

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 1st quarter of fiscal year 1393. 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 '*Debt and its history in Afghanistan*' .

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).

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Quarterly Fiscal Bulletin, Quarter 1,

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1 SUMMARY OF FIRST QUARTER DEVELOPMENTS

Table 1.1 – Budget Summary

Code	In millions of Afghanis	1392	1393	1393 Comparison to 1392 YTD		1393 Budget	1393 YTD as % of Targets/ Budget
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Change	% (+/-)	Revenue or Expenditure Target	
OPERATING BUDGET							
Revenues		52,266.0	44,391.0	-7,874.9	-15.1	285,906.0	15.5
Domestic Revenues (1)		22,324.1	23,428.8	1,104.7	4.9	133,800.0	17.5
Operating Grants		29,941.9	20,962.2	-8,979.6	-30.0	152,106.0	13.8
Expenditures		34,010.8	38,483.1	4,472.3	13.1	280,472.3	13.7
Budget Balance							
Including Grants		18,255.1	5,907.9	-12,347.2	-67.6	5,433.7	
Excluding Grants		-11,686.8	-15,054.3	-3,367.6	28.8	-146,672.3	
Fiscal sustainability indicator (%) (2)		65.6	60.9	-4.8	-7.2	47.7	
DEVELOPMENT BUDGET							
Grants (3)		6,783.1	10,969.9	4,186.8	61.7	113,225.5	N/A
Expenditures		7,442.8	13,192.4	5,749.6	77.3	147,787.1	8.9
Discretionary Budget		875.5	3,643.4	2,768.0	316.2	50,120.1	7.3
Non-discretionary Budget		6,567.3	9,548.9	2,981.6	45.4	97,667.0	9.8
Budget Balance (3)		-659.7	-2,222.5	-1,562.8	236.9	-34,561.5	
INTEGRATED BUDGET							
Revenues (3)		59,049.1	55,360.9	-3,688.1	-6.2	399,131.5	N/A
Domestic Revenues		22,324.1	23,428.8	1,104.7	4.9	133,800.0	17.5
Grants (3)		36,725.0	31,932.1	-4,792.9	-13.1	265,331.5	N/A
Expenditures		41,453.6	51,675.5	10,221.9	24.7	428,259.4	12.1
Balances							
Excluding Grants		-19,129.6	-28,246.7	-9,117.1	47.7	-294,459.4	
Including Grants (3)		17,595.4	3,685.4	-13,910.0	-79.1	-29,127.9	
Financing							
Balance Including Grants		17,595.4	3,685.4	-13,910.0	-79.1		
Sale of Land and Buildings		13.3	13.8	0.6	4.4		
Sale of State Owned Enterprises		0.0	0.0	0.0			
Lending/Borrowing		17,608.7	3,699.3	-13,909.4	-79.0		

Source: FPD using AFMIS data downloaded on the 25 May 2014

1. In the published budget document, Afs 11.1 billion in domestic revenues are allocated to the development budget in 1393. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.
2. Fiscal sustainability is measured as domestic revenues as a percentage of operating budget expenditures
3. Actual figures are not comparable to the development/integrated budget grants or balances shown in budget documentation, as grants/balance in budget documentation also includes loans. Loans are shown as a financing item in the above table.

Key Points

- Afs 428 billion was budgeted for both operational and development expenditures this fiscal year, of which only 12 percent has been spent to the end of Q1, largely as a result of underspending in Goods and Services and Capital spending.
- Revenue shortfalls during the first quarter, caused in a large part by shortfalls in customs and non-tax revenue collection, have limited the expenditures than can be undertaken during the first quarter.
- There remain risks in the macro-economic situation during the transition to a new Government, which could dampen revenue collection for the remainder of the fiscal year.

1.1 Overall fiscal position

By end of 1st quarter 1393, the core budget surplus (including grants) was Afs 3.7 billion, while it was in deficit Afs 28.2 billion (excluding grants). The operating budget surplus was Afs 5.9 billion, while the development budget balance had a deficit of Afs 2.2 billion. However, the core budget surplus was lower (by Afs 13.9 billion) compared to Afs 17.6 billion in Q1 1392. Similarly, the operating surplus was lower (by Afs 12.3 billion) compared to Afs 18.3 billion in Q1 1392, while development deficit was higher during this quarter. Both lower revenue collection and grants receipts in this quarter led to reduced surplus in the core and operating budget, and higher deficit in development budget.

(see the chart Figure 1.1).

1.2 Domestic Revenues and Grants

Domestic Revenues

During the 1st quarter 1393, total domestic revenue collection was Afs 23.4 billion against its quarterly target of Afs 29.4 billion, which shows a shortfall of Afs 6 billion or 20 percent.

While comparing it with revenue collection in the same period of last year, collection was around Afs 1.1 billion or 5% higher. This increase was mainly attributed to the tax components (i.e. income taxes, fixed taxes, and other taxes) and social contributions. However, revenue's other major components such custom duties, and non-tax revenues shows reduction in their performance during this quarter. In part as a result of reduction in the imports of fuel, which has reduced overall imports revenue.

Grants

Total core budget grants receipts were Afs 31.9 billion in the 1st quarter 1393. The operating grant receipts were around Afs 21 billion and the development grants were Afs 11 billion during this period. This shows that grants to operating budget fell from Afs 57 billion in Q1 1392, while grants to the development increased from Afs 12 billion in Q1

Figure 1.1 – Budget balances (Afs billion)

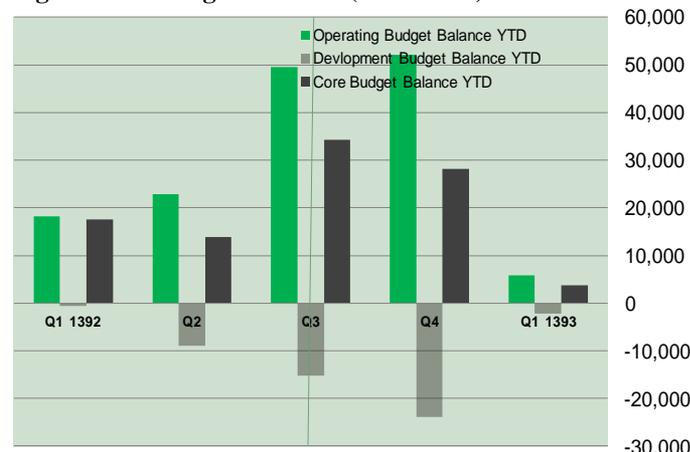
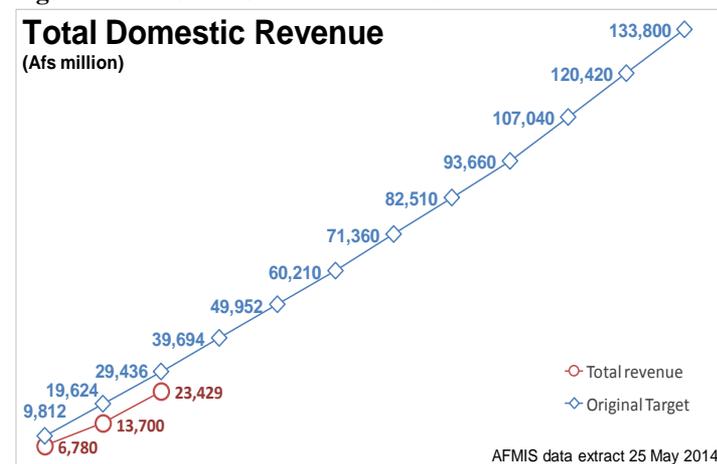
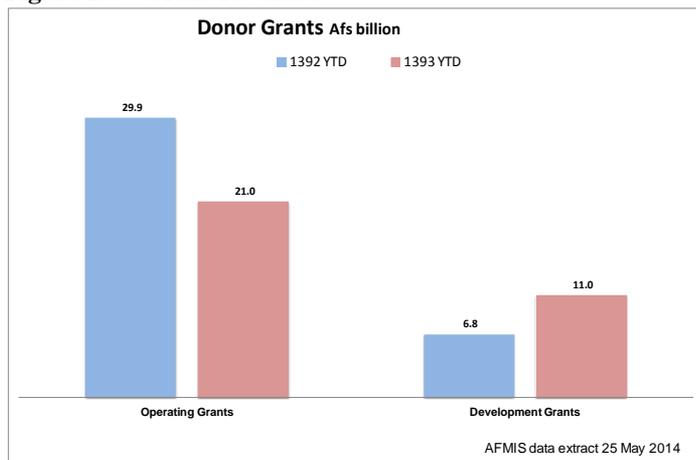


Figure 1.2 – Total Domestic Revenues



1392 respectively, as given by Figure 1.3. The increase in grants receipts come through CSTC-A and LOTFA, and also grants to the development budget.

Figure 1.3 - Grant revenues



1.3 Expenditures

Total core budget for FY 1393 is Afs 428 billion (or 34 percent of the estimated GDP), of which the operating budget is Afs 280.5 billion and the development budget is Afs 147.9 billion. This high size of the development budget reflects continued donor support of the Government, with a smaller portion financed through the use of domestic revenues.

During the 1st quarter of 1393, the core budget expenditures, were Afs 51.7 billion (as compared to Afs 41.4 billion spent in Q1 1393), which shows an increase of 24.7%. The increase in the core budget (operating and development) expenditures was due to spending on wages and salaries of the civil servants, teachers, security forces, and also pension payments and O&M costs.

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. Operating budget rises due to increase in the recruitment of the school teachers, civil servants, security personnel, rapid implementation of P&G reforms (that basically pays higher wages to civil servants and teachers), and other recurrent fiscal pressures such as operation and maintenance.

The operating budget for FY 1393 is Afs 280.5 billion which shows an increase of Afs 82.7 billion (about 42 percent) over actual spending of Afs 197.7 billion in FY 1392. As mentioned above, the operating 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 1393, the total operating expenditure was Afs 38.5 billion compared with Afs 34 billion in Q1 1392.

Development Budget

The total development budget for FY 1393 is Afs 147.9 billion, which is broken down to Afs 50 billion allocated for discretionary development projects and Afs 97.8 billion for non-discretionary development projects. The total development budget expenditures during 1st quarter 1393 were Afs 13.2 billion or (about 9 percent of the total for the fiscal year), which was higher (by Afs 5.7 billion or 77%) than the same period in 1392.

Figure 1.4 – Operating Budget

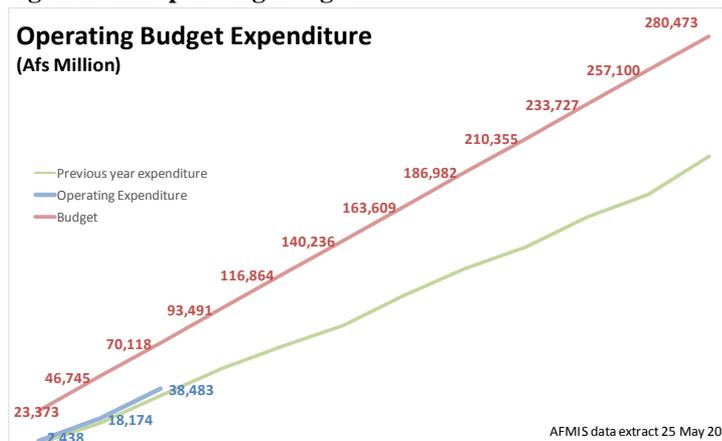
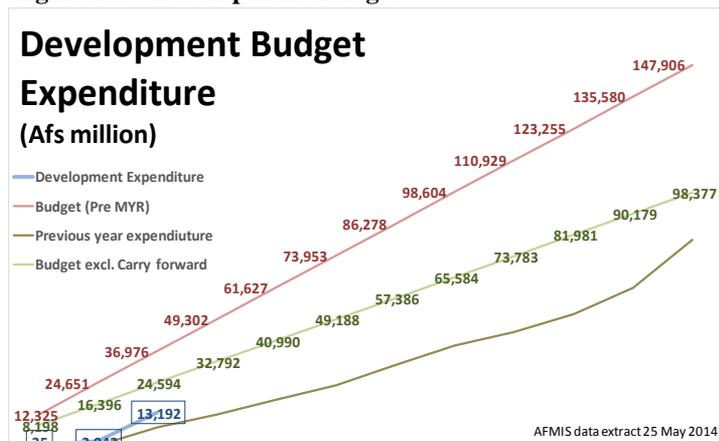


Figure 1.5 – Development Budget



1.4 Fiscal sustainability

In Afghanistan’s context, fiscal sustainability is defined as total operating expenditures being covered / financed by total domestic revenues. Ensuring fiscal sustainability was a key objective under the IMF and World Bank’s Poverty Reduction and Growth Facility (PRGF) program with Afghanistan. It has remained as one of the key objectives under the Government and IMF’s new program, the Extended Credit Facility.

At the end of 1st quarter 1393 about 61 percent of the total operating expenditure was financed by domestic revenues. The indicator worsened slightly from 66 percent in Q1 of 1392. Showing that operating spending increased more than increase in the collection of domestic revenues.

While the Government has made improvements in ensuring new sources of revenue going forward, including VAT, there remain outstanding macro-fiscal risks, set out in **Figure 1.7**. The debt continues to present relatively low risk (see *Closer Look* article), with low debt stock and low interest rates. Revenue however presents potential source of continuing risk both to the fiscal/debt situation and the macroeconomy: a slowdown in either aid or revenue collection would be detrimental to the ability to finance operations costs and make additional investments.

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

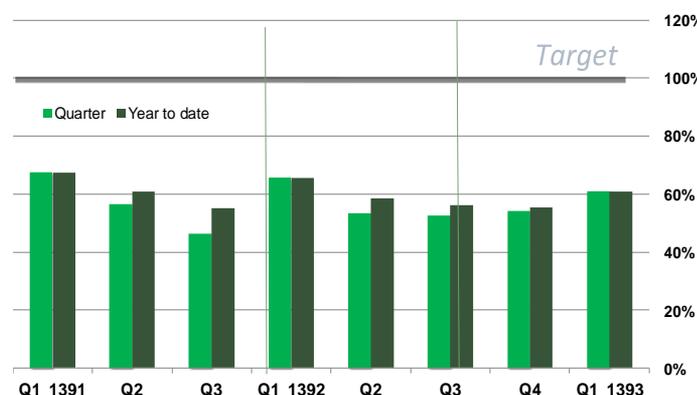


Figure 1.7 – Macro-Fiscal Risks

Risk	Likelihood	Impact
Rating Changed/Newly Added		
Fiscal: Revenue slowdown as a result of import falls	HIGH	HIGH
Fiscal: Exchange rate depreciation causes cost increase for Government imports	LOW	MEDIUM
Fiscal: Interest rate increase creates additional debt costs	LOW	LOW
Fiscal: Aid slowdown (commitments don’t materialize)	MEDIUM	HIGH
Macroeconomic: continued uncertainty through the election and transition reduces FDI	MEDIUM	LOW
Fiscal: O&M costs are calculated as higher than anticipated	LOW	MEDIUM
Macroeconomic: depreciation of the Afghani causes increases in food prices, and the CPI	LOW	MEDIUM

2 CORE BUDGET REVENUES

Table 2.1 – 1393 Q1 revenues

Code	(In millions of Afghanis)	1392	1393	1393 Comparison to		YTD Target		Annual Target (2)	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD Change	% Increase	1393 Qtr 1 YTD	Target - Actual % (+/-)		
CORE BUDGET									
1	REVENUES including grants (1)	59,049.1	55,360.9	-3,688.1	-6.2				
1-19	REVENUES excluding grants	22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
DOMESTIC REVENUES (2) (3)		22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
11	Tax Revenues	11,423.4	12,787.9	1,364.5	11.9	13,717.4	-6.8	62,351.8	20.5
111	Fixed Taxes	2,552.7	2,671.5	118.7	4.7	3,037.5	-12.1	13,806.8	19.3
112	Income Taxes	3,997.3	4,703.6	706.3	17.7	4,343.1	8.3	19,741.4	23.8
113	Property Taxes	71.4	232.9	161.5	226.2	87.9	165.1	399.5	58.3
114	Sales Taxes	3,789.0	3,712.2	-76.8	-2.0	5,114.1	-27.4	23,246.1	16.0
116	Other Taxes	843.3	1,467.6	624.3	74.0	986.1	48.8	4,482.4	32.7
117	Tax Penalties and Fines	169.6	0.0	-169.6	-100.0	148.7	-100.0	675.7	0.0
12	Customs Duty, Import Taxes	6,388.6	6,115.0	-273.6	-4.3	7,936.2	-22.9	36,073.7	17.0
13	Non Tax Revenue	3,993.8	3,864.0	-129.8	-3.2	6,070.5	-36.3	27,593.1	14.0
131	Income from Capital Property	123.4	307.1	183.7	148.9	729.4	-57.9	3,315.5	9.3
132	Sales of Goods and Services	1,394.4	736.1	-658.3	-47.2	2,364.1	-68.9	10,745.9	6.9
133	Administrative Fees	2,179.9	2,429.3	249.4	11.4	2,639.1	-7.9	11,995.8	20.3
134	Royalties	63.2	43.7	-19.4	-30.8	79.3	-44.9	360.4	12.1
135	Non Tax Fines and Penalties	108.9	163.1	54.2	49.8	170.2	-4.2	773.8	21.1
136	Extractive Industry	124.1	184.7	60.6	48.8	88.4	109.0	401.6	46.0
14	Miscellaneous Revenue	-219.9	-304.1	-84.1	38.3	783.3	-138.8	3,560.4	-8.5
17	Social Contributions	738.2	966.0	227.8	30.9	928.7	4.0	4,221.1	22.9
GRANTS (1)		36,725.0	31,932.1	-4,792.9	-13.1				
191	Foreign Governments	29,941.9	20,962.2	-8,979.6	-30.0				
192	International Organisation	6,783.1	10,969.9	4,186.8	61.7				
193	Other Government Units	0.0	0.0	0.0	N/A				
TOTAL OPERATING BUDGET REVENUE		52,266.0	44,391.0	-7,874.9	-15.1			285,906.0	15.5
	Domestic Revenues	22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
	<i>as percentage of total</i>	42.7	52.8	2.1					
	External Grant Support	29,941.9	20,962.2	-8,979.6	-30.0			152,106.0	13.8
	<i>as percentage of total</i>	57.3	47.2	-17.2					

Source: FPD using AFMIS data downloaded on the 25 May 2014

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 11.1 billion in domestic revenues are allocated to the development budget in 1393. 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.

