

ISLAMIC REPUBLIC OF AFGHANISTAN

MINISTRY OF FINANCE

Fiscal Policy Directorate

QUARTERLY FISCAL BULLETIN

Quarter 1, 1392

Foreword and Acknowledgement

A budget is the policy instrument of a nation that provides a stable macroeconomic framework, guides the collection and mobilization of public revenues, and ensures that these resources are expended prudently to meet the policy priorities. Fiscal policy plays a pivotal role in a budget and serves as a tool to achieve economic and social objectives. From a macroeconomic perspective, one of the central insights from research on developing countries is that prudent fiscal policy is essential for reducing poverty and improving social outcomes.

Just as the design of robust fiscal policy is important, the openness of fiscal data is equally important. In line with the Government's commitment to more transparency, bridging the information gap between various stakeholders has been one of our top priorities and our latest Open Budget Index (2012) score is a testimony to our efforts. This bulletin presents an assessment of our public finances in the first quarter of fiscal year 1392. This edition of the bulletin highlights detailed assessments of recent fiscal and budgetary developments, including trends in domestic revenue and expenditures performance, transactions related to the acquisition of non-financial assets and the budget balance. The bulletin also provides a snapshot of the budget execution rates during the reporting period whilst section five includes an interesting article on '**Fiscal Responsibility Law**'.

I would like to commend the Fiscal Policy Directorate for preparing this very important bulletin. I would also like to extend my appreciation to Budget, Revenue and Treasury departments as well as individual colleagues for their input and support. We would very much welcome any comment or suggestion about this bulletin.

Please provide your comments to Mr. Hafizullah Momandi (hafizlm@yahoo.com). It will soon be available on the website (www.budgetmof.gov.af).

Mohammad Mustafa Mastoor
Deputy Minister for Finance, Ministry of Finance

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Executive Summary

- Total revenues amounted to Afs22.1 billion or 18 percent of the 1392 budget's annual estimate of 123 billion.
- Total expenditures were Afs41.3 billion or 11.8 percent of the 1392 budget estimate.
- The overall budget balance was Afs(-19.2 billion) excluding grants and Afs17.3 including grants and as percent of GDP stood at 1.7 percent and 1.5 percent respectively.
- Total grants for the quarter was Afs36.5 billion comprising Afs29.9 billion for the operating budget and 6.6 billion for the development budget. The grants for the operating budget were from donor trust funds for recurrent expenditures of the non-security sector and salaries and other expenditure for the security sector.
- The development budget was largely funded by the International Community.
- There were no new fiscal measures introduced in the quarter.
- Compared to the same period of last year, revenues were lower by 13.1 percent, however, expenditures, and grants were higher by 7.5 percent, and 28.4 percent respectively.

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1 SUMMARY OF FIRST QUARTER DEVELOPMENTS

Table 1.1 – Budget Summary

Code	In millions of Afghanis	1391	1392	1392 Comparison to 1391 YTD		1392 Budget	1392 YTD as
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Change	% (+/-)	Revenue or Expenditure Target	% of Targets/ Budget
OPERATING BUDGET							
Revenues		48,884.7	51,996.8	3,112.0	6.4	204,278.0	25.5
Domestic Revenues (1)		25,384.9	22,054.9	-3,330.0	-13.1	123,000.0	17.9
Operating Grants		23,499.8	29,941.9	6,442.1	27.4	81,278.0	36.8
Expenditures		30,835.9	34,007.5	3,171.6	10.3	196,327.0	17.3
Budget Balance							
Including Grants		18,048.9	17,989.3	-59.6	-0.3	7,951.0	
Excluding Grants		-5,451.0	-11,952.6	-6,501.6	119.3	-73,327.0	
Fiscal sustainability indicator (%) (2)		82.3	64.9	-17.5	-21.2	62.7	
DEVELOPMENT BUDGET							
Grants (3)		4,972.8	6,614.9	1,642.2	33.0	79,583.1	N/A
Expenditures		7,557.9	7,270.1	-287.7	-3.8	152,411.8	4.8
Discretionary Budget		2,067.7	15,896.9	13,829.2	668.8	32,095.0	49.5
Non-discretionary Budget		5,490.2	-8,626.7	-14,116.9	-257.1	120,316.8	-7.2
Budget Balance (3)		-2,585.1	-655.2	1,929.9	-74.7	-72,828.7	
INTEGRATED BUDGET							
Revenues (3)		53,857.5	58,611.7	4,754.2	8.8	283,861.1	N/A
Domestic Revenues		25,384.9	22,054.9	-3,330.0	-13.1	123,000.0	17.9
Grants (3)		28,472.6	36,556.8	8,084.2	28.4	160,861.1	N/A
Expenditures		38,393.8	41,277.6	2,883.8	7.5	348,738.8	11.8
Balances							
Excluding Grants		-13,008.8	-19,222.7	-6,213.9	47.8	-225,738.8	
Including Grants (3)		15,463.8	17,334.1	1,870.3	12.1	-64,877.7	
Financing							
Balance Including Grants		15,463.8	17,334.1	1,870.3	12.1		
Sale of Land and Buildings		98.2	13.2	-85.0	-86.5		
Sale of State Owned Enterprises		0.0	0.0	0.0			
Lending/Borrowing		15,562.0	17,347.4	1,785.4	11.5		

Source: FPD using AFMIS data downloaded on the 27 May 2013

1. In the published budget document, Afs 7.5 billion in domestic revenues are allocated to the development budget in 1392. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-

1.1 Overall fiscal position

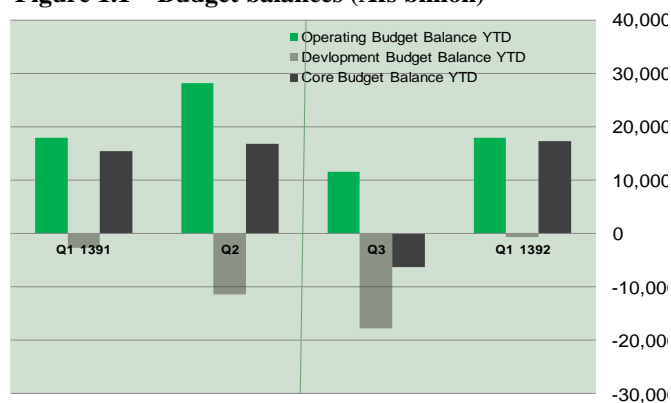
The fiscal year 1392 starts from 1st of Jadi 1391 (or 21st December 2012 in Gregorian calendar) after the Government's decision to change the Fiscal Year in 1391. The reasons for the change included aligning the fiscal year closer to calendar year to introduce better predictability of assistance from development partners and allowing the start of development projects earlier in the year to avoid slowdown from the winter season.

The first quarter for FY 1392 (Jadi, Dalwa, Hout) was a winter season in most parts of Afghanistan. The core budget balance (including grants) recorded a surplus of Afs 17.3 billion compared to Afs 15.5 billion in the same quarter 1391; of which, the operating budget surplus was about Afs 18.0 billion (compared to an equivalent position in Q1 1391),

and the development budget deficit was Afs 655 million (compared to a deficit of Afs 2.6 billion in Q1 1391; see Table 1.1).

The surplus in operating balance was mainly due to lower spending in the beginning of the year while the deficit of Afs 655 million in development budget was due to lesser spending in the winter season and the change in fiscal year. The coupled effect led to a surplus in the core budget balance in this quarter.

Figure 1.1 – Budget balances (Afs billion)



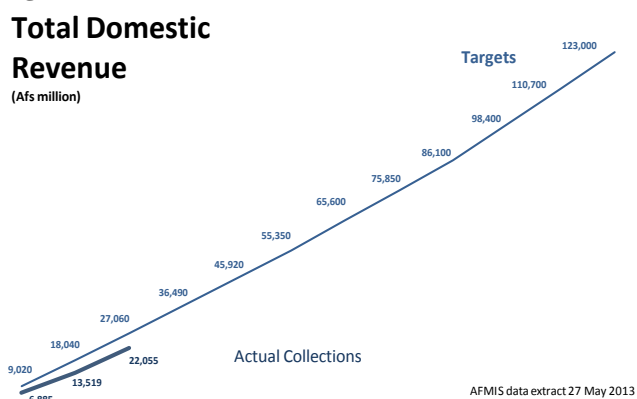
forces, changes in administration which adversely affected revenues from taxes, custom duties and non-tax revenues. Most of the revenues were collected from tax and non-tax, while performance in customs was poor because of reduction in the growth of imported goods (which was negative on a quarterly basis). The increase in revenues was due to income taxes from compensation of employees, and sales taxes (2% Business Receipts Tax on private entities). However, shortfall in duties collection is mainly due to decline in imports of high-tariff items.

1.2 Domestic Revenues and Grants

Domestic Revenues

For FY 1392, total domestic revenues estimated at Afs 123.0 billion. During 1st quarter 1392, total domestic revenues collected were Afs 22.1 billion (2% of GDP) as compared to Afs 25.4 billion (2.5% GDP) collected in the same period of 1391, i.e. a shortfall of Afs 3.3 billion or 13% compared to the quarterly target of Afs 27.1 billion, revenue collection shows a large shortfall (around Afs 5.0 billion). These shortfalls are largely attributed to overall downturn in economic activities, uncertainty associated with withdrawal of international

Figure 1.2 – Total Domestic Revenues

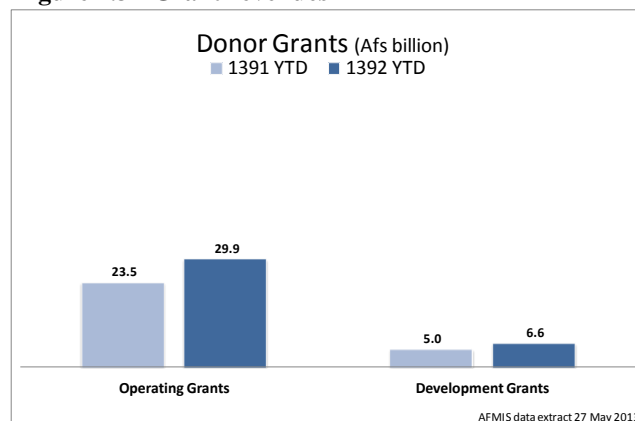


Grants

Total grants receipts for the core budget, during the 1st quarter of 1392, were Afs 36.6 billion (3.3 percent of GDP) as compared to Afs 28.5 billion (2.8 percent of GDP) received in in the same period 1391. This shows an increase of Afs 8.1 billion. Grants receipts for operating budget were about Afs 30.0 billion as compared to Afs 23.5 billion in Q1 1391, while the development grants were Afs 6.6 billion (as compared to about Afs 5.0 billion in Q1 1391). Most of the increases in operating grants came from grants channeled through the Combined Security Transition Command – Afghanistan (CSTC-A) for Ministry of Defense (MoD) and Ministry of Interior (MoI), and also Law and Order Trust Fund and (LOTFA), whereas

there was a shortfall for Afghanistan Reconstruction Trust Fund (ARTF).

Figure 1.3 - Grant revenues



1.3 Expenditures

For FY 1392, total core budget is Afs 348.7 billion (or 31.1 percent of the estimated GDP), which is broken down into operating budget of Afs 196.3 billion and development budget of Afs 152.4 billion.

The core budget expenditures, during the 1st quarter of 1392, were Afs 41.3 billion (as compared to Afs 38.4 billion spent during the same period in 1391), an increase of 8.0 %. Most of the increase in the core budget (operating and development) expenditures was due to spending on wages and salaries of the civil servants, teachers, and security forces. Both civil servants and teachers in most of the ministries now receive an increase in salaries from Pay & Grading (P&G).

Operating Budget

Operating expenditures consist of wages and salaries, goods and services, capital expenditures to conduct day-to-day operations of the government. It also includes minor interest payments and other social transfers. The Government's operating expenditures always tend to rise as a result of the increase in the recruitment of the school teachers and security personnel (soldiers and police), rapid implementation of P&G reforms (that basically pays higher wages to civil servants and teachers as opposed to the old system), and other recurrent fiscal pressures such as operation and maintenance.

For FY 1392, the operating budget was Afs 212.7 billion (19 percent of GDP) compared to actual spending of Afs 135.8 billion (17.9 percent of GDP) in FY 1391. The major pressures came from wages of the increased number of teachers (about additional 10,000 per year), security forces (ANA and ANP), the implementation of the P&G reforms of the Government, and increased spending on pension for martyrs and disabled. During the 1st quarter of 1392, the total operating expenditure was Afs 34.0 billion compared with Afs 30.8 billion over the same period in 1391.

Development Budget

For FY 1392, the total original development budget was Afs 157.7 billion. This comprises of Afs 45.5 billion allocated for discretionary development projects and Afs 112.3 billion for non-discretionary development projects. Domestic revenues will only finance about 9 percent of the total development expenditures while the remaining will be funded by donors.

During the first quarter of 1392, the total development budget expenditures were Afs 7.3 billion or (4.6% of the total for the fiscal year), which is lower (by Afs 0.3 billion or 4.0%) than the same period in 1391. This lower development spending in first quarter of 1392 is attributed to winter season, when it is difficult to implement construction projects.

Figure 1.4 – Operating Budget

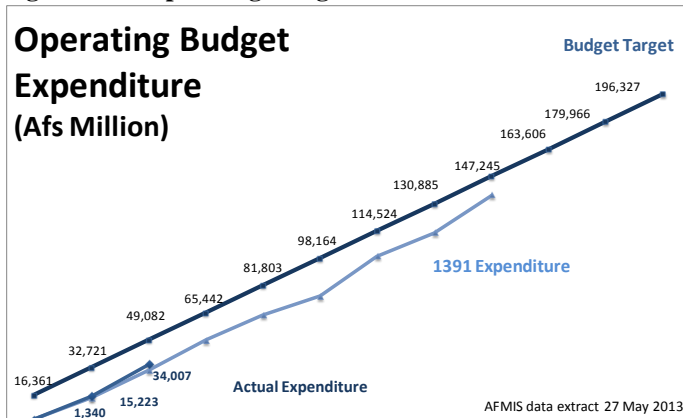
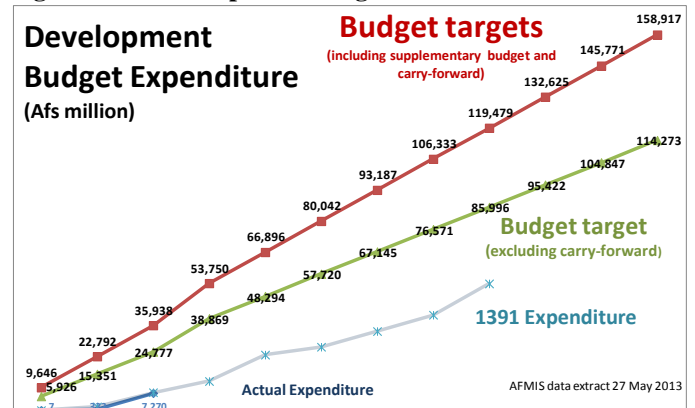


Figure 1.5 – Development Budget



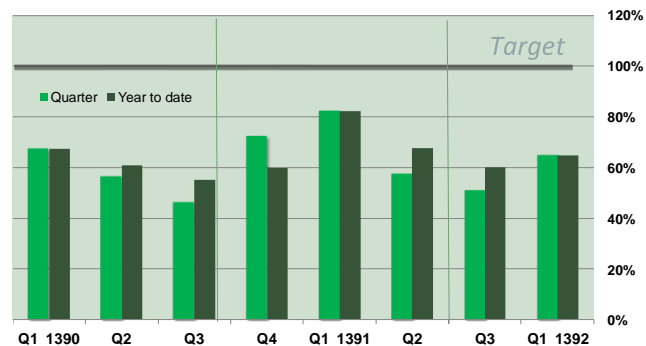
1.4 Fiscal sustainability

In Afghanistan's context, fiscal sustainability is defined as total operating expenditures being fully funded by total domestic revenues. Fiscal sustainability has remained as one of the key objectives of the Government's fiscal policies and the IMF's proposed new economic program, the Extended Credit Facility (ECF).

For the 1st quarter of 1392, the fiscal sustainability indicator remained at above 60 percent (it means that about 60 percent of the total operating expenditure in 1st quarter was financed by domestic revenues). In comparison to 1st quarter of 1391, the indicator shows downward movement from above 80 percent in Q1 1391 to above 60 percent in Q1 current year. This

shows that though operating expenditures increased, domestic revenues did not keep pace.

