.52   | 368.94   | 383.01    |
|  | 22                | 330.39    | 156.79    | 161.49   | 166.33   | 171.32   | 176.46    |
| Civil Aviation Authority                             | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 10.05     | 13.01     | 13.01    | 13.01    | 13.01    | 13.01     |
|  | Discretionary     | 6,595.40  | 5,529.84  | 8,665.26 | 4,613.20 | 2,250.00 | 2,250.00  |
|  | non-Discretionary | 11,350.99 | 14,076.31 | 977.65   | 920.00   | 890.00   | 870.00    |
| Ministry of Transportation                           | 21                | 226.76    | 216.70    | 214.24   | 222.05   | 230.43   | 239.22    |
|  | 22                | 98.15     | 142.83    | 147.11   | 151.52   | 156.07   | 160.75    |
|  | 23                | -         | -         | -        | -        | -        | -         |
|  | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | -         | -         | -        | -        | -        | -         |
| Ministry of Transportation                           | Discretionary     | 2,541.58  | 3,878.66  | 4,273.04 | 6,284.12 | 7,739.24 | 9,190.24  |
|  | non-Discretionary | 934.67    | 100.00    | 275.00   | 637.50   | 520.00   | 500.00    |
|  | 21                | 170.35    | 204.44    | 202.11   | 209.48   | 217.39   | 225.68    |
|  | 22                | 57.79     | 83.73     | 86.24    | 88.82    | 91.49    | 94.23     |
|  | 23                | -         | -         | -        | -        | -        | -         |
| Ministry of Transportation                           | 24                | -         | -         | -        | -        | -        | -         |
|  | 25                | 24.31     | 6.20      | 6.20     | 6.20     | 6.20     | 6.20      |
|  | Discretionary     | 77.36     | 85.00     | 95.00    | 105.00   | 122.00   | 158.00    |
|  | non-Discretionary | -         | -         | -        | -        | -        | -         |

|  |                   |           |          |          |          |           |           |
|--|-------------------|-----------|----------|----------|----------|-----------|-----------|
| Ministry of Frontiers and Tribal Affairs                 | 21                | 204.00    | 231.22   | 228.59   | 236.93   | 245.87    | 255.25    |
|  | 22                | 262.90    | 280.53   | 288.94   | 297.61   | 306.54    | 315.74    |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 11.39     | 7.44     | 7.44     | 7.44     | 7.44      | 7.44      |
|  | Discretionary     | 53.59     | 63.43    | 60.00    | 66.00    | 72.00     | 80.00     |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |
| Ministry of Labor Social Affairs<br>Martyrs and Disabled | 21                | 902.62    | 868.08   | 858.22   | 889.51   | 923.10    | 958.30    |
|  | 22                | 368.66    | 419.20   | 431.77   | 444.73   | 458.07    | 471.81    |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | 27,075.21 | 7,000.00 | -        | -        | -         | -         |
|  | 25                | 15.79     | 14.14    | 14.14    | 14.14    | 14.14     | 14.14     |
|  | Discretionary     | 572.10    | 370.00   | 605.00   | 603.00   | 608.00    | 618.00    |
|  | non-Discretionary | 187.49    | 140.00   | 776.52   | 1,180.48 | 1,108.35  | 934.79    |
| Ministry of counter narcotics                            | 21                | 147.62    | 145.14   | 143.49   | 148.72   | 154.34    | 160.22    |
|  | 22                | 60.24     | 85.77    | 88.34    | 90.99    | 93.72     | 96.54     |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 4.89      | -        | -        | -        | -         | -         |
|  | Discretionary     | 196.73    | 72.00    | 50.00    | 52.00    | 58.24     | 65.23     |
|  | non-Discretionary | 268.09    | 70.00    | 40.00    | 35.00    | 20.00     | 20.00     |
| Ministry of Urban development<br>and Housing             | 21                | 241.91    | 656.91   | 649.44   | 673.12   | 698.54    | 725.18    |
|  | 22                | 104.01    | 253.02   | 260.61   | 268.43   | 276.48    | 284.78    |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 27.68     | 30.82    | 30.82    | 30.82    | 30.82     | 30.82     |
|  | Discretionary     | 4,091.63  | 5,371.26 | 7,798.02 | 9,227.24 | 13,924.29 | 12,519.18 |
|  | non-Discretionary | 116.09    | 233.19   | 328.91   | 358.51   | 390.78    | 125.95    |
| Ministrt of Justice                                      | 21                | 548.86    | 592.97   | 586.23   | 607.61   | 630.55    | 654.59    |
|  | 22                | 162.43    | 237.17   | 244.29   | 251.61   | 259.16    | 266.94    |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 0.29      | 9.86     | 9.86     | 9.86     | 9.86      | 9.86      |
|  | Discretionary     | 144.93    | 185.56   | 90.00    | 90.00    | 90.00     | 90.00     |
|  | non-Discretionary | 64.53     | -        | -        | -        | -         | -         |
| Attorney General Office                                  | 21                | 2,035.43  | 2,375.69 | 2,348.69 | 2,434.35 | 2,526.26  | 2,622.59  |
|  | 22                | 304.01    | 318.65   | 328.20   | 338.05   | 348.19    | 358.64    |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 34.12     | 56.40    | 56.40    | 56.40    | 56.40     | 56.40     |
|  | Discretionary     | 153.79    | 81.83    | 12.00    | 12.00    | 12.00     | 12.00     |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |
| National Examination Office                              | 21                | -         | 92.59    | 91.54    | 94.88    | 98.46     | 102.21    |
|  | 22                | -         | 76.83    | 79.13    | 81.51    | 83.95     | 86.47     |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | -         | 0.99     | 0.99     | 0.99     | 0.99      | 0.99      |
|  | Discretionary     | -         | -        | -        | -        | -         | -         |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |
| Independent Oil and Gas Authority                        | 21                | -         | 59.10    | 58.43    | 60.56    | 62.85     | 65.24     |
|  | 22                | -         | 19.70    | 20.29    | 20.90    | 21.53     | 22.17     |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | -         | -        | -        | -        | -         | -         |
|  | Discretionary     | -         | 583.24   | 640.89   | 710.26   | 788.38    | 875.11    |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |
| Afghanistan National Standard<br>Authority               | 21                | 52.18     | 63.17    | 62.46    | 64.73    | 67.18     | 69.74     |
|  | 22                | 24.76     | 26.32    | 27.10    | 27.92    | 28.76     | 29.62     |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 2.53      | 0.75     | 0.75     | 0.75     | 0.75      | 0.75      |
|  | Discretionary     | 35.81     | 36.06    | 15.00    | 10.00    | 10.00     | 10.00     |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |
| Independent Directorate of Local<br>Governance           | 21                | 1,705.57  | 1,911.95 | 1,890.22 | 1,959.15 | 2,033.13  | 2,110.65  |
|  | 22                | 1,953.80  | 2,122.35 | 2,186.02 | 2,251.60 | 2,319.15  | 2,388.72  |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | 853.34    | 253.47   | 253.47   | 253.47   | 253.47    | 253.47    |
|  | Discretionary     | 457.47    | 520.32   | 582.75   | 652.68   | 731.01    | 818.73    |
|  | non-Discretionary | 2,342.08  | 2,764.51 | 2,764.51 | 1,764.51 | 1,364.51  | 1,264.51  |
| National Environmental Protection<br>Agency              | 21                | 155.93    | 166.31   | 164.42   | 170.42   | 176.85    | 183.60    |
