

Foreword and Acknowledgement

I am pleased to share the 15th edition of the Quarterly Fiscal Bulletin for the first quarter of 1390. This edition of the bulletin provides a snapshot of the actual domestic revenues collection and core budget execution during the quarter. An attempt has been made to provide analytical analysis of the government's fiscal position over the quarter.

The section 5 of the bulletin includes an interesting article explaining “**Fiscal Implications of Pension Reform**”. I hope you will find this article useful, interesting and informative.

I would like to take this opportunity to thank the Fiscal Policy Unit for researching and drafting the Quarterly Fiscal Bulletin for the first quarter of FY 1390. I would also like to extend my appreciations to the Budget Department, Revenue Department, Treasury Department and other departments for their valuable input and support. I also thank Making Budget & Aid Works (MBAW) project and Adam Smith International (ASI) for their continuous technical support to the Unit.

We would value your comments on this publication. Please address your points to Mr. Zia-Ur-Rahman Haleemi, Head of Fiscal Policy Unit of the Ministry of Finance at ziahaleemi@gmail.com . The series of these publications are also available on website www.budgetmof.gov.af .

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Quarterly Fiscal Bulletin, Quarter 1, 1390

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1 SUMMARY OF FIRST QUARTER DEVELOPMENTS

Table 1.1 – Budget Summary

Code (In millions of Afghanis)	1389	1390	1390 Comparison to 1389 YTD		1390 Budget	1390 YTD as
	Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Change	% Increase	Revenue or Expenditure Target	% of Targets/ Budget
OPERATING BUDGET						
Revenues	28,854.2	40,954.0	12,099.8	41.9	160,374.8	25.5
Domestic Revenues (1)	17,528.4	23,290.2	5,761.8	32.9	93,663.8	24.9
Operating Grants	11,325.8	17,663.8	6,338.1	56.0	66,710.9	26.5
Expenditures	18,774.4	23,096.9	4,322.5	23.0	150,725.7	15.3
Budget Balance						
Including Grants	10,079.8	17,857.1	7,777.3	77.2	9,649.1	
Excluding Grants	-1,246.0	193.2	1,439.2	-115.5	-57,061.9	
Fiscal sustainability indicator (%) (2)	93.4	100.8	7.5	8.0	62.1	
DEVELOPMENT BUDGET						
Grants (3)	4,274.5	3,473.9	-800.6	-18.7	70,072.5	N/A
Expenditures	2,860.0	5,111.0	2,251.0	78.7	101,243.6	5.0
Discretionary Budget	617.5	1,247.7	630.2	102.1	26,504.0	4.7
Non-discretionary Budget	2,242.5	3,863.2	1,620.8	72.3	74,739.6	5.2
Budget Balance (3)	1,414.5	-1,637.1	-3,051.6	-215.7	-31,171.2	
INTEGRATED BUDGET						
Revenues (3)	33,128.7	44,427.9	11,299.2	34.1	230,447.2	N/A
Domestic Revenues	17,528.4	23,290.2	5,761.8	32.9	93,663.8	24.9
Grants (3)	15,600.3	21,137.7	5,537.4	35.5	136,783.4	N/A
Expenditures	21,634.4	28,207.9	6,573.5	30.4	251,969.3	11.2
Balances						
Excluding Grants	-4,106.0	-4,917.7	-811.7	19.8	-158,305.5	
Including Grants (3)	11,494.3	16,220.0	4,725.7	41.1	-21,522.1	
Financing						
Balance Including Grants	11,494.3	16,220.0	4,725.7	41.1		
Sale of Land and Buildings	70.1	22.7	-47.4	-67.6		
Sale of State Owned Enterprises	0.0	0.0	0.0			
Lending/Borrowing	11,564.4	16,242.7	4,678.3	40.5		

Source: FPU using AFMIS data downloaded on the 9 August 2011

1. In the published budget document, Afs 13.2 billion in domestic revenues are allocated to the development budget in 1390. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.

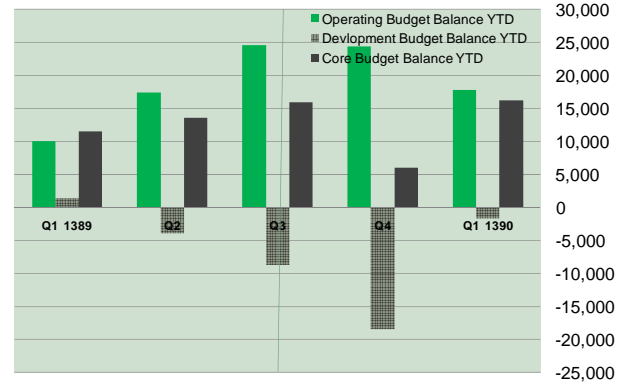
2. Fiscal sustainability is measured as domestic revenues as a percentage of operating budget expenditures

3. Actual figures are not comparable to the development/integrated budget grants or balances shown in budget documentation, as grants/balance in budget documentation also includes loans. Loans are shown as a financing item in the above table.

1.1 Overall fiscal position

The core or integrated budget surplus during the first quarter 1390 was Afs 16.2 billion. The operating budget surplus was Afs 17.8 billion. Meanwhile, the development budget balance was in deficit of Afs 1.64 billion. However, compared to the same period over the past year, the core budget balance was Afs 7.8 billion or 77 percent higher; this spike was due to outstanding performance in domestic revenue collection during the first quarter 1390.

Figure 1.1 – Budget balances (Afs billion)



1.2 Domestic Revenues and Grants

Domestic Revenues

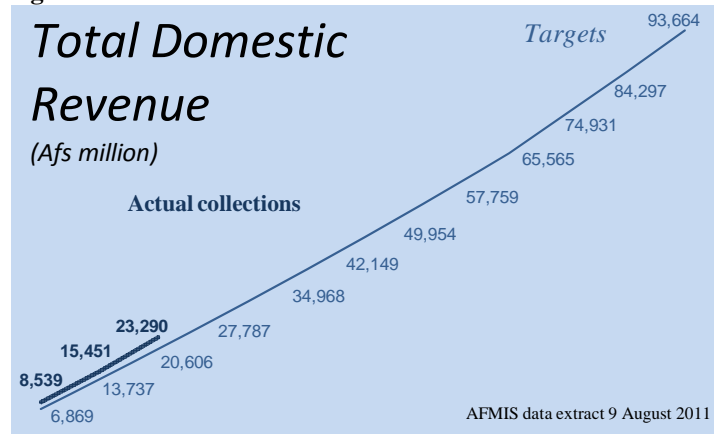
Improving revenue administration has been the primary focus of the Government particularly in the past few years. Domestic Revenue collected in the first quarter of 1390 indicates that the government will be hitting the domestic revenue target agreed with IMF in the Extended Credit Facility (ECF) program.

Total domestic revenue collected was Afs 23.3 billion in the first quarter 1390 showing an increase of Afs 2.7 billion over the quarterly target of Afs 20.6 billion. This implies that total revenue in Q1, 1390 not only exceeded 1389's first quarter's collected amount of (Afs 17.5 billion), but also 1389's last quarter's amount of (Afs 22.7 billion).

The main driver of this growth in domestic revenue collection is improved efficiency accompanied by

Higher growth in imports by Herat and other provincial custom offices as new routes are introduced recently while part of it is explained by rights of mineral extractions in non-tax revenue. These findings are described in details in section two.

Figure 1.2 – Total Domestic Revenues



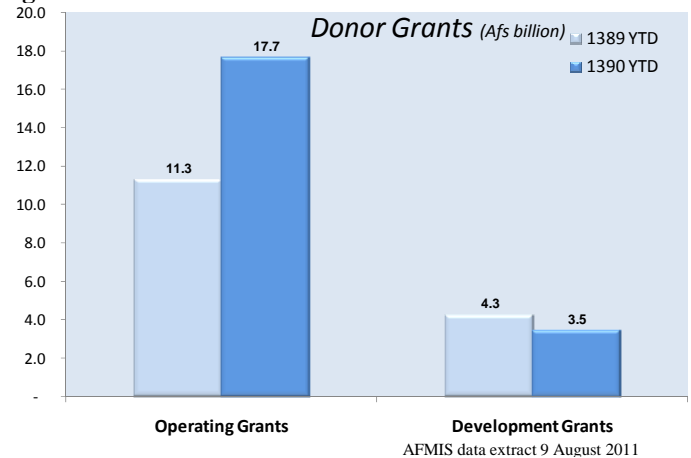
Grants

As a post conflict country, Afghanistan receive significant amount of aid annually to fund its budget priorities. Aid funds almost entire core development budget and over 44.3% of the government's operating budget.

Total grants receipts in the first quarter of 1390 were Afs 21.1 billion of which operating grants were Afs 17.7 billion and development grants were Afs 3.5 billion. Operating grants receipts in Q1 1390 increased by Afs 6.3 billion (or 56%) compared to Afs11.3 the same period in 1389. Grants receipts from CSTC-A for ANA and ANP increased from Afs 2.6 billion in Q1 1389 to Afs 10.5 billion in Q1 of 1390. The increased operating grant from CSTC-A and LOTFA comes to fund the budget as a result of the growth in Afghan Security Forces. These additional grants are used to fund the wages of the additional security forces. In order to ensure and

sustain security in Afghanistan, donors will have to provide their funding commitment to security sector in the medium to long term.

Figure 1.3 - Grant revenues



1.3 Expenditures

Operating Budget

Operating expenditures consists of wages and salaries, goods and services, capital expenditures and interest payments to carryout day to day operations of the government. Operating expenditures has been increasing in the past couple of years as a result of the increased school teachers and soldiers and the rapid implementation of Pay & Grading Reforms. The increased expenditures is paid in wages to the additional tashkeel (Teachers and security forces), providing some goods and services expenditures and some primary capital expenditures.

Total operating budget for the fiscal year 1390 is Afs 150.7 billion of almost 60 percent of the total core budget of the government. Around 73 percent of the 1390 operating budget consist wages and salaries only. During the first quarter of 1390, Afs 23.1 billion was spent in operating budget or 15.3 percent to the total budget for the entire year. Referring to the same quarter expenditures last year, operating expenditures grew by 23 percent. As explained above most of them were used to fund the salaries of the teachers and security forces which are discussed in details in the later section (section 3 on Expenditures).

Development Budget

Developing infrastructure has been the primary focus of the both the new government and the international community since 2001. To this end significant progress has been made in rebuilding highways, roads, schools, health clinics, universities and other infrastructure both through core budget and external budget. The government has been allocating almost equivalent funds to core development budget and operating budget each year. However due to volatile security situation, lack of absorption capacity, poor project planning accompanied by some other administrative problems, the development budget execution has been below 50% in each year. The unspent money is being carried-forwarded to the next year's budget.

The total development budget for FY 1390 adds up to Afs 74 billion. Few new projects along with carry forwarded projects from last year were added as a part of the supplementary budget for 1390. This increased the development budget to Afs 101 billion for FY 1390. Total development expenditures in the core budget were Afs 5.1 billion or only 5% of the total development budget for the whole year by the end of first quarter. These expenditures are higher compare to only 2.8% of the development budget u(Afs 3.2 billion) that was spent in first quarter of last year. As a matter of fact, expenditures usually picks up in the second half because of the contracting and procurement issues in first half, development budget execution picked to around 40% last year. Looking at the current trend and comparing to last year, it seems that the development budget execution will at least be over 40% by the end of this year. Nearly 50% of the total development expenditures (Afs 2.3 billion) in Q1 of 1390 were made by only Ministry of Rural Rehabilitation & Development (MRRD) or around 12% of its annual approved budget. Keeping in mind the relatively low absorbtion capacity and volatile security in country, convincing donors' community to put more support on-budget will be difficult. To ensure increased afghan ownerships particularly beyond 2014, majority of the aid should be spent through core budget.

Figure 1.4 – Operating Budget

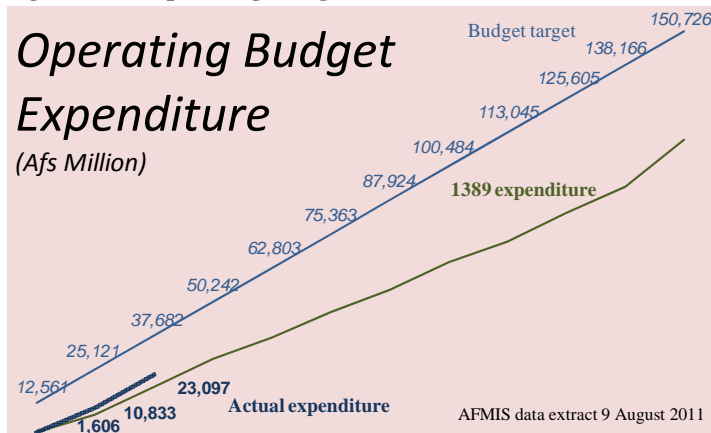
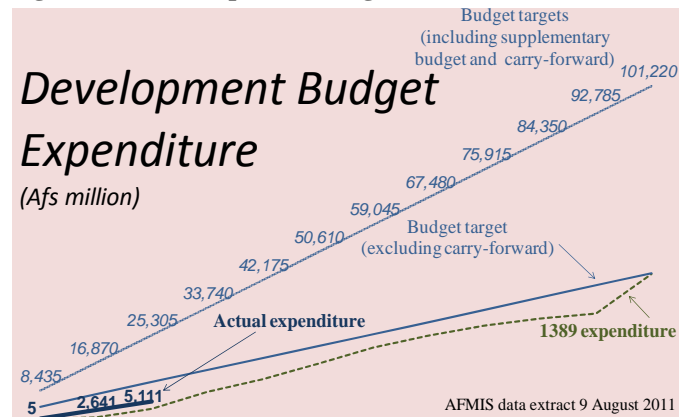


Figure 1.5 – Development Budget



1.4 Fiscal sustainability

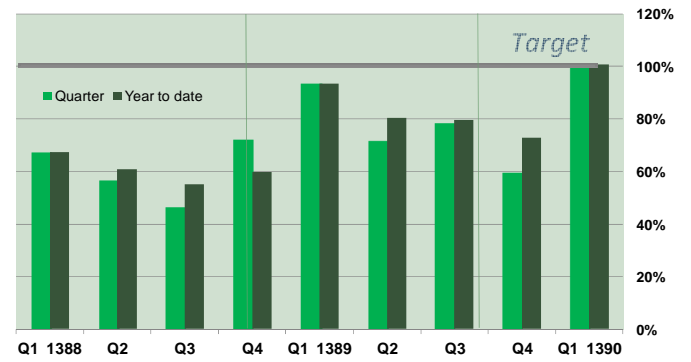
There has been number of reforms that were put in place aiming at moving towards achieving fiscal sustainability (funding operating expenditure from government's domestic revenue). Large Tax Payers (LTO) and Medium Tax Payers (MTO) offices were established which produced good results. The government is now looking at the feasibility of

introducing Value Added Tax (VAT) which will aim to generate more revenues.

During the first quarter of 1390, total domestic revenue collected were Afs 23.3 billion while total operating expenditures were Afs 23.1 billion. In other words over 100% percent of our operating expenditures in Q1 of 1390 were financed using domestic revenues. Comparing Q1 of 1390 with Q1 of

1389, fiscal sustainability indicator was around 93%. However it has to keep in mind that most of the contracts for operating expenditures on Office equipment, fuel, etc are done in first quarter of first half of the year while the actual payment is made in the second half of the year. This means that operating expenditure will have to increase in the coming quarters.

Figure 1.6 – Fiscal sustainability: Domestic revenues as a percentage of Operating Expenditures



2 CORE BUDGET REVENUES

Table 2.1 – 1390 Q1 revenues

Code (In millions of Afghanis)	1389 Qtr 1 Actual Qtr	1390 Qtr 1 Prelim Qtr	1390 Comparison to 1389 YTD		YTD Target 1390 Qtr 1 YTD	Target - Actual %(+/-)	Annual Target (2)	% Annual Target	
			Change	%Increase					
CORE BUDGET									
1	REVENUES including grants (1)	33,128.7	44,427.9	11,299.2	34.1				
1-19	REVENUES excluding grants	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
DOMESTIC REVENUES (2) (3)									
11	Tax Revenues	8,567.0	9,284.8	717.8	8.4	10,162.8	-8.6	46,194.5	20.1
111	Fixed Taxes	2,238.6	2,250.2	11.6	0.5	2,709.2	-16.9	12,314.6	18.3
112	Income Taxes	2,126.3	2,836.5	710.2	33.4	2,613.2	8.5	11,878.2	23.9
113	Property Taxes	60.3	102.7	42.5	70.4	72.6	41.6	329.8	31.2
114	Sales Taxes	3,438.3	3,571.8	133.5	3.9	4,179.1	-14.5	18,996.0	18.8
116	Other Taxes	585.6	388.2	-197.4	-33.7	431.6	-10.1	1,962.0	19.8
117	Tax Penalties and Fines	117.9	135.3	17.4	14.8	157.0	-13.8	713.8	19.0
12	Customs Duty, Import Taxes	6,523.1	7,722.4	1,199.2	18.4	7,159.4	7.9	32,542.6	23.7
13	Non Tax Revenue	2,542.4	5,672.7	3,130.3	123.1	2,671.8	112.3	12,144.3	46.7
131	Income from Capital Property	85.5	2,476.7	2,391.2	2,797.9	81.6	2,935.0	370.9	667.7
132	Sales of Goods and Services	916.7	1,251.2	334.4	36.5	913.1	37.0	4,150.4	30.1
133	Administrative Fees	1,475.8	1,701.3	225.5	15.3	1,589.8	7.0	7,226.6	23.5
134	Royalties	6.3	41.7	35.4	557.1	27.2	53.6	123.4	33.8
135	Non Tax Fines and Penalties	58.0	189.5	131.4	226.4	60.1	215.4	273.0	69.4
136	Extractive Industry	0.0	12.3	12.3	N/A	257.3	-95.2	1,169.3	1.1
14	Miscellaneous Revenue	-369.8	104.5	474.3	-128.3	257.3	-59.4	1,169.3	8.9
17	Social Contributions	265.7	505.8	240.2	90.4	354.9	42.5	1,613.2	31.4
GRANTS (1)									
191	Foreign Governments	11,513.9	17,707.5	6,193.6	53.8				
192	International Organisation	3,813.7	3,430.2	-383.5	-10.1				
193	Other Government Units	272.7	0.0	-272.7	-100.0				
TOTAL OPERATING BUDGET REVENUE									
		28,854.2	40,954.0	12,099.8	41.9			160,374.8	25.5
	Domestic Revenues	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
	<i>as percentage of total</i>	60.7	56.9	20.0					
	External Grant Support	11,325.8	17,663.8	6,338.1	56.0			66,710.9	26.5
	<i>as percentage of total</i>	39.3	43.1	22.0					

Source: FPU using AFMIS data downloaded on the 9 August 2011

1. Actual figures are not comparable to the development/integrated budget grants or balances shown in budget documentation, as grants/balance in budget documentation also includes loans. Loans are shown as a financing item in above table.

2. Revenues exclude proceeds from the sale of fixed assets (150), and loans (18). These items are included under financing.

3. In the published budget document, Afs 13.2 billion in domestic revenues are allocated to the development budget in 1390. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.