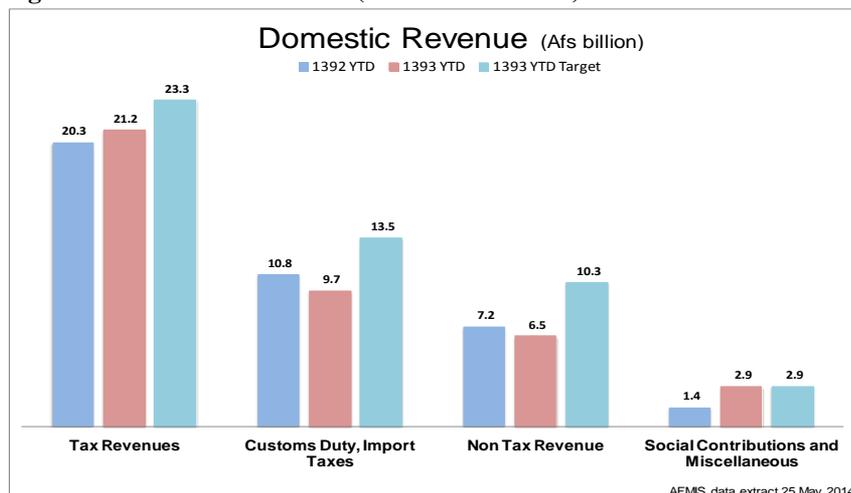
2.1 Domestic Revenues

The annual revenue target for FY1393 has been set about Afs 133.8 billion. This budget revenue target is 22 percent higher than the actual revenue collections of Afs 109.7 billion in 1392.

The main composition of revenue items in 1393 is about the same as in 1392 (with the bulk of revenue collection from customs revenues).

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 percent of annual revenues will be collected in Q1, 23 percent in Q2, 25 percent in Q3 and 31 percent in Q4. This means that the 1393 first quarter target is Afs 27.1 billion accounts for 22 percent of the total revenues target.

Figure 2.1 Domestic Revenues (1392 vs 1393 YTD)



2.2 Provincial Distribution of Revenues

Table 2.2 – 1393 Provincial Revenues

In millions of Afghanis	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1392	1393	%	1392	1393	1392	1393	1392	1393	1392	1393
	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	22,324.1	23,428.8	4.9	11,423.4	12,787.9	6,388.6	6,115.0	3,993.8	3,864.0	518.3	662.0
Total Provinces	13,098.4	12,817.5	-2.1	5,110.1	5,207.7	6,041.0	5,805.5	1,744.0	1,569.8	203.3	234.5
Nangarhar	2,801.2	2,488.5	-11.2	1,126.3	987.3	1,469.8	1,293.9	180.9	144.5	24.2	62.8
Balkh	1,636.7	1,915.5	17.0	645.3	740.8	767.1	897.3	144.4	179.4	79.9	98.0
Kandahar	616.7	713.7	15.7	287.0	314.5	219.9	277.0	78.6	91.4	31.2	30.8
Herat	4,044.3	2,981.9	-26.3	1,426.6	1,118.5	2,036.1	1,462.5	519.2	333.3	62.3	67.6
Nimroz	1,132.4	1,506.9	33.1	454.2	536.4	599.5	809.3	143.0	200.2	-64.3	-39.0
Other Provinces	2,867.1	3,210.9	12.0	1,170.7	1,510.0	948.5	1,065.5	677.8	621.1	70.1	14.3
Central Ministries	9,225.6	10,611.3	15.0	6,313.3	7,580.1	347.6	309.5	2,249.8	2,294.2	315.0	427.5

Source: FPD using AFMIS data downloaded on the 25 May 2014

Table 2.2 shows revenue collections by category based on location and organization (provinces and central ministries). As mentioned, during first quarter of 1393, total revenue collections showed an increase of 4.9 percent when compared to the first quarter 1392. Of the total, more than half of the collection was from five provinces and the remaining was by central ministries. Looking further at the breakdown of provincial revenues, customs duties and non-tax revenue collections had poor performance by central ministries which declined the total revenue collection by 2.1 percent however the revenue collection for the provinces increased by 15 percent compared to the first quarter of 1392. The Herat province remains the largest source of provincial collection, along with other provinces with border posts. Herat provides the main border crossing for both Iran and Turkmenistan, major sources of fuel and other consumable items; this in part is the reason for the reduction during the uncertainty through the election, and transition of international forces.

- **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 1393 was Afs12.8 billion which shows an increase 11.9 percent from the first quarter of 1392. Compared to the quarterly target of Afs 13.7 billion, the decline was 6.8 percent.

- Fixed tax revenue in the first quarter 1393 increased by 4.7 percent compared to the first quarter of 1392.
- Income tax revenue which is mainly from employees' compensation and wage bills performed well and increased by 17.7 percent or Afs 706.3 million over first quarter of last fiscal year.
- Revenue from Business Receipt Tax (BRT) on imports decreased by almost 4.8 percent compared to the first quarter 1392. Total sale tax revenue collection is Afs 3.2 billion.
- Revenue from BRT services fell from Afs 704 billion to Afs 640 million or a decline of about 9 percent over the same period in 1392.

Figure 2.2 - Tax revenues, Afs billion

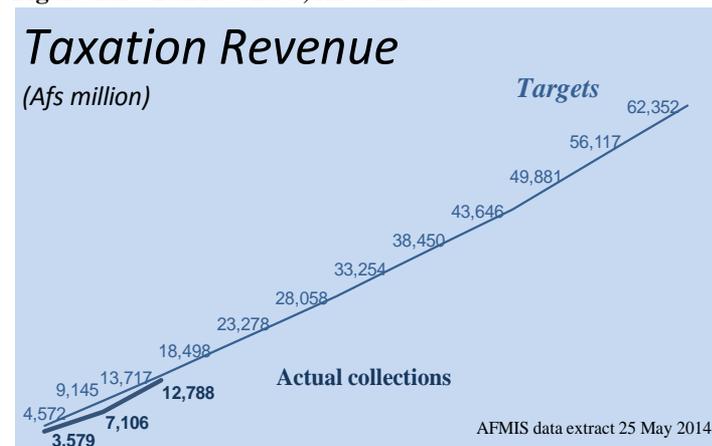


Table 2.3 – Main components of Tax Revenues, Q1 1392 and Q1 1393

Major increases in Specific Tax Revenues				
Main Components of Tax Revenues	1392	1393	Difference	% (+/-)
	1st Quarter	1st Quarter		
All Values in million Afghanis				
Imports by Licensed Business (Fixed Taxes)	1,860	1,818	(42)	-2.2%
Employees Salaries & Wages (Income Taxes)	2,154	2,010	(144)	-6.7%
2% BRT on Imports (Sales Taxes)	1,921	1,829	(93)	-4.8%
BRT on Services 10 % (Sales Taxes)	704	640	(63)	-9.0%
Receipts Pvt Entities 2% BRT (Sales Taxes)	1,162	750	(413)	-35.5%

2.3 Customs duties and import taxes

Customs duties and import taxes are the main components of domestic revenue which were around Afs 6.1 billion or 26 percent of total revenue in the first quarter 1393, however, revenue collection from customs duties declined 4.3 percent compared to the same period last year and it was also below the target for the quarter (Afs 7.9 billion) by 22.9 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 1.7 billion in the first quarter 1393 and this was low by 20 percent compared to first quarter target of Afs 2.1 billion. Nangarhar province was the second largest custom collection province which collected Afs 1.5 billion fell by 12 percent than the quarterly target, Balkh's customs revenue collection was good this time, the custom collection is Afs 1.1 billion was collected during first quarter which showed an increase of 13 percent than the quarterly target. Kandahar province collected Afs 309.9 million, almost achieved the the quarterly target. Nimroz province collected Afs 949.4 million, higher than the quarterly target by 14 percent.

Figure 2.3 – Custom duties

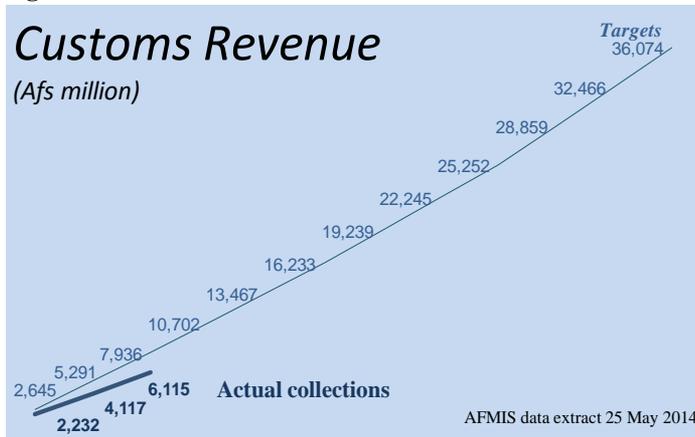
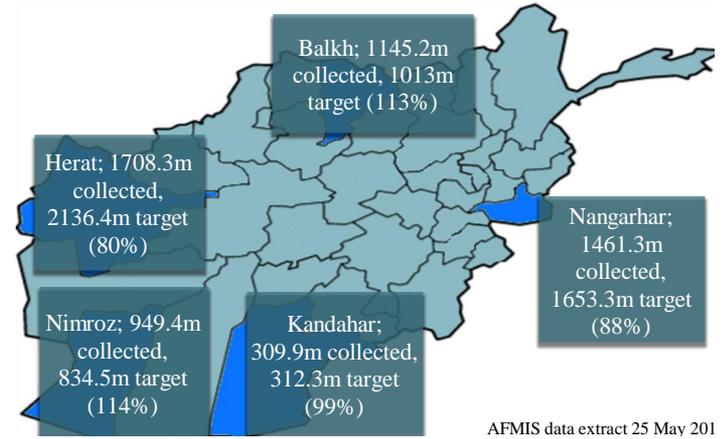


Figure 2.4 - Customs revenues in 'top 5' provinces, Q1



2.4 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 and extractive industries. During the first quarter of 1393, collections were at about Afs 3.9 billion lower both the actual collection of Afs 4 billion of the same period in 1392 and the quarterly target of Afs 6.1 billion.

The decline in the categories of non-tax revenue is mainly from the sales of good and services which has declined to Afs 736.1 million in the first quarter of 1393 from Afs 1.4 billion in 1392. However, other items in the non-tax revenue shows an increase over the previous year actual collection.

Figure 2.5 – Non-tax revenues, Afs millions

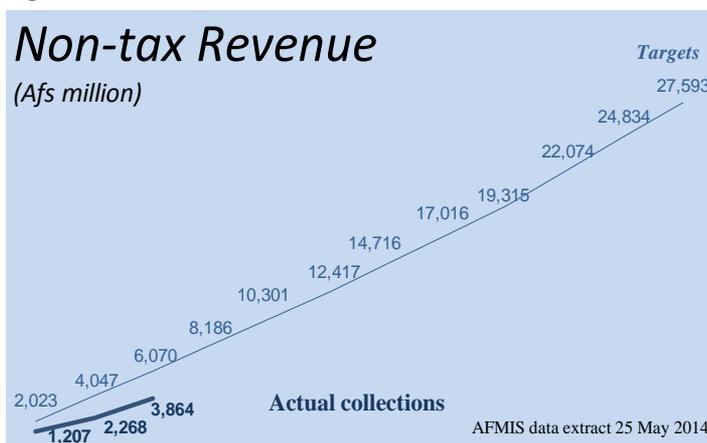
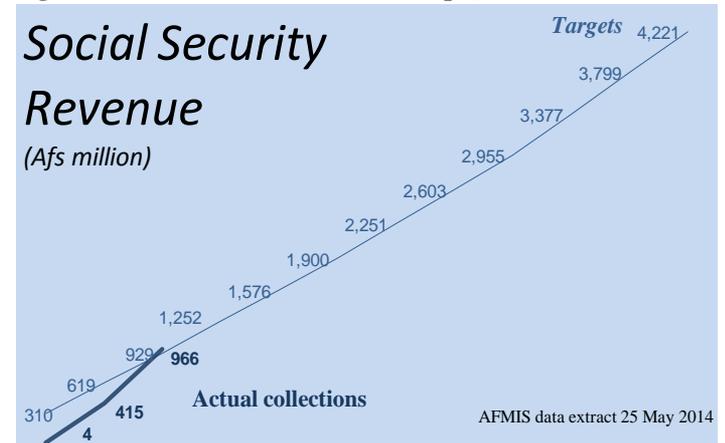


Figure 2.6 – Social Contribution receipts, Afs millions



2.5 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. During the first quarter of 1392, social contribution's share increased compared to the target for the quarter and it slightly improved and collected Afs 227.8 million more than first quarter of 1392.

2.6 Domestic Revenues by Collection Agency

Table 2.3 – 1393 Revenues by Collection Agency

In millions of Afghanis	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1392	1393	%	1392	1393	1392	1393	1392	1393	1392	1393
	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	22,324.1	23,428.8	4.9	11,423.4	12,787.9	6,388.6	6,115.0	3,993.8	3,864.0	518.3	662.0
Ministry of Finance	18,654.6	19,043.0	2.1	11,289.3	12,419.4	6,388.6	6,115.0	858.9	1,489.6	117.8	-980.9
Mustofiats (1)	733.6	708.1	-3.5	580.2	699.5	0.0	0.0	230.0	98.1	-76.5	-89.4
Customs (1)	11,284.1	10,157.5	-10.0	4,383.3	3,626.7	6,388.6	6,115.0	511.6	403.3	0.6	12.6
Large Taxpayer Office (LTO)	3,687.3	4,920.7	33.4	3,686.7	4,919.9	0.0	0.0	0.0	0.0	0.6	0.8
Medium Taxpayer Office	2,475.9	2,533.0	2.3	2,460.0	2,526.3	0.0	0.0	16.0	6.4	-0.0	0.3
Small Taxpayer Office	350.5	604.6	72.5	267.8	527.6	0.0	0.0	4.2	17.6	78.4	59.4
Other Ministry of Finance	123.1	119.1	-3.3	123.1	119.1	0.0	0.0	0.0	0.0	0.0	0.0
Total taxation collections by ARD (2)				7,040.1	9,161.2						
Total LTO collections as % of total taxation collections by ARD				52.4	53.7						
Other Ministries	3,784.2	3,421.3	-9.6	134.1	368.5	0.0	0.0	3,134.9	2,374.4	515.3	678.4
Ministry of Transport and Aviation	939.1	377.3	-59.8	1.4	11.5	0.0	0.0	937.7	365.7	0.0	0.0
Ministry of Interior	872.6	866.3	-0.7	344.4	352.8	0.0	0.0	520.8	509.6	7.3	3.8
Ministry of Communication	649.8	283.0	-56.5	-0.0	0.0	0.0	0.0	648.5	282.7	1.3	0.2
Ministry of Foreign Affairs	221.7	76.6	-65.4	-5.5	0.0	0.0	0.0	226.5	76.6	0.7	0.0
Ministry of Martyrs, Disabled and Social A	505.5	659.8	30.5	-0.1	0.0	0.0	0.0	41.7	48.9	463.8	610.9
Other Budgetary Units	-164.1	0.0	-100.0	-206.1	0.0	0.0	0.0	-0.0	0.0	42.1	0.0

Source: FPD using AFMIS data downloaded on the 25 May 2014

(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

All central ministries, custom offices, Mustofiats, LTO and MTO offices are mainly responsible for government revenue collection and generation. In the first quarter 1393, tax revenue collection by custom offices were Afs 3.6 billion which has been decreased by 18.2 percent compared to Afs 4.4 billion in the first quarter 1392. The Large Tax Payer Office contributed higher in tax revenue collection during first quarter of 1393 and showed an increase of Af 1.2 billion or 33 percent in comparison to the first quarter of 1391. The Medium Tax Payers office also performed well and collected 2.7 percent more than the previous quarter of the same period.

2.7 Grants

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

Total grants receipts for the core budget were Afs 31.9 billion compared to Afs 36.7 billion in the same quarter of 1392, this shows a decrease of Afs 4.8 billion.

Grants receipts for operating budget were Afs 21 billion compared to Afs 29.9 billion in Q1 of 1392 while for the development grants receipt reached to Afs 11 billion compared to Afs 6.8 billion in the same period of 1392. Most of the

increases in operating grants were mainly 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) and Afghanistan Reconstruction Trust Fund (ARTF).

Operating Grants

Achieving fiscal sustainability is a major indicator underpinning for the Government of Afghanistan. Fiscal sustainability is modified for Afghanistan, which covers only operating expenditures to be financed from domestic resources.

The Government is preparing for reduced donor funds over the medium term and taking responsibility to finance a large part of the operating expenses.

Total operating grants disbursement in the first quarter of 1393 was Afs 20.9 billion which shows an a decrease of around Afs 9 billion when compared to the grants receipt in the first quarter of 1392 in which the total grants received were Afs 29.9 billion). Major operating grants receipts were from LOTFA (Afs 7.1 billion), and CSTC-A (for Ministry of Defense; Afs 11.4 billion while it contributed Afs 2.4 billion to the Ministry of Interior.