|  | 22                | 55.81     | 64.03    | 65.95    | 67.92    | 69.96     | 72.06     |
|  | 23                | -         | -        | -        | -        | -         | -         |
|  | 24                | -         | -        | -        | -        | -         | -         |
|  | 25                | -         | 7.88     | 7.88     | 7.88     | 7.88      | 7.88      |
|  | Discretionary     | 63.79     | 78.67    | 21.52    | 19.92    | 18.00     | 18.00     |
|  | non-Discretionary | -         | -        | -        | -        | -         | -         |

|  |                   |           |           |           |           |           |           |
|--|-------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Afghanistan Academy of Sciences                      | 21                | 193.21    | 222.00    | 219.48    | 227.48    | 236.07    | 245.07    |
|  | 22                | 29.86     | 29.51     | 30.40     | 31.31     | 32.25     | 33.22     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | -         | 1.86      | 1.86      | 1.86      | 1.86      | 1.86      |
|  | Discretionary     | 8.27      | 15.79     | 15.79     | 15.79     | 15.79     | 15.79     |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Independant Administrative Reforms and Civil Service | 21                | 327.19    | 363.96    | 359.82    | 372.94    | 387.02    | 401.78    |
|  | 22                | 150.01    | 148.93    | 153.40    | 158.00    | 162.74    | 167.62    |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 24.58     | 15.62     | 15.62     | 15.62     | 15.62     | 15.62     |
|  | Discretionary     | 45.71     | 35.00     | 17.10     | 20.00     | 22.00     | 26.00     |
|  | non-Discretionary | 1,539.82  | 372.10    | 250.00    | 230.00    | 180.00    | 100.00    |
| General Directorate of Sports and Fitness            | 21                | 74.99     | 83.73     | 82.77     | 85.79     | 89.03     | 92.43     |
|  | 22                | 177.18    | 189.06    | 194.74    | 200.58    | 206.60    | 212.79    |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 0.05      | 6.20      | 6.20      | 6.20      | 6.20      | 6.20      |
|  | Discretionary     | 64.86     | 95.89     | 50.00     | 50.00     | 50.00     | 50.00     |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| General Directorate of National Security             | 21                | 14,580.72 | 14,530.70 | 14,365.53 | 14,889.42 | 15,451.63 | 16,040.80 |
|  | 22                | 2,702.26  | 3,372.24  | 3,473.41  | 3,577.61  | 3,684.94  | 3,795.48  |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 647.60    | 94.76     | 76.35     | 76.35     | 76.35     | 76.35     |
|  | Discretionary     | 82.88     | 220.00    | 150.00    | 143.16    | 145.00    | 150.00    |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Supreme and Audit office                             | 21                | 108.35    | 122.64    | 121.25    | 125.67    | 130.41    | 135.38    |
|  | 22                | 47.28     | 51.92     | 53.47     | 55.08     | 56.73     | 58.43     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 0.29      | -         | -         | -         | -         | -         |
|  | Discretionary     | 24.97     | 87.84     | 50.53     | 45.00     | 45.00     | 40.00     |
|  | non-Discretionary | 153.58    | 223.00    | 99.61     | 99.61     | 98.75     | 59.25     |
| Afghanistan National Disaster Management Authority   | 21                | 81.79     | 80.50     | 79.58     | 82.48     | 85.60     | 88.86     |
|  | 22                | 52.20     | 57.71     | 59.44     | 61.22     | 63.06     | 64.95     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | 770.09    | -         | -         | -         | -         | -         |
|  | 25                | 1.47      | 3.10      | 3.10      | 3.10      | 3.10      | 3.10      |
|  | Discretionary     | -         | -         | -         | -         | -         | -         |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Independent Electoral Complaints Commission          | 21                | 213.49    | 195.01    | 192.80    | 199.83    | 207.37    | 215.28    |
|  | 22                | 123.56    | 73.78     | 75.99     | 78.27     | 80.62     | 83.04     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 80.02     | 49.58     | 49.58     | 49.58     | 49.58     | 49.58     |
|  | Discretionary     | -         | -         | -         | -         | -         | -         |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Independent Election Commission                      | 21                | 690.60    | 320.05    | 316.41    | 327.95    | 340.34    | 353.31    |
|  | 22                | 149.47    | 129.90    | 133.80    | 137.81    | 141.95    | 146.20    |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 0.88      | 0.40      | 0.40      | 0.40      | 0.40      | 0.40      |
|  | Discretionary     | -         | -         | -         | -         | -         | -         |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Central Statistics organization                      | 21                | 114.43    | 162.98    | 161.13    | 167.01    | 173.31    | 179.92    |
|  | 22                | 33.12     | 42.92     | 44.21     | 45.53     | 46.90     | 48.31     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 3.43      | 1.55      | 1.55      | 1.55      | 1.55      | 1.55      |
|  | Discretionary     | 1,679.66  | 291.20    | 310.00    | 205.00    | 190.00    | 165.00    |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Afghanistan Atomic Energy Comission                  | 21                | 36.09     | 35.46     | 35.06     | 36.34     | 37.71     | 39.15     |
|  | 22                | 9.17      | 10.64     | 10.96     | 11.29     | 11.62     | 11.97     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | 2.35      | 2.96      | 2.96      | 2.96      | 2.96      | 2.96      |
|  | Discretionary     | -         | -         | -         | -         | -         | -         |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Directorate of Kochis                                | 21                | 81.11     | 80.83     | 79.91     | 82.82     | 85.95     | 89.23     |
|  | 22                | 43.27     | 57.18     | 58.90     | 60.66     | 62.48     | 64.36     |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | -         | 10.54     | 10.54     | 10.54     | 10.54     | 10.54     |
|  | Discretionary     | 98.75     | 46.00     | 60.00     | 72.00     | 80.00     | 87.00     |
|  | non-Discretionary | -         | -         | -         | -         | -         | -         |
| Kabul Municipality                                   | 21                | -         | -         | -         | -         | -         | -         |
|  | 22                | -         | -         | -         | -         | -         | -         |
|  | 23                | -         | -         | -         | -         | -         | -         |
|  | 24                | -         | -         | -         | -         | -         | -         |
|  | 25                | -         | -         | -         | -         | -         | -         |
|  | Discretionary     | 437.70    | 491.00    | 638.30    | 829.79    | 1,078.73  | 1,402.35  |
|  | non-Discretionary | 2,092.93  | 2,385.84  | 1,092.85  | 1,284.43  | 852.43    | 712.00    |

|  |                   |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Micro Finance Investment Support Facility for Afghanistan                | 21                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 22                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | -                 | -                 | -                 | -                 | -                 | -                 |