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



2 CORE BUDGET REVENUES

Table 2.1 – 1392 Q1 revenues

Code	(In millions of Afghanis)	1391	1392	1392 Comparison to		YTD	Target	Annual	%
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1391 YTD		1392 Qtr 1 YTD	Target - Actual % (+/-)	Target (2)	Annual Target
				Change	% Increase				
CORE BUDGET									
1	REVENUES including grants (1)	53,857.5	58,611.7	4,754.2	8.8				
1-19	REVENUES excluding grants	25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
DOMESTIC REVENUES (2) (3)		25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
11	Tax Revenues	11,312.5	11,268.1	-44.4	-0.4	12,484.9	-9.7	56,749.5	19.9
111	Fixed Taxes	2,552.8	2,499.2	-53.5	-2.1	2,720.9	-8.1	12,367.6	20.2
112	Income Taxes	3,601.5	3,929.0	327.4	9.1	3,946.6	-0.4	17,938.9	21.9
113	Property Taxes	99.8	70.1	-29.7	-29.8	87.5	-19.9	397.7	17.6
114	Sales Taxes	4,279.8	3,762.7	-517.1	-12.1	4,992.3	-24.6	22,692.3	16.6
116	Other Taxes	687.5	841.6	154.1	22.4	609.1	38.2	2,768.7	30.4
117	Tax Penalties and Fines	91.1	165.5	74.4	81.6	128.5	28.8	584.2	28.3
12	Customs Duty, Import Taxes	7,202.1	6,314.1	-887.9	-12.3	7,675.2	-17.7	34,887.4	18.1
13	Non Tax Revenue	6,256.7	3,960.0	-2,296.6	-36.7	5,747.6	-31.1	26,125.5	15.2
131	Income from Capital Property	2,581.5	123.4	-2,458.2	-95.2	862.6	-85.7	3,921.0	3.1
132	Sales of Goods and Services	1,190.3	1,380.1	189.8	15.9	2,314.1	-40.4	10,518.4	13.1
133	Administrative Fees	2,216.3	2,164.4	-51.9	-2.3	2,297.4	-5.8	10,442.6	20.7
134	Royalties	76.1	60.6	-15.4	-20.3	69.1	-12.2	314.0	19.3
135	Non Tax Fines and Penalties	134.1	107.5	-26.6	-19.8	158.4	-32.1	720.0	14.9
136	Extractive Industry	58.5	124.1	65.6	112.3	46.1	169.1	209.6	59.2
14	Miscellaneous Revenue	17.3	-180.6	-198.0	-1,142.3	323.5	-155.8	1,470.3	-12.3
17	Social Contributions	596.4	693.3	96.9	16.2	828.8	-16.4	3,767.3	18.4
GRANTS (1)		28,472.6	36,556.8	8,084.2	28.4				
191	Foreign Governments	23,662.2	29,941.9	6,279.7	26.5				
192	International Organisation	4,807.4	6,614.9	1,807.5	37.6				
193	Other Government Units	3.0	0.0	-3.0	-100.0				
TOTAL OPERATING BUDGET REVENUE		48,884.7	51,996.8	3,112.0	6.4			210,228.8	24.7
Domestic Revenues		25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
as percentage of total		51.9	42.4	-6.8					
External Grant Support		23,499.8	29,941.9	6,442.1	27.4			87,228.8	34.3
as percentage of total		48.1	57.6	13.2					

Source: FPD using AFMIS data downloaded on the 27 May 2013

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 13.9 billion in domestic revenues are allocated to the development budget in 1392. 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

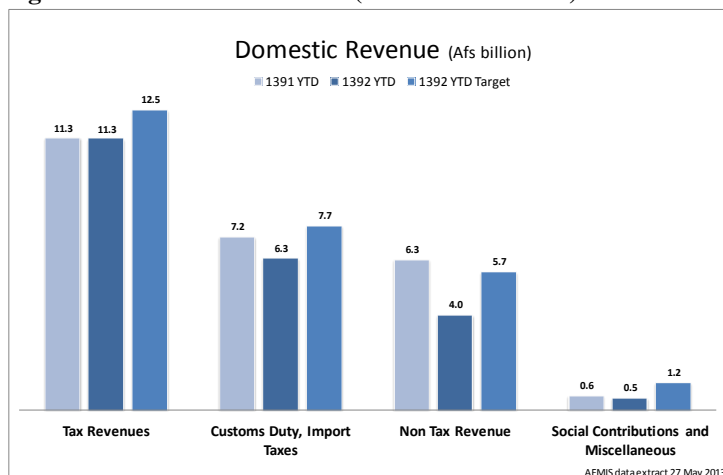
The annual revenue target for FY1392 has been set about Afs 123.0 billion. This budget revenue target of Afs 123.0 billion is 13% higher than the actual revenue collections of Afs 81.7 billion in 1391.

The main composition of revenue items in 1392 is about the same as in 1391 (elaborate on the categories); however, for 1392 there is addition of new minor code (136 Extractive Industries) into non-tax revenue from the mining sector.

The quarterly breakdown of the total revenue target is based on the annual distribution and accounts for

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 1392 first quarter target of total revenues of Afs 27.1 billion 22% of the target.

Figure 2.1 Domestic Revenues (1391 vs 1392 YTD)



2.2 Provincial Distribution of Revenues

Table 2.2 – 1392 Provincial Revenues

In millions of Afghanis	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1391	1392	%	1391	1392	1391	1392	1391	1392	1391	1392
	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	25,384.9	22,054.9	-13.1	11,312.5	11,268.1	7,202.1	6,314.1	6,256.7	3,960.0	613.7	512.6
Total Provinces	13,895.7	12,831.2	-7.7	5,387.9	4,954.8	6,662.4	5,966.6	1,603.2	1,710.4	242.2	199.4
Nangarhar	2,791.8	2,801.2	0.3	1,096.6	1,126.3	1,453.9	1,469.8	189.8	180.9	51.5	24.2
Balkh	2,654.2	1,636.7	-38.3	1,006.7	645.3	1,356.8	767.1	215.4	144.4	75.2	79.9
Kandahar	185.1	348.7	88.4	82.5	144.7	71.9	145.8	28.8	51.3	1.9	6.9
Herat	4,565.8	4,044.3	-11.4	1,652.0	1,426.6	2,460.0	2,036.1	398.2	519.2	55.6	62.3
Nimroz	1,157.1	1,132.4	-2.1	484.7	454.2	626.4	599.5	109.9	143.0	-64.0	-64.3
Other Provinces	2,541.8	2,867.9	12.8	1,065.3	1,157.8	693.4	948.3	661.0	671.5	122.1	90.4
Central Ministries	11,489.2	9,223.7	-19.7	5,924.5	6,313.3	539.6	347.6	4,653.5	2,249.7	371.6	313.2

Source: FPD using AFMIS data downloaded on the 27 May 2013

Table 2.2 shows revenue collections by category based on location and organization (provinces and central ministries). As mentioned, during first quarter of 1392, total revenue collections showed a decline of 13.1 percent when compared to the first quarter 1391. Of the total, more than half was from five provinces and the remaining was by central ministries. Looking further at the breakdown of provincial revenues, non-tax revenue collections had poor performance by central ministries and fell by 52 percent and provinces declined by 6.7 percent compared to the first quarter of 1391. This shortfall occurred mainly due to delay in Aynak premium disbursement and 3G license during FY1392.

Customs duties performed poorly during this period, as central ministries' collection was 36 percent below and provinces about 10.4 percent when compared to the same period, a year ago. Lower revenue collection in customs duties caused was due to decrease in imported volumes as there are uncertainties in the market because of transition and the forthcoming election. Furthermore a large number of people could have switched to savings as well. However, taxation revenue by central ministries and provinces rose by 7 and 8 percent respectively over the same period last year.

2.3 Tax revenues

Tax revenue consists of fixed taxes, income taxes, property taxes, sales taxes, other taxes and penalties and fines. Tax revenue collection during the first quarter of 1392 was Afs11.3 billion which shows a decrease of less than one percent from the first quarter of 1391. Compared to the quarterly target of Afs 12.5 billion, the decline was 9.7 percent.

- Fixed tax revenue in the first quarter 1392 fell by 11.3 percent compared to the first quarter of 1391.
- Income tax revenue which is mainly from employees' compensation and wage bills performed well and increased by 17.8 percent or As 325 million over Q1 of last fiscal year.
- Revenue from Business Receipt Tax (BRT) on imports decreased by almost 12.0 percent compared to the first quarter 1391 of (from Afs2.2 billion to Afs1.9 billion).

- Revenue from BRT services fell from Afs 1.2 billion to Afs 704 million or a decline of about 42 percent over the same period in 1391.
- BRT on private entities showed a surge of 21.4 percent compared to the same period last year.

Figure 2.2 - Tax revenues, Afs billion

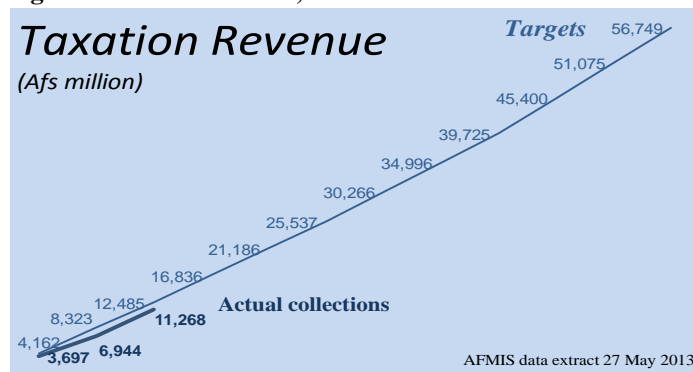


Table 2.3 – Main components of Tax Revenues, Q1 1391 and Q1 1392

Major increases in Specific Tax Revenues				
Main Components of Tax Revenues	1391	1392	Difference	% Increase
	1st Quarter	1st Quarter		
All Values in million Afghanis				
Imports by Licensed Business (Fixed Taxes)	2,098	1,860	(238)	-11.3%
Employees Salaries & Wages (Income Taxes)	1,827	2,152	325	17.8%
2% BRT on Imports (Sales Taxes)	2,177	1,921	(256)	-11.7%
BRT on Services 10 % (Sales Taxes)	1,201	704	(497)	-41.4%
Receipts Pvt Entities 2% BRT (Sales Taxes)	958	1,162	205	21.4%

2.4

Customs duties and import taxes are the main components of domestic revenue which were around Afs 6.3 billion or 29 percent of total revenue in the first quarter 1392, however, revenue collection from customs duties declined 12.3 percent compared to the same period last year and it was below the target for the quarter (Afs 7.7 billion) by 18 percent as mentioned, decrease in revenue collection from customs duties and imported taxes are due to decrease in imports caused by uncertainties from the transition and election. Imports of luxury items have shown a decline.

Customs office in Herat province was in the lead which collected Afs 2.0 billion in the first quarter 1392 and this was low by 17.3 percent compared to first quarter of 1391.

Nangarhar province was the second largest province which collected Afs 1.5 billion almost similar to the same period last year.

Balkh's customs revenue collection was very poor, only Afs 767 million was collected during this quarter which showed a decline of 43.5 percent compared to the first quarter of 1391.

Kandahar province performed well and collected more than double compared to first quarter of 1391.

Figure 2.3 – Custom duties

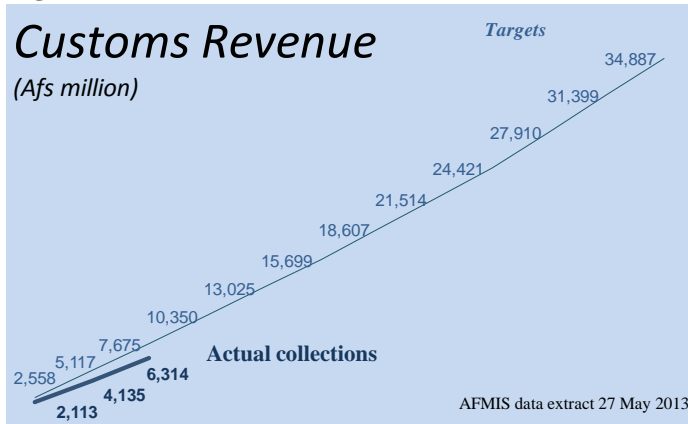
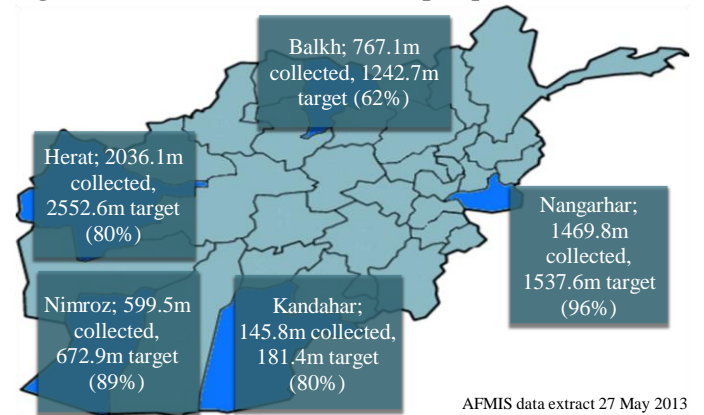


Figure 2.4 - Customs revenues in 'top 5' provinces, Q1



2.5 Non-tax revenues

Non-tax revenues consist of income from capital property, sales of goods and services, administrative fees, over flight charges, royalties and non-tax penalties and fines. During the first quarter of 1392, collections stood at about Afs 3.9 billion and exceeded the target by 3.4 percent. However, when compared to the same period in the previous year, non-tax revenue collection fell dramatically by 37 percent (from Afs 6.3 billion in the first quarter of 1391 to Afs 3.9 billion in the first quarter 1392). Herat and Nangarhar provinces contributed in non-tax revenue Afs 519 and Afs 181 million respectively.

Figure 2.5 – Non-tax revenues, Afs millions

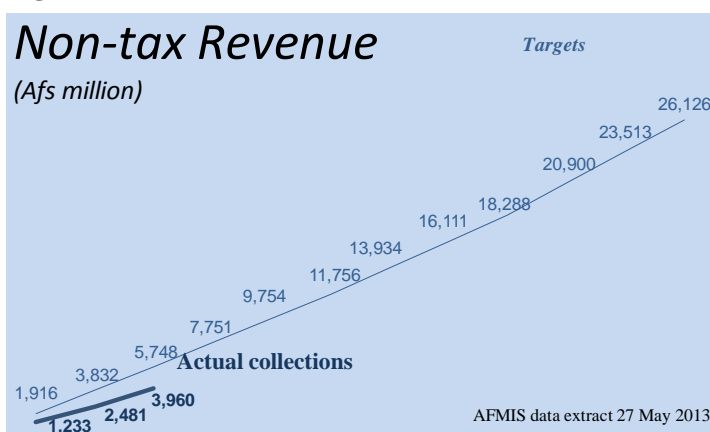
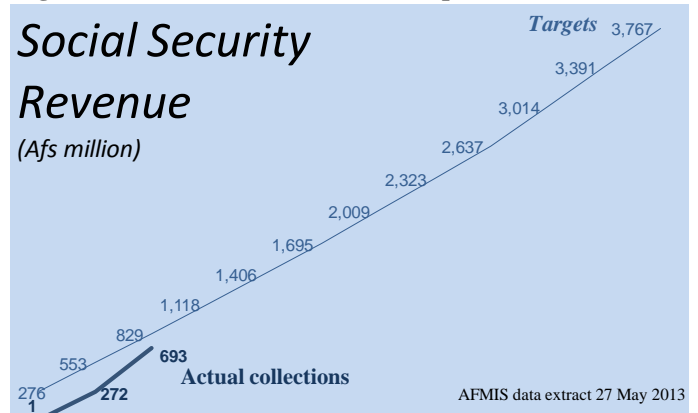


Figure 2.6 – Social Contribution receipts, Afs millions



2.6 Social Contributions

Social contributions include government employee contributions for retirement and pension. It is a contributory, earnings-related social insurance program. It ensures a measure of protection to a contributor and his or her family against the loss of income due to retirement. It is a non-tax revenue. During the first quarter of 1392,

social contribution's share dipped compared to the target for the quarter, while it slightly improved and collected Afs 97.0 million more than first quarter of 1391.

2.7 Domestic Revenues by Collection Agency

Table 2.4 – 1392 Revenues by Collection Agency

In millions of Afghanis	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1391	1392	%	1391	1392	1391	1392	1391	1392	1391	1392
	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
11 TOTAL REVENUE	25,384.9	22,054.9	-13.1	11,312.5	11,268.1	7,202.1	6,314.1	6,256.7	3,960.0	613.7	512.6
Ministry of Finance	19,242.4	17,500.5	-9.1	10,867.0	10,796.4	7,202.1	6,314.1	992.0	384.7	181.4	5.3
Mustofiats (1)	1,662.0	875.7	-47.3	847.3	788.7	0.0	0.0	641.2	161.3	173.6	-74.3
Customs (1)	11,953.3	10,107.5	-15.4	4,438.1	3,589.6	7,202.1	6,314.1	305.9	203.2	7.2	0.6
Large Taxpayer Office (LTO)	3,336.0	3,687.3	10.5	3,332.3	3,686.7	0.0	0.0	3.2	0.0	0.5	0.6
Medium Taxpayer Office	2,291.0	2,477.9	8.2	2,249.2	2,461.9	0.0	0.0	41.6	16.0	0.2	-0.0
Small Taxpayer Office	0.0	352.1	0.0	0.0	269.4	0.0	0.0	0.0	4.2	0.0	78.4
Other Ministry of Finance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total taxation collections by ARD (2)				6,874.3	7,678.5						
Total LTO collections as % of total taxation collections by ARD				48.5	48.0						
Other Ministries	6,142.6	4,554.4	-25.9	445.5	471.7	0.0	0.0	5,264.7	3,575.4	432.4	507.3
Ministry of Transport and Aviation	1,025.6	957.8	-6.6	0.0	1.4	0.0	0.0	1,025.6	956.4	0.0	0.0
Ministry of Interior	778.8	884.9	13.6	443.4	345.4	0.0	0.0	334.8	531.9	0.6	7.6
Ministry of Communication	323.9	650.9	101.0	0.0	0.0	0.0	0.0	323.9	649.6	0.0	1.3
Ministry of Foreign Affairs	383.6	227.2	-40.8	0.0	0.0	0.0	0.0	383.3	226.5	0.4	0.7
Ministry of Martyrs, Disabled and Social A	428.7	501.0	16.9	0.0	0.0	0.0	0.0	48.4	42.2	380.3	458.7
Other Budgetary Units	53.2	0.0	-100.0	2.2	0.0	0.0	0.0	0.0	0.0	51.1	0.0

Source: FPD using AFMIS data downloaded on the 27 May 2013

(1) All revenue collections for Object codes 11106,11107,11109,11110,11404,12000-12007,13331,13348 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

All central ministries, custom offices, Mustofiats, LTO and MTO offices are mainly responsible for government revenue collection and generation. In the first quarter 1392, tax revenue collection by custom offices were Afs 3.6 billion which has been decreased by 19.1 percent compared to Afs 4.4 billion in the first quarter 1391. I am not sure about this statement. The Large Tax Payer Office contributed higher in tax revenue collection during first quarter of 1392 and showed an increase of Af 355 million or 11.0 percent in comparison to the first quarter of 1391. The Medium Tax Payers office also performed well and collected 9.5 percent more than the previous quarter of the same period.

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 the entire development budget. A small proportion of the development budget is also financed by concessional loans and domestic revenues.

Total grant receipts for the core budget were Afs 36.5 billion (13.5 percent of GDP) compared to Afs 28.5 billion (8.4 percent of GDP) in the same quarter of 1391, an increase of Afs 8 billion.

Grants receipts for the operating budget were Afs 6.6 billion compared to Afs 5 billion in Q1 1391 while for the development were Afs 29.9 billion compared to Afs 23.5 billion in the same period of 1391. Most of the increases in operating grants were mainly from the Combined Security Transition Command – Afghanistan (CSTC-A) for MoD, MoI, LOTFA, and the ARTF.

Operating Grants

As mentioned above, the Government is striving to attain fiscal sustainability and cover its operating expenditures from domestic revenues. Nevertheless, grants play a large part in financing operating and development expenditures.