Figure 2.7 - Operating grant revenues, Afs billions

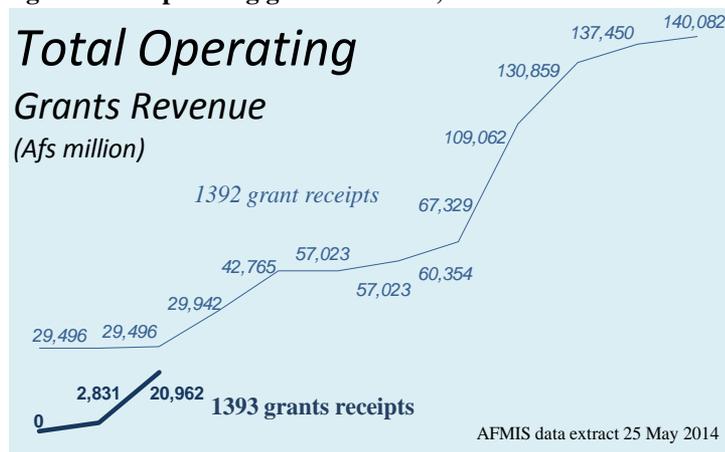


Table 2.4 - Operating grants, Afs millions

All Values are in Million Afs		1392	1392	1392	1393	1393	1393	1393
		Qtr 1	Qtr 1	% of Total	Qtr 1	Qtr 1	Qtr 1	% of Total
10001	Afghanistan Reconstruction Trust Fund (ARTF)	1,161	1,161	4%	0	0	0	0%
10002	Law & Order Trust Fund (LOTFA)	5,106	5,106	17%	7,067	7,067	7,067	34%
10004	Combined Security Transitional Command Afghanistan (CSTC-A) MoD	18,019	18,019	61%	11,417	11,417	11,417	55%
10005	Combined Security Transitional Command Afghanistan (CSTC-A) MoI	5,211	5,211	18%	2,409	2,409	2,409	12%

AFMIS data extract 25 May 2014

Development Grants

Total development grants receipts were Afs 10.97 billion in the first quarter 1393, the grant receipt was increased by Afs 4.2 billion compared to the amount received in the same period 1392.

Table 2.5 shows ten largest development grants which have been received during the first quarter of 1393 for different development projects.

World Bank was the largest donor which disbursed almost Afs 3.8 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. World Bank also provided about Afs 1.5 billion for the Second Education Quality Improvement Project through the ARTF.

The second largest project received highest grants during the first quarter 1393 was Rehabilitation of Maidan Shar – Bamyan Road. This is funded through Multi-Donor Grants and received a total fund of Afs 1.7 billion. Asian development bank also granted Afs 935 million in total for the Energy Sector Development Program. USAID is also among major donors and provided grants to Agriculture Development Fund, Good Performance Initiative and MoPH Partnership Contracts for Health Services program.

Figure 2.8 - Development grant revenues, Afs billions

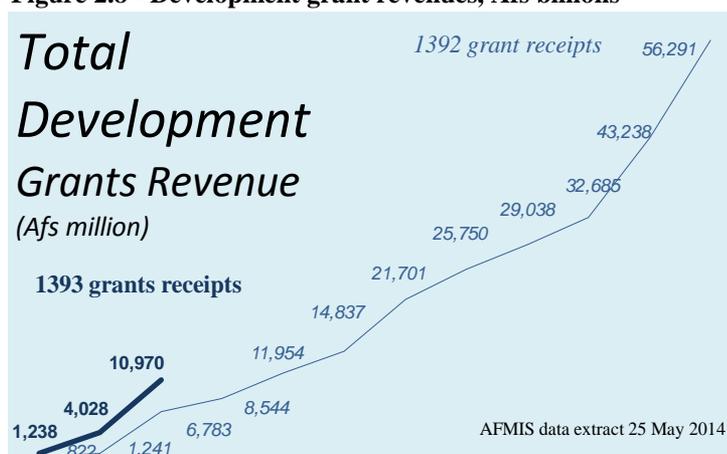


Table 2.5 - 10 largest development grant receipts in Q1, Afs million

CSTCA Mod Fund	RECURRENT BUDGET	11,417
Lotfa	RECURRENT BUDGET	7,067
TF098459-AF Third Emergency National Solidarity Project	ARTF	5,215
CSTCA Moi Fund	RECURRENT BUDGET	2,409
93962-Second Education Quality Improvement Project	ARTF	1,049
H792- Afghanistan Rural Access Project	World Bank	540
15005 System Enhancement for Health Action in Transition Project (SEGAT)	ARTF	423
H61 Af Irrigation Restoration and Development Project	Multi Donor Grants	385
10024 AF-Second Public Financail Management Reform Proje	ARTF	384
13093- Afghanistan Rural Access Project	ARTF	214

AFMIS data extract 25 May 2014

3 CORE BUDGET EXPENDITURES

Table 3.1 – 1393 Q1 expenditures

Code	(In millions of Afghanis)	1392	1392	1393	1393	Comparison to Budget			1393 Comparison to 1392 YTD	
		Qtr 1 Actual	Qtr 1 Actual	Qtr 1 Prelim	Qtr 1 Prelim	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	41,453.6	41,453.6	51,675.5	51,675.5	428,378.5	409,946.2	12.6	10,221.9	24.7
	Operating Budget	34,010.8	34,010.8	38,483.1	38,483.1	280,472.7	269,911.7	14.3	4,472.3	13.1
	Development Budget	7,442.8	7,442.8	13,192.4	13,192.4	147,905.9	140,034.5	9.4	5,749.6	77.3
	Discretionary Budget	875.5	875.5	3,643.4	3,643.4	50,120.1	44,817.3	8.1	2,768.0	316.2
	Non-discretionary Budget	6,567.3	6,567.3	9,548.9	9,548.9	97,785.8	95,217.2	10.0	2,981.6	45.4
2*	TOTAL NET EXPENDITURES (2)	41,440.4	41,440.4	51,661.7	51,661.7				10,221.3	24.7
2-25	RECURRENT EXPENDITURES	36,315.7	36,315.7	43,122.8	43,122.8	N/A	313,338.5	13.8	6,807.2	18.7
21	Compensation of Employees	28,925.5	28,925.5	32,495.4	32,495.4	162,602.6	153,834.5	21.1	3,569.9	12.3
	Operating Budget	28,925.5	28,925.5	32,495.4	32,495.4	162,602.6	153,834.5	21.1	3,569.9	12.3
	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	5,567.9	5,567.9	8,155.5	8,155.5	N/A	137,404.0	5.9	2,587.6	46.5
	Operating Budget	3,175.6	3,175.6	3,296.2	3,296.2	83,673.3	82,694.0	4.0	120.5	3.8
	Development Budget	2,392.3	2,392.3	4,859.3	4,859.3	N/A	54,710.0	8.9	2,467.1	103.1
23	Interest (1)	50.2	50.2	64.4	64.4	2,400.0	2,400.0	2.7	14.3	28.5
	Operating Budget	50.2	50.2	64.4	64.4	2,400.0	2,400.0	2.7	14.3	28.5
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A
24	Subsidies and Transfers	1,772.1	1,772.1	2,407.5	2,407.5	19,700.0	19,700.0	12.2	635.4	35.9
	Operating Budget	1,772.1	1,772.1	2,407.5	2,407.5	19,700.0	19,700.0	12.2	635.4	35.9
	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	5,138.0	5,138.0	8,552.7	8,552.7	N/A	96,607.8	8.9	3,414.7	66.5
	Operating Budget	87.4	87.4	219.6	219.6	12,096.4	11,283.3	1.9	132.2	151.2
	Development Budget	5,050.5	5,050.5	8,333.0	8,333.0	N/A	85,324.5	9.8	3,282.5	65.0
25*	Net Acquisition of Nonfinancial Assets (2)	5,124.7	5,124.7	8,538.8	8,538.8				3,414.1	66.6
	Operating Budget	74.2	74.2	205.8	205.8				131.6	177.4
	Development Budget	5,050.5	5,050.5	8,333.0	8,333.0				3,282.5	65.0

Source: FPD using AFMIS data downloaded on the 25 May 2014

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.

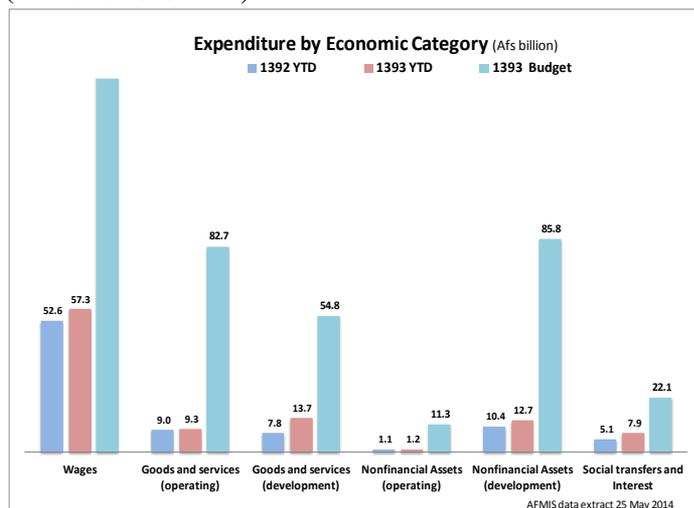
4/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

3.1 Overview of Core Budget and Expenditures

Total core budget for FY 1393 was Afs 428 billion which constitutes 34 percent as ratio to GDP. This core budget is comprised of Afs 280.5 billion operating which is 65.5 percent of total budget and Afs 147.4 or 34 percent of development budget which comprises 34.5 percent of development budget.

Out of the total allocated core budget, 12.9 percent has been allocated to be spent in first quarter of FY 1393. Out of this, Afs 32.5 billion was spent on wages and salaries, Afs 8.2 billion was spent on goods and services of both – development and operating. The remaining Afs 11 billion was spent on acquisition of non-financial assets and social transfers. In summary the execution rate was 14 percent compare to the core annual budget.

Figure 3.1 – Total Expenditures by Economic category (1392 and 1393 YTD)



3.2 Operating Budget by Economic Category

The total operating budget for the first quarter 1393 was Afs 38.5 billion, this shows an increase of almost 13.2 percent as compared to the first quarter of 1392 of Afs 34 billion. This increase in the operating expenditures mainly comes from civil servants wages and salaries. To sustain the existing level of development and service delivery, the government must increase the size of tashkeel (for instance it has agreed to increase 10000 teachers each year) and similarly for other sectors based on their requirements. The operating budget increment is also partially due to the rapid implementation of pay and grading and additional hiring directly in the P&G. Operating expenditures during the first quarter of 1392 were Afs 38.2 billion or about 13 percent higher compared to the same period last fiscal year of Afs 33.9 billion.

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 1393, the highest expenditure in the operating budget was employee’s compensations. Expenditures in first quarter of 1393 were Afs 32.5 billion this shows an increase of Afs 3.5 billion or 12.3 percent over the first quarter 1392 of Afs 28.9 billion. The increase in wages is also attributed to implementation of P&G reform and the increase in the civil servants Tashkeel.

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 1393 was Afs 3.3 billion, which increase by almost 3.1 percent compared to the same period over the past year (Afs 3.1 billion in first quarter 1392). It is worth mentioning that expenditures in this category were less than the allocated budget of Afs 20.7 billion. The reason for the low execution this time is the lack of available funds in the Treasury Single Account, historically execution rate in the operating budget is typically higher.

Figure 3.2 - Compensation of employees

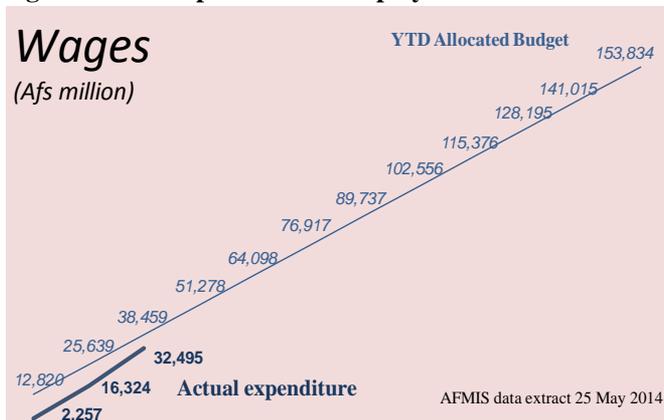
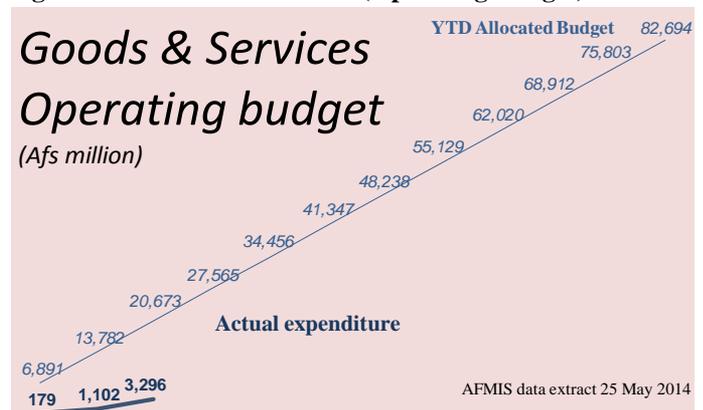


Figure 3.3 Goods and Services (Operating Budget)

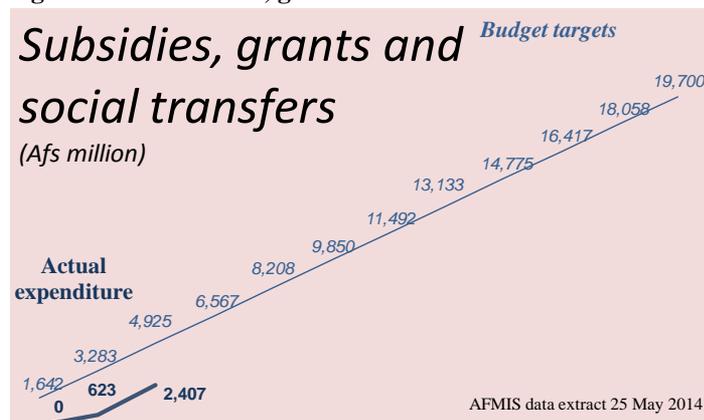


Subsidies, Grants, Social Transfers

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 19 billion of the total allocated budget.

In the first quarter of 1393, Afs 2.4 billion is spent on this category which is 5 percent less than what was allocated for this period.

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. Because Afghanistan is borrowing on highly concessional rates and is under the IMF’s poverty reduction program. This explains why the majority of the government debt is in the form of concessional loans with low interest rates and a longer grace period to finance its development projects. As a result, loans constitute a minor amount in the national budget financing. Spending on interest (excluding the principle repayments) was Afs 64.4 million in the first quarter of 1393, this shows 28.2 percent increase in the expenditure over the same period and in the same category in previous fiscal 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 1393, operating expenditures on the Acquisition of Non-Financial Assets is Afs 0.2 billion, this is an increase of Afs 132 million compared to Afs 87 million in previous fiscal year during same period.

Table 3.2 – Operating Expenditures by Sector and Largest Ministry (1392 and 1393 YTD)

In millions of Afghanis	Total Operating Expenditures					Compensation of Employees		Goods and Services		Gross Acquisition of Non financial assets		Other Expenditures (1)	
	1392	1393	% Change	Current	1393	1392	1393	1392	1393	1392	1393	1392	1393
	Qtr 1 Actual YTD	Qtr 1 Prelim YTD		allocated Budget 1391 (2)	YTD as % of Budget	Qtr 1 Actual YTD	Qtr 1 Prelim YTD	Qtr 1 Actual YTD	Qtr 1 Prelim YTD	Qtr 1 Actual YTD	Qtr 1 Prelim YTD	Qtr 1 Actual YTD	Qtr 1 Prelim YTD
TOTAL	34,010.8	38,483.1	13.1	280,472.7	13.7	28,925.5	32,495.4	3,175.6	3,296.2	87.4	219.6	1,822.3	2,471.9
Total Security	21,665.8	23,624.7	9.0	178,627.9	13.2	19,897.6	22,098.9	1,723.0	1,267.0	45.2	8.8	0.0	250.0
Ministry of Interior	8,390.5	10,066.1	20.0	62,761.9	16.0	7,775.4	9,487.4	592.6	324.0	22.5	4.7	0.0	250.0
Ministry of Defence	9,754.3	10,128.0	3.8	103,365.3	9.8	9,403.0	9,758.3	338.7	369.7	12.6	0.0	0.0	-0.0
General Directorate of National Security	2,448.2	2,706.9	10.6	11,071.4	24.4	2,004.4	2,293.6	437.5	409.1	6.3	4.1	0.0	0.0
Ministry of Foreign Affairs	799.7	500.5	-37.4	323.4	154.7	490.0	356.0	307.6	144.5	2.1	0.0	0.0	0.0
Other Ministries	273.1	223.2	-18.3	1,105.8	20.2	224.8	203.6	46.6	19.7	1.7	0.0	-0.0	0.0
Total Governance, Rule of Law and Human F	2,237.0	2,979.8	33.2	11,280.6	26.4	1,753.7	2,325.3	461.0	577.9	13.4	60.0	8.9	16.6
Presidents Office	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
Administrative Affairs	372.1	394.4	6.0	2,015.3	19.6	281.1	294.5	90.9	98.5	0.2	1.3	0.0	-0.0
Supreme Court	215.4	370.7	72.1	1,259.6	29.4	138.0	151.2	68.5	161.6	0.0	50.2	8.9	7.7
Ministry of Justice	305.3	737.7	141.6	3,001.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Ministries	104.8	102.0	-2.7	613.8	16.6	84.7	83.4	20.1	18.6	0.0	0.0	-0.0	0.0
Other Ministries	1,239.4	1,375.1	-183.8	4,390.8	-39.2	1,250.0	1,796.1	281.5	299.3	13.2	8.5	-0.0	8.8
Total Infrastructure and Natural Resources	798.8	851.4	6.6	7,021.1	12.1	470.1	448.2	321.9	263.5	6.8	139.8	-0.0	-0.0
Total Education	5,691.7	6,338.5	11.4	35,783.3	17.7	5,429.7	6,031.3	259.4	304.0	2.7	3.2	0.0	-0.0
Ministry of Education	5,056.7	5,554.3	9.8	31,061.3	17.9	4,904.9	5,376.0	151.2	177.4	0.6	1.0	0.0	-0.0
Ministry of Higher Education	441.6	646.0	46.3	4,017.6	16.1	384.1	547.9	57.0	95.9	0.4	2.2	0.0	-0.0
Other Ministries	193.5	138.2	-44.8	704.4	-16.2	140.6	107.4	51.2	30.8	1.6	0.0	0.0	-0.0
Total Health	480.7	660.6	37.4	3,132.7	21.1	397.0	399.2	76.3	254.1	7.3	7.3	-0.0	0.0
Ministry of Public Health	480.7	660.6	37.4	3,132.7	21.1	397.0	399.2	76.3	254.1	7.3	7.3	-0.0	0.0
Total Agriculture and Rural Development	381.3	369.9	-3.0	1,613.0	22.9	319.1	299.3	61.3	70.6	0.9	0.0	-0.0	0.0
Ministry of Agriculture	239.1	230.2	-3.7	1,110.1	20.7	219.6	199.1	18.7	31.1	0.8	0.0	-0.0	0.0
Other Ministries	142.2	139.7	0.7	502.8	2.2	99.5	100.2	42.5	39.5	0.1	0.0	-0.0	-0.0
Total Social Protection	2,152.3	2,603.6	21.0	12,394.8	21.0	296.3	351.5	98.6	102.5	0.3	0.2	1,757.2	2,149.4
Ministry of Martyrs, Disabled and Social Affairs	2,012.0	2,438.6	21.2	11,389.2	21.4	194.7	222.6	59.9	66.6	0.2	0.0	1,757.2	2,149.4
Other Ministries	140.3	165.0	-0.2	1,005.6	-0.4	101.6	128.9	38.6	35.9	0.0	0.2	0.0	0.0
Total Economic Gov. and Private Sector	603.2	871.8	44.5	3,478.1	25.1	361.9	400.5	174.2	406.5	10.9	-0.0	56.2	64.8
Ministry of Finance	431.3	706.9	63.9	2,488.9	28.4	238.4	264.5	126.7	377.6	10.0	0.0	56.2	64.8
Other Ministries	171.9	164.9	-19.4	989.2	-3.3	123.5	136.0	47.6	28.9	0.9	-0.0	0.0	0.0

Source: FPD using AFMIS data downloaded on the 25 May 2014

(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.

