



Ministry of Finance
Islamic Republic of Afghanistan

QUARTERLY MACROECONOMIC AND FISCAL BULLETIN

Second Quarterly Report FY1399

Macroeconomic and Fiscal Policy
Directorate General (MFPD)
Ministry of Finance

Saratan 1399 (July 2020)



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2nd Quarterly Report FY1399

Afghanistan's Macroeconomic and Fiscal Performance

Macroeconomic and Fiscal Policy Directorate General (MFPD)

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Acknowledgments

The Quarterly Macroeconomic and Fiscal Bulletin (QMFB), which is published every quarter in a fiscal year, outlines the country's macroeconomic and fiscal performance during a quarter and compares the fiscal performance of current quarter with the previous quarter. It covers recent economic developments, revenue collection performance, and expenditure execution by sector, province and inputs, and presents the fiscal sustainability and fiscal balance of a quarter.

The Quarterly Macroeconomic and Fiscal Bulletin is intended for a wide audience, including policy makers, the development partners, the private sector, and the community analysts and professionals engaged in Afghanistan's economy.

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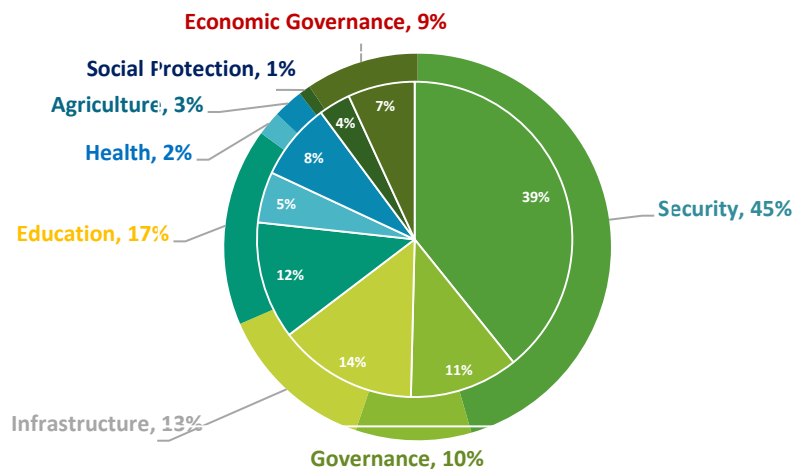
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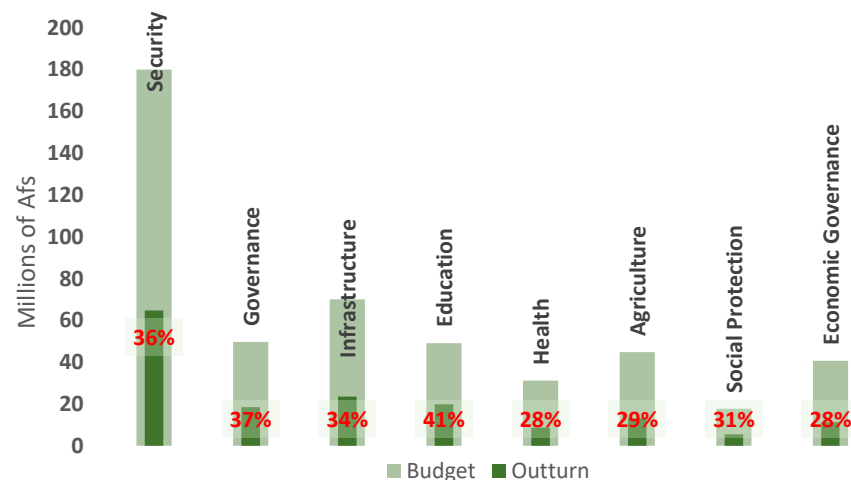
KEY MESSAGES IN CHARTS

2nd Quarter, 1399

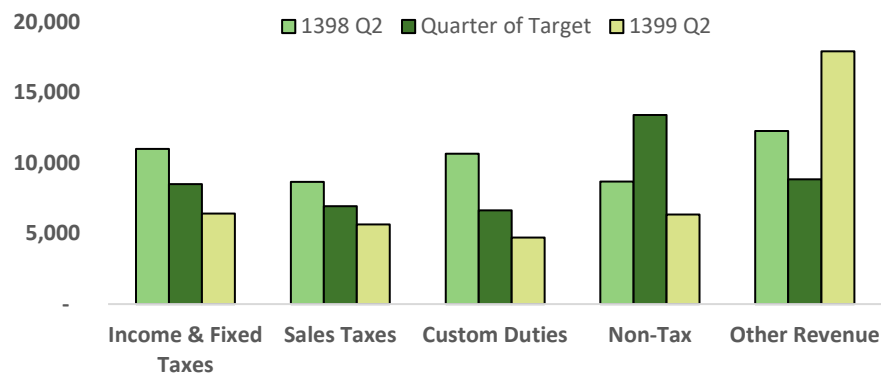
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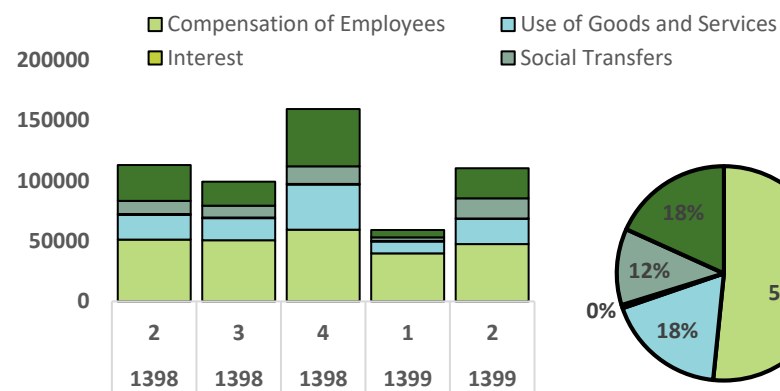
Budget Execution



Revenue Summary



Expenditure Summary by



Executive Summary

The Afghan economy continued to recover slightly over FY1397, but severe drought and intensifying political uncertainty downturned growth to just 1.8 percent. Real GDP growth have reached 3.9 percent in FY1398, driven by easing of drought conditions and rapid agriculture growth. The impact of strong agriculture performance was offset by slow growth in service and industry sectors due to weak confidence for investment and political uncertainty and increasing insecurity in the country. Agriculture sector grown by 17.5 percent, mainly driven by growth in cereals. Beside, fruit production increased by 25.5 percent after contracting by 8 percent in FY1397. On the other hand, industry sector grown by 4.8 percent, while service sector growth by negative 1.4 percent during FY1398. Slow growth in both industry and services reflected weak confidence which was associated by presidential elections, continued insecurity and unknown outcomes of peace discussions with the Taliban.

The economy of Afghanistan is severely impacted in the second quarter of FY1399 due to the spread of COVID-19 pandemic. Major disruptions in domestic activities, regional trade, and the flow of remittances caused a significant contraction in the economy. The real GDP growth was expected to be 3.9 percent pre-COVID-19, but with the wider spread of the virus, the real GDP growth is estimated to slump to a negative territory of 5 percent, which is mainly driven by decline in service and industry sectors, caused by lockdowns in the major cities. With declining incomes and increasing food prices, hardship is increasing, with the poverty rate expected to increase up to 72 percent over FY1399.

During FY1398, prices were stable at average inflation rate of 2.3 percent due to low international energy prices. But with the start of the FY1399, price levels rapidly increased due to the vast spread of the Covid-19 pandemic. Non-food items were not affected highly by the pandemic but food items were increased by 4 percent in the first quarter and 9 percent in the second quarter of FY1399. The average inflation rate in the second quarter was 4.2 percent.

The Afghani currency remained stable against major international currencies but it depreciated against US dollar by 2.8 percent during FY1398. Whereas, in the second quarter of FY1399, the Afghani currency appreciated by 1.5 percent against the Euro currency, driven by lower imports and increased demand for Afghani in province bordering Pakistan. Afghani currency remained stable against the US dollar with Afs 77 per US dollar, due to the central bank limited foreign exchange interventions.

During FY1398, domestic revenue collections performed well and total collections reached to Afs 207.3 billion. Share of domestic revenues equaled to around 15.7 percent of GDP. The strong revenue performance was mainly driven by one-off revenue collections

of around Afs 32 billion, of which Afs 24 billion were transferred from Da Afghanistan Bank operating profit. In the beginning of FY1399 under a baseline scenario, domestic revenues are estimated to decline from Afs 209 billion in FY1398 to Afs 177 billion including central bank transfers due to the spread of COVID-19 virus around the country. The collection in the first and second quarters of FY1399 has rapidly deteriorated driven by reduced economic activity, restrictions on international trade, and deteriorating compliance, core domestic revenues were lower by 34 percent against the target.

Total government's revenue collection including grants till the end of the second quarter of FY1399 was Afs 139.2 billion, of which Afs 78.9 billion are collected from domestic sources. Tax revenue including custom was Afs 43.3 billion, which makes 48.1 percent of domestic sources. The remaining portion came from the non-tax revenue. Domestic revenue collection till the end of the second quarter was 16 percent lower than the same period in 1398 driven by the impact of COVID-19, weak confidence, political uncertainty, and continued insecurity in the country. Similarly, revenue collection including donor grants has fallen by 15 percent as a result of reduction in grants in the second quarter of FY1399.

