



ISLAMIC REPUBLIC OF AFGHANISTAN

MINISTRY OF FINANCE

FISCAL POLICY DIRECTORATE

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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 second 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 in the last part this report includes an interesting article on **"Transition, election, surrounding uncertainties and Afghanistan Economy"**.

I would like to commend the Fiscal Policy Directorate for preparing this 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). This would be available on the website (www.budgetmof.gov.af) shortly.

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Deputy Minister for Finance
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Contents

Summary	1
Introduction	3
Macro-Fiscal Situation	4
Macro-Fiscal Risks	5
Revenue	6
Revenue Performance by Category	6
Revenue Performance by Province.....	8
Revenue Performance by Collection Agency	9
Revenue Performance in Grants.....	10
Expenditure.....	11
Expenditure by Ministry.....	13
Debt and Financing	15
Annex	22
Revisions and Notes.....	36
Glossary.....	37

Summary

Key Points

- Deterioration in macro-fiscal situation caused by uncertainty (mainly related to transition and prolonged election) has adversely affected the real economic growth (plummet to 4% from 6.5% in 1392) as well as fiscal aggregates - revenue and expenditures in the country during 2nd quarter.
- Revenue shortfall - revenue collection against the target significantly declined (a shortfall by 23%) this was due to the decline in economic activity, a reduction in imported commodities, and in delays in tax payments by taxpayers.
- Lower budget execution - reduction in revenue and donor funds affected the government's expenditures, which led to spending cut in expenditures for discretionary and non-discretionary projects, and even recurrent expenditures.

Table A. Operating Spending by Sector and Classification

Q2 Actual	Compensation	G+S	Acquisition of NFA	Q2 YTD Actual	Compensation	G+S	Acquisition of NFA
Security	25557	6590	1421	Security	47656	7857	1430
Governance, Rule of Law and Human Rights	2566	676	119	Governance, Rule of Law and Human Rights	4891	1254	179
Infrastructure and Natural Resources	546	646	883	Infrastructure and Natural Resources	995	908	1023
Education	7452	875	19	Education	13484	1179	22
Health	432	303	27	Health	832	557	34
Agriculture and Rural Development	329	139	7	Agriculture and Rural Development	628	210	8
Social Protection	359	260	9	Social Protection	710	363	10
Economic Gov. and Private Sector Devel't	454	525	2	Economic Gov. and Private Sector Devel't	855	932	2
Unclassified	266	92	1	Unclassified	407	144	1
TOTAL	37696	10015	2488	TOTAL	70050	13259	2707

Sources and Uses of Funds Table	1392		1393	
	Budget	Q2 Actual	Budget	Q2 Actual
In millions of Afs				
Revenue	328383	60773	397670	70771
Tax Revenue	91637	19420	98425	16890
<i>Fixed Taxes</i>	12368	2895	13807	2579
<i>Taxes on Income and Profits</i>	17939	3991	19741	3743
<i>Taxes on Property</i>	398	73	399	156
<i>Taxes on Goods and Services</i>	22692	4263	23246	3697
<i>Taxes on International Trade</i>	34887	6999	36074	5479
<i>Other Taxes</i>	3353	1198	5158	1234
Grants	209150	35136	268091	46950
<i>Foreign Governments</i>		27082		27987
<i>International Organisation</i>		8054		18963
Other Revenue	27596	5334	31153	5985
<i>Property Income</i>	3921	260	3315	542
<i>Sales of Goods and Services</i>	10518	1239	10746	695
<i>Fines & Penalties</i>	11163	3013	12770	2580
<i>Extractive Industry - Royalties & Fees</i>	524	262	762	225
<i>Others</i>	1470	559	3560	1942
Social Contributions	3767	883	4221	946
Expenditure	262104	54999	316609	66477
Compensation of Employees	143927	34194	156013	37962
Uses of Goods and Services	106583	16808	144042	21306
Consumption of Fixed Capital	0	0	0	0
Interest	394	46	568	69
Subsidies	11201	3951	15986	7140
Grants	0	0	0	0
Social Benefits	0	0	0	0
Other Expense	0	0	0	0
Net Operating Balance	66279	5774	81061	4294
Net Acquisition of Non-Financial Assets	88118	9443	102065	12492
Fixed Assets	88118	9301	102065	12305
<i>Acquisition of Fixed Assets</i>	88118	9314	102065	12311
<i>Sale of Fixed Assets (-)</i>	0	14	0	7
Change in Inventories	0	0	0	0
Valuables	0	0	0	0
Non-Produced Assets	0	142	0	187
Net Lending/Borrowing	-21839	-3669	-21004	-8198
Transactions in Financial Assets	21839	3669	21004	8198
Net Acquisition of Financial Assets		2484		6750
<i>Domestic</i>		2484		6750
<i>Foreign</i>		0		0
Net Incurrence of Liabilities		1185		1448
<i>Domestic</i>		1117		1105
<i>Foreign</i>		69		343

Introduction

Fluctuations in the economic cycle in the country has impacted the growth of revenues and expenditures this year. During the current slowdown in economic activity, revenue collection has significantly dropped due to decrease in the imports of commodities, and a delay in the income tax payments by some of the firms. However, the government in order to offset the impact of an economic slowdown or in another words, to minimize the reduction in growth, requires raising the level of its expenditures. This is only possible if the government has surplus in balance. Lower revenue collection and high aid dependency has limited the government options to raise expenditure, and instead it resorted to cutting expenditures for some of the items.

The Government had limited options for instant changes in its policies during this quarter. Despite the fact that any policy changes or new revenue measures may contribute additional revenues, but effects from such measures will take longer. So, the Government in order to contain the financing gap has adopted austerity measures in expenditure, as its immediate effect will lessen the budget deficit. These expenditure measures to curtail over spending include applying cut on a number of expenditure items such as use of goods and services, and acquisition of assets (code 22 and 25), and also postponement of issuing allotments for some development projects.

The prolonged presidential election in Afghanistan, and delay in signing the Bilateral Security Agreement (BSA) with the USA further aggravated the uncertain situation. As a result, it has adversely impacted the budget performance. As for financing the government's development projects: the donors stopped their disbursement and commitments.

The overall balance deficit reflects the fact that donor funds to the development budget expenditures during this quarter have fallen.

Faced with a shortage of domestic resources and donor funds, the government applied fiscal consolidation and other tightening expenditures measures. The aim was to cut extra spending on purchasing goods and services, and focus spending only on essential needs and prioritized areas. These consolidation measures will channel funds only towards salary spending, pensions and other important development projects.

Macro-Fiscal Situation

The economy of Afghanistan slowed down due to the uncertainty in the country from the transition and election crisis. The macro-Fiscal situation in the country deteriorated and real GDP growth fell to 4 percent (2.5 percent lower than the previous year). Nominal GDP was projected at Afs 1,245.6 billion and has further revised into Afs 1,263.4 billion, this shows 10 percent increase during the year in nominal terms, below the historical average. The election is estimated to have reduced growth by around 6% this fiscal year.

CPI Inflation remained at in single digits throughout the year at a rate of 7 percent, which has been driven by the lower than usual increases in the price of non-food items.

Imports have seen a dramatic decline of 11 percent from Afs 529.2 billion in 1392 to Afs 473 billion in 1393. The decline is mainly due to declines in petroleum imports, in part the result of declines in foreign activity in the country. Construction materials also fell in value significantly. This however is likely to be a temporary fluctuation, brought on by the falls this year. Delays in construction during this one year do not imply a general fall in likely future capital investment, as it is just the consumerable materials for construction that have fallen in amount. However, export rose to Afs 104.5 billion (or increase of 4.5 percent) than the 1392 level.

Table 1.1 Overview of Macro-Economy

	1392	1393	1393
	Historic	Budget	Revised
GDP	1,149.9	1,245.6	1,263.4
Agriculture	294.2	286.5	306.9
Industry	236.1	259.8	243.1
Services	619.6	650.2	646.4
Indirect taxes		48.9	
CPI Inflation	7%	6%	7%
Imports	529.2	559.1	473.0
Exports	100.0	104.5	104.5

1393 Figures are Government of Afghanistan Forecasts

- The growth in nominal GDP was driven from the agriculture and services both with 4 percent and 3 percent from the industry.
- Imports decline was mainly driven from the petroleum sector.
- In addition the Afghani weakness, and the CPI Inflation increase was driven by global commodity price increase.

During this quarter we have seen CPI Inflation has declined to 1.4 percent from the 3.1 percent in the first quarter, the decline was from the price decline of the non-food items, even in to negative by 0.5 percent. However, the price of the food item has increased by 2.8 percent.

- The headline inflation is growing with the fastest growth in the price of flour and dry fruit of the food items in the CPI Inflation index.
- As the government is working to reduce the high food inflation, FPD predicts that the headline inflation would ease by the end of the year. However, still possible risks to increase the price of the certain items used in the winter season like oil and gas.

Table 1.2 Consumer Price Index

	1392	1392	1392	1393	1393
	Q2	Q3	Q4	Q1	Q2
CPI Rate	1.2%	4.4%	-0.8	3.1%	1.4%
Food	1.7%	0.9%	2.9%	2.0%	2.8%
Non-Food	0.6%	0.3%	0.9%	-0.8%	-0.5%
Exchange Rate (Afs/\$)	56.22	57.24	56.96	57.25	57.15

Macro-Fiscal Risks

The Government maintains track of likely risks that could occur in the next quarter, these are set out in **Table 1.3**.

Table 1.3 Risk Matrix

Risk	Likelihood	Impact
Rating Maintained		
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
Rating Changed/Newly Added		
Unemployment: lower execution in the development budget will increase unemployment.	MEDIUM	HIGH

- Due to the uncertainty from election revenue collection will slowdown as a result of the import falls in the coming quarter of the year, but we anticipate if the crisis settles-down revenue will increase only moderately afterward. This will lower cash for the government operating activities.
- Aid has slowed down due to the political uncertainty and has depreciated the Afghani, which has cost increase for the government and public imports this will further increase the price for the consumers.
- Operation and maintenance cost would be the higher expenditure item for the government than anticipated, due to the negative prospects of the development projects.
- Unemployment may increase in the coming quarters, lower execution in the development budget that is undertaken by the government in the country is deteriorating economic activates and jobs.

Revenue

Revenue Facts

- Revenue from tax revenues achieved 80 percent of its semi-annual target
- Revenues from customs and non-tax revenues were by 35 percent compared to their annual target
- In total, revenues are behind its semi-annual target by about 33 percent in first two quarters of FY 1393
- Revenue has largely been affected by low economic growth (1.5 percent) and the uncertainty pertaining to prolonged election and security situation in Afghanistan

Revenue Performance by Category

Revenue collected during second quarter of FY 1393 was Afs 23.8 billion while the total revenue collected in the first two quarter were Afs 47.3 billion, meaning that performance the second quarter was very close to that of the first. Looking at the revenue performance of FY 1392, these figures were slightly higher (Afs 25 billion in quarter two of FY 1392) and in previous fiscal year the performance of revenue improved in the second quarter relative to the first. Multiple lines underperformed in the second quarter of this year, but this fall is likely the result of a general fall in retail sales: which has pushed down both import taxes, and sales taxes revenue. This is due to the numerous economic and political pressures pertaining to prolonged election, foreign troops' withdrawal and security transition; and reduced business and donor activity during the period.

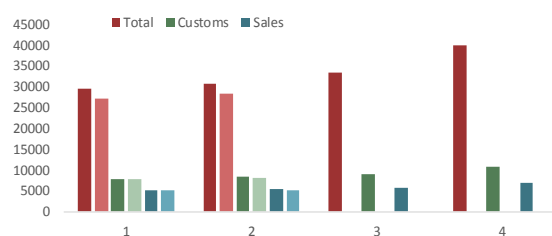
The tax revenues and non-tax revenues were not able to meet their annual targets; they were also less than the collection of previous fiscal year. Tax revenues and non-tax revenue had a shortfall of 18 percent and 36 percent respectively compared to their annual targets.

Due to shrinking trade, customs revenue has been affected mainly. Customs revenue collection was Afs 5.5 billion in quarter two while in first two quarters this was 11.6 billion. In 1392 these were Afs 7 billion in quarter two while in first two quarters this was Afs 13.4 billion.

The government has increased efforts to bring improvements in the administration of customs and domestic offices. The VAT law is also underway to be approved in the higher house. With the introduction of VAT the BRT tax will be partially replaced.