Total operating grants in the first quarter of 1392 were Afs 29.9 billion which shows an increase of Afs 6.4 billion compared to the first quarter of 1391. Major operating grants receipts were as follows - ARTF: Afs 1.2 billion, LOTFA: Afs 5.1 billion, and CSTC-A: Afs 18.1 billion (for MoD) and Afs 5.2 billion (MoI).

Figure 2.7 - Operating grant revenues, Afs billions

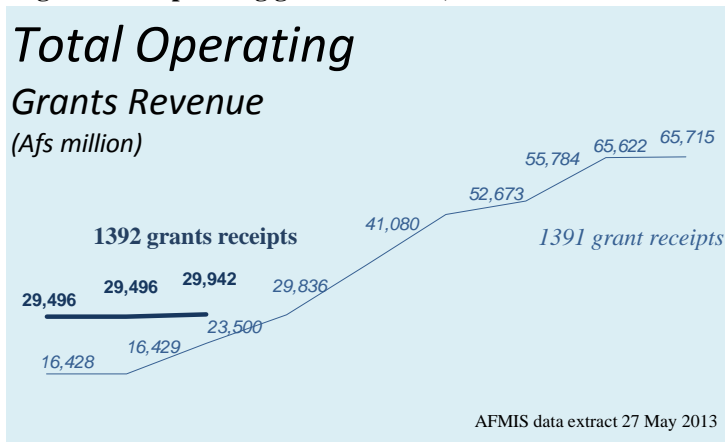


Table 2.5 - Operating grants, Afs millions

All Values are in Million Afs		1391	1391	1391	1392	1392	1392
		Qtr 1	Qtr 1	% of Total	Qtr 1	Qtr 1	% of Total
		Qtr	YTD		Qtr	YTD	
10001	Afghanistan Reconstruction Trust Fund (ARTF)	5,066	5,066	22%	1,161	1,161	4%
10002	Law & Order Trust Fund (LOTFA)	3,558	3,558	15%	5,106	5,106	17%
10004	Combined Security Transitional Command Afghanistan (CSTC-A) MoD	14,098	14,098	60%	18,019	18,019	61%
10005	Combined Security Transitional Command Afghanistan (CSTC-A) MoI	777	777	3%	5,211	5,211	18%

AFMIS data extract 27 May 2013

Development Grants

Total development grants were Afs 20.4 billion in the first quarter 1392, an increase of Afs 1.63 billion compared to the same period, a year ago. Table 2.5 shows ten largest development projects, which received funding for the first quarter of 1392.

The World Bank was the largest donor which disbursed almost Afs 3.7 billion through the ARTF for Afghanistan Third Emergency National Solidarity Project. The objectives of this project are: a) continue to build and strengthen the capacity of Community Development Councils; and b) support the continued program roll-out to additional rural communities. The World Bank, with support from Italy, also provided about Afs 410 million for the National Solidarity Program through multi-donor grants.

The third largest project during the first quarter of 1392 was the Second Public Financial Management Reform project funded through the ARTF (Afs 307 million). The project focuses on reforms in the areas of internal audit, external audit, and reform. It supports the PFM Roadmap. The Asian Development Bank (ADB) provided Afs 382 million in total for the National Emergency Rural Access Project, Energy Sector Development Program, and Qaisar Bala Murghab

Road Project. These projects support the infrastructure sector, an area where the ADB's support concentrates.

Figure 2.8 - Development grant revenues, Afs billions

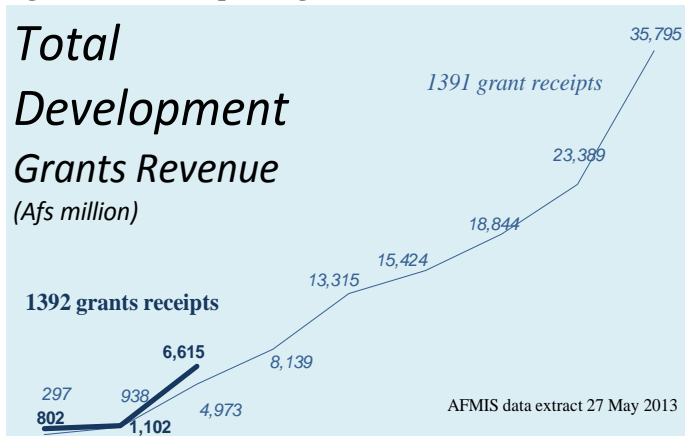


Table 2.6 - 10 largest development grant receipts in Q1, Afs million

TF098459-AF Third Emergency National Solidarity Project	ARTF	3,730
National Solidarity Program (Italy)	Multi Donor Grants	410
10024 AF-Second Public Financail Management Reform Proje	ARTF	307
H681 AF Irrigation Restoration and Development Project	World Bank - Others	172
TF095297- National Emergency Rural Access Project	ARTF	151
0081- Road Network Development Project 1	Asian Development Bank	151
306-06-00-01 USAID Cash Transfer Program Assistance to IARCSC	US & USAID	132
H61 Af Irrigation Restoration and Development Project	Multi Donor Grants	128
0134-AFG Engery Sector Development Program	Asian Development Bank	117
0012-Qaisar- Bala Murghab Road Project	Asian Development Bank	114

AFMIS data extract 27 May 2013

3 CORE BUDGET EXPENDITURES

Table 3.1 – 1392 Q1 expenditures

Code	(In millions of Afghanis)	1391	1391	1392	1392	Comparison to Budget			1392 Comparison to	
		Qtr 1 Actual	Qtr 1 Actual YTD	Qtr 1 Prelim	Qtr 1 Prelim YTD	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	38,393.8	38,393.8	41,277.6	41,277.6	354,077.1	358,679.4	11.5	2,883.8	7.5
	Operating Budget	30,835.9	30,835.9	34,007.5	34,007.5	196,327.0	212,691.7	16.0	3,171.6	10.3
	Development Budget	7,557.9	7,557.9	7,270.1	7,270.1	157,750.1	145,987.7	5.0	-287.7	-3.8
	Discretionary Budget	2,067.7	2,067.7	847.0	847.0	45,479.7	41,575.2	2.0	-1,220.7	-59.0
	Non-discretionary Budget	5,490.2	5,490.2	6,423.2	6,423.2	112,270.3	104,412.5	6.2	933.0	17.0
2*	TOTAL NET EXPENDITURES (2)	38,295.5	38,295.5	41,264.4	41,264.4				2,968.8	7.8
2-25	RECURRENT EXPENDITURES	33,823.6	33,823.6	36,283.2	36,283.2	N/A	277,226.4	13.1	2,459.6	7.3
21	Compensation of Employees	25,511.2	25,511.2	28,919.4	28,919.4	142,156.1	143,072.2	20.2	3,408.1	13.4
	Operating Budget	25,511.2	25,511.2	28,919.4	28,919.4	142,156.1	143,072.2	20.2	3,408.1	13.4
	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	5,728.0	5,728.0	5,541.5	5,541.5	N/A	109,923.8	5.0	-186.5	-3.3
	Operating Budget	2,556.6	2,556.6	3,178.4	3,178.4	27,495.7	39,973.5	8.0	621.8	24.3
	Development Budget	3,171.4	3,171.4	2,363.2	2,363.2	N/A	69,950.3	3.4	-808.3	-25.5
23	Interest (1)	40.4	40.4	50.2	50.2	1,500.0	1,500.0	3.3	9.7	24.0
	Operating Budget	40.4	40.4	50.2	50.2	1,500.0	1,500.0	3.3	9.7	24.0
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A
24	Subsidies and Transfers	2,543.9	2,543.9	1,772.1	1,772.1	22,730.4	22,730.4	7.8	-771.8	-30.3
	Operating Budget	2,543.9	2,543.9	1,772.1	1,772.1	22,730.4	22,730.4	7.8	-771.8	-30.3
	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	4,570.1	4,570.1	4,994.4	4,994.4	N/A	81,453.0	6.1	424.3	9.3
	Operating Budget	183.7	183.7	87.4	87.4	2,444.8	5,415.6	1.6	-96.3	-52.4
	Development Budget	4,386.5	4,386.5	4,907.0	4,907.0	N/A	76,037.4	6.5	520.5	11.9
25*	Net Acquisition of Nonfinancial Assets (2)	4,471.9	4,471.9	4,981.2	4,981.2				509.2	11.4
	Operating Budget	85.5	85.5	74.2	74.2				-11.3	-13.2
	Development Budget	4,386.5	4,386.5	4,907.0	4,907.0				520.5	11.9

Source: FPD using AFMIS data downloaded on the 27 May 2013

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).

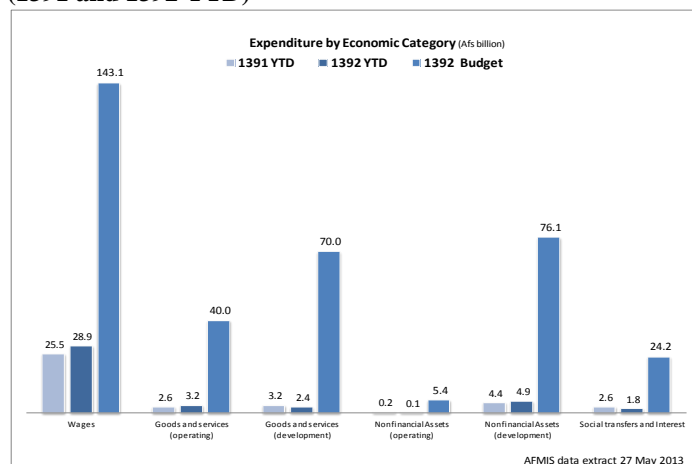
3.1 Overview of Core Budget and Expenditures

Total core budget for fiscal year 1392 is Afs 358.7 billion (33 percent of GDP) which includes both operating budget of Afs 212.7 billion used for recurrent spending and the development budget of Afs 145.9 billion used for development projects.

In the first quarter of 1392, the total core budgetary expenditure was Afs 41.3 billion or 11.5 percent of the total budget for the year. Meanwhile, the expenditures for the first quarter of 1392 were 7.5 percent higher than the expenditures in the first quarter of 1391 (Afs 38.4 billion).

For the operating budget, spending on compensation of employees accounted for 39.9 percent of the total core operating budget, goods and services were 30.6 percent, and subsidies and transfers amounted to 6.3 percent. Wages and goods and services consume nearly three-quarter of the operating budget.

Figure 3.1 – Total Expenditures by Economic category (1391 and 1392 YTD)



3.2 Operating Budget by Economic Category

The total operating budget for the first quarter 1392 was Afs 34.0 billion (12 percent of GDP). This shows an increase of 10.3 percent compared to the first quarter of 1391 of Afs 30.8 billion. The increase mainly comes from civil servants wages and salaries. To sustain the existing level of development and service delivery, the

government has increased the size of Tashkeel (e.g., additional 10,000 teachers each year) and similarly for other sectors based on their requirements, to provide an equal service delivery to all citizens of the country. The operating budget increment is also partially due to the rapid implementation of P&G reform based on merit-based appointment. The P&G raised the pay scale structure. Additional hiring in the P&G also raises expenditures in this category. Operating expenditures during the first quarter of 1392 were Afs 3.2 billion or about 10.3 percent higher compared to the same period of the last year.

Compensation of Employees

Compensation of employee includes wages and salaries, food, transportation, advance payments and some other minor social benefits. During the first quarter of 1392, the highest expenditure in the operating budget was employee’s compensations. Expenditures in the first quarter of 1392 were Afs 28.9 billion (or 10.4 percent of GDP) and posted an increase of 13.4 percent on a year-over-year. As mentioned, the increase in wages is also attributed to implementation of P&G reform and the increase in the size of civil servants (Tashkeel). The size of the Tashkeel both civil servant and military is at about 2.6 percent of the population.

Spending on compensation of employees is short from the targeted amount of Afs 35.8 billion by 19.3 percent and will further lower year-over-year. The reason is due to the low execution owing to unavailability of fund in the Treasury Single Account (TSA). The lack of fund was due to weak revenue performance.

Goods and Services

This category includes travel, communication, contracted services, repairs and maintenance, utilities, and fuel. Operating expenditures on goods and services during the first quarter 1392 was Afs 5.5 billion, which decreased by almost 3.3 percent compared to the same period over the past year (Afs 5.7 billion in first quarter 1391).

Figure 3.2 - Compensation of employees

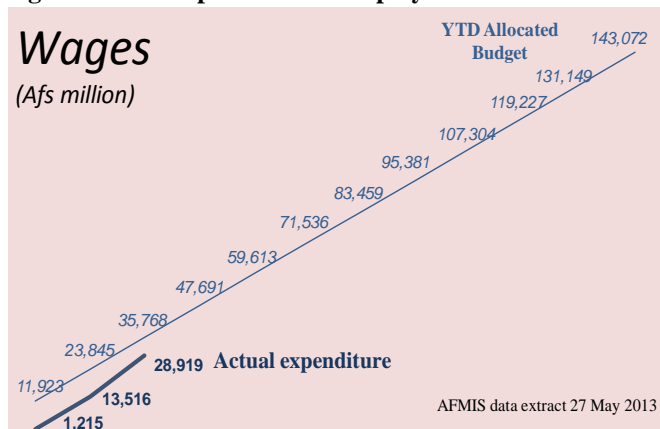
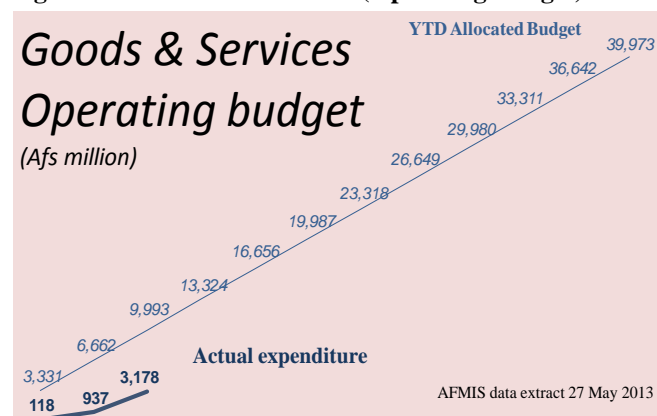


Figure 3.3 Goods and Services (Operating Budget)

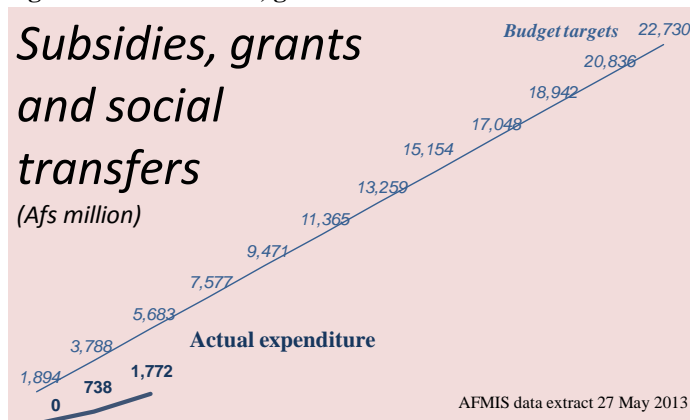


Subsidies, Grants, Social Transfers

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. The current allocated budget for these segments is Afs 22.7 billion which is 10.6 percent of the total allocated budget.

In the first quarter of 1392, Afs 1.8 billion is spent on this category which is 30 percent less than what was spent in the first quarter of 1391, and considerably less than the budgeted figure.

Figure 3.4 – Subsidies, grants and social transfers



Interest Payments

Interest payments are only a small portion of the total operating expenditures of the Government.¹ These payments are principally from past loans. Afghanistan currently receives only grants from bilateral and multilateral development partners (the World Bank, the ADB, and the Islamic Development Bank). In this quarter, interest payment amounted to Afs 50.2 million in the first quarter of 1392, which shows a 24 percent increase over the same period for last year.

Acquisition of Non-Financial Assets

Spending on the acquisition of non-financial assets comes mainly from the development budget. However, there is also a small amount of expenditures on the acquisition of non-financial assets in the operating budget. During the first quarter of 1392, operating expenditures on the acquisition of non-financial assets is Afs 4.9 billion or 9.3 percent higher compared to the spending in the same period last year.

Operating Budget by ANDS Sector and Ministry

The Afghanistan National Development Strategy (ANDS) is the Government’s development strategy to reduce poverty, accelerate economic growth and improve security and governance. The National Budget is aligned with ANDS’ priorities. It has eight sectors which cover all ministries and budgetary units.

¹ In 2006, Afghanistan initiated the debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. Following that, in December 2007, the Paris Club agreement noted that for bilateral creditors, there would be a reduction of 83.8 percent of the net present value of pre 20 June 1999 and non-ODA (Official Development Assistance) claims. Furthermore, there would be a reduction of 50.9 percent on pre 20 June 1999 and non-ODA claims on top of rescheduling of those claims on 40 years including a 16-year grace period. In addition, the multilateral institutions provided the Multilateral Debt Relief Initiative. As a result, expenditure on interest has decreased significantly.

Prior to the debt relief, the debt-to-GDP stood at 9.1 percent (2006) compared to 6.8 percent in 2012. Interest payment, as a proportion of total expenditure was 40.9 percent in 2006 and 35.6 percent in 2012 reflecting a decline due to debt relief. In 2006, the Government received the IMF’s Poverty Reduction and Growth Facility (PRGF) loan, a concessional facility for low-income countries. PRGF-supported programs are based on poverty reduction strategy. PRGF loans carry an annual interest rate of 0.5 percent and are repayable over 10 years with a 5½-year grace period on principal payments. The current facility (ECF) of the IMF, like its predecessor the PRGF, supports the country’s stable and sustainable macroeconomic position, poverty reduction and growth. Financing under the ECF carries a zero interest rate through 2014, with a grace period of 5½ years, and a final maturity of 10 years. The Fund reviews the level of interest rates for all concessional facilities, with the next review expected to take place in end-2014

Table 3.2 considers the operating budget expenditures at the same stage of 1391 and 1392 by ANDS' sector and largest operating budget ministries. It also shows whether spending has increased or decreased for the major economic codes.