On the expenditure side, the government spending by the end of the second quarter reached Afs 169.4 billion. Recurrent spending reached Afs 138.5 billion with an estimated execution rate of 38 percent. It shows 3 percent lower compared with the same period of last year. The development budget execution rate was also lower by 15 percent. Spending was 2 percent lower compared with same period of last year. The low development budget execution rate is mainly driven by weak execution of donor-managed non-discretionary projects. Donor financed non-discretionary projects are currently undergoing significant restructuring to funding the responds to the COVID-19 pandemic.

Overall operating balance was positive in this period. Total operating budget for the year 1399 is Afs 307.2 billion. Total budget allocation for both operating and development is Afs 483.6 billion which will relatively adjust in the mid-year review due to pandemic issue in the country. Annual budget 1399 was adjusted for an increase in codes 22, 23, 24 respectively.

Table 1. GFS Summary

	1398 Q2	1398 Q2 YTD	1399 Budget	1399 Q2	1399 Q2 YTD
Revenue	90,739	163,305	439,555	84,796	139,174
Tax Revenue	31,126	60,393	90,388	17,195	43,355
Non-Tax Revenue	9,587	30,525	86,892	22,132	33,903
Grants	48,486	69,605	262,274	43,789	60,224
Social Contributions	1,541	2,781	-	1,679	1,691

Expenditure	83,208	130,246	362,670	85,303	138,491
Wages and Salaries	51,286	89,057	208,248	47,547	87,426
Goods and Services	20,437	28,339	119,011	20,839	30,697
Interest	648	1,083	1,385	387	835
Grants and Transfers	10,836	11,766	34,025	16,530	19,533
Overall Operating Balance	7,531	33,059	76,885	(507)	682
Primary Operating Balance	8,180	34,142	78,270	(120)	1,517
Gross Acquisition of Fixed Assets	29,645	35,450	120,990	24,944	30,909
Net Acquisition of Fixed Assets	29,636	35,435	120,990	24,922	30,816
Overall Balance	(22,105)	(2,377)	(44,105)	(25,430)	(30,134)
Primary Balance	(21,457)	(1,293)	(42,720)	(25,043)	(29,299)
Gross Acquisition of Financial Assets	6,290	(1,650)	44,105	26,117	29,037

* 1. Q stands for quarter 2. YTD stands for Year to Date

Table 2. Adjustments in the Budget

Operating Only	Original Budget	Adjusted Budget	Change
TOTAL GROSS EXPENDITURES	306,240.0	299,868.9	-2%
RECURRENT EXPENDITURES	294,107.0	288,173.8	-2%
Compensation of Employees	210,634.2	206,184.2	-2%
Use of Goods and Services	56,066.1	57,856.6	3%
Interest	1,957.5	1,385.2	-29%
Social Transfers	25,449.2	22,747.7	-11%
ACQUISITION OF ASSETS	12,133.0	-	-100%
Operating and Development			
Security	182,353.8	179,976.8	-1%
Governance	58,052.3	49,695.7	-14%
Infrastructure	91,201.5	70,037.9	-23%
Education	50,119.0	49,161.8	-2%
Health	31,326.4	31,251.8	0%
Agriculture	46,378.4	44,832.0	-3%

Social Protection	17,689.7	17,645.4	0%
Economic Governance	22,159.4	40,737.6	84%
Unclassified	-	-	
TOTAL	499,280.5	483,339.1	-3%

Macroeconomic Overview

Summary:

The economy continued to contract during the second quarter of FY1399 due to the increase in number of COVID-19 cases all over the country and worldwide. Real GDP growth has contracted by negative 5 percent due to economic disruptions associated with COVID-19 crisis. Wheat production and other agriculture outputs supported the agriculture sector growth, while industry and service output had been hit hard by the imposition of lockdowns and border closures. Household consumption has highly declined due to a sharp reduction in household's incomes, disruption to services and retail activities. In addition, investment has also been affected negatively due to the COVID-19 crisis.

Prices were stable during FY1398 at average inflation rate of 2.3 percent due to low international energy prices. But with the start of the FY1399, price levels rapidly increased due to the vast spread of the Covid-19 pandemic. Food items were highly affected by the pandemic and increased by 4 percent in the first quarter and 9 percent in the second quarter of FY1399. The average inflation rate in the second quarter was 4.2 percent.

During FY1397 and FY1398 the Afghan economy continued to recover and GDP growth reached to 3.9 percent. The agriculture sector is estimated to have grown by 17.5 percent, driven by the easing of drought condition and improved agriculture production. Increased political uncertainty, however, are expected to have continued to reduce private sector confidence and investment. On the other hand, industry sector grown by 4.8 percent, while service sector growth by negative 1.4 percent during FY1398 which is reflected by weak confidence for investment and business activities associated with political uncertainties and continued insecurity in the country.

Exchange rate remained stable against major international currencies, but it depreciated against US dollar by 2.8 percent during FY1398. But during the first and second quarters of FY1399, the Afghani currency appreciated by 1.5 percent against the Euro currency, driven by lower imports and increased demand for Afghani in province bordering Pakistan. Afghani currency remained stable against the US dollar with Afs 77 per US dollar, due to the central bank limited foreign exchange interventions.

During the first quarter of FY1399, consumer price index have increased slightly by an average of 1.7 percent, driven by high food prices that increased by 4 percent, and lower growth saw in non-food items by 0.2 percent. Food prices were increased mainly due to the impact of COVID-19 and pandemic issues.

While by end of the second quarter of FY1399, the headline CPI rate highly increased by 4.2 percent that reached to overall price index to 126.5. The continuation of the pandemic and border closers during quarantine impacted highly the imports of food items that reached to 9 percent increases, while non-food price remain stable at 1 percent respectively. The spread of the COVID-19 and pandemic issue around the country and globe impacted highly on border closers and lockdown in the country and prices increased highly, particularly the food prices that reached to a very high prices, and might continue to be at the same prices during the next half of the year.

Table 4. Marco-Economic Growth

In percentage change Unless otherwise noted	Historic 1398	Current 1399	Budget 1400
Real GDP Growth - Factor Price	3.2%	-6%	4.2%
Real GDP Growth - Market Price	3.9%	-5.0%	3.6%
Nominal GDP Level (Afs bn)	1319.9	1344.2	1430.0
NGDP by Sector			
Primary	17.5%	4.5%	6.3%
Secondary	4.8%	-8.1%	24.2%
Tertiary	-1.4%	-11.0%	2.4%
GDP Deflator	2.2%	7.7%	2.8%

Table 3. Inflation

% - Q-o-Q	1398	1398	1399	1399
	Q3	Q4	Q1	Q2
Overall Index (average)	118.1	119.3	121.4	126.5
CPI Rate (average growth)	-2.0%	1.1%	1.7%	4.2%
Food	-4.3%	2.1%	4.0%	9.0%
Non-Food	-0.5%	0.4%	0.2%	1.0%

Real GDP growth have reached 3.9 percent in FY1398, driven by easing of drought conditions and rapid agriculture growth. The impact of strong agriculture performance was offset by slow growth in service and industry sectors due to weak confidence for investment and political uncertainty and increasing insecurity in the country. Agriculture sector grown by 17.5 percent, mainly driven by growth in cereals. Beside, fruit production increased by 25.5 percent after contracting by 8 percent in FY1397. On the other hand, industry sector grown by 4.8 percent, while service sector growth by negative 1.4 percent during FY1398. Slow growth in both industry and services reflected weak confidence which was associated by presidential elections, continued insecurity and unknown outcomes of peace discussions with the Taliban.

Available indicators show signs of high contraction in economic growth of the country during the first half of the year, reflecting the impacts of COVID-19 crisis and pandemic issue, insecurity and political uncertainty in the country. Due to these issues, the real GDP growth is estimated by the Ministry of Finance of Afghanistan to contract to negative 5 percent in this year. Consumption and investment are expected to become slower due to social distance measures and weak

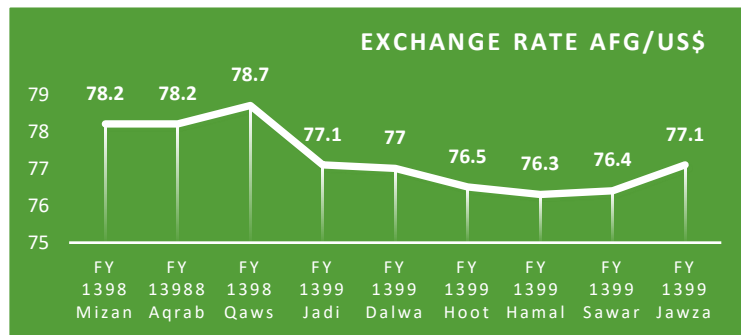
CPI Inflation Average	2.8%	5.1%	4.3%
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Exchange Rate

During FY1398, the Afghani currency remained stable against major international currencies, but it depreciated against US dollar by 2.8 percent. While during the first and second quarters FY1399, the Afghani currency appreciated by 1.5 percent against the Euro currency, driven by lower imports and increased demand for Afghani in province bordering Pakistan. Afghani currency remained stable against the US dollar between Afs 76 to 77 per US dollar, due to the central bank limited foreign exchange interventions.

A weaker exchange rate tends to make exports more competitive, as Afghan products will be less expensive for foreigners to buy. However, in Afghanistan, the exchange rate plays an insignificant role to help the BoP because of supply deficiencies. Due to unexpected decline in the foreign aid, there is possibility that Afghani will depreciate annually by 1.5 percent in the medium term.

Figure 1: Currency exchange rate



confidence. Moreover, revenue collection expected to decline due to lockdown in the country which will impact on less economic activities and border closures.

Impacts of COVID-19 on the agriculture sector so far have been limited, as favorable weather condition are coming soon for the agriculture production especially for the wheat production. Production of fresh and dry fruits for processing and export, have negatively impacted due to disruption to supply chains and closure of export routes.