The summary values of revenue performance are set out in **Table 2.1**

Revenue Performance: Outturn vs Target
Afs Millions



Source: FPD, Ministry of Finance

Table 2.1 Summary Revenue Performance

In millions of Afghanis	1392	1392	1393	1393	1393	1393	% Target	% Change
	Q2	Q2 YTD	Budget	Target	Q2	Q2 YTD		on 1392
Revenues Including Grants	60773	119822	-	-	70771	126132	-	16%
Revenues Excluding Grants	25637	47961	133800	30774	23820	47249	77%	-7%
Revenue (without customs)	18638	34573	97726	22477	18341	35655	82%	-2%
Tax Revenues (without customs)	12421	23844	62352	14341	11410	24198	80%	-8%
Fixed Taxes	2895	5448	13807	3176	2579	5251	81%	-11%
Income Taxes	3991	7988	19741	4541	3743	8447	82%	-6%
Property Taxes	73	144	399	92	156	389	170%	114%
Sales Taxes	4263	8052	23246	5347	3697	7410	69%	-13%
Other Taxes	1029	1872	4482	1031	1234	2702	120%	20%
Tax Penalties and Fines	170	340	676	155	0	0	0%	-100%
Customs Duty, Import Taxes	6999	13388	36074	8297	5479	11594	66%	-22%
Non Tax Revenue	4774	8768	27593	6346	4043	7907	64%	-15%
Income from Capital Property	260	383	3315	763	542	849	71%	109%
Sales of Goods and Services	1239	2634	10746	2472	695	1431	28%	-44%
Administrative Fees	2881	5061	11996	2759	2409	4838	87%	-16%
Royalties	81	144	360	83	122	166	148%	52%
Non Tax Fines and Penalties	132	241	774	178	171	334	96%	29%
Extractive Industry	182	306	402	92	103	288	111%	-43%
Miscellaneous Revenue	559	339	3560	819	1942	1638	237%	247%
Social Contributions	883	1621	4221	971	946	1912	97%	7%
Grants	35136	71861	-	-	46950	78883	-	34%
Foreign Governments	27082	57023	-	-	27987	48949	-	3%
International Organisation	8054	14837	-	-	18963	29933	-	135%
Other Government Units	0	0	-	-	0	0	-	-

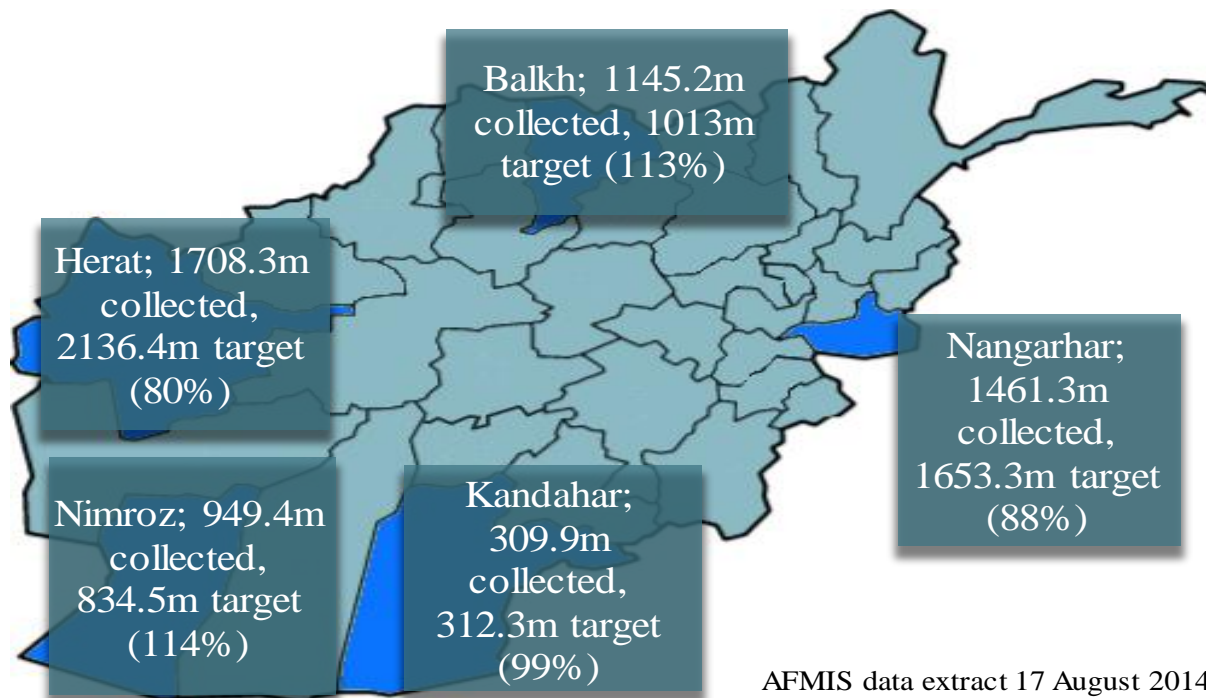
Revenue Performance by Province

Nangarhar and Herat were the highest revenue collecting border points. In quarter two of FY 1393, they collected Afs 2.8 billion and Afs 3.3 billion respectively. However they had a shortfall from their annual target of by 10 percent and 33 percent respectively. This border points are the main trade hubs with Pakistan, and Turkmenistan and Iran respectively, reductions in the collection implies reducing or stagnating trade flows.

Table 2.2 below shows the revenue collection in Provinces that have historically made up the majority of revenue collected. In a large part this is because these provinces represent major border crossings with trading partners. In total 47 percent of total (non-grants) revenue was collected from these provinces.

Table 2.2 Revenue Collection by Key Provinces

In millions of Afghanis	1392 Q2	1392 Q2 YTD	1393 Budget	1393 Target	1393 Q2	1393 Q1 YTD	% Target	% Change on 1392
Kabul	591	1118	2876	661	652	1273	99%	10%
Nangarhar	2803	5604	13563	3119	2814	5303	90%	0%
Balkh	1908	3545	11112	2556	1215	3130	48%	-36%
Kandahar	794	1411	3319	763	792	1505	104%	0%
Faryab	1609	2449	5035	1158	1005	1904	87%	-38%
Herat	4470	8514	21627	4974	3322	6304	67%	-26%
Nimroz	1441	2574	6204	1427	1605	3112	112%	11%
Central Ministries	9806	19031	59147	13604	10065	20676	74%	3%



Revenue Performance by Collection Agency

The revenue data in **Table 2.3** shows the collection by agency (i.e. which area of the Government collects the revenue for transmission to the Treasury Single Account). A large portion of money is typically collected through the Customs unit of the Ministry of Finance; and collection from other Ministries

and Agencies typically represents fees or fines paid.

Revenue from provincial Mustofiats was around Afs 3 billion during second quarter of FY 1393. From LTO and MTO, this revenue was Afs 3.5 billion and 3.1 billion respectively in second quarter of FY 1393.

Table 2.3 Collection by Agency

In millions of Afghanis	1392	1392	1393	1393	%
	Q2	Q2 YTD	Q2	Q2 YTD	Change on 1392
Ministry of Finance	17021	35676	19261	38304	13%
Mustofiat	1681	2415	2968	3676	77%
Customs	8166	19450	9065	19222	11%
Large Taxpayer Office	3814	7501	3568	8489	-6%
Medium Taxpayer Office	2880	5356	3135	5668	9%
Small Taxpayer Office	369	720	404	1009	9%
Other Ministry of Finance	110	233	122	241	11%
Other Ministries	7316	10341	2463	4726	-66%
Ministry of Transport and Aviation	1102	2041	376	753	-66%
Ministry of Interior	697	1569	720	1587	3%
Ministry of Communication	275	924	124	407	-55%
Ministry of Foreign Affairs	295	516	264	341	-10%
Ministry of MDSA ¹	493	999	640	1300	30%
Other Budgetary Units	4455	4291	339	339	-92%

1/ Martyrs, Disabled and Social Affairs

Revenue Performance in Grants

In second quarter of FY 1393, Afs 28 billion was receipt as donor grants from foreign governments, while from international organizations about Afs 19 billion was received. In total Afghanistan received Afs 79 billion in first two quarters of FY 1393, this amount was about 71 billion in first half of FY 1392. **Table 5.2** in the Appendix sets out the operating and development grants in detail.

Expenditure

Table 3.1 Expenditure Summary

	1392 Q2 Actual	1392 Q2 YTD	1393 Annual Budget	1393 Annual Allocated	1393 Q2 Prelim.	1393 Q2 YTD	1393 Growth on 1392 %	1393 Of Alloc.
TOTAL GROSS EXPENDITURES	64456	105910	428379	422844	78976	130651	23%	19%
Operating Budget	48053	82064	280473	276810	57767	96250	20%	21%
Development Budget	16403	23845	147906	146034	21209	34401	29%	15%
Discretionary Budget	4440	5315	0	46424	2475	6118	-44%	5%
Non-discretionary Budget	11963	18530	147906	99610	18734	28283	57%	19%
TOTAL NET EXPENDITURES	64442	105883	-	-	78969	130630	23%	
RECURRENT EXPENDITURES	54999	91315	N/A	321258	66477	109600	21%	21%
Compensation of Employees	34194	63119	162603	156013	37962	70457	11%	24%
Wages and Salaries	32540	60417	0	0	36381	67612	12%	
Social Benefits	1654	2703	0	0	1580	2845	-4%	
Use of Goods and Services	16808	22376	N/A	143145	21306	29461	27%	15%
Travel	568	965	0	0	559	1046	-2%	
Communications	842	1099	0	0	990	1364	18%	
Contracted Services	6122	7985	0	0	9848	12495	61%	
Repairs and Maintenance	1742	2232	0	0	3217	3780	85%	
Utilities	768	1093	0	0	1433	1737	87%	
Fuel	1401	2076	0	0	1319	2125	-6%	
Other Use of Goods and Services	5365	6926	0	0	3940	6915	-27%	
Interest	46	96	2400	2400	69	134	50%	3%
Social Transfers	3951	5723	19700	19700	7140	9548	81%	36%
Subsidies	250	250	0	0	200	450	-20%	
Grants	87	98	0	0	206	214	137%	
Social Security	3515	5275	0	0	6644	8794	89%	
Other Social Transfers	99	101	0	0	90	90	-9%	
ACQUISITION OF ASSETS		0				0		
Gross Acquisition of NFA	9457	14595	N/A	101586	12499	21051	32%	12%
Net Acquisition of NFA ¹	9443	14568	0	0	12492	21030	32%	
Sale of Land and Buildings	-14	-27	0	0	-7	-21	-49%	
Buildings and Structures	5175	6461	0	0	5520	9124	7%	
Machinery / Equipment	1194	1661	0	0	1666	1921	40%	
Valuables	0	1	0	0	0	0	178%	
Land	142	144	0	0	187	328	31%	
Capital Advance Payments	2946	6328	0	0	5126	9678	74%	

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

Expenditure Facts

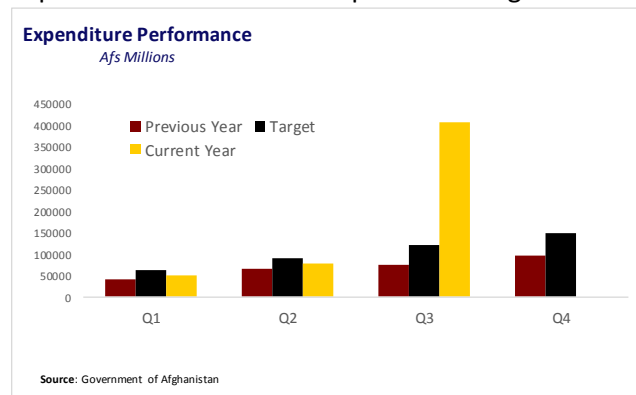
- Social transfers are the best performing expenditure line, which spent around 36 percent of its budget during the first of the year. Its subcategories are subsidies, grants, social security, and other social transfer. This is because many of these expenditures are legally mandated, and cannot be easily reduced.
- The operating budget under performed as only 21 percent was spent on this category, as a result of low spending in the Goods and Services category. This occurred despite higher than expected inflation and currency depreciation.
- The shortfall in revenues affected expenditures in overall because of which most of the recurrent expenditures were delayed because of the requirement to undertake cash rationing to ensure expenditures were met.
- The negative cash balances will magnify the problem of very meager inflows of revenue potential causing additional expenditure rationalization.

1393 was an exceptional year because as a consequence of the election and international security withdrawals the macroeconomic climate of the economy became very gray, giving birth to economic and political uncertainties. This affected revenue mobilization and therefore caused budgeted execution to be less than expected. As a result of which most of the development expenditures were halted and operating expenditures were delayed.

By the end of second quarter the overall budget execution reached 19 percent within which operating budget was executed by around 21

percent while discretionary development budget was executed barely by 5 percent. The low execution is the result of macroeconomic instability due to political and security transition because of which revenues collection was severely affected, which rendered the Ministry of Finance to take precautionary measures in order to be able finance indispensable areas of expenditures. The lower revenue generation resulted in enlarging financing gap and therefore various measures are put in place to find sources of financing.

Contingency funds are used in subsidies and in social security and some other social transfers. In the second quarter of 1392 Afs 250 million contingency funds was used in subsidies, and Afs 450 million in 1393 reflecting [an increase in pension entitlements]. We have seen an increase of 44.4 percent in subsidies, 54.2 percent in grants, and 40.1 percent in social security when compared with 1392 expenditures in those specific categories.



