



Islamic Republic of Afghanistan

Ministry of Finance

Fiscal Policy Directorate

Quarterly Fiscal Bulletin

Quarter 1, 1394

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, ensuring that citizens, civil society and all areas of Government have access to information 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 1394**. This edition of the bulletin highlights detailed assessments of recent macroeconomic, 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, as well as information on the effects of the wider economy on the fiscal situation. The bulletin also provides a snapshot of the budget execution rates during the reporting period whilst section five includes an article on *'the Fiscal Crisis'*.

I would like to commend the Fiscal Policy Directorate (**FPD**) for preparing this quarterly 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 bulletin is available in softcopy on the Budget website (www.budgetmof.gov.af).

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Summary

Key Points

- The aftermath macro-fiscal effects from economic downturn in the country continued to spill over into other quarters of the year. This is because weak performance by the NUG government and uncertainty in the business environment hampers the required economic recovery and growth in the country.

However, there has been some positive sign of improvement in the macro-fiscal situation, as revenue collection slightly increased compared to previous year. The economic growth for 1394 is estimated to be 4 %, this shows an increase in economic performance (actual real growth was 2.1% in 1393).

- Small rise in revenue collection –revenue did not perform as well it expected to do in the 1st quarter of 1394, only increased by 4% compared to same period last year. The increase in revenue was due to custom duties and sales taxes.

- Contraction in the government spending – cash constraint, arrears from previous year, and late approval of the National Budget by the Parliament caused lower spending in the 1st quarter. Large portion of the spending were made on compensation of employees. Though the execution rate was higher than last year.

Q1 Actual	Compensation	G+S	Acquisition of NFA
Security	21314	3026	230
Governance, Rule of Law and Human Rights	2256	497	47
Infrastructure and Natural Resources	465	275	0
Education	5747	240	18
Health	404	119	0
Agriculture and Rural Development	295	56	0
Social Protection	299	62	0
Economic Gov. and Private Sector Devel't	409	362	0
Unclassified	160	56	0
TOTAL	31349	4693	296

Q1 YTD Actual	Compensation	G+S	Acquisition of NFA
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Unclassified	160	57	0
TOTAL	31349	4693	296

Sources and Uses of Funds Table	1393		1394	
	Budget	Q1 Actual	Budget	Q1 Actual
In millions of Afs				
Revenue	338729	55425	421666	71258
Tax Revenue	98425	18848	98996	18904
<i>Fixed Taxes</i>	13807	2660	13383	2407
<i>Taxes on Income and Profits</i>	19741	4706	21545	4486
<i>Taxes on Property</i>	399	222	902	233
<i>Taxes on Goods and Services</i>	23246	3704	26374	4092
<i>Taxes on International Trade</i>	36074	6090	30819	6886
<i>Other Taxes</i>	5158	1467	5975	800
Grants	209150	32026	302914	46929
<i>Foreign Governments</i>		20962		38748
<i>International Organisation</i>		11064		8181
Other Revenue	31153	3580	19756	4536
<i>Property Income</i>	3315	305	1781	300
<i>Sales of Goods and Services</i>	10746	735	3689	965
<i>Fines & Penalties</i>	12770	2598	12519	2711
<i>Extractive Industry - Royalties & Fees</i>	762	228	1238	241
<i>Others</i>	3560	-286	530	319
Social Contributions	4221	970	5171	889
Expenditure	324342	43132	325683	39841
Compensation of Employees	157889	32497	160020	31349
Uses of Goods and Services	144700	8164	152770	7870
Consumption of Fixed Capital	0	0	0	0
Interest	812	64	608	104
Subsidies	20941	2407	12285	519
Grants	0	0	0	0
Social Benefits	0	0	0	0
Other Expense	0	0	0	0
Net Operating Balance	14387	12293	95983	31417
Net Acquisition of Non-Financial Assets	112984	8677	103027	5227
Fixed Assets	112984	8536	103027	5227
<i>Acquisition of Fixed Assets</i>	112984	8550	103027	5237
<i>Sale of Fixed Assets (-)</i>	0	14	0	10
Change in Inventories	0	0	0	0
Valuables	0	0	0	0
Non-Produced Assets	0	141	0	0
Net Lending/Borrowing	-98597	3616	-7045	26190
Transactions in Financial Assets	98597	-3616	7045	-26190
Net Acquisition of Financial Assets		-3344		-25978
<i>Domestic</i>		-3344		-25978
<i>Foreign</i>		0		0

Net Incurrence of Liabilities	-272	-212
<i>Domestic</i>	-856	-341
<i>Foreign</i>	584	129

Introduction

The spillover effects from the economic slowdown (associated with political and security transition) into macro-fiscal situation continued amid uncertainty, a worsening security situation, and weaker fiscal performance. The government has taken a number of positive steps towards improving the macro-fiscal situation, strengthening governance, and dealing with corruption, in order to help restore the international community and business societies' confidence in the economy. As is evidenced that some of the measures (i.e. Kabul Bank case, and procurement of national contracts) were more effective, however, some of these measures will need more efforts and time.

Despite political problems and a difficult security situation, the government has made a strong commitment to reform, and to this end, has adopted remedial measures and policies to address the issues, and ultimately mitigate damages caused to the fiscal sector.

The international community and donors have reduced their assistance to the national budget and increasing amounts of their new commitments are becoming contingent on the government concrete action and measures to increase the collection of domestic revenues, tackle corruption, and improve efficiency in the governance. As a result, this has impacted the fiscal growth, and weakened government spending. The last year revenue shortfall (cash crisis) created an arrears problems as well as cash restriction for open budget balance. The FDI and private investment has not improved as expected, and as a result this led to increase in the number of already unemployed people.

Recovery in domestic revenue collection, particularly from imports which observed large fall in 1393, has been quite slow during first quarter 1394. However, the 1st quarter shows a slight increase in collection of custom duties, which is a positive sign, considering current uncertain economic situation in the country. Collection the from sales tax category of tax revenue shows slight increase during the 1st quarter. Additionally the MoF and IMF have agreed on applying new revenue measures that will yield expected additional revenue of around Afs 10 billion which will complement the total revenue target in case there is large revenue shortfall during the year. Revenue measures such as increase in tariff rates and overflight revenue will be implemented in the 2nd quarter while other measures which require legal process, such as increase in BRT rates, fee on top up cards, fuel fee will be implemented in the 3rd quarter. On expenditure part, the government has continued with its fiscal discipline and austerity measures. It had already tightened spending by cutting across the board expenditures.

The government will take strong and swift steps towards implementing new revenue measures, and tackle all difficulties that prevent smooth implementation of these measures. There is still risk if revenue does not perform well, and it falls behind the target, which could lead to further cash difficulties with implications for the government expenditures. In responses however, measures to curtail over spending will be sustained across expenditure items if resources are not sufficient for total expenditure.

Macro-Fiscal Situation

Quarterly Macroeconomic Situation

During first Quarter of 1394 the Government of Afghanistan faced a number of challenges as a result of the slowdown in economic activities in the country from last fiscal year. The slowdown, caused as a result of unrest in the political environment affected by prolonged election result, reduced activity across all sectors. Meanwhile, despite the formation of new government the after effects still impact on business activities, which have slowed due to reduced confidence in the market. As a result of this raising domestic revenue presents challenges to the government.

Table 1.1 Overview of Macro-Economy

	1393	1394	1394
	Historic	Budget	Revised
GDP	1,193,232	1,291,078	1,210,344
Agriculture	294,038	300,374	303,094
Industry	252,904	257,395	261,809
Services	620,326	707,359	644,927
CPI Inflation	1.3%	4.3%	1.2%
Imports	443,092	520,072	513,130
Exports	32,753	40,674	40,674

1393 Figures are Government of Afghanistan Forecasts

There have been revisions to the macroeconomic indicators to take into account the changing economic conditions through the year, including changes to the inflation, imports and growth forecasts.