Industry and service sectors have strongly impacted by the spread of the Coronavirus in the country during the first and second quarter of FY1399. Border closures impacted highly on export companies and those that rely on imported inputs. Business activities also negatively impacted by contraction in customer demand during this period. Demand for goods and services declined highly due to lockdown measures.

By end of the second quarter of FY1399, the CPI inflation rate highly increased by 4.2 percent growth which mainly driven by high food items that reached to 9 percent, while non-food price remain stable to be at 1 percent respectively. It is expected that in the second half of the year, inflation growth will increase to 5 percent due to COVID-19 crisis and pandemic issues in the country.

Revenue Performance

Revenue performance during FY1399 started very slow and collapsed since the onset of the COVID-19 crisis. It mainly reflecting by lower economic activities, restrictions on international trade, weaker compliance, political uncertainty, and continued insecurity during the first half of the year. Total government's revenue collection including grants till the end of the second quarter of FY1399 was Afs 139.1 billion, of which Afs 78.9 billion including one-off collected from domestic sources. Tax revenue including custom was Afs 43.3 billion, which makes 54.8 percent of domestic sources. The remaining portion came from the non-tax revenue. Domestic revenue collection till the end of the second quarter was 16 percent lower than the same period in 1398. The outbreak of the Coronavirus and the lockdowns reflected highly on the economic activities and border closures which as a result domestic revenue collected very less compared with the same periods in previous years. Similarly, grants also received lower from the donor agencies by end of the first half of the year.

Table 5. Revenue Summary

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Budget	1399 Q2	1399 Q2 YTD	% Target	% Change on 1398
Revenues Including Grants	99,739	163,305	439,555	84,796	139,174	32%	-15%
Revenues Excluding Grants	51,253	93,700	177,281	41,006	78,949	45%	-16%
Revenue (without customs)	40,593	74,883	150,694	36,304	66,691	44%	-11%
Tax Revenues (without customs)	20,465	41,577	63,802	12,493	31,097	49%	-25%
Fixed Taxes	3,264	6,384	9,649	1,873	4,676	48%	-27%
Income Taxes	7,738	16,736	24,331	4,547	11,954	49%	-29%
Property Taxes	159	295	437	70	199	46%	-33%
Sales Taxes	8,651	17,151	27,751	5,635	13,160	47%	-23%
Other Taxes	-	-	-	-	-	-	-
Customs Duty, Import Taxes	10,661	18,816	26,586	4,702	12,258	46%	-35%
Non Tax Revenue	8,678	19,209	53,618	6,354	16,288	30%	-15%
Income from Capital Property	513	1,003	2,089	97	504	24%	-50%
Sales of Goods and Services	1,755	4,355	7,708	1,498	3,516	46%	-19%
Administrative Fees	5,936	13,158	23,528	4,575	11,702	50%	-11%
Royalties	(25)	-	389.9	-	-	0%	-
Non Tax Fines and Penalties	185	311	537	167	411	77%	32%
Extractive Industry	315	382	2,166	18	156	7%	-59%
Miscellaneous Revenue	908	2,308	30,998	2,609	4,373	14%	89%

Sales of Land and Buildings	9,000	9,008	2,276	13,169	13,242	582%	47%
Social Contributions	1,541	2,781	-	1,679	1,691	-	-39%
Grants	48,486	69,605	262,274	43,789	60,224	23%	-13%
Foreign Governments	33,376	45,359	-	34,790	49,850	-	10%
International Organization	15,110	24,246	-	8,999	10,374	-	-57%
Other Government Units	-	-	-	-	-	-	-
	99,739	163,305	439,555	84,796	139,174	32%	-15%

Revenues Collection by Key Provinces

Revenue collection by province shows all types of revenues collecting during a quarter, as showed in table 6 below. Typically, the provinces close to borders collected higher revenue than other provinces because of the large amount of export and import (without the customs offices) cross the border province and generated higher revenue through custom duty. The collection by the key provinces bordered by neighboring countries had higher collections compared with non-border provinces. Almost collection of most of the provinces decreased compared with the same quarter of last year. Among these provinces, Nangarhar and Herat provinces had the highest collection of Afgani 6.2 and 7.5 billion (35 and 36 percent of the target) by end of the second quarter of FY1399. Overall revenue collection in the second quarter of FY1399 compared with the same period of FY1398 was mostly collect lower, because of the impact of the COVID-19 and lockdown due to which all business activities were stopped. On the other hand, high uncertainty in the country, unknown result of the peace process with the Taliban, and insecurity were the other challenging issues in the country that impacted on the reduction in the revenue collection during the second quarter of FY1399.

Table 6. Revenue from All Provinces

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Est. Target	1399 Q2	1399 Q2 YTD	% Target	% Change on 1398
REVENUES exc. grants	51,253.5	93,684.6	177,280.6	40,984.7	78,949.1	45%	-16%
Badakhshan	92	182	345	77	143	41%	-22%
Badghis	39	75	143	29	60	42%	-20%
Baghlan	106	221	417	36	165	39%	-25%
Balkh	3,029	6,168	11,672	4,122	7,419	64%	20%
Bamyan	51	104	197	28	89	45%	-14%
Central Ministries	27,159	45,051	85,250	25,213	40,739	48%	-10%
Dikondy	36	69	131	34	49	37%	-29%

Farah	991	1,496	2,830	762	1,740	61%	16%
Faryab	1,083	2,453	4,641	707	1,921	41%	-22%
Ghazni	120	226	427	59	200	47%	-11%
Ghor	36	63	119	36	58	49%	-7%
Helmand	142	314	594	166	338	57%	8%
Herat	5,265	10,983	20,783	3,102	7,566	36%	-31%
Jawzjan	83	186	353	50	133	38%	-28%
Kabul	827	1,595	3,017	1,215	2,137	71%	34%
Kandahar	3,035	6,295	11,912	1,209	3,978	33%	-37%
Kapisa	60	92	174	27	71	41%	-23%
Khost	428	849	1,606	63	406	25%	-52%
Kunar	61	121	228	38	85	37%	-29%
Kunduz	390	750	1,418	383	740	52%	-1%
Laghman	54	116	219	22	80	37%	-31%
Logar	36	60	114	18	56	49%	-7%
Nangarhar	5,005	9,570	18,110	1,593	6,293	35%	-34%
Nimroz	1,777	3,983	7,538	1,368	2,922	39%	-27%
Nuristan	12	28	52	17	26	49%	-6%
Offshore Payments	0	0	0	0	0	-	-
Paktika	320	676	1,279	42	147	11%	-78%
Paktiya	557	1,048	1,983	256	681	34%	-35%
Pangsher	27	50	96	20	42	44%	-18%
Parwan	111	219	414	107	169	41%	-23%
Samangan	56	118	223	34	87	39%	-26%
Saripul	49	96	181	29	73	40%	-24%
Takhar	101	216	408	76	180	44%	-17%
Uruzgan	26	49	93	17	32	34%	-36%
Wardak	54	108	205	10	73	36%	-33%
Zabul	35	58	109	18	50	46%	-13%

Table 7. Revenues by key province

In millions of Afghanis	1398 Q2	1399 Est. Target	1399 Q2	% Target	% Change on 1398
Kabul	827	3,017	366	12%	-56%
Nangarhar	5,005	18,110	1,503	8%	-70%
Balkh	3,029	11,672	4,046	35%	34%
Kandahar	3,035	11,912	1,170	10%	-61%
Faryab	1,083	4,641	680	15%	-37%
Herat	5,265	20,783	3,028	15%	-42%
Nimroz	1,777	7,538	1,360	18%	-23%
Central Ministries	27,101	85,250	25,157	30%	-7%

Grants

Donor grants support to core budget which finances major expenditures items in both operating and development budget. The grants reimbursement which is added with the domestic revenue make up to total available resources for the government. Total revenue including grants till the end of the second quarter amounted to Afs 139.1 billion out of which Afs 6 billion was grants only. This seems that amount of grants during FY1399 is significantly lower than the previous years, although the country highly expects from the International Community for the COVID-19 expenditures particularly in the health sector.

Table 8a presents the operational grants for the second quarter of FY1399. CSTC-A in the Ministry of Defense as the largest component consisted of 41 percent of total grants by end of the second quarter, while it was 56 percent during the same fiscal period in FY1398. Funds released from LOTFA decreased by 25 percent in the second quarter from 56 percent in the same quarter of FY1398. Similarly, ARTF amount increased by 33 percent, but CSTC-A resource at the Ministry of Interior spending were with zero allocation.

Table 8b presents the largest development projects financed through grants during the second quarter of FY1399. **Improving the Service Delivery** with two projects are the first two largest grant provided with Afs 2.1 million and 1.1 disbursement

during the second quarter. Following **Energy sector development investment program** is the next project with Afs 786 million grand expenditure during the second quarter of the year.