There was a wage pressure in the second quarter of the current year when compared with the second quarter of the previous year in YTD basis. For instance, wages and salaries were Afs 60,417 million in the first half of 1392 while in the first half of 1393 they were Afs 67,612 million, which shows a rise of 10.6 percent. This reflects [an expansion of the payroll]

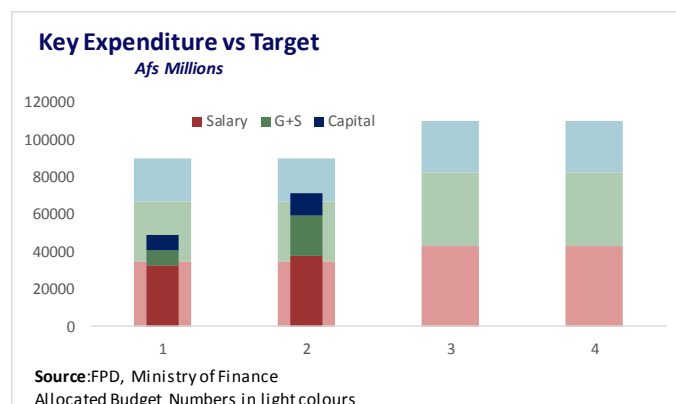
As 1393 was an untypical year with a lot of uncertainties due to withdrawal of international

security forces and political transition. These surrounding uncertainties caused a big fall in domestic revenues collection and development grants. The government therefore applied austerity measures on the remaining half of the year by halting discretionary development budget and other unnecessary expenditures such as salary rise and luxury items in the operating budget.

Table 3.2 Fiscal Sustainability

	1392 Q2	1392 Q3	1392 Q4	1393 Q1	1393 Q2
Domestic Revenue/Total	42%	30%	37%	42%	34%
Customs Revenue/Total	12%	8%	8%	11%	8%
Grants/Total	58%	70%	63%	58%	66%
Op. Spending/Dom. Rev.	187%	190%	185%	164%	243%
Salaries/Total Expenditure	53%	50%	40%	63%	48%
Interest/Expenditure	0.1%	0.1%	0.1%	0.1%	0.1%
Financing/Expenditure	15%	17%	22%	17%	16%

In the context of Afghanistan fiscal sustainability means that operating budget is financed through the domestic revenues. Fiscal sustainability saw some major setbacks due to slippages in achieving revenue targets in the past few years. As a consequent of which fiscal sustainability has deteriorated over time. The table above indicates that operating expenditures are increasing as a percent of domestic revenues. Operating expenditure to domestic revenues ratios was 190 percent in the second of 1392 while it is increased to a 243 percent by the second quarter of 1393, due to lower revenues generation from domestic sources. As a result, the loss of sustainability could be a temporary phenomenon which will improve in the next quarters, and next fiscal year.



Expenditure by Ministry

Ministry of Rural Rehabilitation and development is among the top spending ministries in spending the development budget until the second quarter of 1393 in YTD terms. It spent Afs 12,287 million from a total of Afs 22,734 million until the second quarter of 1393 in YTD terms which reaches to a 54 percent execution rate. This is because of high spending on capital projects. Ministry of Refugees and Repatriates is among the worst performing ministries which spent only 3 percent of its allocated budget in the second quarter of 1393 in YTD terms.

There are also some large scale development projects that considered by the government in order to improve service delivery, governance and social welfare as a whole. Increased spending on education has raised the literacy rate 28.5 percent, access to clean drinking water increased to 60.5 percent, 30 percent of the population is linked to electricity, and around 18 million people of the country has mobile phones. Which are considered key indicators of development. **Table 5.5** in the Appendix sets out expenditure by Ministry in detail.

The Government also targets expenditures towards improving social welfare generally, and

has a general policy of expenditure aimed at reducing poverty. There are also specific expenditures directly targeted towards poverty and social welfare, some of these key expenditures are set out in **Table 3.3**.

Spending on Technical and Vocational Education and Training (**TVET**) is targeted to ensure that skills vital to building the economy,

and reducing poverty are as widely disseminated as possible. The Directorate of Kochis finances social welfare for Kochis, and youth targeted spending is a crucial portion of efforts to reduce poverty generation to generation.

Table 3.3 Key Poverty Targeting Expenditures

	1392	1393		
	Q2	Budget	Q2	% Budget
Directorate of Kochis	38	93	23	25%
Ministry of Education				
Technical and Vocational Training	469	3553	960	27%
Ministry of Information and Culture				
Broadcasting and Youth	0	136	0	0%
Ministry of Frontiers and Tribal Affairs				
Social Protection of Tribes and Borders Management	0	563	0	0%
Micro Finance Investment Support Facility	0	46	0	0%

Debt and Financing

Total external debt during the second quarter 1393 is Afs 135.4 billion which is lower than the fourth quarter 1392 (Afs 138.1 billion). The main stakeholders from International organizations are World Bank and Asian Development Bank as provided concessional loans about Afs 24.1 billion and Afs 35.5 billion respectively. However, Afghan government indebted from foreign governments such as,

Russia Federation and Saudi Fund as well, particularly, Russia Fund is the largest (Af 54.5 Billion).

This quarter the Government slightly reduced debt to the Saudi Fund through a principal payment made, and since last year debt to the IMF has fallen significantly as a result of currency valuation effects.

Table 4.1 Debt Stock

Central Government Debt Stock				Change	
In Million Afs	1392 Q4	1393 Q1	1393 Q2	Year	QoQ
EXTERNAL	138,066	134,558	135,434	-2%	0.7%
International Organizations	77,318	72,452	73,345	-5%	1.2%
IMF	8,567	7,374	7,472	-13%	1.3%
World Bank	24,121	23,841	24,096	0%	1.1%
Islamic Development Bank	2,003	2,044	2,158	8%	5.6%
Asian Development Bank	42,526	39,090	39,516	-7%	1.1%
Others	101	103	103	2%	0.0%
Foreign Governments	60,748	62,106	62,089	2%	0.0%
Russian Federation	53,281	54,520	54,520	2%	0.0%
Saudi Fund	2,676	2,696	2,669	0%	-1.0%
Others	4,792	4,890	4,899	2%	0.2%
DOMESTIC	30,415	30,996	30,996	2%	0.0%
Bonds (Non-Tradable)	30,415	30,996	30,996	2%	0.0%
Commercial Banks	-	-	-	-	-
TOTAL CENTRAL GOVERNMENT DEBT	168,481	165,554	166,430	-1%	0.5%
Portion Short Term Debt ¹	0	0	0	-	-
Implied Maturity of Debt (Years)	142.4	245.0	206.6	45.1%	-15.7%
Implied Interest Rate of Debt	0.1%	0.1%	0.1%	13.7%	43.4%

1/ Less than one year

Table 4.2 Transactions in Financial Assets and Liabilities

In millions of Afghanis			
	1392	1393	
	Q2	Q2	
	Actual	Prelim.	% Change
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	3,672	8,198	123%
NET ACQUISITION OF FINANCIAL ASSETS	2,487	6,750	171%
Domestic	2,487	6,750	171%
Currency and Deposits	937	4,623	393%
Treasury Single Account	-3,501	9,024	-358%
Donor Accounts	4,435	-4,401	-199%
Other Deposit Accounts (1)	3	0	-100%
Loans	1	-1,119	-155585%
Other Accounts Receivable	100	525	426%
Other Assets	1,450	2,722	88%
Foreign	0	0	-
NET ACQUISITION OF FINANCIAL LIABILITIES	1,185	1,448	22%
Domestic	1,117	1,105	-1%
Accounts Payable	1,023	-467	-146%
Pension Liabilities	-1	9	-1643%
Other Payables	0	0	2417%
Other Liabilities (1)	94	1,563	1559%
Foreign	69	343	400%
Foreign Currency	-15	-6	-64%
Loans	84	348	316%

Source: FPD using AFMIS data downloaded on the 17 August 2014

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. If there are any net sales of non-financial assets, the public

sector borrowing requirement will be higher than the core budget balance.

The high Treasury Single Account (TSA) financing reflects the use of “cash in the bank” in order to make up for the revenue shortfall. Although donor accounts have still accumulated funds during the first half of the year.

Table 4.3 Transactions in Non-Financial Assets and Liabilities

In millions of Afghanis	1392	1393	
	Q2	Q2	
	Actual	Prelim.	% Change
NET ACQUISITION OF NONFINANCIAL ASSETS	9,443	12,492	32%
Land and Buildings	5,303	5,699	7%
Purchase of Land and Buildings	5,317	5,706	7%
Buildings and Structures	5,175	5,520	7%
Land	142	187	31%
Sale of Land and Buildings	-14	-7	-49%
Sale of State-Owned Enterprises	0	0	-
Machinery and Equipment (>50,000)	1,194	1,666	40%
Valuables	0	0	178%
Other Acquisitions	2,946	5,126	74%
Capital Advance Payments	2,946	5,126	74%

Source: FPD using AFMIS data downloaded on the 17 August 2014

As indicated in table 4.3 during second quarter 1393 there were higher expenditures on purchase of land and buildings when compared to the same period in second quarter 1392, and this jumped by 7 percent (from Afs 5.3 billion to Afs 5.7 billion). Other acquisitions and capital advance payment also notably increased by 74 percent compared to second quarter 1392.

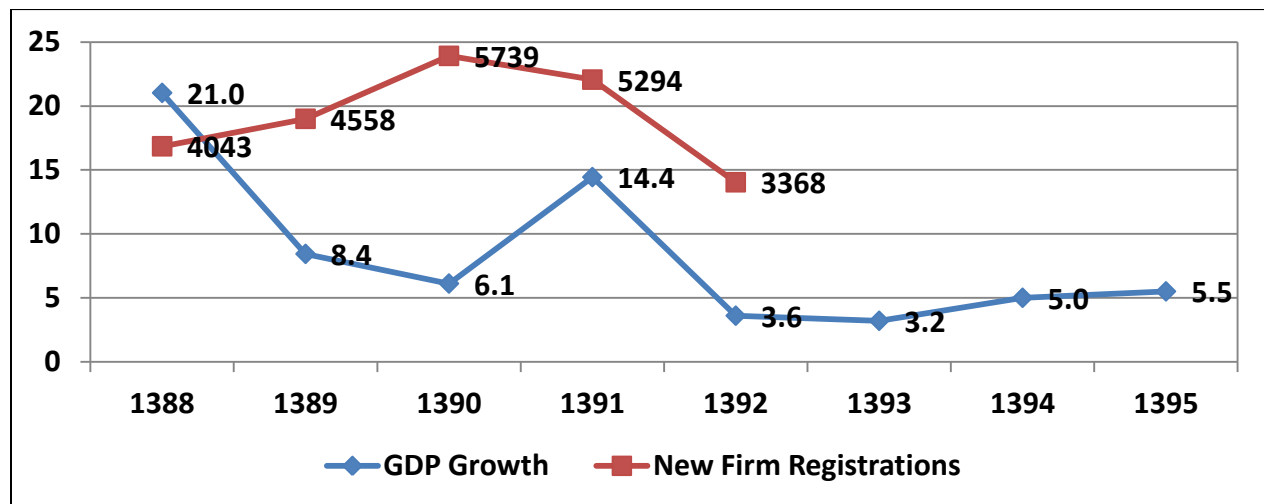
Meanwhile, expenditures on Machinery and Equipments also jumped by 40 percent or Afs 472 million compared to the previous quarter. This reflects the increasing importance of capital expenditure, even during a year of economic slowdown. The Government's capital investment has likely reduced some of the impact of the slowdown, offsetting some of the fall in private capital spending.

Transition, election, surrounding uncertainties and Afghanistan Economy:

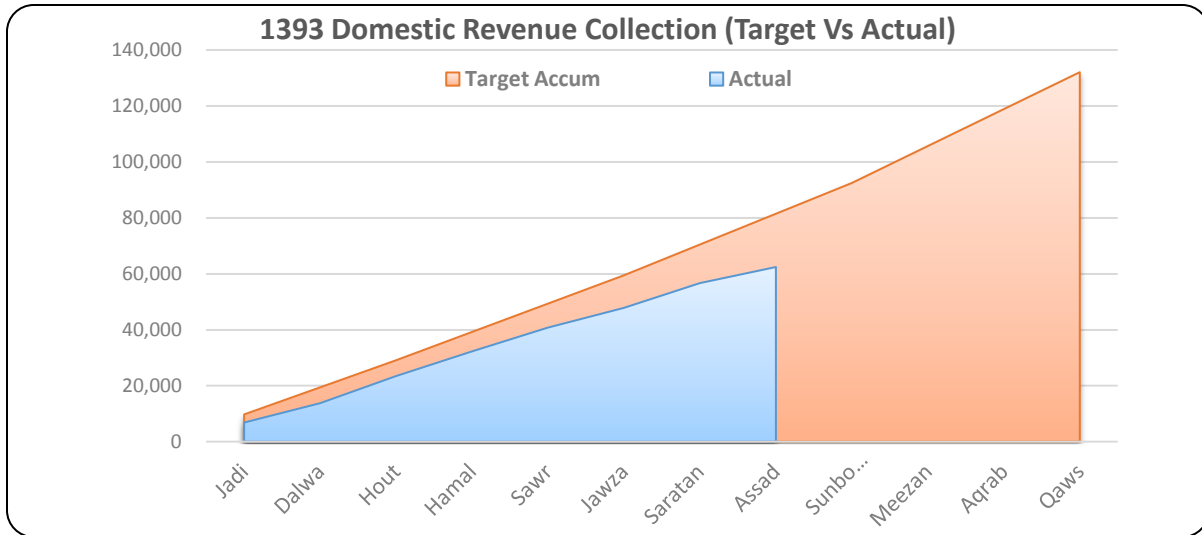
This article addresses the issues and the underlying economic impacts of the elections and surrounding transition events.