2.1 Domestic Revenues

There has been strong growth in domestic revenues over the past few years. The Fiscal Policy Unit revenue forecasting model shows domestic revenue of Afs 93.7 billion will be collected in the FY 1390. This target reflects in the national budget is 17 percent higher than the actual revenue collections of Afs 80.4 billion in 1389.

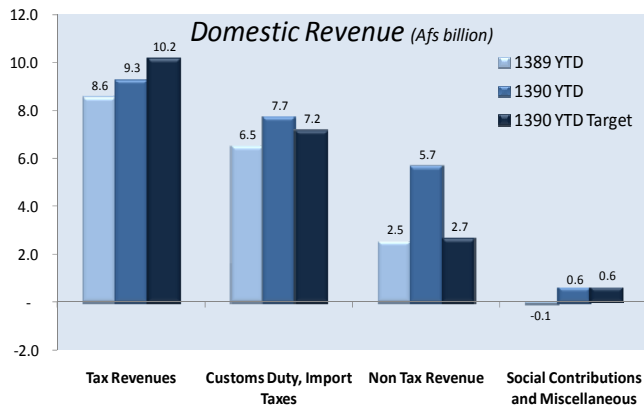
The composition of revenue items in 1390 is almost same as 1389. However, for 1390 there was addition of new codes (136 Extractive Industries) into non-tax revenue for Ministry of Mines. Non-tax revenue estimates from mining sector are very primary as we are newly modelling the revenue projection from the mining sector.

The quarterly breakdown of the total revenue target is based on the quarterly distribution of actual domestic revenues over recent years. It is assumed that 22% of annual revenues will be collected in Q1, 23% in Q2, 25% in Q3 and 31% in Q4.

This means that the 1390 first quarter target of total revenues of Afs 20.6 billion accounts for 20% of the annual revenue target. Total revenue of Afs 23.3 billion were collected in the first quarter, which shows increase against its quarterly target of Afs 20.6 billion by Afs 2.7 billion or (13%) and most importantly, its increase against 1389's fourth quarter of Afs 22.7 billion by Afs 599 million or (3%) respectively.

This increase in revenue collection in the first quarter 1390, mainly came from major categories such as custom duties, non-tax revenues, more collection by some central ministries and tax revenues that all will be explained in their relative sections below.

Figure 2.1 Domestic Revenues (1390 vs 1389 YTD)



AFMIS data extract 9 August 2011

2.2 Provincial Distribution of Revenues

Table 2.2 – 1390 Provincial Revenues

(In millions of Afghanis)	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1389	1390	%	1389	1390	1389	1390	1389	1390	1389	1390
	Qtr 1	Qtr 1	Increase	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1
	Actual	Prelim		Actual	Prelim	Actual	Prelim	Actual	Prelim	Actual	Prelim
	YTD	YTD		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
TOTAL REVENUE	17,528.4	23,290.2	32.9	8,567.0	9,284.8	6,523.1	7,722.4	2,542.4	5,672.7	-104.1	610.3
Total Provinces	11,276.1	13,783.6	22.2	4,513.7	4,845.8	5,893.5	7,258.8	1,121.6	1,315.4	-252.7	363.6
Nangarhar	2,882.2	2,795.6	-3.0	1,120.7	971.9	1,649.5	1,642.7	108.5	140.6	3.6	40.4
Balkh	2,491.4	2,273.0	-8.8	831.7	788.9	1,459.1	1,247.0	174.1	178.9	26.5	58.3
Kandahar	883.8	729.8	-17.4	386.2	266.4	379.9	333.9	100.8	97.4	16.8	32.1
Herat	3,266.1	5,031.4	54.0	1,247.8	1,631.8	1,721.8	2,972.0	274.7	379.0	21.8	48.7
Nimroz	643.3	859.2	33.6	295.6	319.8	402.9	461.2	77.3	74.7	-132.4	3.6
Other Provinces	1,109.2	2,094.5	88.8	631.7	866.9	280.4	602.1	386.3	444.9	-189.1	180.5
Central Ministries	6,252.3	9,506.6	52.1	4,053.3	4,439.0	629.6	463.5	1,420.7	4,357.3	148.6	246.8

Source: FPU using AFMIS data downloaded on the 9 August 2011

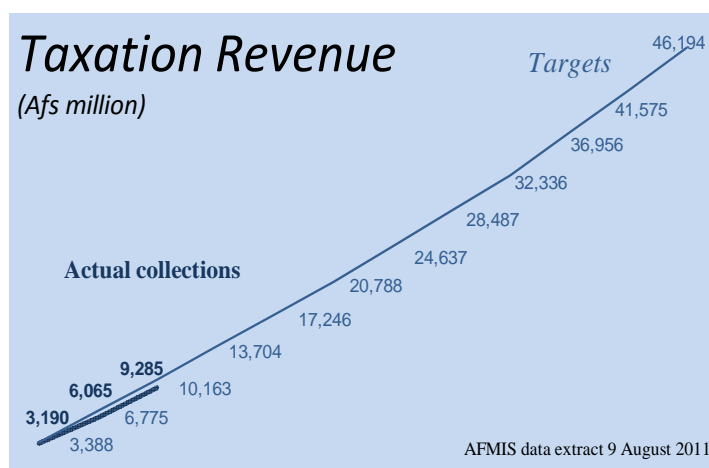
Table 2.2 shows revenue collections by category based on location classification (Provinces and Line Ministries). Central ministries contributed significant amount to the first quarter's total revenue, which collected Afs 9.5 billion, an increase of Afs 3.3 billion or (52%) over Afs 6.3 billion collected in the same period 1389. Provinces collected Afs 13.8 billion, an increase of Afs 2.5 billion or (22.2%) over Afs 11.3 billion collected in the same period 1389.

- **Customs Duties:** Total duties of Afs 7.3 billion were collected by the provinces in Q1 1390 compared to Afs 5.9 billion the same period 1389, this shows an increase of Afs 1.4 billion or (23%) to total customs duties. The duties' collection detail for each custom office will be described below.
- **Non-Tax Revenues:** central ministries collected Afs 4.4 billion in Q1 1390 compared to Afs 1.4 billion collected the same period 1389, an increase of Afs 2.9 billion, more than double or (207%). One-off receipts of Rights for Mineral Extraction by Ministry of Mines are the main reason for this high increase.
- **Taxation Category:** total provinces collected Afs 4.8 billion in Q1 1390 compared to Afs 4.5 billion collected the same period 1389, an increase by 7%. While central ministries collected Afs 4.4 billion compared to Afs 4.1 billion the same period 1389, an increase by 10% to total tax revenue

2.3 Tax revenues

Tax revenue consists of main components such as fixed taxes, income taxes, property While compared to (Afs 8.6 billion collected) in Q1 1389, it shows an increase by 8.4%. Its main categories include: taxes, sales taxes, other taxes and tax penalties and fines. Total tax revenue collected Afs 9.3 billion against the quarterly target of Afs 9.9 billion for 1st quarter 1390, which shows a decline by 8.6 %.

Figure 2.2 - Tax revenues, Afs billion



- **Fixed taxes** collected Afs 2.25 billion compared to Afs 2.24 billion the same period in 1389, an increase by 0.5 %. This decline was somewhat due to sharp decline in revenue from Government Contracts and Goods and Services and also dues from Small shops and Unions.
- **Income taxes** collected Afs 2.8 billion compared to Afs 2.1 billion the same period 1389, an increase by 33%. Wage Withholding tax which made up 46% of the total income taxes, collected Afs 1.3 billion against Afs 867 million the same period 1389, an increase by 52%. This increase was due to good effort by both LTO and MTO. Interest, rental, dividend, royalties withholdings collected less than the amount collected the same period 1389, which pull down income tax revenue in this quarter.
- **Sales taxes**, which comprise various types of Business Receipts Taxes, collected Afs 3.6 billion compared to Afs 3.4 collected in Q1 1389, which shows an increase by 4%. Gains were largely due to **2% BRT (Receipt Pvt. Entities)** category which collected Afs 694 million against Afs 521 million collected the same period 1389, an increase by 33.3%. Good efforts by LTO led to increase of Sales taxes in this quarter. Tax revenue from **2% BRT on imports** collected Afs 1.9 billion in Q1 1390 compared to Afs 2.0 billion collected the same period 1389, a fall by 1%. The overall decline in BRT on imports was attributable to the decline of BRT in Balkh, Nangarhar and Kandahar provinces in this quarter.

Major increases in specific tax revenues				
Main Components of Tax Revenues	1389	1390	Difference	% Increase
	First Quarter	First Quarter		
	All Values in million Afghanis			
Imports by Licensed Business (Fixed Taxes)	1,886	1,871	(15)	-0.8%
Employees Salaries & Wages (Income Taxes)	867	1,322	455	52.5%
2% BRT on Imports (Sales Taxes)	1,960	1,942	(18)	-0.9%
BRT on Services 10 % (Sales Taxes)	947	969	22	2.3%
Receipts Pvt Entities 2% BRT (Sales Taxes)	521	694	173	33.3%

2.4 Customs duties and import taxes

Total customs duties that makes up around 35% of the total budgeted revenue for 1390, were collected in the amount of Afs 7.7 billion in Q1 1390 compared to Afs 6.5 billion collected the same period 1389, this shows an increase of Afs 1.2 billion or (18.4%). And it also shows an increase by 8.0% over its quarterly target Afs 7.2 billion. The five major customs offices that collected around 87% of the total customs duties and import taxes during Q1 1390 are described below:

- **Herat customs offices**, which consists of two main custom offices bordered with Iran and Turkmenistan, collected around Afs 3.0 billion in Q1 1390 against its quarterly target of Afs 2.1 billion, that shows an increase of 38%. Similarly, compared to Afs 1.7 billion collected the same period 1389, it grew by 73%, which is notable increase. Imports (mostly fuel) from Islam Qaleh bordered with Iran declined while from Toor Ghundi which is bordered with Turkmenistan drastically increased.
- **Nangarhar customs office** collected Afs 1.6 billion against its quarterly target of Afs 1.7 billion, that is a shortfall by 2%. It also fell below by 0.4 % compared to Afs 1.6 collected the same period 1389. Transit problem in Pakistan pushed traders to change their routes and led to the reduction in the custom duties.
- **Balkh customs office** collected Afs 1.2 billion against its quarterly target of Afs 1.4 billion, a shortfall by 10%. Similarly, 1390's first quarter also shows a shortfall by 15% against Afs 1.5 billion collected the same period 1389. The decline in the total values of imported goods such as fuel, vehicles, wheat and electrical machinery was the reason for lower custom duties in the 1st quarter 1390.
- **Kandahar customs office** collected Afs 334 million against the quarterly target of Afs 369 million. This shows a 9 % shortfall. The reason for reduction was transit problem in Pakistan.
- **Nimroz customs office** collected Afs 461million against its quarterly target of Afs 531 million, a shortfall by 13%. However, it shows 14% increase compared to Afs 403 million collected during the same period in 1389. Shift in routes caused increase in the import duties collected by Nimroz customs office.

Over all, shift in the routes by traders, and also decline in the total values of imports for some custom offices brought about fluctuation (increase/decrease) in some of the custom offices.

Figure 2.3 – Custom duties

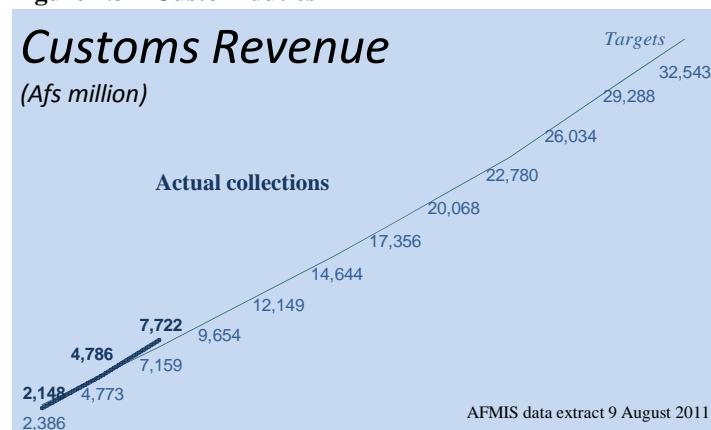
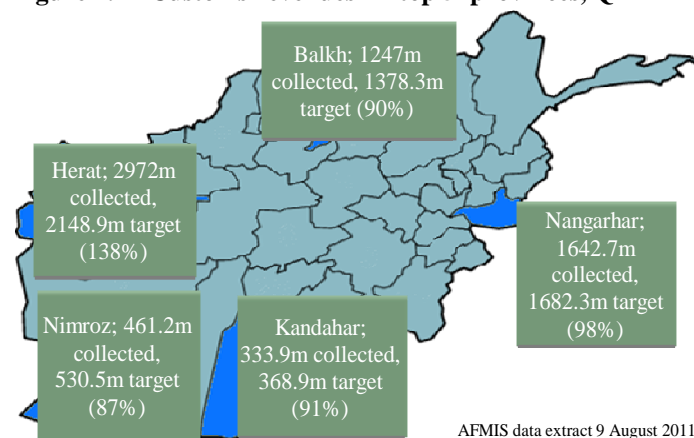


Figure 2.4 - Customs revenues in 'top 5' provinces, Q1



2.5 Non-tax revenues

Non-tax revenues consist of income from capital property, sales of goods and services, administrative fees, royalties and non-tax penalties and fines. Total collection from non-tax revenues were Afs 5.7 billion in Q1 1390 against both the quarterly target (Afs 2.7 billion) and also first quarter 1389's actual (Afs 2.5 billion). This shows high increase of 112% and 123% respectively. The reason for such high growth of non-tax revenue is due to receipt of revenue from *Rights for Mineral Extraction* of Afs 2.4 billion by Ministry of Mines under licensing agreement of Aynak mine in Logar province. Below are major components for non-tax revenues:

- **Income from Capital Property** which received large amount (Afs 2.4 billion) one-off receipt due to *Rights for Mineral Extractions* collected Afs 2.5 billion in Q1 1390 compared to Afs 85 million the same quarter 1389.
- Revenue collected from **the Sales of Goods and Services** were Afs 1.3 billion compared to Afs 917 million collected in the same quarter 1389, an increase by 37%. Revenues collected by **Service Rendered** were Afs 347 million compared to Afs 72 million collected the same period 1389, about five times larger.
- **Administrative fees** Afs 1.7 billion in Q1 1390 compared to Afs 1.5 billion collected during the same period 1389, an increase by 15%. **Over flight revenue** collection increased by 32% (from Afs 405 million in Q1 1389 to 426 million in Q1 1390). Revenue from **Sales of Valuable Documents** increased from Afs 120 million in Q1 1389 to Afs 157 million in Q1 1390, an increase by 31%.

Figure 2.5 – Non-tax revenues, Afs millions

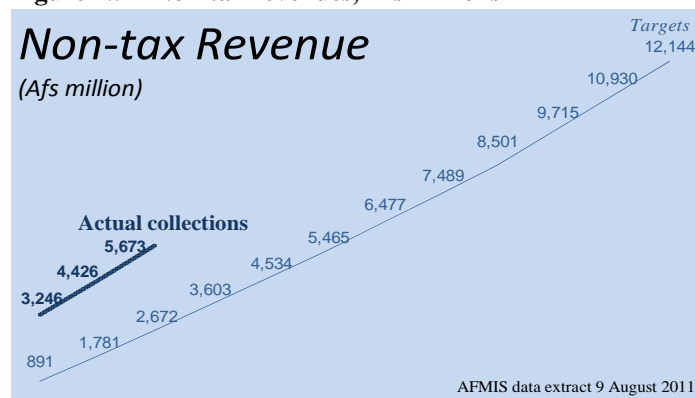
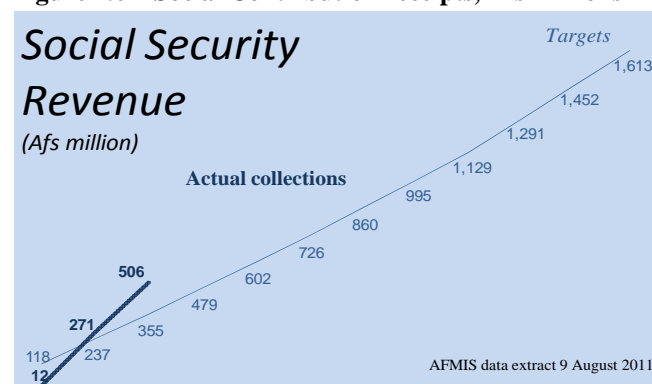


Figure 2.6 – Social Contribution receipts, Afs millions



2.6 Social Contributions

Social contributions include government employee contributions for retirement and pension purposes to fund the well being of retired employees in the future. Total collections from Social Contribution were Afs 506 million against the quarterly target of Afs 355 million, which shows an increase by 43%. It also shows 90% growth compared to Afs 266 million collected the same period 1389. This increase is attributable to implementation of new pension reform.

2.7 Domestic Revenues by Collection Agency

Table 2.3 – 1390 Revenues by Collection Agency

(In millions of Afghanis)	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1389	1390	%	1389	1390	1389	1390	1389	1390	1389	1390
	Qtr 1	Qtr 1	Increase	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1	Qtr 1
	Actual YTD	Prelim YTD		Actual YTD	Prelim YTD	Actual YTD	Prelim YTD	Actual YTD	Prelim YTD	Actual YTD	Prelim YTD
11 TOTAL REVENUE	17,528.4	23,290.2	32.9	8,567.0	9,284.8	6,523.1	7,722.4	2,542.4	5,672.7	-104.1	610.3
Ministry of Finance	15,171.6	17,937.6	18.2	8,213.4	9,157.9	6,485.0	7,722.4	743.0	745.9	-269.8	311.4
Mustofiats (1)	874.7	1,526.0	74.5	678.7	819.5	0.0	0.0	468.8	400.1	-272.8	306.4
Customs (1)	10,760.7	11,992.4	11.4	4,033.6	3,961.9	6,485.0	7,722.4	239.2	303.4	2.9	4.7
Large Taxpayer Office (LTO)	2,349.3	2,755.6	17.3	2,330.7	2,751.1	0.0	0.0	18.6	4.4	0.0	0.1
Medium Taxpayer Office	1,177.7	1,628.4	38.3	1,169.8	1,625.4	0.0	0.0	7.9	3.1	0.0	0.0
Small Taxpayer Office	0.6	0.0	-100.0	0.6	0.0	0.0	0.0	0.0	0.0	-0.0	0.0
Other Ministry of Finance	8.7	35.1	305.4	0.0	0.0	0.0	0.0	8.5	34.9	0.1	0.2
Total taxation collections by ARD (2)				4,533.4	5,322.9						
Total LTO collections as %of total taxation collections by ARD				51.8	51.8						
Other Ministries	2,356.8	5,352.6	127.1	353.6	126.9	38.1	0.0	1,799.4	4,926.8	165.7	298.9
Ministry of Transport and Aviation	856.5	928.7	8.4	0.4	1.2	0.0	0.0	856.1	927.5	0.0	0.0
Ministry of Interior	673.9	915.3	35.8	351.7	121.5	0.0	0.0	321.1	787.2	1.1	6.6
Ministry of Communication	309.8	357.2	15.3	0.0	0.0	0.0	0.0	302.0	357.2	7.8	0.0
Ministry of Foreign Affairs	55.9	23.9	-57.2	0.0	0.0	0.0	0.0	55.4	23.5	0.6	0.5
Ministry of Martyrs, Disabled and Social A	191.2	285.0	49.0	0.0	0.0	0.0	0.0	46.9	32.1	144.3	252.9
Other Budgetary Units	269.4	2,842.4	955.0	1.5	4.2	38.1	0.0	218.0	2,799.3	11.8	38.9

Source: FPU using AFMIS data downloaded on the 9 August 2011

(1) All revenue collections for Object codes 11106,11107,11109,11110,11110,11404,12000-12007,13331,13348 have been reallocated to the Customs office given these revenues are collected at the border, however in AFMIS these revenues are sometimes allocated under Mustofiats.