Table 8a. Operating Grants

All values are in Million Afs	1398 Q2	1398 Q2 YTD	% Total	1399 Q2	1399 Q2 YTD	% Total
Afghanistan Reconstruction Trust Fund (ARTF)	0	11	0%	16,380	16,507	33%
Law & Order Trust Fund (LOTFA)	6,301	11,141	30%	6,060	12,648	25%
CSTC-A¹ MoD	15,977	20,576	56%	12,350	20,674	41%
CSTC-A¹ MoI	2,423	4,847	13%	0	0	0%

1/ Combined Security Transitional Command Afghanistan

Table 8b. Largest Development Grants for the YTD

All Values are in Million Afghanis	Code	1399 YTD
Improving Service Delivery	32810	2,179
Improving Service Delivery	30940	1,199
Energy Sector Development investment Program Trance 4	35430	786
Small Development Program - India	40430	657
TF0A7314 Afghanistan Sehatmandi Project	33010	533
0362 Water Resources Development Investment Program Project 2	35410	488
PTEC IL 22-7 Expansion Strengthening and Integration of NEPS and SEPS Power Systems and Capacity Building of DABS	38200	387
Higher Education Development Program	32720	379
0375-AFG(EF) North South Power Transmission Enhancement Project	35520	267
0464-Energy Supply Improvement Investment Program-Project 1	35530	261
Transport Network Development Investment Program - Tranche3	35450	248
Grant No: DSF 2000000773 support to National Prity Program 2	41220	246

Improvement of Horticulture and facilities	35610	231
0522-Energy Supply improvement Investment Program- Project2	35560	222
0081- Road Network Development Project 1	35060	182
G0556-AFG Energy Supply Improvement Investment Program-Project 04	35590	139
Human Resources Capacity injection	33020	137
Goods, Works, Non-Consulting services, and Consultants Services for parts A.1 and A.2 of the Project activities within the territory of the recipient	32800	131
NWARA		
Output 1a: Raise the Main Dam and six saddle dams-NWARA	35640	129
G0507 (EF) Panj Amu River Basin Sector Project (MAIL)	35490	124

Expenditure Performance

Operating and Development Expenditure

Government budget consists of both operating and development budgets. Operating budget consists of the day-to-day expenses of the Government, i.e. the cost of salaries, fuel, textbooks, and medicines. Development budget covers expenditures on development projects such as road building and irrigation systems. Table 9 presents comparison of operating expenditures in the second quarter of FY1399 and FY1398. The total operating expenditure has decreased by 3 percent compared to the same period in FY1398. Most of the components of the operating expenditure decreased in the second quarter, but expenditures on social transfers and acquisition of assets has increased. The increase in social transfer was due to the covid-19. Table 10 shows that development expenditures decreased by 2% compared to the second quarter of 1398. Discretionary expenditures increased by 8 percent and non-discretionary expenditure decreased by 9 percent. Expenditure on use of goods has decrease of 4 percent, while expenditure on acquisition of NFA has decrease of 19 percent compared with same quarter of last year.

Table 9. Operating Expenditure

In millions of Afghanis	1398 Q2	1399 Q2	1399 Budget	1399 Allocated	% Budget.	% Change on 1398
TOTAL GROSS EXPENDITURES	71,691	69,884	299,869	294,092	23%	-3%
TOTAL NET EXPENDITURES (2)	71,683	69,862				
RECURRENT EXPENDITURES						
Compensation of Employees	50,909	47,152	206,184	205,969	23%	-7%
Wages and Salaries	49,177	45,832				-7%
o/w Wages and Salaries in Cash	41,958	38,676				-8%
o/w Wages and Salaries in Kind	6,489	6,485				0%
Social Benefits	1,815	1,406				-22%
Other Compensation	-83	-87				
Use of Goods and Services	8,402	9,304	57,857	53,895		11%
Travel	754	396				-47%
Food	1,086	786				-28%
Contracted Services	702	467				-34%
Repairs and Maintenance	1,015	692				-32%
Utilities	944	1,956				107%
Fuel	1,966	1,655				-16%
Tools and Materials	941	1,574				67%
Other Use of Goods and Services	994	1,778				

Interest	648	387	1,385	1,385	28%	-40%
To Non-Residents						
Social Transfers	10,702	11,274	22,748	22,746	50%	5%
Subsidies	525	494				-6%
Grants	42	306				629%
<i>Foreign Grants</i>	16	227				
<i>Current Grants</i>	26	79				
Social Security	9,922	9,286				-6%
Other Social Transfers	214	1,188				456%
o/w Social Assistance	7	102				1382%
o/w Advance Subsidies, Grants	207	1,085				425%
ACQUISITION OF ASSETS						
Gross Acquisition of NFA	1,021	1,745	11,695	11,481		71%
Net Acquisition of NFA ¹	1,012	1,724				70%
Sale of Land and Buildings	-9	-22				144%
Buildings and Structures	238	233				-2%
Machinery / Equipment (>50,000)	370	352				-5%
Valuables	1	1				-11%
Land	380	1,160				205%
Capital Advance Payments	33	0				-99%

1/ Net of proceeds from Sale of Non-Financial Assets

Table 10. Development Expenditure Summary

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Q2	1399 Q2 YTD	1399 Budget	1399 Allotted	% Budget.	% Change on 1398
TOTAL GROSS EXPENDITURES	41,170	51,620	40,385	51,218	181,728	180,940	22%	-2%
Discretionary Budget	17,248	22,272	18,656	24,738			-	8%
Non-discretionary Budget	23,922	29,348	21,729	26,481			-	-9%
TOTAL NET EXPENDITURES (2)	40,784	50,866	39,968	50,352				
Use of Goods and Services	12,035	16,378	11,535	16,853	61,155	61,028	19%	-4%
Travel	156	247	121	158				
Communications	17	22	10	14				

Contracted Services	9,491	12,912	9,176	13,450
Repairs and Maintenance	291	343	339	396
Utilities	53	63	34	40
Fuel	176	291	102	180
Other Use of Goods and Services	1,850	2,499	1,753	2,614
o/w Tools and materials (< 50,000)	0	0	0	0
o/w Other Expenses	160	417	98	431
o/w Advances and Return of Expenditure	1,228	1,373	1,426	1,935

Subsidies, Grants, Social Expenditures	134	134	5,257	5,850	11,278	11,278	3825%
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ACQUISITION OF ASSETS

Gross Acquisition of NFA	28,624	34,369	23,198	27,742	109,295	108,634	21%	-19%
Net Acquisition of NFA ¹	28,615	34,354	23,177	27,649				
Sale of Land and Buildings	-9	-15	-22	-93				
Buildings and Structures	20,100	22,800	16,740	19,839				
Machinery / Equipment (>50,000)	7,142	10,423	3,795	4,745				
Valuables	0	0	0	0				
Land	158	158	19	481				
Capital Advance Payments	1,225	988	2,645	2,677				

1/ Net of proceeds from Sale of Non-Financial Assets

Expenditure by Economic Sectors

Table 11 presents comparison of sector-wise expenditures for the second quarter of 1399 and 1398. These sectors include Security, Governance, Education, Health, Agriculture, Social Protection, Infrastructure and Economic Governance. Looking at the expenditures, the table shows that the gross expenditure in the second quarter of 1399 is 13 percent higher than in the same quarter in 1398. The sector-wise expenditure is provided both for operating and development budget. Operating budget expenditure shows 17 percent increase and development budget expenditure shows 34 percent increase compared with the last year's same period.

The execution performances of all sectors have improved in second quarter. Education sector has the highest improvement of 20 percent, expenditure on Economic governance, Security, Governance, Infrastructure, Health, Agriculture, and social protection sectors increased by 18, 15, 11, 11, 4, 3, and 3 percent respectively.

Table 11. ANDS Expenditures

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Q2	1399 Q2 YTD	1399 Budget	1399 Allocated	% Change on 1398
TOTAL GROSS EXPENDITURES	112,649	165,100	1,094	58,722	483,339	468,599	13%
Operating Budget	71,662	114,021	1,038	49,024	294,315	290,197	17%
Development Budget	40,987	51,079	56	9,698	28,792	28,409	34%
Security	38,910	64,764	0	26,722	179,977	179,588	15%
Operating Budget	38,384	64,224	0	26,650	178,031	177,642	15%
Development Budget	526	540	0	72	1,946	1,583	5%
Governance	12,023	18,422	469	5,681	49,696	49,438	11%
Operating Budget	6,717	11,400	468	5,394	22,850	22,592	24%
Development Budget	5,307	7,022	1	287	26,846	26,826	1%
Infrastructure	18,753	23,570	200	7,819	70,038	69,715	11%
Operating Budget	1,303	2,066	146	1,502	5,767	5,670	26%
Development Budget	17,450	21,505	54	6,317	0	0	0
Education	12,111	19,918	0	9,694	49,162	47,688	20%
Operating Budget	11,091	18,668	0	9,367	44,374	42,900	22%
Development Budget	1,020	1,250	0	327	0	0	0
Health	5,753	8,625	0	1,195	31,252	31,232	4%
Operating Budget	960	1,585	0	661	7,113	7,113	9%
Development Budget	4,793	7,040	0	534	0	0	0
Agriculture	11,285	13,064	0	1,489	44,832	43,132	3%
Operating Budget	693	1,158	0	472	4,054	2,353	20%
Development Budget	10,592	11,907	0	1,016	0	0	0
Social Protection	4,741	5,413	0	576	17,645	17,574	3%
Operating Budget	4,358	5,005	0	527	16,779	16,708	3%
Development Budget	384	408	0	50	0	0	0
Economic Governance	9,073	11,324	425	5,545	40,738	30,234	18%
Operating Budget	8,157	9,917	425	4,451	15,347	15,219	29%
Development Budget	916	1,407	0	1,093	0	0	0
Unclassified	0	0	0	0	0	0	-
Operating Budget	0	0	0	0	0	0	-
Development Budget	0	0	0	0	0	0	-

Expenditure by COFOG

Table 12 presents expenditures based on the COFOG -Classification of Functions of the Government, which is a classification of core government activities by the UN. It covers 10 core functions of the government. Major portion of development spending is capital in nature and majority of operating spending are recurrent. However, there is some spending in development spending such as salary of technical assistants which are recurrent in nature, and similarly there is some operating spending which is capital in nature.