In April 5th, 2014, millions of Afghans voted. However, as there were a number of candidates, votes were divided and therefore none of the eight candidates could manage to gain fifty percent plus one of the cast votes. Hence, as per the constitution, the election went to a run-off scheduled for June 2014 among the two leading candidates, Dr. Ashraf Ghani Ahmadzai and Dr. Abdullah Abdullah. In line with the Afghanistan constitution the results were to be announced two weeks after the Election Day. The prolonged results led to economic and political uncertainty and thus affected overall economic activity in the country. It's worth mentioning the inconclusive election process multiplied manifold the already available uncertainties stemming from announcement of security transition and withdrawal of international forces in 2009.

The surrounding uncertainties were more pronounced for industrial and services sectors. As investors had to think and rethink about whether to invest in uncertain environment. The drop in new firms registration and decline in GDP is shown in the graph below.

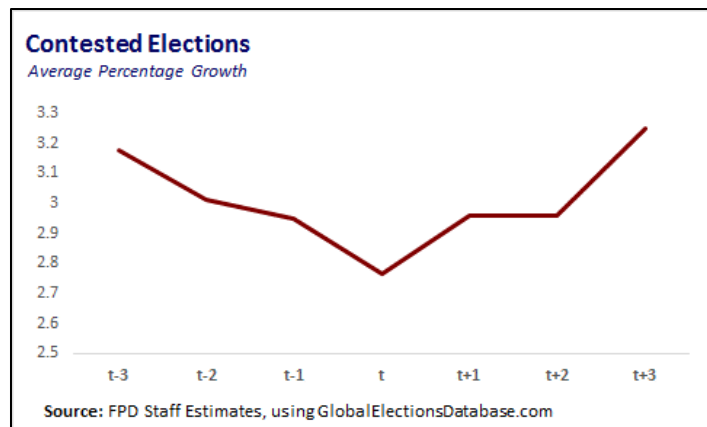


The decline in services sector is rather a political phenomenon as international community was also concerned with the elections results and therefore halted funding most of the development projects and this resulted in huge expenditure cut by the Government of Afghanistan.



Political uncertainty can impact economic performance through a number of mechanisms: reduced FDI, reduced consumer confidence, delayed investment decisions or reduced or short term Government behavior and investment. These can lead to both short run and longer run impacts on economic performance and, as a result, fiscal performance.

This reduction in economic performance during contested elections is seen in empirical literature including reductions in some commodity taxes¹, reductions in business² and public investment and lower productivity growth³. The graph on the left shows an event study⁴.



¹ Political Cycles in a Developing Economy: effect of elections in the Indian States - Khemani

² The Effect of Electoral Uncertainty on Business Savings and Investment Choices: Evidence from a Survey Experiment in Malawi - Colin

³ Political Uncertainty, Public Expenditure and Growth – Darby, Li and Muscatelli

⁴ This event study covers all elections in the Global Elections Database which had a maximum party performance of less than 40%. As this is an event study it does not disaggregate direct effects of the election uncertainty from other associated effects.

The prolonged election together with unsigned Bilateral Security Agreement and transition particularly affected foreign investment and government domestic revenues. As most of the traders and investors turn the direction of their businesses and investment plans to Middle East, Central Asia, Turkey and India where they feel more secured. Meanwhile, some of aforementioned countries follow suit and facilitated investment opportunities for Afghans to invest and purchase properties. For example, India started issuing two years multiple entry visas for Afghan traders. Which in fact is not only capital outflow but also a brain drain motive? Since entrepreneurial abilities go together with capital and foreign direct investments.

Impacts on revenues and expenditures

Looking to the trend of revenue collection over the past eight months during FY 1393. For the first half of the year actual revenue collection was far behind (31 percent lower) target. The decline sharpened since the April vote. Revenue collections from customs were particularly highly affected as only 54 percent of the target was collected.

Shrinks in import volumes were because of reduction in domestic demand for luxuries and high priced imported items which consequently reduced import volumes and thus import duties.

Similarly, the government took a number of measures to reduce expenditures and applied austerity policy which resulted in around Afs 25.6 billion reduction in budgetary expenditures for the current year.

Measures to boost revenue mobilization

Many of the taxpayers withhold their tax dues until the end of the year, which should lead to a measurable improvement in performance in last quarter of the year. In addition, the Government of Afghanistan is currently considering certain measures that will contribute to revenue generation.

Below are some of them:

1. Increasing passport fee to Afs 2000 per year which will bring in Afs 120 million additional revenue contributions.
2. Increasing import duty on tobacco to 35 percent which will bring in Afs 1.1 billion additional revenue contribution.
3. Increasing import duties on fuel to Afs 2 per liter will raise Afs 1.8 billion additional revenues.

These measures together will raise Afs 3.02 billion additional revenues.

Measures to reduce expenditures

Uncertainties not only affected investors' confidence and revenue generation but international community confidence as well. This resulted in halting payment to the development projects as most of this fund is coming from them. The Government of Afghanistan responded by considering the following approaches.

1. All bonuses, additional benefits and salary increases were banned
2. Payment of liabilities under the operating budget was broken down into installments and only necessary items were financed
3. Issuance of allotment to all budgetary units from quarterly to monthly bases

4. Procurement of new discretionary development projects were put on hold until the cash inflow
5. Cost overruns of existing development projects were stopped
6. Capital expenditure under operating budget were stopped
7. Operations and maintenance were stopped
8. Central Bank Recapitalization has been put on hold.

The election process not only affected overall economy but also caused deterioration in the security situation, with increased insurgent activity, unemployment spiked to peak, which affected most of the low income and casual labor markets. Meanwhile, number of street crimes and theft incidence jumped in major cities which push people's live in miseries.

Furthermore, overall business climate has worsened real estate and construction sectors have already been suffering, and there have been clear signs of declining confidence in corporate and consumer sectors with slowing investment and food inflation surge. Based on the New Business Tendency Survey, conducted by Afghanistan Chamber of Commerce and Industries (ACCI) in August 2014, pointed out deterioration of business climate, orders are contracting, firms are closing and layoffs are becoming more widespread.

In the near future, Bilateral Security Agreement (BSA) with Afghan government is a very crucial milestone for NATO and US to proceed with their aid plan and operation in Afghanistan after withdrawal of their troops by end 2014.

Similar to many countries going through uncertain elections, the election in Afghanistan has caused delays in economic decisions – which in turn has reduced the revenue collection through the year. While it is hoped once the election is resolved consumer and business confidence will improve, it is likely this year will see growth below that of the historic high performance.

Annex

Table 5.1 Revenue Collection by All Provinces

In millions of Afghanis	1392	1393		YTD Target		Annual	%
	Q2	Q2		1393	Target -	Target	Annual
	Actual	Prelim.	% Increase	Q2	Actual		Target
				YTD	% (+/-)		
REVENUES exc. grants	25,637.2	23,820.2	-7%	30,774.0	-23%	133,800.0	18%
Kabul	591	652	10%	661	-1%	2,876	23%
Kapisa	34	35	3%	31	13%	136	26%
Parwan	54	70	28%	58	19%	254	27%
Wardak	31	43	39%	46	-7%	200	21%
Logar	29	31	5%	37	-17%	161	19%
Nangarhar	2,803	2,814	0%	3,119	-10%	13,563	21%
Laghman	37	45	23%	39	17%	168	27%
Pangsher	23	18	-20%	20	-10%	87	21%
Baghlan	69	77	12%	76	1%	331	23%
Bamyan	14	46	230%	27	69%	119	39%
Ghazni	100	81	-19%	77	5%	335	24%
Paktika	35	39	11%	42	-7%	183	21%
Paktiya	215	219	2%	184	19%	801	27%
Khost	263	174	-34%	324	-46%	1,410	12%
Kunar	40	57	43%	91	-37%	398	14%
Nuristan	7	14	86%	11	30%	47	30%
Badakhshan	96	70	-27%	77	-10%	336	21%
Takhar	72	70	-2%	82	-14%	355	20%
Kunduz	294	146	-50%	344	-58%	1,497	10%
Samangan	34	38	11%	29	29%	128	30%
Balkh	1,908	1,215	-36%	2,556	-52%	11,112	11%
Saripul	27	35	31%	24	48%	103	34%
Ghor	29	27	-7%	38	-30%	166	16%
Dikondy	15	18	15%	18	-4%	80	22%
Uruzgan	13	16	23%	18	-11%	80	20%
Zabul	11	22	106%	28	-21%	120	18%
Kandahar	794	792	0%	763	4%	3,319	24%
Jawzjan	76	57	-25%	64	-11%	278	20%
Faryab	1,609	1,005	-38%	1,158	-13%	5,035	20%
Helmand	149	146	-2%	166	-12%	720	20%
Badghis	21	31	45%	23	32%	101	30%
Herat	4,470	3,322	-26%	4,974	-33%	21,627	15%
Farah	425	727	71%	534	36%	2,324	31%
Nimroz	1,441	1,605	11%	1,427	12%	6,204	26%
Central Ministries	9,806	10,065	3%	13,604	-26%	59,147	17%
Offshore Payments	0	0	-	0	-	0	-

Source: FPD using AFMIS data downloaded on the 17 August 2014

Table 5.2 Operational and Development Grants

All Values are in Million Afs	1392	1392	1392	1393	1393	1393
	Qtr 2	Qtr 2	% of	Qtr 2	Qtr 2	% of
	Qtr	YTD	Total	Qtr	YTD	Total
Afghanistan Reconstruction Trust Fund (ARTF)	7,256	8,417	15%	0	0	0%
Law & Order Trust Fund (LOTFA)	9,684	14,790	26%	7,067	7,067	34%
CSTC-A¹ MoD	6,279	24,298	43%	11,417	11,417	55%
CSTC-A¹ MoI	3,836	9,047	16%	2,409	2,409	12%

1/ Combined Security Transitional Command Afghanistan

Source: AFMIS data extract 17 August 2014

All Values are in Million Afghanis		
	RECURRENT BUDGET	11,417
	RECURRENT BUDGET	7,067
TF098459-AF Third Emergency National Solidarity Project	ARTF	5,215
	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
National Solidarity Program (Italy)	Multi Donor Grants	385
10024 AF-Second Public Financial Management Reform Project	ARTF	384
13093- Afghanistan Rural Access Project	ARTF	214

Source: AFMIS data extract 17 August 2014

Table 5.3 Operating Budget Expenditure

In millions of Afghanis	1392 Q2 Actual	1392 Q2 YTD Actual	1393 Q2 Prelim.	1393 Q2 YTD Prelim.	Budget	Allocated	% Alloc.	% Change
TOTAL GROSS EXPENDITURES	48,053	82,064	57,767	96,250	280,472	276,810	21%	20%
TOTAL NET EXPENDITURES	48,040	82,037	57,760	96,229				
RECURRENT EXPENDITURES	46,278	80,201	55,278	93,542	268,376	263,606	21%	19%
Compensation of Employees	34,194	63,119	37,962	70,457	162,603	156,013	24%	11%
<i>of which operating budget</i>	34,194	63,119	37,962	70,457				11%
Wages and Salaries	32,540	60,417	36,381	67,612				12%
Wages and Salaries in Cash	27,435	52,221	30,348	58,509				11%
Wages and Salaries in Kind	5,173	8,313	5,986	9,081				16%
Social Benefits	1,654	2,703	1,580	2,845				-4%
Social Benefits - in Cash	643	822	316	513				-51%
Social Benefits - in Kind	0	0	0	0				-
Use of Goods and Services	8,086	11,262	10,107	13,403	83,673	85,493	12%	25%
Travel	455	769	435	825				-4%
Communications	768	1,020	979	1,338				27%
Contracted Services	407	526	464	575				14%
Repairs and Maintenance	1,697	2,181	3,070	3,614				81%
Utilities	699	1,013	1,313	1,600				88%
Fuel	1,371	2,042	1,301	2,100				-5%
Other Use of Goods and Services	2,689	3,711	2,544	3,351				-5%
Interest (1)	46	96	69	134	2,400	2,400	3%	50%
To Non-Residents	46	96	69	134				
Social Transfers	3,951	5,723	7,140	9,548	19,700	19,700	36%	81%
Subsidies	250	250	200	450				-20%
Grants	87	98	206	214				137%
Social Security	3,515	5,275	6,644	8,794				89%
Other Social Transfers	99	101	90	90				-9%
Social Assistance	2	4	0	0				-98%
Advance Subsidies, Grants	97	97	90	90				-7%
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	1,776	1,863	2,489	2,708	12,096	13,204	19%	40%
Net Acquisition of NFA ¹	1,762	1,836	2,482	2,687				41%
Sale of Land and Buildings	-14	-27	-7	-21				-49%
Buildings and Structures	762	793	1,696	1,699				122%
Machinery / Equipment (>50,000)	904	957	462	538				-49%
Valuables	0	1	0	0				178%
Land	109	109	187	328				72%
Capital Advance Payments	1	3	143	143				20721%