The Afghanistan National Development Strategy (ANDS) is the Government strategy for development 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 the ministries and budgetary units.

Table 3.2 considers the operating budget expenditures at the same stage of 1392 and 1393 by ANDS sector and largest operating budget ministries. It also shows whether spending has increased or decreased for the major economic codes.

Operating expenditure has reached Afs 38.5 billion at the end of first quarter 1393; this spending is around 13.1 percent higher compare to actual spending in 1392 of Afs 34 billion. The largest part of the operating expenditures of about 84 percent was spent on wages and salaries. While about 9 percent was spent on goods and services and the remaining was spent on acquisition of non-financial asset and other expenditures.

The Security sector remains the highest spending sector. During first quarter of Fiscal Year 1393 Afs 23.6 billion this year the operating budget for this sector was Afs 176 billion constituting almost 63 percent of the entire operating budget. Of the total operating expenditure of security sector, about Afs 22 billion was spent on wages and salaries of ANP and ANA. About Afs 1.2 billion was spent on goods and services of security sector.

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.

The second highest spending in the operating budget is the education sector. Total operating budget for this sector in 1392 was Afs 35.6 billion. This is 13 percent of the total operating budget in 1393. Spending in the education sector was Afs 6.3 billion till the end of first quarter of 1393 or 11 percent higher than spending for the same period in 1392. Spending in the Ministry of Education is higher compared to other ministries in this sector. The main reason behind this growth is the rapid implementation of pay and grading reforms and the recruitment of 10,000 new teachers directly in to the pay and grading each year. It should be noted that over half of the total teachers positions are reformed and currently getting their pay and grading salaries.

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 1393 is Afs 2.3 billion. The execution rate here is fair and it is expected that all the allocated amounts will be spent by end of the fiscal year.

From the remaining sectors, spending in the social protection sector was Afs 2.6 billion, which is slightly more than the allocated budget of Afs 2.5 billion. It is also worth mentioning that compared to actual spending during same period of previous fiscal year, there is an increase of about Afs 451 million. Similarly, economic governance, infrastructure and natural resources, agriculture and health sectors spent Afs 871.8 million, Afs 798.8 million, Afs 369 million and Afs 660 million respectively.

The execution rate is usually higher in the operating budget, given the large component of salaries and wages, which cannot be easily cut back on during the fiscal year.

3.3 Development Budget by Economic Category

Development budget for fiscal year 1393 was Afs 147.8 billion which is around 12 percent of GDP, this also includes the foreign funded projects that have recently been transferred to the national budget, including Afs 50.1 billion discretionary and Afs 97.7 billion non-discretionary projects. Actual development expenditure in the 1392 was Afs 80.2 billion as shows 56.6 percent execution of total allocated budget for the year. The main reason for the higher development budget is due to carry over of some existed and in progress project to the next year development budget. The preliminary data shows that Afs 13.2 billion was spend in the first quarter of 1393 which is almost double when compared to the same period in the previous year.

Acquisition of Non-financial Assets

The acquisition of non-financial assets, or “Capital Expenditure”, captures the investment efforts undertaken through the year. 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 current allocated budget available for this category in 1393 is Afs 86 billion. Capital expenditures on this category during the first quarter of 1393 were Afs 8.3 billion. So far 9.7 percent of total allocated development budget for the year has been spent. Expenses on this category jumped by 65 percent compared to the first quarter 1392. This was mainly due to huge spending occurred on land and building, machinery and equipments as well capital advance payment.

Figure 3.5 – Goods & Services, Afs millions

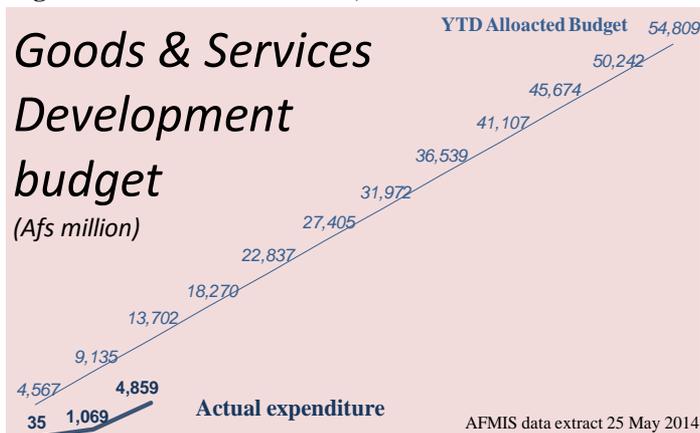
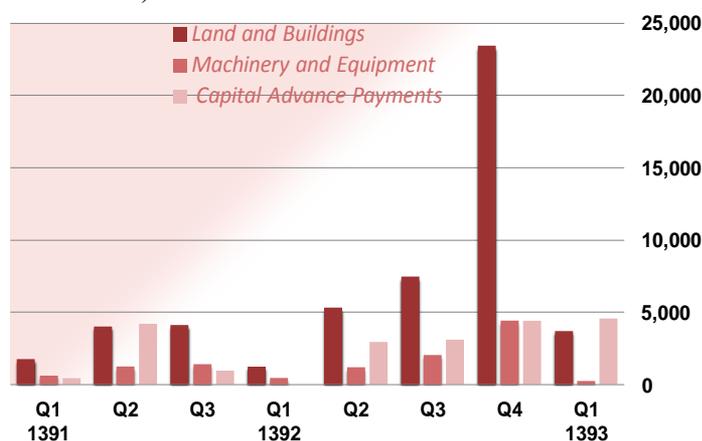


Figure 3.6 - Acquisition of non-financial assets by quarter, Afs millions, 1392- 1393

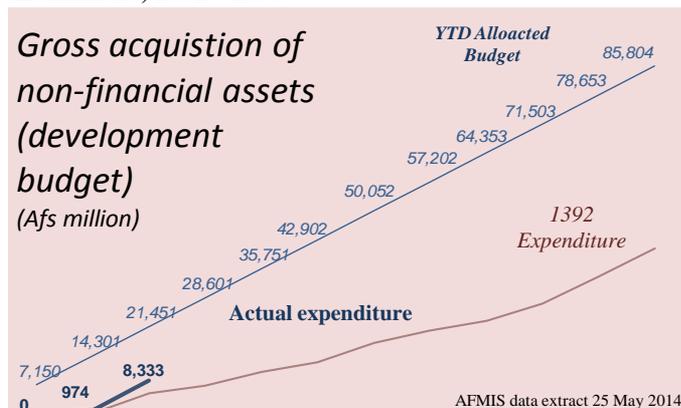


Goods and services

Development budget expenditures on goods and services, includes fees of consulting firms, construction of 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 allocation for Goods and Services for FY1393 has been fixed to Afs 54.8 billion. However, expenses on this category during first quarter 1392 was Afs 4.9 billion which shows an increase of more than two fold as compared to first quarter of 1392. 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 during first six months of the year.

Figure 3.7 - Acquisition of non-financial assets by quarter, Afs millions, 1392 - 1393



3.4 Development Budget by ANDS Sector and Ministry

Table 3.3 considers the operating budget 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 (1392 and 1393 YTD)

In millions of Afghanis	1392	1392	1392	1393	1393	1393	1393	1393	1393 Comparison to 1392	
	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	157,750.1	7,493.6	4.8	147,787.1	13,189.9	8.9	134,597.2	100.0	5,696.3	76.0
Total Infrastructure and Natural Resources	46,893.4	2,044.1	4.4	52,576.9	3,554.8	6.8	49,022.0	36.4	1,510.7	73.9
Ministry of Public Works	23,050.8	1,034.8	4.5	23,040.4	2,178.1	9.5	20,862.3	15.5	1,143.3	110.5
Ministry of Transport and Aviation	179.6	0.5	0.3	123.2	0.0	0.0	123.2	0.1	-0.5	-100.0
Ministry of Energy and Water	2,464.6	493.4	20.0	10,439.3	622.1	6.0	9,817.2	7.3	128.7	26.1
Water Supply and Canalization Corporation	11,996.9	0.0	0.0	795.3	0.0	0.0	795.3	0.6	0.0	N/A
Ministry of Communication	1,822.2	176.3	9.7	2,338.4	25.1	1.1	2,313.3	1.7	-151.1	-85.7
Ministry of Mines and Industries	2,087.0	107.8	5.2	1,836.7	182.5	9.9	1,654.2	1.2	74.7	69.3
Other Ministries	5,292.1	231.3	4.4	14,003.6	547.0	3.9	13,456.5	10.0	315.7	53.7
Total Agriculture and Rural Development	26,245.6	4,112.9	15.7	31,078.7	7,025.8	22.6	24,052.8	17.9	2,912.9	70.8
Ministry of Agriculture	6,607.5	121.3	1.8	7,337.4	641.4	8.7	6,696.0	5.0	520.1	428.8
Ministry of Rural Rehabilitation and Development	18,914.9	3,991.6	21.1	22,734.9	6,153.6	27.1	16,581.2	12.3	2,162.0	54.2
Other Ministries	723.2	0.0	0.0	1,006.3	230.8	22.9	775.6	0.6	230.8	-412.2
Total Education	19,435.5	552.0	2.8	18,881.5	1,136.5	6.0	17,745.1	13.2	584.4	105.9
Ministry of Education	14,535.3	469.9	3.2	13,867.8	672.4	4.8	13,195.4	9.8	202.4	43.1
Other Ministries	4,900.2	82.1	1.7	5,013.7	464.1	9.3	4,549.7	3.4	382.0	62.8
Total Economic Gov. and Private Sector Deve	6,014.1	420.0	7.0	6,236.0	386.3	6.2	5,849.6	4.3	-33.6	-8.0
Ministry of Finance	4,444.6	291.6	6.6	4,574.6	268.0	5.9	4,306.6	3.2	-23.6	-8.1
Other Ministries	1,569.5	128.3	8.2	1,661.4	118.3	7.1	1,543.1	1.1	-10.0	0.1
Total Health	9,746.0	165.8	1.7	14,661.7	757.5	5.2	13,904.2	10.3	591.7	356.9
Ministry of Public Health	9,746.0	165.8	1.7	14,661.7	757.5	5.2	13,904.2	10.3	591.7	356.9
Total Governance, Rule of Law and Human Ri	3,927.4	133.1	3.4	4,671.1	196.3	4.2	4,474.8	3.3	63.3	47.5
Independent Directorate of Local Governance	1,230.3	4.8	0.4	1,978.4	49.2	2.5	1,929.3	1.4	44.4	930.5
Other Ministries	2,697.0	128.3	4.8	2,692.7	147.1	5.5	2,545.6	1.9	18.9	-882.9
Total Social Protection	1,109.9	32.7	2.9	1,216.5	48.0	3.9	1,168.6	0.9	15.3	46.7
Total Security	39,245.1	33.0	0.1	9,427.1	84.7	0.9	9,342.4	6.9	51.7	156.9
Total Unclassified	5,133.2	0.0	0.0	9,037.6	0.0	0.0	9,037.6	6.7	0.0	N/A

Infrastructure and Natural Resources is the largest spending sector in development budget compared to other sectors. Total allocated budget for this sector is Afs 52.6 billion or 36.4 percent of the total unspent development budget. The YTD development budget expenditures were Afs 3.6 billion or 6.8 percent of the total allocated budget. These expenditures are almost 74 percent higher when compared to spending at the first quarter of 1392 (Afs 2.04 billion). Expenditures in this sector included the design, survey and construction of highways, electric power generators, roads, communication other related projects. There are numerous largest ministries in the development budget come under this sector, which are mainly including the following Ministries:

Total development budget of the **Ministry of Public Works** is Afs 23 billion or 15.5 percent of the total development budget for the FY1393. The total YTD development expenditures were Afs 2.2 billion. The YTD execution rate of this ministry is 9.6 percent. The YTD development expenditures during first quarter of 1393 is more than double when compared to first quarter 1392.

Ministry of Energy & Water has a total development budget of Afs 10.4 billion. It accounts for 7.1 percent of the total development budget in 1393. YTD development expenditures in this ministry were only 6 percent of the allocated budget. However, this shows an increase of 26.2 percent when compared to the same period in the previous year.

The **Agriculture & Rural Development** sector stands at the second largest sector in the development budget and accounts for 22.6 percent of the budget. The total allocated budget for the sector is Afs 31.1 billion. The

YTD development expenditures in the sector were Afs 7.02 billion or 22.6 percent of the allocated budget. Hence, it shows about 71 percent increase compare to first quarter 1392.

The **Ministry of Rural Rehabilitation and Development** is the third largest ministry in the development budget for 1393. Its total development budget is Afs 22.7 billion or 27.1 percent of the total development budget for the year. The total YTD development expenditures by this ministry were Afs 6.2 billion or 27 percent of the allocated budget for the year. During this period of time, MRRD development budget expenditure was relatively higher compared to the same period in 1392 which shows an increase of 54.2 percent.

- The YTD development expenditures in the **Ministry of Agriculture** were Afs 641.4 million or 2.1 percent of its annual budget, while YTD spending at the same period in 1392 was Afs 121.3 million which is notably lower compared to first quarter 1393.

The **Education Sector** accounts for 12.7 percent of the total development budget. The total YTD development expenditures in the sector were only Afs 1.1 billion or 6.02 percent of allocated budget. Most of these expenditures were made in the Ministry of Education on the construction of schools, building local education offices in provinces, technical teachings, capacity development of teachers, and purchasing necessary equipments etc. The YTD development expenditures are higher more than double compared to first quarter 1392.

The **Ministry of Public Health** accounts for nearly about 10 percent of the total development budget about 1.2 percent of GDP in 1393 with the development budget of Afs 14.7 billion. During the first quarter of 1392, development expenditures in health sector was Afs 756 million or 5.2 percent of its allocated budget for the year. While, compared to the first quarter 1392, this shows an increase in spending by Afs 590 million.

The **Governance Rule of Law & Human Rights sector** has spent nearly 4.2 percent of its allocated budget for the year. Total YTD development expenditures in this sector were Afs 196.3 million which shows an increase of 63 million compared to YTD expenditures at the same period in 1392.

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 budget financing requirement. In comparison, the core budget balance presented in chapter one only considers the *gross* acquisition of non-financial assets. Unless there is major asset sale, the public sector financing requirement will be very similar to the core budget balance (including grants). 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 3.7 billion during the first quarter of FY 1393 compared to Afs 17.6 billion, for the first quarter of the previous fiscal year. The surpluses during first quarters of fiscal years are due to the decreased 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 FY1393 which is will be financed by donor grants or concessional loans.

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

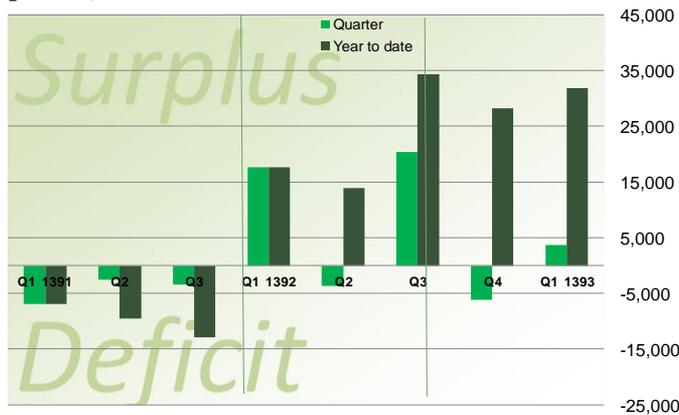
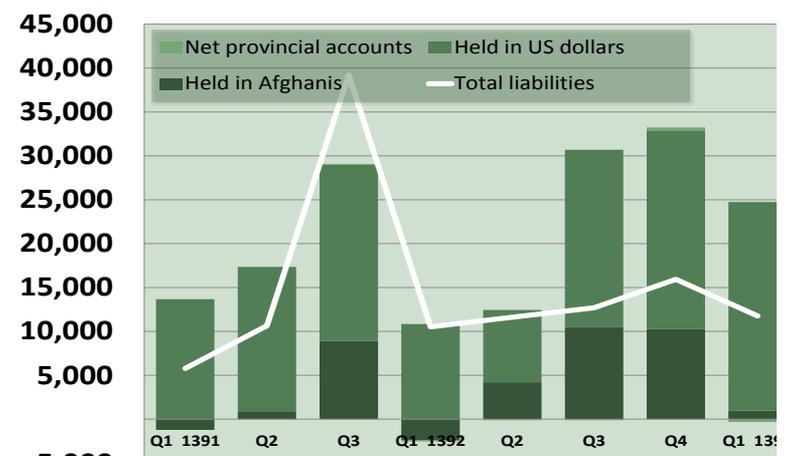


Figure 4.2 - Balance of Treasury Single Account, Afs million at end of quarter



4.2 Treasury Single Account

The Treasury Single Account assets fell by Afs 6.5 billion by the end of Q1. The reasons for which are uncertainties in economic and political environment of the country, and the critical underpinning Bilateral Security Agreement (BSA) between the Government of Afghanistan and the USA. More importantly, awaiting results of the presidential election run off played a key role in standing the country at this juncture. Due to which donors remained concerned and withheld their financial assistance until the above conditions get better. Lower revenue collection has led to a reduction in the funds available in the TSA, and we anticipate a continued use of these funds going forward in order to finance expenditures.