(2) Afghanistan Revenue Department taxation revenues (ARD) are measured as total taxation revenues minus Customs Office taxation revenues

Table 2.3 shows what revenue agencies that were responsible for the changes in revenue collections between Q1 1389 and Q1 1390. Overall increase in total revenue (between these two periods) was Afs 5.8 billion that were contributed by the agencies:

- Government Ministries collected Afs 3.0 billion of additional revenues, made up of an additional Afs 2.6 billion from other Budgetary Units (including Afs 2.4 billion of Non-tax revenue received by Ministry of Mines) and Afs 241 million from the Ministry of Interior. This is mainly made up of increases in non-tax revenues.
- The Customs Office collected Afs 1.2 billion of additional revenues (or 21% of the total increase). This is only made up of an additional Afs 1.2 billion in custom duties.
- The Large Taxpayers Office (LTO) and Medium Taxpayers Office (MTO) collected Afs 406 million and Afs 451 million in additional revenues respectively in Q1 1390.

2.8 Grants

Donor grants comprise a crucial part of the National Budget. Donor grants finance major expenditures items in the operating budget, especially security related expenditures and almost all the development budget is donor financed (a small proportion of the development budget is also financed by concessional loans).

Total grants receipts in Q1 1390 were Afs 21.1 billion compared to Afs 15.6 disbursed the same period 1389. This show an increase of Afs 5.5 billion or (36%) in total grants provided to the core budget by donors. And this increase in grants disbursement was due to more security spending.

Operating Grants

Grants to operating spending gets increased because of planned increase in the size of the Afghan security forces. Total operating grants disbursement for 1st quarter 1390 were Afs 17.7 billion which was 56% higher than Afs 11.3 billion disbursed the same period 1389. Grants that were received through ARTF were Afs 1.1 billion compared to Afs 3.3 billion, this shows that grants to ARTF (as agreed with donors) will be declining by USD 25 million. Grants to LOTFA were Afs 6.1 billion compared to Afs 5.4 billion the same period in 1389. Grants to CSTC-A which also finance police personal in the Ministry of Interior, were about Afs 6.0 billion for MoD (compared to Afs 2.6 billion in Q1 1389), and Afs 4.5 billion for MoI.

Figure 2.7 - Operating grant revenues, Afs billions

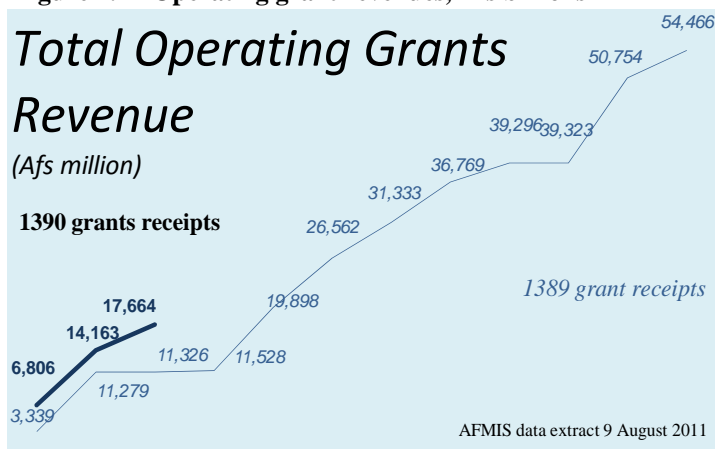


Table 2.4 - Operating grants, Afs millions

All Values are in Million Afs		1389	1389	1389	1390	1390	1390
		Qtr 1	Qtr 1	% of Total	Qtr 1	Qtr 1	% of Total
		YTD	YTD		YTD	YTD	
10001	Afghanistan Reconstruction Trust Fund (ARTF)	3,331	3,331	29%	1,117	1,117	6%
10002	Law & Order Trust Fund (LOTFA)	5,355	5,355	47%	6,067	6,067	34%
10004	Combined Security Transitional Command Afghanistan (CSTC-A) MoD	2,639	2,639	23%	5,975	5,975	34%
10005	Combined Security Transitional Command Afghanistan (CSTC-A) MoI	0	0	0%	4,505	4,505	26%

AFMIS data extract 9 August 2011

Development Grants

Grants to development budget were Afs 3.5 billion in 1st quarter 1390 compared to Afs 4.3 billion the same period 1389. The decline in the grants disbursement was partly attributed to lower execution in the beginning of the year and partly to delay in grants by donor countries.

Among the largest grants recipients, Afghanistan **Reconstruction Trust Fund (ARTF)** provided Afs 2.1 billion of grants for the project, **Third Emergency National Solidarity**. It also provided grants of Afs 150 million to **Basic Package of Health Services** program. The **Asian Development Bank (ADB)** provided total grants of Afs 365 million for **Hairatan to Mazar Sharif Railway Project**. The **World Bank** and **Others** provided Afs 143 million of total grants to program, **Sustainable Development of Natural Resources** in 1st quarter 1390.

Figure 2.8 - Development grant revenues, Afs billions

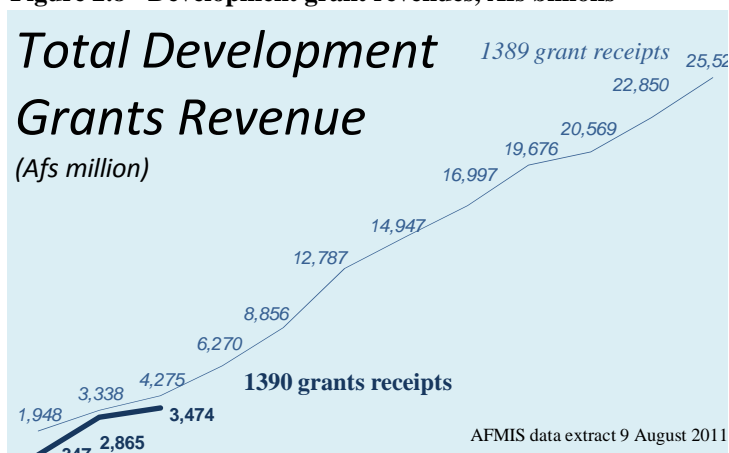


Table 2.5 - 10 largest development grant receipts in Q1, Afs million

TF098459-AF Third Emergency National Solidarity Project	ARTF	2,081
0161-Hairatan To Mazar E Sharif Railway Project	Asian Development Bank	365
095919 AFG JSDF Grant for Basic packages of Health Services	ARTF	150
H2380-Sustainable Development Of Natural Resources	World Bank - Others	143
H4980-3rd Additional Financing Emergency Irrigation Rehabilitation Project	World Bank - Others	95
H2840-Emergency Irrigation Rehabilitation Project	World Bank - Others	85
91885-Horticulture and Live Stock Project	ARTF	63
H2980-Public Financial Management Reform Project	World Bank - Others	52
H469-Strength Health Active For The Rural Poor Project	World Bank - Others	44
93962-Second Education Quality Improvement Project	ARTF	40

AFMIS data extract 9 August 2011

3 CORE BUDGET EXPENDITURES

Table 3.1 – 1390 Q1 expenditures

Code (In millions of Afghanis)	1389	1389	1390	1390	Comparison to Budget			1390 Comparison to	
	Qtr 1 Actual Qtr	Qtr 1 Actual YTD	Qtr 1 Prelim Qtr	Qtr 1 Prelim YTD	Original Budget Ceiling (3)	Current Allocated Budget (4)	%Allocated Budget	Change	%Increase
2 TOTAL GROSS EXPENDITURES	21,634.4	21,634.4	28,207.9	28,207.9	251,969.8	251,969.8	11.2	6,573.5	30.4
Operating Budget	18,774.4	18,774.4	23,096.9	23,096.9	150,726.1	150,726.1	15.3	4,322.5	23.0
Development Budget	2,860.0	2,860.0	5,111.0	5,111.0	101,243.6	101,243.6	5.0	2,251.0	78.7
Discretionary Budget	617.5	617.5	1,247.7	1,247.7	26,504.0	26,504.0	4.7	630.2	102.1
Non-discretionary Budget	2,242.5	2,242.5	3,863.2	3,863.2	74,739.6	74,739.6	5.2	1,620.8	72.3
2* TOTAL NET EXPENDITURES (2)	21,564.3	21,564.3	28,185.2	28,185.2				6,620.9	30.7
2-25 RECURRENT EXPENDITURES	20,257.3	20,257.3	24,289.7	24,289.7	N/A	184,296.5	13.2	4,032.4	19.9
21 Compensation of Employees	15,757.9	15,757.9	19,783.4	19,783.4	109,884.0	111,190.7	17.8	4,025.5	25.5
Operating Budget	15,757.9	15,757.9	19,783.4	19,783.4	109,884.0	111,190.7	17.8	4,025.5	25.5
Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A
22 Use of Goods and Services	3,121.5	3,121.5	3,457.0	3,457.0	N/A	58,151.8	5.9	335.5	10.7
Operating Budget	1,573.7	1,573.7	2,091.6	2,091.6	22,960.3	23,918.1	8.7	517.9	32.9
Development Budget	1,547.8	1,547.8	1,365.4	1,365.4	N/A	34,233.7	4.0	-182.4	-11.8
23 Interest (1)	33.2	33.2	37.5	37.5	350.0	350.0	10.7	4.3	13.0
Operating Budget	33.2	33.2	37.5	37.5	350.0	350.0	10.7	4.3	13.0
Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A
24 Subsidies and Transfers	1,344.7	1,344.7	1,011.8	1,011.8	14,604.0	14,604.0	6.9	-332.9	-24.8
Operating Budget	1,344.7	1,344.7	1,011.8	1,011.8	14,604.0	14,604.0	6.9	-332.9	-24.8
Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A
25 ACQUISITION OF ASSETS									
25 Gross Acquisition of Nonfinancial Assets	1,377.1	1,377.1	3,918.2	3,918.2	N/A	60,250.9	6.5	2,541.1	184.5
Operating Budget	64.9	64.9	172.6	172.6	2,927.4	2,708.1	6.4	107.7	165.9
Development Budget	1,312.2	1,312.2	3,745.6	3,745.6	N/A	57,542.7	6.5	2,433.4	185.4
25* Net Acquisition of Nonfinancial Assets (2)	1,307.0	1,307.0	3,895.5	3,895.5				2,588.5	198.0
Operating Budget	-5.2	-5.2	149.9	149.9				155.1	-2,994.6
Development Budget	1,312.2	1,312.2	3,745.6	3,745.6				2,433.4	185.4

Source: FPU using AFMIS data downloaded on the 9 August 2011

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR figures of core budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these categories.

4/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

3.1 Overview of Core Budget and Expenditures

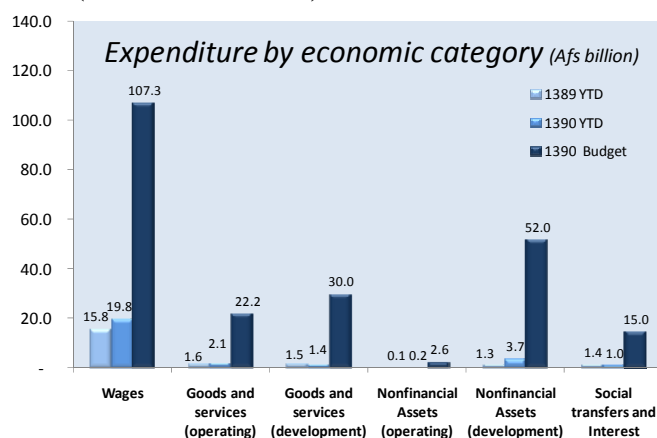
Total core budget for fiscal year 1390 is Afs 251.9 billion which includes both operating and development budget. Operating budget for 1390 is Afs 150.7 billion while the development budget including supplementary has been allocated up to Afs 101.2 billion.

In first quarter 1390 total core budget expenditure was Afs 28.2 billion or 11.2 percent of total core budget for the year. Meanwhile, the expenditures for the first quarter 1390 was 30.4 percent higher as compared to first quarter 1389 which spent Afs 21.6 billion.

The total operating budget for the first quarter 1390 was Afs 23.1 billion, this shows a raise of almost 23 percent compared to the first quarter of 1389 (Afs 18.8 billion). This increase in operating expenditures occurred mainly due to huge expenditures on civil servants wages and the salaries of Afghan National Security forces both ANA & ANP due to expansion in the number of the Army & Police size. In addition, the development expenditures during the first quarter 1390 was Afs 5.1 billion or about 78 percent higher compared to the same period last year (Afs 2.8 billion)

Spending on compensation of employees counted about 70 percent as of total expenditures during the first quarter 1390; goods and services accounted for 12.3 percent of total expenditure. Furthermore, due to high execution rate of the development budget during the first quarter 1390, capital expenditure accounted about 18 percent of total expenditures which shows a significant climb (12 percentage points) compared to the same period last year.

Figure 3.1 – Total Expenditures by Economic category (1389 and 1390 YTD)



AFMIS data extract 9 August 2011

3.2 Operating Budget by Economic Category

As this is the first quarter of the year we can talk about the operating budget for the year – what is the total budget, how that compares to the previous year’s budget and the previous year’s expenditure. Talk about why the budget has increased (e.g. higher security sector spending).

Operating budget has been constantly increasing from the past few years in the national budget. Total operating budget for the fiscal year 1390 is Afs 150.7 billion, this shows a hike of 36.4 percent compared to the actual operating expenditures of Afs 110.5 billion during the fiscal year 1389, the rise in the operating budget is primarily due to higher expenditure in security sector due to security threats, as well increase in government tashkeel and implementation of some reforms such as, P&G and PRR in government agencies.

Compensation of Employees

Compensation of employee includes wages and salaries, food, transportation, advance payments and some other minor social benefits. During the first quarter 1390 the highest expenditure in the operating budget occurred from employee’s compensation. Expenditures in first quarter 1390 was Afs 19.8 billion this shows an increase of Afs 4 billion or 25.5 percent over the first quarter 1389 (Afs 15.8 billion). The increase in wages also contributed due to implementation of P&G reform in the civil servants tashkeel, also due to additional strength of security forces particularly ANA. Wages expenditures in the ministry of defence increased from Afs 5 billion in first quarter 1389 up to Afs 7.2 billion or 44 percent higher in first quarter 1390.

Goods and Services

This category includes travel, communication, contracted services, repairs and maintenance, utilities, and fuel. Expenditures on goods and services during the first quarter 1390 was Afs 2.1 billion, this has risen by almost 33 percent compared to the same period over the past year (Afs 1.6 billion in first quarter 1389). The spike in expenditure on this category was mainly due to higher expenditure in Travels, Fuel, utilities and other use of goods and services.

Figure 3.2 - Compensation of employees

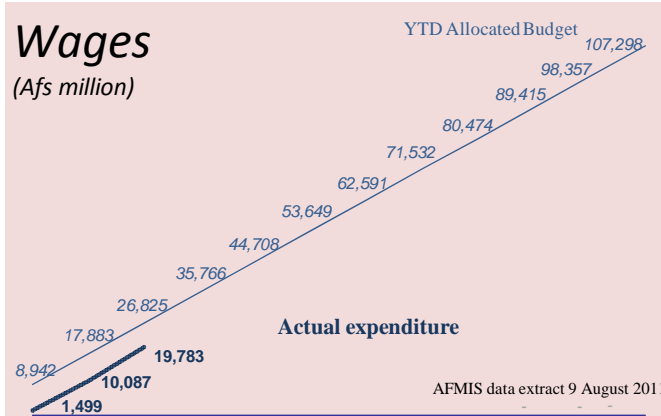
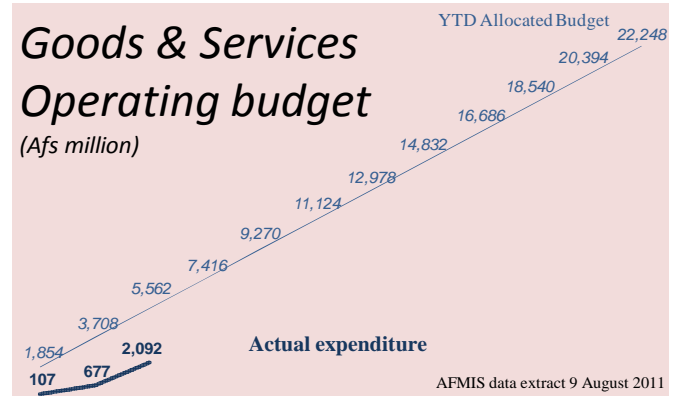


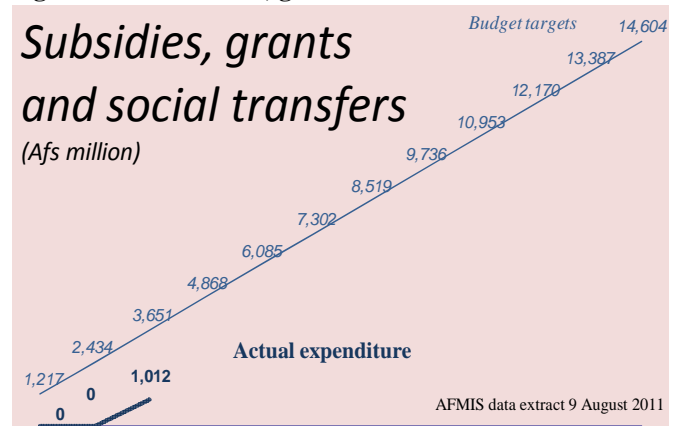
Figure 3.3 Goods and Services (Operating Budget)



Subsidies, Grants, Social Transfers

This category includes pension payments to retired civil servants and officers in the police and army, subsidies to state owned enterprises and capital transfers to municipalities. During the first quarter 1390 total expenditures on this category was only Afs 1.0 billion. However, this was fall down by Afs 1.3 billion over the same period last year; which shows a decline of 24.8 percent compared to the first quarter 1389 and 6.9 percent compared to the budget for this category.

Figure 3.4 – Subsidies, grants and social transfers



Interest Payments

Interest payments are only a small proportion of the total operating expenditure of the Government given that the Government has only a small amount of concessional loans. Such loans are mostly given to the Afghan Government on concessional basis to help it to finance its development projects. This spending excludes principal repayments. In first quarter 1390 spending on this category was Afs 37.5 million, interest payment on this category was 13.0 percent higher compared to the same period last year (Afs 33.2 million).