Source: FPD using AFMIS data downloaded on the 17 August 2014

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

Table 5.4 Development Budget Expenditure

In millions of Afghanis	1392 Q2 Actual	1392 Q2 YTD Actual	1393 Q2 Prelim.	1393 Q2 YTD Prelim.	Allocated	% Alloc.	% Change
TOTAL GROSS EXPENDITURES	16,403	23,845	21,209	34,401	147,410	14%	29%
Discretionary Budget	4,440	5,315	2,475	6,118	46,424	5%	-44%
Non-discretionary Budget	11,963	18,530	18,734	28,283	100,986	19%	57%
TOTAL NET EXPENDITURES (2)	16,403	23,845	21,209	34,401			
Use of Goods and Services	8,722	11,114	11,199	16,058	58,549	19%	28%
Travel	113	196	123	221			
Communications	74	78	10	25			
Contracted Services	5,715	7,459	9,384	11,920			
Repairs and Maintenance	45	51	147	166			
Utilities	69	81	120	137			
Fuel	29	34	18	25			
Other Use of Goods and Services	2,677	3,215	1,396	3,564			
Tools and materials (< 50,000)	976	999	191	303			
Other Expenses	114	139	104	535			
Advances and Return of Expenditure	1,587	2,077	1,101	2,726			
ACQUISITION OF ASSETS							
Gross Acquisition of NFA	7,681	12,731	10,010	18,343	88,861	11%	30%
Net Acquisition of NFA ¹	7,681	12,731	10,010	18,343			
Sale of Land and Buildings	0	0	0	0			
Buildings and Structures	4,412	5,668	3,824	7,425			
Machinery / Equipment (>50,000)	290	704	1,204	1,384			
Valuables	0	0	0	0			
Land	34	35	0	0			
Capital Advance Payments	2,945	6,325	4,982	9,534			

Source: FPD using AFMIS data downloaded on the 17 August 2014

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

Table 5.5 Ministry Expenditure

	1392		1393		1393		Budget	Allocated	% Alloc.	% Change
	Q2 Actual	Q2 YTD	Q1 Prelim	Q2 Prelim	Q2 YTD Prelim	Q2 YTD Prelim				
TOTAL GROSS EXPENDITURES	64,473.5	105,978.0	51,490.1	78,261.1	129,803.5	425,608.0	425,608.0	30%	21%	
Operating Budget	48,053.3	82,064.2	38,300.2	57,418.7	95,719.0	279,593.2	279,593.2	34%	19%	
Development Budget	16,420.2	23,913.8	13,189.9	20,842.3	34,084.6	145,024.2	145,024.2	24%	27%	
Ministry of Interior	11,390.6	19,810.3	10,091.9	12,246.4	22,338.2	66,824.9	71,037.4	31%	8%	
Operating Budget	11,342.9	19,733.3	10,066.1	12,089.9	22,156.0	62,037.5	66,250.0	33%	7%	
Development Budget	47.8	76.9	25.8	156.4	182.2	4,787.4	4,787.4	4%	227%	
Ministry of Defence	14,906.2	24,660.5	10,128.0	17,664.4	27,792.4	101,676.0	106,470.8	26%	19%	
Operating Budget	14,903.9	24,658.2	10,128.0	17,503.6	27,631.6	98,570.5	103,365.3	27%	17%	
Development Budget	2.3	2.3	0.0	160.9	160.9	3,105.4	3,105.4	5%	6962%	
Ministry of Foreign Affairs	668.5	1,468.3	550.3	1,539.8	2,090.1	4,446.7	4,500.7	46%	130%	
Operating Budget	640.1	1,439.9	500.5	990.0	1,490.5	3,200.0	3,254.0	46%	55%	
Development Budget	28.4	28.4	49.7	549.8	599.5	1,246.7	1,246.7	48%	1837%	
National Security Council	0.0	0.0	62.8	64.3	127.1	227.9	362.8	35%	-	
Operating Budget	0.0	0.0	62.8	64.3	127.1	88.5	223.3	57%	-	
Development Budget	0.0	0.0	0.0	0.0	0.0	139.5	139.5	0%	-	
Presidential Protective Service	293.5	566.6	232.4	390.0	622.4	944.5	1,105.8	56%	33%	
Operating Budget	279.8	552.9	223.2	390.0	613.2	944.5	1,105.8	55%	39%	
Development Budget	13.8	13.8	9.2	0.0	9.2	0.0	0.0	-	-100%	
General Directorate of National Security	2,467.4	4,919.4	2,706.9	2,825.8	5,532.7	11,419.5	11,219.5	49%	15%	
Operating Budget	2,441.9	4,890.1	2,706.9	2,801.1	5,508.0	11,271.4	11,071.4	50%	15%	
Development Budget	25.4	29.3	0.0	24.7	24.7	148.1	148.1	17%	-3%	
Total Security	29,726.3	51,425.0	23,709.4	34,666.4	58,375.8	185,311.5	194,334.3	30%	17%	
Operating Budget	29,608.6	51,274.4	23,624.7	33,774.7	57,399.4	176,023.9	185,046.6	31%	14%	
Development Budget	117.6	150.6	84.7	891.8	976.5	9,287.6	9,287.6	11%	658%	
Presidents Office	465.2	837.3	442.1	449.5	891.5	2,097.6	2,346.3	38%	-3%	
Operating Budget	419.9	792.0	394.4	428.6	823.0	1,783.5	2,032.2	40%	2%	
Development Budget	45.3	45.3	47.7	20.8	68.5	314.1	314.1	22%	-54%	
National Assembly Meshanro Jirga	141.5	277.3	127.6	145.5	273.1	588.8	616.3	44%	3%	
Operating Budget	124.2	237.9	127.6	145.5	273.1	518.8	546.4	50%	17%	
Development Budget	17.3	39.5	0.0	0.0	0.0	69.9	69.9	0%	-100%	
National Assembly Wolesi Jirga	332.5	634.3	358.9	289.2	648.1	1,252.0	1,329.9	49%	-13%	
Operating Budget	332.5	634.3	358.9	289.2	648.1	1,252.0	1,329.9	49%	-13%	
Development Budget	0.0	0.0	0.0	0.0	0.0	41.7	41.7	0%	-	
Supreme Court	379.6	687.9	743.7	854.5	1,598.2	3,321.7	3,324.4	48%	125%	
Operating Budget	330.3	635.6	737.7	819.6	1,557.2	3,000.9	3,003.7	52%	148%	
Development Budget	49.3	52.3	6.0	34.9	41.0	320.7	320.7	13%	-29%	
Ministry of Justice	157.8	266.5	120.0	167.4	287.4	1,100.4	1,119.2	26%	6%	
Operating Budget	149.6	254.3	102.0	157.7	259.6	601.2	620.1	42%	5%	
Development Budget	8.3	12.2	18.0	9.8	27.8	499.2	499.2	6%	18%	
Administrative Affairs	450.0	668.1	370.7	740.0	1,110.7	939.2	1,647.9	67%	64%	
Operating Budget	439.4	654.8	370.7	625.5	996.2	750.0	1,458.7	68%	42%	
Development Budget	10.6	13.3	0.0	114.5	114.5	189.2	189.2	61%	984%	
Ministry of State and Parliament Affairs	32.8	51.4	13.5	30.7	44.2	117.0	135.3	33%	-6%	
Operating Budget	32.8	51.4	13.5	30.1	43.6	79.2	97.5	45%	-8%	
Development Budget	0.0	0.0	0.0	0.6	0.6	37.8	37.8	2%	-	
Ministry of Haj and Religious Affairs	153.2	263.2	126.4	184.0	310.3	1,093.8	1,116.2	28%	20%	
Operating Budget	124.9	233.0	112.3	154.9	267.2	789.9	812.2	33%	24%	
Development Budget	28.2	30.1	14.0	29.1	43.1	303.9	303.9	14%	3%	
Attorney General	248.2	462.0	240.5	313.2	553.7	1,430.3	1,437.2	39%	26%	
Operating Budget	240.6	452.1	228.4	297.3	525.7	1,163.9	1,170.8	45%	24%	
Development Budget	7.6	9.9	12.1	15.9	28.0	266.4	266.4	10%	110%	
Election Commission	28.5	50.9	23.1	29.4	52.5	153.5	194.0	27%	3%	
Operating Budget	26.3	45.9	23.1	29.4	52.5	153.5	194.0	27%	11%	
Development Budget	2.2	4.9	0.0	0.0	0.0	0.0	0.0	-	-100%	
IARCSC	194.7	296.5	85.0	157.7	242.7	706.2	718.6	34%	-19%	
Operating Budget	76.7	139.7	64.0	90.7	154.6	336.2	348.5	44%	18%	
Development Budget	118.0	156.8	21.0	67.1	88.1	370.1	370.1	24%	-43%	
Independent Commission for Overseeing the Implementation of Cons	76.7	139.7	11.6	90.7	154.6	67.3	69.3	223%	18%	
Operating Budget	19.2	31.4	11.6	20.6	32.1	67.3	69.3	46%	7%	
Development Budget	57.5	108.3	0.0	70.1	122.5	0.0	0.0	-	22%	
The High office of Oversight and Anti Corruption	53.4	82.3	57.9	35.2	93.1	307.9	308.7	30%	-34%	
Operating Budget	31.3	60.2	29.6	35.2	64.8	156.7	157.5	41%	12%	
Development Budget	22.1	22.1	28.3	0.0	28.3	151.2	151.2	19%	-100%	
Independent Directorate of Local Governance	757.8	1,124.6	455.2	608.5	1,063.7	4,410.1	4,454.7	24%	-20%	
Operating Budget	552.2	914.3	406.1	536.1	942.1	2,431.7	2,476.2	38%	-3%	
Development Budget	205.6	210.4	49.2	72.4	121.6	1,978.4	1,978.4	6%	-65%	
Afghanistan Independent Human Rights Commission	3.7	3.7	0.0	0.0	0.0	97.2	53.2	0%	-100%	
Operating Budget	0.0	0.0	0.0	0.0	0.0	44.0	0.0	-	-	
Development Budget	3.7	3.7	0.0	0.0	0.0	53.2	53.2	0%	-100%	
Independent Electoral Complaints Commission	0.0	0.0	0.0	0.0	0.0	175.4	175.4	0%	-	
Operating Budget	0.0	0.0	0.0	0.0	0.0	100.0	100.0	0%	-	
Development Budget	0.0	0.0	0.0	0.0	0.0	75.4	75.4	0%	-	
Total Governance, Rule of Law and Human Rights	3,472.0	5,842.0	3,176.1	4,095.6	7,324.0	17,802.7	19,035.1	38%	18%	
Operating Budget	2,899.9	5,136.9	2,979.8	3,660.3	6,640.1	13,184.8	14,417.2	46%	26%	
Development Budget	572.1	705.1	196.3	435.2	683.9	4,617.9	4,617.9	15%	-24%	