|  | non-Discretionary | 233.67            | 328.90            | 180.00            | 145.00            | 120.00            | 80.00             |
| Urban Water Supply and Canalization Corporation                          | 21                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 22                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | 528.88            | 451.00            | 818.09            | 651.50            | 670.00            | 750.40            |
|  | non-Discretionary | -                 | -                 | -                 | -                 | -                 | -                 |
| Da Afghanistan Brishna Shirkat   | 21                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 22                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | 131.03            | 343.02            | 394.47            | 1,295.76          | 1,451.26          | 1,625.41          |
|  | non-Discretionary | 16,684.76         | 13,458.48         | 14,087.13         | 8,994.00          | 6,560.00          | 5,220.00          |
| Capital Region Independent Development Authority                         | 21                | 7.14              | 7.93              | 7.84              | 8.12              | 8.43              | 8.75              |
|  | 22                | 26.65             | 39.40             | 40.58             | 41.80             | 43.05             | 44.35             |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | 5.14              | 4.93              | 4.93              | 4.93              | 4.93              | 4.93              |
|  | Discretionary     | 1,020.47          | 910.07            | 955.57            | 1,003.35          | 1,053.52          | 1,106.19          |
|  | non-Discretionary | -                 | -                 | -                 | -                 | -                 | -                 |
| Independent Commission for Overseeing the Implementation of Constitution | 21                | 48.47             | 54.52             | 53.90             | 55.86             | 57.97             | 60.18             |
|  | 22                | 20.34             | 23.98             | 24.70             | 25.44             | 26.20             | 26.99             |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | -                 | -                 | -                 | -                 | -                 | -                 |
|  | non-Discretionary | -                 | -                 | -                 | -                 | -                 | -                 |
| Afghanistan Independent Human Rights Commission                          | 21                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 22                | 34.14             | 40.54             | 41.76             | 43.01             | 44.30             | 45.63             |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | 0.67              | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | 27.22             | 20.20             | 22.22             | 24.44             | 26.89             | 29.57             |
|  | non-Discretionary | -                 | -                 | -                 | -                 | -                 | -                 |
| Afghanistan Independent Land Authority                                   | 21                | 344.01            | -                 | -                 | -                 | -                 | -                 |
|  | 22                | 129.10            | -                 | -                 | -                 | -                 | -                 |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | 0.66              | -                 | -                 | -                 | -                 | -                 |
|  | Discretionary     | 336.70            | -                 | -                 | -                 | -                 | -                 |
|  | non-Discretionary | 120.24            | -                 | -                 | -                 | -                 | -                 |
| Executive Directorate and Secretariat of Ministers Council               | 21                | 646.72            | 254.12            | 251.23            | 260.39            | 270.23            | 280.53            |
|  | 22                | 286.49            | 260.08            | 267.88            | 275.92            | 284.20            | 292.72            |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | 21.64             | -                 | -                 | -                 | -                 | -                 |
|  | 25                | 3.20              | 24.79             | 24.79             | 24.79             | 24.79             | 24.79             |
|  | Discretionary     | 308.51            | 268.49            | 236.96            | 236.96            | 80.00             | 80.00             |
|  | non-Discretionary | -                 | -                 | -                 | -                 | -                 | -                 |
| Afghanistan Railway Authority  | 21                | 19.89             | 34.55             | 34.16             | 35.40             | 36.74             | 38.14             |
|  | 22                | 45.50             | 39.70             | 40.89             | 42.12             | 43.38             | 44.68             |
|  | 23                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 24                | -                 | -                 | -                 | -                 | -                 | -                 |
|  | 25                | 1,375.54          | 8.94              | 8.94              | 8.94              | 8.94              | 8.94              |
|  | Discretionary     | 372.47            | 2,095.20          | 4,038.04          | 4,843.10          | 6,524.54          | 8,620.00          |
|  | non-Discretionary | 39.68             | 100.50            | 677.89            | 813.47            | 976.16            | 950.00            |
| <b>Total without Contingencies</b>                                       |                   | <b>385,523.64</b> | <b>380,282.64</b> | <b>384,277.02</b> | <b>382,540.77</b> | <b>401,296.77</b> | <b>415,471.83</b> |
| <b>Contingency Codes Operating</b>                                       |                   | <b>2,281.68</b>   | <b>11,732.04</b>  | <b>10,362.16</b>  | <b>10,362.16</b>  | <b>10,362.16</b>  | <b>10,362.16</b>  |
| <b>Contingency Codes Development</b>                                     |                   | <b>-</b>          | <b>7,403.26</b>   | <b>6,403.26</b>   | <b>6,403.26</b>   | <b>6,403.26</b>   | <b>6,403.26</b>   |
| <b>Grand Total</b>   |                   | <b>387,805.32</b> | <b>399,417.93</b> | <b>401,042.44</b> | <b>399,306.19</b> | <b>418,062.19</b> | <b>432,237.25</b> |

## Appendix 2

| No. | Sector         | Project Title   | Implementing Organization | Capital Value \$m | Location  | Life Cycle | Cash Flow Year1 (\$m) | Cash Flow Year 2 (\$m) | Cash Flow Year 3 (\$m) | O&M (% CAPEX) | strategic fit recommendation | Relevant NPP |
|-----|----------------|---|---------------------------|-------------------|---|------------|-----------------------|------------------------|------------------------|---------------|------------------------------|--------------|