3.3 Operating Budget by ANDS Sector and Ministry

Table 3.2 – Operating Expenditures by Sector and Largest Ministry (1391 and 1392 YTD)

In millions of Afghanis	Total Operating Expenditures					Compensation of Employees		Goods and Services		Gross Acquisition of Non financial assets		Other Expenditures (1)	
	1391 Qtr 1	1392 Qtr 1	% Change	Current allocated Budget	1392 YTD as % of Budget	1391 Qtr 1 Actual	1392 Qtr 1 Prelim	1391 Qtr 1 Actual	1392 Qtr 1 Prelim	1391 Qtr 1 Actual	1392 Qtr 1 Prelim	1391 Qtr 1 Actual	1392 Qtr 1 Prelim
	YTD	YTD		1391 (2)		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
TOTAL	30,835.9	34,007.5	10.3	196,800.8	17.3	25,511.2	28,919.4	2,556.6	3,178.4	183.7	87.4	2,584.3	1,822.3
Total Security	18,838.3	21,662.9	15.0	126,918.0	17.1	17,475.1	19,891.8	1,229.9	1,725.9	133.2	45.2	0.0	0.0
Ministry of Interior	6,870.2	8,389.8	22.1	44,906.4	18.7	6,583.1	7,776.9	280.4	590.4	6.7	22.5	-0.0	0.0
Ministry of Defence	9,544.0	9,751.8	2.2	68,397.2	14.3	9,036.4	9,395.4	391.9	343.8	115.7	12.6	0.0	0.0
General Directorate of National Security	1,633.0	2,448.2	49.9	9,792.7	25.0	1,358.0	2,004.4	268.0	437.5	7.0	6.3	0.0	0.0
Ministry of Foreign Affairs	541.6	799.7	47.7	2,835.3	28.2	295.2	490.0	243.1	307.6	3.4	2.1	0.0	0.0
Other Ministries	249.4	273.4	9.6	986.4	27.7	202.4	225.1	46.5	46.6	0.5	1.7	0.0	0.0
Total Governance, Rule of Law and Human F	2,439.0	2,236.6	-8.3	12,047.7	18.6	1,686.0	1,745.2	428.9	460.8	18.0	13.4	306.1	17.3
Legal Training Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Presidents Office	320.2	372.1	16.2	1,833.9	20.3	245.1	280.8	72.5	91.1	2.6	0.2	0.0	0.0
Administrative Affairs	507.4	215.4	-57.6	1,104.0	19.5	109.8	138.0	86.4	68.5	5.2	0.0	306.1	8.9
Supreme Court	293.4	305.3	4.1	1,324.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Ministry of Justice	96.4	104.8	8.7	620.3	16.9	79.3	84.7	16.7	20.1	0.4	0.0	-0.0	-0.0
Other Ministries	1,221.6	1,239.1	20.3	7,165.4	-38.1	1,251.8	1,241.7	253.4	281.1	9.9	13.2	0.0	8.4
Total Infrastructure and Natural Resources	590.3	798.8	35.3	4,348.1	18.4	399.4	470.1	168.7	321.8	22.2	6.8	0.0	-0.0
Total Education	5,087.2	5,691.6	11.9	34,399.5	16.5	4,734.8	5,429.6	349.0	259.4	3.5	2.7	-0.0	-0.0
Ministry of Education	4,502.7	5,056.5	12.3	29,849.9	16.9	4,334.8	4,904.8	166.6	151.1	1.3	0.6	-0.0	-0.0
Ministry of Higher Education	402.0	441.6	9.8	3,239.8	13.6	282.5	384.1	119.5	57.0	0.0	0.4	-0.0	0.0
Other Ministries	182.6	193.5	-10.3	1,309.7	-14.0	117.5	140.6	62.9	51.3	2.2	1.6	0.0	0.0
Total Health	409.7	480.7	17.3	3,406.1	14.1	338.5	397.0	70.9	76.3	0.3	7.3	0.0	-0.0
Ministry of Public Health	409.7	480.7	17.3	3,406.1	14.1	338.5	397.0	70.9	76.3	0.3	7.3	0.0	-0.0
Total Agriculture and Rural Development	354.5	381.3	7.6	2,372.5	16.1	294.3	319.1	58.8	61.3	1.5	0.9	0.0	-0.0
Ministry of Agriculture	227.5	239.1	5.1	1,541.4	15.5	203.3	219.6	23.2	18.7	1.0	0.8	0.0	-0.0
Other Ministries	127.0	142.2	2.4	831.1	0.6	91.0	99.5	35.5	42.5	0.5	0.1	0.0	-0.0
Total Social Protection	2,591.7	2,152.3	-17.0	7,357.0	29.3	263.2	296.3	100.1	98.5	0.8	0.3	2,227.6	1,757.2
Ministry of Martyrs, Disabled and Social Affairs	2,433.0	2,012.0	-17.3	6,324.4	31.8	164.0	194.7	41.4	59.9	0.0	0.2	2,227.6	1,757.2
Other Ministries	158.7	140.3	0.3	1,032.6	-2.6	99.2	101.6	58.7	38.6	0.8	0.0	0.0	0.0
Total Economic Gov. and Private Sector	525.1	603.2	14.9	3,392.4	17.8	319.9	361.8	150.4	174.3	4.1	10.9	50.7	56.2
Ministry of Finance	377.0	431.3	14.4	2,410.5	17.9	215.7	238.3	106.7	126.7	3.9	10.0	50.7	56.2
Other Ministries	148.1	171.9	0.5	981.9	-0.1	104.2	123.5	43.7	47.6	0.1	0.9	0.0	0.0

Source: FPD using AFMIS data downloaded on the 27 May 2013

(1) Interest, and Subsidies and Transfers

(2) 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. Total current allocated budget is the approved budget.

Security sector remains the highest spending sector, this year the operating budget for this sector was Afs 126.9 billion constituting almost 64.5 percent of the total operating budget.

Operating expenditure has reached to Afs 34.0 billion at the end of first quarter 1392; these spending are around 10.3 percent higher compare to actual spending in 1391 of Afs 30.9 billion. The largest part of the operating expenditures of 60 percent has been spent on wages and salaries of the security sector. This represents around 35.4 percent of the total core budget. The reason for the overall increase in the operating budget of the security sector was to move up the size to its agreed level, and some of the externally funded operating budget was also transferred to national budget. Analyzing expenditures by ministry, the defence and interior ministries are allocated the largest share of the budget. Till the end of first quarter 1392, Afs 8.3 billion and Afs 9.7 billion were spent on the wages and salaries of ANP and ANA respectively. While, these spending were Afs 6.8 billion and Afs 9.5 billion for ANP and ANA in 1391 respectively. Ministries of interior and defence spend nearly 35.4 and 54 percent of the total security sector expenditures and the remaining 10.6 percent is allocated to other ministries in the security sector.

The second highest spending in the operating budget is the education sector. Total budget for this sector in 1392 was Afs 34.4 billion. This is 16.2 percent of the total operating budget in 1392. Spending in the education sector was Afs 5.7 billion till the end of first quarter of 1392 or 11.9 percent higher than spending for the same period in 1391. Spending in the Ministry of Education is higher compared to other ministries in the education sector. The main reason behind this growth is the rapid implementation of P&G reforms and the recruitment of 10,000 new teachers directly into the P&G scheme each year. It should be noted that over half of the total teachers' positions are in the P&G structure.

Governance, Rule of Law and Human Rights are the third highest spending sector, operating budget for this sector is Afs 12 billion in 1392. Spending in the first quarter of 1392 is Afs 2.2 billion or 8.3 percent less than the actual expenditure in 1391. The execution rate is fair and it is expected that the allocated amounts will be spent by end of the fiscal year.

For the remaining sectors, spending in the social protection sector was Afs 2.1 billion, which is around 29.3 percent of the allocated budget of this sector. This is 17 percent less than spending in 1391 for the same period. Economic governance, infrastructure and natural resources, agriculture and health sectors spent Afs 603 million, Afs 798.8 million, Afs 381.3 million and Afs 480.7 million respectively.

3.4 Development Budget by Economic Category

Total development budget for fiscal year 1392 was Afs 146 billion or 13.5 percent of GDP, which also includes the externally funded projects that have recently been transferred to the budget and consist of Afs 41.6 billion discretionary and Afs 104.4 billion non-discretionary projects. Actual development expenditure in the 1391 was Afs 53.6 billion far less than the allocated budget for this year. As mentioned, the main reason for the higher development budget is the transfer of externally funded projects to the national budget. Preliminary analysis shows that Afs 7.3 billion is spent in the first quarter of 1392 or 3.9 percent less compared to Q1, 1391. Discretionary budget in the first quarter decreased by 60 percent to Afs 847 million. However, the non-discretionary expenditure increased to Afs 6.4 billion by 17 percent.

In accordance with the London and Kabul Communiqués, in Tokyo (July 2012), development partners reaffirmed their commitment of aligning 80 percent of aid with the National Priority Programs and channeling at least 50 percent of development assistance through the national budget. Accordingly, this will increase our on-budget both discretionary and non-discretionary expenditures.

Acquisition of Non-financial Assets

As mentioned, the acquisition of non-financial assets is usually known as “Capital Expenditure”. It typically includes the purchase of land, the construction or refurbishment of buildings and purchases of machinery and equipment valued above Afs 50,000. The allocated budget for this category in 1392 is Afs 76 billion. During the first quarter of 1392, Afs 4.9 billion was spent. Until now, 6.5 percent of development budget for the year has been spent. Spending on this category raised by Afs 11.9 percent compared to the first quarter of 1391. Most spending was on land and building, machinery and equipments and capital advance payment.

Figure 3.5 – Goods & Services, Afs millions

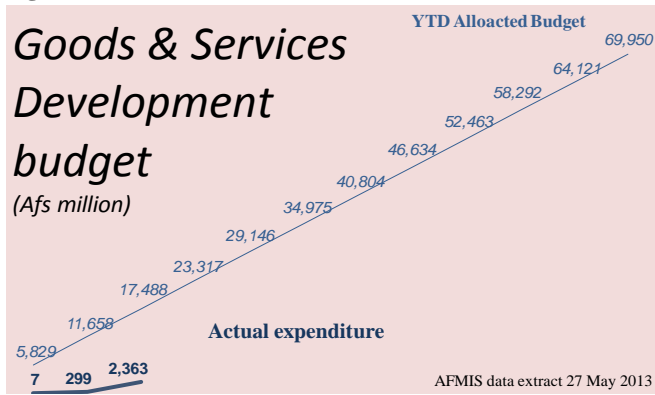
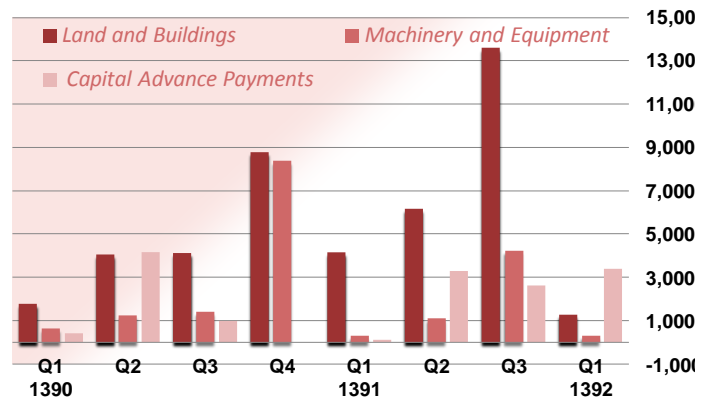


Figure 3.6 - Acquisition of non-financial assets by quarter, Afs millions, 1391- 1392



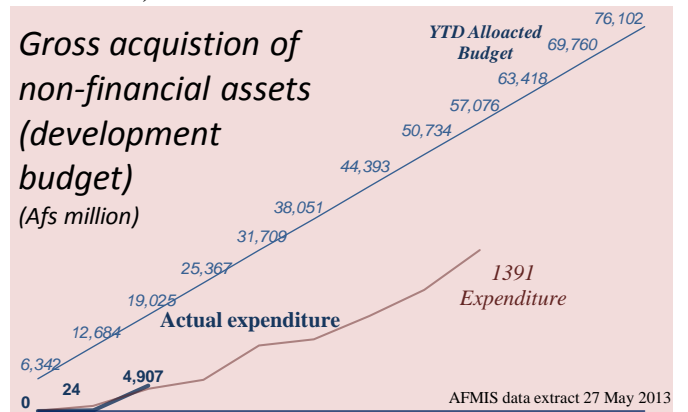
Goods and services

Development expenditures on goods and services, includes fees of consulting firms, equipments, engineering and design services, services of non-government organizations, tools and materials for project implementation, project management services and project monitoring and evaluation.

Development budget spending on Goods and Services for the year 1392 was Afs 69.9 billion. Is 1392 over? Expenditures in the first quarter is Afs 2.3 billion showing a decrease of 25.5 percent compared to first quarter of 1391. However, it should be recognized that this category usually has relatively higher spending at the end of the year as most of the contractors are paid in the third and

fourth quarter for the services rendered in the 1st half of the year.

Figure 3.7 - Acquisition of non-financial assets by quarter, Afs millions, 1391 - 1392



3.5 Development Budget by ANDS Sector and Ministry

Table 3.3 considers the operating expenditures at the same periods of 1391 and 1392 by ANDS sector and largest development budget ministries.

Table 3.3 – Development Expenditures by Sector and largest Ministry (1391 and 1392 YTD)

In millions of Afghanis	1391	1391	1391	1392	1392	1392	1392	1392	1392 Comparison to	
	Approved Budget	Qtr 1 Actual YTD	YTD. as % of Budget	Approved Budget	Qtr 1 Prelim YTD	YTD. as % of Budget	Unspent Budget	% of Total Unspent	Change	% Increase
TOTAL	102,336.5	7,974.1	7.8	157,750.1	7,270.1	4.6	150,479.9	100.0	-703.9	-8.8
Total Infrastructure and Natural Resources	44,482.4	4,555.3	10.2	46,893.4	1,872.1	4.0	45,021.3	29.9	-2,683.2	-58.9
Ministry of Public Works	18,123.4	3,410.8	18.8	23,050.8	1,034.8	4.5	22,016.0	14.6	-2,376.0	-69.7
Ministry of Transport and Aviation	1,456.4	163.3	11.2	1,822.2	0.5	0.0	1,821.7	1.2	-162.7	-99.7
Ministry of Energy and Water	12,394.5	410.7	3.3	11,996.9	464.9	3.9	11,532.0	7.7	54.1	13.2
Water Supply and Canalization Corporation	901.9	0.0	0.0	513.1	0.0	0.0	513.1	0.3	0.0	N/A
Ministry of Communication	1,817.1	15.4	0.8	2,464.6	32.7	1.3	2,431.9	1.6	17.4	112.9
Geodesy and Cartography Office	164.7	0.0	0.0	2,087.0	0.0	0.0	2,087.0	1.4	0.0	N/A
Other Ministries	9,624.4	555.1	5.8	4,958.6	339.1	6.8	4,619.5	3.1	-216.0	-15.7
Total Agriculture and Rural Development	23,453.8	1,601.9	6.8	26,245.6	4,112.9	15.7	22,132.7	14.7	2,511.1	156.8
Ministry of Agriculture	4,714.1	805.9	17.1	6,607.5	121.3	1.8	6,486.2	4.3	-684.7	-85.0
Ministry of Rural Rehabilitation and Development	18,500.1	795.9	4.3	18,914.9	3,991.6	21.1	14,923.3	9.9	3,195.7	401.5
Other Ministries	239.6	0.0	0.0	723.2	0.0	0.0	723.2	0.5	0.0	-159.8
Total Education	12,001.5	446.2	3.7	19,435.5	552.3	2.8	18,883.2	12.5	106.1	23.8
Ministry of Education	9,514.3	358.6	3.8	14,535.3	470.2	3.2	14,065.1	9.3	111.6	31.1
Other Ministries	2,487.2	87.6	3.5	4,900.2	82.1	1.7	4,818.1	3.2	-5.5	-7.3
Total Economic Gov. and Private Sector Deve	5,494.1	397.9	7.2	6,014.1	419.1	7.0	5,595.0	3.7	21.2	5.3
Ministry of Finance	3,508.3	346.6	9.9	4,444.6	290.8	6.5	4,153.8	2.8	-55.8	-16.1
Other Ministries	1,985.8	51.3	2.6	1,569.5	128.3	8.2	1,441.2	1.0	77.0	21.4
Total Health	7,817.2	376.9	4.8	9,746.0	165.8	1.7	9,580.2	6.4	-211.1	-56.0
Ministry of Public Health	7,817.2	376.9	4.8	9,746.0	165.8	1.7	9,580.2	6.4	-211.1	-56.0
Total Governance, Rule of Law and Human Ri	3,405.1	487.5	14.3	3,927.4	82.3	2.1	3,845.1	2.6	-405.2	-83.1
Independent Directorate of Local Governance	1,223.9	360.3	29.4	1,230.3	4.8	0.4	1,225.6	0.8	-355.5	-98.7
Other Ministries	2,181.2	127.2	5.8	2,697.0	77.5	2.9	2,619.5	1.7	-49.7	15.6
Total Social Protection	1,119.5	106.3	9.5	1,109.9	32.7	2.9	1,077.1	0.7	-73.6	-69.2
Total Security	1,038.6	2.2	0.2	39,245.1	33.0	0.1	39,212.2	26.1	30.8	1,424.0
Total Unclassified	3,524.4	0.0	0.0	5,133.2	0.0	0.0	5,133.2	3.4	0.0	N/A

Source: FPD using AFMIS data downloaded on the 27 May 2013

Infrastructure and Natural Resources is the largest spending sector in development budget. Total budget allocated for this sector is Afs 46.4 billion or 30.4 percent of the total development budget in 1392. The year-to-date (YTD) development expenditures were Afs 1.9 billion or (4 percent) of the total allocated budget. The development expenditures in the sector for the year are 4.3 percent of GDP. These expenditures are almost 58.9 percent less compared to spending at the first quarter of Afs 4.6 billion in the sector during the first quarter of 1391. Expenditures in this sector included the design, survey and construction of highways, electric power generators, roads, communication and other related projects. Many of the largest ministries in the development budget are in this sector. These include the following:

- Total development budget of the **Ministry of Public Works** is Afs 22.6 billion or 14.8 percent of the total development budget in 1392. The total development expenditures were Afs 1 billion at the end of the 1st quarter. An execution rate of 4.6 percent. The development expenditures during first quarter of 1392 are almost 8.8 percent less compared to the same period of 1391.
- **Ministry of Energy & Water's** development budget of Afs 12 billion is 7.8 percent of the total in 1392. YTD development expenditures in this ministry were only 3.9 percent, 13.2 percent higher compared to the same period in 1391.