The real growth rate was maintained at 4% reflecting the more subdued economic environment compared to historic performance and changes in the international forecasts for Afghanistan, with nominal GDP reduced, in large part due to changes in price expectations. During the most recent quarter we have seen:

- A moderate decline in the exchange rate, which last year fell below the budget forecast
- A continuation of slow activity across most sectors as a result of the uncertainty;

Consumer price index data is available on a quarterly basis, and provides a running indicator of economic activity. During first quarter 1394 overall the prices fell in the market, with slight increases in both restaurant and hotel prices as a result of jumps in Kabul prices. Falls in prices have been across the board. However they were driven by falls in the international fuel prices, and falls in rental prices in Kabul.

The low inflation is likely to continue to the end of the fiscal year, with forecasts for inflation now at 1.3%, down from the 4.3% in the budget for this year. The depreciation of the Afghani creates a continued pressure on the incomes of those earning wages in Afs, with expenses in USD.

Table 1.2 Consumer Price Index

	1393	1393	1393	1393	1394
	Q1	Q2	Q3	Q4	Q1
CPI Rate	-0.96	1.10	-0.13	1.31	-2.90
Food	-1.00	0.97	-2.00	2.67	-4.56
Non-Food	-1.19	-0.81	-0.48	3.32	-2.41
Exchange Rate (Afs/\$)	57.00	57.41	57.12	57.77	57.56

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**.

Operational grants are on track with targets (particularly funding for the security sector under LOTFA and CSTC-A). The imports slightly increased when compared to first quarter 1393, and this is expected to improve further in second quarter of the fiscal year, revenue from custom duties jumped by 13 percent in comparison to the same period last year.

During first quarter 1394 the exchange rate remained stable and not fluctuated a lot. However, a continued depreciation remains a risk to costs as the fundamental problems causing weakness in the local currency have not been resolved; including typically differential inflation rates between the US and Afghanistan, and a significant current account deficit, vulnerable to sudden changes in inflows from donor support and remittances.

Table 1.3 Risk Matrix

Risk	Likelihood	Impact
Rating Maintained		
Macroeconomic: depreciation of the Afghani causes increases in food prices, and the CPI	LOW	MEDIUM
Fiscal: new revenue measures requiring parliamentary approval are delayed	MEDIUM	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
Rating Changed/Newly Added		
Fiscal: Revenue slowdown as a result of continued import slowdown	MEDIUM	MEDIUM
Macroeconomic: continued uncertainty reduces FDI	MEDIUM	MEDIUM
Macroeconomic: lower execution in the development budget will decrease economic activity (and will potentially increase unemployment).	MEDIUM	HIGH

Fiscal: the risk of reduced retail activity (leads to underperformance to target in BRT collection as well as reduced overall growth).	LOW	HIGH
Macroeconomic: international commodity and food prices rise again after the slowdown this year.	MEDIUM	LOW
Macroeconomic: inflation and reduction in the external dollar flow cause a depreciation in the value of the Afghani.	MEDIUM	LOW
Fiscal: O&M costs are calculated as higher than anticipated	LOW	MEDIUM
Fiscal: pension payments are exceeded by pension collections in the medium term	MEDIUM	LOW
Fiscal: Government cash reserves remain very low, and mismatches between revenue and expenditure could precipitate another cash shortage.	MEDIUM	HIGH

Revenue

Revenue Facts

- Revenue from sales taxes such as the different types of BRTs increased dramatically compared to same period last year.
- Revenues from Taxes on Profits declined by 40 percent when compared to last year, indicating that firms incomes falls from last year are still impacting tax payments into the early stages of this year.
- Total revenues in first quarter of FY 1394 increased by 4 percent compared to previous year while only 89 percent of the forecast for the quarter has been achieved (however we have exceeded the IMF target for the period).
- Due to the improvement in confidence many tax lines are showing significant improvements.

Table 2.1 Performance in Key Revenue Lines

	1393 Actual YTD Q1	1394 Actual YTD Q1	% Change
BRT Sales	752	1,166	55%
BRT Services	640	798	25%
BRT Customs	1,829	2,100	15%
Tax on Wages	2,010	2,053	2%
Tax on Profit	889	535	-40%
Construction Withholding	802	925	15%

All the lines related to sales taxes have seen increases: In first quarter of FY 1394, around Afs 1.2 billion was collected from BRT on sales leading to an increase of 55 percent in this line. Similarly the BRT on services, it collected about Afs 0.8 billion resulting in 25 percent increase. The BRT on customs and imports resulted in total revenue of Afs 2.1 billion which showed an increase of 15 percent. This is the

result of the restoration of overall confidence in the economy; and indicates improved retail activity during the first quarter.

While the general economy is standing back on its feet, there are still spillover effects from previous year. Low employment still remains a huge problem which is the main driver of taxes on wages., leading to anemic growth in taxes on wages. Taxes on profits continue to be low, and have fallen, which likely represents the aftereffects of firms' difficulties last year. Construction withholding increases may be indicative of improving construction activity.

Revenue Performance by Category

Revenue performance during first quarter of FY 1394 was below expectations, although exceeded the IMF target, with collection of only 89 percent of the quarterly target. This is likely however the result of much of the new revenues being planned for the second half of the year – meaning we are likely to see a smaller fraction of the total revenue for the year actually collected in the earlier months. The current year’s collection was still 4 percent above the previous year’s collection. The economic situation indicates improvement this year compared to a volatile year last year.

Revenue generation from domestic sources remains a concern for the Government following slowdowns over the previous years. Moreover, the inability to meet revenue targets also affects cash inflows from incentive windows such World Bank Incentive programs and World Bank development policy grants – which exacerbates the problem.

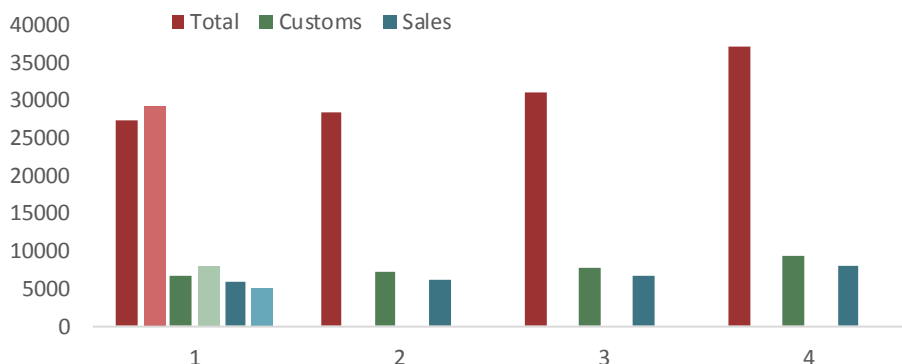
The major line items of the revenues and customs other than property tax and sales taxes and the customs collection declined in this quarter, on the previous year’s performance. As the table below depicts, the worst declines were in those tax lines most tied to overall economic activity (income taxes and fixed taxes), while those linked to fairly specific areas like retail have seen increases. The above-the-expected performance in property tax reflects the efforts to increase registration.

This resurgence of economic growth to 4 percent in FY 1394 from around 2 percent in FY 1393 also resulted in increase of revenues in certain line items.

The summary values of revenue performance are set out in **Table 2.2**

Revenue Performance: Outturn vs Target

Afs Millions



Source: FPD, Ministry of Finance

Table 2.2 Summary Revenue Performance

In millions of Afghanis	1393	1393	1394	1394	1394	1394	% Target	% Change on 1393
	Q1	Q1 YTD	Budget	Target	Q1	Q1 YTD		
Revenues Including Grants	55425	55425	-	-	71258	71258	-	29%
Revenues Excluding Grants	23399	23399	123923	27263	24329	24329	89%	4%
Revenue (without customs)	17309	17309	123923	20483	17443	17443	85%	1%
Tax Revenues (without customs)	12758	12758	68177	14999	12018	12018	80%	-6%
Fixed Taxes	2660	2660	13383	2944	2407	2407	82%	-10%
Income Taxes	4706	4706	21545	4740	4486	4486	95%	-5%
Property Taxes	222	222	902	198	233	233	117%	5%
Sales Taxes	3704	3704	26374	5802	4092	4092	71%	10%
Other Taxes	1467	1467	5975	1314	800	800	61%	-45%
Customs Duty, Import Taxes	6090	6090	30819	6780	6886	6886	102%	13%
Non Tax Revenue	3865	3865	19226	4230	4217	4217	100%	9%
Income from Capital Property	305	305	1781	392	300	300	77%	-2%
Sales of Goods and Services	735	735	3689	812	965	965	119%	31%
Administrative Fees	2424	2424	11671	2568	2498	2498	97%	3%
Royalties	43	43	467	103	85	85	83%	96%
Non Tax Fines and Penalties	174	174	847	186	214	214	115%	23%
Extractive Industry	185	185	771	170	156	156	92%	-16%
Miscellaneous Revenue	-286	-286	530	117	319	319	274%	-212%
Social Contributions	970	970	5171	1138	889	889	78%	-8%
Grants	32026	32026	-	-	46929	46929	-	47%
Foreign Governments	20962	20962	-	-	38748	38748	-	85%
International Organisation	11064	11064	-	-	8181	8181	-	-26%
Other Government Units	0	0	-	-	0	0	-	-