Total gross expenditure in the second quarter of 1399 was Afs 110.22 billion. This shows a decrease of 2% from the same quarter of 1398. Recurrent expenditure increased by 3 percent, while capital expenditure has decreased by 16 percent. Spending on Environmental protection, Health, Social protection and General Public services has increased, whereas spending in all other sections have decreased in the second quarter of 1399. Overall, total net expenditure in the second quarter has decreased as compared to the same period in 1398.

Table 12. COFOG Expenditure

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1398 % Total	1399 Q2	1399 Q2 YTD	1399 % Total	% Change
TOTAL NET EXPENDITURE	112,457	165,308	100%	110,225	169,248	99.9%	-2%
Sale of Land and Buildings	-9	-15	0%	-22	-93	-0.1%	144%
TOTAL GROSS EXPENDITURE	112,466	165,323	100%	110,247	169,341	100.0%	-2%
RECURRENT EXPENDITURE	82,830	129,882	79%	85,303	138,432	81.7%	3%
CAPITAL EXPENDITURE	29,636	35,442	21%	24,944	30,909	18.3%	-16%
General Public Services	34,676	47,142	29%	37,015	54,124	32.0%	7%
Recurrent Expenditure	23,436	33,436	20.2%	26,056	40,624	24.0%	11%
Capital Expenditure	11,239	13,707	8.3%	10,959	13,500	8.0%	-2%
Defence	23,243	39,118	24%	22,425	38,113	22.5%	-4%
Recurrent Expenditure	22,732	38,238	23.1%	21,644	37,210	22.0%	-5%
Capital Expenditure	511	880	0.5%	780	903	0.5%	53%
Public Order and Safety	9,985	17,640	11%	8,470	17,299	10.2%	-15%
Recurrent Expenditure	9,882	17,527	10.6%	8,462	17,290	10.2%	-14%
Capital Expenditure	103	113	0.1%	9	9	0.0%	-92%
Economic Affairs	20,227	25,504	15%	14,790	20,412	12.1%	-27%
Recurrent Expenditure	5,272	7,831	5%	4,860	7,371	4.4%	-8%
Capital Expenditure	14,956	17,672	11%	9,930	13,041	7.7%	-34%
Environmental Protection	252	312	0%	493	596	0.4%	96%
Recurrent Expenditure	63	111	0%	62	122	0.1%	-2%
Capital Expenditure	189	201	0%	432	474	0.3%	128%

Housing and Communal Amenities	1,714	1,960	1%	946	1,209	0.7%	-45%
Recurrent Expenditure	395	622	0%	547	769	0.5%	39%
Capital Expenditure	1,319	1,338	1%	399	440	0.3%	-70%
Health	5,779	8,666	5%	9,324	10,524	6.2%	61%
Recurrent Expenditure	5,272	8,133	5%	7,373	8,572	5.1%	40%
Capital Expenditure	508	533	0%	1,951	1,951	1.2%	284%
Recreation, Culture and Religion	1,068	1,538	1%	766	1,241	0.7%	-28%
Recurrent Expenditure	919	1,378	1%	734	1,207	0.7%	-20%
Capital Expenditure	149	160	0%	32	35	0.0%	-78%
Education	11,495	19,030	12%	10,185	19,625	11.6%	-11%
Recurrent Expenditure	10,835	18,197	11%	9,735	19,070	11.3%	-10%
Capital Expenditure	660	832	1%	451	555	0.3%	-32%
Social Protection	4,027	4,413	3%	5,831	6,198	3.7%	45%
Recurrent Expenditure	4,024	4,408	3%	5,831	6,198	3.7%	45%
Capital Expenditure	4	4	0%	0	0	0.0%	-100%

Expenditure Summary by Inputs

Table 13 presents expenditure based on the major Domestic code level in the second quarter of 1399. The highest spending was on social transfers section with 49 percent execution rate, while the lowest spending was on use of goods and services with 18 percent execution rate. Spending for almost all codes had decreased as compared to the same quarter in 1398.

Table 13. Expenditure Summary by Input

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Budget	1399 Allocated	1399 Q2	1399 Q2 YTD	% Growth on 1398	% Budget.
TOTAL GROSS EXPENDITURES	112,853	165,696	483,660	478,481	110,247	169,400	-2%	35%
Operating Budget	71,683	114,076	307,168		69,862	118,181	-3%	38%
Development Budget	40,455	50,188	176,492		34,396	43,541	-15%	25%
Discretionary Budget	17,248	22,272			18,656	24,738	8%	
Non-discretionary Budget	23,208	27,916			15,740	18,804	-32%	
TOTAL NET EXPENDITURES	112,844	165,681			110,225	169,307	-2%	
RECURRENT EXPENDITURES	83,208	130,246			85,303	138,491	3%	
Compensation of Employees	51,286	89,057	208,248	208,033	47,547	87,426	-7%	42%
Wages and Salaries	49,396	85,717			46,059	85,044	-7%	
Social Benefits	1,974	3,492			1,574	2,528	-20%	

Other Compensation	(83)	(151)			(87)	-145		
Use of Goods and Services	20,437	28,339	119,011	114,923	20,839	30,697	2%	18%
Travel	911	1,389			517	899	-43%	
Food	1,103	1,461			796	1,320	-28%	
Contracted Services	10,193	14,026			9,643	14,254	-5%	
Repairs and Maintenance	1,305	1,627			1,031	1,309	-21%	
Utilities	997	1,348			1,990	2,345	99%	
Fuel	2,142	3,337			1,757	2,883	-18%	
Tools and Materials	1,403	1,874			1,803	2,394	29%	
Other Use of Goods and Services	2,383	3,279			3,301	5,292	39%	
Interest	648	1,083	1,385	1,385	387	835	-40%	28%
Social Transfers	10,836	11,766	34,025	34,024	16,530	19,533	53%	49%
Subsidies	525	700			494	844	-6%	
Grants	42	212			781	781	1761%	
<i>Foreign Grants</i>	16	186			227	227		
<i>Current Grants</i>	26	26			554	554		
Social Security	9,922	10,428			14,009	16,570	41%	
Other Social Transfers ¹	348	426			1,246	1,338	258%	
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	29,645	35,450	120,990	120,115	24,944	30,909	-16%	21%
Net Acquisition of NFA ²	29,636	35,435			24,922	30,816	-16%	
Sale of Land and Buildings ³	(9)	(15)			(22)	-93	144%	
Buildings and Structures	20,338	23,044			16,973	20,692	-17%	
Machinery / Equipment	7,512	10,825			4,147	5,201	-45%	
Valuables	1	1			1	1	-11%	
Land	537	552			1,178	2,337	119%	
Capital Advance Payments	1,258	1,028			2,645	2,677	110%	

1/ Repayment of Advances can cause this line to be negative

2/ Net of proceeds from Sale of Non-Financial Assets

3/ Negative as this represents a revenue line

Debt

Despite continual efforts towards self-reliance, Afghanistan remains heavily dependent on grants. Table 14 shows 12.9 percent increase in the debt stock from the end of the first quarter of FY 1399 to the end of second quarter of the same year. The debt stock has decreased by 3 percent compared to the same quarter in FY 1398. As per agreement with international partners Afghanistan is going to be self-reliant by the year 2024 this means most of the grants and donations will be replaced by the official borrowings from the International Financial Institutions and increase in the domestic revenue for financing the domestic economy of Afghanistan.

International organizations as listed below in table 14, remained the main lenders for Afghanistan. In which, IMF's debt increased by 387.1 percent as compared to the first quarter of the current year. The main reason of the rise in IMF debt ratio was to tackle the pandemic COVID-19 issue in Afghanistan. Foreign governments' mainly Russian federation and the Saudi Fund, so far remain the main lenders. The external debt of Afghanistan increased to Afs 165,282 million, which shows 12.9 percent increase in second quarter of FY 1399 as compared to the first quarter of FY 1399. The international organization debt ratio increased by 23.5 percent compared to the same period of the last year in which Asian Development Bank and World Bank are still the largest lenders to Afghanistan. The foreign government debt ratio in the Afghan economy decreased by 12 percent in comparison to the same quarter last year in which Russian Federation still remains the largest lenders.

Table 14: Government Debt Stock

	1398	1399	1399	% Change	
All amounts in Million Afs	Q2	Q1	Q2	YoY	QoQ
EXTERNAL	171,168	146,338	165,282	-3%	12.9%
International Organizations	89,949	75,693	93,483	4%	23.5%
IMF	6,031	4,424	21,547	387%	387.1%
World Bank	27,804	25,532	25,711	1%	0.7%
Islamic Development Bank	4,027	3,120	3,170	-21%	1.6%
Asian Development Bank	51,951	42,502	42,938	-17%	1.0%
Others	136	115	117	-14%	1.9%
Foreign Governments	81,219	70,646	71,799	-12%	1.6%
Russian Federation	72,567	60,029	61,180	-16%	1.9%
Saudi Fund	5,374	6,066	5,938	10%	-2.1%
Others	3,278	4,550	4,681	43%	2.9%
DOMESTIC	7,170	70	70	-99%	0.0%

Bonds (Non-Tradable)	7,170	70	70	-99%	0.0%
Commercial Banks	0%	0%	0%	-	-
<u>TOTAL CENTRAL GOVERNMENT DEBT</u>	178,338	146,409	165,352	-7%	12.9%

Fiscal Sustainability

Ensuring fiscal sustainability has become crucial subject and key goal of Ministry of Finance (MoF) to sustain its current spending, tax and other policies in the long run without threatening government solvency or defaulting on some of its liabilities or promised expenditures. Nevertheless, attributable to enormous expenditure pressures and lower revenue growth as percentage of GDP there has been strain in attaining a self-sustainable level of expenditure. Similarly, gradual decline in international donor's grant has attributed to difficulty in achieving self-sustainable level of expenditure.