Acquisition of Non-Financial Assets

Spending on the acquisition of non-financial assets occurs mainly from the development budget. However, there is also a small amount of expenditure on the acquisition of non-financial assets from the operating budget. In first quarter 1390 the gross acquisition of non-financial assets from the operating budget was Afs 172.6 million. While this was only about Afs 65 billion as shown in the table above.

3.3 Development Budget by Economic Category

The total original development budget for the year 1390 was Afs 74 billion. This increased to Afs 101.2 billion after the inclusion of the supplementary projects from 1389, including Afs 24.2 billion discretionary and Afs 74.3 billion non-discretionary projects.

The total revenue to finance the development expenditures is Afs 83.3 billion, including 13.2 from the domestic revenues (including Aynak) and Afs 69.9 billion donor grants. There is a deficit of Afs 17.9 billion with an identified financing of Afs 5.8 billion and the rest Afs 12.1 billion is still unidentified.

Goods and Services:

This category, Goods and Services, includes engineering and design services, fees of consulting firms, services of non-government organizations, construction of equipments, tools and materials for project implementation, project management services and some administrative fees for implementing development projects.

The total development budget for this category was Afs 30 billion or 29.5 percent of the total development budget of Afs 101.2 billion. The total expenditure on goods and services in quarter one is Afs 1.4 billion, while the budgeted amount for this category for the first quarter is Afs 7.5 billion; only 18.5 percent of the total allocated budget of this quarter has been spent so far.

Acquisition of Non-financial Assets

The expenditures on acquisition of non-financial assets are made up of construction of dwelling, roads, buildings, water supplies and other structure in the development budget.

The total expenditure in this quarter on this category is Afs 3.7 billion and the allocated budget for this is Afs 13 billion. Out of the total allocated budget only 28% has been spent so far. The total spending on same category, same quarter last year was Afs 1.3 billion, less than the current quarter Afs 3.7 billion.

Figure 3.5 – Acquisition of non-financial (capital) assets, Afs millions

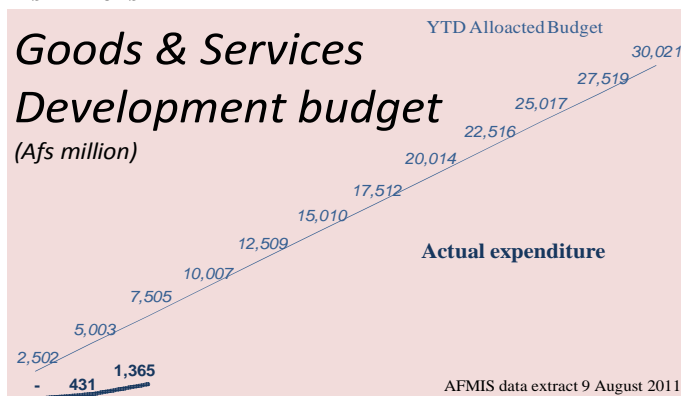


Figure 3.6 - Acquisition of non-financial assets by quarter, Afs millions, 1388- 1390

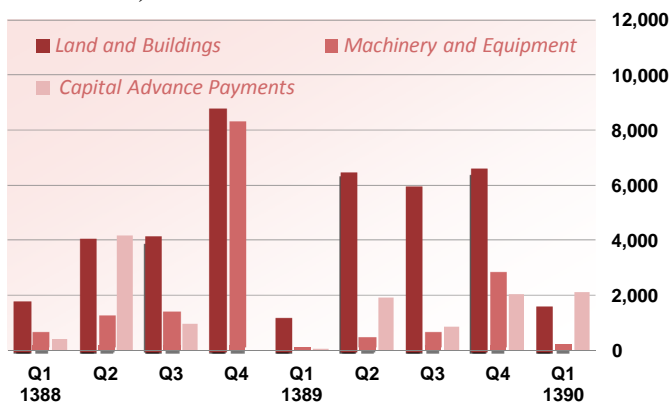
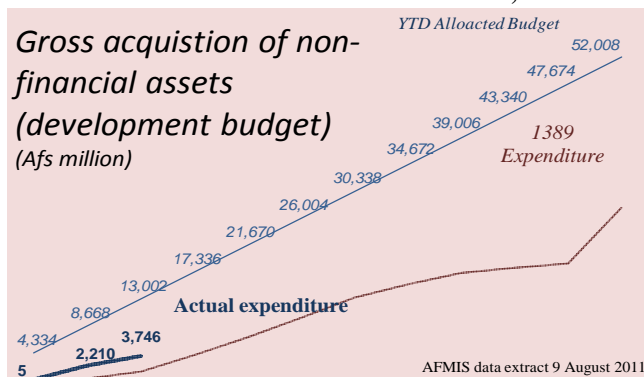


Figure 3.7 - Acquisition of non-financial assets by quarter, Afs millions, 1389 - 1390



3.4 Development Budget by ANDS Sector and Ministry

The Afghanistan National Development Strategy (ANDS) is the government strategy for development in order to reduce poverty, accelerate economic growth and improve security and governance. The ANDS was approved by H.E. Hamid Karzai and the Cabinet in April 2008. It has eight sectors which cover all the budgetary units.

Table 3.2 – Development Expenditures by Sector and largest Ministry (1389 and 1390 YTD)

(In millions of Afghanis)	1389 Approved Budget	1389 Qtr 1 Actual YTD	1389 YTD. as %of Budget	1390 Approved Budget	1390 Prelim YTD	1390 YTD. as %of Budget	1390 Unspent Budget	1390 %of Total Unspent Budget	1390 Comparison to 1389 YTD	Change	%Increase
TOTAL	111,900.2	3,169.0	2.8	101,243.6	5,111.2	5.0	96,132.4	100.0	61.3		N/A
Total Infrastructure and Natural Resources	48,067.6	1,173.3	2.4	44,435.4	1,559.5	3.5	42,875.9	44.6	386.3		32.9
Ministry of Public Works	23,514.1	633.6	2.7	18,076.4	563.0	3.1	17,513.4	18.2	-70.6		-11.1
Ministry of Transport and Aviation	1,486.3	49.7	3.3	1,456.4	46.0	3.2	1,410.4	1.5	-3.8		-7.5
Ministry of Energy and Water	14,365.7	203.7	1.4	12,394.5	786.4	6.3	11,608.1	12.1	582.7		286.1
Water Supply and Canalization Corporation	0.0	0.0	N/A	901.9	3.1	0.3	898.8	0.9	3.1		N/A
Ministry of Communication	1,679.6	22.2	1.3	1,817.1	5.9	0.3	1,811.1	1.9	-16.3		-73.3
Geodesy and Cartography Office	28.5	0.0	0.0	164.7	0.0	0.0	164.7	0.2	0.0		N/A
Other Ministries	6,993.4	264.1	3.8	9,624.4	155.1	1.6	9,469.3	9.9	-109.0		-161.2
Total Agriculture and Rural Development	27,329.3	655.0	2.4	22,963.7	2,499.1	10.9	20,464.6	21.3	1,844.0		281.5
Ministry of Agriculture	5,768.3	226.7	3.9	4,224.0	228.6	5.4	3,995.4	4.2	2.0		0.9
Ministry of Rural Rehabilitation and Development	21,139.0	407.3	1.9	18,500.1	2,270.5	12.3	16,229.6	16.9	1,863.2		457.4
Other Ministries	422.0	21.1	5.0	239.6	0.0	0.0	239.6	0.2	-21.1		-176.8
Total Education	12,327.3	342.0	2.8	11,757.1	255.6	2.2	11,501.4	12.0	-86.4		-25.3
Ministry of Education	9,986.8	313.5	3.1	9,269.9	137.9	1.5	9,131.9	9.5	-175.6		-56.0
Other Ministries	2,340.4	28.5	1.2	2,487.2	117.7	4.7	2,369.5	2.5	89.2		30.7
Total Economic Gov. and Private Sector Devel't	5,678.9	179.2	3.2	5,338.3	268.0	5.0	5,070.3	5.3	88.8		49.6
Ministry of Finance	3,997.0	122.8	3.1	3,352.5	222.3	6.6	3,130.2	3.3	99.5		81.1
Other Ministries	1,681.8	56.4	3.4	1,985.8	45.7	2.3	1,940.1	2.0	-10.7		-31.5
Total Health	7,316.0	315.4	4.3	7,741.1	310.8	4.0	7,430.3	7.7	-4.6		-1.5
Ministry of Public Health	7,316.0	315.4	4.3	7,741.1	310.8	4.0	7,430.3	7.7	-4.6		-1.5
Total Governance, Rule of Law and Human Rights	4,233.7	424.4	10.0	3,419.2	174.5	5.1	3,244.7	3.4	-249.9		-58.9
Independent Directorate of Local Governance	1,476.6	0.5	0.0	23.5	-327.6	-1,394.0	351.1	0.4	-328.1		-64,389.4
Other Ministries	2,757.1	423.9	15.4	3,395.7	502.1	14.8	2,893.6	3.0	78.2		64,330.6
Total Social Protection	1,110.2	33.2	3.0	1,025.8	43.7	4.3	982.2	1.0	10.4		31.5
Total Security	993.3	46.5	4.7	1,038.6	0.0	0.0	1,038.6	1.1	-46.5		-100.0
Total Unclassified	4,843.9	0.0	0.0	3,524.4	0.0	0.0	3,524.4	3.7	0.0		N/A

Source: FPU using AFMIS data downloaded on the 9 August 2011

The **Total infrastructure and Natural Resources** is the largest spending sector in the development budget expenditures. The total allocated budget for this sector for the year 1390 is Afs 44.5 billion out of which Afs 1.6 billion has been spent in the first quarter 1390. The total allocated budget for this sector last year was Afs 48 billion while the total expenditure in the first quarter was Afs 1.2 billion.

Ministry of Public works and **ministry of energy and water** have undertaken the highest allocated budget with an amount of Afs 18 billion and Afs 12.3 billion respectively.

In the first quarter 1390, none of the ministries have an expenditure of above 6%. **Ministry of Energy and water** is the largest spending ministry in that sector so far, with a total spending of Afs 786.4 million. This represents a budget execution rate of 6.3 percent.

The ministry of Public works is the second spending ministry in that sector, with a total spending of Afs 563 million out of its total allocated budget of Afs 18 billion, an execution rate of 3.1 percent.

The significant projects with low spending in this ministry include, Qaisar-Bala Marghab, Balam Marghab-Laman and Armalik-Laman. These projects have budget of Afs 1.6 billion, Afs 338 million and Afs 940 million, while the expenditures of these projects in the first quarter 1390 is zero.

The reason of low execution in this sector is largely due to,

- Lack of security in remote areas of the country
- Delay in the procurement
- Improper follow up with the donors' procedures
- Contractor vs. Ministries conflict

Total Agriculture and Rural Development is the second largest sector in the development expenditures. The total allocated budget of this sector for the year 1390 is Afs 22.9 billion out of which Afs 2.5 billion has been spent so far. The total expenditure last year for the same quarter was Afs 655 million.

Ministry of Rural Rehabilitation and Development and **Ministry of Agriculture** are the highest spending ministries. The total allocated budget of these ministries are Afs 18.5 billion and Afs 4.2 billion, while the total spending of these ministries are Afs 2.3 billion and 228 million respectively, an execution rate of 12.3 percent and 5.5 percent respectively.

The Afghanistan Rural Enterprise Development Program (AREDP), Nimroz water supply and National area based development program are the ministry of Rural Rehabilitation and Development lowest spending projects, with a total allocated budget of Afs 366.5 million, Afs 188 million and Afs 94 million while their development expenditures are zero in the first quarter 1390.

Similarly, the **Support of Rural agricultural development (SARD)**, **Agriculture development facility (ADS)**, **Agricultural innovation & development in provinces** are the lowest spending projects in the ministry of Agriculture.

The reason of low execution in these projects is due to security constraints in the provinces, management constraints in the implementing ministries and poor financial planning of programs.

Total Education is the third sector in the development budget expenditures, with a total allocated budget of Afs 11.7 billion of which Afs 255 million or 2 percent of the total allocated budget has been spent so far.

Ministry of Education is the largest spending ministry in that sector with a total spending of Afs 139 million, making almost half of the total expenditure of that sector.

The Development of education infrastructure, Teacher training and Management and Capacity building are the low spending projects, with a total budget of Afs 3.4 billion, Afs 1.7 billion and Afs 752 million respectively, while their development expenditures for the first quarter was Afs 0.4 million, Afs 117.5 million and Afs 117.5 million respectively.

Poor financial planning, procurement and lack of accountability are some of the main reasons for the low execution in these projects.

Health is the fourth sector in the development budget expenditures with a total spending of Afs 310 million while the total allocated budget of this sector is Afs 7.7 billion. Out of the total allocated budget only 4 percent has been spent so far. The reason of low expenditure in this sector is attributed to delays in designing the projects.

Of the remaining sectors, the *Total Economic Governance and Private Sector Development*, budget was Afs 5.3 billion *Total Governance, Rule of Law and Human Rights* budget was Afs 3.4 billion and *Social Protection* budget was Afs 1 billion out of which they have spent Afs 268 million, Afs 174.5 million and Afs 43 million respectively. Security is the least spending sector in the development budget with the zero development expenditures in the first quarter 1390.

4 FINANCING OF THE CORE BUDGET

4.1 Public Sector Borrowing Requirement

The public sector borrowing requirement is the integrated budget balance. However, it also adds any revenues the sale of non-financial assets to obtain a true picture of the budget financing requirement. In comparison, the core budget balance presented in chapter one only considers the *gross* acquisition of non-financial assets. Unless there is major asset sale, the public sector financing requirement will be very similar to the core budget balance (including grants).

Refer to table 4.1; it shows the government saving during the first quarter 1390 reached up to Afs 16.2 billion. This saving happened due to good performance in revenue collection during the first quarter 1390, lower execution rate in development budget and higher donor grants receipts. In addition, there was improvement of Afs 4.7 billion compared to the first quarter 1389. This saving has been allocated to the Government's Treasury Single Account (TSA) and provincial accounts, usually this will be spending in the coming quaters.

Figure 4.1 – Public Sector Borrowing Requirement by quarter, Afs millions

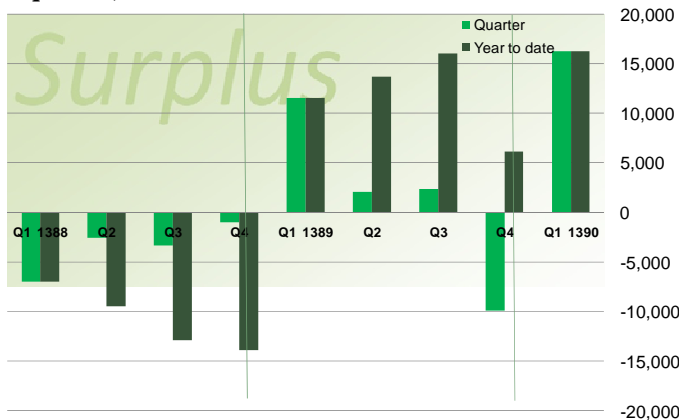
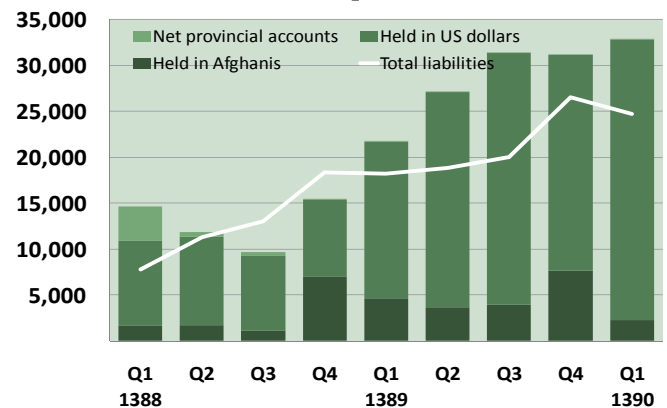


Figure 4.2 - Balance of Treasury Single Account, Afs million at end of quarter



4.2 Treasury Single Account

Figure 4.2 represents the changes in the Treasury Single Account between the 4th quarter 1389 and first quarter 1390. It is likely that balances increase if there is a surplus, and decrease if there is a deficit. However, the liabilities are also vital in determining movements in the TSA, given some of the funds in the TSA might be used to pay off outstanding loans and arrears.

During the first quarter 1390, the TSA stand at Afs 33.1 billion and this shows an improvement of Afs 1.72 billion compared to the 4th quarter 1389 (Afs 31.4 billion). In addition, liabilities are also declined to Afs 24.7 billion in first quarter 1390 compared to Afs 26.5 billion by the end of fourth quarter 1389; this indicates a decline in the accumulation of outstanding loans and arrears. Meanwhile, the repayments of liabilities would have impact on TSA to fall down.

5 A closer look at “*Fiscal Implications of Pension Reform*”

Afghanistan Government Pension Costs:

This note outlines and discusses the fiscal consequences of the Afghanistan Government’s pension schemes as recently reformed. The reforms were undertaken as part of a wider civil service reform program. Considerable progress has been made to date reforming the pension system. The previous Civil Service pension scheme was both highly generous in terms of payments to retirees and survivors, while also not imposing significant contribution requirements on employees. All pension shortfalls were funded through Government budget. As such, the former pension scheme involved a considerable transfer from taxpayers to Civil Service retirees.

Summary of New Scheme:

A key reform has been to introduce a new pension scheme which is separated into two distinct funds: one for civil service pensions and another for security sector pensions, and to introduce parametric changes for both schemes.

These reforms increased employer and employee contributions (for those who were admitted on the new scales of the Civil Service Pay and Grading reform), and decreased the generosity of pensions to retirees. The reforms also eliminated continuous payments to survivors replacing them with a lump sum benefit. Old age pensions remained as a function of the final salary and length of service in the public sector. Benefits of the retirees under the old scheme (those who retired prior to the "Pay and Grading" reforms) stayed the same, with generous pension provisions relative to salary levels. However, the salaries of those retiring under the old were generally lower than those in the new schemes. This analysis does not investigate the net cost or benefit of the pension reforms relative to the prior scheme.

Pension Reform Details:

Afghan public sector employees – civil servants, teachers, and military and police officers and non-commissioned officers – are covered by a defined benefits pension scheme. Reforms to this scheme were undertaken and became effective in 1389 as part of the broader civil service reform process of Pay and Grading changes. A key reform has been to create a new pension scheme separated into two distinct funds: one for civil service pensions and another for security sector pensions for those public sector employees who were admitted on the new Pay and Grading scales.

These reforms increased pension contributions to 16 percent of salary. Civil servants and teachers contribute 8 percent of their salary, with the Government contributing the other 8percent. Security sector employees (officers and NCOs in the military, police and national security) contribute 5 percent and the Government 11 percent. Previously, under the old scheme, employees contributed 3 percent of their salary, with the shortfall between contributions and expenditure funded through the government’s budget. Furthermore, the reforms removed the eligibility for lifetime pensions from survivors of current and former civil servants and security servicemen upon their death, and replaced these with one-off lump sum payments.

At the same time as undertaking the pension reforms, the Government has significantly increased the size of the civil service, military and police, and increased salaries. As a result, pension contributions have increased rapidly, while expenditures have experienced only modest growth (due to still small number of employees retiring under the new provisions).