Revenue Performance by Province

In first quarter of FY 1394, revenues from Herat province contributed about Afs 4 billion. This increase is mainly due to high imports revenues and the high reliance on import revenues in Herat. This shows an increase of 34 percent compared to same period last year. Nangarhar collected about Afs 3 billion in the first quarter. This shows an increase of 21 percent compared to same period last year.

On the other hand, revenues from Faryab and Balkh province declined drastically. Faryab collected 36 percent less than what it collected in FY 1393 while Balkh collected 8 percent less.

Table 2.3 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 90 percent of total (non-grants) revenue was collected from these provinces.

Table 2.3 Revenue Collection by Key Provinces

In millions of Afghanis	1393	1393	1394	1394	1394	1394	% Target	% Change
	Q1	Q1 YTD	Budget	Target	Q1	Q1 YTD		
Kabul	621	621	2663	586	643	643	110%	4%
Nangarhar	2489	2489	12562	2764	3002	3002	109%	21%
Balkh	1916	1916	10291	2264	1755	1755	78%	-8%
Kandahar	714	714	3074	676	1061	1061	157%	49%
Faryab	899	899	4664	1026	579	579	56%	-36%
Herat	2982	2982	20030	4407	4005	4005	91%	34%
Nimroz	1507	1507	5746	1264	1679	1679	133%	11%
Central Ministries	10615	10615	54781	12052	9386	9386	78%	-12%

Revenue Performance by Collection Agency

The revenue data in **Table 2.4** 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.

Revenues from Mustofiats increased by about 82 percent compared to last year in the first quarter of the year. This is likely the result of some of the improved sales taxes collected from provinces. The Large Taxpayer Office (**LTO**) saw a large decrease – reflecting the falls in firms profits, which are likely therefore primarily from the largest firms.

Table 2.4 Collection by Agency

In millions of Afghanis	1393	1393	1394	1394	% Change
	Q1	Q1 YTD	Q1	Q1 YTD	
Ministry of Finance	20015	20015	19419	19419	-3%
Mustofiats	654	654	1188	1188	82%
Customs	11187	11187	11368	11368	2%
Large Taxpayer Office	4921	4921	3496	3496	-29%
Medium Taxpayer Office	2533	2533	2593	2593	2%
Small Taxpayer Office	602	602	660	660	10%
Other Ministry of Finance	119	119	115	115	-4%
Other Ministries	1902	1902	2846	2846	50%
Ministry of Transport and Aviation	377	377	354	354	-6%

Ministry of Interior	862	862	1354	1354	57%
Ministry of Communication	283	283	363	363	28%
Ministry of Foreign Affairs	77	77	177	177	131%
Ministry of MDSA ¹	660	660	597	597	-10%
Other Budgetary Units	-356	-356	0	0	-100%

1/ Martyrs, Disabled and Social Affairs

Revenue Performance in Grants

Total revenue from grants by end of the year received amounted Afs 46.9 billion, of this about Afs 38.7 billion was provided by Foreign Governments and the remaining Afs 8.2 billion was granted by International organizations. Total grants receipt in first quarter of FY 1394 increased by about 47 when compared to the total grant receipts of FY 1394 during same time period. On the other hand, revenues from international organizations declined by 26 percent while from foreign government it increase by 85 percent when comparing with previous year's performance.

Table 5.2 in the Appendix sets out the operating and development grants in detail.

Expenditure

Table 3.1 Expenditure Summary

In millions of Afghanis	1393	1393	1394	1394	1394	1394	1393	1393
	Q1	Q1	Annual	Annual	Q1	Q1	%	
	Actual	YTD	Budget	Allocated	Prelim.	YTD	Growth on 1392	Of Alloc.
TOTAL GROSS EXPENDITURES	51823	51823	428379	283123	45078	45078	-13%	16%
Operating Budget	38483	38483	280473	170694	36961	36961	-4%	22%
Development Budget	13340	13340	147906	112429	8117	8117	-39%	7%
Discretionary Budget	3699	3699	0	32838	2535	2535	-31%	8%
Non-discretionary Budget	9641	9641	147906	79591	5582	5582	-42%	7%
TOTAL NET EXPENDITURES	51809	51809			45068	45068	-13%	
RECURRENT EXPENDITURES	43132	43132	N/A	203928	39841	39841	-8%	20%
Compensation of Employees	32497	32497	157507	101952	31349	31349	-4%	31%
Wages and Salaries	31222	31222	0	0	30050	30050	-4%	
Social Benefits	1274	1274	0	0	1299	1299	2%	
Use of Goods and Services	8164	8164	N/A	72235	7870	7870	-4%	11%
Travel	487	487	0	0	295	295	-39%	
Communications	375	375	0	0	290	290	-23%	
Contracted Services	2661	2661	0	0	2350	2350	-12%	
Repairs and Maintenance	559	559	0	0	313	313	-44%	
Utilities	304	304	0	0	305	305	1%	
Fuel	813	813	0	0	2777	2777	241%	
Other Use of Goods and Services	2964	2964	0	0	1539	1539	-48%	
Interest	64	64	3649	3649	104	104	61%	3%
Social Transfers	2407	2407	26091	26091	519	519	-78%	2%
Subsidies	250	250	0	0	97	97	-61%	
Grants	8	8	0	0	44	44	476%	
Social Security	2150	2150	0	0	228	228	-89%	
Other Social Transfers	0	0	0	0	150	150	-	
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	8691	8691	N/A	79195	5237	5237	-40%	7%
Net Acquisition of NFA ¹	8677	8677	0	0	5227	5227	-40%	
Sale of Land and Buildings	-14	-14	0	0	-10	-10	-28%	
Buildings and Structures	3656	3656	0	0	3443	3443	-6%	
Machinery / Equipment	256	256	0	0	1655	1655	546%	
Valuables	0	0	0	0	0	0	-	
Land	141	141	0	0	0	0	-100%	
Capital Advance Payments	4638	4638	0	0	139	139	-97%	

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

Expenditure Facts

- Employees' compensation is among the best performing expenditures among all categories of expenditures, given this area is typically easily forecastable and not likely to see dramatic changes from plans during the year.
- Expenditures on social transfers' were among the worst performing items as only 2 percent of its allocated budget is spent during the worst performing expenditure item.
- Expenditure spending is comparatively low due to cash restriction in the first quarter 1394. Moreover, the budget approval was delayed by the Parliament for about one month, during which only salaries were paid and all other lines were halted until approval of the national budget. However, the execution seems relatively high compared to the previous year because the budget for 1394 was more realistic and consistent.