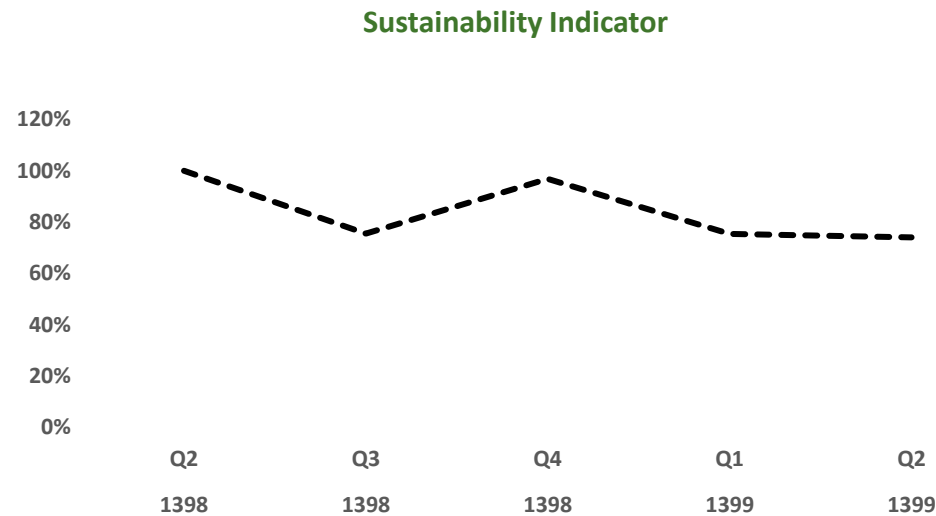
Table 15 shows the fiscal sustainability indicators. Domestic revenue collection in FY 1398 reached Afs 207.78 billion 15.7 percent of GDP including on-off from Da Afghanistan Bank (DAB). Revenue collection for FY 1399 was projected to reach 207 billion but due to outbreak of covid-19 in the country the collection declined numerously and the target reduced to Afs 177 billion based on collection and economic situation. The share of domestic revenue in total revenue collection decreased substantially in the second quarter of FY 1399. Domestic revenue collection decreased from 61 percent in second quarter of 1398 to 53 percent in second quarter of 1399. Correspondingly the share of customs in total revenue decreased by 7 percent. On the other hand, the share of grants in total revenue increased from 29 percent in first quarter to 47 percent in second quarter of FY 1399. Operating expenditure to domestic revenue ratio increased by 50 percent in the second quarter of FY 1399. The ratio of Salaries over total expenditures declined highly to 43 percent, as it was 67 percent during the first quarter of the year.

Table 15. Fiscal Sustainability

	1398 Q2	1398 Q3	1398 Q4	1399 Q1	1399 Q2
Domestic Revenue/Total	61%	70%	65%	71%	53%
Customs Revenue/Total	13%	15%	9%	14%	6%
Grants/Total	39%	30%	35%	29%	47%
Op. Spending/Dom. Rev.	140%	168%	135%	128%	178%
Salaries/Total Expenditure	45%	51%	37%	67%	43%
Interest/Expenditure	0.6%	0.5%	0.4%	0.8%	0.4%
Financing/Expenditure	-11.6%	-10.6%	-7.4%	-8.0%	-23.0%

Overall Table 15 indicates considerably decrease in domestic revenue in the FY 1399 and increase in the international grants compared to the FY 1398. Fiscal sustainability depends on strong and stable macroeconomic framework. The Afghan government is committed for mobilization of domestic revenue through bringing reforms in taxation policies, implementing effective tax administration in custom houses and revenue collection agencies and enforcement of measures to collect non-tax revenue through fees and charges to sustain fiscal sustainability. Any decrease in the indicators exacerbates the sustainability.

Figure 3: Fiscal Sustainability Ratio



Fiscal Balance

Table 16 shows that the government financing consists of domestic grants, domestic revenue, borrowing and sale of assets. Revenue including grants declined by 15 percent compared to the same quarter in 1398. Driven mainly by low donor grants, and less domestic revenue collection due to uncertainties, the impact of COVID-19 and pandemic issue, and less economic activities during the quarter. Whereas recurrent expenditure increased by 6 percent and interest payments decreased by 23 percent respectively. In the second quarter, government run deficit of 98 percent in operating balances. Net acquisition of financial assets decreased by 197 percent. Similarly, the gap between lending and borrowing, financing and net acquisition of financial liabilities decreased highly.

Table 16: Summary Transactions Affecting Net Worth

In millions of Afghanis	1398 Q2	1398 Q2 YTD	1399 Q2	1399 Q2 YTD	% Change on 1398
TRANSACTIONS AFFECTING NET WORTH					
Revenues including Grants	99,739	163,305	84,796	139,174	-15%
Expenditures (Recurrent)	83,208	130,246	85,303	138,491	6%
Interest	648	1,083	387	835	-23%
Net Operating Balance	16,531	33,059	-507	682	-98%
Primary Operating Balance	17,180	34,142	-120	1,517	-96%
TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Acquisition of Nonfinancial Assets	29,636	35,435	24,922	30,816	-13%
Net Lending-Borrowing	-13,105	-2,377	-25,430	-30,134	1168%
Financing	6,290	-1,650	26,117	29,037	-1860%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
Net Acquisition of Financial Assets	8,356	-9,936	9,739	9,635	-197%
Net Acquisition of Financial Liabilities	-2,067	8,286	16,378	19,401	134%
RETAINED EARNINGS					
Discrepancies	-6,815	-4,026	688	-1,097	-73%

Table 17 presents the transactions in non-financial assets or property market. In the second quarter of 1399, total purchase of non-financial assets has decreased by 13 percent compared to the same period in 1398. The large portion of expenditures on capital was on the sales of land and buildings.

Table 17. Transactions in Non-Financial Assets

In millions of Afghanis	1398 Q2	1399 Q2	% Change on 1398
NET ACQUISITION OF NONFINANCIAL ASSETS	29,636	24,922	-13%
Land and Buildings	20,866	18,129	-3%
Purchase of Land and Buildings	20,875	18,151	-2%
Buildings and Structures	20,338	16,973	-10%
Land	537	1,178	323%
Sale of Land and Buildings	-9	-22	521%
Sale of State-Owned Enterprises	0	0	-
Machinery and Equipment (>50,000)	7,512	4,147	-52%
Valuables	1	1	125%
Other Acquisitions	1,258	2,645	160%
Capital Advance Payments	1,258	2,645	160%

Annexure

Table 20. Detailed Operating Expenditure

In millions of Afghanis	Total Operating Expenditures					Wages		G+S		NFA		Others	
	1398	1399	% Change	1399	%	1398	1399	1398	1399	1398	1399	1398	1399
	Q1 YTD			Budget	Budget	Q1 YTD	Q1 YTD	Q1 YTD	Q1 YTD	Q1 YTD	Q1 YTD	Q1 YTD	Q1 YTD
TOTAL	114,098	49,031	-57.0%	296,680	17%	87,952	40,109	12,270	4,643	1,090	1,421	12,786	2,858
Total Security	64,224	26,650	-58.5%	178,031	15%	56,100	22,948	6,144	3,197	674	156	1,305	350
Ministry of Interior Affairs	23,439	9,684	-58.7%	65,391		19,597	8,337	2,152	953	410	43	1,281	350
Ministry of Defense	27,042	10,222	-62.2%	81,467		25,888	9,485	1,015	718	124	18	15	-0
Ministry of Foreign Affairs	2,954	1,416	-52.1%	6,071		1,759	916	1,101	500	93	0	0	0
National Security Council	555	225	-59.5%	3,934		450	205	95	19	0	0	10	-0
Presidential Protective Service	869	417	-51.9%	2,343		805	406	63	12	0	0	-0	0
General Directorate of National Security	4,714	4,686	-0.6%	18,826		3,828	3,599	863	994	24	94	-0	0
Total Governance, Rule of Law and Human Rights	11,400	5,394	-52.7%	25,147	21%	8,428	4,688	2,748	701	80	5	142	0
Administrative Office of the President	1,954	746	-61.8%	1,946		1,258	659	606	87	19	0	71	0
Meshrano Jirga	240	124	-48.5%	546		207	106	33	18	0	0	0	-0
Wolesi Jirga	585	343	-41.4%	1,541		528	337	58	6	0	0	-0	0
Supreme Court	1,802	923	-48.8%	3,964		1,723	885	78	37	2	0	-0	0
Ministry of Justice	346	604	74.4%	909		268	568	78	36	0	0	0	0
Administrative Office of the President	1,954	746	-61.8%	4,243		1,258	659	606	87	19	0	71	0
Ministry of State & Parliamentary Affairs	81	36	-56.1%	169		62	28	18	7	2	0	0	-0
Ministry of Haj & Religious Affairs	610	255	-58.1%	1,625		502	239	106	16	2	0	-0	0
Attorney General Office	1,269	620	-51.1%	3,129		1,108	574	159	46	2	0	-0	0
Independent Election Commission	308	106	-65.4%	632		275	102	32	4	0	0	1	0
Independent Administrative Reforms and Civil Service	264	113	-57.3%	578		187	97	52	15	24	0	0	-0
Independent Commission for Overseeing the Implementation of Cons	36	12	-68.0%	85		27	11	9	1	0	0	-0	0
High Office of Anti-Corruption	0	0	-	0		0	0	0	0	0	0	0	0
Independent Directorate of Local Governance	1,775	706	-60.2%	5,340		909	375	865	331	1	0	0	-0
Afghanistan Independent Human Rights Commission	15	3	-80.4%	44		0	0	15	3	0	0	0	0
Independent Electoral Complaints Commission	161	57	-64.8%	394		117	47	34	6	10	4	0	0
Total Infrastructure and Natural Resources	2,143	1,509	-29.6%	5,835	26%	1,378	697	474	153	292	659	0	-0
Ministry of Public Works	485	767	58.2%	2,355		212	101	66	13	207	653	0	0
Ministry of Transport	110	35	-67.9%	261		84	29	24	6	2	0	0	-0
Ministry of Communication and Information Technology	271	105	-61.4%	583		197	94	74	11	0	0	0	0
Ministry of Energy and Water	356	151	-57.6%	804		249	135	92	16	15	0	0	-0