As of 1389, there are 450 000 civil servants and military and police officers and non-commissioned officers. Of this, approximately 330 000 are civil servants and teachers. Of these, 240 000 remain under the former system and 90 000 have been converted to new Pay and Grading scales and correspondingly became eligible to the new pension benefit. Approximately 20 per cent of civil service and teacher employees are female.

The 120,000 military and police force officers and non-commissioned officers were converted en masse from the old to the new system and have become eligible to the new pension scheme beginning early 1389.

Ranks below officers and non-commissioned officers are not eligible for and do not contribute to the pension fund. The large number of Security Sector participants is a result of the rapid expansion of the military (ANA), police (ANP) and security services (NDS).

It is expected there will be 616,000 government employees by 1395, of which 411,000 will be civil servants and teachers with the remaining 205,000 being military and police officers and non-commissioned officers.¹ All will be covered by, and will contribute to, the reformed pension scheme.

The Pay and Grading reforms have included base salary increases of between 50 and 100 percent, from an average of USD 70 to USD 138 a month and USD 92 to USD 147 a month for civil servants and teachers, respectively. Additional details of the scheme are provided in the table 1 below.

Table 1. Pension reform details

Year	1388	1389	1390	1391	1392	1393	1394	1395
Former Pension Scheme								
Employees (at start of year)	316,000	241,000	177,000	104,000	52,000	0	0	0
Average salary	4,100	4,200	4,300	4,200	4,200			
Employee contribution rate	3%	3%	3%	3%	3%	3%	3%	3%
Government contribution rate	0%	0%	0%	0%	0%	0%	0%	0%
Civil Service Fund								
Employees (at start of year)	0	91,000	185,000	273,000	344,000	416,000	436,000	457,000
Average salary	7,100	7,400	7,900	8,400	8,800	9,300	9,700	10,300
Employee contribution rate	8%	8%	8%	8%	8%	8%	8%	8%
Government contribution rate	8%	8%	8%	8%	8%	8%	8%	8%
Security Sector Fund								
Employees (at start of year)	109,000	109,000	153,000	189,000	201,000	205,000	205,000	205,000
Average salary	9,500	9,300	9,100	9,600	10,100	10,700	11,400	12,100
Employee contribution rate	5%	5%	5%	5%	5%	5%	5%	5%
Government contribution rate	11%	11%	11%	11%	11%	11%	11%	11%

Source: compiled on the basis of MoF data, and assumes Pay and Grading reforms completed by end of 1392.

The combined effects of the increase in overall salaries, the transition to Pay and Grading and the increase in staff levels will see the Government's current year (1390) salary costs more than double by 1397, which will lead to improvements in the fiscal situation of the pension scheme, assuming full compliance with the contributory mandate.

On-going pension costs are significant for all funds:

The reforms will see pension contributions of the **new schemes** increase from Afs 0.6 billion and Afs 2.0 billion in 1388 to Afs 10.4 billion and Afs 6.0 billion in 1399 for the Civil Service and Security Sector funds, respectively. The rapid growth in contributions is due to the increase in employees covered by the new pension scheme. Contributions beyond 1399 for both funds are expected to continue growing; however that contribution growth will be driven by the assumed 5 percent annual increase in wages. Pensions are also indexed to the wage growth, as per requirements of the Pension Regulations.

That will have a compounding effect on the pension expenditures for eventual retirees. In the immediate years following the introduction of the new scheme, contributions are expected to exceed expenditures. Expenditures are expected to be Afs 7.9 billion and Afs 4.3 billion in 1399 for the Civil Service and Security Sector funds respectively.

While, contributions are increasing, expenditures are expected to increase at a faster rate. In the medium to long term, contributions are expected to increase annually at 5 to 6 percent over the previous years' contributions for both funds. Meanwhile, the annual growth rate in expenditures is expected to stabilise around 10 percent for the Civil Service fund and 13 percent for the Security Sector fund.

¹ For the purpose of the analysis we assume a 90 percent effective employee staffing rate. The numbers quoted here reflect the expected effective staffing level rather than the maximum allowable. This allows for slight delays in recruiting individuals following the promotion, retirement or death of an employee.

This difference in growth rates between contributions and expenditures will eventually see expenditures exceed contributions. This is expected to occur in 1402 and 1401 for the Civil Service and Security Sector funds respectively. Following this, the surplus built up for both funds, if notionally segregated from rest of the public funds, is expected to be entirely depleted by 1409. The Former Civil Service fund is in deficit in all periods (see charts 1a and 1b).

Pension expenditure under the **old scheme** will increase from Afs 1.4 billion in 1389 to Afs 3.2 billion in 1399. The increase is due to the large number of civil servants and teachers that are currently covered by the old scheme, and the on-going 5 percent indexing of pensions. Between 1388 and 1392, Afs 1.0 billion will be contributed to the scheme. Following, there will be no contributions and all expenses will have to be covered by through budget expenditure. Over the next 25 years (1391 to 1415) net expenditure will be Afs 72 billion (an average of Afs 2.9 billion a year). Expenses from the old scheme will reduce as the number pensioners and the number of survivors rapidly decreases (see chart 1c below).

If the new schemes are not set up to accumulate the actual cash surpluses, by 1415, the deficits of the new schemes will be 40 per cent and 56 per cent of expenditure for the Civil Service and Security Sector funds respectively, which presumably will be covered from general revenue, unless the contribution rate is increased. The deficit in the Old Scheme may initially be financed through transfers from the surpluses in the new schemes.

Chart 1a. Civil Service fund – contributions and expenditures

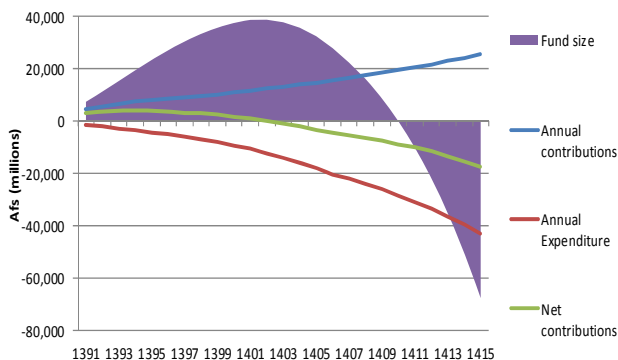


Chart 1b. Security Sector fund – contributions and expenditures

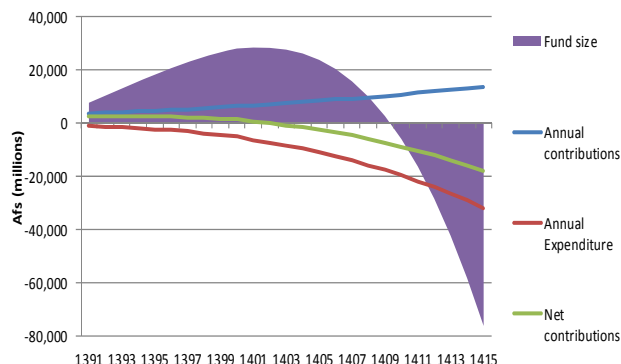
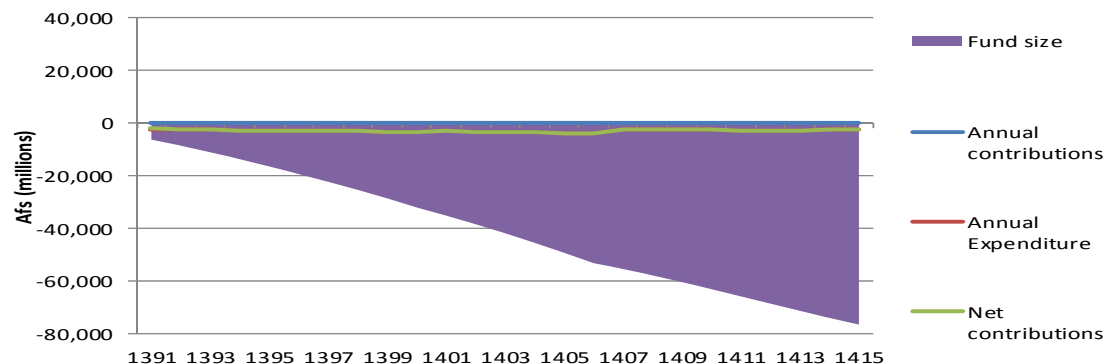


Chart 1c. Old Scheme analysis – contributions and expenditures



On-going pension payments will comprise approximately 70 percent of on-going expenditure under the new schemes, with lump sum payments making up the remainder. Payments under the old scheme are almost entirely made up on on-going pensions to retirees and survivors.

The early growth in the two new funds is dependent on the Government meeting its contribution obligations. This is particularly so for the Security Sector fund where the Government is responsible for 11 percent of the 16 percent salary contributions. Where the Government does not meet its obligations, both funds will quickly run significant deficits. This will place considerable strain on the Government's long term financial resources.

Over the 25 years from 1391 to 1415, total expenditure for the three funds combined will be Afs 777 billion, while total contributions will be Afs 551 billion. The total shortfall over the 25 years will be Afs 226 billion.

The Government costs of the pension reform depend on whether or not the surpluses built up in earlier years are saved and made available to fund expenditure in the later ones. If the Government makes its required contributions in the early years and saves the necessary surplus, the Government will have to begin making additional payments to Civil Service and Security Sector retirees in 1406, when the surpluses built up in the early years are exhausted. If the Government does not save the early surpluses, additional payments will have to begin in 1400. Regardless of whether or not the Government saves the early surpluses, total Government expenditure over the 25 years (contributions plus funding the deficit) is Afs 539 billion.

Options to ensure the pension funds remain sustainable:

The reformed system reduces newly accrued pensions, restricts on-going payments to survivors of retirees and civil servants, and increases the contributions made by employees and the Government. These reforms are a positive step in ensuring a sustainable pension system. However, further work is required to ensure future sustainability of the new schemes. There are several possible areas of action to ease the pressures in the long term.

Firstly, the percentage of employee salary contributions could be increased from the current level of 16 percent. It is estimated that in 1415, the required rate in the Civil Service fund is 31 percent, and will have to be gradually increased from the current rate in 1403 (which is the first year expenditures exceed contributions in this fund). The required contribution rate for the Security Sector fund is 41 percent, gradually increased from the current level starting in 1402 (which is the first year expenditures exceed contributions in this fund).

Secondly, final pension payments could be reduced. This could be through a revision of the accrual rate or a cap on the maximum pension of final salary allowable. Alternatively, the maximum pension could be set at a level lower than the current average salary. This may result in resistance from such a move.

Thirdly, the Government could progressively increase the retirement pension age, by one or two months every six months, starting now. That would increase the contribution period and reduce the pay-out period for all pension schemes.

Fourthly, the Government could set about flattening the salary structures of all public sector employees. Given the pension is a function of the final salary, the relatively large gap between average salaries and average final salaries is fundamental to determining the number of employees required to fund each retiree. Flattening the salary structure will reduce this gap while increasing contributions relative to pension expenditures.

6 Tables

Table 6.1 - Core Budget Revenues

Code (In millions of Afghanis)	1389 Qtr 1 Actual Qtr	1390 Qtr 1 Prelim Qtr	1390 Comparison to 1389 YTD		YTD Target 1390 Qtr 1 YTD	Target - Actual %(+/-)	Annual Target (2)	% Annual Target
			Change	%Increase				
CORE BUDGET								
1 REVENUES including grants (1)	33,128.7	44,427.9	11,299.2	34.1				
1-19 REVENUES excluding grants	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
DOMESTIC REVENUES (2) (3)	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
11 Tax Revenues	8,567.0	9,284.8	717.8	8.4	10,162.8	-8.6	46,194.5	20.1
111 Fixed Taxes	2,238.6	2,250.2	11.6	0.5	2,709.2	-16.9	12,314.6	18.3
112 Income Taxes	2,126.3	2,836.5	710.2	33.4	2,613.2	8.5	11,878.2	23.9
113 Property Taxes	60.3	102.7	42.5	70.4	72.6	41.6	329.8	31.2
114 Sales Taxes	3,438.3	3,571.8	133.5	3.9	4,179.1	-14.5	18,996.0	18.8
116 Other Taxes	585.6	388.2	-197.4	-33.7	431.6	-10.1	1,962.0	19.8
117 Tax Penalties and Fines	117.9	135.3	17.4	14.8	157.0	-13.8	713.8	19.0
12 Customs Duty, Import Taxes	6,523.1	7,722.4	1,199.2	18.4	7,159.4	7.9	32,542.6	23.7
13 Non Tax Revenue	2,542.4	5,672.7	3,130.3	123.1	2,671.8	112.3	12,144.3	46.7
131 Income from Capital Property	85.5	2,476.7	2,391.2	2,797.9	81.6	2,935.0	370.9	667.7
132 Sales of Goods and Services	916.7	1,251.2	334.4	36.5	913.1	37.0	4,150.4	30.1
133 Administrative Fees	1,475.8	1,701.3	225.5	15.3	1,589.8	7.0	7,226.6	23.5
134 Royalties	6.3	41.7	35.4	557.1	27.2	53.6	123.4	33.8
135 Non Tax Fines and Penalties	58.0	189.5	131.4	226.4	60.1	215.4	273.0	69.4
136 Extractive Industry	0.0	12.3	12.3	N/A	257.3	-95.2	1,169.3	1.1
14 Miscellaneous Revenue	-369.8	104.5	474.3	-128.3	257.3	-59.4	1,169.3	8.9
17 Social Contributions	265.7	505.8	240.2	90.4	354.9	42.5	1,613.2	31.4
GRANTS (1)	15,600.3	21,137.7	5,537.4	35.5				
191 Foreign Governments	11,513.9	17,707.5	6,193.6	53.8				
192 International Organisation	3,813.7	3,430.2	-383.5	-10.1				
193 Other Government Units	272.7	0.0	-272.7	-100.0				
TOTAL OPERATING BUDGET REVENUE	28,854.2	40,954.0	12,099.8	41.9			160,374.8	25.5
Domestic Revenues	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
<i>as percentage of total</i>	60.7	56.9	20.0					
External Grant Support	11,325.8	17,663.8	6,338.1	56.0			66,710.9	26.5
<i>as percentage of total</i>	39.3	43.1	22.0					

Source: FPU using AFMIS data downloaded on the 9 August 2011

- Actual figures are not comparable to the development/integrated budget grants or balances shown in budget documentation, as grants/ balance in budget documentation also includes loans. Loans are shown as a financing item in above table.
- Revenues exclude proceeds from the sale of fixed assets (150), and loans (18). These items are included under financing.
- In the published budget document, Afs 13.2 billion in domestic revenues are allocated to the development budget in 1390. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.

Table 6.2 - Core Budget Domestic Revenues by Province

Code	(In millions of Afghanis)	1389	1390	1390 Comparison to		YTD Target		Annual Target	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1389 YTD	Change %Increase	1390 Qtr 1 YTD	Target - Actual %(+/-)		
1-19	REVENUES excluding grants	17,528.4	23,290.2	5,761.8	32.9	20,606.0	13.0	93,663.8	24.9
01	Kabul	296.9	417.2	120.4	40.5	1,571.0	-73.4	7,141.1	5.8
02	Kapisa	4.1	10.0	5.9	142.5	13.0	-22.8	59.0	17.0
03	Parwan	5.1	15.6	10.4	202.8	28.7	-45.7	130.5	11.9
04	Wardak	8.4	24.3	15.9	188.6	15.0	62.3	68.2	35.7
05	Logar	7.5	12.1	4.6	61.3	16.0	-24.4	72.9	16.6
06	Nangarhar	2,882.2	2,795.6	-86.6	-3.0	3,210.7	-12.9	14,593.9	19.2
07	Laghman	10.6	22.6	12.0	113.2	20.1	12.3	91.6	24.7
08	Pangsher	3.0	7.6	4.6	156.7	7.3	4.1	33.3	22.9
09	Baghlan	16.4	28.5	12.1	74.0	34.6	-17.8	157.4	18.1
10	Bamyan	5.5	6.8	1.3	23.5	12.3	-44.5	55.9	12.2
11	Ghazni	24.8	35.5	10.7	42.9	41.5	-14.5	188.7	18.8
12	Paktika	12.6	13.2	0.6	4.5	20.0	-34.2	90.8	14.5
13	Paktiya	41.1	79.4	38.3	93.2	48.8	62.7	222.0	35.8
14	Khost	104.2	306.2	202.1	193.9	159.4	92.1	724.7	42.3
15	Kunar	6.8	17.7	10.8	158.3	15.1	16.8	68.7	25.7
16	Nuristan	0.0	0.0	0.0	N/A	6.8	-99.3	31.1	0.2
17	Badakhshan	7.4	13.9	6.4	86.7	27.1	-48.9	123.4	11.2
18	Takhar	14.5	27.2	12.7	88.0	32.4	-16.0	147.3	18.5
19	Kunduz	153.5	367.8	214.3	139.6	237.5	54.9	1,079.6	34.1
20	Samangan	10.5	16.1	5.7	54.1	15.7	2.7	71.5	22.6
21	Balkh	2,491.4	2,273.0	-218.4	-8.8	2,951.9	-23.0	13,417.5	16.9
22	Saripul	5.4	5.8	0.4	7.7	11.4	-49.3	51.7	11.2
23	Ghor	5.4	8.9	3.5	65.8	11.5	-22.4	52.1	17.1
24	Dikondy	1.5	2.7	1.2	79.8	7.4	-62.9	33.5	8.2
25	Uruzgan	2.0	4.7	2.8	141.1	5.4	-12.4	24.5	19.3
26	Zabul	2.3	8.5	6.2	270.8	6.9	22.8	31.4	27.0
27	Kandahar	883.8	729.8	-154.1	-17.4	915.3	-20.3	4,160.5	17.5
28	Jawzjan	15.8	37.2	21.4	135.7	28.1	32.4	127.8	29.1
29	Faryab	243.3	368.9	125.7	51.7	374.2	-1.4	1,701.1	21.7
30	Helmand	46.7	64.5	17.8	38.2	38.7	66.8	175.7	36.7
31	Badghis	4.9	6.9	2.0	39.9	9.0	-23.6	41.1	16.8
32	Herat	3,266.1	5,031.4	1,765.3	54.0	3,436.2	46.4	15,619.3	32.2
33	Farah	49.0	164.4	115.4	235.4	33.4	392.9	151.6	108.4
34	Nimroz	643.3	859.2	215.9	33.6	867.2	-0.9	3,941.6	21.8
90	Central Ministries	6,252.3	9,506.6	3,254.3	52.1	6,376.2	49.1	28,982.9	32.8
95	Offshore Payments	0.0	0.0	0.0	N/A	0.0	-	0.0	N/A

Source: FPU using AFMIS data downloaded on the 9 August 2011

Table 6.3a - Core Budget Expenditures

Core	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	1389 YTD Change	%Increase
2	TOTAL GROSS EXPENDITURES	21,634.4	28,207.9	251,970	251,970	11.2	6,573.5	30.4
	Operating Budget	18,774.4	23,096.9	150,726	150,726	15.3	4,322.5	23.0
	Development Budget	2,860.0	5,111.0	101,244	101,244	5.0	2,251.0	78.7
	Discretionary Budget	617.5	1,247.7	26,504	26,504	4.7	630.2	102.1
	Non-discretionary Budget	2,242.5	3,863.2	74,740	74,740	5.2	1,620.8	72.3
2*	TOTAL NET EXPENDITURES	21,564.3	28,185.2				6,620.9	30.7
2-25	RECURRENT EXPENDITURES	20,257.3	24,289.7	N/A	184,297	13.2	4,032.4	19.9
21	Compensation of Employees	15,757.9	19,783.4	109,884	111,191	17.8	4,025.5	25.5
	<i>of which operating budget</i>	15,757.9	19,783.4	109,884.0	111,191	17.8	4,025.5	25.5
211-3	Wages and Salaries	15,622.9	19,647.2				4,024.3	25.8
214-5	Social Benefits	135.1	136.2				1.2	0.9
22	Use of Goods and Services	3,121.5	3,457.0	N/A	58,152	5.9	335.5	10.7
	<i>of which operating budget</i>	1,573.7	2,091.6	22,960.3	23,918	8.7	517.9	32.9
221	Travel	220.4	265.8				45.4	20.6
222	Communications	83.2	88.2				5.0	6.0
223	Contracted Services	1,186.3	1,099.0				-87.4	-7.4
224	Repairs and Maintenance	218.5	148.5				-70.0	-32.0
225	Utilities	172.1	261.2				89.2	51.8
226	Fuel	199.2	252.0				52.8	26.5
227-9	Other Use of Goods and Services	1,041.9	1,342.4				300.5	28.8
23	Interest (1) - operating budget	33.2	37.5	350.0	350	10.7	4.3	13.0
24	Social Transfers - operating budget	1,344.7	1,011.8	14,604.0	14,604	6.9	-332.9	-24.8
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.9	5.9				5.0	555.6
247	Social Security	816.7	990.3				173.6	21.3
248-9	Other Social Transfers	527.1	15.6				-511.5	-97.0
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	1,377.1	3,918.2	N/A	60,251	6.5	2,541.1	184.5
	<i>of which operating budget</i>	64.9	172.6	2,927.4	2,708	6.4	107.7	165.9
25*	Net Acquisition of Nonfinancial Assets (2)	1,307.0	3,895.5				2,588.5	198.0
150	Sale of Land and Buildings	-70.1	-22.7				47.4	-67.6
251	Buildings and Structures	1,184.7	1,562.6				377.9	31.9
252	Machinery / Equipment (>50,000)	126.7	223.6				96.9	76.5
257	Valuables	2.0	0.1				-1.9	-94.7
258	Land	10.8	13.5				2.7	24.6
259	Capital Advance Payments	52.9	2,118.4				2,065.5	3903.3

Source: FPU using AFMIS data downloaded on the 9 August 2011

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR figures of core budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these categories.