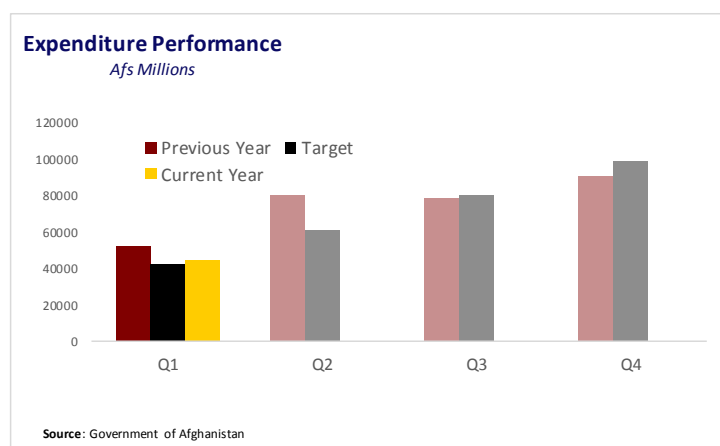
The government began 2015 with a weak cash reserve position and significant arrears (around \$200 million). Afghanistan thus faced a possible financing gap in 2015 that could have been as large as last year, against the backdrop of a weaker cash position. In response to these challenges, the Government has agreed to introduce a set of revenue-enhancing measures and further consolidate expenditure within the framework of an IMF-Staff Monitored Program (**SMP**). However, there are a number of downside risks that could undermine the impact of these measures such as the weak economic outlook or a deteriorating security environment

Compensation of employees are among the top spending line, on which 31 percent of its allocated budget is spent during the first quarter 1394 followed by expenditures on the use of goods and services which accounted for 11 percent by the end of the quarter 1394. Salaries therefore remain a high portion of the total budget.

The Development expenditures' execution rate stood at 7 percent, which is a total of discretionary and non-discretionary budget executions, the rates for which reached to 7 percent and 8 percent respectively by the end of the period. This has typically been around 50% at the end of the year – the current performance puts us on track for a similar result this year.

It is worth mentioning that none of the contingent fund was used during the first quarter of the year as contingent liabilities may rise in the third and fourth quarters of 1394.

Cash problems that occurred in 1393 for the first time still prevail as domestic revenues collected are not enough to meet the current level of expenditures. To generate additional revenues, the government introduced new measures that collaboratively will potentially give rise to about Afs 10 billion. However, the measures that require parliamentary approval are still in going through legislative processes and it is not expected that



they will materialize before eighth month of the year. This is further worsening the cash problems and reduces fiscal space as a result of which expenditures cut are expected beside the fact that the budget for 1394 is already severely austere. This will also affect overall economic activity and will reduce economic growth further.

The last year's cash crisis has significant impacts on current years cash balances as well. The problems already resulted a 2 percent cut on the expenditures' front despite the fact the current year's budget is already somewhat austere. Further cuts expected if the situation persists over the coming months of the year.

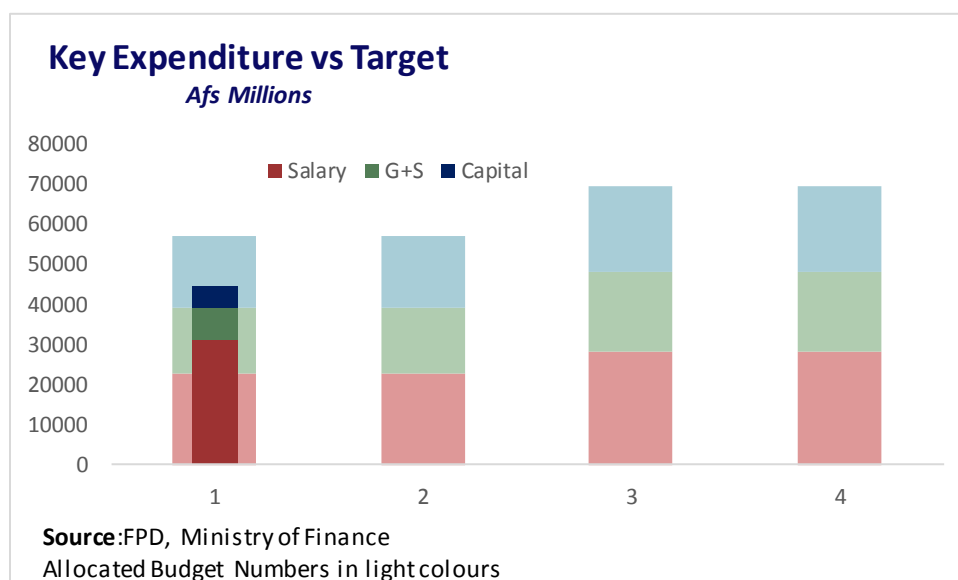


Table 3.2 Fiscal Sustainability

	1393 Q1	1393 Q2	1393 Q3	1393 Q4	1393 Q1
Domestic Revenue/Total	42%	34%	45%	29%	34%
Customs Revenue/Total	11%	9%	12%	7%	10%
Grants/Total	58%	66%	55%	71%	66%
Op. Spending/Dom. Rev.	164%	237%	256%	245%	152%
Salaries/Total Expenditure	63%	47%	49%	46%	70%
Interest/Expenditure	0.1%	0.1%	0.2%	0.1%	0.2%
Financing/Expenditure	17%	17%	13%	14%	12%

Overall fiscal sustainability is **improving**. Despite increase in Q1 in salaries to total expenditures (which actually reflects more the delay in budget passage), the interest expenditures remain low, financing is small relative to the total expenditure, domestic revenues remain around a third of the total revenue and operating expenditure to domestic revenue has fallen below the Q1 value of last year.

Expenditure by Ministry

The Ministry of Commerce is the highest executing ministry during the first quarter 1394 for development projects. It spent 29 percent of its development budget, followed by the main implementer of the development agenda - the Ministry of Public Works, and then the Ministry of Urban Development. A number of ministries executed none of their development budgets: the Ministries of Counter Narcotics, Frontiers and Tribal Affairs, and Transport and Civil Aviation. The low execution is as result of financial planning difficulties and difficulties in the procurement of contracts.

The Ministry of Interior incurred over expenditures in food contracts - which remain arrears and leaves unpaid bills by the end of every financial year. Resolving these raises the ministry's expenditures every year from the original budget. To resolve this anomaly, the Ministry of Interior is working to develop capacities in order to prepare well-established requirements that are considered and approved as part of the national budget decree.

Table 5.5 in the Appendix sets out expenditure by Ministry in detail.

Debt and Financing

Total external debt during the first quarter 1394 is Afs 135.4 billion and this was estimated to fall down further during first quarter 1394 as a result of Russian debt forgiveness, which has not yet occurred. The main stakeholders from International organizations are World Bank and Asian Development Bank as they continue to provide concessional loans. We have loans outstanding equivalent at around 50 percent of our IMF quota as a result of borrowing under two ECF programs. In this second program however we have not borrowed the full entitlement, maintaining a low debt to the Fund.

Table 4.1 Debt Stock

Central Government Debt Stock In Million Afs	1393 Q3	1393 Q4	1394 Q1	Change	
				YoY	QoQ
EXTERNAL	138,066	134,558	135,434	-2%	0.7%
International Organisations	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%

In Percent

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

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 realistic 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 predicts the use of “cash in the bank” throughout the year to meet the revenue shortfall.

Table 4.2 Transactions in Financial Assets and Liabilities

In millions of Afghanis			
	1393	1394	
	Q1	Q1	
	Actual	Prelim	% Change
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	-3,616	-26,190	624%
NET ACQUISITION OF FINANCIAL ASSETS	-3,344	-25,978	677%
Domestic	-3,344	-25,978	677%
Currency and Deposits	3,676	-18,639	-607%
Treasury Single Account	6,249	-14,034	-325%
Donor Accounts	-2,572	-4,605	79%
Other Deposit Accounts (1)	0	0	-100%
Loans	-238	-575	142%
Other Accounts Receivable	106	0	-100%
Other Assets	-6,888	-6,764	-2%
Foreign	0	0	-
NET ACQUISITION OF FINANCIAL LIABILITIES	-272	-212	-22%
Domestic	-856	-341	-60%
Accounts Payable	1,717	2,228	30%
Pension Liabilities	-8	8	-202%
Other Payables	0	0	-
Other Liabilities (1)	-2,565	-2,578	0%
Foreign	584	129	-78%
Foreign Currency	-9	-5	-43%
Loans	593	135	-77%

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 4.3 Transactions in Non-Financial Assets and Liabilities

In millions of Afghanis	1393	1394	% Change
	Q1	Q1	
	Actual	Prelim.	
NET ACQUISITION OF NONFINANCIAL ASSETS	8,677	5,227	-40%
Land and Buildings	3,783	3,433	-9%
Purchase of Land and Buildings	3,797	3,443	-9%
Buildings and Structures	3,656	3,443	-6%
Land	141	0	-100%
Sale of Land and Buildings	-14	-10	-28%
Sale of State-Owned Enterprises	0	0	-
Machinery and Equipment (>50,000)	256	1,655	546%
Valuables	0	0	-
Other Acquisitions	4,638	139	-97%
Capital Advance Payments	4,638	139	-97%

Source: FPD using AFMIS data downloaded on the 6 May 2014

During first quarter 1394 there were fewer expenditures on land and buildings and in general on the acquisition of non-financial assets. This reflects the falls in Government expenditure, which fell primarily on code 22 (Goods and Services) and code 25 (Capital – or Acquisition of Nonfinancial Assets).