Urban Water Supply and Canalization Corporation	0	0	-	0		0	0	0	0	0	0	0	0
Da Afghanistan Brishna Shirkat	0	0	-	0		0	0	0	0	0	0	0	0
Ministry of Urban development and Housing	205	77	-62.3%	486		153	71	37	6	15	0	0	0
Civil Aviation Authority	158	49	-69.1%	388		121	40	37	9	0	0	0	-0
Capital Region Independent Development Authority	77	7	-90.5%	68		6	2	20	2	52	4	0	0
Ministry of Mines and petroleum	347	105	-69.7%	546		254	81	94	24	0	0	0	0
Geodesy and Cartography Office	0	0	-	0		0	0	0	0	0	0	0	0
National Environmental Protection Agency	107	201	88.4%	281		82	133	23	65	2	2	-0	0
Afghanistan Atomic Energy Commission	27	12	-56.2%	63		20	10	6	1	0	0	0	0
Kabul Municipality	0	0	-	0		0	0	0	0	0	0	0	0
Total Education	18,668	9,367	-49.8%	44,374	21%	17,379	9,143	1,270	223	19	1	-0	0
Ministry of Education	15,615	7,882	-49.5%	35,725		14,983	7,772	618	110	14	0	-0	0
Ministry of Higher Education	2,307	1,205	-47.8%	6,932		1,875	1,140	431	65	1	0	0	0
Ministry of Information and Culture	298	107	-63.9%	542		220	85	76	22	2	1	-0	0
Afghanistan Academy of Sciences	113	62	-45.2%	294		104	57	9	5	0	0	0	0
General Directorate of Sports and Fitness	124	28	-77.7%	351		40	17	84	11	0	0	0	0
Cricket Board	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan football federation	0	0	-	0		0	0	0	0	0	0	0	0
Radio and television of Afghanistan	211	84	-60.4%	531		157	72	52	11	2	0	-0	-0
Total Health	1,585	661	-58.3%	7,113	9%	1,240	590	344	71	1	0	-0	0
Ministry of Public Health	1,585	661	-58.3%	7,113		1,240	590	344	71	1	0	-0	0
Total Agriculture and Rural Development	1,158	472	-59.2%	4,054	12%	957	428	199	45	1	0	0	-0
Ministry of Agriculture, Irrigation & Livestock	594	263	-55.7%	2,965		520	250	72	13	1	0	0	-0
Ministry of Counter Narcotics	95	0	-100.0%	0		70	0	25	0	0	0	0	0
Ministry of Rural Rehabilitation and Development	242	110	-54.6%	484		179	86	63	23	0	0	0	-0
Afghanistan Independent Land Authority	227	99	-56.2%	605		188	91	38	9	0	0	-0	-0
Total Social Protection	5,005	527	-89.5%	16,779	3%	838	402	257	65	4	0	3,905	60
Ministry of Frontiers and Tribal Affairs	173	73	-58.0%	470		117	58	56	15	0	0	-0	-0
Ministry of Labor Social Affairs Martyrs and Disabled	4,073	246	-94.0%	15,073		454	220	106	26	2	0	3,512	0
Ministry of Refugee & Returns	151	60	-60.3%	408		110	50	39	10	2	0	0	0
Ministry of Women Affairs	94	42	-55.2%	221		75	36	19	6	1	0	0	0
Afghanistan National Disaster Management Authority	455	83	-81.8%	460		42	18	20	5	0	0	394	60
Directorate of Kochis	59	23	-61.2%	146		41	19	17	3	0	0	0	-0
Total Economic Gov. and Private Sector Devel't	9,917	4,451	-55.1%	15,347	29%	1,632	1,215	834	188	18	600	7,433	2,448
Ministry of Finance	9,308	4,150	-55.4%	13,093		1,199	961	674	141	2	600	7,433	2,448
Ministry of Commerce and Industry	258	88	-66.1%	543		169	77	90	11	0	0	0	0
Ministry of Economy	148	62	-57.8%	267		103	51	29	11	15	0	0	0
Supreme and Audit office	78	39	-50.1%	227		59	33	19	6	0	0	-0	0
Central Statistics organization	92	93	1.3%	1,109		76	79	16	14	0	0	-0	0

Micro Finance Investment Support Facility for Afghanistan	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan National Standard Authority	33	20	-40.5%	109		28	14	6	6	0	0	0	0
Total Unclassified	0	0	-	0	-	0	0	0	0	0	0	0	0
Unallocated Reserves	0	0	-	0		0	0	0	0	0	0	0	0
Unspecified	0	0	-	0		0	0	0	0	0	0	0	0

1/ Interest, and Subsidies and Transfers

Table 18a. Detailed Ministry Expenditure

In millions of Afghanis	1398 Q2 YTD	1399 Q2 YTD	1399 Budget	1399 Allocated	% Alloc.	% Increase
TOTAL GROSS EXPENDITURES	165,100	58,722	483,339	468,599	13%	-64%
Operating Budget	114,021	49,024	294,315	290,197	17%	-57%
Development Budget	51,079	9,698	28,792	28,409	34%	-81%
 Ministry of Interior Affairs	23,556	9,715	65,753	65,726	15%	-59%
Operating Budget	23,439	9,684	65,391	65,364	15%	-59%
Development Budget	117	31	362	0	-	-74%
Ministry of Defence	27,042	10,222	81,516	81,177	13%	-62%
Operating Budget	27,042	10,222	81,467	81,128	13%	-62%
Development Budget	0	0	49	49	0%	-
Ministry of Foreign Affairs	3,350	1,447	7,109	7,087	20%	-57%
Operating Budget	2,954	1,416	6,071	6,048	23%	-52%
Development Budget	396	31	1,039	1,039	3%	-92%
National Security Council	555	225	3,934	3,934	6%	-60%
Operating Budget	555	225	3,934	3,934	6%	-60%
Development Budget	0	0	0	0		-
Presidential Protective Service	873	417	2,618	2,618	16%	-52%
Operating Budget	869	417	2,343	2,343	18%	-52%
Development Budget	4	0	275	275	0%	-100%
General Directorate of National Security	9,388	4,697	19,046	19,046	25%	-50%
Operating Budget	9,366	4,686	18,826	18,826	25%	-50%
Development Budget	22	10	220	220	5%	-54%

Total Security	64,764	26,722	179,977	179,588	15%	-59%
Operating Budget	64,224	26,650	178,031	177,642	15%	-59%
Development Budget	540	72	1,946	1,583	5%	-87%
Administrative Office of the President	4,717	785	10,518	10,509	7%	-83%
Operating Budget	1,954	746	1,946	1,937	39%	-62%
Development Budget	2,763	39	8,572	8,572	0%	-99%
Meshrano Jirga	240	124	554	517	24%	-48%
Operating Budget	240	124	546	509	24%	-48%
Development Budget	0	0	8	8	0%	-
Wolesi Jirga	585	343	1,557	1,547	22%	-41%
Operating Budget	585	343	1,541	1,531	22%	-41%
Development Budget	0	0	16	16	0%	-
Supreme Court	1,809	923	3,976	3,961	23%	-49%
Operating Budget	1,802	923	3,964	3,949	23%	-49%
Development Budget	6	0	12	12	0%	-100%
Ministrt of Justice	375	605	982	982	62%	61%
Operating Budget	346	604	909	909	66%	74%
Development Budget	29	1	73	73	2%	-96%
Administrative Office of the President	4,717	785	10,518	10,509	7%	-83%
Operating Budget	1,954	746	1,946	1,937	39%	-62%
Development Budget	2,763	39	8,572	8,572	0%	-99%
Ministry of State & Paliamentary Affiars	89	38	189	189	20%	-58%
Operating Budget	81	36	169	169	21%	-56%
Development Budget	8	2	20	0	-	-77%
Ministry of Haj & Relagious Affairs	725	255	1,909	1,909	13%	-65%
Operating Budget	610	255	1,625	1,625	16%	-58%
Development Budget	116	0	284	284	0%	-100%
Attorney General Office	1,302	620	3,130	3,022	21%	-52%
Operating Budget	1,269	620	3,129	3,021	21%	-51%
Development Budget	33	0	1	1	0%	-100%
Independent Election Commission	308	106	632	601	18%	-65%
Operating Budget	308	106	632	601	18%	-65%
Development Budget	0	0	0	0	-	-