4/ Total allocated budget is the same as the approved Budget ceiling. However, individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

Table 6.3b - Operating Budget Expenditures

Core	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to 1389 YTD	
		Qtr 1 Actual	Qtr 1 Prelim	Original Budget Ceiling	Current Allocated Budget (3)	% Allocated Budget	Change	%Increase
2	TOTAL GROSS EXPENDITURES	18,774.4	23,096.9	150,725.7	150,725.7	15.3	4,322.5	23.0
2*	TOTAL NET EXPENDITURES (2)	18,704.3	23,074.2					
2-25	RECURRENT EXPENDITURES	18,709.5	22,924.3	147,798.3	135,523.3	16.9	4,214.8	22.5
21	Compensation of Employees	15,757.9	19,783.4	109,884.0	111,190.7	17.8	4,025.5	25.5
211-3	Wages and Salaries	15,622.9	19,647.2				4,024.3	25.8
214-5	Social Benefits	135.1	136.2				1.2	0.9
22	Use of Goods and Services	1,573.7	2,091.6	22,960.3	23,918.1	8.7	517.9	32.9
221	Travel	206.4	245.2				38.8	18.8
222	Communications	74.0	74.1				0.1	0.1
223	Contracted Services	40.3	46.0				5.6	14.0
224	Repairs and Maintenance	203.0	131.6				-71.4	-35.2
225	Utilities	172.1	261.0				88.9	51.7
226	Fuel	198.8	248.6				49.7	25.0
227-9	Other Use of Goods and Services	679.0	1,085.2				406.1	59.8
23	Interest (1)	33.2	37.5	350.0	64.5	58.1	4.3	13.0
24	Social Transfers	1,344.7	1,011.8	14,604.0	350.0	289.1	-332.9	-24.8
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.9	5.9				5.0	555.6
247	Social Security	816.7	990.3				173.6	21.3
248-9	Other Social Transfers	527.1	15.6				-511.5	-97.0
248	Social Assistance	420.0	15.6				-404.4	-96.3
249	Advance Subsidies, Grants	107.1	0.0				-107.1	-100.0
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	64.9	172.6	2,927.4	2,708.1	6.4	107.7	165.9
25*	Net Acquisition of Nonfinancial Assets (2)	-5.2	149.9				155.1	-2,994.6
150	Sale of Land and Buildings	-70.1	-22.7				47.4	-67.6
251	Buildings and Structures	13.5	72.2				58.7	434.2
252	Machinery / Equipment (>50,000)	49.1	39.4				-9.7	-19.8
257	Valuables	0.0	0.1				0.1	328.0
258	Land	1.6	13.5				11.8	720.5
259	Capital Advance Payments	0.6	47.4				46.8	7,489.9

Source: FPU using AFMIS data downloaded on the 9 August 2011, and Central Statistical Office for GDP data.

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Total allocated budget is the same as the approved Budget ceiling. However, individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

Table 6.3c - Development Budget Expenditures

Core	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	%Increase
2	TOTAL GROSS EXPENDITURES	2,860.0	5,111.0	101,243.6	101,243.6	5.0	2,251.0	78.7
	Discretionary Budget	617.5	1,247.7	26,504.0	26,504.0	4.7	630.2	102.1
	Non-discretionary Budget	2,242.5	3,863.2	74,739.6	74,739.6	5.2	1,620.8	72.3
2*	TOTAL NET EXPENDITURES (2)	2,860.0	5,111.0				2,251.0	78.7
2-25	RECURRENT EXPENDITURES	1,547.8	1,365.4	N/A	38,998.4	3.5	-182.4	-11.8
	Compensation of Employees	0.0	0.0	0.0	-3,892.3	0.0	0.0	N/A
211-3	Wages and Salaries	0.0	0.0					
214-5	Social Benefits	0.0	0.0					
	Use of Goods and Services	1,547.8	1,365.4	N/A	28,351.2	4.8	-182.4	-11.8
221	Travel	14.0	20.6				6.6	47.1
222	Communications	9.2	14.1				4.9	53.2
223	Contracted Services	1,146.0	1,053.0				-93.0	-8.1
224	Repairs and Maintenance	15.4	16.9				1.4	9.3
225	Utilities	0.0	0.2				0.2	N/A
226	Fuel	0.3	3.4				3.1	953.7
227-9	Other Use of Goods and Services	362.8	257.2					
23	Interest (1)	0.0	0.0	0.0	285.5	0.0	0.0	N/A
24	Social Transfers	0.0	0.0	0.0	14,254.0	0.0	0.0	N/A
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.0	0.0				0.0	N/A
247	Social Security	0.0	0.0				0.0	N/A
248-9	Other Social Transfers	0.0	0.0				0.0	N/A
25	ACQUISITION OF ASSETS							
	Gross Acquisition of Nonfinancial Assets	1,312.2	3,745.6	N/A	51,911.9	7.2	2,433.4	185.4
25*	Net Acquisition of Nonfinancial Assets (2)	1,312.2	3,745.6				2,433.4	185.4
150	Sale of Land and Buildings	0.0	0.0				0.0	N/A
251	Buildings and Structures	1,171.1	1,490.4				319.2	27.3
252	Machinery / Equipment (>50,000)	77.6	184.2				106.6	137.5
257	Valuables	2.0	0.0				-2.0	-100.0
258	Land	9.2	0.0				-9.2	-100.0
259	Capital Advance Payments	52.3	2,071.0				2,018.7	3,860.5

Source: FPU using AFMIS data downloaded on the 9 August 2011

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR figures of core budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these categories.

4/ Total allocated budget is the same as the approved Budget ceiling. However, individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

Table 6.4 – Total Core Budget Expenditures by Afghanistan National Development Strategy Pillar

(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to	
	Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	%Allocated Budget	1389 YTD Change	%Increase
TOTAL GROSS EXPENDITURES	21,637.6	28,208.2	251,969.8	251,969.8	11.2	6,570.5	30.4
Operating Budget	18,758.1	23,096.9	150,726.1	150,726.1	15.3	4,338.8	23.1
Development Budget	2,879.5	5,111.2	101,243.6	101,243.6	5.0	2,231.7	77.5
Security	10,828.8	13,444.3	87,475.0	87,488.4	15.4	2,615.5	24.2
Operating Budget	10,782.3	13,444.3	86,436.4	86,449.8	15.6	2,662.0	24.7
Development Budget	46.5	0.0	1,038.6	1,038.6	0.0	-46.5	-100.0
Total Governance, Rule of Law and Human Rights	2,505.8	2,687.7	13,683.3	15,090.9	476.7	182.0	7.3
Operating Budget	2,370.9	2,513.2	10,264.1	11,471.5	292.9	142.4	6.0
Development Budget	134.9	174.5	3,419.2	3,419.2	-410.5	39.6	29.3
Total Infrastructure and Natural Resources	1,523.4	2,002.2	48,257.8	48,423.2	4.1	478.8	31.4
Operating Budget	350.2	442.7	3,822.3	4,760.1	9.3	92.5	26.4
Development Budget	1,173.3	1,559.5	44,435.4	44,435.4	3.5	386.3	32.9
Total Education	3,569.2	4,528.9	36,847.6	37,556.2	12.1	959.7	26.9
Operating Budget	3,227.2	4,273.3	25,090.5	25,799.2	16.6	1,046.2	32.4
Development Budget	342.0	255.6	11,757.1	11,757.1	2.2	-86.4	-25.3
Total Health	611.2	695.0	10,404.7	10,436.7	6.7	83.8	13.7
Operating Budget	295.9	384.2	2,663.6	2,695.6	14.3	88.4	29.9
Development Budget	315.4	310.8	7,741.1	7,741.1	4.0	-4.6	-1.5
Total Agriculture and Rural Development	940.8	2,783.6	24,731.9	25,706.6	10.8	1,842.9	195.9
Operating Budget	285.7	284.5	1,768.2	2,742.9	10.4	-1.2	-0.4
Development Budget	655.0	2,499.1	22,963.7	22,963.7	10.9	1,844.0	281.5
Total Social Protection	1,068.6	1,310.3	2,792.4	6,119.9	21.4	241.7	22.6
Operating Budget	1,035.4	1,266.7	1,766.6	5,094.0	24.9	231.2	22.3
Development Budget	33.2	43.7	1,025.8	1,025.8	4.3	10.4	31.5
Total Economic Governance and Private Sector Development	589.7	756.0	9,298.2	9,638.4	7.8	166.2	28.2
Operating Budget	410.6	488.0	3,959.9	4,300.1	11.3	77.4	18.9
Development Budget	179.2	268.0	5,338.3	5,338.3	5.0	88.8	49.6
Total Unclassified	0.0	0.0	18,478.8	3,524.4	0.0	0.0	N/A
Operating Budget	0.0	0.0	14,954.4	0.0	-	0.0	N/A
Development Budget	0.0	0.0	3,524.4	3,524.4	0.0	0.0	N/A

Source: FPU using AFMIS data downloaded on the 9 August 2011

(1) For individual Ministries (not the total budget), allocated operating Budget may not equal the approved budget, as funds are allocated from contingency reserve during the year. Allocated budget for the development budget is the same as the latest approved budget.

Table 6.5a – Total Core Budget Gross Expenditures by Ministry

Code	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	%Allocated Budget	Change	%Increase
25	TOTAL GROSS EXPENDITURES	21,637.6	28,208.2	251,969.8	251,969.8	11.2	6,570.5	30.4
	Operating Budget	18,758.1	23,096.9	150,726.1	150,726.1	15.3	4,338.8	23.1
	Development Budget	2,879.5	5,111.2	101,243.6	101,243.6	5.0	2,231.7	77.5
26	Ministry of Interior	4,605.0	4,621.7	36,294.2	36,315.3	12.7	16.8	0.4
	Operating Budget	4,583.3	4,621.7	36,056.5	36,077.6	12.8	38.5	0.8
	Development Budget	21.7	0.0	237.7	237.7	0.0	-21.7	-100.0
22	Ministry of Defence	5,060.5	7,421.5	43,282.2	43,148.6	17.2	2,361.0	46.7
	Operating Budget	5,060.5	7,421.5	43,202.4	43,068.8	17.2	2,361.0	46.7
	Development Budget	0.0	0.0	79.8	79.8	0.0	0.0	N/A
23	Ministry of Foreign Affairs	269.9	230.1	2,871.3	2,914.0	7.9	-39.8	-14.7
	Operating Budget	269.9	230.1	2,283.2	2,326.0	9.9	-39.8	-14.7
	Development Budget	0.0	0.0	588.1	588.1	0.0	0.0	N/A
15	Presidential Protective Service	189.8	206.6	872.9	954.1	21.7	16.8	8.8
	Operating Budget	189.8	206.6	764.0	845.2	24.4	16.8	8.8
	Development Budget	0.0	0.0	108.9	108.9	0.0	0.0	N/A
64	General Directorate of National Security	703.7	964.5	4,154.5	4,156.4	23.2	260.8	37.1
	Operating Budget	678.9	964.5	4,130.4	4,132.3	23.3	285.6	42.1
	Development Budget	24.8	0.0	24.1	24.1	0.0	-24.8	-100.0
	Total Security	10,828.8	13,444.3	87,475.0	87,488.4	15.4	2,615.5	24.2
	Operating Budget	10,782.3	13,444.3	86,436.4	86,449.8	15.6	2,662.0	24.7
	Development Budget	46.5	0.0	1,038.6	1,038.6	0.0	-46.5	-100.0
10	Presidents Office	303.6	348.5	1,847.9	1,904.9	18.3	44.9	14.8
	Operating Budget	303.6	341.4	1,468.6	1,525.5	22.4	37.8	12.4
	Development Budget	0.0	7.1	379.4	379.4	1.9	7.1	N/A
11	National Assembly Meshanro Jirga	120.4	118.8	464.2	465.2	25.5	-1.6	-1.3
	Operating Budget	120.4	106.6	357.1	358.1	29.8	-13.8	-11.5
	Development Budget	0.0	12.2	107.1	107.1	11.4	12.2	N/A
12	National Assembly Wolesi Jirga	196.8	241.2	903.1	903.1	26.7	44.4	22.6
	Operating Budget	194.9	241.2	895.8	895.8	26.9	46.3	23.8
	Development Budget	1.9	0.0	7.3	7.3	0.0	-1.9	-100.0
14	Supreme Court	172.4	285.7	1,445.9	1,458.9	19.6	113.3	65.7
	Operating Budget	167.3	271.4	1,192.7	1,205.7	22.5	104.1	62.2
	Development Budget	5.1	14.3	253.2	253.2	5.6	9.2	181.3
50	Ministry of Justice	310.2	348.2	2,417.7	2,416.2	14.4	38.0	12.2
	Operating Budget	299.8	326.9	2,104.1	2,102.6	15.5	27.0	9.0
	Development Budget	10.4	21.3	313.6	313.6	6.8	10.9	105.3
13	Administrative Affairs	744.1	307.4	640.0	1,237.9	24.8	-436.7	-58.7
	Operating Budget	744.1	307.4	563.3	1,161.1	26.5	-436.7	-58.7
	Development Budget	0.0	0.0	76.8	76.8	0.0	0.0	N/A
21	Ministry of State and Parliament Affairs	5.3	13.7	80.0	100.2	13.7	8.4	160.5
	Operating Budget	5.3	13.7	80.0	100.2	13.7	8.4	160.5
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A
24	Ministry of Haj and Religious Affairs	67.3	372.8	729.0	1,208.6	30.8	305.5	453.9
	Operating Budget	67.3	361.7	595.9	1,075.4	33.6	294.4	437.4
	Development Budget	0.0	11.1	133.2	133.2	8.3	11.1	N/A
51	Attorney General	106.7	157.4	826.7	834.0	18.9	50.6	47.4
	Operating Budget	106.2	128.7	643.5	650.8	19.8	22.5	21.2
	Development Budget	0.5	28.6	183.2	183.2	15.6	28.1	5,436.3
72	Election Commission	16.9	13.6	106.5	107.6	12.7	-3.3	-19.7
	Operating Budget	16.9	13.6	106.5	107.6	12.7	-3.3	-19.7
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A
62	IARCSC	107.3	88.9	257.0	918.9	9.7	-18.4	-17.2
	Operating Budget	45.8	53.0	242.1	269.6	19.6	7.2	15.7
	Development Budget	61.5	36.0	15.0	15.0	240.4	-25.6	-41.6
85	Independent Commission for Overseeing the Implementation of	45.8	0.0	711.3	269.6	0.0	-45.8	-100.0
	Operating Budget	0.0	0.0	62.0	54.4	0.0	0.0	N/A
	Development Budget	45.8	0.0	649.3	649.3	0.0	-45.8	-100.0
67	The High office of Oversight and Anti Corruption	308.4	389.8	143.2	149.1	261.5	81.5	26.4
	Operating Budget	9.6	16.6	89.4	95.3	17.4	7.0	72.1
	Development Budget	298.7	373.2	53.8	53.8	693.5	74.5	24.9
59	Independent Directorate of Local Governance	0.5	1.7	1,875.1	1,881.4	0.1	1.2	236.4
	Operating Budget	289.0	329.3	1,851.6	1,857.9	17.7	40.3	13.9
	Development Budget	-288.5	-327.6	23.5	23.5	-1,394.0	-39.1	13.5
74	Legal Training Center	0.0	0.0	1,235.6	1,235.6	0.0	0.0	N/A
	Operating Budget	0.5	1.7	11.6	11.6	14.7	1.2	236.4
	Development Budget	-0.5	-1.7	1,223.9	1,223.9	-0.1	-1.2	236.4
	Total Governance, Rule of Law and Human Rights	2,505.8	2,687.7	13,683.3	15,090.9	476.7	182.0	7.3
	Operating Budget	2,370.9	2,513.2	10,264.1	11,471.5	292.9	142.4	6.0
	Development Budget	134.9	174.5	3,419.2	3,419.2	-410.5	39.6	29.3

Source: FPU using AFMIS data downloaded on the 9 August 2011

(1) For individual Ministries (not the total budget), allocated operating Budget may not equal the approved budget, as funds are allocated from contingency reserve during the year. Allocated budget for the development budget is the same as the latest approved budget.