Fiscal Crisis

Background to fiscal crisis

In 2014 Afghanistan faced a number of negative fiscal events which were caused by political and security uncertainty, these uncertainties peaked in the second round of the presidential elections which almost extended to a year-long and this was further exacerbated by the withdrawal of the international troops. A reduction in economic activity pushed down Government receipts (as a result of the lower domestic revenue collection due to decline in imports and lower economic activities), and forced cut backs in expenditure and a use of cash reserves to meet necessary payments, leading to the treasury cash balance being almost entirely wiped out. At the same time donors delayed their committed fund to finance the government activities.

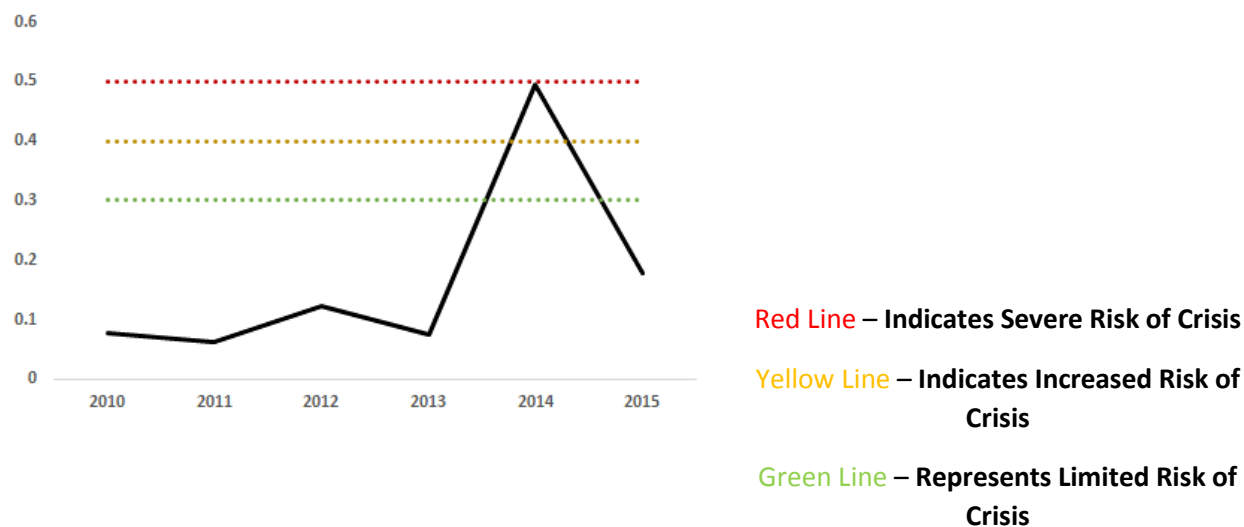
As we all know Afghanistan is an aid dependent country, which means that often a policy response from either the fiscal or monetary side would not be appropriate to respond fiscal crisis or not possible. Since our domestic revenue does not fully cover our operating budget, in which wages and salaries are the main components, there was no room for a policy response from the government. However, government consultation with the donors to provide additional funds to finance the government helped to restore finances following the crisis. In a country like Afghanistan which for the first time experienced the transfer of government through a democratic process, these negative events may occur following any period of uncertainty: shortfall in revenue and donors money, lower economic activities and uncertainty etc.

Fiscal Crisis Indicator

Interest has renewed among the policy makers for an indicator to provide an early warning to help in identifying fiscal vulnerabilities that would lead to crisis. There are various methods to detect vulnerabilities; the one we used is like the European Union's SO indicator (an indicator of short run fiscal vulnerability). The aim of this indicator would be to track both worsening and improving fiscal vulnerability, and to give an advanced indication of the likelihood of a fiscal crisis at different stages during the fiscal year.

Several indicators are used for the identification of the fiscal crisis including: an economic downturn, the structural and the primary balance. The former tells us the difference between the government revenue and expenditures adjusted for the position of the economic cycles. During the economic downturn, it would be expected that GDP would be operating below potential and as a result revenue would be lower than it could be. This means that the deficit is bigger than it would have been had the economic slowdown not occurred. Debt to GDP is another indicator highlighting cases where a government is unable to pay, or may have difficulty paying, their debt. This ratio is far below the threshold to cause to concern for Afghanistan. The major risks to the fiscal situation in the indicator are the high fertility rate, presenting fiscal pressures in the future; non-performing loans creating pressures from the financial sector and the previous period's poor fiscal performance. Dependency ratio is another importance indicator in the case of Afghanistan where almost 71 percent of the budget is financed through donors and this will continue in the future.

Most of the information used in the below table is taken from the Afghanistan Macro Framework Model developed by the Fiscal Policy Directorate of the Ministry of Finance.



	Weight	Threshold	Value
Structural Balance	1.24%	-1.4	0.70
Structural Balance t-1	1.06%	-1.9	-3.54
Structural Balance t-2	0.51%	-1.6	1.43
Debt Stock	0.38%	42.8	12.00
Debt Stock t-1	0.09%	7	10.55
Debt Stock t-2	0.95%	86	6.71
Revenue	1.25%	20	32.9
Primary Balance	2.57%	-2.1	-0.20
Fertility Rate	2.50%	2.3	5.40
Fertility Rate t-10	0.62%	2.7	6.93
ODA	9.01%	9	172.36
ODA t-1	9.70%	13	172.36
ODA t-2	10.85%	13	172.36
ODA t+1	9.72%	20	150.00
Interest (% Revenue)	9.87%	2	0.50
NPL	7.13%	4	6.12
Pop65	5.15%	9.5	2.00
Reserves	1.86%	4600000000	n/a
Reserves t-1	3.48%	3300000000	7288702809
Reserves t+1	2.19%	3900000000	n/a
Dependency Ratio	6.52%	15.5	96.00
GDP growth	13.36%	3	3.50

Quarterly or semiannual updates of the risk report are necessary in unpredictable situations like Afghanistan where indicators change frequently (more likelihood of crisis), to keep a running track of the situation.

Calculation of the Indicators

We use data from multiple developing countries across multiple years. The section below sets out the technical description of the calculation of the indicator.

The calculation of the threshold is done in order to minimize the following:

$$e = \frac{FN}{NC} + \frac{FP}{NNC}$$

Where FN and FP are false negatives and false positive respectively (i.e. instances where an indicator – for example, the GDP growth - suggests a fiscal crisis would not occur when in fact one does, and instances where an indicator would suggest a fiscal crisis would occur when in fact one does not). We take both components to be equal weighting, however it could be set up in order to weight FN more strongly, for example, thus making the indicator more conservative. NC are the number of crises, NNC are the number of Not Crises instances.

The weighting is calculated as (for a given variable i):

$$w_i = \frac{\sum_{i=1}^n z_i}{\sum_{k=1}^n d_{kjt} \cdot z_k}$$

Where, t is the time period, and d is a dummy taking value 1 if the variable k, exists at time t in country j. Z is the signaling power of the variable, calculated as 1/e, where e is the sum, weighted error term used in the minimization calculation. I.e. the weighting is, for a given time period, the signaling power of the focus variable, dividing by the sum total of signaling values for all other variables available in that time period for that country.

If an indicator exceeds the threshold (or falls below the threshold depending on the indicator) then it receives a value of 1, otherwise 0. The overall indicator is just the weighted sum of the 1s and 0s from the individual indicators.