The **Agriculture & Rural Development** sector is the second largest sector in the development budget and accounts for almost 17.2 percent of the budget. The total allocated budget is Afs 26.2 billion. The YTD development expenditures in the sector were Afs 4.1 billion or 15.7 percent of the allocated budget which is more than double compared to the YTD expenditures during the first quarter of 1391.

The **Ministry of Rural Rehabilitation and Development** is the third largest ministry in the development budget for 1392 with an allocation of Afs 18.9 billion or 12.4 percent. Total YTD development expenditures in the ministry were Afs 4 billion or 21.1 percent of the allocated budget for the year. Expenditure was notably higher compared to the same period in 1391 (Afs 796 million).

- The YTD development expenditures in the **Ministry of Agriculture, Irrigation and Livestock** were Afs 121.3 billion or 1.8 percent of its annual budget, while YTD spending for the same period in 1391 was Afs 806 million which is 85 percent lower compared to 1392.

The **Education Sector** accounts for 12.7 percent of the total development budget. Total YTD development expenditures were only Afs 552.3 billion or 2.8 percent of allocated budget. Most of these expenditures were in the Ministry of Education for construction of schools, building local education offices in provinces, technical teachings, capacity development of teachers, and purchasing equipments etc. The YTD development expenditures are also 23.8 percent higher than Afs 446.2 million spent in the same period last year.

The **Ministry of Public Health** accounts for nearly 6.5% of the total development budget or about 1 percent of GDP in 1392. The development budget is Afs 9.7 billion. During the first quarter of 1392, development expenditures in health sector is 1.7 percent of its allocated budget for the year and almost 56 percent lower compared to Afs 377 million for the same period in 1391. This shows a negative trend in the development budget's execution rate.

The **Governance Rule of Law & Human Rights sector** has spent nearly 2.1 percent of its allocated budget for the year. Total YTD development expenditures in this sector were Afs 82.3 million which shows a decrease of 83 percent compared to the same period in 1391 (Afs 487.5 billion).

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 from the sale of non-financial assets to obtain a true picture of the budgetary financing requirement. In comparison, the core budget balance presented in section one only considers the *gross* acquisition of non-financial assets. Unless there is a major asset sale, the public sector financing requirement will be very similar to the core budget balance (including grants). If there are any net sales of non-financial assets, the public sector borrowing requirement will be higher than the core budget balance.

As per the Figure 4.1, this indicates that there was a surplus of Afs 17.4 billion during the first quarter of FY 1392 compared to Afs 15.5 billion, for the first quarter of the previous fiscal year. The huge surpluses during first quarters of fiscal year are due to the lesser operations of government in the beginning of fiscal years. These surplus will reduce to a balanced position and even may lead to deficit towards the end of FY1392 which is going to be financed by donor grants or concessional loans.

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

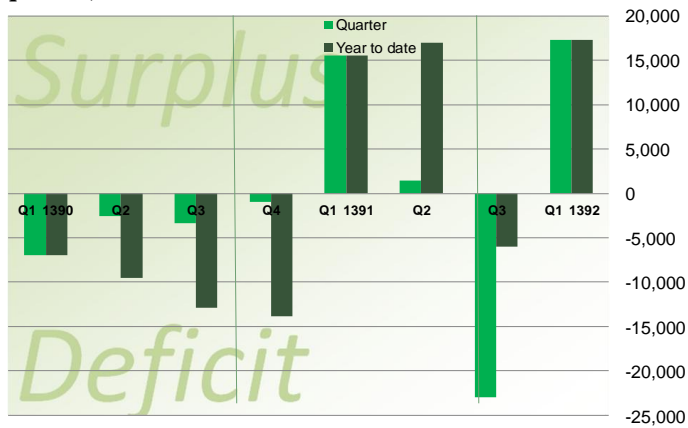
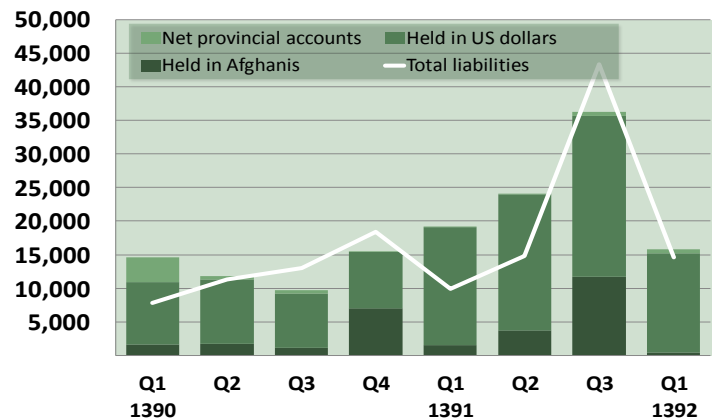


Figure 4.2 - Balance of Treasury Single Account, Afs million at end of quarter



4.2 Treasury Single Account

According to the Treasury Single Account, financial assets stood at Afs 15.9 billion during first quarter of FY 1392 and was lower by Afs 3.3 billion compared to Afs 19.2 billion in the first quarter of FY 1391. Of this amount, Afs 0.4 billion was held in Afghani while Afs 14.8 billion was held in US dollars and the remaining Afs 0.5 billion was reserved in Net Provincial Accounts. Please explain Net Provincial Accounts. Why capital N, P, A? Is it a Chart of Accts category? Afghanistan's total liability also stood around Afs 14.6 billion during first quarter of FY 1392.

5 “Fiscal Responsibility Law: The need, Regional Experience & Viability for Afghanistan”.

The Fiscal Responsibility (FRL) Law put the government responsible to the Parliament for providing clear information on past fiscal outcomes, fiscal imbalances and deviation from medium term fiscal strategy as a result of which, it invokes the concept of accountability and transparency and finally it helps in bringing fiscal stability to the economy.

FRL has been adopted by numerous countries across the developed and developing countries in order to secure sound public financial policies for their respective economies. It is mainly formed by legislative body of a country, and is primarily directed at reducing public debt, fiscal deficit and proper utilization of the annual budget considering the fiscal constraints.

“Fiscal Responsibility laws essentially elaborate on the government collective responsibilities to parliament for macro-fiscal management.”

The fiscal responsibility laws should not be confused with other law such as laws that elaborate on individual responsibilities for budget management; these laws should not be considered as FRL law.

The main objectives which are widely popular for introducing a FRL are as follows and may differ according to each country’s preferences.

1. Accountability

Accountability of the executive branch to the legislative branch, requires the government to be transparent for both its fiscal policy intentions and its ex post fiscal performance. Under the fiscal responsibility law, the government is accountable to the legislative body of the country. However, the accountability within the executive body is not considered as necessary part of the FRL. In a country like Afghanistan, where the budget managers are responsible to authorities (Cabinet Ministers) and the cabinet ministers as a whole is responsible to the Parliament on macro-fiscal management – the later is considered as essential part of FRL and the former as optional.

2. Fiscal Transparency

When proposing a new annual budget to the Parliament, the Government should be explicit about its future fiscal intentions, the Government (MoF) is required to publish certain documents required by FRL which categorized under following heads obligatory (essential documents) and other optional documents.

a. Obligatory

Under the obligatory component there are certain documents required by the Parliament from the Government to publish. Few of these documents are currently available and published by Afghanistan Government such as **Medium-Term Fiscal Framework and Medium Term Budget Framework**. There are other documents which are also required by the FRL such as **Annual Budget Policy Strategies** and **Medium Term Budget Policy Strategies**.

b. Optional

Below are the documents which do not make a necessary part of the FRL but they are deemed as useful documents to the general transparency of fiscal issues of the government.

- I. Justification for **adopting new policies against the existing policies** which the Government may implement in order to meet the medium-term fiscal targets.
- II. Detailing out the **unforeseen fiscal risks**, such as the external shocks, debt risk, the operation of sub-national government performance, security, natural disasters etc.

- III. **Presenting scenarios** on how the long-term fiscal imbalances will change over time, considering population growth, technological growth, health factors etc.
- IV. Explaining the additional **tax expenditures** that may be required to benefit a particular activity and also stating the deviation from the established tax norms. These alterations may also be required by the FRL to incorporate into the annual budget documentation.

3. Ex-post Accountability

As part of the transparency objective, the ex-post accountability require the government to publish regular, timely and high-quality fiscal reports on the previous year fiscal outcomes and are considered as essential parts of the FRL such as;

- I. **A mid-year formal review:** This will provide the opportunity for the Parliament as well the public to be provided with the audited accounts and fiscal outcomes for the previous year as well as the revised fiscal prospects for current year and medium-term.
- II. **Annual Financial Statement:** Presentation of expenditures and revenues outcomes of previous fiscal year. Also indicating the liabilities and assets of the Government.
- III. Other documents which are also important and may add to fiscal transparency and accountability may include but not limited to the in year fiscal outcome report, long term fiscal projections and other special-purpose reports.

4. Fiscal Stability and Public Debt Sustainability

Under the Fiscal Stability and Public Debt Sustainability as the fourth objective of the FRL law, the Government is responsible to make a statement on the policies and targets of revenues, expenditures, public debt and the overall fiscal imbalances. The FRL can oblige the Government to reduce the fiscal deficits by a certain percentage point or by absolute amount over the coming years. The FRL can also make clause restricting the veto power of legislative bodies over the increase of expenditure or reduction of revenues from a certain activity, in order to meet the fiscal sustainability and fiscal balance.

Following are the optional components of FRL legislations.

- i. Numerical Fiscal Rules: Establishing numerical targets for debt, deficit, expenditures, revenues and spending categories.
- ii. Revenue Targets: The FRL may require bringing in stability in revenue/GDP ratio, tax rates, and tax base. It may also require the Government to establish target for different activities. In oil producing countries, the FRL law may require the Government to setup targets for non-oil producing activities. The same can happen in Afghanistan, where its revenues will largely depend on natural resource production over coming years – may require the Government to establish targets of revenues for activities other than natural resource production.
- iii. Debt Sustainability: The law can require the Government to set out quantitative & qualitative public debt target (“i.e. reduce public debt by 40% of GDP in 5 year” or “reduce debt to a prudent level”)
- iv. Balance Sheet Stability: Many countries also stress on net debt (gross debt minus Government assets), the law may require the government to set objectives for net worth.

A responsible legislative body as a whole is also vital to the proper implementation and effectiveness of the aforementioned aspects of FRL.

FRL Scope & Implementation Institutions

The FRL should not be limited to central Government only; it should be extended to all the sub-national level of Government administrations. FRL can also cover the state owned financial and non-financial enterprises. Along with the FRL coverage, there also should be certain institutions to ensure that the FRL's commitments are compiled, the creation of new institutional arrangements are also optional to the FRL law in order to enhance the transparency and accountability of the fiscal affairs.

It is worth mentioning that institutions and documentation which exists prior to the adoption of FRL decreases the necessity of a new Financial Responsibility Law such as the Central Audit Office, existing policy paper on budget and financial management along with the existing publishing reports ranging from annual to quarterly and monthly, however these do not entirely demolish the need for FRL.

Country Experience

India: In India, a FRL bill was introduced to India's Parliament in 2000 under the name of "Fiscal Responsibility and Budget Management Bill, 2000", which was later enacted in 2003. The FRL required the central Government to strengthen the institutional framework and to promote macro-economic stability in the economy. The act casted the obligations over the Government to bring down fiscal deficit, contain the growth of public debt, stabilize the debt as a proportion of GDP to 3% of GDP by 2008, ensure the elimination of revenue deficit etc. It also required the Government to present to both houses of parliament documents such as medium-term fiscal policy statement; an annual fiscal policy strategy statement; a macroeconomic framework statement; and quarterly reports on fiscal developments. The act also made exception in extra-ordinary situations such as war, natural calamities etc.

India's experiences with FRBMA were mixed; it strengthened the economic growth and tax administration reform. However, due to the global economic slowdown during 2007-2008, the fiscal deficit targets were extended to later years. The issue was later on revived by Economic Advisory Council of India which publicly advised the Government to reinstate the provisions of the act for 2011-2012. There also existed deficiencies before the great recession in the performance of FRMBA which questioned the effectiveness of the Act. To mention that the Act was only adopted at the central level of the Government by 2003 and each state was directed to pursue their own similar legislation.

Pakistan: Pakistan adopted its first FRL in 2005 under the name of "Fiscal Responsibility and Debt Limitation Act, 2005". The FRDLA contained both procedural rules (includes publication annual medium-term budgetary statement, fiscal policy statement and a debt policy statement) and numerical targets (lowering public debt to 60% of GDP by 2013, multi-year projections of key fiscal and macro-economic indicators etc.).

Pakistan's experience with FRL adopted in 2005 has been comparatively better. Pakistan achieved its public debt target ahead of the schedule, the new Government guarantees were also slightly above targets (2.1% of GDP comparing to 2% of GDP), clauses regarding the fiscal transparency were fully attained and documents such as the fiscal policy and debt policy statement are made available to legislatures. Alike the other FRLs, the FRDLA of Pakistan also made exception to national security measures and natural disasters identified by the Parliament.

Sri Lanka: Sri Lanka adopted a FRL law in year 2003 under the name “Fiscal Management Responsibility Act, 2003” after the wake of 2001 crisis in Sri Lanka where the Government’s debt-to-GDP exceeded 100 percent. The FMRA of Sri Lanka was adopted to address basic issues concerning fiscal deficits, lack of codified rules for formulating and execution of budget and to improve the overall fiscal transparency of the Government. The FMRA set out numerical targets for the Government, it required the Government to not exceed the overall deficit by 5% of GDP by 2006, but the Government required two more years to meet that target.

Sri Lanka’s experience with the FMRA has been relatively poor. The overall deficit target of 5% of GDP by 2006 set out in 2003 was later on modified in 2005 and consequently was postponed to a later date. In addition to that, the activities of SOEs and other quasi commercial public corporations are not well covered by FMRA of Sri Lanka. Moreover the PFM experts also suggest that the clauses in FMRA are loosely defined.

Conclusion

The Fiscal Responsibility Law balances and consolidates different rules for public financial equilibrium and organization and is a code of fiscal practices which is applied to different level of Government (central, sub-national, municipalities etc.) and involves three different powers of state (executive, legislative and judiciary). The FRL became more popular with recent global crises because the Governments with FRL were better off than countries without such laws.

The success and failure of a FRL depends largely on the part of both, the Government and Legislative body and will require administrative measures on both parts such as capacitating, regulation, procedures, national cooperation mechanism etc. The establishment of new institutions and publishing innovative documentation which adds to the implementation and transparency of FRL respectively can eventually lead to fiscal balance and compel the Government to take careful measures in allocating budget for different activities based on its priorities.

The FRL can indirectly improve the Government's international ratings such as the Open Budget Index, Public Expenditure and Financial Accountability as well other relative ratings which can determine the inflow of aid from international donor countries and organizations.

Each country's objectives were different according to their priorities. Developed countries mostly focused on fiscal transparency while the developing countries concentrated on fiscal stability. Some countries focused on both the objectives equally. Below is a summary on FRLs adopted by different countries.

	Country	Main Objectives	Secondary Aims	Success?
1	<i>Australia, 1998</i>	Fiscal Transparency	Fiscal Stability: lower deficits or run surpluses; reduce debt	Yes
2	<i>New Zealand, 1994</i>			Yes
3	<i>United Kingdom, 1998</i>			Yes
4	<i>Hungary, 2008</i>	Fiscal stability and fiscal transparency		The law is yet new to conclude on its success
5	<i>Brazil, 2000</i>			Yes
6	<i>Argentina, 1999, 2001, 2004</i>	Fiscal stability (targets for spending, deficits and/or debt)	Transparency	No
7	<i>Colombia, 1997, 2001, 2003</i>			No
8	<i>Ecuador, 2002, 2005</i>			No
9	<i>Panama, 2002</i>		Focus on targets.	No
10	<i>India, Pakistan, Sri Lanka, 2003, 05</i>		Transparency	Mixed

Source: Fiscal Responsibility Law: <http://www.imf.org/external/pubs/ft/wp/2010/wp10254.pdf>

6 Tables

Table 6.1 - Core Budget Revenues

Code	(In millions of Afghanis)	1391	1392	1392 Comparison to		YTD Target		Annual Target (2)	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1391 YTD	Change	% Increase	1392 Qtr 1 YTD		
CORE BUDGET									
1	REVENUES including grants (1)	53,857.5	58,611.7	4,754.2	8.8				
1-19	REVENUES excluding grants	25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
DOMESTIC REVENUES (2) (3)		25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
11	Tax Revenues	11,312.5	11,268.1	-44.4	-0.4	12,484.9	-9.7	56,749.5	19.9
111	Fixed Taxes	2,552.8	2,499.2	-53.5	-2.1	2,720.9	-8.1	12,367.6	20.2
112	Income Taxes	3,601.5	3,929.0	327.4	9.1	3,946.6	-0.4	17,938.9	21.9
113	Property Taxes	99.8	70.1	-29.7	-29.8	87.5	-19.9	397.7	17.6
114	Sales Taxes	4,279.8	3,762.7	-517.1	-12.1	4,992.3	-24.6	22,692.3	16.6
116	Other Taxes	687.5	841.6	154.1	22.4	609.1	38.2	2,768.7	30.4
117	Tax Penalties and Fines	91.1	165.5	74.4	81.6	128.5	28.8	584.2	28.3
12	Customs Duty, Import Taxes	7,202.1	6,314.1	-887.9	-12.3	7,675.2	-17.7	34,887.4	18.1
13	Non Tax Revenue	6,256.7	3,960.0	-2,296.6	-36.7	5,747.6	-31.1	26,125.5	15.2
131	Income from Capital Property	2,581.5	123.4	-2,458.2	-95.2	862.6	-85.7	3,921.0	3.1
132	Sales of Goods and Services	1,190.3	1,380.1	189.8	15.9	2,314.1	-40.4	10,518.4	13.1
133	Administrative Fees	2,216.3	2,164.4	-51.9	-2.3	2,297.4	-5.8	10,442.6	20.7
134	Royalties	76.1	60.6	-15.4	-20.3	69.1	-12.2	314.0	19.3
135	Non Tax Fines and Penalties	134.1	107.5	-26.6	-19.8	158.4	-32.1	720.0	14.9
136	Extractive Industry	58.5	124.1	65.6	112.3	46.1	169.1	209.6	59.2
14	Miscellaneous Revenue	17.3	-180.6	-198.0	-1,142.3	323.5	-155.8	1,470.3	-12.3
17	Social Contributions	596.4	693.3	96.9	16.2	828.8	-16.4	3,767.3	18.4
GRANTS (1)		28,472.6	36,556.8	8,084.2	28.4				
191	Foreign Governments	23,662.2	29,941.9	6,279.7	26.5				
192	International Organisation	4,807.4	6,614.9	1,807.5	37.6				
193	Other Government Units	3.0	0.0	-3.0	-100.0				
TOTAL OPERATING BUDGET REVENUE		48,884.7	51,996.8	3,112.0	6.4			210,228.8	24.7
	Domestic Revenues	25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
	<i>as percentage of total</i>	51.9	42.4	-6.8					
	External Grant Support	23,499.8	29,941.9	6,442.1	27.4			87,228.8	34.3
	<i>as percentage of total</i>	48.1	57.6	13.2					