5 A closer look at “Debt and its history in Afghanistan”

Debt and Borrowing Overview

Afghanistan reached decision point for the HIPC initiative in July 2007, following an agreement with Russia on the level of debt owed, and qualified for substantial interim debt relief. Debt in 2006 was around US\$ 11.9 billion in nominal terms, a substantial debt burden as GDP at the time was only US\$7.1 billion. Debt relief was determined at US\$ 571 million in NPV terms (US\$ 1.2 bn in nominal terms), which was then revised upwards to US\$ 1.3 billion in nominal terms after a debt reconciliation exercise. Debt was further reduced by over US\$ 10 billion in nominal terms through a debt write off agreed with our largest creditor, the Russian Federation, on debt issued prior to 1992. Afghanistan reached completion point in the HIPC initiative in January of 2010, and the IMF endorsed a final debt relief plan under HIPC for Afghanistan of US\$ 1.6 billion; amounting to 96 percent of remaining debt. After a 3 year process from the decision point, Afghanistan saw debt fall from above 100 percent of GDP to around 7 percent of GDP today. In total with Paris Club creditors, including Russia, we reached an agreement covering US\$ 11.3 billion in debt, which were restructured on “Naples Terms”¹ - a cancellation of 67 percent in NPV terms of non-ODA debt with a favourable rescheduling of the remainder.

Debt service fell by an estimate US\$ 1.6 billion as a result of the HIPC and other initiatives, which has placed the debt on a more affordable footing. The overall debt stock decline dramatically, as outlined in the table below.

Debt Pre- and Post-HIPC

	At DP	2008/09	Post-CP
Total	11,939.4	2,103.9	2,313.2
Multilateral	557.3	1,000.5	1,177.2
IDA	300.8	433.3	418.0
Asian Development Bank	254.6	477.6	628.4
IMF	-	87.3	119.1
IsDB	-	0.5	11.7
OFID	1.9	1.8	-
Bilateral	11,382.1	1,102.7	1,136.0
Russia	11,127.9	850.8	1,003.5
Germany	43.9	16.8	-
United States	111.7	108.3	-
Other Official Bilateral	98.6	126.8	-
Bulgaria	47.6	48.9	52.5
Iraq	9.1	-	-
Kuwait	19.3	20.7	22.5
Saudi Arabia	22.2	-	-
Saudi Fund	-	47.1	47.3
Slovak Republic	-	-	-
Croatia	0.4	-	-
Iran	-	10.1	10.2
Commercial	-	0.6	-
Bulgaria	-	0.6	-

Sources: Government Debt Reports, IMF and World Bank

The outstanding Domestic Debt held by the Government is related to the rescue efforts for Kabul Bank – the Government had to initially provide US\$ 825 million in loans to Kabul Bank through the lender-of-last-resort facility. The Government issued a recapitalisation bond of Afs 37.9 billion to help cover the cost of this intervention. This non-tradable bond remains on the Government books with a single annual principal payment.

In order to reach completion point Afghanistan met a number of triggers, including the implementation of the PRSP, establishment of a track record under an IMF program and a number of other agreed criteria. These included: putting in place and maintaining a database of debt; design pension reform for the public sector; restructure core service delivery ministries and improve transparency; track poverty related spending; produce an MTFF; produce, release and audit financial statements and put in place regulations for the extractive sector.

¹ Naples Terms are set out by a 1994 agreement of the Paris Club and detail the treatment low income countries can expect in terms of debt forgiveness and rescheduling.

At three years between DP and CP Afghanistan made fairly rapid progress (compared to an average 3.8 years for enhanced HIPC countries), particularly for a post-conflict country.

Debt Management systems

The Ministry of Finance has put in place a debt management unit in order to monitor the payments and status of outstanding debt, and has installed the CS-DRMS (Commonwealth Secretariat Debt Reporting and Management Software) to maintain a record of the required interest and principal payments as well as the terms of loans. This has ensured that the Treasury can provide quarterly reports of the debt stock and payments, and release them publically.

The Government has set out under the Public Financial Management Act (**PFMA**) a debt management function, which falls under the Treasury of the Ministry of Finance, in the Debt and Asset Management Unit (**DAMU**), and sets the Ministry of Finance as the authorized borrower on behalf of the State, requiring that the Ministry of Finance maintain original documentation related to any borrowing (including guarantees and any contingent liabilities). This ensures that the Ministry of Finance has both the legal requirement to oversee and managed debt, as well as providing a systems through which loans are authorized. The undertaking of a loan by the Government also requires the prior authorization of the Wolesi Jirga set out in a law.

While there are not explicit rules in place in terms of either fiscal rules, or ceilings set out in law or regulations, over the accumulation of debt, we have agreed with the IMF a number of ceilings on the size of the debt burden and borrowing. The Government now maintains a zero ceiling on short term public and guaranteed external debt, in agreement with the IMF ECF program. This program also includes a ceiling on medium and long term external debt: agreeing there will be no non-concessional external debt. There will also be no accumulation of arrears, and a zero ceiling on borrowing by SOEs in need of restructuring.

Debt Sustainability

The IMF has estimated that a financing gap, in total around US\$ 3-4 billion, will continue until at least the end of the decade; however this will largely depend on the successes of new revenue collection lines, and the expansion of the mining sector, as well as the requirement to spend money on security. This general concern about meeting overall expenditure needs has led to the IMF to continue to give Afghanistan a rating of “high risk” of debt distress, despite the falls in the debt stock, and generally low interest rates and borrowing.

The conclusions from the Government’s medium term DSA, conducted as part of the budget preparation process, agree with those of the IMF/World Bank DSA, primarily:

- The biggest risk to debt is reduced financing from donors: there remains a substantial need for investment and security spending in Afghanistan and this is reliant on donor support while domestic resources remain low. A reduction in this support would necessitate borrowing to meet key expenditures, and could rapidly increase the debt burden.
- Interest rates remain low, and there are plenty of avenues for concessional financing: this reduces the likely risk of large interest rate changes. While concessional financing may not provide the scale of resources needed the credits provided are generally low cost, with high grace periods.
- Contingent liabilities and liabilities from the public sector remain a potential risk: the Government receives regular reports on the State Owned Enterprises’ performance, and will

continue monitoring them for any further concerns. The cost of the Kabul Bank recapitalisation was borne by the Government, and so the Government will maintain a constant monitoring of the financial and other sectors for possible contingent liabilities.

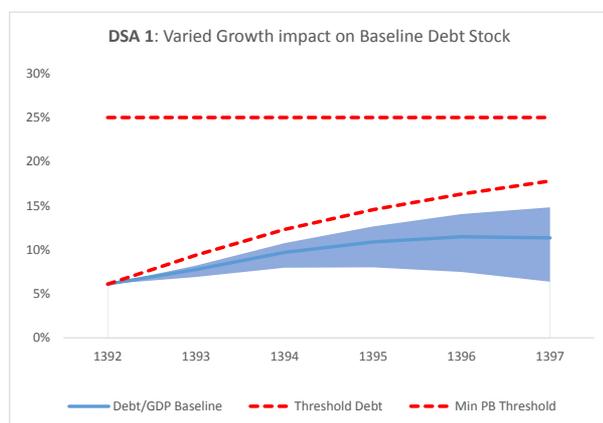
The average grant element of the loan portfolio is over 60%; making the overall portfolio highly concessional. The main new sources of debt (World Bank and ADB loans) are highly concessional, with grant elements far above 60%.

DSA Results

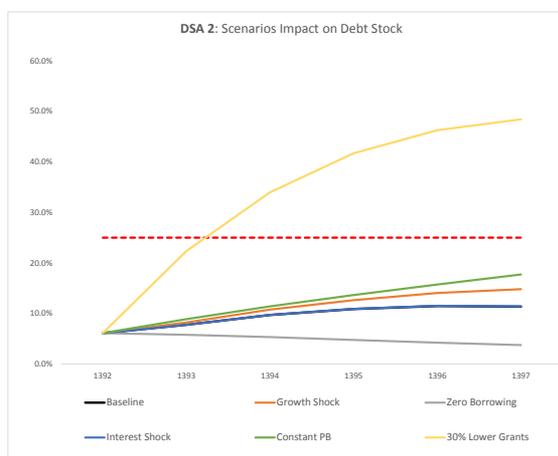
The Government's DSA has shown that while the interest rate remains low, and likely will for some time as a result of the concessional borrowing, the potential costs of interest would increase were a large financing gap to emerge requiring non-concessional borrowing – as a result any slowdown in grant financing is likely to see both the size and cost of borrowing increase. The current portfolio of loans is unlikely to present an immediate risk, and the borrowing plan set out in the medium term is sustainable – particularly as any borrowing set out will, as a result of agreements with the IMF, either be through concessional windows of IOs, or not actually undertaken.

DSA Table	1392	1393	1394	1395	1396
Baseline Debt/GDP ¹	9.4%	11.0%	12.9%	13.9%	14.4%
Growth Shock Debt/GDP	9.4%	11.7%	14.4%	16.4%	17.9%
External Debt Service/Exports	0.6%	0.9%	1.2%	1.3%	3.9%
External Debt Service/Reserves	0.4%	0.6%	0.7%	0.8%	3.0%
Total Debt Service/Revenues exc rollover	1.4%	1.8%	2.2%	2.2%	6.3%

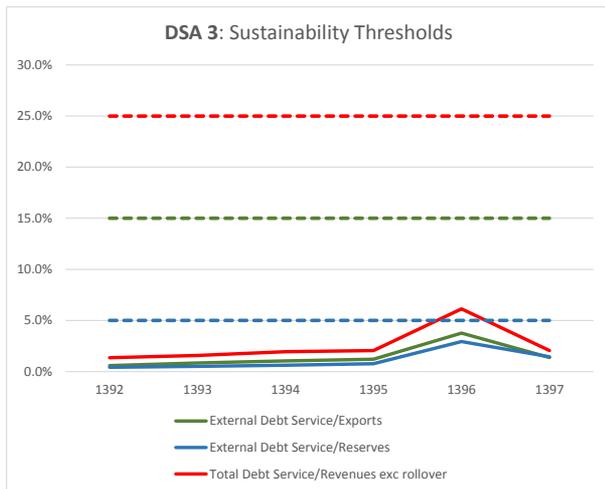
1/ Including the domestic debt from the recapitalisation of Kabul Bank



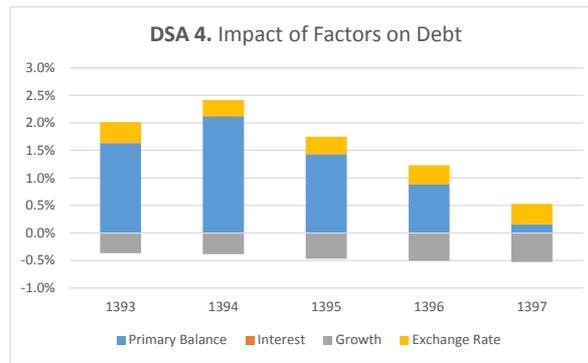
The medium term fiscal plan, given the current level of debt, does not present a large risk to the Government. Realistically borrowing will likely be below that estimated in medium term projections, in order to remain in line with international agreements.



The largest risk to the debt sustainability remains concerns over grant performance. An underperformance of grants by only 30% would cause debt stock to reach almost 50% during the medium term.



Debt service costs do not present a large risk to the fiscal sustainability of the Government. The medium term borrowing plans, and current outstanding debt, both occur at low interest rates.



An expected continued depreciation of the exchange rate will create pressure on the debt, most of which is denominated in foreign currency. Continued GDP growth will reduce debt by an estimated 0.5% per year – assuming growth remains around 6% in real terms.

Over recent years the debt stock has accumulated largely as a result of World Bank projects aimed at particularly key investment areas, including: emergency power, communication and irrigation projects, urban reconstruction, institution building, transport rehabilitation and an investment guarantee facility. Since 2003/04, when most of these agreements were signed, around US\$ 450 million has been disbursed, with repayments starting last year and expected to continue until 2043/2044.

In the immediate future the Government has agreed loans with the Asian Development Bank (ADB), and the International Monetary Fund (IMF) under an Extended Credit Facility (ECF) arrangement. The former is used towards development projects, the latter in order to ensure adequate reserve coverage.

Afghanistan is likely to benefit from an improved revenue collection over time, in part as a result of the implementation of the new Value Added Tax (VAT) next year, and through the expanding mining sector, which is expected to begin activity by 2017. A continued extractive industry return will help ensure that future debt payments are less likely to present a strain on available resources, and future debt sustainability analyses will try to take into account likely future flows from the extractive industry.

Conclusion

While our debt burden remains sustainable and debt levels and service costs relative to revenue remain low and will likely continue as such, there remains substantial risk as a result of high expenditure needs. At the moment these, particularly in the security sector, and in certain major infrastructure or investment projects, are met through grants financing. Should this grant financing decline, and operation and maintenance costs for infrastructure continue to grow, we will face a requirement to fund more expenditure on budget through domestic revenue or borrowing. This will present the largest future risk to debt sustainability, as a result the focus in the medium term will be on ensuring growth in domestic revenue sources, and ensuring we accurately estimate likely costs of O&M.

6 Tables

Table 6.1 - Core Budget Revenues

Code	(In millions of Afghanis)	1392	1393	1393 Comparison to		YTD Target		Annual Target (2)	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD	Change	% Increase	1393 YTD		
CORE BUDGET									
1	REVENUES including grants (1)	59,049.1	55,360.9	-3,688.1	-6.2				
1-19	REVENUES excluding grants	22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
DOMESTIC REVENUES (2) (3)		22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
11	Tax Revenues	11,423.4	12,787.9	1,364.5	11.9	13,717.4	-6.8	62,351.8	20.5
111	Fixed Taxes	2,552.7	2,671.5	118.7	4.7	3,037.5	-12.1	13,806.8	19.3
112	Income Taxes	3,997.3	4,703.6	706.3	17.7	4,343.1	8.3	19,741.4	23.8
113	Property Taxes	71.4	232.9	161.5	226.2	87.9	165.1	399.5	58.3
114	Sales Taxes	3,789.0	3,712.2	-76.8	-2.0	5,114.1	-27.4	23,246.1	16.0
116	Other Taxes	843.3	1,467.6	624.3	74.0	986.1	48.8	4,482.4	32.7
117	Tax Penalties and Fines	169.6	0.0	-169.6	-100.0	148.7	-100.0	675.7	0.0
12	Customs Duty, Import Taxes	6,388.6	6,115.0	-273.6	-4.3	7,936.2	-22.9	36,073.7	17.0
13	Non Tax Revenue	3,993.8	3,864.0	-129.8	-3.2	6,070.5	-36.3	27,593.1	14.0
131	Income from Capital Property	123.4	307.1	183.7	148.9	729.4	-57.9	3,315.5	9.3
132	Sales of Goods and Services	1,394.4	736.1	-658.3	-47.2	2,364.1	-68.9	10,745.9	6.9
133	Administrative Fees	2,179.9	2,429.3	249.4	11.4	2,639.1	-7.9	11,995.8	20.3
134	Royalties	63.2	43.7	-19.4	-30.8	79.3	-44.9	360.4	12.1
135	Non Tax Fines and Penalties	108.9	163.1	54.2	49.8	170.2	-4.2	773.8	21.1
136	Extractive Industry	124.1	184.7	60.6	48.8	88.4	109.0	401.6	46.0
14	Miscellaneous Revenue	-219.9	-304.1	-84.1	38.3	783.3	-138.8	3,560.4	-8.5
17	Social Contributions	738.2	966.0	227.8	30.9	928.7	4.0	4,221.1	22.9
GRANTS (1)		36,725.0	31,932.1	-4,792.9	-13.1				
191	Foreign Governments	29,941.9	20,962.2	-8,979.6	-30.0				
192	International Organisation	6,783.1	10,969.9	4,186.8	61.7				
193	Other Government Units	0.0	0.0	0.0	N/A				
TOTAL OPERATING BUDGET REVENUE		52,266.0	44,391.0	-7,874.9	-15.1			285,906.0	15.5
	Domestic Revenues	22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
	as percentage of total	42.7	52.8	2.1					
	External Grant Support	29,941.9	20,962.2	-8,979.6	-30.0			152,106.0	13.8
	as percentage of total	57.3	47.2	-17.2					