Results from the indicator

Overall indicator value for Afghanistan is 17.9 using the second quarter of 2015 data, which is the sum of weighted individual indicators. This value is improved by 63.9 percent from the situation in the previous year. The risk of fiscal crisis since last quarter has not changed.

Risk of Fiscal Crisis Since Last Quarter	Stable
Indicator Value	17.9%
Change on Previous Forecast	0.0%
Change on Previous Year	-63.9%

Annex

Table 5.1 Revenue Collection by All Provinces

In millions of Afghanis	1393 Qtr 1 Actual Qtr	1394 Qtr 1 Prelim Qtr	% Increase	YTD Target 1394 Qtr 1 YTD	Target - Actual % (+/-)	Annual Target	% Annual Target
REVENUES exc. grants	23,398.7	24,329.0	4%	27,263.0	-11%	123,922.8	20%
Kabul	621	643	4%	586	10%	2,663	24%
Kapisa	17	33	92%	28	17%	126	26%
Parwan	27	56	111%	52	8%	235	24%
Wardak	20	43	120%	41	6%	185	23%
Logar	19	41	110%	33	24%	149	27%
Nangarhar	2,489	3,002	21%	2,764	9%	12,562	24%
Laghman	17	46	170%	34	35%	155	30%
Pangsher	10	40	316%	18	123%	81	49%
Baghlan	38	74	96%	68	10%	307	24%
Bamyan	11	23	108%	24	-3%	110	21%
Ghazni	43	90	109%	68	32%	310	29%
Paktika	20	100	405%	37	169%	170	59%
Paktiya	244	306	25%	163	88%	742	41%
Khost	153	137	-11%	287	-52%	1,306	10%
Kunar	25	46	83%	81	-43%	368	12%
Nuristan	0	3	2412%	9	-69%	43	7%
Badakhshan	30	63	106%	69	-8%	312	20%
Takhar	47	96	103%	72	33%	329	29%
Kunduz	183	136	-26%	305	-56%	1,387	10%
Samangan	17	32	87%	26	23%	119	27%
Balkh	1,916	1,755	-8%	2,264	-22%	10,291	17%
Saripul	12	29	143%	21	39%	95	31%
Ghor	11	23	116%	34	-31%	154	15%
Dikondy	7	15	129%	16	-7%	74	20%
Uruzgan	4	24	515%	16	48%	74	33%
Zabul	10	15	53%	25	-38%	111	14%
Kandahar	714	1,061	49%	676	57%	3,074	35%
Jawzjan	31	63	103%	57	11%	258	24%
Faryab	899	579	-36%	1,026	-44%	4,664	12%
Helmand	84	95	13%	147	-35%	667	14%
Badghis	11	15	32%	21	-27%	94	16%
Herat	2,982	4,005	34%	4,407	-9%	20,030	20%
Farah	566	574	2%	473	21%	2,152	27%
Nimroz	1,507	1,679	11%	1,264	33%	5,746	29%
Central Ministries	10,615	9,386	-12%	12,052	-22%	54,781	17%
Offshore Payments	0	0	-	0	-	0	-

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 5.2 Operational and Development Grants

All Values are in Million Afs

	1393	1393	1393	1394	1394	1394
	Qtr 1	Qtr 1	% of Total	Qtr 1	Qtr 1	% of Total
	Qtr	YTD		Qtr	YTD	
Afghanistan Reconstruction Trust Fund (ARTF)	0	0	0%	1,978	1,978	5%
Law & Order Trust Fund (LOTFA)	7,067	7,067	34%	7,139	7,139	18%
CSTC-A¹ MoD	11,417	11,417	55%	28,894	28,894	75%
CSTC-A¹ MoI	2,409	2,409	12%	629	629	2%

1/ Combined Security Transitional Command Afghanistan

Source: AFMIS data extract 6 May 2014

All Values are in Million Afghanis

	RECURRENT BUDGET	11,417
	RECURRENT BUDGET	7,067
98459-National Solidarity Project III	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 6 May 2014

Table 5.3 Operating Budget Expenditure

In millions of Afghanis	1393 Q1 Actual	1394 Q1 Prelim	Budget	Allocated	% Alloc.	% Change
TOTAL GROSS EXPENDITURES	38,483	36,961	283,486	170,694	22%	-4%
TOTAL NET EXPENDITURES	38,469	36,951				
RECURRENT EXPENDITURES	38,263	36,665	271,555	162,786	23%	-4%
Compensation of Employees	32,497	31,349	157,507	101,952	31%	-4%
<i>of which operating budget</i>	32,497	31,349				-4%
Wages and Salaries	31,222	30,050				-4%
Wages and Salaries in Cash	28,163	26,800				-5%
Wages and Salaries in Kind	3,113	3,151				1%
Social Benefits	1,274	1,299				2%
Social Benefits - in Cash	206	218				6%
Social Benefits - in Kind	0	0				-
Use of Goods and Services	3,295	4,693	84,308	31,094	15%	42%
Travel	389	264				-32%
Communications	361	290				-19%
Contracted Services	123	122				-1%
Repairs and Maintenance	540	313				-42%
Utilities	287	305				6%
Fuel	806	2,773				244%
Other Use of Goods and Services	788	625				-21%
Interest (1)	64	104	3,649	3,649	3%	61%
To Non-Residents	64	104				
Social Transfers	2,407	519	26,091	26,091	2%	-78%
Subsidies	250	97				-61%
Grants	8	44				476%
Social Security	2,150	228				-89%
Other Social Transfers	0	150				-
Social Assistance	0	0				-
Advance Subsidies, Grants	0	150				-
ACQUISITION OF ASSETS						
Gross Acquisition of NFA	220	296	11,931	7,908	4%	35%
Net Acquisition of NFA¹	206	286				39%
Sale of Land and Buildings	-14	-10				-28%
Buildings and Structures	3	23				575%
Machinery / Equipment (>50,000)	76	270				258%
Valuables	0	0				-
Land	141	0				-100%
Capital Advance Payments	0	2				-1646%

Source: FPD using AFMIS data downloaded on the 6 May 2014

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

Table 5.4 Development Budget Expenditure

In millions of Afghanis					
	1393	1394	Allocated	% Alloc.	% Change
	Q1	Q1			
	Actual	Prelim.			
TOTAL GROSS EXPENDITURES	13,340	8,117	112,429	7%	-39%
Discretionary Budget	3,699	2,535	32,838	8%	-31%
Non-discretionary Budget	9,641	5,582	79,591	7%	-42%
TOTAL NET EXPENDITURES	13,340	8,117			
Use of Goods and Services	4,869	3,176	41,142	8%	-35%
Travel	98	31			
Communications	15	0			
Contracted Services	2,538	2,228			
Repairs and Maintenance	19	0			
Utilities	16	0			
Fuel	7	4			
Other Use of Goods and Services	2,176	914			
Tools and materials (< 50,000)	113	164			
Other Expenses	431	11			
Advances and Return of Expenditure	1,631	739			
ACQUISITION OF ASSETS					
Gross Acquisition of NFA	8,471	4,941	71,287	7%	-42%
Net Acquisition of NFA ¹	8,471	4,941			
Sale of Land and Buildings	0	0			
Buildings and Structures	3,653	3,420			
Machinery / Equipment (>50,000)	181	1,384			
Valuables	0	0			
Land	0	0			
Capital Advance Payments	4,638	137			