Source: FPD using AFMIS data downloaded on the 27 May 2013

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 13.9 billion in domestic revenues are allocated to the development budget in 1392. 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)	1391	1392	1392 Comparison to		YTD Target		Annual Target	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Change	% Increase	1392 Qtr 1 YTD	Target - Actual % (+/-)		
1-19	REVENUES excluding grants	25,384.9	22,054.9	-3,330.0	-13.1	27,060.0	-18.5	123,000.0	17.9
01	Kabul	561.5	528.2	-33.2	-5.9	610.2	-13.4	2,773.6	19.0
02	Kapisa	20.2	12.8	-7.4	-36.4	27.7	-53.7	126.1	10.2
03	Parwan	21.1	21.0	-0.1	-0.3	52.2	-59.7	237.1	8.9
04	Wardak	38.1	42.9	4.8	12.6	41.4	3.8	188.0	22.8
05	Logar	16.9	17.6	0.7	4.0	32.8	-46.4	149.0	11.8
06	Nangarhar	2,791.8	2,801.2	9.5	0.3	2,652.5	5.6	12,056.6	23.2
07	Laghman	21.9	17.6	-4.3	-19.5	36.7	-51.9	166.8	10.6
08	Pangsher	6.3	9.1	2.9	45.9	18.2	-49.7	82.5	11.1
09	Baghlan	40.2	30.3	-9.9	-24.7	67.2	-54.9	305.3	9.9
10	Bamyan	10.9	21.9	11.0	100.9	23.3	-6.0	105.8	20.7
11	Ghazni	66.9	42.1	-24.8	-37.0	66.8	-37.0	303.8	13.9
12	Paktika	17.5	18.4	0.8	4.8	34.3	-46.5	156.1	11.8
13	Paktiya	134.6	148.9	14.4	10.7	137.4	8.4	624.5	23.9
14	Khost	241.2	206.4	-34.8	-14.4	326.7	-36.8	1,484.9	13.9
15	Kunar	14.4	16.1	1.6	11.3	115.7	-86.1	525.7	3.1
16	Nuristan	0.2	0.0	-0.2	-100.0	8.8	-100.0	40.0	0.0
17	Badakhshan	21.4	22.2	0.8	3.6	66.9	-66.8	304.2	7.3
18	Takhar	41.2	44.5	3.3	8.1	74.1	-40.0	337.0	13.2
19	Kunduz	299.1	193.3	-105.8	-35.4	342.4	-43.5	1,556.2	12.4
20	Samangan	19.0	14.4	-4.7	-24.5	25.3	-43.1	114.8	12.5
21	Balkh	2,654.2	1,636.7	-1,017.5	-38.3	2,480.9	-34.0	11,277.0	14.5
22	Saripul	16.7	10.3	-6.4	-38.2	19.8	-48.0	90.1	11.4
23	Ghor	18.8	12.8	-6.0	-31.8	22.5	-43.2	102.3	12.5
24	Dikondy	4.7	9.2	4.5	96.6	15.1	-39.0	68.8	13.4
25	Uruzgan	2.9	6.1	3.2	113.2	16.5	-63.0	74.9	8.1
26	Zabul	7.8	12.5	4.7	61.0	31.7	-60.6	144.1	8.7
27	Kandahar	185.1	348.7	163.6	88.4	750.3	-53.5	3,410.7	10.2
28	Jawzjan	45.3	33.7	-11.6	-25.7	56.1	-39.9	255.0	13.2
29	Faryab	562.8	840.2	277.4	49.3	664.9	26.4	3,022.4	27.8
30	Helmand	66.5	86.8	20.4	30.6	154.1	-43.7	700.7	12.4
31	Badghis	15.1	10.9	-4.2	-27.6	20.0	-45.4	90.9	12.0
32	Herat	4,565.8	4,044.3	-521.5	-11.4	4,799.8	-15.7	21,817.3	18.5
33	Farah	208.8	437.6	228.8	109.6	274.0	59.7	1,245.6	35.1
34	Nimroz	1,157.1	1,132.4	-24.7	-2.1	1,117.7	1.3	5,080.5	22.3
90	Central Ministries	11,489.2	9,223.7	-2,265.5	-19.7	11,875.9	-22.3	53,981.5	17.1
95	Offshore Payments	0.0	0.0	0.0	N/A	0.0	-	0.0	N/A

Source: FPD using AFMIS data downloaded on the 27 May 2013

Table 6.3a - Core Budget Expenditures

Core	(In millions of Afghanis)	1391	1392	Comparison to Budget			1392 Comparison to 1391 YTD	
		Actual Qtr 1	Qtr 1 Prelim Qtr	Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	38,393.8	41,277.6	354,077	358,679	11.5	2,883.8	7.5
	Operating Budget	30,835.9	34,007.5	196,327	212,692	16.0	3,171.6	10.3
	Development Budget	7,557.9	7,270.1	157,750	145,988	5.0	-287.7	-3.8
	Discretionary Budget	2,067.7	847.0	45,480	41,575	2.0	-1,220.7	-59.0
	Non-discretionary Budget	5,490.2	6,423.2	112,270	104,412	6.2	933.0	17.0
2*	TOTAL NET EXPENDITURES	38,295.5	41,264.4				2,968.8	7.8
2-25	RECURRENT EXPENDITURES	33,823.6	36,283.2	N/A	277,226	13.1	2,459.6	7.3
21	Compensation of Employees of which operating budget	25,511.2	28,919.4	142,156	143,072	20.2	3,408.1	13.4
211-3	Wages and Salaries	25,329.4	27,876.7				2,547.4	10.1
214-6	Social Benefits	181.9	1,042.6				860.8	473.3
22	Use of Goods and Services of which operating budget	5,728.0	5,541.5	N/A	109,924	5.0	-186.5	-3.3
		2,556.6	3,178.4	27,495.7	39,973	8.0	621.8	24.3
221	Travel	274.0	404.0				130.0	47.5
222	Communications	0.0	255.0				255.0	N/A
223	Contracted Services	1,808.8	1,826.7				17.9	1.0
224	Repairs and Maintenance	129.5	436.5				307.0	237.1
225	Utilities	770.9	325.8				-445.1	-57.7
226	Fuel	438.2	666.9				228.7	52.2
227-9	Other Use of Goods and Services	2,306.7	1,626.6				-680.1	-29.5
23	Interest (1) - operating budget	40.4	50.2	1,500.0	1,500	3.3	9.7	24.0
24	Social Transfers - operating budget	2,543.9	1,772.1	22,730.4	22,730	7.8	-771.8	-30.3
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	1.1	3.6				2.5	222.7
247	Social Security	2,236.4	1,759.9				-476.5	-21.3
248-9	Other Social Transfers	306.4	8.7				-297.8	-97.2
25	Gross Acquisition of Nonfinancial Assets of which operating budget	4,570.1	4,994.4	N/A	81,453	6.1	424.3	9.3
		183.7	87.4	2,444.8	5,416	1.6	-96.3	-52.4
25*	Net Acquisition of Nonfinancial Assets (2)	4,471.9	4,981.2				509.2	11.4
150	Sale of Land and Buildings	-98.2	-13.2				85.0	-86.5
251	Buildings and Structures	4,134.2	1,286.5				-2,847.6	-68.9
252	Machinery / Equipment (>50,000)	304.0	321.7				17.6	5.8
257	Valuables	0.0	0.6				0.6	N/A
258	Land	22.1	1.8				-20.3	-91.9
259	Capital Advance Payments	109.9	3,383.8				3,274.0	2980.1

Source: FPD using AFMIS data downloaded on the 27 May 2013

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)	1391	1392	Comparison to Budget			1392 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (3)	% Allocated Budget	1391 YTD Change	% Increase
2	TOTAL GROSS EXPENDITURES	30,835.9	34,007.5	196,327.0	212,691.7	16.0	3,171.6	10.3
2*	TOTAL NET EXPENDITURES (2)	30,737.7	33,994.2					
2-25	RECURRENT EXPENDITURES	30,652.2	33,920.0	193,882.2	207,276.1	16.4	3,267.8	10.7
21	Compensation of Employees	25,511.2	28,919.4	142,156.1	143,072.2	20.2	3,408.1	13.4
211-3	Wages and Salaries	25,329.4	27,876.7				2,547.4	10.1
214-6	Social Benefits	181.9	1,042.6				860.8	473.3
22	Use of Goods and Services	2,556.6	3,178.4	27,495.7	39,973.5	8.0	621.8	24.3
221	Travel	229.6	320.8				91.1	39.7
222	Communications	0.0	250.7				250.7	N/A
223	Contracted Services	104.8	111.1				6.3	6.0
224	Repairs and Maintenance	121.8	430.6				308.8	253.5
225	Utilities	760.3	313.8				-446.5	-58.7
226	Fuel	434.2	662.8				228.6	52.7
227-9	Other Use of Goods and Services	905.9	1,088.6				182.6	20.2
23	Interest (1)	40.4	50.2	1,500.0	1,500.0	3.3	9.7	24.0
24	Social Transfers	2,543.9	1,772.1	22,730.4	22,730.4	7.8	-771.8	-30.3
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	1.1	3.6				2.5	222.7
247	Social Security	2,236.4	1,759.9				-476.5	-21.3
248-9	Other Social Transfers	306.4	8.7				-297.8	-97.2
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	183.7	87.4	2,444.8	5,415.6	1.6	-96.3	-52.4
25*	Net Acquisition of Nonfinancial Assets (2)	85.5	74.2				-11.3	-13.2
150	Sale of Land and Buildings	-98.2	-13.2				85.0	-86.5
251	Buildings and Structures	32.1	31.1				-0.9	-3.0
252	Machinery / Equipment (>50,000)	126.2	51.4				-74.8	-59.3
257	Valuables	0.0	0.6				0.6	N/A
258	Land	21.6	0.7				-20.9	-96.8
259	Capital Advance Payments	3.8	3.6				-0.2	-5.5

Source: FPD using AFMIS data downloaded on the 27 May 2013, 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)	1391	1392	Comparison to Budget			1392 Comparison to 1391 YTD	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	7,557.9	7,270.1	157,750.1	146,051.9	5.0	-287.7	-3.8
	Discretionary Budget	2,067.7	847.0	45,479.7	41,575.2	2.0	-1,220.7	-59.0
	Non-discretionary Budget	5,490.2	6,423.2	112,270.3	104,476.7	6.1	933.0	17.0
2*	TOTAL NET EXPENDITURES (2)	7,557.9	7,270.1				-287.7	-3.8
2-25	RECURRENT EXPENDITURES	3,171.4	2,363.2	N/A	69,950.3	3.4	-808.3	-25.5
	Compensation of Employees	0.0	0.0	0.0	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	3,171.4	2,363.2	N/A	69,950.3	3.4	-808.3	-25.5
221	Travel	44.4	83.3				38.9	87.6
222	Communications	0.0	4.4				4.4	N/A
223	Contracted Services	1,704.0	1,715.5				11.5	0.7
224	Repairs and Maintenance	7.7	5.9				-1.8	-23.4
225	Utilities	10.6	12.0				1.4	12.8
226	Fuel	4.0	4.1				0.1	2.4
227-9	Other Use of Goods and Services	1,400.7	538.0					
23	Interest (1)	0.0	0.0	0.0	0.0	-	0.0	N/A
24	Social Transfers	0.0	0.0	0.0	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
	Gross Acquisition of Nonfinancial Assets	4,386.5	4,907.0	N/A	76,101.5	6.4	520.5	11.9
25*	Net Acquisition of Nonfinancial Assets (2)	4,386.5	4,907.0				520.5	11.9
150	Sale of Land and Buildings	0.0	0.0				0.0	N/A
251	Buildings and Structures	4,102.1	1,255.4				-2,846.7	-69.4
252	Machinery / Equipment (>50,000)	177.9	270.3				92.4	51.9
257	Valuables	0.0	0.0				0.0	N/A
258	Land	0.4	1.1				0.6	144.9
259	Capital Advance Payments	106.0	3,380.2				3,274.2	3,087.6

Source: FPD using AFMIS data downloaded on the 27 May 2013

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	1391	1392	Comparison to Budget			1392 Comparison to	
	Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	1391 YTD Change	% Increase
TOTAL GROSS EXPENDITURES	38,422.5	41,277.6	354,550.8	356,332.4	11.6	2,855.1	7.4
Operating Budget	30,801.9	34,007.5	196,800.8	198,584.6	17.1	3,205.5	10.4
Development Budget	7,620.5	7,270.1	157,750.1	157,750.1	4.6	-350.4	-4.6
Security	18,840.4	21,695.9	152,336.2	166,163.1	13.1	2,855.4	15.2
Operating Budget	18,838.3	21,662.9	113,091.1	126,918.0	17.1	2,824.6	15.0
Development Budget	2.2	33.0	39,245.1	39,245.1	0.1	30.8	1,424.0
Total Governance, Rule of Law and Human Rights	2,573.0	2,318.9	15,104.9	15,718.0	224.2	-254.1	-9.9
Operating Budget	2,439.0	2,236.6	11,177.5	11,790.6	261.4	-202.4	-8.3
Development Budget	134.0	82.3	3,927.4	3,927.4	225.5	-51.7	-38.6
Total Infrastructure and Natural Resources	5,111.7	2,670.9	50,126.0	51,241.5	5.2	-2,440.8	-47.7
Operating Budget	556.4	798.8	3,232.7	4,350.5	18.4	242.4	43.6
Development Budget	4,555.3	1,872.1	46,893.4	46,893.4	4.0	-2,683.2	-58.9
Total Education	5,533.4	6,243.9	53,485.3	53,835.0	11.6	710.5	12.8
Operating Budget	5,087.2	5,691.6	34,049.8	34,399.5	16.5	604.4	11.9
Development Budget	446.2	552.3	19,435.5	19,435.5	2.8	106.1	23.8
Total Health	786.5	646.5	13,141.8	13,152.1	4.9	-140.1	-17.8
Operating Budget	409.7	480.7	3,395.9	3,406.1	14.1	71.0	17.3
Development Budget	376.9	165.8	9,746.0	9,746.0	1.7	-211.1	-56.0
Total Agriculture and Rural Development	1,956.4	4,494.2	28,282.0	28,618.1	15.7	2,537.8	129.7
Operating Budget	354.5	381.3	2,036.5	2,372.5	16.1	26.8	7.6
Development Budget	1,601.9	4,112.9	26,245.6	26,245.6	15.7	2,511.1	156.8
Total Social Protection	2,698.1	2,185.0	3,435.4	8,466.9	25.8	-513.1	-19.0
Operating Budget	2,591.7	2,152.3	2,325.6	7,357.0	29.3	-439.4	-17.0
Development Budget	106.3	32.7	1,109.9	1,109.9	2.9	-73.6	-69.2
Total Economic Governance and Private Sector Developme	923.0	1,022.3	8,801.7	9,406.5	10.9	99.3	10.8
Operating Budget	525.1	603.2	2,787.7	3,392.4	17.8	78.2	14.9
Development Budget	397.9	419.1	6,014.1	6,014.1	7.0	21.2	5.3
Total Unclassified	0.0	0.0	29,837.4	9,731.2	0.0	0.0	N/A
Operating Budget	0.0	0.0	24,704.2	4,598.0	0.0	0.0	N/A
Development Budget	0.0	0.0	5,133.2	5,133.2	0.0	0.0	N/A