Source: FPD using AFMIS data downloaded on the 25 May 2014

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 11.1 billion in domestic revenues are allocated to the development budget in 1393. 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)	1392	1393	1393 Comparison to		YTD Target		Annual Target	% Annual Target
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD	1393 YTD	1393 Qtr 1 YTD	Target - Actual % (+/-)		
				Change	% Increase				
1-19	REVENUES excluding grants	22,324.1	23,428.8	1,104.7	4.9	29,436.0	-20.4	133,800.0	17.5
01	Kabul	527.0	621.0	93.9	17.8	632.6	-1.8	2,875.6	21.6
02	Kapisa	12.8	16.9	4.1	31.6	30.0	-43.6	136.3	12.4
03	Parwan	21.0	26.5	5.5	26.1	55.9	-52.5	253.9	10.4
04	Wardak	42.9	19.6	-23.3	-54.2	43.9	-55.3	199.7	9.8
05	Logar	17.6	54.5	36.9	210.2	35.5	53.5	161.3	33.8
06	Nangarhar	2,801.2	2,488.5	-312.7	-11.2	2,983.8	-16.6	13,562.8	18.3
07	Laghman	17.1	17.0	-0.1	-0.6	36.9	-53.8	167.8	10.2
08	Pangsher	8.7	9.6	0.9	9.8	19.2	-50.3	87.4	10.9
09	Baghlan	31.7	38.0	6.3	19.9	72.9	-47.9	331.5	11.5
10	Bamyan	21.9	11.3	-10.6	-48.5	26.1	-56.9	118.8	9.5
11	Ghazni	41.5	43.0	1.5	3.5	73.7	-41.7	334.9	12.8
12	Paktika	18.4	19.8	1.5	8.0	40.3	-50.7	183.0	10.8
13	Paktiya	148.9	244.1	95.2	63.9	176.3	38.5	801.2	30.5
14	Khost	206.4	152.8	-53.6	-26.0	310.2	-50.8	1,410.2	10.8
15	Kunar	16.1	25.2	9.1	56.7	87.5	-71.2	397.8	6.3
16	Nuristan	0.0	0.1	0.1	N/A	10.2	-98.9	46.6	0.3
17	Badakhshan	22.2	30.0	7.8	35.2	74.0	-59.4	336.3	8.9
18	Takhar	44.3	47.3	3.0	6.7	78.1	-39.5	354.9	13.3
19	Kunduz	193.3	183.0	-10.2	-5.3	329.4	-44.4	1,497.4	12.2
20	Samangan	14.4	24.3	9.9	69.1	28.1	-13.7	127.9	19.0
21	Balkh	1,636.7	1,915.5	278.8	17.0	2,444.5	-21.6	11,111.5	17.2
22	Saripul	10.3	11.9	1.6	15.9	22.6	-47.1	102.6	11.6
23	Ghor	12.8	10.8	-2.0	-15.8	36.5	-70.5	165.8	6.5
24	Dikondy	9.2	6.1	-3.2	-34.3	17.6	-65.4	79.8	7.6
25	Uruzgan	6.1	3.9	-2.2	-35.5	17.6	-77.7	80.2	4.9
26	Zabul	12.7	9.8	-2.9	-22.6	26.5	-62.8	120.3	8.2
27	Kandahar	616.7	713.7	97.0	15.7	730.1	-2.2	3,318.5	21.5
28	Jawzjan	33.7	23.8	-9.9	-29.3	61.2	-61.0	278.2	8.6
29	Faryab	840.2	899.4	59.2	7.0	1,107.8	-18.8	5,035.4	17.9
30	Helmand	87.3	84.1	-3.3	-3.8	158.4	-46.9	720.1	11.7
31	Badghis	10.9	11.4	0.5	4.8	22.3	-48.6	101.2	11.3
32	Herat	4,044.3	2,981.9	-1,062.4	-26.3	4,757.9	-37.3	21,626.6	13.8
33	Farah	437.6	565.6	128.1	29.3	511.2	10.6	2,323.7	24.3
34	Nimroz	1,132.4	1,506.9	374.4	33.1	1,364.9	10.4	6,203.9	24.3
90	Central Ministries	9,225.6	10,611.3	1,385.7	15.0	13,012.3	-18.5	59,146.9	17.9
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 25 May 2014

Table 6.3a - Core Budget Expenditures

Core	(In millions of Afghanis)	1392	1393	Comparison to Budget			1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	1392 YTD Change	% Increase
2	TOTAL GROSS EXPENDITURES	41,453.6	51,675.5	428,379	409,946	12.6	10,221.9	24.7
	Operating Budget	34,010.8	38,483.1	280,473	269,912	14.3	4,472.3	13.1
	Development Budget	7,442.8	13,192.4	147,906	140,035	9.4	5,749.6	77.3
	Discretionary Budget	875.5	3,643.4	50,120	44,817	8.1	2,768.0	316.2
	Non-discretionary Budget	6,567.3	9,548.9	97,786	95,217	10.0	2,981.6	45.4
2*	TOTAL NET EXPENDITURES	41,440.4	51,661.7				10,221.3	24.7
2-25	RECURRENT EXPENDITURES	36,315.7	43,122.8	N/A	313,338	13.8	6,807.2	18.7
21	Compensation of Employees of which operating budget	28,925.5	32,495.4	162,603	153,834	21.1	3,569.9	12.3
	211-3 Wages and Salaries	27,876.6	31,230.7				3,354.1	12.0
	214-6 Social Benefits	1,048.9	1,264.7				215.8	20.6
22	Use of Goods and Services of which operating budget	5,567.9	8,155.5	N/A	137,404	5.9	2,587.6	46.5
	221 Travel	397.6	487.1	83,673.3	82,694	4.0	120.5	3.8
	222 Communications	256.8	374.2				89.5	22.5
	223 Contracted Services	1,862.7	2,646.8				117.4	45.7
	224 Repairs and Maintenance	489.7	562.7				784.1	42.1
	225 Utilities	325.4	303.6				73.0	14.9
	226 Fuel	675.2	805.7				-21.8	-6.7
	227-9 Other Use of Goods and Services	1,560.6	2,975.3				130.6	19.3
23	Interest (1) - operating budget	50.2	64.4	2,400.0	2,400	2.7	14.3	28.5
24	Social Transfers - operating budget	1,772.1	2,407.5	19,700.0	19,700	12.2	635.4	35.9
	242 Subsidies	0.0	250.0				1,414.7	90.6
	245 Grants	11.0	7.7				250.0	N/A
	247 Social Security	1,759.9	2,149.8				-3.2	-29.6
	248-9 Other Social Transfers	1.3	0.0				389.9	22.2
25	Gross Acquisition of Nonfinancial Assets of which operating budget	5,138.0	8,552.7	N/A	96,608	8.9	3,414.7	66.5
	25* Net Acquisition of Nonfinancial Assets (2)	87.4	219.6	12,096.4	11,283	1.9	132.2	151.2
	150 Sale of Land and Buildings	-13.3	-13.8				3,414.1	66.6
	251 Buildings and Structures	1,286.5	3,604.8				-0.6	4.4
	252 Machinery / Equipment (>50,000)	466.9	255.1				2,318.3	180.2
	257 Valuables	0.6	0.0				-211.8	-45.4
	258 Land	1.8	140.7				-0.6	-100.0
	259 Capital Advance Payments	3,382.2	4,552.1				138.9	7756.2
							1,169.9	34.6

Source: FPD using AFMIS data downloaded on the 25 May 2014

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)	1392	1393	Comparison to Budget			1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (3)	% Allocated Budget	1392 YTD Change	% Increase
2	TOTAL GROSS EXPENDITURES	34,010.8	38,483.1	280,472.3	269,911.7	14.3	4,472.3	13.1
2*	TOTAL NET EXPENDITURES (2)	33,997.6	38,469.3					
2-25	RECURRENT EXPENDITURES	33,923.4	38,263.5	268,376.0	258,628.4	14.8	4,340.1	12.8
21	Compensation of Employees	28,925.5	32,495.4	162,602.6	153,834.5	21.1	3,569.9	12.3
211-3	Wages and Salaries	27,876.6	31,230.7				3,354.1	12.0
214-6	Social Benefits	1,048.9	1,264.7				215.8	20.6
22	Use of Goods and Services	3,175.6	3,296.2	83,673.3	82,694.0	4.0	120.5	3.8
221	Travel	314.3	389.2				74.9	23.8
222	Communications	252.4	359.4				107.0	42.4
223	Contracted Services	118.7	111.1				-7.6	-6.4
224	Repairs and Maintenance	483.8	544.0				60.2	12.4
225	Utilities	313.4	287.1				-26.3	-8.4
226	Fuel	671.0	798.8				127.8	19.0
227-9	Other Use of Goods and Services	1,022.0	806.5				-215.5	-21.1
23	Interest (1)	50.2	64.4	2,400.0	2,400.0	2.7	14.3	28.5
24	Social Transfers	1,772.1	2,407.5	19,700.0	19,700.0	12.2	635.4	35.9
242	Subsidies	0.0	250.0				250.0	N/A
245	Grants	11.0	7.7				-3.2	-29.6
247	Social Security	1,759.9	2,149.8				389.9	22.2
248-9	Other Social Transfers	1.3	0.0				-1.3	-100.0
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	87.4	219.6	12,096.4	11,283.3	1.9	132.2	151.2
25*	Net Acquisition of Nonfinancial Assets (2)	74.2	205.8				131.6	177.4
150	Sale of Land and Buildings	-13.3	-13.8				-0.6	4.4
251	Buildings and Structures	31.1	3.5				-27.7	-88.8
252	Machinery / Equipment (>50,000)	53.1	75.6				22.6	42.6
257	Valuables	0.6	0.0				-0.6	-100.0
258	Land	0.7	140.7				140.0	20,073.7
259	Capital Advance Payments	2.0	-0.2				-2.2	-110.2

Source: FPD using AFMIS data downloaded on the 25 May 2014, 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)	1392	1393	Comparison to Budget			1393 Comparison to	
		Qtr 1 Actual	Qtr 1 Prelim	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase/de
		Qtr	Qtr					
2	TOTAL GROSS EXPENDITURES	7,442.8	13,192.4	147,787.1	140,612.7	9.4	5,749.6	77.3
	Discretionary Budget	875.5	3,643.4	50,120.1	44,817.3	8.1	2,768.0	316.2
	Non-discretionary Budget	6,567.3	9,548.9	97,667.0	95,795.3	10.0	2,981.6	45.4
2*	TOTAL NET EXPENDITURES (2)	7,442.8	13,192.4				5,749.6	77.3
2-25	RECURRENT EXPENDITURES	2,392.3	4,859.3	N/A	54,809.1	8.9	2,467.1	103.1
	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	2,392.3	4,859.3	N/A	54,809.1	8.9	2,467.1	103.1
221	Travel	83.3	97.9				14.6	17.6
222	Communications	4.4	14.8				10.5	240.3
223	Contracted Services	1,744.0	2,535.7				791.7	45.4
224	Repairs and Maintenance	5.9	18.7				12.8	216.7
225	Utilities	12.0	16.5				4.5	37.6
226	Fuel	4.1	6.9				2.8	68.7
227-9	Other Use of Goods and Services	538.6	2,168.8					
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	5,050.5	8,333.0	N/A	85,803.6	9.7	3,282.5	65.0
25*	Net Acquisition of Nonfinancial Assets (2)	5,050.5	8,333.0				3,282.5	65.0
150	Sale of Land and Buildings	0.0	0.0				0.0	N/A
251	Buildings and Structures	1,255.4	3,601.3				2,345.9	186.9
252	Machinery / Equipment (>50,000)	413.8	179.4				-234.4	-56.6
257	Valuables	0.0	0.0				0.0	N/A
258	Land	1.1	0.0				-1.1	-100.0
259	Capital Advance Payments	3,380.2	4,552.3				1,172.0	34.7

Source: FPD using AFMIS data downloaded on the 25 May 2014

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	1392	1393	Comparison to Budget			1393 Comparison to	
	Qtr 1 Actual	Qtr 1 Prelim	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	1392 YTD Change	% Increase
TOTAL GROSS EXPENDITURES	41,504.4	51,585.2	428,259.7	406,305.4	12.7	10,080.8	24.3
Operating Budget	34,010.8	38,395.3	280,472.7	258,518.4	14.9	4,384.4	12.9
Development Budget	7,493.6	13,189.9	147,787.1	147,787.1	8.9	5,696.3	76.0
Security	21,698.7	23,772.2	185,539.5	191,158.5	12.4	2,073.5	9.6
Operating Budget	21,665.8	23,687.5	176,112.4	181,731.4	13.0	2,021.8	9.3
Development Budget	33.0	84.7	9,427.1	9,427.1	0.9	51.7	156.9
Total Governance, Rule of Law and Human Rights	2,370.0	3,176.1	17,899.9	18,734.5	17.0	806.1	34.0
Operating Budget	2,237.0	2,979.8	13,228.8	14,063.3	21.2	742.8	33.2
Development Budget	133.1	196.3	4,671.1	4,671.1	4.2	63.3	47.5
Total Infrastructure and Natural Resources	2,843.0	4,438.5	55,849.9	57,899.6	7.7	1,595.5	56.1
Operating Budget	798.8	883.7	3,273.1	5,322.7	16.6	84.8	10.6
Development Budget	2,044.1	3,554.8	52,576.9	52,576.9	6.8	1,510.7	73.9
Total Education	6,243.7	7,474.9	54,515.4	55,251.1	13.5	1,231.2	19.7
Operating Budget	5,691.7	6,338.5	35,633.9	36,369.6	17.4	646.8	11.4
Development Budget	552.0	1,136.5	18,881.5	18,881.5	6.0	584.4	105.9
Total Health	646.5	1,418.0	17,186.9	17,794.4	8.0	771.6	119.4
Operating Budget	480.7	660.6	2,525.2	3,132.7	21.1	179.9	37.4
Development Budget	165.8	757.5	14,661.7	14,661.7	5.2	591.7	356.9
Total Agriculture and Rural Development	4,494.2	7,395.7	33,039.7	33,104.4	22.3	2,901.5	64.6
Operating Budget	381.3	369.9	1,961.0	2,025.7	18.3	-11.4	-3.0
Development Budget	4,112.9	7,025.8	31,078.7	31,078.7	22.6	2,912.9	70.8
Total Social Protection	2,185.1	2,651.6	3,729.3	13,611.3	19.5	466.5	21.4
Operating Budget	2,152.3	2,603.6	2,512.8	12,394.8	21.0	451.3	21.0
Development Budget	32.7	48.0	1,216.5	1,216.5	3.9	15.3	46.7
Total Economic Governance and Private Sector Development	1,023.2	1,258.1	9,050.2	9,714.0	13.0	234.9	23.0
Operating Budget	603.2	871.8	2,814.2	3,478.1	25.1	268.6	44.5
Development Budget	420.0	386.3	6,236.0	6,236.0	6.2	-33.6	-8.0
Total Unclassified	0.0	0.0	51,449.0	9,037.6	0.0	0.0	N/A
Operating Budget	0.0	0.0	42,411.3	0.0	-	0.0	N/A
Development Budget	0.0	0.0	9,037.6	9,037.6	0.0	0.0	N/A