Source: FPD using AFMIS data downloaded on the 6 May 2014

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

Table 5.5 Ministry Expenditure

In millions of Afghanis		1393	1394	Budget	Allocated	% Alloc.	% Increase
		Q1	Q1				
		Actual	Prelim				
TOTAL GROSS EXPENDITURES		51,898	44,621	427,455	293,469	15%	-0.1
Operating Budget		38,356	36,812	280,408	146,421	25%	-4%
Development Budget		13,452	7,808	147,048	147,048	5%	-42%
Ministry of Interior		10,092	10,680	66,825	46,233	23%	6%
Operating Budget		10,066	10,583	62,038	41,446	26%	5%
Development Budget		26	98	4,787	4,787	2%	279%
Ministry of Defence		10,128	10,740	101,676	54,321	20%	6%
Operating Budget		10,128	10,740	98,571	51,216	21%	6%
Development Budget		0	0	3,105	3,105	0%	-
Ministry of Foreign Affairs		550	313	4,447	3,213	10%	-43%
Operating Budget		501	311	3,200	1,966	16%	-38%
Development Budget		50	2	1,247	1,247	0%	-97%
National Security Council		63	34	228	139	24%	-46%
Operating Budget		63	34	388	310	-	-46%
Development Budget		0	0	139	139	0%	-
Presidential Protective Service		232	211	944	745	28%	-9%
Operating Budget		223	211	944	745	28%	-5%
Development Budget		9	0	0	0	-	-100%
General Directorate of National Security		2,707	2,978	11,420	5,146	58%	10%
Operating Budget		2,707	2,966	11,271	4,997	59%	10%
Development Budget		0	13	148	148	9%	-
Total Security		23,772	24,957	185,539	109,797	23%	5%
Operating Budget		23,688	24,845	176,112	100,370	25%	5%
Development Budget		85	112	9,427	9,427	1%	32%
Presidents Office		442	361	2,098	1,584	23%	-18%
Operating Budget		394	361	1,783	1,270	28%	-8%
Development Budget		48	0	314	314	0%	-100%
National Assembly Meshanro Jirga		127	110	589	425	26%	-14%
Operating Budget		127	92	519	356	26%	-28%
Development Budget		0	19	70	70	26%	-
National Assembly Wolesi Jirga		359	315	1,294	943	33%	-12%
Operating Budget		359	315	1,252	901	35%	-12%
Development Budget		0	0	42	42	0%	-
Supreme Court		744	699	3,322	1,287	54%	-6%
Operating Budget		738	699	3,001	966	72%	-5%
Development Budget		6	0	321	321	0%	-100%
Ministry of Justice		120	133	1,100	922	14%	11%
Operating Budget		102	101	601	423	24%	-1%
Development Budget		18	31	499	499	6%	74%
Administrative Affairs		371	419	939	1,209	35%	13%
Operating Budget		371	419	750	1,020	41%	13%
Development Budget		0	0	189	189	0%	-
Ministry of State and Parliament Affairs		14	12	117	120	10%	-10%
Operating Budget		14	12	79	83	15%	-10%
Development Budget		0	0	38	38	0%	-
Ministry of Haj and Religious Affairs		126	109	1,094	841	13%	-14%
Operating Budget		112	109	790	538	20%	-3%
Development Budget		14	0	304	304	0%	-100%
Attorney General		240	247	1,430	994	25%	3%
Operating Budget		228	242	1,164	728	33%	6%
Development Budget		12	5	266	266	2%	-60%
Election Commission		23	22	153	86	25%	-6%
Operating Budget		23	22	153	86	25%	-6%
Development Budget		0	0	0	0	-	-
IARCSC		85	72	706	594	12%	-15%
Operating Budget		64	64	336	224	29%	1%
Development Budget		21	8	370	370	2%	-63%
Independent Commission for Overseeing the Implementation of Cons		64	8	67	108	8%	-87%
Operating Budget		12	8	67	108	8%	-27%
Development Budget		52	0	0	0	-	-100%
The High office of Oversight and Anti Corruption		0	0	308	246	0%	-
Operating Budget		0	0	157	94	0%	-
Development Budget		0	0	151	151	0%	-
Independent Directorate of Local Governance		455	413	4,410	3,765	11%	-9%
Operating Budget		406	393	2,432	1,786	22%	-3%
Development Budget		49	19	1,978	1,978	1%	-60%
Afghanistan Independent Human Rights Commission		0	0	97	53	0%	-
Operating Budget		0	0	44	0	-	-
Development Budget		0	0	53	53	0%	-
Independent Electoral Complaints Commission		0	0	175	75	0%	-
Operating Budget		0	0	100	0	-	-
Development Budget		0	0	75	75	0%	-
Total Governance, Rule of Law and Human Rights		3,170	2,920	17,900	13,255	22%	-8%
Operating Budget		2,950	2,838	13,229	8,583	33%	-4%
Development Budget		220	82	4,671	4,671	2%	-63%

Source: FPD using AFMIS data downloaded on the 6 May 2014

	(In millions of Afghanis)							
	1393		1394		Budget	Allocated	% Alloc.	%Change
	Q1 Actual	Q1 Prelim						
Ministry of Public Works	2,588	2,926	23,570	24,286	12%	13%		
Operating Budget	409	282	530	1,245	23%	-31%		
Development Budget	2,179	2,644	23,040	23,040	11%	21%		
Ministry of Transport and Aviation	46	51	401	565	9%	9%		
Operating Budget	46	49	278	441	11%	6%		
Development Budget	0	2	123	123	1%	-		
Ministry of Communication	114	107	2,811	2,710	4%	-6%		
Operating Budget	89	84	473	371	23%	-5%		
Development Budget	25	23	2,338	2,338	1%	-8%		
Ministry of Energy and Water	809	592	10,969	10,757	6%	-27%		
Operating Budget	102	113	530	318	36%	11%		
Development Budget	707	479	10,439	10,439	5%	-32%		
Water Supply and Canalization Corporation	0	0	795	795	0%	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	795	795	0%	-		
Da Brishna Shirkat	183	1,464	7,266	7,266	20%	700%		
Operating Budget	0	0	0	0	-	-		
Development Budget	183	1,464	7,266	7,266	20%	700%		
Ministry of Urban Development	54	133	1,433	1,326	10%	147%		
Operating Budget	43	46	250	143	32%	7%		
Development Budget	10	87	1,183	1,183	7%	727%		
Civil Aviation Authority	32	454	2,327	1,961	23%	1304%		
Operating Budget	32	36	366	0	-	12%		
Development Budget	0	418	1,961	1,961	21%	-		
Independent Board of new Kabul	29	14	0	0	-	-50%		
Operating Budget	0	0	0	0	-	-		
Development Budget	29	14	0	0	-	-50%		
Ministry of Mines and Industries	277	164	2,332	2,180	8%	-41%		
Operating Budget	94	98	495	344	28%	4%		
Development Budget	183	67	1,837	1,837	4%	-63%		
Geodesy and Cartography Office	24	36	138	106	34%	49%		
Operating Budget	24	24	132	100	24%	-1%		
Development Budget	0	12	6	6	198%	-		
Directorate of Environment	38	38	272	228	17%	1%		
Operating Budget	38	38	180	136	28%	1%		
Development Budget	0	0	92	92	0%	-		
Afghanistan High Atomic Energy Commission	7	6	39	28	22%	-5%		
Operating Budget	7	6	39	28	22%	-5%		
Development Budget	0	0	0	0	-	-		
Irrigation and canalization Shirkat	0	0	3,495	3,495	0%	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	3,495	3,495	0%	-		
Municipalities	325	53	0	0	-	-84%		
Operating Budget	0	0	0	0	-	-		
Development Budget	325	53	0	0	-	-84%		
Total Infrastructure and Natural Resources	4,525	6,040	55,850	55,702	11%	33%		
Operating Budget	884	776	3,273	3,125	25%	-12%		
Development Budget	3,641	5,264	52,577	52,577	10%	45%		
Ministry of Education	6,236	5,428	44,258	33,765	16%	-13%		
Operating Budget	5,554	5,138	30,390	19,897	26%	-7%		
Development Budget	682	290	13,868	13,868	2%	-57%		
Ministry of Higher Education	1,147	853	8,099	6,293	14%	-26%		
Operating Budget	646	749	4,000	2,194	34%	16%		
Development Budget	501	104	4,099	4,099	3%	-79%		
Ministry of Information and Culture	89	102	665	807	13%	14%		
Operating Budget	89	68	464	607	11%	-24%		
Development Budget	0	34	201	201	17%	-		
Science Academy	35	29	191	135	22%	-15%		
Operating Budget	35	29	171	115	26%	-15%		
Development Budget	0	0	20	20	0%	-		
National Olympic Committee	14	21	312	267	8%	46%		
Operating Budget	14	21	228	183	11%	46%		
Development Budget	0	0	84	84	0%	-		
Cricket Board	0	0	56	56	0%	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	56	56	0%	-		
Football Federation	0	0	227	189	0%	-		
Operating Budget	0	0	38	0	-	-		
Development Budget	0	0	189	189	0%	-		