Independant Administrative Reforms and Civil Service	730	251	1,623	1,623	15%	-66%
Operating Budget	264	113	578	578	19%	-57%
Development Budget	466	138	1,045	1,045	13%	-70%
Independent Commission for Overseeing the Implementation of Cons	36	12	85	78	15%	-68%
Operating Budget	36	12	85	78	15%	-68%
Development Budget	0	0	0	0	-	-
Independent Directorate of Local Governance	2,608	774	13,578	13,578	6%	-70%
Operating Budget	1,775	706	5,340	5,340	13%	-60%
Development Budget	833	68	8,238	8,238	1%	-92%
Afghanistan Independent Human Rights Commission	20	3	50	50	6%	-85%
Operating Budget	15	3	44	44	7%	-80%
Development Budget	5	0	6	6	0%	-100%
Independent Electoral Complaints Commission	160.51	56.54	394	362	16%	-65%
Operating Budget	160.51	56.54	394	362	16%	-65%
Development Budget	0.00	0.00	0	0	-	-
Total Governance, Rule of Law and Human Rights	18,422	5,681	49,696	49,438	11%	-69%
Operating Budget	11,400	5,394	22,850	22,592	24%	-53%
Development Budget	7,022	287	26,846	26,826	1%	-96%

Table 18b. Detailed Ministry Expenditure

In millions of Afghanis	1398	1399	1399	1399	%	
	Q2 YTD	Q2 YTD	Budget	Allocated	Alloc.	%Change
Ministry of Public Works	5,769	2,101	21,865	21,865	10%	-64%
Operating Budget	485	767	2,355	2,355	33%	58%
Development Budget	5,285	1,334	0	0	-	-75%
Ministry of Trasport	124	35	311	311	11%	-71%
Operating Budget	110	35	261	261	14%	-68%
Development Budget	14	0	0	0	-	-100%
Ministry of Communication and Information Technology	452	105	2,596	2,433	4%	-77%
Operating Budget	271	105	583	520	20%	-61%
Development Budget	181	0	0	0	-	-100%
Ministry of Energy and Water	4,685	1,151	10,935	10,918	11%	-75%

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Operating Budget	356	151	804	789	19%	-58%
Development Budget	4,328	1,000	0	0	-	-77%
Urban Water Supply and Canalization Corporation	339	181	700	700	26%	-47%
Operating Budget	0	0	0	0	-	-
Development Budget	339	181	0	0	-	-47%
Da Afghanistan Brishna Shirkat	7,500	982	14,335	14,335	7%	-87%
Operating Budget	0	0	0	0	-	-
Development Budget	7,500	982	0	0	-	-87%
Ministry of Urban development and Housing	1,821	260	5,253	5,247	5%	-86%
Operating Budget	205	77	486	484	16%	-62%
Development Budget	1,616	183	0	0	-	-89%
Civil Aviation Authority	1,710	2,541	7,569	7,569	34%	49%
Operating Budget	158	49	388	388	13%	-69%
Development Budget	1,552	2,492	0	0	-	61%
Independent Board of new Kabul	0	0	0	0	-	-
Operating Budget	0	0	0	0	-	-
Development Budget	0	0	0	0	-	-
Ministry of Mines and petroleum	483	142	2,174	2,171	7%	-71%
Operating Budget	347	105	546	543	19%	-70%
Development Budget	135	37	0	0	-	-73%
National Environmental Protection Agency	117	263	385	371	71%	126%
Operating Budget	107	201	281	267	75%	88%
Development Budget	10	62	0	0	-	522%
Afghanistan Atomic Energy Comission	27	12	104	83	14%	-56%
Operating Budget	27	12	63	63	19%	-56%
Development Budget	0	0	0	0	-	-
Kabul Municipality	545	47	3,811	3,711	1%	-91%
Operating Budget	0	0	0	0	-	-
Development Budget	545	47	0	0	-	-91%
Total Infrastructure and Natural Resources	23,570	7,819	70,038	69,715	11%	-67%
Operating Budget	2,066	1,502	5,767	5,670	26%	-27%
Development Budget	21,505	6,317	-	-	-	-71%
Ministry of Education	16,393	8,184	38,413	37,352	22%	-50%

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Operating Budget	15,615	7,882	35,725	34,664	23%	-50%
Development Budget	778	302	0	0	-	-61%
Ministry of Higher Education	2,599	1,228	8,416	8,063	15%	-53%
Operating Budget	2,307	1,205	6,932	6,579	18%	-48%
Development Budget	292	24	0	0	-	-92%
Ministry of Information and Culture	399	109	775	775	14%	-73%
Operating Budget	298	107	542	542	20%	-64%
Development Budget	102	1	0	0	-	-99%
Afghanistan Academy of Sciences	114	62	337	337	18%	-46%
Operating Budget	113	62	294	294	21%	-45%
Development Budget	1	0	0	0	-	-100%
General Directorate of Sports and Fitness	165	28	416	357	8%	-83%
Operating Budget	124	28	351	292	9%	-78%
Development Budget	41	0	0	0	-	-100%
Radio and television of Afghanistan	248	84	804	803	10%	-66%
Operating Budget	211	84	531	530	16%	-60%
Development Budget	37	0	0	0	-	-100%
Total Education	19,918	9,694	49,162	47,688	20%	-51%
Operating Budget	18,668	9,367	44,374	42,900	22%	-50%
Development Budget	1,250	327	-	-	-	-74%
Ministry of Public Health	8,625	1,195	31,252	31,232	4%	-86%
Operating Budget	1,585	661	7,113	7,113	9%	-58%
Development Budget	7,040	534	0	0	-	-92%
Total Public Health	8,625	1,195	31,252	31,232	4%	-86%
Operating Budget	1,585	661	7,113	7,113	9%	-58%
Development Budget	7,040	534	-	-	-	-92%

Table 18c. Detailed Ministry Expenditure

In millions of Afghanis	1398	1399	1399	1399		
	Q2 YTD	Q2 YTD	Budget	Allocated	% Alloc.	%Change
Ministry of Agriculture, Irrigation & Livestock	2,728	429	17,113	15,413	3%	-84%
Operating Budget	594	263	2,965	1,265	21%	-56%
Development Budget	2,134	166	0	0	-	-92%
Ministry of Counter Narcotics	137	0	0	0	-	-100%
Operating Budget	95	0	0	0	-	-100%
Development Budget	42	0	0	0	-	-100%
Ministry of Rural Rehabilitation and Development	9,794	943	26,266	26,265	4%	-90%
Operating Budget	242	110	484	484	23%	-55%
Development Budget	9,552	833	0	0	-	-91%
Afghanistan Independent Land Authority	405	117	1,453	1,453	8%	-71%
Operating Budget	227	99	605	605	16%	-56%
Development Budget	179	17	0	0		-90%
Total Agriculture and Rural Development	13,064	1,489	44,832	43,132	#VALUE!	-89%
Operating Budget	1,158	472	4,054	2,353	#VALUE!	-59%
Development Budget	11,907	1,016	-	-	#VALUE!	-91%
Ministry of Frontiers and Tribal Affairs	197	77	546	546	14%	-61%
Operating Budget	173	73	470	470	15%	-58%
Development Budget	24	4	0	0	-	-83%
Ministry of Labor Social Affairs Martyrs and Disabled	4,269	246	15,479	15,419	2%	-94%
Operating Budget	4,073	246	15,073	15,014	2%	-94%
Development Budget	195	0	0	0	-	-100%
Ministry of Refugee & Returnees	300	101	654	643	16%	-66%
Operating Budget	151	60	408	397	15%	-60%
Development Budget	149	41	0	0	-	-73%
Ministry of Women Affairs	117	42	273	273	15%	-64%
Operating Budget	94	42	221	221	19%	-55%
Development Budget	23	0	0	0	-	-100%
Afghanistan National Disaster Management Authority	455	86	508	506	17%	-81%
Operating Budget	455	83	460	459	18%	-82%

Development Budget	0	3	0	0	-	-
Directorate of Kochis	75	25	186	186	13%	-67%
Operating Budget	59	23	146	146	16%	-61%
Development Budget	16	2	0	0	-	-86%
Total Social Protection	5,413	576	17,645	17,574	3%	-89%
Operating Budget	5,005	527	16,779	16,708	3%	-89%
Development Budget	408	50	-	-	-	-88%
Ministry of Finance	10,426	5,210	25,556	25,476	20%	-50%
Operating Budget	9,308	4,150	13,093	13,093	32%	-55%
Development Budget	1,118	1,060	0	0	-	-5%
Ministry of Commerce and Industry	296	88	811	751	12%	-70%
Operating Budget	258	88	543	533	16%	-66%
Development Budget	37	1	0	0	-	-99%
Ministry of Economy	297	78	729	729	11%	-74%
Operating Budget	148	62	267	267	23%	-58%
Development Budget	150	16	0	0	-	-89%
Supreme and Audit office	100	56	623	613	9%	-44%
Operating Budget	78	39	227	217	18%	-50%
Development Budget	22	17	0	0	-	-23%
Central Statistics organization	157	93	2,206	2,093	4%	-41%
Operating Budget	92	93	1,109	1,001	9%	1%
Development Budget	65	0	0	0	-	-100%
Micro Finance Investment Support Facility for Afghanistan	0	0	0	0	-	-
Operating Budget	0	0	0	0	-	-
Development Budget	0	0	0	0	-	-
Micro Finance Investment Support Facility for Afghanistan	0	0	431	431	0%	-
Operating Budget	0	0	0	0	-	-
Development Budget	0	0	0	0	-	-
Afghanistan National Standard Authority	48	20	141	141	14%	-59%
Operating Budget	33	20	109	109	18%	-41%
Development Budget	15	0	0	0	-	-100%
Budgetary code 90	-	-	7,299	0	0%	-
Budgetary code 91	-	-	2,940	-	-	-

Total Economic Gov. and Private Sector Devel't	11,324	5,545	40,738	30,234	18%	-51%
Operating Budget	9,917	4,451	15,347	15,219	29%	-55%
Development Budget	1,407	1,093	-	-	-	-22%

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