Source: FPD using AFMIS data downloaded on the 25 May 2014

(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)	1392	1393	Comparison to Budget			1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	1392 YTD Change	% Increase
25	TOTAL GROSS EXPENDITURES	41,504.4	51,585.2	428,259.7	406,305.4	12.7	10,080.8	24.3
	Operating Budget	34,010.8	38,395.3	280,472.7	258,518.4	14.9	4,384.4	12.9
	Development Budget	7,493.6	13,189.9	147,787.1	147,787.1	8.9	5,696.3	76.0
26	Ministry of Interior	8,419.6	10,091.9	66,824.9	67,549.3	14.9	1,672.2	19.9
	Operating Budget	8,390.5	10,066.1	62,037.5	62,761.9	16.0	1,675.6	20.0
	Development Budget	29.1	25.8	4,787.4	4,787.4	0.5	-3.4	-11.5
22	Ministry of Defence	9,754.3	10,128.0	101,676.0	106,470.8	9.5	373.7	3.8
	Operating Budget	9,754.3	10,128.0	98,570.5	103,365.3	9.8	373.7	3.8
	Development Budget	0.0	0.0	3,105.4	3,105.4	0.0	0.0	N/A
23	Ministry of Foreign Affairs	799.7	550.3	4,446.7	4,489.6	12.3	-249.5	-31.2
	Operating Budget	799.7	500.5	3,200.0	3,243.0	15.4	-299.2	-37.4
	Development Budget	0.0	49.7	1,246.7	1,246.7	4.0	49.7	N/A
17	National Security Council	0.0	62.8	227.9	323.4	19.4	62.8	N/A
	Operating Budget	0.0	62.8	88.5	184.0	34.1	62.8	N/A
	Development Budget	0.0	0.0	139.5	139.5	0.0	0.0	N/A
15	Presidential Protective Service	273.1	232.4	944.5	1,105.8	21.0	-40.7	-14.9
	Operating Budget	273.1	223.2	944.5	1,105.8	20.2	-49.9	-18.3
	Development Budget	0.0	9.2	0.0	0.0	-	9.2	N/A
64	General Directorate of National Security	2,452.0	2,706.9	11,419.5	11,219.5	24.1	254.9	10.4
	Operating Budget	2,448.2	2,706.9	11,271.4	11,071.4	24.4	258.7	10.6
	Development Budget	3.8	0.0	148.1	148.1	0.0	-3.8	-100.0
	Total Security	21,698.7	23,772.2	185,539.5	191,158.5	12.4	2,073.5	9.6
	Operating Budget	21,665.8	23,687.5	176,112.4	181,731.4	13.0	2,021.8	9.3
	Development Budget	33.0	84.7	9,427.1	9,427.1	0.9	51.7	156.9
10	Presidents Office	372.1	442.1	2,097.6	2,329.4	19.0	70.0	18.8
	Operating Budget	372.1	394.4	1,783.5	2,015.3	19.6	22.3	6.0
	Development Budget	0.0	47.7	314.1	314.1	15.2	47.7	N/A
11	National Assembly Meshanro Jirga	135.8	127.6	588.8	602.5	21.2	-8.2	-6.1
	Operating Budget	113.7	127.6	518.8	532.6	24.0	13.9	12.2
	Development Budget	22.1	0.0	69.9	69.9	0.0	-22.1	-100.0
12	National Assembly Wolesi Jirga	301.9	358.9	1,293.7	1,337.9	26.8	57.0	18.9
	Operating Budget	301.9	358.9	1,252.0	1,296.2	27.7	57.0	18.9
	Development Budget	0.0	0.0	41.7	41.7	0.0	0.0	N/A
14	Supreme Court	308.3	743.7	3,321.7	3,321.8	22.4	435.5	141.3
	Operating Budget	305.3	737.7	3,000.9	3,001.0	24.6	432.4	141.6
	Development Budget	3.0	6.0	320.7	320.7	1.9	3.1	103.5
50	Ministry of Justice	108.7	120.0	1,100.4	1,113.0	10.8	11.3	10.4
	Operating Budget	104.8	102.0	601.2	613.8	16.6	-2.8	-2.7
	Development Budget	3.9	18.0	499.2	499.2	3.6	14.1	361.3
13	Administrative Affairs	218.1	370.7	939.2	1,448.8	25.6	152.5	69.9
	Operating Budget	215.4	370.7	750.0	1,259.6	29.4	155.3	72.1
	Development Budget	2.8	0.0	189.2	189.2	0.0	-2.8	-100.0
21	Ministry of State and Parliament Affairs	18.5	13.5	117.0	128.9	10.5	-5.0	-27.2
	Operating Budget	18.5	13.5	79.2	91.2	14.8	-5.0	-27.2
	Development Budget	0.0	0.0	37.8	37.8	0.0	0.0	N/A
24	Ministry of Haj and Religious Affairs	110.0	126.4	1,093.8	1,106.8	11.4	16.4	14.9
	Operating Budget	108.1	112.3	789.9	802.9	14.0	4.3	3.9
	Development Budget	1.9	14.0	303.9	303.9	4.6	12.2	645.3
51	Attorney General	213.8	240.5	1,430.3	1,434.2	16.8	26.7	12.5
	Operating Budget	211.5	228.4	1,163.9	1,167.8	19.6	16.9	8.0
	Development Budget	2.3	12.1	266.4	266.4	4.5	9.8	425.8
72	Election Commission	22.4	23.1	153.5	153.5	15.1	0.8	3.6
	Operating Budget	19.6	23.1	153.5	153.5	15.1	3.5	18.1
	Development Budget	2.7	0.0	0.0	0.0	-	-2.7	-100.0
62	IARCS	101.8	85.0	706.2	712.8	11.9	-16.8	-16.5
	Operating Budget	63.0	64.0	336.2	342.8	18.7	1.0	1.5
	Development Budget	38.8	21.0	370.1	370.1	5.7	-17.8	-45.9
85	Independent Commission for Overseeing the Imple	63.0	11.6	67.3	68.4	16.9	-51.4	-81.6
	Operating Budget	12.2	11.6	67.3	68.4	16.9	-0.6	-5.1
	Development Budget	50.8	0.0	0.0	0.0	-	-50.8	-100.0
67	The High office of Oversight and Anti Corruption	28.9	57.9	307.9	307.9	18.8	29.0	100.3
	Operating Budget	28.9	29.6	156.7	156.7	18.9	0.7	2.4
	Development Budget	0.0	28.3	151.2	151.2	18.7	28.3	N/A
59	Independent Directorate of Local Governance	366.8	455.2	4,410.1	4,440.0	10.3	88.4	24.1
	Operating Budget	362.0	406.1	2,431.7	2,461.5	16.5	44.0	12.2
	Development Budget	4.8	49.2	1,978.4	1,978.4	2.5	44.4	930.5
86	Afghanistan Independent Human Rights Commissio	0.0	0.0	97.2	53.2	0.0	0.0	N/A
	Operating Budget	0.0	0.0	44.0	0.0	-	0.0	N/A
	Development Budget	0.0	0.0	53.2	53.2	0.0	0.0	N/A
71	Independent Electoral Complaints Commission	0.0	0.0	175.4	175.4	0.0	0.0	N/A
	Operating Budget	0.0	0.0	100.0	100.0	0.0	0.0	N/A
	Development Budget	0.0	0.0	75.4	75.4	0.0	0.0	N/A
	Total Governance, Rule of Law and Human Rights	2,370.0	3,176.1	17,899.9	18,734.5	17.0	806.1	34.0
	Operating Budget	2,237.0	2,979.8	13,228.8	14,063.3	21.2	742.8	33.2
	Development Budget	133.1	196.3	4,671.1	4,671.1	4.2	63.3	47.5

Source: FPD using AFMIS data downloaded on the 25 May 2014

(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)	1392	1393	Comparison to Budget			1393 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		1,344.1	2,587.2	23,570.0	25,551.1	10.1	1,243.0	92.5
Operating Budget		309.3	409.1	529.7	2,510.7	16.3	99.7	32.2
Development Budget		1,034.8	2,178.1	23,040.4	23,040.4	9.5	1,143.3	110.5
45 Ministry of Transport and Aviation		100.2	46.4	401.2	403.7	11.5	-53.8	-53.7
Operating Budget		99.7	46.4	278.0	280.5	16.6	-53.3	-53.4
Development Budget		0.5	0.0	123.2	123.2	0.0	-0.5	-100.0
34 Ministry of Communication		269.7	113.8	2,811.4	2,814.2	4.0	-155.9	-57.8
Operating Budget		93.4	88.6	473.0	475.8	18.6	-4.8	-5.1
Development Budget		176.3	25.1	2,338.4	2,338.4	1.1	-151.1	-85.7
41 Ministry of Energy and Water		586.5	723.9	10,969.3	10,972.7	6.6	137.4	23.4
Operating Budget		93.1	101.8	530.0	533.4	19.1	8.7	9.3
Development Budget		493.4	622.1	10,439.3	10,439.3	6.0	128.7	26.1
82 Water Supply and Canalization Corporation		0.0	0.0	795.3	795.3	0.0	0.0	N/A
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		0.0	0.0	795.3	795.3	0.0	0.0	N/A
83 Da Brishna Shirkat		125.4	183.0	7,266.1	7,266.1	2.5	57.6	46.0
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		125.4	183.0	7,266.1	7,266.1	2.5	57.6	46.0
49 Ministry of Urban Development		41.8	53.7	1,433.5	1,445.7	3.7	11.9	28.4
Operating Budget		41.8	43.2	250.0	262.2	16.5	1.4	3.4
Development Budget		0.0	10.5	1,183.5	1,183.5	0.9	10.5	N/A
44 Civil Aviation Authority		0.0	32.3	2,326.6	2,328.3	1.4	32.3	N/A
Operating Budget		0.0	32.3	366.0	367.8	8.8	32.3	N/A
Development Budget		0.0	0.0	1,960.6	1,960.6	0.0	0.0	N/A
84 Independent Board of new Kabul		29.4	28.7	0.0	0.0	-	-0.7	-2.4
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		29.4	28.7	0.0	0.0	-	-0.7	-2.4
32 Ministry of Mines and Industries		200.3	276.2	2,331.7	2,372.7	11.6	75.9	37.9
Operating Budget		92.5	93.7	495.0	535.9	17.5	1.2	1.3
Development Budget		107.8	182.5	1,836.7	1,836.7	9.9	74.7	69.3
65 Geodesy and Cartography Office		27.3	24.1	138.0	139.5	17.3	-3.1	-11.5
Operating Budget		27.3	24.1	132.0	133.5	18.1	-3.1	-11.5
Development Budget		0.0	0.0	6.1	6.1	0.0	0.0	N/A
60 Directorate of Environment		36.2	37.9	272.3	275.8	13.7	1.7	4.7
Operating Budget		36.2	37.9	180.0	183.5	20.7	1.7	4.7
Development Budget		0.0	0.0	92.3	92.3	0.0	0.0	N/A
75 Afghanistan High Atomic Energy Commission		5.5	6.5	39.5	39.5	16.5	1.0	18.5
Operating Budget		5.5	6.5	39.5	39.5	16.5	1.0	18.5
Development Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
77 Irrigation and canalization Shirkat		0.0	0.0	3,495.0	3,495.0	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	3,495.0	3,495.0	0.0	0.0	N/A
79 Municipalities		76.5	324.8	0.0	0.0	-	248.3	324.4
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		76.5	324.8	0.0	0.0	-	248.3	324.4
Total Infrastructure and Natural Resources		2,843.0	4,438.5	55,849.9	57,899.6	7.7	1,595.5	56.1
Operating Budget		798.8	883.7	3,273.1	5,322.7	16.6	84.8	10.6
Development Budget		2,044.1	3,554.8	52,576.9	52,576.9	6.8	1,510.7	73.9
27 Ministry of Education		5,526.6	6,226.7	44,257.8	44,929.1	13.9	700.0	12.7
Operating Budget		5,056.7	5,554.3	30,390.0	31,061.3	17.9	497.6	9.8
Development Budget		469.9	672.4	13,867.8	13,867.8	4.8	202.4	43.1
28 Ministry of Higher Education		514.7	1,110.1	8,099.0	8,116.6	13.7	595.4	115.7
Operating Budget		441.6	646.0	4,000.0	4,017.6	16.1	204.4	46.3
Development Budget		73.1	464.1	4,099.0	4,099.0	11.3	391.0	534.8
36 Ministry of Information and Culture		150.2	89.4	665.1	674.3	13.3	-60.8	-40.5
Operating Budget		150.2	89.4	464.3	473.5	18.9	-60.8	-40.5
Development Budget		0.0	0.0	200.8	200.8	0.0	0.0	N/A
61 Science Academy		44.1	34.7	190.9	195.2	17.8	-9.4	-21.2
Operating Budget		35.1	34.7	170.6	174.9	19.9	-0.4	-1.1
Development Budget		9.0	0.0	20.4	20.4	0.0	-9.0	-100.0
63 National Olympic Committee		8.2	14.1	312.0	313.7	4.5	5.9	72.2
Operating Budget		8.2	14.1	228.0	229.7	6.1	5.9	72.2
Development Budget		0.0	0.0	84.0	84.0	0.0	0.0	N/A
18 Cricket Board		0.0	0.0	56.0	56.0	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	56.0	56.0	0.0	0.0	N/A
19 Football Federation		0.0	0.0	226.8	226.8	0.0	0.0	N/A
Operating Budget		0.0	0.0	38.0	38.0	0.0	0.0	N/A
Development Budget		0.0	0.0	188.8	188.8	0.0	0.0	N/A
16 General Directorate of Radio & Television		0.0	0.0	707.9	739.5	0.0	0.0	N/A
Operating Budget		0.0	0.0	343.0	374.6	0.0	0.0	N/A
Development Budget		0.0	0.0	364.9	364.9	0.0	0.0	N/A
Total Education		6,243.7	7,474.9	54,515.4	55,251.1	13.5	1,231.2	19.7
Operating Budget		5,691.7	6,338.5	35,633.9	36,369.6	17.4	646.8	11.4
Development Budget		552.0	1,136.5	18,881.5	18,881.5	6.0	584.4	105.9
37 Ministry of Public Health		646.5	1,418.0	17,186.9	17,794.4	8.0	771.6	119.4
Operating Budget		480.7	660.6	2,525.2	3,132.7	21.1	179.9	37.4
Development Budget		165.8	757.5	14,661.7	14,661.7	5.2	591.7	356.9
Total Health		646.5	1,418.0	17,186.9	17,794.4	8.0	771.6	119.4
Operating Budget		480.7	660.6	2,525.2	3,132.7	21.1	179.9	37.4
Development Budget		165.8	757.5	14,661.7	14,661.7	5.2	591.7	356.9

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

Code	(In millions of Afghanis)	1392	1393	Comparison to Budget			1393 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		360.4	871.6	8,383.4	8,447.5	10.3	511.2	141.8
Operating Budget		239.1	230.2	1,046.0	1,110.1	20.7	-8.9	-3.7
Development Budget		121.3	641.4	7,337.4	7,337.4	8.7	520.1	428.8
48 Ministry of Counter Narcotics		34.0	262.5	1,064.1	1,064.7	24.7	228.5	672.0
Operating Budget		34.0	31.7	155.0	155.6	20.4	-2.3	-6.6
Development Budget		0.0	230.8	909.1	909.1	25.4	230.8	N/A
43 Ministry of Rural Rehabilitation and Development		4,099.8	6,261.6	23,244.9	23,244.9	26.9	2,161.8	52.7
Operating Budget		108.2	108.0	510.0	510.0	21.2	-0.2	-0.2
Development Budget		3,991.6	6,153.6	22,734.9	22,734.9	27.1	2,162.0	54.2
87 Afghanistan Independent Land Authority		0.0	0.0	347.2	347.2	0.0	0.0	N/A
Operating Budget		0.0	0.0	250.0	250.0	0.0	0.0	N/A
Development Budget		0.0	0.0	97.2	97.2	0.0	0.0	N/A
Total Agriculture and Rural Development		4,494.2	7,395.7	33,039.7	33,104.4	22.3	2,901.5	64.6
Operating Budget		381.3	369.9	1,961.0	2,025.7	18.3	-11.4	-3.0
Development Budget		4,112.9	7,025.8	31,078.7	31,078.7	22.6	2,912.9	70.8
46 Ministry of Frontiers and Tribal Affairs		48.3	71.8	562.7	586.5	12.2	23.4	48.5
Operating Budget		48.3	62.7	425.3	449.1	14.0	14.3	29.7
Development Budget		0.0	9.1	137.4	137.4	6.6	9.1	N/A
47 Ministry of Martyrs, Disabled and Social Affairs		2,028.9	2,473.5	2,382.5	12,235.2	20.2	444.6	21.9
Operating Budget		2,012.0	2,438.6	1,536.6	11,389.2	21.4	426.6	21.2
Development Budget		16.9	34.9	846.0	846.0	4.1	18.0	106.9
29 Ministry of Refugees and Repatriates		40.4	46.7	331.8	337.2	13.8	6.3	15.5
Operating Budget		37.6	42.7	209.1	214.5	19.9	5.1	13.6
Development Budget		2.8	4.0	122.6	122.6	3.2	1.2	42.0
38 Ministry of Women Affairs		32.7	36.5	236.0	236.2	15.4	3.7	11.4
Operating Budget		32.7	36.5	187.0	187.2	19.5	3.7	11.4
Development Budget		0.0	0.0	49.0	49.0	0.0	0.0	N/A
68 Office of Disaster Preparedness		13.2	13.3	125.9	125.9	10.6	0.1	0.6
Operating Budget		13.2	13.3	95.5	95.5	13.9	0.1	0.6
Development Budget		0.0	0.0	30.5	30.5	0.0	0.0	N/A
76 Directorate of Kochis		21.5	9.9	90.4	90.4	10.9	-11.6	-54.0
Operating Budget		8.4	9.9	59.2	59.2	16.7	1.4	17.2
Development Budget		13.0	0.0	31.1	31.1	0.0	-13.0	-100.0
Total Social Protection		2,185.1	2,651.6	3,729.3	13,611.3	19.5	466.5	21.4
Operating Budget		2,152.3	2,603.6	2,512.8	12,394.8	21.0	451.3	21.0
Development Budget		32.7	48.0	1,216.5	1,216.5	3.9	15.3	46.7
20 Ministry of Finance		722.9	974.9	6,421.6	7,063.5	13.8	252.0	34.9
Operating Budget		431.3	706.9	1,847.0	2,488.9	28.4	275.6	63.9
Development Budget		291.6	268.0	4,574.6	4,574.6	5.9	-23.6	-8.1
25 Ministry of Commerce		90.4	106.6	754.4	761.6	14.0	16.2	17.9
Operating Budget		76.0	61.0	390.0	397.2	15.4	-14.9	-19.7
Development Budget		14.5	45.6	364.4	364.4	12.5	31.2	215.4
35 Ministry of Economy		112.3	97.0	608.9	608.9	15.9	-15.3	-13.6
Operating Budget		43.9	44.2	259.0	259.0	17.1	0.3	0.7
Development Budget		68.4	52.8	349.9	349.9	15.1	-15.6	-22.8
66 Control and Audit Office		52.5	38.2	721.0	732.9	5.2	-14.3	-27.3
Operating Budget		18.8	21.3	110.7	122.6	17.3	2.5	13.2
Development Budget		33.7	16.9	610.3	610.3	2.8	-16.8	-49.9
73 Central Statistics Office		37.7	31.4	433.4	434.2	7.2	-6.3	-16.7
Operating Budget		25.9	28.5	142.5	143.3	19.9	2.5	9.8
Development Budget		11.8	3.0	290.9	290.9	1.0	-8.8	-74.9
58 Afghanistan National Standard Authority		7.3	10.0	110.9	112.9	8.8	2.7	36.3
Operating Budget		7.3	10.0	65.1	67.1	14.9	2.7	36.3
Development Budget		0.0	0.0	45.8	45.8	0.0	0.0	N/A
Total Economic Gov. and Private Sector Devel't		1,023.2	1,258.1	9,050.2	9,714.0	13.0	234.9	23.0
Operating Budget		603.2	871.8	2,814.2	3,478.1	25.1	268.6	44.5
Development Budget		420.0	386.3	6,236.0	6,236.0	6.2	-33.6	-8.0
80 Afghanistan Investment Support Agency		0.0	0.0	532.3	532.3	0.0	0.0	N/A
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		0.0	0.0	532.3	532.3	0.0	0.0	N/A
81 Micro Finance Investment Support Facility for Afgha		0.0	0.0	161.3	161.3	0.0	0.0	N/A
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		0.0	0.0	161.3	161.3	0.0	0.0	N/A
98 Unallocated Reserves		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
99 Unspecified		0.0	0.0	50,755.3	8,344.0	0.0	0.0	N/A
Operating Budget		0.0	0.0	42,411.3	0.0	-	0.0	N/A
Development Budget		0.0	0.0	8,344.0	8,344.0	0.0	0.0	N/A
Total Unclassified		0.0	0.0	51,449.0	9,037.6	0.0	0.0	N/A
Operating Budget		0.0	0.0	42,411.3	0.0	-	0.0	N/A
Development Budget		0.0	0.0	9,037.6	9,037.6	0.0	0.0	N/A

Table 6.6a – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1393)