| 1   | Infrastructure | Sheberghan-Mazar Sharif 94.5 km Pipeline Project  | MoMP                      | 6.1               | Jawzjan and Balkh Provinces                           | 1          | 6.1                   | 0                      | 0                      | 5%            | 2nd rank                     | Mining NPP   |
| 2   | Infrastructure | Procurement of 1.5 million cubic meter Gas Turbine Simulator  | MoMP                      | 8.2               | Jawzjan Province                                      | 1          | 8.2                   | 0                      | 0                      | 8%            | 2nd rank                     | Mining NPP   |
| 3   | Infrastructure | Implementation of Airborne Survey in Katawaz Sedimentary area   | MoMP                      | 8.2               | Khost, Paktika and Paktia Provinces                   | 1          | 8.2                   | 0                      | 0                      | NA            |                              | Mining NPP   |
| 4   | Infrastructure | Construction of Offices in Provinces  | MoMP                      | 8.3               | Kabul & Provinces                                     | 1          | 8.3                   | 0                      | 0                      | 6%            |                              | Mining NPP   |
| 5   | Infrastructure | Project Analytical Review and Financial Audit for Four Dept.  | MoMP                      | 0.2               | Kabul & Provinces                                     | 1          | 0.2                   | 0                      | 0                      | NA            |                              | Mining NPP   |
| 6   | Infrastructure | Lab Evaluation and Equipment Purchase Project - Kabul - Afghanistan   | MoMP                      | 2                 | Kabul & Provinces                                     | 3          | 0.47                  | 0.76                   | 0.76                   | 10%           |                              | Mining NPP   |
| 7   | Infrastructure | Traffic Rail Management Traffic Information System  | ARA                       | 3.7               | All Related provinces                                 | 2          | 1.85                  | 1.85                   | 0                      | 10%           |                              | NIP          |
| 8   | Infrastructure | Basic road construction and roads inside Bagrami project  | KM                        | 4.2               | Kabul & Provinces                                     | 2          | 2.1                   | 2.1                    |                        | 4%            |                              | UNPP         |
| 9   | Infrastructure | Stone-pavement of 35 km streets in Capital Region   | Crida                     | 12.1              | Logar, Parwan, Kapisa and Wardak                      | 2          | 5.2                   | 5.2                    | 0                      | 4%            | 1st rank                     | UNPP         |
| 10  | Infrastructure | Development of Recreational Areas in Capital Region   | Crida                     | 9.7               | Kabul & Outskirts                                     | 5          | 2                     | 1.9                    | 1.9                    | 4%            |                              | UNPP         |
| 11  | Infrastructure | Construction of Shools in Kabul and Nieghboring Districts   | Crida                     | 5                 | Char Aslabb, Bagrami, Mosahi and Khak Jabar Districts | 1          | 5                     | 0                      | 0                      | 6%            |                              | UNPP         |
| 12  | Infrastructure | Construction of water infrastructure in Capital Region  | Crida                     | 5.2               | Kabul (Joi Sher, Tawhid Abad, Qabel Bai and Mamozil)  | 2          | 2.9                   | 2.3                    |                        | 7%            | 1st rank                     | UNPP         |
| 13  | Infrastructure | Strengthening Women Program in Capital Region   | Crida                     | 8.4               | Kabul, Logar, Wardak, Kapisa and Parwan               | 3          | 1                     | 3.7                    | 3.7                    | 5%            |                              | UNPP         |
| 14  | Infrastructure | 30 Km of Roads within cities  | Crida                     | 22.1              | Kabul, Parwan, Kapisa                                 | 2          | 13.8                  | 8.3                    |                        | 4%            | 1st rank                     | UNPP         |
| 15  | Infrastructure | Building Infrastructure in Mahmud Agha Industrial Park  | Crida                     | 9.93              | Logar   | 2          | 0.55                  | 9.38                   |                        | 6%            | 1st rank                     | UNPP         |
| 16  | Infrastructure | Construction of Kotele Khair Khana Road   | KM                        | 37.5              | Kabul (district 17)                                   | 2          | 18.7                  | 18.7                   |                        | 4%            |                              | UNPP         |
| 17  | Infrastructure | Development of Afghanistan Stability Program Activities   | MoUD                      | 50.1              | Throughout most provinces                             | 5          | 10                    | 10                     | 10                     | 4%            |                              | UNPP         |
| 18  | Infrastructure | Construction of Provincial District Buildings Project   | MoUD                      | 74.2              | Throughout most provinces                             | 5          | 14.8                  | 14.8                   | 14.8                   | 6%            |                              | UNPP         |
| 19  | Infrastructure | Design and Construction of Khwaf Herat Railway-Phase1   | ARA                       | 47                | Herat   | 1          | 47                    | 0                      | 0                      | 8%            | 2nd rank                     | NIP          |
| 20  | Infrastructure | Purchasing Equipment for Railway Stations (Hayran, Mazar, Aqena, Torghondy)   | ARA                       | 17.8              | Balkh, Faryab   | 1          | 17.8                  | 0                      | 0                      | 8%            |                              | NIP          |
| 21  | Infrastructure | Detail Design of Construction of Khwaf Herat Railway-Phase2   | ARA                       | 61.5              | Herat   | 1          | 61.5                  | 0                      | 0                      | 8%            |                              | NIP          |
| 22  | Infrastructure | Purchasing Heavy equipment for airports   | ACA                       | 8.5               | Missing Information                                   | 1          | 8.5                   | 0                      | 0                      | 5%            | 2nd rank                     | NIP          |
| 23  | Infrastructure | Asphalting of Talkhan Airport   | ACA                       | 12                | Takhar  | 2          | 6                     | 6                      | 0                      | 1%            |                              | NIP          |
| 24  | Infrastructure | Asphalting and Drainage in Zabul Airport  | ACA                       | 9                 | Zabul   | 2          | 4.5                   | 4.5                    | 0                      | 1%            |                              | NIP          |