In millions of Afghanis	1392	1392	1393	1393	1393	Budget	Allocated	% Alloc.	% Change
	Q2	Q2 YTD	Q1	Q2	Q2 YTD				
	Actual	Actual	Prelim	Prelim	Prelim				
Ministry of Public Works	2,769.3	4,113.4	2,587.2	3,332.1	5,919.2	23,570.0	26,902.5	22%	20%
Operating Budget	613.6	922.9	409.1	1,436.2	1,845.2	529.7	3,862.1	48%	134%
Development Budget	2,155.7	3,190.5	2,178.1	1,895.9	4,074.0	23,040.4	23,040.4	18%	-12%
Ministry of Transport and Aviation	428.8	529.1	46.4	350.7	397.1	401.2	406.2	98%	-18%
Operating Budget	120.6	220.3	46.4	72.7	119.2	278.0	283.0	42%	-40%
Development Budget	308.3	308.8	0.0	278.0	278.0	123.2	123.2	226%	-10%
Ministry of Communication	164.4	434.1	113.8	177.1	290.8	2,811.4	2,816.0	10%	8%
Operating Budget	121.1	214.5	88.6	126.5	215.1	473.0	477.6	45%	4%
Development Budget	43.3	219.6	25.1	50.6	75.7	2,338.4	2,338.4	3%	17%
Ministry of Energy and Water	1,041.9	1,628.4	723.9	1,553.3	2,277.2	10,969.3	11,028.6	21%	49%
Operating Budget	125.7	218.8	101.8	139.2	241.0	530.0	589.3	41%	11%
Development Budget	916.2	1,409.6	622.1	1,414.2	2,036.2	10,439.3	10,439.3	20%	54%
Water Supply and Canalization Corporation	0.0	0.0	0.0	0.0	0.0	795.3	795.3	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	795.3	795.3	0%	-
Da Brishna Shirkat	243.3	368.8	183.0	861.8	1,044.8	7,266.1	7,266.1	14%	254%
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	243.3	368.8	183.0	861.8	1,044.8	7,266.1	7,266.1	14%	254%
Ministry of Urban Development	365.2	407.0	53.7	182.4	236.1	1,433.5	1,450.6	16%	-50%
Operating Budget	58.5	100.3	43.2	66.2	109.4	250.0	267.1	41%	13%
Development Budget	306.8	306.8	10.5	116.2	126.7	1,183.5	1,183.5	11%	-62%
Civil Aviation Authority	0.0	0.0	32.3	66.7	99.0	2,326.6	2,476.9	4%	-
Operating Budget	0.0	0.0	32.3	66.7	99.0	366.0	516.3	19%	-
Development Budget	0.0	0.0	0.0	0.0	0.0	1,960.6	1,960.6	0%	-
Independent Board of new Kabul	42.3	71.7	28.7	13.5	42.2	0.0	0.0	-	-68%
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	42.3	71.7	28.7	13.5	42.2	0.0	0.0	-	-68%
Ministry of Mines and Industries	485.3	685.6	276.2	239.6	515.8	2,331.7	2,382.3	22%	-51%
Operating Budget	139.9	232.4	93.7	153.4	247.0	495.0	545.5	45%	10%
Development Budget	345.4	453.2	182.5	86.2	268.7	1,836.7	1,836.7	15%	-75%
Geodesy and Cartography Office	33.1	60.4	24.1	30.3	54.4	138.0	141.2	39%	-8%
Operating Budget	31.9	59.2	24.1	30.3	54.4	132.0	135.1	40%	-5%
Development Budget	1.2	1.2	0.0	0.0	0.0	6.1	6.1	0%	-100%
Directorate of Environment	44.1	80.3	37.9	45.9	83.8	272.3	283.0	30%	4%
Operating Budget	44.1	80.3	37.9	45.9	83.8	180.0	190.7	44%	4%
Development Budget	0.0	0.0	0.0	0.0	0.0	92.3	92.3	0%	-
Afghanistan High Atomic Energy Commission	7.6	13.1	6.5	5.4	11.9	39.5	40.1	30%	-29%
Operating Budget	7.6	13.1	6.5	5.4	11.9	39.5	40.1	30%	-29%
Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Irrigation and canalization Shirkat	0.0	0.0	0.0	0.0	0.0	3,495.0	3,495.0	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	3,495.0	3,495.0	0%	-
Municipalities	114.2	190.7	324.8	198.0	522.8	0.0	0.0	-	73%
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	114.2	190.7	324.8	198.0	522.8	0.0	0.0	-	73%
Total Infrastructure and Natural Resources	5,739.7	8,582.7	4,406.2	6,990.0	11,396.2	53,523.4	57,006.9	20%	22%
Operating Budget	1,263.0	2,061.8	851.4	2,075.7	2,907.1	6,390.7	6,390.7	46%	64%
Development Budget	4,476.7	6,520.9	3,554.8	4,914.3	8,469.1	50,616.3	50,616.3	17%	10%
Ministry of Education	8,543.9	14,070.5	6,226.7	9,182.0	15,408.6	44,257.8	45,479.5	34%	7%
Operating Budget	6,633.5	11,690.2	5,554.3	7,339.8	12,894.1	30,390.0	31,611.7	41%	11%
Development Budget	1,910.3	2,380.3	672.4	1,842.1	2,514.5	13,867.8	13,867.8	18%	-4%
Ministry of Higher Education	1,003.0	1,517.7	1,110.1	1,124.9	2,235.0	8,099.0	8,130.9	27%	12%
Operating Budget	686.2	1,127.8	646.0	790.3	1,436.3	4,000.0	4,031.9	36%	15%
Development Budget	316.8	389.9	464.1	334.6	798.7	4,099.0	4,099.0	19%	6%
Ministry of Information and Culture	267.6	417.8	89.4	151.4	240.8	665.1	684.0	35%	-43%
Operating Budget	213.6	363.8	89.4	125.4	214.8	464.3	483.2	44%	-41%
Development Budget	54.0	54.0	0.0	26.0	26.0	200.8	200.8	13%	-52%
Science Academy	60.3	104.4	34.7	48.3	83.0	190.9	196.3	42%	-20%
Operating Budget	59.6	94.7	34.7	47.0	81.7	170.6	176.0	46%	-21%
Development Budget	0.7	9.6	0.0	1.3	1.3	20.4	20.4	6%	96%
National Olympic Committee	116.2	124.4	14.1	66.8	80.9	312.0	317.2	26%	-43%
Operating Budget	81.8	90.0	14.1	43.2	57.3	228.0	233.2	25%	-47%
Development Budget	34.4	34.4	0.0	23.6	23.6	84.0	84.0	28%	-31%
Cricket Board	0.0	0.0	0.0	0.0	0.0	56.0	56.0	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	56.0	56.0	0%	-
Football Federation	0.0	0.0	0.0	0.0	0.0	226.8	226.8	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	38.0	38.0	0%	-
Development Budget	0.0	0.0	0.0	0.0	0.0	188.8	188.8	0%	-
General Directorate of Radio & Television	0.0	0.0	0.0	0.0	0.0	707.9	810.7	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	343.0	445.8	0%	-
Development Budget	0.0	0.0	0.0	0.0	0.0	364.9	364.9	0%	-
Total Education	9,990.9	16,234.6	7,474.9	10,573.4	18,048.3	54,515.4	55,901.3	32%	6%
Operating Budget	7,674.7	13,366.5	6,338.5	8,345.7	14,684.2	35,252.9	36,536.0	40%	9%
Development Budget	2,316.2	2,868.2	1,136.5	2,227.7	3,364.1	18,271.9	18,271.9	18%	-4%
Ministry of Public Health	3,214.0	3,860.5	1,418.0	4,690.9	6,109.0	17,186.9	18,184.7	34%	46%
Operating Budget	683.5	1,164.2	660.6	762.0	1,422.5	2,525.2	3,523.0	40%	11%
Development Budget	2,530.5	2,696.3	757.5	3,929.0	4,686.4	14,661.7	14,661.7	32%	55%
Total Health	3,214.0	3,860.5	1,418.0	4,690.9	6,109.0	17,186.9	18,184.7	34%	46%
Operating Budget	683.5	1,164.2	660.6	762.0	1,422.5	2,525.2	3,523.0	40%	11%
Development Budget	2,530.5	2,696.3	757.5	3,929.0	4,686.4	14,661.7	14,661.7	32%	55%

In millions of Afghanis	1392	1392	1393	1393	1393	Budget	Allocated	% Alloc.	% Change
	Q2	Q2 YTD	Q1	Q2	Q2 YTD				
	Actual	Actual	Prelim	Prelim	Prelim				
Ministry of Agriculture	1,715.6	2,076.0	871.6	1,194.7	2,066.3	8,383.4	8,482.6	24%	70%
Operating Budget	489.4	728.5	230.2	313.5	543.7	1,046.0	1,145.1	47%	64%
Development Budget	1,226.2	1,347.5	641.4	881.2	1,522.6	7,337.4	7,337.4	21%	72%
Ministry of Counter Narcotics	305.7	339.8	262.5	288.0	550.5	1,064.1	1,066.1	52%	94%
Operating Budget	37.2	71.2	31.7	41.2	72.9	155.0	157.0	46%	111%
Development Budget	268.5	268.5	230.8	246.8	477.5	909.1	909.1	53%	92%
Ministry of Rural Rehabilitation and Development	3,744.9	7,844.7	6,261.6	6,254.7	12,516.3	23,244.9	23,270.3	54%	167%
Operating Budget	129.4	237.5	108.0	120.9	228.8	510.0	535.4	43%	93%
Development Budget	3,615.6	7,607.2	6,153.6	6,133.9	12,287.5	22,734.9	22,734.9	54%	170%
Afghanistan Independent Land Authority	0.0	0.0	0.0	0.0	0.0	347.2	347.2	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	250.0	250.0	0%	-
Development Budget	0.0	0.0	0.0	0.0	0.0	97.2	97.2	0%	-
Total Agriculture and Rural Development	5,766.3	10,260.5	7,395.7	7,737.4	15,133.1	33,039.7	33,166.2	46%	134%
Operating Budget	656.0	1,037.3	369.9	475.6	845.5	1,961.0	2,087.5	41%	72%
Development Budget	5,110.3	9,223.2	7,025.8	7,261.8	14,287.7	31,078.7	31,078.7	46%	142%
Ministry of Frontiers and Tribal Affairs	109.8	158.1	71.8	112.2	184.0	562.7	586.6	31%	102%
Operating Budget	91.8	140.1	62.7	112.2	174.9	425.3	449.2	39%	122%
Development Budget	18.0	18.0	9.1	0.0	9.1	137.4	137.4	7%	0%
Ministry of Martyrs, Disabled and Social Affairs	4,079.7	6,108.6	2,473.5	7,117.4	9,590.9	2,382.5	17,160.7	56%	174%
Operating Budget	3,860.1	5,872.2	2,438.6	7,022.6	9,461.2	1,536.6	16,314.8	58%	182%
Development Budget	219.6	236.4	34.9	94.8	129.7	846.0	846.0	15%	43%
Ministry of Refugees and Repatriates	97.0	137.4	46.7	57.4	104.1	331.8	452.0	23%	59%
Operating Budget	93.7	131.3	42.7	57.4	100.1	209.1	329.4	30%	61%
Development Budget	3.3	6.1	4.0	0.0	4.0	122.6	122.6	3%	0%
Ministry of Women Affairs	62.3	95.0	36.5	44.8	81.3	236.0	237.1	34%	72%
Operating Budget	47.1	79.8	36.5	43.5	80.0	187.0	188.2	43%	92%
Development Budget	15.2	15.2	0.0	1.3	1.3	49.0	49.0	3%	9%
Office of Disaster Preparedness	21.6	34.8	13.3	21.1	34.4	125.9	128.3	27%	98%
Operating Budget	17.8	31.0	13.3	21.1	34.4	95.5	97.8	35%	119%
Development Budget	3.8	3.8	0.0	0.0	0.0	30.5	30.5	0%	0%
Directorate of Kochis	16.1	37.6	9.9	12.9	22.8	90.4	92.5	25%	80%
Operating Budget	10.2	18.7	9.9	12.9	22.8	59.2	61.4	37%	127%
Development Budget	5.9	19.0	0.0	0.0	0.0	31.1	31.1	0%	0%
Total Social Protection	4,386.5	6,571.6	2,651.6	7,365.9	10,017.5	3,729.3	18,657.3	54%	168%
Operating Budget	4,120.7	6,273.1	2,603.6	7,269.8	9,873.4	2,512.8	17,440.7	57%	176%
Development Budget	265.8	298.5	48.0	96.1	144.1	1,216.5	1,216.5	12%	36%
Ministry of Finance	1,690.7	2,413.6	974.9	1,663.7	2,638.6	6,421.6	7,822.5	34%	98%
Operating Budget	917.2	1,348.5	706.9	800.7	1,507.6	1,847.0	3,247.9	46%	87%
Development Budget	773.5	1,065.1	268.0	863.0	1,131.0	4,574.6	4,574.6	25%	112%
Ministry of Commerce	158.2	248.6	106.6	166.4	273.0	754.4	968.2	28%	105%
Operating Budget	98.0	173.9	61.0	115.5	176.5	390.0	603.8	29%	118%
Development Budget	60.2	74.7	45.6	50.9	96.5	364.4	364.4	26%	85%
Ministry of Economy	136.8	249.1	97.0	145.3	242.3	608.9	610.0	40%	106%
Operating Budget	49.8	93.7	44.2	58.3	102.5	259.0	260.1	39%	117%
Development Budget	87.0	155.4	52.8	87.0	139.8	349.9	349.9	40%	100%
Control and Audit Office	79.1	131.6	38.2	105.5	143.7	721.0	735.0	20%	133%
Operating Budget	35.3	54.1	21.3	30.9	52.2	110.7	124.7	42%	88%
Development Budget	43.8	77.6	16.9	74.6	91.5	610.3	610.3	15%	170%
Central Statistics Office	100.5	138.2	31.4	46.2	77.6	433.4	435.3	18%	46%
Operating Budget	33.9	59.9	28.5	35.2	63.6	142.5	144.4	44%	104%
Development Budget	66.6	78.4	3.0	11.0	14.0	290.9	290.9	5%	17%
Afghanistan National Standard Authority	12.6	19.9	10.0	14.4	24.3	110.9	113.9	21%	114%
Operating Budget	12.6	19.9	10.0	14.4	24.3	65.1	68.1	36%	114%
Development Budget	0.0	0.0	0.0	0.0	0.0	45.8	45.8	0%	-
Total Economic Gov. and Private Sector Devel't	2,177.9	3,201.1	1,258.1	2,141.4	3,399.5	9,050.2	10,685.0	32%	98%
Operating Budget	1,146.8	1,750.0	871.8	1,055.0	1,926.8	2,814.2	4,449.0	43%	92%
Development Budget	1,031.1	1,451.0	386.3	1,086.4	1,472.7	6,236.0	6,236.0	24%	105%
Afghanistan Investment Support Agency	0.0	0.0	0.0	0.0	0.0	532.3	532.3	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	532.3	532.3	0%	-
Micro Finance Investment Support Facility for Afghanistan	0.0	0.0	0.0	0.0	0.0	161.3	161.3	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	161.3	161.3	0%	-
Unallocated Reserves	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	-
Unspecified	0.0	0.0	0.0	0.0	0.0	50,755.3	8,344.0	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	42,411.3	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	8,344.0	8,344.0	0%	-
Total Unclassified	0.0	0.0	0.0	0.0	0.0	51,449.0	9,037.6	0%	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	42,411.3	0.0	-	-
Development Budget	0.0	0.0	0.0	0.0	0.0	9,037.6	9,037.6	0%	-