Code	In millions of Afghanis	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET				
		1393	Comparison to Budget		1393	Comparison to Budget		1393	Comparison to Budget			
		Qtr 1 Prelim YTD	Allocated Budget (1)	Current Allocated Budget	%	Qtr 1 Prelim YTD	Allocated Budget (1)	Current Allocated Budget	%	Qtr 1 Prelim YTD	Allocated Budget (1)	Current Allocated Budget
27 Ministry of Education		9,652.1	31,061.3	31.1	25,320.0	14,068.0	180.0		34,972.2	45,129.3	77.5	
271 General & Islamic Education		8,105.1	26,111.3	31.0	18,165.2	5,879.5	309.0		26,270.3	31,990.7	82.1	
272 Curriculum development & teacher training		376.3	1,160.9	32.4	3,146.1	3,554.4	88.5		3,522.3	4,715.3	74.7	
273 Technical and vocational training program		445.2	1,221.8	36.4	1,166.8	2,358.6	49.5		1,612.0	3,580.4	45.0	
274 Literacy and informal Education		163.3	619.8	26.4	676.2	450.3	150.2		839.5	1,070.1	78.5	
275 Education management		562.3	1,947.6	28.9	2,165.8	1,825.3	118.6		2,728.1	3,772.9	72.3	
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		426.5	1,110.1	38.4	6,082.9	7,394.3	82.3		6,509.4	8,504.4	76.5	
391 Natural Resource Management		71.5	129.4	55.2	514.1	1,894.2	27.1		585.6	2,023.6	28.9	
392 Agriculture Production and Productivity		200.9	392.4	51.2	3,024.2	2,481.8	121.9		3,225.1	2,874.2	112.2	
393 Economic Regeneration		45.8	119.5	38.3	2,120.0	2,849.6	74.4		2,165.7	2,969.1	72.9	
394 Reform and Capacity Building		108.3	468.9	23.1	424.7	168.6	251.8		533.0	637.5	83.6	
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		363.5	510.0	71.3	16,742.9	22,971.8	72.9		17,106.4	23,481.8	72.8	
431 Rural Infrastructure (RI)		103.8	0.0	N/A	2,233.9	8,035.1	27.8		2,337.7	8,035.1	29.1	
432 Economic Regeneration (ER)		0.0	0.0	N/A	395.7	1,443.7	27.4		395.7	1,443.7	27.4	
433 Local Governance		0.0	0.0	N/A	13,723.5	13,493.0	101.7		13,723.5	13,493.0	101.7	
435 Institutional Support Program (ISP)		259.7	510.0	50.9	389.9	0.0	N/A		649.6	510.0	127.4	
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		1,508.4	2,488.9	60.6	6,659.2	4,631.5	143.8		8,167.5	7,120.4	114.7	
201 Public Financial Management		968.7	1,036.9	93.4	4,096.7	2,738.2	149.6		5,065.3	3,775.1	134.2	
202 Revenue Management		178.8	502.1	35.6	961.1	554.2	173.4		1,140.0	1,056.3	107.9	
203 Operation (General Administration)		355.0	922.1	38.5	1,133.8	633.8	178.9		1,488.8	1,555.9	95.7	
204 Policy Management		5.9	27.8	21.2	467.6	705.3	66.3		473.5	733.1	64.6	
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		946.5	2,510.7	37.7	15,368.2	23,073.7	66.6		16,314.7	25,584.4	63.8	
421 Transportation Infrastructures		141.9	79.8	177.9	13,889.9	23,073.7	60.2		14,031.8	23,153.5	60.6	
422 Maintenance of Transport Infrastructure		759.4	2,291.4	33.1	1,390.1	0.0	N/A		2,149.5	2,291.4	93.8	
423 Admin & Finance		45.2	139.5	32.4	88.2	0.0	N/A		133.4	139.5	95.6	
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		1,126.9	3,132.7	36.0	9,169.6	14,661.7	62.5		10,296.5	17,794.4	57.9	
371 Institutional Development and Assessment (IDA)		16.1	47.2	34.2	867.5	3,294.2	26.3		883.6	3,341.4	26.4	
372 Health Service Provision		642.4	1,393.1	46.1	7,233.6	11,307.1	64.0		7,876.0	12,700.1	62.0	
373 Admin		468.3	1,692.5	27.7	1,068.5	60.4	1,768.1		1,536.8	1,752.9	87.7	
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		845.2	2,461.5	34.3	2,206.6	1,982.1	111.3		3,051.8	4,443.7	68.7	
591 National Principals for Local Governance		7.0	22.8	30.6	11.0	0.0	N/A		17.9	22.8	78.8	
592 Local Governance Management		715.3	1,971.4	36.3	1,829.0	1,982.1	92.3		2,544.3	3,953.6	64.4	
593 General Supporting Services		122.9	467.4	26.3	366.7	0.0	N/A		489.6	467.4	104.7	
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		80.6	262.2	30.7	1,246.3	1,183.5	105.3		1,326.9	1,445.7	91.8	
491 Planning & Urban Development		5.8	22.0	26.6	82.1	233.2	35.2		88.0	255.2	34.5	
492 Housing		3.4	10.2	34.0	462.5	146.0	316.7		466.0	156.2	298.4	
493 Urban Infrastructure		8.2	32.4	25.3	542.5	690.2	78.6		550.7	722.6	76.2	
494 Management & Operations		63.1	197.7	31.9	159.2	114.1	139.6		222.3	311.7	71.3	
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 25 May 2014

Table 6.6b – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1393) – continued

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1393	Comparison to Budget		1393	Comparison to Budget		1393	Comparison to Budget	
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Allocated	Allocated	Allocated	Allocated	Allocated	Allocated	Allocated	Allocated	
		YTD	Budget (1)	Budget	YTD	Budget (1)	Budget	YTD	Budget (1)	Budget
45 Ministry of Transport		71.1	280.5	25.3	616.8	2,174.8	28.4	687.9	2,455.3	28.0
451 Land Transport Services		71.1	280.5	25.3	616.8	2,174.8	28.4	687.9	2,455.3	28.0
34 Ministry of Communication and Information Technology		132.0	475.8	27.8	1,646.6	2,338.4	70.4	1,778.6	2,814.2	63.2
341 E - Afghanistan		26.4	99.5	26.5	1,385.6	2,338.4	59.3	1,411.9	2,437.9	57.9
342 ICT Literacy		6.2	27.1	22.8	15.5	0.0	N/A	21.6	27.1	79.9
343 General Administration & Management		99.5	349.2	28.5	245.6	0.0	N/A	345.1	349.2	98.8
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		107.3	397.2	27.0	487.3	365.1	133.5	594.6	762.3	78.0
251 Private Sector and Industry Development		5.5	29.2	18.8	182.9	253.2	72.3	188.4	282.4	66.7
252 Trade Policy and Transit		79.4	266.9	29.8	195.1	17.3	1,128.3	274.5	284.2	96.6
253 Admin and Regulatory Services		22.3	101.0	22.1	109.3	94.6	115.5	131.6	195.6	67.3
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		2,701.5	11,389.2	23.7	9,400.1	846.1	1,111.0	12,101.6	12,235.3	98.9
471 Labor Support Program		1,198.5	3,343.7	35.8	5,330.4	804.7	662.4	6,528.9	4,148.4	157.4
472 Social services		95.2	442.3	21.5	295.3	13.5	2,187.7	390.4	455.8	85.7
473 Martyrs and Disabled		1,182.3	6,619.5	17.9	3,126.2	13.4	23,334.6	4,308.5	6,632.9	65.0
474 Administration & Finance		225.5	983.7	22.9	648.3	14.5	4,480.5	873.8	998.2	87.5
999 Expenditure returns		0.0	0.0	N/A	0.0	908.5	0.0	0.0	908.5	0.0
48 Ministry of Counter Narcotics		0.0	155.6	0.0	0.0	908.5	0.0	0.0	1,064.1	0.0
481 counter narcotics		0.0	155.6	0.0	0.0	908.5	0.0	0.0	1,064.1	0.0
999 Expenditure Returns		0.0	0.0	N/A	0.0	3,105.4	0.0	0.0	3,105.4	0.0
22 Ministry of Defence		18,615.2	103,365.3	18.0	47,976.8	3,105.4	1,544.9	66,592.0	106,470.8	62.5
221 Combat forces		13,143.2	62,616.7	21.0	38,279.6	3,105.4	1,232.7	51,422.8	65,722.1	78.2
222 Supportive forces		5,472.0	40,748.6	13.4	9,697.2	0.0	N/A	15,169.2	40,748.6	37.2
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		64.9	187.2	34.7	165.3	49.0	337.5	230.2	236.2	97.5
381 Women Support and Strengthening		4.7	8.3	57.3	6.0	0.0	N/A	10.8	8.3	130.1
382 Gender Development and policy monitoring		3.7	10.2	36.3	16.5	0.2	8,175.1	20.2	10.4	194.7
383 Administration & Finance		56.5	168.8	33.5	142.8	48.8	292.7	199.3	217.5	91.6
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		77.9	259.0	30.1	490.8	349.9	140.3	568.7	608.9	93.4
351 Economic Policy and Strategy and Monitoring and Evaluation		39.9	167.3	23.9	338.1	234.1	144.4	378.0	401.4	94.2
352 Management & Operations		37.9	91.7	41.4	152.7	115.8	131.9	190.7	207.5	91.9
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		551.2	2,015.3	27.3	1,369.3	314.1	436.0	1,920.5	2,329.4	82.4
101 Providing Services to the Prisedent		551.2	2,015.3	27.3	1,369.3	314.1	436.0	1,920.5	2,329.4	82.4
999 Expenditure returns		0.0	0.0	N/A	-	0.0	N/A	0.0	0.0	N/A
28 Ministry of Higher Education		1,187.1	4,017.6	29.5	3,499.7	4,387.3	79.8	4,686.7	8,404.9	55.8
281 Providing higher education opportunities		10.8	33.6	32.3	1,537.6	4,387.3	35.0	1,548.5	4,420.9	35.0
282 Leadership & Management of Higher Education System		1,176.3	3,984.0	29.5	1,962.0	0.0	N/A	3,138.3	3,984.0	78.8
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
62 Civil Service Commissoin		95.8	342.8	27.9	575.9	370.1	155.6	671.6	712.8	94.2
621 Appointments & Appeals		14.3	52.3	27.3	36.5	0.0	N/A	50.8	52.3	97.0
622 Public Administrative Reforms		11.1	38.9	28.6	28.3	0.0	N/A	39.5	38.9	101.4
623 Capacity Development		11.0	33.2	33.1	48.0	0.0	N/A	58.9	33.2	177.3
624 Supportive Program		59.4	218.3	27.2	463.1	370.1	125.1	522.4	588.3	88.8
999 Expenditure returns		11.2	0.0	N/A	0.0	0.0	N/A	11.2	0.0	N/A
TOTAL GROSS EXPENDITURES		20,348.8	257,427.1	7.9	6,770.6	143,387.4	4.7	20,348.8	400,814.5	5.1

Source: FPD using AFMIS data downloaded on the 25 May 2014

Table 6.7 – Total Core Budget Expenditures by COFOG Sector

Code	(In millions of Afghanis)	1392	1392	1393	1393	1393 Comparison to	
		Qtr 1 Actual Qtr	Percent of Total	Qtr 1 Prelim Qtr	Percent of Total	1392 YTD Change	% Increase
2	TOTAL NET EXPENDITURE	41,440.4		51,661.7		10,221.3	24.7
150	Sale of Land and Buildings	13.3		13.8		0.6	4.4
2+150	TOTAL GROSS EXPENDITURE	41,453.6	100.0	51,675.5	100.0	10,221.9	24.7
	RECURRENT EXPENDITURE	36,315.7	87.6	43,122.8	83.4	6,807.2	18.7
	CAPITAL EXPENDITURE	5,138.0	12.4	8,552.7	16.6	3,414.7	66.5
701	General Public Services (1)	4,929.0	11.9	5,032.5	9.7	103.5	2.1
	Recurrent Expenditure	4,851.9	11.7	4,463.5	8.6	-388.4	-8.0
	Capital Expenditure	77.1	0.2	569.0	1.1	491.9	637.6
702	Defence	10,543.6	25.4	13,139.9	25.4	2,596.2	24.6
	Recurrent Expenditure	10,523.6	25.4	13,098.2	25.3	2,574.6	24.5
	Capital Expenditure	20.0	0.0	41.6	0.1	21.6	108.0
703	Public Order and Safety	9,260.0	22.3	10,596.0	20.5	1,336.0	14.4
	Recurrent Expenditure	9,142.0	22.1	10,581.5	20.5	1,439.5	15.7
	Capital Expenditure	118.0	0.3	14.5	0.0	-103.5	-87.7
704	Economic Affairs	7,617.8	18.4	11,671.3	22.6	4,053.5	53.2
	Recurrent Expenditure	2,772.4	6.7	4,163.5	8.1	1,391.1	50.2
	Capital Expenditure	4,845.4	11.7	7,507.8	14.5	2,662.4	54.9
705	Environmental Protection	25.2	0.1	45.2	0.1	20.1	79.7
	Recurrent Expenditure	25.1	0.1	24.6	0.0	-0.5	-2.1
	Capital Expenditure	0.1	0.0	20.7	0.0	20.6	20647.6
706	Housing and Communal Amenities	46.2	0.1	94.5	0.2	48.3	104.4
	Recurrent Expenditure	40.9	0.1	61.1	0.1	20.2	49.4
	Capital Expenditure	5.4	0.0	33.4	0.1	28.1	524.7
707	Health	679.5	1.6	1,433.0	2.8	753.5	110.9
	Recurrent Expenditure	662.8	1.6	1,372.7	2.7	709.9	107.1
	Capital Expenditure	16.7	0.0	60.3	0.1	43.6	260.8
708	Recreation, Culture and Religion	302.6	0.7	230.0	0.4	-72.6	-24.0
	Recurrent Expenditure	299.3	0.7	215.0	0.4	-84.3	-28.2
	Capital Expenditure	3.3	0.0	15.0	0.0	11.7	353.9
709	Education	6,110.4	14.7	7,341.9	14.2	1,231.4	20.2
	Recurrent Expenditure	6,071.8	14.6	7,051.7	13.6	979.9	16.1
	Capital Expenditure	38.7	0.1	290.2	0.6	251.5	650.6
710	Social Protection	1,939.1	4.7	2,091.2	4.0	152.1	7.8
	Recurrent Expenditure	1,925.8	4.6	2,091.1	4.0	165.2	8.6
	Capital Expenditure	13.3	0.0	0.1	0.0	-13.1	-98.9

Source: FPD using AFMIS data downloaded on the 25 May 2014

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	1392	1393	1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD Change	% Increase
25	NET ACQUISITION OF NONFINANCIAL ASSETS	5,124.7	8,538.8	3,414.1	66.6
	Land and Buildings	1,275.1	3,731.7	2,456.6	192.7
251/8	Purchase of Land and Buildings	1,288.3	3,745.5	2,457.2	190.7
150	Sale of Land and Buildings	-13.3	-13.8	-0.6	4.4
151	Sale of State-Owned Enterprises	0.0	0.0	0.0	N/A
252	Machinery and Equipment (>50,000)	466.9	255.1	-211.8	-45.4
257	Valuables	0.6	0.0	-0.6	-100.0
259	Other Acquisitions	3,382.2	4,552.1	1,169.9	34.6

Source: FPD using AFMIS data downloaded on the 25 May 2014

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

Code	In millions of Afghanis	1392	1393	1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD Change	% Increase
3+4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	-60,122.5	-16,411.0	43,711.5	-72.7
3	NET ACQUISITION OF FINANCIAL ASSETS	-31,654.3	-16,073.9	15,580.4	-49.2
	Domestic	-31,654.3	-16,073.9	15,580.4	-49.2
	Currency and Deposits	-24,824.8	-9,068.1	15,756.7	-63.5
311	Treasury Single Account	-21,175.1	-6,496.7	14,678.5	-69.3
313	Donor Accounts	-3,649.8	-2,571.4	1,078.3	-29.5
314/90	Other Deposit Accounts (1)	0.1	0.0	-0.1	-100.0
317	Loans	12.9	-223.3	-236.2	-1,834.2
319	Other Accounts Receivable	6.8	105.6	98.8	1,453.8
	Other Assets	-6,849.1	-6,888.1	-39.0	0.6
	Foreign	0.0	0.0	0.0	N/A
4	NET ACQUISITION OF LIABILITIES	-28,468.3	-337.2	28,131.1	-98.8
	Domestic	-28,678.8	-921.6	27,757.3	-96.8
411	Accounts Payable	1,077.8	1,633.9	556.2	51.6
413	Pension Liabilities	0.7	-8.0	-8.7	-1,251.4
423	Other Payables	0.0	0.0	0.0	N/A
451	Other Liabilities (1)	-29,757.3	-2,547.5	27,209.8	-91.4
	Foreign	210.6	584.4	373.8	177.6
431	Foreign Currency	-9.2	-9.0	0.1	-1.5
181-2	Loans	219.7	593.4	373.7	170.1

Source: FPD using AFMIS data downloaded on the 25 May 2014

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	1392	1393	1393 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	1392 YTD Change	% Increase
TRANSACTIONS AFFECTING NET WORTH					
1	Revenues including Grants	59,049.1	55,360.9	-3,688.1	-6.7
2-25	Expenditures (Recurrent)	36,315.7	43,122.8	6,807.2	15.8
23	Interest	50.2	64.4	14.3	22.2
	Net Operating Balance (1-2-25)	22,733.4	12,238.1	-10,495.3	-85.8
	Primary Balance (1-2-25+23)	22,783.5	12,302.5	-10,481.0	-85.2
TRANSACTIONS IN NONFINANCIAL ASSETS					
25	Net Acquisition of Nonfinancial Assets	5,124.7	8,538.8	3,414.1	40.0
	Net Lending-Borrowing (1-2)	17,608.7	3,699.3	-13,909.4	-376.0
	Financing (3+4+5)	-17,608.7	-3,699.3	13,909.4	-376.0
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
3	Net Acquisition of Financial Assets	-31,654.3	-16,073.9	15,580.4	-96.9
4	Net Acquisition of Financial Liabilities	-28,468.3	-337.2	28,131.1	-8,343.2
5	RETAINED EARNINGS	163.6	-281.5		
	Discrepancies (Financing-3-4-5)	42,350.3	12,993.3		

Source: FPD using AFMIS data downloaded on the 25 May 2014

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.