| 25  | Infrastructure | Asphalting of Shaberghon Airport  | ACA                       | 15                | Jawzjan   | 2          | 7.5                   | 7.5                    | 0                      | 1%            |                              | NIP          |
| 26  | Infrastructure | Design and extensin of transmission power line of the kV110 single circuit from Sar-i-Pul, 60kilometers long, and the building design and montage of Kv20/110 sub-station in Sancharak with the capacity of 2x10MVA   | MoEW                      | 12.6              | Sar-i- Pul  | 8          | 1.26                  | 6.3                    | 5.1                    | 2%            |                              | NIP          |
| 27  | Infrastructure | Design and extensin of transmission power line of the kV110 from Salma Dam to Ghor sub-station, 150 kilometers long, and the building design and montage of Kv20/110 sub-station in Ghor with the capacity of 2x16MVA   | MoEW                      | 22.5              | Ghor  | 2          | 2.25                  | 11.25                  | 9                      | 2%            | 2nd rank                     | NIP          |
| 28  | Infrastructure | Design and extensin of transmission power line of the kV220 single circuit from east of Kandahar to provincial capital of Urozgan (Trinkot ) 141kilometers long, and the building design and montage of Kv20/220 sub-station in Tirinkot with the capacity of 2x10MVA | MoEW                      | 30                | Urozgan   | 2          | 3                     | 15                     | 12                     | 2%            |                              | NIP          |
| 29  | Infrastructure | Design and extensin of transmission power line of the kV220 single circuit from Uruzgon to provincial capital of Daikundi 150 kilometers long, and the building design and montage of Kv20/220 sub-station in Daikundi with the capacity of 2x10MVA                   | MoEW                      | 32                | Daikundi  | 2          | 3.2                   | 16                     | 12.8                   | 2%            |                              | NIP          |
| 30  | Infrastructure | Design and extensin of transmission power line of the kV220 single circuit from Farah to Nimroz 150 kilometers long, and the building design and montage of Kv20/220 sub-station in Nimroz with the capacity of 2x25MVA   | MoEW                      | 35                | Nimroz  | 2          | 3.5                   | 17.5                   | 14                     | 2%            |                              | NIP          |



|    |                |  |      |      |   |     |       |       |       |    |          |     |
|----|----------------|--|------|------|---|-----|-------|-------|-------|----|----------|-----|
| 31 | Infrastructure | Design and extension of transmission power line of the kV110 single circuit from Dam Qul sub-station to Almar and Qaisar, 64 kilometers long, and the building design and montage of kV20/110 sub-station in Almar and kV20/110 sub-station in Qaisar with the capacity of each 2x10MVA 2x16MVA        | MoEW | 16   | Faryab  | 2   | 1.6   | 8     | 6.4   | 2% |          | NIP |
| 32 | Infrastructure | Design and extension of transmission power line of the kV220 single circuit from Asqalan sub-station to Dashti-i- Archi of Kunduz province 55 kilometers long, and the building design and montage of kV20/220 sub-station in Dashti-i- Archi with the capacity of 2x16MVA                             | MoEW | 16   | Kunduz  | 2   | 1.6   | 8     | 6.4   | 2% |          | NIP |
| 33 | Infrastructure | Design and extension of transmission power line of the kV220 single circuit from Pushta-i- Jabak siraj sub-station to Tajat barnama Ghorband, 60 km long, and the building design and montage of kV20/220 sub-station in Ghorband for connection including the Pushta-i- Sorkh jabal Straj substation. | MoEW | 26.7 | Parwan  | 2   | 2.67  | 13.35 | 10.68 | 2% |          | NIP |
| 34 | Infrastructure | Design and extension of transmission power line of the kV220 single circuit from Pul-i- Alam sub-station to Mohammad Agha district, 8 km long, and the building design and montage of kV20/220 sub-station in Mohammad Agha district with the capacity of 2x25MVA                                      | MoEW | 11.3 | Logar   | 2   | 1.128 | 5.64  | 4.512 | 2% |          | NIP |
| 35 | Infrastructure | Design and extension of transmission power line of the kV110 single circuit from Sherkhan Bandar (dry port) station to Qala Zal district, 20km long, and the building design and montage of kV20/110 sub-station in Qala Zal with the capacity of 2x10MVA  | MoEW | 8.2  | Kunduz  | 2   | 0.82  | 4.1   | 3.28  | 2% |          | NIP |
| 36 | Infrastructure | Design and extension of transmission power line of the kV220 single circuit from Gazil Baghlan sub-station to Deh Salah, 60km long, and the building design and montage of kV20/220 sub-station in Deh Salah with the capacity of 2x16MVA  | MoEW | 26.7 | Baghlan   | 2   | 2.67  | 13.35 | 10.68 | 2% |          | NIP |
| 37 | Infrastructure | Design and extension of transmission power line of the kV110 single circuit from the connection line sub-station of Mazar-i- Sharif- Shiberghan to Aqcha district, 18km long, and the building design and montage of kV20/110 sub-station in Aqcha with the capacity of 2x16MVA                        | MoEW | 8    | Jawzjan   | 2   | 0.798 | 3.99  | 3.192 | 2% |          | NIP |
| 38 | Infrastructure | Design and extension of transmission power line of the kV110 single circuit from Mazar-i- Sharif sub-station to Dawlatabad district, 55km long, and the building design and montage of kV20/110 sub-station in Dawlatabad  | MoEW | 12.1 | Balkh   | 2   | 1.205 | 6.025 | 4.82  | 2% | 2nd rank | NIP |
| 39 | Infrastructure | Design and extension of transmission power line of the kV220 single circuit from Cham Qala Baghlan sub-station to Nahrain, 50km long, and the building design and montage of kV20/220 sub-station in Nahrain with the capacity of 2x16MVA  | MoEW | 15   | Baghlan   | 2   | 1.5   | 7.5   | 6     | 2% |          | NIP |
| 40 | Infrastructure | Building design and montage of kV220/500 sub-station in Kandahar with the capacity of 2x160MVA   | MoEW | 20   | Kandahar  | 2   | 2     | 10    | 8     | 2% |          | NIP |
| 41 | Infrastructure | Building design and montage of kV220/500 sub-station in Herat with the capacity of 2x160MVA  | MoEW | 20   | Herat   | 2   | 2     | 10    | 8     | 2% |          | NIP |
| 42 | Infrastructure | Building design and montage of kV220/500 sub-station in Herat with the capacity of 2x180MVA  | MoEW |      | Herat   | 2   | 1.5   | 7.5   | 6     | 2% |          | NIP |
| 43 | Infrastructure | Water Rehabilitation Project (Sarband and Channel) in 34 provinces   | MoEW | 4.8  | All Provinces                                     | 1   | 4.8   |       |       | 4% |          | NIP |
| 44 | Infrastructure | Distribution of electricity in Kabul - 12000 beneficiaries   | DABS | 7.5  | Kabul   | 1.5 | 5.5   | 2     | -     | 5% | 1st rank | NIP |
| 45 | Infrastructure | Distribution of electricity in Balkh - 21000 beneficiaries   | DABS | 9.7  | Balkh   | 2   | 7.1   | 2.6   | -     | 5% |          | NIP |
| 46 | Infrastructure | Distribution of electricity in Zabul - 15000 beneficiaries   | DABS | 7    | Zabul   | 1   | 5.2   | 1.8   | -     | 5% | 1st rank | NIP |
| 47 | Infrastructure | Distribution of electricity in Paktika - 8000 beneficiaries  | DABS | 9.7  | Paktika   | 1   | 7.2   | 2.5   | -     | 5% |          | NIP |
| 48 | Infrastructure | Distribution of electricity in Nuristan - 8000 beneficiaries   | DABS | 9.7  | Nuristan  | 1   | 7.2   | 2.5   | -     | 5% |          | NIP |