Table 5.6 Program Expenditure

	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
	1393			1393			1393		
	Q2 YTD Prelim.	Allocated	% Alloc.	Q2 YTD Prelim.	Allocated	% Alloc.	Q2 YTD Prelim.	Allocated	% Alloc.
Ministry of Education	12,897.1	31,611.7	41%	2,514.5	14,473.1	17%	15,411.6	46,084.8	33%
General & Islamic Education	11,088.8	26,625.8	42%	512.4	6,200.5	8%	11,601.2	32,826.2	35%
Curriculum development & teacher training	382.3	1,166.4	33%	918.4	3,637.1	25%	1,300.8	4,803.5	27%
Technical and vocational training program	475.7	1,226.4	39%	484.1	2,358.9	21%	959.8	3,585.3	27%
Literacy and informal Education	232.7	623.8	37%	23.1	450.3	5%	255.8	1,074.0	24%
Education management	717.5	1,969.3	36%	576.5	1,826.4	32%	1,294.0	3,795.7	34%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Agriculture, Irrigation and Livestock	544.0	1,145.1	48%	1,522.6	9,211.1	17%	2,066.6	10,356.3	20%
Natural Resource Management	59.5	132.2	45%	489.9	1,957.0	25%	549.4	2,089.2	26%
Agriculture Production and Productivity	180.8	423.7	43%	553.4	2,491.3	22%	734.2	2,915.0	25%
Economic Regeneration	55.9	123.7	45%	453.6	4,563.7	10%	509.6	4,687.4	11%
Reform and Capacity Building	247.7	465.5	53%	25.6	199.1	13%	273.3	664.7	41%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Rural Rehabilitation and Development	277.3	535.4	52%	12,239.2	22,994.7	53%	12,516.5	23,530.1	53%
Rural Infrastructure (RI)	48.3	0.0	-	1,367.2	8,052.8	17%	1,415.5	8,052.8	18%
Economic Regeneration (ER)	0.0	0.0	-	201.2	1,443.7	14%	201.2	1,443.7	14%
Local Governance	0.0	0.0	-	10,670.9	13,498.1	79%	10,670.9	13,498.1	79%
Institutional Support Program (ISP)	229.0	535.4	43%	0.0	0.0	-	229.0	535.4	43%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Energy & Water	241.2	589.3	41%	2,036.2	10,657.1	19%	2,277.4	11,246.4	20%
Energy	15.8	47.0	34%	643.5	4,457.5	14%	659.3	4,504.5	15%
Water	149.6	380.0	39%	1,392.7	6,199.5	22%	1,542.3	6,579.6	23%
Admin & Finance	75.7	162.3	47%	0.0	0.0	-	75.7	162.3	47%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Finance	1,660.1	3,247.9	51%	1,123.5	4,784.7	23%	2,783.5	8,032.6	35%
Public Financial Management	998.7	1,644.1	61%	413.3	2,718.2	15%	1,412.0	4,362.3	32%
Revenue Management	225.3	523.4	43%	395.5	620.3	64%	620.8	1,143.6	54%
Operation (General Administration)	424.6	1,052.6	40%	121.3	740.8	16%	545.9	1,793.5	30%
Policy Management	11.4	27.8	41%	193.4	705.3	27%	204.8	733.1	28%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Public Works	1,923.3	3,862.1	50%	3,999.0	23,081.4	17%	5,922.3	26,943.5	22%
Transportation Infrastructures	101.3	71.8	141%	3,999.0	23,081.4	17%	4,100.3	23,153.2	18%
Maintenance of Transport Infrastructure	1,758.9	3,652.9	48%	0.0	0.0	-	1,758.9	3,652.9	48%
Admin & Finance	63.1	137.5	46%	0.0	0.0	-	63.1	137.5	46%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Public Health	1,427.1	3,523.0	41%	4,686.4	14,665.6	32%	6,113.6	18,188.6	34%
Institutional Development and Assessment (IDA)	41.1	47.2	87%	179.3	3,294.3	5%	220.3	3,341.4	7%
Health Service Provision	571.3	1,518.2	38%	4,506.9	11,310.9	40%	5,078.2	12,829.1	40%
Admin	814.8	1,957.6	42%	0.2	60.4	0%	815.0	2,018.0	40%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Independent Directorate of Local Governance	948.0	2,476.2	38%	116.2	2,032.8	6%	1,064.2	4,509.0	24%
National Principals for Local Governance	2.9	22.3	13%	0.0	0.0	-	2.9	22.3	13%
Local Governance Management	826.7	1,986.8	42%	116.2	2,032.8	6%	942.8	4,019.6	23%
General Supporting Services	118.4	467.2	25%	0.0	0.0	-	118.4	467.2	25%
Ministry of Urban Development	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Urban Development	109.6	267.1	41%	126.7	1,183.5	11%	236.3	1,450.6	16%
Planning & Urban Development	8.9	22.0	40%	33.9	233.2	15%	42.7	255.2	17%
Housing	4.7	10.2	46%	2.0	146.0	1%	6.7	156.2	4%
Urban Infrastructure	15.4	32.4	48%	70.8	690.2	10%	86.2	722.6	12%
Management & Operations	80.7	202.6	40%	19.9	114.1	17%	100.6	316.7	32%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-

Source: FPD using AFMIS data downloaded on the 17 August 2014

In millions of Afghanis	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
	1393			1393			1393		
	Q2 YTD Prelim.	Allocated	% Alloc.	Q2 YTD Prelim.	Allocated	% Alloc.	Q2 YTD Prelim.	Allocated	% Alloc.
Ministry of Transport	120.4	283.0	43%	278.0	2,181.7	13%	398.4	2,464.7	16%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Communication and Information Technology	215.4	477.6	45%	75.7	2,338.6	3%	291.1	2,816.2	10%
E - Afghanistan	45.5	99.7	46%	75.7	2,338.6	3%	121.2	2,438.3	5%
ICT Literacy	10.6	27.1	39%	0.0	0.0	-	10.6	27.1	39%
General Administration & Management	159.2	350.9	45%	0.0	0.0	-	159.2	350.9	45%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Commerce and Industry	177.4	603.8	29%	96.5	365.6	26%	273.9	969.4	28%
Private Sector and Industry Development	14.6	30.3	48%	67.2	253.6	27%	81.9	283.9	29%
Trade Policy and Transit	114.2	269.5	42%	3.7	17.3	21%	117.9	286.7	41%
Admin and Regulatory Services	48.5	304.0	16%	25.6	94.6	27%	74.1	398.7	19%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Labour, Social Affairs, Martyrs and Disabled	9,463.4	16,314.8	58%	127.9	846.1	15%	9,591.3	17,160.9	56%
Labor Support Program	3,302.9	4,981.0	66%	119.2	804.8	15%	3,422.0	5,785.8	59%
Social services	193.9	442.3	44%	2.1	13.5	15%	196.0	455.8	43%
Martyrs and Disabled	5,535.5	9,907.5	56%	0.0	13.4	0%	5,535.5	9,920.9	56%
Administration & Finance	431.1	984.0	44%	6.6	14.5	46%	437.7	998.4	44%
Expenditure returns	0.0	157.0	0%	0.0	907.1	0%	0.0	1,064.1	0%
Ministry of Defence	27,705.9	103,365.3	27%	160.9	3,105.4	5%	27,866.7	106,470.8	26%
Cambat forces	21,476.1	63,344.2	34%	160.9	3,105.4	5%	21,636.9	66,449.6	33%
Supportive forces	6,229.8	40,021.1	16%	0.0	0.0	-	6,229.8	40,021.1	16%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Women's Affairs	80.0	188.2	43%	1.3	49.0	3%	81.3	237.1	34%
Women Support and Strengthening	4.0	8.5	47%	0.0	0.0	-	4.0	8.5	47%
Gender Development and policy monitoring	5.1	10.2	50%	0.0	5.8	0%	5.1	16.0	32%
Administration & Finance	71.0	169.5	42%	1.3	43.2	3%	72.3	212.7	34%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Economy	102.7	260.1	39%	139.8	349.9	40%	242.4	610.0	40%
Economic Policy and Strategy and Monitoring and Evaluation	64.6	168.3	38%	107.0	234.1	46%	171.6	402.5	43%
Management & Operations	38.0	91.8	41%	32.8	115.8	28%	70.8	207.5	34%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
President's Office	823.6	2,032.2	41%	68.5	314.2	22%	892.2	2,346.5	38%
Providing Services to the Prisedent	823.6	2,032.2	41%	68.5	314.2	22%	892.2	2,346.5	38%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Higher Education	1,442.0	4,031.9	36%	798.7	5,008.4	16%	2,240.7	9,040.4	25%
Providing higher education opportunities	15.7	33.6	47%	798.7	5,008.4	16%	814.4	5,042.0	16%
Leadership & Management of Higher Education System	1,426.3	3,998.4	36%	0.0	0.0	-	1,426.3	3,998.4	36%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Civil Service Commissoin	154.6	348.5	44%	88.1	370.1	24%	242.7	718.6	34%
Appointments & Appeals	26.1	52.7	49%	0.0	0.0	-	26.1	52.7	49%
Public Administrative Reforms	19.8	41.3	48%	0.0	0.0	-	19.8	41.3	48%
Capacity Development	15.5	33.2	47%	0.0	0.0	-	15.5	33.2	47%
Supportive Program	93.3	221.3	42%	88.1	370.1	24%	181.3	591.3	31%
Expenditure returns	11.2	0.0	-	0.0	0.0	-	11.2	0.0	-
TOTAL GROSS EXPENDITURES		269,898.6			150,192.0			420,090.6	

Table 5.7 Detailed Operating Expenditure

In millions of Afghanis													
All Data Year to Date	Total Operating Expenditures					Wages		G+S		NFA		Other Expenditures	
	1392	1393	% Change	Budget	% Budget	1392	1393	1392	1393	1392	1393	1392	1393
	Qtr 2	Qtr 2				Qtr 2	Qtr 2	Qtr 2	Qtr 2	Qtr 2	Qtr 2	Qtr 2	Qtr 2
	Actual	Prelim				Actual	Prelim	Actual	Prelim	Actual	Prelim	Actual	Prelim
TOTAL	82,064	96,250	17%	280,473	34%	63,119	70,457	11,262	13,403	1,863	2,708	5,820	9,682
Total Security	51,274	57,399	12%	182,155	32%	42,817	47,656	6,683	7,857	1,524	1,430	250	457
Ministry of Interior	19,733	22,156	12%	66,250	33%	17,011	19,232	2,207	2,324	266	150	250	450
Ministry of Defence	24,658	27,632	12%	103,365	27%	20,681	22,481	2,741	4,032	1,236	1,111	0	7
General Directorate of National Security	4,890	5,508	13%	11,071	50%	4,009	4,615	875	886	6	8	0	0
Ministry of Foreign Affairs	1,440	1,491	4%	363	411%	656	925	771	557	13	8	0	0
Other Ministries	553	613	11%	1,106	55%	461	402	89	58	3	153	0	0
Total Governance, Rule of Law and Human Rights	5,137	6,640	29%	11,615	57%	3,687	4,891	1,119	1,254	142	179	188	316
Presidents Office	792	823	4%	2,032	40%	572	624	213	194	7	5	-0	0
Administrative Affairs	655	996	52%	1,459	68%	289	318	173	285	5	96	188	297
Supreme Court	636	1,557	145%	3,004	52%	0	0	0	0	0	0	0	0
Ministry of Justice	254	260	2%	620	42%	193	202	61	57	0	0	0	0
Other Ministries	2,800	3,004	7%	4,500	67%	2,634	3,746	672	718	130	77	0	20
Total Infrastructure and Natural Resources	2,062	2,927	42%	8,600	34%	1,025	995	925	910	112	1,023	-0	-0
Total Education	13,366	14,684	10%	36,359	40%	12,251	13,484	1,076	1,179	39	22	0	-0
Ministry of Education	11,690	12,894	10%	31,612	41%	11,116	12,143	544	734	30	17	0	-0
Ministry of Higher Education	1,128	1,436	27%	4,032	36%	798	1,098	325	333	4	5	-0	-0
Other Ministries	548	354	-35%	715	49%	337	242	207	111	4	0	0	-0
Total Health	1,164	1,423	22%	3,523	40%	868	832	277	557	19	34	0	0
Ministry of Public Health	1,164	1,423	22%	3,523	40%	868	832	277	557	19	34	0	0
Total Agriculture and Rural Development	1,037	845	-18%	1,649	51%	683	628	345	210	9	8	0	0
Ministry of Agriculture	729	544	-25%	1,145	47%	473	424	253	120	3	0	0	0
Other Ministries	309	302	-2%	504	60%	211	205	92	90	6	7	0	0
Total Social Protection	6,273	9,873	57%	17,441	57%	646	710	368	363	3	10	5,256	8,791
Ministry of Martyrs, Disabled and Social Affairs	5,872	9,461	61%	16,315	58%	408	440	205	229	3	2	5,256	8,791
Other Ministries	401	412	3%	1,126	37%	238	271	162	133	1	8	0	0
Total Economic Gov. and Private Sector Devel't	1,750	1,927	10%	4,449	43%	1,141	855	469	932	15	2	125	137
Ministry of Finance	1,348	1,508	12%	3,248	46%	869	566	343	804	11	0	125	137
Other Ministries	402	419	4%	1,201	35%	272	289	126	128	4	2	0	0