Table 6.5b – Total Core Budget Gross Expenditures by Ministry (continued)

Code	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	%Allocated Budget	Change	%Increase
42	Ministry of Public Works	698.6	636.4	19,871.3	19,969.7	3.2	-62.2	-8.9
	Operating Budget	65.0	73.4	1,794.9	1,893.3	3.9	8.4	12.9
	Development Budget	633.6	563.0	18,076.4	18,076.4	3.1	-70.6	-11.1
45	Ministry of Transport and Aviation	102.7	133.8	1,896.0	1,944.5	6.9	31.1	30.3
	Operating Budget	53.0	87.8	439.6	488.1	18.0	34.8	65.8
	Development Budget	49.7	46.0	1,456.4	1,456.4	3.2	-3.8	-7.5
34	Ministry of Communication	106.7	86.7	2,269.0	2,269.2	3.8	-20.0	-18.8
	Operating Budget	84.5	80.7	451.9	452.2	17.9	-3.8	-4.5
	Development Budget	22.2	5.9	1,817.1	1,817.1	0.3	-16.3	-73.3
41	Ministry of Energy and Water	257.2	859.8	12,761.6	12,764.6	6.7	602.6	234.3
	Operating Budget	53.5	73.4	367.1	901.9	8.1	19.9	37.2
	Development Budget	203.7	786.4	12,394.5	12,394.5	6.3	582.7	286.1
82	Water Supply and Canalization Corporation	0.0	3.1	901.9	901.9	0.3	3.1	N/A
	Operating Budget	0.0	0.0	0.0	240.4	0.0	0.0	N/A
	Development Budget	0.0	3.1	901.9	901.9	0.3	3.1	N/A
83	Da Brishna Shirkat	0.0	0.0	3,726.3	3,726.3	0.0	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	3,726.3	3,726.3	0.0	0.0	N/A
49	Ministry of Urban Development	228.5	67.2	1,275.3	1,279.5	5.2	-161.3	-70.6
	Operating Budget	21.0	19.8	120.1	124.3	15.9	-1.2	-5.8
	Development Budget	207.5	47.4	1,155.2	1,155.2	4.1	-160.1	-77.2
84	Independent Board of new Kabul	0.0	29.5	240.4	240.4	12.3	29.5	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	29.5	240.4	240.4	12.3	29.5	N/A
32	Ministry of Mines and Industries	90.2	112.1	3,422.4	3,422.4	3.3	22.0	24.4
	Operating Budget	49.9	57.0	359.0	359.0	15.9	7.1	14.3
	Development Budget	40.3	55.1	3,063.4	3,063.4	1.8	14.8	36.9
65	Geodesy and Cartography Office	23.3	24.8	288.0	288.3	8.6	1.5	6.5
	Operating Budget	23.3	24.8	123.3	123.5	20.1	1.5	6.5
	Development Budget	0.0	0.0	164.7	164.7	0.0	0.0	N/A
60	Directorate of Environment	15.4	21.8	187.8	198.7	11.0	6.4	41.4
	Operating Budget	0.0	21.8	138.6	149.6	14.6	21.8	N/A
	Development Budget	15.4	0.0	49.1	49.1	0.0	-15.4	-100.0
75	Afghanistan High Atomic Energy Commission	0.9	3.9	29.9	29.8	13.0	3.0	335.7
	Operating Budget	0.0	3.9	27.8	27.7	14.0	3.9	N/A
	Development Budget	0.9	0.0	2.1	2.1	0.0	-0.9	-100.0
77	Provincial Municipalities	0.0	22.0	0.0	0.0	-	22.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	22.0	0.0	0.0	-	22.0	N/A
79	Municipalities	0.0	1.2	1,387.9	1,387.9	0.1	1.2	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	1.2	1,387.9	1,387.9	0.1	1.2	N/A
Total Infrastructure and Natural Resources		1,523.4	2,002.2	48,257.8	48,423.2	4.1	478.8	31.4
	Operating Budget	350.2	442.7	3,822.3	4,760.1	9.3	92.5	26.4
	Development Budget	1,173.3	1,559.5	44,435.4	44,435.4	3.5	386.3	32.9
27	Ministry of Education	3,099.7	3,917.7	31,332.3	32,064.0	12.2	818.0	26.4
	Operating Budget	2,786.2	3,779.8	22,062.4	22,794.1	16.6	993.6	35.7
	Development Budget	313.5	137.9	9,269.9	9,269.9	1.5	-175.6	-56.0
28	Ministry of Higher Education	312.7	406.8	3,502.7	3,499.9	11.6	94.1	30.1
	Operating Budget	286.2	328.4	2,079.9	2,077.1	15.8	42.2	14.8
	Development Budget	26.5	78.4	1,422.8	1,422.8	5.5	51.8	195.4
36	Ministry of Information and Culture	109.7	107.7	1,325.7	1,304.0	8.3	-2.1	-1.9
	Operating Budget	107.7	105.8	600.4	578.7	18.3	-1.9	-1.7
	Development Budget	2.0	1.8	725.3	725.3	0.3	-0.2	-8.5
61	Science Academy	30.4	35.3	193.4	194.3	18.2	4.9	16.2
	Operating Budget	30.4	35.3	143.5	144.4	24.5	4.9	16.2
	Development Budget	0.0	0.0	49.8	49.8	0.0	0.0	N/A
63	National Olympic Committee	16.7	61.5	493.5	494.1	12.4	44.8	268.7
	Operating Budget	16.7	24.0	204.2	204.9	11.7	7.3	43.8
	Development Budget	0.0	37.5	289.2	289.2	13.0	37.5	N/A
Total Education		3,569.2	4,528.9	36,847.6	37,556.2	12.1	959.7	26.9
	Operating Budget	3,227.2	4,273.3	25,090.5	25,799.2	16.6	1,046.2	32.4
	Development Budget	342.0	255.6	11,757.1	11,757.1	2.2	-86.4	-25.3
37	Ministry of Public Health	611.2	695.0	10,404.7	10,436.7	6.7	83.8	13.7
	Operating Budget	295.9	384.2	2,663.6	2,695.6	14.3	88.4	29.9
	Development Budget	315.4	310.8	7,741.1	7,741.1	4.0	-4.6	-1.5
Total Health		611.2	695.0	10,404.7	10,436.7	6.7	83.8	13.7
	Operating Budget	295.9	384.2	2,663.6	2,695.6	14.3	88.4	29.9
	Development Budget	315.4	310.8	7,741.1	7,741.1	4.0	-4.6	-1.5

Table 6.5c - Total Core Budget Gross Expenditures by Ministry (continued)

Code	(In millions of Afghanis)	1389	1390	Comparison to Budget			1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	%Allocated Budget	1389 YTD Change	%Increase
39	Ministry of Agriculture	415.3	405.8	5,353.6	6,329.7	6.4	-9.4	-2.3
	Operating Budget	188.6	177.2	1,129.5	2,105.6	8.4	-11.4	-6.0
	Development Budget	226.7	228.6	4,224.0	4,224.0	5.4	2.0	0.9
48	Ministry of Counter Narcotics	34.0	18.8	362.1	363.9	5.2	-15.2	-44.8
	Operating Budget	12.9	18.8	122.5	124.3	15.1	5.8	45.1
	Development Budget	21.1	0.0	239.6	239.6	0.0	-21.1	-100.0
43	Ministry of Rural Rehabilitation and Development	491.5	2,359.0	19,016.2	19,013.0	12.4	1,867.5	380.0
	Operating Budget	84.2	88.5	516.2	513.0	17.3	4.4	5.2
	Development Budget	407.3	2,270.5	18,500.1	18,500.1	12.3	1,863.2	457.4
	Total Agriculture and Rural Development	940.8	2,783.6	24,731.9	25,706.6	10.8	1,842.9	195.9
	Operating Budget	285.7	284.5	1,768.2	2,742.9	10.4	-1.2	-0.4
	Development Budget	655.0	2,499.1	22,963.7	22,963.7	10.9	1,844.0	281.5
46	Ministry of Frontiers and Tribal Affairs	56.3	70.4	431.7	437.1	16.1	14.1	25.0
	Operating Budget	56.3	70.4	357.9	363.4	19.4	14.1	25.0
	Development Budget	0.0	0.0	73.8	73.8	0.0	0.0	N/A
47	Ministry of Martyrs, Disabled and Social Affairs	948.0	1,160.9	1,616.7	4,931.6	23.5	212.8	22.5
	Operating Budget	914.8	1,125.5	946.2	4,261.1	26.4	210.7	23.0
	Development Budget	33.2	35.4	670.5	670.5	5.3	2.2	6.5
29	Ministry of Refugees and Repatriates	22.9	34.7	314.9	320.1	10.9	11.9	51.9
	Operating Budget	22.9	29.3	171.5	176.7	16.6	6.4	28.1
	Development Budget	0.0	5.4	143.4	143.4	3.8	5.4	N/A
38	Ministry of Women Affairs	24.6	26.9	259.6	261.2	10.3	2.3	9.3
	Operating Budget	24.6	26.9	158.7	160.3	16.8	2.3	9.3
	Development Budget	0.0	0.0	100.8	100.8	0.0	0.0	N/A
68	Office of Disaster Preparedness	10.7	10.3	112.0	112.0	9.2	-0.5	-4.3
	Operating Budget	10.7	10.3	88.5	88.5	11.6	-0.5	-4.3
	Development Budget	0.0	0.0	23.5	23.5	0.0	0.0	N/A
76	Directorate of Kochis	6.1	7.2	57.6	57.9	12.4	1.1	17.5
	Operating Budget	6.1	4.3	43.8	44.1	9.8	-1.8	-29.2
	Development Budget	0.0	2.8	13.8	13.8	20.6	2.8	N/A
	Total Social Protection	1,068.6	1,310.3	2,792.4	6,119.9	21.4	241.7	22.6
	Operating Budget	1,035.4	1,266.7	1,766.6	5,094.0	24.9	231.2	22.3
	Development Budget	33.2	43.7	1,025.8	1,025.8	4.3	10.4	31.5
20	Ministry of Finance	422.0	591.6	4,941.3	5,276.4	11.2	169.6	40.2
	Operating Budget	299.2	369.4	1,588.8	1,923.9	19.2	70.1	23.4
	Development Budget	122.8	222.3	3,352.5	3,352.5	6.6	99.5	81.1
25	Ministry of Commerce	39.7	44.7	2,313.0	2,305.2	1.9	5.0	12.5
	Operating Budget	38.3	37.9	1,887.1	1,879.3	2.0	-0.3	-0.8
	Development Budget	1.4	6.7	425.9	425.9	1.6	5.3	370.8
35	Ministry of Economy	48.2	67.1	1,006.5	1,009.7	6.6	18.9	39.3
	Operating Budget	32.0	37.1	230.4	233.6	15.9	5.1	15.8
	Development Budget	16.2	30.1	776.1	776.1	3.9	13.9	85.5
66	Control and Audit Office	53.1	17.6	507.9	514.7	3.4	-35.5	-66.9
	Operating Budget	14.3	12.4	75.3	82.1	15.1	-1.9	-13.3
	Development Budget	38.8	5.2	432.6	432.6	1.2	-33.6	-86.7
73	Central Statistics Office	21.3	27.7	263.0	263.8	10.5	6.4	29.9
	Operating Budget	21.3	23.9	122.0	122.8	19.5	2.6	12.2
	Development Budget	0.0	3.8	141.0	141.0	2.7	3.8	N/A
58	Afghanistan National Standard Authority	5.4	7.3	266.6	268.5	2.7	1.8	34.0
	Operating Budget	5.4	7.3	56.4	58.4	12.5	1.8	34.0
	Development Budget	0.0	0.0	210.2	210.2	0.0	0.0	N/A
	Total Economic Gov. and Private Sector Devel't	589.7	756.0	9,298.2	9,638.4	7.8	166.2	28.2
	Operating Budget	410.6	488.0	3,959.9	4,300.1	11.3	77.4	18.9
	Development Budget	179.2	268.0	5,338.3	5,338.3	5.0	88.8	49.6
80	Afghanistan Investment Support Agency	0.0	0.0	380.2	380.2	0.0	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	380.2	380.2	0.0	0.0	N/A
81	Micro Finance Investment Support Facility for Afghanistan	0.0	0.0	446.5	446.5	0.0	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	446.5	446.5	0.0	0.0	N/A
86	Extrabudgetary Agencies	0.0	0.0	0.0	0.0	-	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
90	Unallocated Reserves	0.0	0.0	17,652.0	2,697.7	0.0	0.0	N/A
	Operating Budget	0.0	0.0	14,954.4	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	2,697.7	2,697.7	0.0	0.0	N/A
99	Unspecified	0.0	0.0	0.0	0.0	-	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Total Unclassified	0.0	0.0	18,478.8	3,524.4	0.0	0.0	N/A
	Operating Budget	0.0	0.0	14,954.4	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	3,524.4	3,524.4	0.0	0.0	N/A

Table 6.6a – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1389)

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1390	Comparison to Budget		1390	Comparison to Budget		1390	Comparison to Budget	
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Prelim YTD	Allocated Budget (1)	Allocated Budget	Prelim YTD	Allocated Budget (1)	Allocated Budget	Prelim YTD	Allocated Budget (1)	Allocated Budget
27 Ministry of Education	3,912.0	22,794.1	17.2	240.6	8,101.5	3.0	4,152.6	30,895.6	13.4	
271 General and Islamic Education	3,360.4	19,052.2	17.6	36.5	4,064.8	0.9	3,397.0	23,117.0	14.7	
272 Curriculum Development ,Teacher Education and Education Science	149.7	1,076.4	13.9	13.9	1,841.5	0.8	163.6	2,917.9	5.6	
273 Technical and Vocational Education & Trainings (TVET)	116.1	893.2	13.0	51.2	789.8	6.5	167.3	1,683.0	9.9	
274 Literacy	70.8	454.6	15.6	24.7	619.3	4.0	95.5	1,073.9	8.9	
275 Education Management	216.2	1,317.7	16.4	114.3	786.1	14.5	330.5	2,103.8	15.7	
999 Expenditure returns	-1.3	0.0	N/A	0.0	0.0	N/A	-1.3	0.0	N/A	
39 Ministry of Agriculture, Irrigation and Livestock	177.2	2,105.6	8.4	228.6	4,931.3	4.6	405.8	7,036.9	5.8	
391 Natural Resource Management	38.4	253.5	15.1	7.0	223.8	3.1	45.4	477.4	9.5	
392 Agriculture production and productivity	61.3	1,370.5	4.5	124.6	2,108.2	5.9	185.9	3,478.7	5.3	
393 Economic Regeneration	26.8	175.2	15.3	15.8	1,911.1	0.8	42.6	2,086.2	2.0	
394 Change Management	50.9	306.4	16.6	81.3	688.2	11.8	132.2	994.6	13.3	
999 Expenditure returns	-0.2	0.0	N/A	0.0	0.0	N/A	-0.2	0.0	N/A	
43 Ministry of Rural Rehabilitation and Development	0.0	513.0	0.0	2,270.5	13,302.8	17.1	2,270.5	13,815.8	16.4	
431 Local Governance	0.0	0.0	N/A	2,155.0	10,066.6	21.4	2,155.0	10,066.6	21.4	
432 Rural Infrastructure	0.0	0.0	N/A	72.1	2,469.5	2.9	72.1	2,469.5	2.9	
433 Economic Regeneration	0.0	0.0	N/A	43.3	766.8	5.7	43.3	766.8	5.7	
434 Institutional Support Program	0.0	513.0	0.0	0.0	0.0	N/A	0.0	513.0	0.0	
999 Expenditure returns	0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A	
41 Ministry of Energy & Water	73.4	370.1	19.8	786.4	13,834.4	5.7	859.8	14,204.5	6.1	
411 Availability of competitively priced electricity for community livelihood and industry development	6.1	24.8	24.5	59.0	5,890.1	1.0	65.1	5,914.8	1.1	
412 Availability of and accessibility to water for community livelihood and industrial development.	25.0	134.3	18.6	721.2	7,845.9	9.2	746.2	7,980.2	9.4	
413 General Administration	42.3	211.0	20.0	6.2	98.4	6.3	48.5	309.4	15.7	
999 Expenditure returns	0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A	
20 Ministry of Finance	369.4	1,923.9	19.2	222.3	2,860.6	7.8	591.6	4,784.5	12.4	
201 Public Finance Management	113.7	471.5	24.1	32.5	782.6	4.2	146.2	1,254.1	11.7	
202 Revenue Management	87.0	480.1	18.1	103.1	1,061.5	9.7	190.1	1,541.6	12.3	
203 Policy Management	45.3	83.4	54.3	60.3	369.1	16.3	105.6	452.5	23.3	
204 General Administration	124.3	888.8	14.0	26.3	647.4	4.1	150.6	1,536.3	9.8	
999 Expenditure returns	-0.9	0.0	N/A	0.0	0.0	N/A	-0.9	0.0	N/A	
42 Ministry of Public Works	73.4	1,893.3	3.9	563.0	18,328.7	3.1	636.4	20,222.0	3.1	
421 Infrastructure	3.0	33.7	9.0	563.0	17,607.5	3.2	566.0	17,641.2	3.2	
422 Road Maintenance	48.4	1,691.4	2.9	0.0	0.0	N/A	48.4	1,691.4	2.9	
423 Administration and Finance	22.1	168.2	13.1	0.0	721.2	0.0	22.1	889.4	2.5	
999 Expenditure returns	-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A	
37 Ministry of Public Health	384.2	2,695.6	14.3	310.8	7,058.0	4.4	695.0	9,753.6	7.1	
371 Institutional Development	16.2	81.2	20.0	32.3	625.3	5.2	48.6	706.5	6.9	
372 Health Services Provision	162.8	1,179.9	13.8	278.5	6,432.7	4.3	441.2	7,612.6	5.8	
373 Administrative Support	206.8	1,434.5	14.4	0.0	0.0	N/A	206.8	1,434.5	14.4	
999 Expenditure returns	-1.6	0.0	N/A	0.0	0.0	N/A	-1.6	0.0	N/A	
59 Independent Directorate of Local Governance	329.3	1,857.9	17.7	60.5	218.7	27.7	389.8	2,076.6	18.8	
591 IDLG Policy	0.1	3.9	2.0	0.0	0.0	N/A	0.1	3.9	2.0	
592 Institutional Development	0.4	19.2	1.9	60.5	217.7	27.8	60.9	236.8	25.7	
593 Broader Governance	273.8	1,504.0	18.2	0.0	0.0	N/A	273.8	1,504.0	18.2	
594 Support Services	55.2	330.8	16.7	0.0	1.0	0.0	55.2	331.8	16.6	
999 Expenditure returns	-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A	
49 Ministry of Urban Development	25.0	124.3	20.1	87.3	1,024.2	8.5	112.2	1,148.5	9.8	
491 Planning and Urban Development	7.3	18.6	39.4	9.3	510.6	1.8	16.6	529.2	3.1	
492 Housing	1.5	14.0	10.6	6.0	149.8	4.0	7.4	163.8	4.5	
493 Urban Infrastructure	2.5	5.1	50.2	56.3	262.8	21.4	58.8	267.9	22.0	
494 Operation and Management	13.6	86.7	15.7	15.8	100.9	15.6	29.4	187.7	15.7	
999 Expenditure returns	0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A	

(1) Official data on the revised development budget by program are not available. Figures on allocated budget for the development budget are taken from budget allocations shown in AFMS data, which differs from published data shown in Tables 6.5.