| 49 | Infrastructure | Substation of Shajoy in Zabul - 16000 beneficiaries  | DABS | 8    | Zabul   | 2   | 5.9   | 2.1   | -     | 5% | 1st rank | NIP |
| 50 | Infrastructure | Substation of Shajoy in Darul Aman - 40000 beneficiaries   | DABS | 13.3 | Darul Aman  | 2   | 9.9   | 3.4   | -     | 5% |          | NIP |
| 51 | Infrastructure | Substation of Shajoy in An Darab and Baghlan - 32000 beneficiaries   | DABS | 8    | Baghlan   | 1.5 | 5.9   | 2.1   | -     | 5% |          | NIP |
| 52 | Infrastructure | Substation of Shajoy in Chamtal, Balkh 32000 beneficiaries   | DABS | 5.3  | Balkh   | 2   | 3.9   | 1.4   | -     | 5% |          | NIP |
| 53 | Infrastructure | Substation of ahmk dg - 32000 beneficiaries  | DABS | 8    | Qaykondy  | 2   | 5.9   | 2.1   | -     | 5% |          | NIP |
| 54 | Infrastructure | Distribution of electricity in Kabul, Nangrahar, Ghazni, Parwan, Paktika & Herat - 56000 beneficiaries   | DABS | 18.6 | Kabul, Nangrahar, Ghazni, Parwan, Paktika & Herat | 2   | 13.7  | 4.9   | -     | 5% | 1st rank | NIP |
| 55 | Infrastructure | Addition of road from Qalat to Sinkel to shamal Zal  | MoPW | 30.7 | Zabul   | 4   | 1.2   | 9.8   | 9.8   | 4% | 1st rank | NIP |
| 56 | Infrastructure | Road of Sar Pul to sansharak district  | MoPW | 10.9 | Sar e pul   | 4   | 0.4   | 3.5   | 3.5   | 4% |          | NIP |
| 57 | Infrastructure | Road from Albak to khogham sar bar ruy do ha to kahmart  | MoPW | 47.1 | samangan  | 4   | 1.9   | 15.1  | 15.1  | 4% |          | NIP |
| 58 | Infrastructure | Survey for road from jaghuri district to Malestan to Arjistan  | MoPW | 12.7 | Ghazni  | 4   | 0.5   | 4.1   | 4.1   | 4% |          | NIP |
| 59 | Infrastructure | Survey and design of bypass road in Ghazni province  | MoPW | 11.4 | Ghazni  | 3   | 0.5   | 5.5   | 5.5   | 4% |          | NIP |
| 60 | Infrastructure | Construction of asphalt road from Chighcharan to Herat (20km) and from Bamyán to chighcharan (20km)  | MoPW | 62.1 | Ghor  | 4   | 2.5   | 19.9  | 19.9  | 4% |          | NIP |



|     |                |  |      |      |  |   |      |      |      |    |          |               |
|-----|----------------|--|------|------|--|---|------|------|------|----|----------|---------------|
| 61  | Infrastructure | Construction of road Maimana to Belcheragh to Garziwan   | MoPW | 12.8 | Faryab   | 4 | 0.5  | 4.1  | 4.1  | 4% |          | NIP           |
| 62  | Infrastructure | Road from Shibkoh to Qalagah   | MoPW | 7.8  | Farah  | 4 | 0.3  | 2.5  | 2.5  | 4% |          | NIP           |
| 63  | Infrastructure | Road from Emdadjoy Ghulaman to Abulnasser Farahi   | MoPW | 15.7 | Farah  | 4 | 0.6  | 5    | 5    | 4% |          | NIP           |
| 64  | Infrastructure | Road from Band a Bakhsabad to road Farah Road  | MoPW | 10.5 | Farah  | 4 | 0.4  | 3.4  | 3.4  | 4% |          | NIP           |
| 65  | Infrastructure | Road from center of Qarabagh district to new Bagram road   | MoPW | 5.3  | Kabul & Parwan   | 4 | 0.2  | 1.7  | 1.7  | 4% | 1st rank | NIP           |
| 66  | Infrastructure | New transit road from Guran to Nijrab  | MoPW | 17.4 | Kapisa   | 4 | 0.7  | 5.6  | 5.6  | 4% |          | NIP           |
| 67  | Infrastructure | 28km ring road for kunduz  | MoPW | 18.9 | kunduz   | 4 | 0.8  | 6    | 6    | 4% |          | NIP           |
| 68  | Infrastructure | 40 km road from district qalat Zal to shirkhan Bandar  | MoPW | 10.4 | kunduz   | 4 | 0.4  | 3.3  | 3.3  | 4% |          | NIP           |
| 69  | Infrastructure | 45km road from khanabad district in kundunz to Ashkmesht in Takhar province                                  | MoPW | 16.3 | Kunduz and kandahar  | 4 | 0.7  | 5.2  | 55.2 | 4% |          | NIP           |
| 70  | Infrastructure | 20km bypass road in kandahar province  | MoPW | 9.4  | kandahar   | 4 | 0.4  | 3    | 3    | 4% | 1st rank | NIP           |
| 71  | Infrastructure | Road from Arghandab to khakiz district   | MoPW | 30.8 | kandahar   | 4 | 1.2  | 9.8  | 9.8  | 4% | 1st rank | NIP           |
| 72  | Infrastructure | Road from Ghurak to Malwand and kandahar   | MoPW | 23.9 | kandahar   | 4 | 1    | 7.6  | 7.6  | 4% | 1st rank | NIP           |
| 73  | Infrastructure | 70km road from Mangi Chapa in kunar province to border at Nurestan province                                  | MoPW | 18.1 | kunar and nuristan   | 4 | 0.7  | 5.8  | 5.8  | 4% |          | NIP           |
| 74  | Infrastructure | 20 km road from mangi chapa in kunar province to border at Nuristan province                                 | MoPW | 7.5  | kunar and nuristan   | 4 | 0.3  | 2.4  | 2.4  | 4% |          | NIP           |
| 75  | Infrastructure | Bypass road in Maidan Shar   | MoPW | 5.9  | Maidan wardak  | 4 | 0.2  | 1.9  | 1.9  | 4% |          | NIP           |
| 76  | Infrastructure | Asphalt 20 km additional road from center of Nuristan to the route of the road of kunar province             | MoPW | 7.2  | kunar and nuristan   | 4 | 0.32 | 2.3  | 2.3  | 4% |          | NIP           |
| 77  | Infrastructure | road from Dahan piyar Mandwal in Nuristan province to paryan road in panshir province                        | MoPW | 7.8  | Nuristan and panshir   | 4 | 0.3  | 2.5  | 2.5  | 4% |          | NIP           |
| 78  | Infrastructure | Road from kamdush to Bargmetal in Nuristan province  | MoPW | 10.4 | Nuristan   | 4 | 0.4  | 3.3  | 3.3  | 4% |          | NIP           |
| 79  | Infrastructure | Road from Zaranj road to Chaberkaj to Band kamal khan in Nimroz province                                     | MoPW | 10.9 | Nimroz   | 4 | 0.4  | 3.5  | 3.5  | 4% |          | NIP           |
| 80  | Infrastructure | Road from kharad to Zaranj in nimroz province  | MoPW | 5.2  | Nimroz   | 4 | 0.2  | 1.7  | 1.7  | 4% |          | NIP           |
| 81  | Infrastructure | Construction of Ghorian road to islam Qala 11.6 km including 320 m of bridge                                 | MoPW | 6.4  | Herat  | 3 | 0.3  | 3.1  | 3.1  | 4% |          | NIP           |
| 82  | Infrastructure | Construction of pashtun Zarghon to oba 10 km including a bridge above Hari road river                        | MoPW | 10.8 | Herat  | 4 | 0.4  | 3.5  | 3.5  | 4% |          | NIP           |
| 83  | Infrastructure | Construction of asphalt road from Band pash Dan  | MoPW | 7.4  | Herat  | 3 | 0.3  | 3.6  | 3.6  | 4% |          | NIP           |
| 84  | Infrastructure | Construction of Farsi district road to shindand  | MoPW | 7.2  | Herat  | 2 | 0.3  | 7    | 1    | 4% | 2nd rank | NIP           |
| 85  | Infrastructure | 80km road from seminar to landry nawa from landry Nawa to Nawzad district                                    | MoPW | 18.6 | Farah  | 4 | 0.7  | 6    | 6    | 4% |          | NIP           |
| 86  | Infrastructure | 35 km road from Nawa Barakzay to Garmsir + 225 m of bridge   | MoPW | 13.5 | Helmand  | 4 | 0.5  | 4.3  | 4.3  | 4% |          | NIP           |
| 87  | Infrastructure | 28km road from Landi Naw to Mosa Qala district   | MoPW | 8.7  | Helmand  | 4 | 0.3  | 2.8  | 2.8  | 4% |          | NIP           |
| 88  | Infrastructure | Construction of Badghis bridge and 15 km connection road   | MoPW | 7    | Badghis  | 4 | 0.3  | 6.7  | 6.7  | 4% |          | NIP           |
| 89  | Infrastructure | Construction of 45 km of asphalt road from Qala Naw to Qades   | MoPW | 16.3 | Badghis  | 4 | 0.7  | 5.2  | 5.2  | 4% |          | NIP           |
| 90  | Infrastructure | Road from KP 100 of chincharan Gardand wal to panjab market  | MoPW | 39.9 | Bamyan   | 4 | 1.6  | 12.8 | 12.8 | 4% |          | NIP           |