Source: FPD using AFMS data downloaded on the 17 August 2014

1/ Interest, and Subsidies and Transfers

Table 5.8 Detailed Development Expenditure

In millions of Afghanis	1392 Approved Budget	1392 Qtr 2 Actual YTD	1392 % Budget	1393 Budget	1393 Qtr 2 Prelim YTD	1393 % Budget	1393 Unspent Budget	1393 % of Total Unspent Budget	% Increase
TOTAL	157,750.1	23,917.5	15%	147,808.2	34,084.6	23%	113,724	100%	43%
Total Infrastructure and Natural Resources	46,893.4	6,520.9	14%	44,745.2	8,469.1	19%	36,276	32%	30%
Ministry of Public Works	23,050.8	3,190.5	14%	22,132.3	4,074.0	18%	18,058	16%	28%
Ministry of Transport and Aviation	179.6	308.8	172%	1,752.4	278.0	16%	1,474	1%	-10%
Ministry of Energy and Water	2,464.6	1,409.6	57%	9,863.3	2,036.2	21%	7,827	7%	44%
Water Supply and Canalization Corporation	11,996.9	0.0	0%	0.0	0.0	-	0	0%	-
Ministry of Communication	1,822.2	219.6	12%	1,467.7	75.7	5%	1,392	1%	-66%
Ministry of Mines and Industries	2,087.0	453.2	22%	1,794.8	268.7	15%	1,526	1%	-41%
Other Ministries	5,292.1	939.2	18%	7,734.9	1,736.5	22%	5,998	5%	85%
Total Agriculture and Rural Development	26,245.6	9,223.2	35%	50,921.0	14,287.7	28%	36,633	32%	55%
Ministry of Agriculture	6,607.5	1,347.5	20%	8,061.4	1,522.6	19%	6,539	6%	13%
Ministry of Rural Rehabilitation and Development	18,914.9	7,607.2	40%	41,031.9	12,287.5	30%	28,744	25%	62%
Other Ministries	723.2	268.5	37%	1,827.7	477.5	26%	1,350	1%	78%
Total Education	19,435.5	2,868.2	15%	14,284.6	3,364.1	24%	10,921	10%	17%
Ministry of Education	14,535.3	2,380.3	16%	10,763.9	2,514.5	23%	8,249	7%	6%
Other Ministries	4,900.2	487.9	10%	3,520.8	849.6	24%	2,671	2%	74%
Total Economic Gov. and Private Sector Devel't	6,014.1	1,451.0	24%	6,283.2	1,472.7	23%	4,810	4%	1%
Ministry of Finance	4,444.6	1,065.1	24%	4,689.6	1,131.0	24%	3,559	3%	6%
Other Ministries	1,569.5	385.9	25%	1,593.6	341.8	21%	1,252	1%	-11%
Total Health	9,746.0	2,696.3	28%	16,542.2	4,686.4	28%	11,856	10%	74%
Ministry of Public Health	9,746.0	2,696.3	28%	16,542.2	4,686.4	28%	11,856	10%	74%
Total Governance, Rule of Law and Human Rights	3,927.4	708.8	18%	2,962.0	683.9	23%	2,278	2%	-4%
Independent Directorate of Local Governance	1,230.3	210.4	17%	752.6	121.6	16%	631	1%	-42%
Other Ministries	2,697.0	498.5	18%	2,209.3	562.3	25%	1,647	1%	13%
Total Social Protection	1,109.9	298.5	27%	1,040.0	144.1	14%	896	1%	-52%
Total Security	39,245.1	150.6	0%	11,030.0	976.5	9%	10,053	9%	548%
Total Unclassified	5,133.2	0.0	0%	0.0	0.0	-	0	0%	-

Source: FPD using AFMIS data downloaded on the 17 August 2014

Table 5.9 ANDS Expenditure

In millions of Afghanis	1392 Q2 Actual	1392 Q2 YTD Actual	1393 Q2 Prelim.	1393 Q2 YTD Prelim.	Budget	Allocated	% Alloc.	% Change
TOTAL GROSS EXPENDITURES	64,474	105,978	78,261	129,804	425,608	425,608	30%	21%
Operating Budget	48,053	82,064	57,419	95,719	279,593	279,593	34%	19%
Development Budget	16,420	23,914	20,842	34,085	145,024	145,024	24%	27%
Security	29,726	51,425	34,666	58,376	185,312	194,334	30%	17%
Operating Budget	29,609	51,274	33,775	57,399	176,024	185,047	31%	14%
Development Budget	118	151	892	976	9,288	9,288	11%	658%
Governance	3,472	5,842	4,096	7,324	17,803	19,035	38%	18%
Operating Budget	2,900	5,137	3,660	6,640	13,185	14,417	46%	26%
Development Budget	572	705	435	684	4,618	4,618	15%	-24%
Infrastructure	5,740	8,583	6,990	11,396	53,523	57,007	20%	22%
Operating Budget	1,263	2,062	2,076	2,927	2,907	6,391	46%	64%
Development Budget	4,477	6,521	4,914	8,469	50,616	50,616	17%	10%
Education	9,991	16,235	10,573	18,048	54,515	55,901	32%	6%
Operating Budget	7,675	13,366	8,346	14,684	35,253	36,536	40%	9%
Development Budget	2,316	2,868	2,228	3,364	18,272	18,272	18%	-4%
Health	3,214	3,861	4,691	6,109	17,187	18,185	34%	46%
Operating Budget	684	1,164	762	1,423	2,525	3,523	40%	11%
Development Budget	2,530	2,696	3,929	4,686	14,662	14,662	32%	55%
Agriculture	5,766	10,260	7,737	15,133	33,040	33,166	46%	34%
Operating Budget	656	1,037	476	845	1,961	2,088	41%	-28%
Development Budget	5,110	9,223	7,262	14,288	31,079	31,079	46%	42%
Social Protection	4,387	6,572	7,366	10,018	3,729	18,657	54%	68%
Operating Budget	4,121	6,273	7,270	9,873	2,513	17,441	57%	76%
Development Budget	266	298	96	144	1,217	1,217	12%	-64%
Economic Governance	2,178	3,201	2,141	3,400	9,050	10,685	32%	-2%
Operating Budget	1,147	1,750	1,055	1,927	2,814	4,449	43%	-8%
Development Budget	1,031	1,451	1,086	1,473	6,236	6,236	24%	5%
Unclassified	0	0	0	0	51,449	9,038	0%	-
Operating Budget	0	0	0	0	42,411	0	-	-
Development Budget	0	0	0	0	9,038	9,038	0%	-

Source: FPD using AFMIS data downloaded on the 17 August 2014

Table 5.10 COFOG Categorization of Expenditure

In millions of Afghanis	1392	1392	1392	1393	1393	1393	
	Q2	Percent	Q2 YTD	Q2	Percent	Q2 YTD	Percent
	Actual	of Total	Actual	Prelim.	of Total	Prelim.	Change
TOTAL NET EXPENDITURE	64,442		105,883	78,969		130,630	23%
Sale of Land and Buildings	14		27	7		21	-49%
TOTAL GROSS EXPENDITURE	64,456	100%	105,910	78,976	100%	130,651	23%
RECURRENT EXPENDITURE	54,999	85%	91,315	66,477	84%	109,600	21%
CAPITAL EXPENDITURE	9,457	15%	14,595	12,499	16%	21,051	32%
			0			0	
General Public Services	7,862	12%	12,791	9,892	13%	14,924	26%
Recurent Expenditure	7,073	11%	11,925	8,146	10%	12,609	15%
Capital Expenditure	789	1%	867	1,746	2%	2,315	121%
Defence	14,568	23%	25,111	20,945	27%	34,085	44%
Recurent Expenditure	13,292	21%	23,816	19,507	25%	32,605	47%
Capital Expenditure	1,276	2%	1,296	1,438	2%	1,480	13%
Public Order and Safety	12,800	20%	22,060	11,545	15%	22,141	-10%
Recurent Expenditure	12,075	19%	21,217	11,430	14%	22,012	-5%
Capital Expenditure	726	1%	844	115	0%	129	-84%
Economic Affairs	11,473	18%	19,091	13,763	17%	25,435	20%
Recurent Expenditure	6,234	10%	9,007	5,117	6%	9,281	-18%
Capital Expenditure	5,239	8%	10,084	8,646	11%	16,154	65%
Environmental Protection	31	0%	56	31	0%	76	-1%
Recurent Expenditure	31	0%	56	29	0%	53	-8%
Capital Expenditure	0	0%	0	2	0%	23	934%
Housing and Communal Amenities	346	1%	393	245	0%	340	-29%
Recurent Expenditure	102	0%	143	129	0%	190	27%
Capital Expenditure	245	0%	250	116	0%	150	-52%
Health	3,255	5%	3,935	4,710	6%	6,143	45%
Recurent Expenditure	3,198	5%	3,861	4,655	6%	6,027	46%
Capital Expenditure	57	0%	74	56	0%	116	-3%
Recreation, Culture and Religion	596	1%	899	402	1%	632	-33%
Recurent Expenditure	475	1%	774	326	0%	541	-31%
Capital Expenditure	121	0%	125	76	0%	91	-37%
Education	9,680	15%	15,790	10,318	13%	17,660	7%
Recurent Expenditure	8,711	14%	14,783	10,017	13%	17,069	15%
Capital Expenditure	968	2%	1,007	301	0%	591	-69%
Social Protection	3,844	6%	5,783	7,125	9%	9,216	85%
Recurent Expenditure	3,809	6%	5,735	7,123	9%	9,214	87%
Capital Expenditure	35	0%	48	2	0%	3	-93%

Source: FPD using AFMIS data downloaded on the 17 August 2014

Table 5.11 Summary of Transactions

In millions of Afghanis	1392	1393	
	Q2	Q2	
	Actual	Prelim.	% Change
TRANSACTIONS AFFECTING NET WORTH			
Revenues including Grants (1)	60,773	70,771	16%
Expenditures (Recurrent) (2)	54,999	66,477	21%
Interest (23)	46	69	50%
Net Operating Balance (1-2)	5,774	4,294	-26%
Primary Balance (1-2+23)	5,820	4,363	-25%
TRANSACTIONS IN NONFINANCIAL ASSETS			
Net Acquisition of Nonfinancial Assets (25)	9,443	12,492	32%
Net Lending-Borrowing (1-2-25)	-3,669	-8,198	123%
Financing (3+4+5)	3,669	8,198	123%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES			
Net Acquisition of Financial Assets (3)	2,487	6,750	171%
Net Acquisition of Financial Liabilities (4)	1,185	1,448	22%
RETAINED EARNINGS (5)	-3	0	
Discrepancies (Financing-3-4-5)	0	0	

Source: FPD using AFMIS data downloaded on the 17 August 2014

Revisions and Notes

1. TSA values were revised from historic figures.
2. Differences between budget numbers presented in tables represent the differences between numbers presented in the Budget Book and those included on the AFMIS system after transfers. The Summary table contains the latest budget numbers after transfers.
3. The GFS mapping maintains the Fixed Taxes revenue line.
4. The Other Taxes under the GFS mapping includes miscellaneous revenue (this typically would be small, as miscellaneous revenue is typically distributed among appropriate revenue lines over time).
5. Retained earnings and equity are included under Transactions in Financial Assets in the Sources and Uses of Funds Summary table.
6. Debt data is presented, along with financing data and the revenue and expenditure data in order to illustrate consistency among the different sources of data.
7. The institutions covered in this report include Central Government and Provincial Government.
8. Capital Expenditure on Machinery and Equipment is any spending above the value of Afs 50,000; otherwise it is recorded under Goods and Services.
9. The label Budget in the tables refers to the Original Budget figures, as published in the Budget Statement. The label "Allocated" is the amount of funds allocated from the Budget, and the Actual is the Cash value of transactions during the quarter.
10. TSA balances and transactions are recorded on the AFMIS system, these values should reflect the balance of available funds in the account at the end of the quarter, and this report uses reconciled ledger data.
11. Net Expenditures are Total Expenditures minus the income earned from the Sale of Assets.
12. **Table 5.5:** 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.
13. In certain cases original budget numbers for Goods and Services and Capital are not noted – this is because the exact breakdown of these was not determined in the budget given a large portion comes from the development budget.

Glossary

Budget	An itemized 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 some capital), and include wages and salaries for all public servants, running costs for Ministries, etc.
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.
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 channeling 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.
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 (not including contractors etc.) for work done during the accounting period. It consists of wages, salaries, and social contributions.
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 organization for which no service is received, for which pension payments and subsidies.
Interest payments	The interest paid on outstanding loans
Contingency Funds	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, but not tangible assets such as gold. These are below the line as financing items.
Revenues	Domestically raised revenues and donor grants (excludes loans).
Domestic Revenues	Revenues raised by the Government (excludes donor grants). Typically revenues rose by the Revenue Department (taxes, customs duties etc.), and revenues rose by other Government agencies (fees 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 Balance (excluding grants)	Domestic revenues (excluding donor grants to the operating budget) minus operating budget expenditures
Operating 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
Balance (excluding and including grants)	Total revenues (excluding and including grants) minus total expenditures
Net operating balance	Revenues (including donor grants) minus recurrent expenditures. It measures the change in net worth resulting from transactions (excluding capital expenditure)

Primary operating balance	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. 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 organization 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.