Source: FPU using AFMS data downloaded on the 9 August 2011

Table 6.6b – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1389) – continued

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1390	Comparison to Budget		1390	Comparison to Budget		1390	Comparison to Budget	
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Allocated	Allocated	Allocated	Allocated	Allocated	Prelim	Allocated	Allocated	
		YTD	Budget (1)	Budget	YTD	Budget (1)	YTD	Budget (1)	Budget	
45 Ministry of Transport & Civil Aviation		87.8	488.1	18.0	46.0	1,523.6	3.0	133.8	2,011.7	6.7
451 Air Transport Service		48.9	199.7	24.5	44.6	1,420.8	3.1	93.6	1,620.5	5.8
452 Land Transport Services		15.7	117.0	13.4	0.0	93.5	0.0	15.7	210.5	7.5
453 Management and Operation Services		24.2	171.4	14.1	1.4	9.3	14.7	25.6	180.7	14.2
999 Expenditure returns		-1.1	0.0	N/A	0.0	0.0	N/A	-1.1	0.0	N/A
34 Ministry of Communication and Information Technology		84.8	452.2	18.7	17.8	1,817.7	1.0	102.6	2,269.8	4.5
341 Electronic Afghanistan (E- Afghanistan)		20.7	84.0	24.7	17.8	1,766.0	1.0	38.6	1,850.0	2.1
342 ICT literacy		4.2	21.4	19.6	0.0	37.6	0.0	4.2	59.0	7.1
343 General Administration & Management		59.9	346.8	17.3	0.0	14.1	0.0	59.9	360.8	16.6
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
25 Ministry of Commerce and Industry		45.6	1,879.3	2.4	13.4	197.4	6.8	59.0	2,076.7	2.8
251 Private sector and industry development		10.0	47.8	20.9	0.0	145.7	0.0	10.0	193.5	5.1
252 Trade Policy and Transit		14.9	96.2	15.5	0.0	0.0	N/A	14.9	96.2	15.5
253 Admin and regulatory services		21.0	1,735.3	1.2	13.4	51.7	26.0	34.5	1,787.0	1.9
999 Expenditure returns		-0.4	0.0	N/A	0.0	0.0	N/A	-0.4	0.0	N/A
47 Ministry of Labour, Social Affairs, Martyrs and Disabled		1,159.3	4,261.1	27.2	70.7	489.4	14.5	1,230.0	4,750.4	25.9
471 Labor Support Program		647.8	1,607.8	40.3	60.3	379.6	15.9	708.1	1,987.5	35.6
472 Social Support Program		50.4	284.9	17.7	0.0	19.6	0.0	50.4	304.4	16.6
473 Martyrs and Disabled		350.6	1,747.6	20.1	0.0	57.3	0.0	350.6	1,804.9	19.4
474 Management and Operations Program		110.8	620.7	17.9	10.4	32.9	31.7	121.2	653.6	18.6
999 Expenditure returns		-0.4	0.0	N/A	0.0	0.0	N/A	-0.4	0.0	N/A
48 Ministry of Counter Narcotics		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
481 counter narcotics		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
999 Expenditure Returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
22 Ministry of Defence		7,421.5	43,068.8	17.2	0.0	79.8	0.0	7,421.5	43,148.6	17.2
221 Combat forces		5,054.6	19,808.8	25.5	0.0	0.0	N/A	5,054.6	19,808.8	25.5
222 Supportive forces		2,384.1	23,260.0	10.2	0.0	79.8	0.0	2,384.1	23,339.8	10.2
999 Expenditure returns		-17.2	0.0	N/A	0.0	0.0	N/A	-17.2	0.0	N/A
38 Ministry of Women's Affairs		26.9	160.3	16.8	0.0	833.5	0.0	26.9	993.8	2.7
381 Women Support and Strengthening		1.4	12.4	11.6	0.0	1.9	0.0	1.4	14.4	10.0
382 Gender Development & monitoring of Policy		2.0	13.4	14.7	0.0	5.0	0.0	2.0	18.4	10.7
383 Administration and Finance		23.5	134.5	17.4	0.0	81.5	0.0	23.5	216.0	10.9
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
35 Ministry of Economy		37.1	233.6	15.9	30.1	500.8	6.0	67.1	734.4	9.1
351 Economic Policy and Strategy and Monitoring and Evaluation		23.2	139.4	16.6	24.5	244.3	10.0	47.7	383.7	12.4
352 Administration and Management Services		13.9	94.2	14.8	5.5	256.5	2.2	19.4	350.7	5.5
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
10 President's Office		341.4	1,525.5	22.4	7.1	379.4	1.9	348.5	1,904.9	18.3
101 Services to president		341.5	1,525.5	22.4	7.1	379.4	1.9	348.6	1,904.9	18.3
999 Expenditure returns		-0.1	0.0	N/A	-	107.1	0.0	-0.1	107.1	-0.1
28 Ministry of Higher Education		406.8	2,077.1	19.6	78.4	1,416.9	5.5	406.8	3,493.9	11.6
281 Educate & Train Skilled Graduates		80.1	30.3	264.0	78.4	1,322.9	5.9	80.1	1,353.2	5.9
282 Lead and Manage system of Higher Education		327.0	2,046.7	16.0	0.0	94.0	0.0	327.0	2,140.7	15.3
999 Expenditure returns		-0.3	0.0	N/A	0.0	0.0	N/A	-0.3	0.0	N/A
62 Civil Service Commission		53.0	269.6	19.6	36.0	649.3	5.5	88.9	918.9	9.7
621 Appointments and Appeals		8.5	44.3	19.3	0.0	0.0	N/A	8.5	44.3	19.3
622 Public Administration Reform		6.3	31.5	19.9	4.9	166.0	2.9	11.1	197.5	5.6
623 Capacity Building		15.9	46.8	33.9	31.1	342.3	9.1	47.0	389.1	12.1
624 Adm & operations		22.3	147.0	15.2	0.0	141.0	0.0	22.3	288.0	7.7
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A

(1) Official data on the revised development budget by program are not available. Figures on allocated budget for the development budget are taken from budget allocations shown in AFMS data, which differs from published data shown in Tables 6.5. Source: FPU using AFMS data downloaded on the 9 August 2011

Table 6.7 – Total Core Budget Expenditures by COFOG Sector

Code	(In millions of Afghanis)	1389 Qtr 1 Actual Qtr	1389 Percent of Total	1390 Qtr 1 Prelim Qtr	1390 Percent of Total	1390 Comparison to 1389 YTD Change	%Increase
2	TOTAL NET EXPENDITURE	21,564.3		28,185.2		6,620.9	30.7
150	Sale of Land and Buildings	70.1		22.7		-47.4	-67.6
2+150	TOTAL GROSS EXPENDITURE	21,634.4	100.0	28,207.9	100.0	6,573.5	30.4
	RECURRENT EXPENDITURE	20,257.3	93.6	24,289.7	86.1	4,032.4	19.9
	CAPITAL EXPENDITURE	1,377.1	6.4	3,918.2	13.9	2,541.1	184.5
701	General Public Services (1)	2,577.3	11.9	2,435.3	8.6	-142.0	-5.5
	Recurrent Expenditure	2,494.8	11.5	2,226.9	7.9	-267.9	-10.7
	Capital Expenditure	82.5	0.4	208.4	0.7	125.9	152.6
702	Defence	5,967.7	27.6	8,620.1	30.6	2,652.4	44.4
	Recurrent Expenditure	5,915.3	27.3	8,526.2	30.2	2,610.9	44.1
	Capital Expenditure	52.4	0.2	93.9	0.3	41.5	79.2
703	Public Order and Safety	5,215.0	24.1	5,454.2	19.3	239.2	4.6
	Recurrent Expenditure	5,188.5	24.0	5,431.5	19.3	243.1	4.7
	Capital Expenditure	26.5	0.1	22.7	0.1	-3.8	-14.4
704	Economic Affairs	2,476.9	11.4	4,826.5	17.1	2,349.6	94.9
	Recurrent Expenditure	1,638.6	7.6	1,434.8	5.1	-203.7	-12.4
	Capital Expenditure	838.4	3.9	3,391.7	12.0	2,553.3	304.6
705	Environmental Protection	15.4	0.1	23.0	0.1	7.6	49.0
	Recurrent Expenditure	15.4	0.1	21.9	0.1	6.4	41.4
	Capital Expenditure	0.0	0.0	1.2	0.0	1.2 N/A	
706	Housing and Communal Amenities	306.1	1.4	72.6	0.3	-233.5	-76.3
	Recurrent Expenditure	72.5	0.3	41.8	0.1	-30.7	-42.4
	Capital Expenditure	233.6	1.1	30.8	0.1	-202.8	-86.8
707	Health	646.9	3.0	705.2	2.5	58.4	9.0
	Recurrent Expenditure	622.7	2.9	676.6	2.4	53.9	8.7
	Capital Expenditure	24.1	0.1	28.6	0.1	4.5	18.6
708	Recreation, Culture and Religion	193.8	0.9	542.4	1.9	348.6	179.9
	Recurrent Expenditure	190.2	0.9	493.1	1.7	302.9	159.3
	Capital Expenditure	3.6	0.0	49.3	0.2	45.7	1269.6
709	Education	3,502.5	16.2	4,424.0	15.7	921.5	26.3
	Recurrent Expenditure	3,386.6	15.7	4,336.6	15.4	950.0	28.1
	Capital Expenditure	115.9	0.5	87.4	0.3	-28.5	-24.6
710	Social Protection	732.7	3.4	1,104.5	3.9	371.8	50.7
	Recurrent Expenditure	732.7	3.4	1,100.3	3.9	367.6	50.2
	Capital Expenditure	0.0	0.0	4.2	0.0	4.2	N/A

Source: FPU using AFMIS data downloaded on the 9 August 2011

1/ Recurrent expenditure in the General Public Services sector excludes interest payments on loans.

Table 6.8 - Transactions in Nonfinancial Assets in the Core Budget

Code	(In millions of Afghanis)	1389	1390	1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1389 YTD Change	%Increase
25	NET ACQUISITION OF NONFINANCIAL ASSETS	1,307.0	3,895.5	2,588.5	198.0
	Land and Buildings	1,125.4	1,553.3	427.9	38.0
251/8	Purchase of Land and Buildings	1,195.5	1,576.0	380.6	31.8
150	Sale of Land and Buildings	-70.1	-22.7	47.4	-67.6
151	Sale of State-Owned Enterprises	0.0	0.0	0.0	N/A
252	Machinery and Equipment (>50,000)	126.7	223.6	96.9	76.5
257	Valuables	2.0	0.1	-1.9	-94.7
259	Other Acquisitions	52.9	2,118.4	2,065.5	3,903.3

Source: FPU using AFMIS data downloaded on the 9 August 2011

Table 6.9 - Transactions in Financial Assets and Liabilities in the Core Budget

Code	(In millions of Afghanis)	1389	1390	1390 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1389 YTD Change	%Increase
3+4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	-11,567.4	-16,242.7	-4,675.3	40.4
3	NET ACQUISITION OF FINANCIAL ASSETS	-11,743.0	-14,487.0	-2,744.0	23.4
	Domestic	-11,743.0	-14,487.0	-2,744.0	23.4
	Currency and Deposits	-8,413.4	-6,832.9	1,580.5	-18.8
311	Treasury Single Account	-6,295.7	-5,521.6	774.1	-12.3
313	Donor Accounts	-2,117.7	-1,403.0	714.8	-33.8
314/90	Other Deposit Accounts (1)	0.0	91.7	91.7	497,273.7
317	Loans	254.8	17.5	-237.3	-93.1
319	Other Accounts Receivable	31.2	367.1	335.9	1,075.8
	Other Assets	-3,615.5	-8,038.8	-4,423.2	122.3
	Foreign	0.0	0.0	0.0	N/A
4	NET ACQUISITION OF LIABILITIES	175.5	-1,755.7	-1,931.2	-1,100.1
	Domestic	-164.7	-1,832.2	-1,667.6	1,012.6
411	Accounts Payable	60.0	10.7	-49.3	-82.1
413	Pension Liabilities	2.7	3.1	0.4	15.5
423	Other Payables	0.0	0.0	0.0	N/A
451	Other Liabilities (1)	-227.4	-1,846.1	-1,618.7	712.0
	Foreign	340.2	76.6	-263.7	-77.5
431	Foreign Currency	1.1	-4.9	-6.0	-566.9
181-2	Loans	339.2	81.5	-257.7	-76.0

Source: FPU using AFMIS data downloaded on the 9 August 2011

1. Deposits on Letter of Credits (321) are netted out with Letter of Credit Commitment Accounts (451). The net amount is included under either 'Other Deposit Accounts' or 'Other Liabilities' depending on the direction of net transactions during the period.

Table 6.10 – Alternative Measures of Deficit/Surplus and Financing in the Core Budget

Code	(In millions of Afghanis)	1389 Qtr 1 Actual Qtr	1390 Qtr 1 Prelim Qtr	1390 Comparison to 1389 YTD Change	%Increase
TRANSACTIONS AFFECTING NET WORTH					
1	Revenues including Grants	33,128.7	44,427.9	11,299.2	25.4
2-25	Expenditures (Recurrent)	20,257.3	24,289.7	4,032.4	16.6
23	Interest	33.2	37.5	4.3	11.5
	Net Operating Balance (1-2-25)	12,871.3	20,138.1	7,266.8	36.1
	Primary Balance (1-2-25+23)	12,904.5	20,175.7	7,271.1	36.0
TRANSACTIONS IN NONFINANCIAL ASSETS					
25	Net Acquisition of Nonfinancial Assets	1,307.0	3,895.5	2,588.5	66.4
	Net Lending-Borrowing (1-2)	11,564.4	16,242.7	4,678.3	28.8
	Financing (3+4+5)	-11,564.4	-16,242.7	-4,678.3	28.8
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
3	Net Acquisition of Financial Assets	-11,743.0	-14,487.0	-2,744.0	18.9
4	Net Acquisition of Financial Liabilities	175.5	-1,755.7	-1,931.2	110.0
5	RETAINED EARNINGS	3.1	0.0		
	Discrepancies (Financing-3-4-5)	0.0	0.0		

Source: FPU using AFMIS data downloaded on the 9 August 2011

7 Glossary

Budget	An itemised summary of estimated intended expenditures for a given period along with proposals for financing them.
Operating Budget	The budget for operating budget expenditures. These are mainly recurrent expenditures, and include wages and salaries for all public servants, running costs for Ministries, schools, barracks etc. A small amount of capital expenditure is also included in the Operating Budget in Afghanistan. The Operating Budget is sometimes referred to as the Recurrent Budget in other countries.
Development Budget	The Government budget for development projects implemented by Government agencies. It contains recurrent and capital expenditure in Afghanistan. These projects are mainly donor funded. The Development Budget is sometimes referred to as the Capital Budget in other countries.
Core Budget	The operating budget plus the development budget
External Budget	The budget for all donor activities that are funded directly by donors, rather than channelling the funding through the Government
Integrated Budget	The core budget plus the external budget
Expenditure/Expense	The purchase of goods, services, assets. It also includes interest payments, and subsidies and transfers.
Recurrent spending	Expenditure that is ongoing rather than one off, and does not result in the acquisition of a fixed asset. For example payments for electricity or fuel, the payment for salaries etc. Often equated with the operating budget, however development budget spending contains recurrent items and vice versa
Capital spending	Spending on a capital asset, for example a tractor or irrigation pump.
Compensation of Employees	The total remuneration, in cash or kind, payable to an employee for work done during the accounting period. It consists of wages, salaries, and social contributions made on behalf of employees to social insurance schemes. Excluded are amounts paid to contractors, self-employed outworkers, and other workers who are not employees.
Goods and Services (use of)	Expenditure items such as electricity costs, maintenance and repair, consultancy services and items with a purchase value below Afs 50,000
Subsidies	Payments made to State Owned Enterprises to help them cover their costs
Transfers	Payments to a person or organisation for which no service is received, for which pension payments and subsidies.
Interest payments	The interest paid on outstanding loans
Contingency Funds	Items listed in the operating and development budgets that may require funding. Throughout the year, funding from contingency reserve items may be allocated to the budgets of budgetary units during the year (increasing their original budget).
Assets	An entity over which ownership rights are enforced, and from which economic benefits may be derived by its owners by holding it or using it over a period of time.
Non-financial assets	Physical assets such as real estate and machinery
Financial assets	A financial claim on an asset that is usually documented by some type of legal representative. Examples include bonds and shares of stock, but not tangible assets such as real estate or gold. These are included below the line as financing items.
Revenues	Domestically raised revenues and donor grants (excludes loans).
Domestic Revenues	Revenues raised by the Government of Afghanistan (excludes donor grants). These are mainly revenues raised by the Afghanistan Revenue Department (taxes, customs duties etc.), and revenues raised by other Government agencies (fees and fines etc.)
Grants	Funds received from donors. Often the money can only be spent on a certain project or activities, but sometimes can be spent at the discretion of the recipient Government
Balances	The difference between revenues and expenditures
Operating Budget Balance (excluding grants)	Domestic revenues (excluding donor grants to the operating budget) minus operating budget expenditures
Operating Budget Balance (including grants)	Domestic revenues plus donor grants to the operating budget, minus operating budget expenditures
Development Budget Balance	Donor Grants to development budget minus development budget expenditures
Core Budget balances	
Balance (excluding and including grants)	Total revenues (excluding and including grants) minus total expenditures
Net operating balance (Table 6.10)	Revenues (including donor grants) minus recurrent expenditures. It measures the change in net worth resulting from transactions (excluding capital expenditure)
Primary operating balance (Table 6.10)	Net operating balance plus interest expenditures
Surplus	A positive balance (revenues are greater than expenditures)

Deficit	A negative balance (revenues are less than expenditures)
Financing	How the government funds its deficit (or invests its surplus). For example drawing down on foreign loans or withdrawing funds from the Central Bank. More generally, it describes transactions in financial assets.
Above the line	Refers to 'real' expenditure and revenue activities, for example the paying of salaries, the purchase of school books, the building of a dam etc.
Below the line	Refers to financing transactions, and transactions in financial assets, for example loan disbursements and repayments, transactions on the Treasury Single Account
Loans	Loans of money from foreign Governments, international organisation and development banks. Afghanistan's debt strategy allows only concessional loans to be taken out.
Concessional loans	Loans that are offered at below market rates (e.g. a low interest rate and with a long grace period).
Principal repayment	Repayment of the principal of a loan (as distinct from an interest payment)
Gross Domestic Product	The value of all the goods and services produced by a country in one year. This excludes the opium economy for Afghanistan
Budget target	The level of revenue or expenditure expected over a quarter or during the year. For expenditures we assume that the budget target for the quarter is 25% of the annual budget
Budget variance	The difference between the actual outcome and the budget target
Treasury Single Account (TSA)	The main bank account of the Government. In Afghanistan, the TSA consists of the Afghani account, the US dollar account, provincial revenue and expenditure accounts, and ARTF and LOTFA accounts.
AFMIS	Afghanistan Financial Management Information System. The central database that records every transaction made by Government
Eurotrace	The computer database system for recording and classifying customs transactions.