| 91  | Infrastructure | 7 km asphalt bypass road Bamyan  | MoPW | 7.4  | Bamyan   | 4 | 0.3  | 2.4  | 2.4  | 4% |          | NIP           |
| 92  | Infrastructure | Road from kashmard Sainghan to Yakawlang   | MoPW | 28   | Bamyan   | 4 | 1.1  | 8.9  | 8.9  | 4% |          | NIP           |
| 93  | Infrastructure | Construction of asphalt road Yafat Bayen Yawan and from Yawan to Arghaestan and koshestan                    | MoPW | 38.1 | Badakhshan   | 4 | 1.5  | 12.2 | 12.2 | 4% |          | NIP           |
| 94  | Infrastructure | Road of kashm Tageb  | MoPW | 5.2  | Badakhshan   | 4 | 0.2  | 1.7  | 1.7  | 4% |          | NIP           |
| 95  | Infrastructure | Construction of 42 km from Dah Esfah kosht Fereng to kotal Saji  | MoPW | 20   | Baghlan  | 4 | 0.8  | 6.4  | 6.4  | 4% |          | NIP           |
| 96  | Infrastructure | Construction of road from Mazar Sharif to charkent district  | MoPW | 10.1 | Balkh  | 4 | 0.4  | 3.2  | 3.2  | 4% |          | NIP           |
| 97  | Infrastructure | Construction of 24 km road from Mazar sharif to Marmal District  | MoPW | 8.7  | Balkh  | 4 | 0.3  | 2.8  | 2.8  | 4% |          | NIP           |
| 98  | Infrastructure | Road from Dara Turkham to surkh persa district   | MoPW | 17   | Parwan   | 4 | 0.7  | 5.4  | 5.4  | 4% | 1st rank | NIP           |
| 99  | Infrastructure | 25 km Gard Hari road   | MoPW | 5.4  | Paktika  | 4 | 0.2  | 1.7  | 1.7  | 4% |          | NIP           |
| 100 | Infrastructure | 70 km road from Sharma Zawki katal chraaban komal district from Uzon to Zirak district and paktika ring road | MoPW | 32.9 | Paktika  | 4 | 1.3  | 31.5 | 31.5 | 4% |          | NIP           |
| 101 | Infrastructure | Abshar road in panshir   | MoPW | 9.1  | Panshir  | 4 | 0.4  | 2.9  | 2.9  | 4% |          | NIP           |
| 102 | Infrastructure | road Abtali shar Guzar Baharak in Takhar province  | MoPW | 7.6  | Takhar   | 4 | 0.3  | 2.4  | 2.4  | 4% |          | NIP           |
| 103 | Infrastructure | khawaj Ghar road in Takha to Dasht Archi in Kunduz   | MoPW | 7    | Takhar and kunduz  | 4 | 0.3  | 2.3  | 2.3  | 4% |          | NIP           |
| 104 | Infrastructure | Sherberghan city road  | MoPW | 10.4 | Jawzjan  | 4 | 0.4  | 3.3  | 3.3  | 4% |          | NIP           |
| 105 | Infrastructure | 25 km road and construction of Ghalang bridge and Sara Keli bridge in route to Mousa khil Qalaander          | MoPW | 14.2 | khost  | 4 | 0.6  | 4.5  | 4.5  | 4% |          | NIP           |
| 106 | Infrastructure | 49 km khost ring road Nader Shakot , Guriz , Tanai , Maton Gulzar Aka and transit road of Bandar Gholam khan | MoPW | 22.8 | khost  | 4 | 0.9  | 7.3  | 7.3  | 4% |          | NIP           |
| 107 | Infrastructure | Nili shakhristan qunaa road Daikundi province  | MoPW | 16.3 | Daikundi   | 4 | 0.7  | 5.2  | 5.2  | 4% |          | NIP           |
| 108 | Agriculture    | Shajou to Arghandab road   | MoPW | 21   | Zabul  | 4 | 0.8  | 6.7  | 6.7  | 4% |          | NIP           |
| 109 | Agriculture    | Comprehensive Rural Agriculture and Rural Development Project  | Mail | 4.9  |  | 1 | 4.9  | 0    | 0    | 8% |          | CAD           |
| 110 | Agriculture    | Small Irrigation Dams (135 for 34 provinces)   | Mail | 16   | Throughout most provinces  | 1 | 16   | 0    | 0    | 6% |          | CAD           |
| 111 | Agriculture    | Public Awareness Campaigns   | MoCN | 3.3  |  | 1 | 3.3  | 0    | 0    | NA |          | CAD           |
| 112 | Agriculture    | Anti narcotics incentives packages   | MoCN | 3.9  |  | 1 | 3.9  | 0    | 0    | NA |          | CAD           |
| 113 | Education      | Construction of 281 Schools in 17 Provinces  | MoE  | 52.2 | Bamyan, Badakhshan, Baghlan, Parwan, Paktika, Panjshir, Takhar, Jawzjan, Daikundi, Saripul, Samangan, Ghor, Farah, Laghman, Nimroz, Kapisa & Kunar | 4 | 13   | 13   | 13   | 6% | 2nd rank | Human Capital |
| 114 | Education      | Construction of 8 + 25 Education Premises in 5 + 10 Provinces  | MoE  | 6.9  | Balkh, Herat, Nangarhar, Khost, Kabul  | 3 | 2.3  | 2.3  | 2.3  | 6% |          | Human Capital |
| 115 | Education      | Research and Innovation  | MoE  | 0.3  | Kabul Province   | 3 | 0.1  | 0.1  | 0.1  | NA |          | Human Capital |

|     |                          |   |               |      |   |   |      |      |     |     |          |                            |
|-----|--------------------------|---|---------------|------|---|---|------|------|-----|-----|----------|----------------------------|
| 116 | Education                | Non-centralized and electronic system for registering the results and testimonies of graduates of the 12th grade  | MoE           | 0.9  | Kabul Province  | 2 | 0.5  | 0.5  | 0.0 | 0.1 |          | Human Capital              |
| 117 | Education                | Recruiting contracted teachers in (14) including Provincial Kabul and raising the capacity for teacher and teacher training staff, monitoring and evaluation, literacy and education directors, | MoE           | 0.9  | All Related provinces   | 1 | 0.9  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 118 | Education                | New Literary Books  | MoE           | 0.1  | kabul   | 1 | 0.1  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 119 | Education                | Preparation and provision of textbooks, resources and scientific resources, and the establishment of an electronic library  | MoE           | 0.3  | kabul   | 1 | 0.3  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 120 | Education                | Print Islamic textbooks for Islamic training centers  | MoE           | 0.7  | kabul   | 1 | 0.7  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 121 | Education                | Improvement of the educational level of professors and employees  | MoE           | 0.7  | kabul   | 3 | 0.1  | 0.1  | 0.1 | NA  |          | Human Capital              |
| 122 | Education                | Design and print textbooks for the Cetral and provinces   | MoE           | 0.2  | kabul   | 1 | 0.2  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 123 | Education                | Development of the tourism sector   | MoIC          | 0.5  | kabul   | 1 | 0.1  | 0.0  | 0.0 | NA  |          | Human Capital              |
| 124 | Education                | Construction of Buildings for Islamic Studies   | MoE           | 7.6  | Nangarhar , Daikundi,Badakhshan,Parwan,Logar,Uruzgan,Panjshir,Laghman,Sarepul,Baghlan,Kapisa, Kabul,Khost,Ghor,Faryab,Nuristan,Samangan,Takhar,Herat, | 3 | 2.5  | 2.5  | 2.5 | 6%  |          | Human Capital              |
| 125 | Education                | Arrangement of Master Plans of Universities (Bamyan, Faryab, Kandahar, Takhar, Samangan and Ghazni Technical)   | MoHE          | 0.3  | 6 Province  | 1 | 0.3  | 0    | 0   | NA  |          | Human Capital              |
| 126 | Security                 | Construction of Police Complexes  | Mol           | 10.3 | Ghor,Ghazni,Takhar,Nangarhar & Faryab   | 2 | 5.2  | 5.2  |     | 6%  |          | Effective Governance       |
| 127 | Security                 | Construction of Police Compounds in 32 Districts  | Mol           | 26.4 | Throughout most provinces   | 3 | 8.8  | 8.8  | 8.8 | 6%  |          | Effective Governance       |
| 128 | Security                 | Construction of Facilities in urban districts   | Mol           | 1.6  | Noristan, Balkh, Kabul , Kandaha & Nangarhar  | 1 | 1.6  | 0    | 0   | 6%  |          | Effective Governance       |
| 129 | Security                 | Construction of a wall surrounded by Garnizon of prisons and detention centers directorate  | Mol           | 2.9  |   | 2 | 1.45 | 1.45 | 0   | 4%  |          | Effective Governance       |