Source: FPD using AFMIS data downloaded on the 27 May 2013

(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)	1391	1392	Comparison to Budget			1392 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	38,422.5	41,277.6	354,550.8	356,332.4	11.6	2,855.1	7.4
	Operating Budget	30,801.9	34,007.5	196,800.8	198,584.6	17.1	3,205.5	10.4
	Development Budget	7,620.5	7,270.1	157,750.1	157,750.1	4.6	-350.4	-4.6
26	Ministry of Interior	6,870.6	8,419.0	59,602.4	61,841.1	13.6	1,548.3	22.5
	Operating Budget	6,870.2	8,389.8	42,667.7	44,906.4	18.7	1,519.6	22.1
	Development Budget	0.4	29.1	16,934.7	16,934.7	0.2	28.7	6,990.2
22	Ministry of Defence	9,545.1	9,751.8	78,603.9	89,893.6	10.8	206.7	2.2
	Operating Budget	9,544.0	9,751.8	57,107.5	68,397.2	14.3	207.7	2.2
	Development Budget	1.0	0.0	21,496.4	21,496.4	0.0	-1.0	-100.0
23	Ministry of Foreign Affairs	542.3	799.7	3,117.4	3,302.7	24.2	257.4	47.5
	Operating Budget	541.6	799.7	2,650.0	2,835.3	28.2	258.1	47.7
	Development Budget	0.7	0.0	467.4	467.4	0.0	-0.7	-100.0
15	Presidential Protective Service	249.4	273.4	1,091.5	1,204.7	22.7	24.0	9.6
	Operating Budget	249.4	273.4	873.1	986.4	27.7	24.0	9.6
	Development Budget	0.0	0.0	218.4	218.4	0.0	0.0	N/A
64	General Directorate of National Security	1,633.0	2,452.0	9,921.0	9,921.0	24.7	819.0	50.2
	Operating Budget	1,633.0	2,448.2	9,792.7	9,792.7	25.0	815.2	49.9
	Development Budget	0.0	3.8	128.3	128.3	3.0	3.8	N/A
	Total Security	18,840.4	21,695.9	152,336.2	166,163.1	13.1	2,855.4	15.2
	Operating Budget	18,838.3	21,662.9	113,091.1	126,918.0	17.1	2,824.6	15.0
	Development Budget	2.2	33.0	39,245.1	39,245.1	0.1	30.8	1,424.0
10	Presidents Office	327.8	372.1	2,188.1	2,304.8	16.1	44.3	13.5
	Operating Budget	320.2	372.1	1,717.3	1,833.9	20.3	51.9	16.2
	Development Budget	7.6	0.0	470.9	470.9	0.0	-7.6	-100.0
11	National Assembly Meshanro Jirga	142.6	135.8	657.4	657.5	20.7	-6.7	-4.7
	Operating Budget	137.9	113.7	530.9	530.9	21.4	-24.2	-17.5
	Development Budget	4.7	22.1	126.5	126.5	17.5	17.4	370.7
12	National Assembly Wolesi Jirga	333.6	301.9	1,251.1	1,260.3	24.0	-31.7	-9.5
	Operating Budget	333.6	301.9	1,222.6	1,231.8	24.5	-31.7	-9.5
	Development Budget	0.0	0.0	28.5	28.5	0.0	0.0	N/A
14	Supreme Court	297.2	308.3	1,609.0	1,613.4	19.1	11.1	3.7
	Operating Budget	293.4	305.3	1,319.8	1,324.2	23.1	11.9	4.1
	Development Budget	3.8	3.0	289.2	289.2	1.0	-0.8	-22.0
50	Ministry of Justice	112.0	108.7	1,025.7	1,039.6	10.5	-3.3	-2.9
	Operating Budget	96.4	104.8	606.4	620.3	16.9	8.4	8.7
	Development Budget	15.5	3.9	419.3	419.3	0.9	-11.6	-74.8
13	Administrative Affairs	513.6	218.1	977.0	1,356.7	16.1	-295.4	-57.5
	Operating Budget	507.4	215.4	724.4	1,104.0	19.5	-292.1	-57.6
	Development Budget	6.1	2.8	252.6	252.6	1.1	-3.4	-54.7
21	Ministry of State and Parliament Affairs	16.7	18.5	114.9	131.4	14.1	1.8	11.1
	Operating Budget	16.7	18.5	88.9	105.4	17.6	1.8	11.1
	Development Budget	0.0	0.0	26.0	26.0	0.0	0.0	N/A
24	Ministry of Haj and Religious Affairs	87.6	110.0	997.5	1,019.1	10.8	22.4	25.6
	Operating Budget	87.6	108.1	742.7	764.4	14.1	20.5	23.4
	Development Budget	0.0	1.9	254.7	254.7	0.7	1.9	N/A
51	Attorney General	186.9	213.4	1,234.8	1,239.2	17.2	26.4	14.1
	Operating Budget	183.1	211.1	1,017.1	1,021.5	20.7	28.0	15.3
	Development Budget	3.9	2.3	217.7	217.7	1.1	-1.6	-40.6
72	Election Commission	20.7	22.4	127.0	127.0	17.6	1.7	8.1
	Operating Budget	20.7	19.6	127.0	127.0	15.4	-1.1	-5.2
	Development Budget	0.0	2.7	0.0	0.0	0.0	2.7	N/A
62	IARCSC	98.0	101.8	341.0	347.9	29.3	3.8	3.9
	Operating Budget	53.8	63.0	321.9	328.8	19.2	9.2	17.0
	Development Budget	44.2	38.8	19.1	19.1	202.8	-5.4	-12.2
85	Independent Commission for Overseeing the Imple	53.8	12.2	579.7	585.9	2.1	-41.6	-77.3
	Operating Budget	12.5	12.2	82.3	88.4	13.8	-0.3	-2.3
	Development Budget	41.3	0.0	497.4	497.4	0.0	-41.3	-100.0
67	The High office of Oversight and Anti Corruption	22.3	28.9	163.8	169.3	17.1	6.6	29.3
	Operating Budget	22.3	28.9	133.0	138.5	20.9	6.6	29.3
	Development Budget	0.0	0.0	30.7	30.7	0.0	0.0	N/A
59	Independent Directorate of Local Governance	360.3	366.8	3,773.7	3,801.9	9.6	6.5	1.8
	Operating Budget	353.5	362.0	2,543.4	2,571.5	14.1	8.5	2.4
	Development Budget	6.8	4.8	1,230.3	1,230.3	0.4	-2.0	-29.7
74	Legal Training Center	0.0	0.0	64.2	64.2	0.0	0.0	N/A
	Operating Budget	0.0	0.0	0.0	0.0	0	0.0	N/A
	Development Budget	0.0	0.0	64.2	64.2	0.0	0.0	N/A
	Total Governance, Rule of Law and Human Rights	2,573.0	2,318.9	15,104.9	15,718.0	224.2	-254.1	-9.9
	Operating Budget	2,439.0	2,236.6	11,177.5	11,790.6	261.4	-202.4	-8.3
	Development Budget	134.0	82.3	3,927.4	3,927.4	225.5	-51.7	-38.6

Source: FPD using AFMS data downloaded on the 27 May 2013

(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)	1391	1392	Comparison to Budget			1392 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		3,548.3	1,344.1	23,584.5	24,612.1	5.5	-2,204.2	-62.1
Operating Budget		137.5	309.3	533.7	1,561.3	19.8	171.8	124.9
Development Budget		3,410.8	1,034.8	23,050.8	23,050.8	4.5	-2,376.0	-69.7
45 Ministry of Transport and Aviation		285.5	100.2	2,358.7	2,369.1	4.2	-185.3	-64.9
Operating Budget		122.2	99.7	536.5	546.8	18.2	-22.5	-18.4
Development Budget		163.3	0.5	1,822.2	1,822.2	0.0	-162.7	-99.7
34 Ministry of Communication		107.5	126.1	2,968.1	2,974.4	4.2	18.6	17.3
Operating Budget		92.1	93.4	503.5	509.8	18.3	1.3	1.4
Development Budget		15.4	32.7	2,464.6	2,464.6	1.3	17.4	112.9
41 Ministry of Energy and Water		477.2	558.0	12,541.9	12,577.3	4.4	80.8	16.9
Operating Budget		66.4	93.1	545.0	513.1	18.1	26.7	40.2
Development Budget		410.7	464.9	11,996.9	11,996.9	3.9	54.1	13.2
82 Water Supply and Canalization Corporation		0.0	0.0	513.1	513.1	0.0	0.0	N/A
Operating Budget		0.0	0.0	0.0	69.6	0.0	0.0	N/A
Development Budget		0.0	0.0	513.1	513.1	0.0	0.0	N/A
83 Da Brishna Shirkat		143.8	125.4	179.6	179.6	69.8	-18.4	-12.8
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		143.8	125.4	179.6	179.6	69.8	-18.4	-12.8
49 Ministry of Urban Development		225.3	41.8	1,445.4	1,457.6	2.9	-183.5	-81.4
Operating Budget		26.4	41.8	249.5	261.6	16.0	15.4	58.6
Development Budget		199.0	0.0	1,195.9	1,195.9	0.0	-199.0	-100.0
84 Independent Board of new Kabul		15.6	29.4	69.6	69.6	42.2	13.9	89.1
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		15.6	29.4	69.6	69.6	42.2	13.9	89.1
32 Ministry of Mines and Industries		198.7	200.2	2,334.8	2,348.1	8.5	1.5	0.8
Operating Budget		84.2	92.4	511.0	524.3	17.6	8.2	9.8
Development Budget		114.5	107.8	1,823.8	1,823.8	5.9	-6.7	-5.9
65 Geodesy and Cartography Office		27.5	27.3	2,234.3	2,234.5	1.2	-0.2	-0.8
Operating Budget		27.5	27.3	147.3	147.5	18.5	-0.2	-0.8
Development Budget		0.0	0.0	2,087.0	2,087.0	0.0	0.0	N/A
60 Directorate of Environment		29.2	36.2	288.8	296.0	12.2	7.0	23.9
Operating Budget		0.0	36.2	170.0	177.3	20.4	36.2	N/A
Development Budget		29.2	0.0	118.8	118.8	0.0	-29.2	-100.0
75 Afghanistan High Atomic Energy Commission		4.7	5.5	36.3	39.2	14.0	0.8	16.7
Operating Budget		0.0	5.5	36.3	39.2	14.0	5.5	N/A
Development Budget		4.7	0.0	0.0	0.0	-	-4.7	-100.0
77 Provincial Municipalities		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
79 Municipalities		48.3	76.5	1,570.9	1,570.9	4.9	28.2	58.3
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		48.3	76.5	1,570.9	1,570.9	4.9	28.2	58.3
Total Infrastructure and Natural Resources		5,111.7	2,670.9	50,126.0	51,241.5	5.2	-2,440.8	-47.7
Operating Budget		556.4	798.8	3,232.7	4,350.5	18.4	242.4	43.6
Development Budget		4,555.3	1,872.1	46,893.4	46,893.4	4.0	-2,683.2	-58.9
27 Ministry of Education		4,861.3	5,526.7	44,127.3	44,385.3	12.5	665.5	13.7
Operating Budget		4,502.7	5,056.5	29,592.0	29,849.9	16.9	553.8	12.3
Development Budget		358.6	470.2	14,535.3	14,535.3	3.2	111.6	31.1
28 Ministry of Higher Education		474.1	514.7	6,997.1	7,046.2	7.3	40.6	8.6
Operating Budget		402.0	441.6	3,190.8	3,239.8	13.6	39.6	9.8
Development Budget		72.1	73.1	3,806.3	3,806.3	1.9	1.0	1.4
36 Ministry of Information and Culture		118.4	150.2	1,353.8	1,394.5	10.8	31.8	26.8
Operating Budget		111.6	150.2	837.0	877.7	17.1	38.6	34.6
Development Budget		6.8	0.0	516.8	516.8	0.0	-6.8	-100.0
61 Science Academy		39.0	44.1	192.5	192.5	22.9	5.1	13.1
Operating Budget		38.3	35.1	156.0	156.0	22.5	-3.2	-8.3
Development Budget		0.7	9.0	36.4	36.4	24.6	8.3	1,217.7
63 National Olympic Committee		40.7	8.2	814.6	816.6	1.0	-32.5	-79.8
Operating Budget		32.7	8.2	274.0	276.0	3.0	-24.5	-74.8
Development Budget		8.0	0.0	540.6	540.6	0.0	-8.0	-100.0
Total Education		5,533.4	6,243.9	53,485.3	53,835.0	11.6	710.5	12.8
Operating Budget		5,087.2	5,691.6	34,049.8	34,399.5	16.5	604.4	11.9
Development Budget		446.2	552.3	19,435.5	19,435.5	2.8	106.1	23.8
37 Ministry of Public Health		786.5	646.5	13,141.8	13,152.1	4.9	-140.1	-17.8
Operating Budget		409.7	480.7	3,395.9	3,406.1	14.1	71.0	17.3
Development Budget		376.9	165.8	9,746.0	9,746.0	1.7	-211.1	-56.0
Total Health		786.5	646.5	13,141.8	13,152.1	4.9	-140.1	-17.8
Operating Budget		409.7	480.7	3,395.9	3,406.1	14.1	71.0	17.3
Development Budget		376.9	165.8	9,746.0	9,746.0	1.7	-211.1	-56.0

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

Code	(In millions of Afghanis)	1391	1392	Comparison to Budget			1392 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	Change	% Increase
39 Ministry of Agriculture		1,033.5	360.4	7,899.0	8,148.9	4.4	-673.0	-65.1
Operating Budget		227.5	239.1	1,291.5	1,541.4	15.5	11.6	5.1
Development Budget		805.9	121.3	6,607.5	6,607.5	1.8	-684.7	-85.0
48 Ministry of Counter Narcotics		25.8	34.0	864.0	871.5	3.9	8.2	31.7
Operating Budget		25.8	34.0	140.8	148.2	22.9	8.2	31.7
Development Budget		0.0	0.0	723.2	723.2	0.0	0.0	N/A
43 Ministry of Rural Rehabilitation and Development		897.1	4,099.8	19,519.0	19,597.7	20.9	3,202.7	357.0
Operating Budget		101.2	108.2	604.1	682.8	15.8	7.0	6.9
Development Budget		795.9	3,991.6	18,914.9	18,914.9	21.1	3,195.7	401.5
Total Agriculture and Rural Development		1,956.4	4,494.2	28,282.0	28,618.1	15.7	2,537.8	129.7
Operating Budget		354.5	381.3	2,036.5	2,372.5	16.1	26.8	7.6
Development Budget		1,601.9	4,112.9	26,245.6	26,245.6	15.7	2,511.1	156.8
46 Ministry of Frontiers and Tribal Affairs		78.0	48.3	599.5	620.1	7.8	-29.6	-38.0
Operating Budget		78.0	48.3	402.4	423.1	11.4	-29.6	-38.0
Development Budget		0.0	0.0	197.1	197.1	0.0	0.0	N/A
47 Ministry of Martyrs, Disabled and Social Affairs		2,519.7	2,028.9	2,100.5	7,039.0	28.8	-490.7	-19.5
Operating Budget		2,433.0	2,012.0	1,385.8	6,324.4	31.8	-421.0	-17.3
Development Budget		86.7	16.9	714.7	714.7	2.4	-69.8	-80.5
29 Ministry of Refugees and Repatriates		42.8	40.4	246.2	301.6	13.4	-2.5	-5.7
Operating Budget		32.0	37.6	205.2	260.7	14.4	5.5	17.3
Development Budget		10.8	2.8	40.9	40.9	6.8	-8.0	-74.1
38 Ministry of Women Affairs		32.2	32.7	226.1	240.6	13.6	0.5	1.6
Operating Budget		29.5	32.7	188.8	203.3	16.1	3.2	11.0
Development Budget		2.7	0.0	37.3	37.3	0.0	-2.7	-100.0
68 Office of Disaster Preparedness		15.4	13.2	163.8	163.8	8.1	-2.2	-14.4
Operating Budget		12.6	13.2	97.8	97.8	13.5	0.6	5.0
Development Budget		2.9	0.0	66.1	66.1	0.0	-2.9	-100.0
76 Directorate of Kochis		10.0	21.5	99.4	101.6	21.2	11.5	114.8
Operating Budget		6.7	8.4	45.6	47.8	17.7	1.8	26.2
Development Budget		3.3	13.0	53.8	53.8	24.3	9.7	293.3
Total Social Protection		2,698.1	2,185.0	3,435.4	8,466.9	25.8	-513.1	-19.0
Operating Budget		2,591.7	2,152.3	2,325.6	7,357.0	29.3	-439.4	-17.0
Development Budget		106.3	32.7	1,109.9	1,109.9	2.9	-73.6	-69.2
20 Ministry of Finance		723.6	722.1	6,280.6	6,855.1	10.5	-1.5	-0.2
Operating Budget		377.0	431.3	1,836.0	2,410.5	17.9	54.3	14.4
Development Budget		346.6	290.8	4,444.6	4,444.6	6.5	-55.8	-16.1
25 Ministry of Commerce		67.6	90.4	795.5	812.9	11.1	22.8	33.8
Operating Budget		59.3	76.0	367.0	384.4	19.8	16.6	28.0
Development Budget		8.3	14.5	428.5	428.5	3.4	6.2	75.1
35 Ministry of Economy		69.8	112.2	657.2	661.2	17.0	42.4	60.7
Operating Budget		39.7	43.9	252.4	256.4	17.1	4.2	10.7
Development Budget		30.2	68.3	404.8	404.8	16.9	38.1	126.4
66 Control and Audit Office		21.7	52.5	526.8	532.5	9.9	30.8	141.8
Operating Budget		15.2	18.8	120.0	125.7	14.9	3.6	23.8
Development Budget		6.5	33.7	406.8	406.8	8.3	27.2	415.3
73 Central Statistics Office		33.5	37.7	295.0	296.3	12.7	4.3	12.7
Operating Budget		27.1	25.9	142.0	143.3	18.1	-1.2	-4.4
Development Budget		6.3	11.8	153.0	153.0	7.7	5.5	86.1
58 Afghanistan National Standard Authority		6.7	7.3	246.6	248.4	2.9	0.6	8.4
Operating Budget		6.7	7.3	70.3	72.1	10.1	0.6	8.4
Development Budget		0.0	0.0	176.3	176.3	0.0	0.0	N/A
Total Economic Gov. and Private Sector Devel't		923.0	1,022.3	8,801.7	9,406.5	10.9	99.3	10.8
Operating Budget		525.1	603.2	2,787.7	3,392.4	17.8	78.2	14.9
Development Budget		397.9	419.1	6,014.1	6,014.1	7.0	21.2	5.3
80 Afghanistan Investment Support Agency		0.0	0.0	52.0	52.0	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	52.0	52.0	0.0	0.0	N/A
81 Micro Finance Investment Support Facility for Afgha		0.0	0.0	262.9	262.9	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	262.9	262.9	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	29,522.4	4,818.3	0.0	0.0	N/A
Operating Budget		0.0	0.0	24,704.2	0.0	-	0.0	N/A
Development Budget		0.0	0.0	4,818.3	4,818.3	0.0	0.0	N/A
99 Unspecified		0.0	0.0	0.0	4,598.0	0.0	0.0	N/A
Operating Budget		0.0	0.0	0.0	4,598.0	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	29,837.4	9,731.2	0.0	0.0	N/A
Operating Budget		0.0	0.0	24,704.2	4,598.0	0.0	0.0	N/A
Development Budget		0.0	0.0	5,133.2	5,133.2	0.0	0.0	N/A

Table 6.6a – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1392)