| 130 | Security                 | Construction of Building for ANDS in Kalkan district of Kabul   | ANDS          | 1.9  | Kalkan District Kabul   | 2 | 1.1  | 0.8  | 0   | 6%  |          | Effective Governance       |
| 131 | Security                 | Construction of Building for ANDS in Nijrab Kapisa district   | ANDS          | 2    | Najrab District Kapisa  | 2 | 1    | 1    | 0   | 6%  | 2nd rank | Effective Governance       |
| 132 | Security                 | Construction of Guest House For ANDS in Nangarhar   | ANDS          | 1.9  | Nangarhar   | 2 | 1    | 0.9  | 0   | 6%  |          | Effective Governance       |
| 133 | Security                 | Construction of Building for ANDS in Noristan   | ANDS          | 2.5  | Noristan  | 2 | 1    | 1    | 0   | 6%  |          | Effective Governance       |
| 134 | Security                 | Construction of Building for ANDS in Balkh  | ANDS          | 2.4  | Balkh   | 2 | 1.3  | 1.1  | 0   | 6%  |          | Effective Governance       |
| 135 | Security                 | Construction of Building for ANDS in Parwan   | ANDS          | 2.4  | Parwan  | 2 | 1.3  | 1.1  | 0   | 6%  | 2nd rank | Effective Governance       |
| 136 | Security                 | Building of Hospital in Section 20 Kunduz   | MoD           | 1.34 | Kundoz  | 1 | 1.34 | 0    | 0   | 6%  |          | Effective Governance       |
| 137 | Security                 | Reconstruction of Embassy of the Islamic Republic of Afghanistan in Berlin  | MoFA          | 0.45 | Berlin  | 1 | 0.45 | 0    | 0   | 6%  |          | NIP                        |
| 138 | Security                 | Reconstruction of Embassy of the Islamic Republic of Afghanistan in Ankara  | MoFA          | 0.64 | Ankara  | 1 | 0.64 | 0    | 0   | 6%  |          | NIP                        |
| 139 | Security                 | Reconstruction of General consulate of the Islamic Republic of Afghanistan in Jedah   | MoFA          | 0.27 | Jedah   | 1 | 0.27 | 0    | 0   | 6%  | 2nd rank | NIP                        |
| 140 | Security                 | Reconstruction of Embassy of the Islamic Republic of Afghanistan in Riyadh  | MoFA          | 2.1  | Riyadh  | 1 | 2.1  | 0    | 0   | 6%  |          | NIP                        |
| 141 | Security                 | Reconstruction of General consulate of the Islamic Republic of Afghanistan in Peshawor  | MoFA          | 0.3  | Peshawor  | 1 | 0.3  | 0    | 0   | 6%  |          | NIP                        |
| 142 | Security                 | Reconstruction of Embassy of the Islamic Republic of Afghanistan in Paris   | MoFA          | 5.6  | Paris   | 1 | 5.6  | 0    | 0   | 6%  |          | NIP                        |
| 143 | Security                 | Digitalizing the Deplomatic Archive of Ministry of Foreing Affairs  | MoFA          | 0.03 | Kabul   | 1 | 0.03 | 0    | 0   | NA  |          | NIP                        |
| 144 | Security                 | Construction of Building for Ministry of Foreign Affairs's Delegation in Kandahar, Herat, Paktia provinces.   | MoFA          | 1    | Kandahar , Herat & Paktia   | 1 | 1    | 0    | 0   | 6%  | 2nd rank | NIP                        |
| 145 | Governance & Rule of Law | Building of Mosqs in Kabul and Provinces  | MoHIA         | 5.5  | Kabul & Provinces   | 1 | 5.5  | 0    | 0   | 6%  |          | Effective Governance       |
| 146 | Governance & Rule of Law | Capacity Building For Ministry of Haj and Islamic Affairs   | MoHIA         | 0.33 | Kabul   | 1 | 0.33 | 0    | 0   | NA  |          | Effective Governance       |
| 147 | Governance & Rule of Law | Create MIS system   | MoHIA         | 0.06 | Kabul   | 1 | 0.06 | 0    | 0   | NA  |          | Effective Governance       |
| 148 | Governance & Rule of Law | Capacity Building For Meshrano Jirga Staff  | MJ/Parliament | 0.18 | Kabul   | 1 | 0.18 | 0    | 0   | NA  |          | Effective Governance       |
| 149 | Health                   | Established 3 Centers for Treatment of 20 Substance Drug Addicts  | MoH           | 2.0  | Urozgan,Noristan,Zabul  | 3 | 0.8  | 0.8  | 0.8 | 6%  | 2nd rank | Human Capital              |
| 150 | Health                   | Establishment of two treatment clinics for drug addicts in Kabul  | MoH           | 0.6  | Kabul   | 3 | 0.2  | 0.2  | 0.2 | 6%  |          | Human Capital              |
| 151 | Health                   | Fighting against the sector and spreading the resistance against anti-microbial drugs   | MoH           | 1.3  | Kabul   | 7 | 0.2  | 0.2  | 0.2 | NA  |          | Human Capital              |
| 152 | Health                   | Establishment of the center for the mother of the Ali Jinnah Hospital in Dasht-e Barchi   | MoH           | 1.3  | Kabul   | 1 | 1.3  | 0    | 0   | 6%  |          | Human Capital              |
| 153 | Health                   | Outbreak of vulnerable populations (prisons, safe houses, orphanages and other neighborhoods)   | MoH           | 8.9  | All Related provinces   | 5 | 1.8  | 1.8  | 1.8 | NA  | 2nd rank | Human Capital              |
| 154 | Health                   | Follow up and disability due to eye health problems for schoolchildren  | MoH           | 2.9  | Kabul, Bamyan, Parwan, Baghlan  | 7 | 0.2  | 0.2  | 0.2 | NA  |          | Human Capital              |
| 155 | Health                   | Increasing the capacity of female employees in the Ministry of Public Health  | MoH           | 0.2  | Kabul   | 3 | 0.1  | 0.1  | 0.1 | NA  | 2nd rank | Human Capital              |
| 156 | Health                   | Congo CCHF Control  | MoH           | 1.9  | Kabul   | 3 | 0.2  | 0.2  | 0.2 | NA  | 2nd rank | Human Capital              |
| 157 | Social Protection Sector | Concrete of women garden in samangan  | MoWA          | 0.2  | samangan  | 1 | 0.2  | 0    | 0   | NA  |          | woman economic empowerment |
| 158 | Social Protection Sector | A project to strengthen the implementation of national and international commitments on gender equality   | MoWA          | 0.8  | 24 Province   | 1 | 0.8  | 0    | 0   | NA  |          | woman economic empowerment |
| 159 | Social Protection Sector | Identify vulnerabilities (surveys and maps).  | ANDMA         | 2    | 5 Province  | 3 | 0.7  | 0.7  | 0.7 | NA  | 2nd rank | Human Capital              |
| 160 | Social Protection Sector | Establish a previous warning system against floods in hazardous neighborhoods   | ANDMA         | 1.3  | 13 Province   | 3 | 0.4  | 0.4  | 0.4 | NA  |          | Human Capital              |
| 161 | Social Protection Sector | Equipping emergency centers   | ANDMA         | 0.7  | 10 Province   | 3 | 0.2  | 0.2  | 0.2 | NA  | 2nd rank | Human Capital              |
| 162 | Social Protection Sector | MOBTA REFORM  | MoBTA         | 1.2  | Provinces near Diverand Border  | 3 | 0.3  | 0.3  | 0.3 | NA  |          | Human Capital              |
| 163 | Economy sector           | Coordination and implementation of SDGS   | MoEC          | 1    | kabul   | 1 | 1    | 0    | 0   | NA  |          | Human Capital              |
| 164 | Economy sector           | Liquidation of the repair and maintenance of oil laboratory equipment   | ANSA          | 0.04 | Kabul Province  | 2 | 0.04 | 0    | 0   | NA  | 1st rank | Human Capital              |
| 165 | Economy sector           | Servey of education and Mosqs   | CSO           | 0.8  | All province  | 1 | 0.8  | 0    | 0   | NA  |          | Human Capital              |
| 166 | Economy sector           | Servey of Afghanistan Development Situation   | CSO           | 0.9  | All province  | 1 | 0.9  | 0    | 0   | NA  | 2nd rank | Human Capital              |