Code	In millions of Afghanis	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1392	Comparison to	Budget	1392	Comparison to	Budget	1392	Comparison to	Budget
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Prelim	Allocated	Allocated	Prelim	Allocated	Allocated	Prelim	Allocated	Allocated
		YTD	Budget (1)	Budget	YTD	Budget (1)	Budget	YTD	Budget (1)	Budget
27 Ministry of Education		5,057.3	29,849.9	16.9	470.2	14,517.3	3.2	5,527.6	44,367.2	12.5
271 General & Islamic Education		4,457.2	25,230.1	17.7	23.7	6,478.4	0.4	4,480.8	31,708.5	14.1
272 Curriculum development & teacher training		140.1	1,110.6	12.6	115.2	3,600.5	3.2	255.2	4,711.2	5.4
273 Technical and vocational training program		149.7	1,180.5	12.7	21.4	1,537.2	1.4	171.1	2,717.6	6.3
274 Literacy and informal Education		83.5	511.6	16.3	134.0	442.2	30.3	217.4	953.8	22.8
275 Education management		226.9	1,817.2	12.5	176.1	2,459.0	7.2	403.0	4,276.1	9.4
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
39 Ministry of Agriculture, Irrigation and Livestock		239.4	1,541.4	15.5	121.3	6,613.7	1.8	360.7	8,155.2	4.4
391 Natural Resource Management		48.9	259.8	18.8	11.2	477.4	2.4	60.1	737.2	8.2
392 Agriculture Production and Productivity		87.8	686.1	12.8	95.8	4,091.2	2.3	183.6	4,777.3	3.8
393 Economic Regeneration		29.2	169.0	17.3	13.7	1,722.9	0.8	43.0	1,891.8	2.3
394 Reform and Capacity Building		73.5	426.6	17.2	0.6	322.3	0.2	74.1	748.9	9.9
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
43 Ministry of Rural Rehabilitation and Development		238.9	682.8	35.0	3,861.0	19,240.3	20.1	4,099.9	19,923.1	20.6
431 Rural Infrastructure (RI)		130.7	0.0	N/A	41.5	4,357.4	1.0	172.1	4,357.4	4.0
432 Economic Regeneration (ER)		0.0	0.0	N/A	51.1	1,070.5	4.8	51.1	1,070.5	4.8
433 Local Governance		0.0	0.0	N/A	3,768.4	13,812.4	27.3	3,768.4	13,812.4	27.3
435 Institutional Support Program (ISP)		108.3	682.8	15.9	0.0	0.0	N/A	108.3	682.8	15.9
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		507.2	2,410.5	21.0	289.2	4,497.3	6.4	796.4	6,907.8	11.5
201 Public Financial Management		211.5	912.7	23.2	169.9	2,122.6	8.0	381.3	3,035.3	12.6
202 Revenue Management		94.0	503.0	18.7	10.9	677.4	1.6	104.9	1,180.3	8.9
203 Operation (General Administration)		199.8	965.6	20.7	33.3	1,025.8	3.2	233.1	1,991.4	11.7
204 Policy Management		2.0	29.1	7.0	75.1	671.6	11.2	77.1	700.7	11.0
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
42 Ministry of Public Works		367.3	1,561.3	23.5	976.9	22,800.9	4.3	1,344.2	24,362.2	5.5
421 Transportation Infrastructures		66.1	40.8	161.7	976.9	22,800.9	4.3	1,043.0	22,841.8	4.6
422 Maintenance of Transport Infrastructure		276.2	1,380.1	20.0	0.0	0.0	N/A	276.2	1,380.1	20.0
423 Admin & Finance		25.0	140.4	17.8	0.0	0.0	N/A	25.0	140.4	17.8
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
37 Ministry of Public Health		482.3	3,406.1	14.2	165.8	9,763.3	1.7	648.1	13,169.4	4.9
371 Institutional Development and Assessment (IDA)		11.2	55.2	20.3	30.3	2,083.8	1.5	41.5	2,139.0	1.9
372 Health Service Provision		192.5	1,866.8	10.3	135.5	7,596.2	1.8	328.1	9,463.1	3.5
373 Admin		278.6	1,484.1	18.8	0.0	83.3	0.0	278.6	1,567.4	17.8
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
59 Independent Directorate of Local Governance		362.3	2,571.5	14.1	4.8	1,239.1	0.4	367.0	3,810.6	9.6
591 National Principals for Local Governance		1.1	20.0	5.6	0.0	0.0	N/A	1.1	20.0	5.6
592 Local Governance Management		344.9	2,004.5	17.2	4.8	1,239.1	0.4	349.7	3,243.6	10.8
593 General Supporting Services		16.2	547.0	3.0	0.0	0.0	N/A	16.2	547.0	3.0
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
49 Ministry of Urban Development		41.8	261.6	16.0	0.0	1,195.9	0.0	41.8	1,457.6	2.9
491 Planning & Urban Development		3.8	22.4	16.8	0.0	250.1	0.0	3.8	272.5	1.4
492 Housing		1.8	10.5	16.9	0.0	418.8	0.0	1.8	429.4	0.4
493 Urban Infrastructure		4.5	29.9	15.1	0.0	496.7	0.0	4.5	526.5	0.9
494 Management & Operations		31.7	198.8	16.0	0.0	30.3	0.0	31.7	229.2	13.9
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 AFMIS data, which differs from published data shown in Tables 6.5.

Source: FPD using AFMIS data downloaded on the 27 May 2013

Table 6.6b – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1392) – continued

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1392	Comparison to Budget		1392	Comparison to Budget		1392	Comparison to Budget	
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Prelim	Allocated	Allocated	Prelim	Allocated	Allocated	Prelim	Allocated	Allocated
		Budget (1)	Budget	YTD	Budget (1)	Budget	YTD	Budget (1)	Budget	
45 Ministry of Transport & Civil Aviation		99.7	546.8	18.2	0.5	1,898.2	0.0	100.3	2,445.0	4.1
451 Air Transport Services		37.2	221.2	16.8	0.3	1,125.6	0.0	37.5	1,346.8	2.8
452 Land Transport Services		29.3	158.1	18.5	0.0	0.0	N/A	29.3	158.1	18.5
453 Management & Operations		33.2	167.5	19.8	0.3	772.6	0.0	33.4	940.1	3.6
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
34 Ministry of Communication and Information Technology		93.7	509.8	18.4	32.7	2,312.8	1.4	126.4	2,822.6	4.5
341 E - Afghanistan		16.8	106.5	15.8	32.7	2,312.8	1.4	49.6	2,419.3	2.0
342 ICT Literacy		4.2	26.6	15.8	0.0	0.0	N/A	4.2	26.6	15.8
343 General Administration & Management		72.6	376.7	19.3	0.0	0.0	N/A	72.6	376.7	19.3
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
25 Ministry of Commerce and Industry		76.4	384.4	19.9	14.5	429.0	3.4	90.8	813.4	11.2
251 Private Sector and Industry Development		5.4	25.0	21.7	3.5	344.1	1.0	9.0	369.1	2.4
252 Trade Policy and Transit		54.8	267.6	20.5	0.0	7.8	0.0	54.8	275.4	19.9
253 Admin and Regulatory Services		16.2	91.8	17.6	10.9	77.1	14.2	27.1	169.0	16.0
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
47 Ministry of Labour, Social Affairs, Martyrs and Disabled		2,013.7	6,324.4	31.8	16.2	855.8	1.9	2,030.0	7,180.2	28.3
471 Labor Support Program		1,474.3	2,871.9	51.3	12.0	778.3	1.5	1,486.3	3,650.2	40.7
472 Social services		87.9	429.1	20.5	0.0	1.3	0.0	87.9	430.3	20.4
473 Martyrs and Disabled		308.2	2,168.0	14.2	0.0	44.5	0.0	308.2	2,212.5	13.9
474 Administration & Finance		143.3	855.4	16.8	4.2	31.8	13.1	147.5	887.2	16.6
999 Expenditure returns		0.0	0.0	N/A	0.0	715.8	0.0	0.0	715.8	0.0
48 Ministry of Counter Narcotics		0.0	148.2	0.0	0.0	715.8	0.0	0.0	864.0	0.0
481 counter narcotics		0.0	148.2	0.0	0.0	715.8	0.0	0.0	864.0	0.0
999 Expenditure Returns		0.0	0.0	N/A	0.0	14,408.2	0.0	0.0	14,408.2	0.0
22 Ministry of Defence		9,784.7	68,397.2	14.3	0.0	14,413.4	0.0	9,784.7	82,810.6	11.8
221 Combat forces		7,514.1	47,625.3	15.8	0.0	14,408.2	0.0	7,514.1	62,033.5	12.1
222 Supportive forces		2,270.5	20,771.9	10.9	0.0	5.2	0.0	2,270.5	20,777.0	10.9
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
38 Ministry of Women's Affairs		32.8	203.3	16.1	0.0	37.3	0.0	32.8	240.6	13.6
381 Women Support and Strengthening		1.9	10.7	18.1	0.0	0.0	N/A	1.9	10.7	18.1
382 Gender Development and policy monitoring		2.7	13.1	20.6	0.0	5.7	0.0	2.7	18.8	14.3
383 Administration & Finance		28.1	179.5	15.7	0.0	31.6	0.0	28.1	211.1	13.3
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		43.9	256.4	17.1	68.3	405.9	16.8	112.1	662.3	16.9
351 Economic Policy and Strategy and Monitoring and Evaluation		26.8	157.8	17.0	58.0	267.7	21.7	84.8	425.6	19.9
352 Management & Operations		17.1	98.6	17.3	10.3	138.2	7.5	27.4	236.8	11.6
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		372.3	1,833.9	20.3	-	470.9	-	372.3	2,304.8	16.2
101 Providing Services to the Prisedent		372.3	1,833.9	20.3	-	470.9	0.0	372.3	2,304.8	16.2
999 Expenditure returns		0.0	0.0	N/A	-	126.5	0.0	0.0	126.5	0.0
28 Ministry of Higher Education		442.4	3,239.8	13.7	73.1	4,071.4	1.8	515.5	7,311.3	7.1
281 Providing higher education opportunities		4.3	25.7	16.8	73.1	4,071.4	1.8	77.4	4,097.1	1.9
282 Leadership & Management of Higher Education System		438.1	3,214.2	13.6	0.0	0.0	N/A	438.1	3,214.2	13.6
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
62 Civil Service Commission		70.4	328.8	21.4	38.8	497.4	7.8	109.2	826.2	13.2
621 Appointments & Appeals		11.2	53.2	21.0	0.0	0.0	N/A	11.2	53.2	21.0
622 Public Administrative Reforms		9.5	37.9	25.0	0.0	0.0	N/A	9.5	37.9	25.0
623 Capacity Development		6.7	33.3	20.2	0.0	36.0	0.0	6.7	69.3	9.7
624 Supportive Program		35.6	204.4	17.4	38.8	461.4	8.4	74.4	665.8	11.2
999 Expenditure returns		7.4	0.0	N/A	0.0	0.0	N/A	7.4	0.0	N/A
TOTAL GROSS EXPENDITURES		19,027.3	54,170.3	35.1	7,545.5	97,993.7	7.7	19,027.3	152,164.1	12.5

Source: FPD using AFMIS data downloaded on the 27 May 2013

Table 6.7 – Total Core Budget Expenditures by COFOG Sector

Code	(In millions of Afghanis)	1391 Qtr 1 Actual Qtr	1391 Percent of Total	1392 Qtr 1 Prelim Qtr	1392 Percent of Total	1392 Comparison to 1391 YTD Change	% Increase
2	TOTAL NET EXPENDITURE	38,295.5		41,264.4		2,968.8	7.8
150	Sale of Land and Buildings	98.2		13.2		-85.0	-86.5
2+150	TOTAL GROSS EXPENDITURE	38,393.8	100.0	41,277.6	100.0	2,883.8	7.5
	RECURRENT EXPENDITURE	33,823.6	88.1	36,283.2	87.9	2,459.6	7.3
	CAPITAL EXPENDITURE	4,570.1	11.9	4,994.4	12.1	424.3	9.3
701	General Public Services (1)	5,422.1	14.1	4,924.2	11.9	-498.0	-9.2
	Recurrent Expenditure	5,340.1	13.9	4,847.0	11.7	-493.1	-9.2
	Capital Expenditure	82.0	0.2	77.1	0.2	-4.9	-5.9
702	Defence	8,944.0	23.3	10,544.5	25.5	1,600.5	17.9
	Recurrent Expenditure	8,816.9	23.0	10,524.5	25.5	1,707.6	19.4
	Capital Expenditure	127.1	0.3	20.0	0.0	-107.1	-84.3
703	Public Order and Safety	7,677.3	20.0	9,259.7	22.4	1,582.4	20.6
	Recurrent Expenditure	7,522.7	19.6	9,141.7	22.1	1,619.0	21.5
	Capital Expenditure	154.6	0.4	118.0	0.3	-36.6	-23.7
704	Economic Affairs	7,187.4	18.7	7,445.3	18.0	257.9	3.6
	Recurrent Expenditure	3,282.2	8.5	2,743.5	6.6	-538.7	-16.4
	Capital Expenditure	3,905.2	10.2	4,701.9	11.4	796.6	20.4
705	Environmental Protection	24.2	0.1	25.2	0.1	1.0	4.2
	Recurrent Expenditure	24.2	0.1	25.1	0.1	0.9	3.8
	Capital Expenditure	0.0	0.0	0.1	0.0	0.1 N/A	
706	Housing and Communal Amenities	211.3	0.6	46.2	0.1	-165.1	-78.1
	Recurrent Expenditure	49.5	0.1	40.9	0.1	-8.6	-17.4
	Capital Expenditure	161.8	0.4	5.4	0.0	-156.5	-96.7
707	Health	812.4	2.1	679.5	1.6	-132.9	-16.4
	Recurrent Expenditure	775.2	2.0	662.8	1.6	-112.4	-14.5
	Capital Expenditure	37.2	0.1	16.7	0.0	-20.5	-55.1
708	Recreation, Culture and Religion	281.7	0.7	302.7	0.7	21.0	7.5
	Recurrent Expenditure	257.9	0.7	299.4	0.7	41.5	16.1
	Capital Expenditure	23.8	0.1	3.3	0.0	-20.5	-86.1
709	Education	6,750.8	17.6	6,110.9	14.8	-639.9	-9.5
	Recurrent Expenditure	6,684.2	17.4	6,072.3	14.7	-612.0	-9.2
	Capital Expenditure	66.6	0.2	38.7	0.1	-28.0	-42.0
710	Social Protection	1,082.5	2.8	1,939.3	4.7	856.8	79.1
	Recurrent Expenditure	1,070.7	2.8	1,926.0	4.7	855.3	79.9
	Capital Expenditure	11.8	0.0	13.3	0.0	1.5	12.6

Source: FPD using AFMIS data downloaded on the 27 May 2013

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	1391	1392	1392 Comparison to	
		Qtr 1 Actual	Qtr 1 Prelim	1391 YTD	
		Qtr	Qtr	Change	% Increase
25	NET ACQUISITION OF NONFINANCIAL ASSETS	4,471.9	4,981.2	509.2	11.4
	Land and Buildings	4,058.0	1,275.1	-2,782.9	-68.6
251/8	Purchase of Land and Buildings	4,156.2	1,288.3	-2,867.9	-69.0
150	Sale of Land and Buildings	-98.2	-13.2	85.0	-86.5
151	Sale of State-Owned Enterprises	0.0	0.0	0.0	N/A
252	Machinery and Equipment (>50,000)	304.0	321.7	17.6	5.8
257	Valuables	0.0	0.6	0.6	N/A
259	Other Acquisitions	109.9	3,383.8	3,274.0	2,980.1

Source: FPD using AFMIS data downloaded on the 27 May 2013

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

Code	In millions of Afghanis	1391	1392	1392 Comparison to	
		Qtr 1 Actual	Qtr 1 Prelim	1391 YTD	
		Qtr	Qtr	Change	% Increase
3+4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	-15,562.0	-17,515.0	-1,953.0	12.6
3	NET ACQUISITION OF FINANCIAL ASSETS	-7,384.4	10,963.5	18,347.9	-248.5
	Domestic	-7,384.4	10,963.5	18,347.9	-248.5
	Currency and Deposits	-1,287.4	17,677.4	18,964.8	-1,473.1
311	Treasury Single Account	-3,695.8	21,075.6	24,771.4	-670.3
313	Donor Accounts	2,408.3	-3,398.2	-5,806.6	-241.1
314/90	Other Deposit Accounts (1)	0.0	0.1	0.0	55.6
317	Loans	10.7	13.2	2.5	23.9
319	Other Accounts Receivable	416.3	122.3	-294.0	-70.6
	Other Assets	-6,524.0	-6,849.5	-325.5	5.0
	Foreign	0.0	0.0	0.0	N/A
4	NET ACQUISITION OF LIABILITIES	-8,177.6	-28,478.6	-20,300.9	248.2
	Domestic	-8,454.3	-28,683.5	-20,229.2	239.3
411	Accounts Payable	59.2	1,046.1	986.9	1,666.5
413	Pension Liabilities	31.6	0.7	-30.9	-97.9
423	Other Payables	0.0	0.0	0.0	N/A
451	Other Liabilities (1)	-8,545.1	-29,730.3	-21,185.2	247.9
	Foreign	276.7	204.9	-71.8	-25.9
431	Foreign Currency	0.3	-10.1	-10.4	-4,029.2
181-2	Loans	276.4	215.0	-61.4	-22.2

Source: FPD using AFMIS data downloaded on the 27 May 2013

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	1391 Qtr 1 Actual Qtr	1392 Qtr 1 Prelim Qtr	1392 Comparison to 1391 YTD Change	% Increase
TRANSACTIONS AFFECTING NET WORTH					
1	Revenues including Grants	53,857.5	58,611.7	4,754.2	8.1
2-25	Expenditures (Recurrent)	33,823.6	36,283.2	2,459.6	6.8
23	Interest	40.4	50.2	9.7	19.4
	Net Operating Balance (1-2-25)	20,033.9	22,328.5	2,294.6	10.3
	Primary Balance (1-2-25+23)	20,074.4	22,378.7	2,304.3	10.3
TRANSACTIONS IN NONFINANCIAL ASSETS					
25	Net Acquisition of Nonfinancial Assets	4,471.9	4,981.2	509.2	10.2
	Net Lending-Borrowing (1-2)	15,562.0	17,347.4	1,785.4	10.3
	Financing (3+4+5)	-15,562.0	-17,347.4	-1,785.4	10.3
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
3	Net Acquisition of Financial Assets	-7,384.4	10,963.5	18,347.9	167.4
4	Net Acquisition of Financial Liabilities	-8,177.6	-28,478.6	-20,300.9	71.3
5	RETAINED EARNINGS	0.0	128.3		
	Discrepancies (Financing-3-4-5)	0.0	0.0		

Source: FPD using AFMIS data downloaded on the 27 May 2013

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.