	(In millions of Afghanis)		1393	1394	Budget	Allocated	% Alloc.	%Change
	Q1	Q1	Actual	Prelim				
Ministry of Agriculture	877	774	8,383	8,248	9%	-12%		
Operating Budget	230	214	1,046	911	23%	-7%		
Development Budget	647	560	7,337	7,337	8%	-13%		
Ministry of Counter Narcotics	262	32	1,064	1,008	3%	-88%		
Operating Budget	32	32	155	99	32%	0%		
Development Budget	231	0	909	909	0%	-100%		
Ministry of Rural Rehabilitation and Development	6,268	536	23,245	23,131	2%	-91%		
Operating Budget	108	105	510	397	26%	-3%		
Development Budget	6,160	431	22,735	22,735	2%	-93%		
Afghanistan Independent Land Authority	11	34	347	97	35%	225%		
Operating Budget	0	0	250	0	-	-		
Development Budget	11	34	97	97	35%	225%		
Total Agriculture and Rural Development	7,418	1,376	33,040	32,485	4%	-81%		
Operating Budget	370	351	1,961	1,406	25%	-5%		
Development Budget	7,048	1,026	31,079	31,079	3%	-85%		
Ministry of Frontiers and Tribal Affairs	72	47	563	434	11%	-35%		
Operating Budget	63	47	425	296	16%	-25%		
Development Budget	9	0	137	137	0%	-100%		
Ministry of Martyrs, Disabled and Social Affairs	2,474	315	2,383	5,805	5%	-87%		
Operating Budget	2,439	301	1,537	4,959	6%	-88%		
Development Budget	35	14	846	846	2%	-60%		
Ministry of Refugees and Repatriates	47	40	332	251	16%	-15%		
Operating Budget	43	40	209	128	31%	-7%		
Development Budget	4	0	123	123	0%	-94%		
Ministry of Women Affairs	36	33	236	186	18%	-10%		
Operating Budget	36	33	187	137	24%	-10%		
Development Budget	0	0	49	49	0%	-		
Office of Disaster Preparedness	13	179	126	97	183%	1244%		
Operating Budget	13	179	95	67	267%	1244%		
Development Budget	0	0	30	30	0%	-		
Directorate of Kochis	10	12	90	64	19%	23%		
Operating Budget	10	10	59	33	30%	-1%		
Development Budget	0	2	31	31	8%	-		
Total Social Protection	2,652	626	3,729	6,837	9%	-76%		
Operating Budget	2,604	609	2,513	5,621	11%	-77%		
Development Budget	48	17	1,217	1,217	1%	-65%		
Ministry of Finance	975	988	6,422	6,205	16%	1%		
Operating Budget	707	706	1,847	1,631	43%	0%		
Development Budget	268	282	4,575	4,575	6%	5%		
Ministry of Commerce	108	172	754	610	28%	58%		
Operating Budget	61	65	390	246	27%	7%		
Development Budget	47	106	364	364	29%	124%		
Ministry of Economy	97	78	609	535	14%	-20%		
Operating Budget	44	38	259	185	21%	-13%		
Development Budget	53	39	350	350	11%	-26%		
Control and Audit Office	38	57	721	681	8%	50%		
Operating Budget	21	24	111	70	34%	14%		
Development Budget	17	33	610	610	5%	95%		
Central Statistics Office	31	34	433	390	9%	10%		
Operating Budget	28	31	143	99	31%	9%		
Development Budget	3	4	291	291	1%	19%		
Micro Finance Investment Support Facility for Afghanistan	0	0	0	0	-	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	0	0	-	-		
Afghanistan Investment Support Agency	0	0	0	0	-	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	0	0	-	-		
Afghanistan National Standard Authority	10	12	111	111	11%	24%		
Operating Budget	10	10	65	65	15%	-4%		
Development Budget	0	3	46	46	6%	-		
Economic Council	0	0	0	0	-	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	0	0	-	-		
Total Economic Gov. and Private Sector Devel't	1,250	1,328	8,939	8,422	16%	6%		
Operating Budget	862	865	2,749	2,231	39%	0%		
Development Budget	388	464	6,190	6,190	7%	19%		
Unallocated Reserves	0	0	0	0	-	-		
Operating Budget	0	0	0	0	-	-		
Development Budget	0	0	0	0	-	-		
Unspecified	0	0	50,755	8,344	0%	-		
Operating Budget	0	0	42,411	0	-	-		
Development Budget	0	0	8,344	8,344	0%	-		
Total Unclassified	0	0	50,755	8,344	0%	-		
Operating Budget	0	0	42,411	0	-	-		
Development Budget	0	0	8,344	8,344	0%	-		

Table 5.6 Program Expenditure

In millions of Afghanis	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
	1394			1394			1394		
	Q1 YTD Prelim.	Allocated	% Alloc.	Q1 YTD Prelim.	Allocated	% Alloc.	Q1 YTD Prelim.	Allocated	% Alloc.
Ministry of Education	5,138.7	19,897.0	26%	290.0	6,486.7	4%	5,428.7	26,383.7	21%
General & Islamic Education	4,511.7	16,666.7	27%	41.1	2,424.6	2%	4,552.8	19,091.3	24%
Curriculum development & teacher training	155.4	821.1	19%	0.0	2,797.5	0%	155.4	3,618.7	4%
Technical and vocational training program	193.9	811.8	24%	71.6	644.8	11%	265.5	1,456.6	18%
Literacy and informal Education	89.3	370.3	24%	4.5	146.1	3%	93.8	516.4	18%
Education management	188.5	1,227.0	15%	172.8	473.7	36%	361.3	1,700.7	21%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Agriculture, Irrigation and Livestock	214.0	910.7	23%	560.1	6,939.1	8%	774.1	7,849.9	10%
Natural Resource Management	27.7	197.2	14%	96.0	337.3	28%	123.7	534.5	23%
Agriculture Production and Productivity	86.2	305.7	28%	200.9	3,879.7	5%	287.1	4,185.4	7%
Economic Regeneration	25.5	113.9	22%	262.7	2,001.8	13%	288.3	2,115.8	14%
Reform and Capacity Building	74.6	293.9	25%	0.5	720.4	0%	75.1	1,014.2	7%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Rural Rehabilitation and Development	105.1	396.5	27%	431.4	17,909.4	2%	536.5	18,306.0	3%
Rural Infrastructure (RI)	0.0	0.0	-	190.2	5,025.8	4%	190.2	5,025.8	4%
Economic Regeneration (ER)	0.0	0.0	-	16.5	1,039.4	2%	16.5	1,039.4	2%
Local Governance	0.0	0.0	-	224.6	11,844.3	2%	224.6	11,844.3	2%
Institutional Support Program (ISP)	105.1	396.5	27%	0.0	0.0	-	105.1	396.5	27%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Finance	746.7	1,630.7	46%	279.9	4,367.3	6%	1,026.5	5,998.0	17%
Public Financial Management	434.2	409.7	106%	160.6	1,516.6	11%	594.8	1,926.3	31%
Revenue Management	105.6	379.8	28%	54.3	1,140.8	5%	159.8	1,520.6	11%
Operation (General Administration)	202.4	818.5	25%	24.0	952.6	3%	226.5	1,771.0	13%
Policy Management	4.4	22.7	20%	41.0	757.4	5%	45.4	780.1	6%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Public Works	282.4	1,245.2	23%	2,644.1	22,973.9	12%	2,926.5	24,219.1	12%
Transportation Infrastructures	13.6	29.1	47%	2,644.1	22,825.0	12%	2,657.7	22,854.0	12%
Maintenance of Transport Infrastructure	243.1	1,105.1	22%	0.0	0.0	-	243.1	1,105.1	22%
Admin & Finance	25.7	111.1	23%	0.0	148.9	0%	25.7	260.0	10%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Public Health	525.9	2,087.9	25%	343.6	9,368.9	4%	869.5	11,456.8	8%
Institutional Development and Assessment (IDA)	3.9	61.0	6%	49.3	2,572.6	2%	53.2	2,633.5	2%
Health Service Provision	183.3	994.8	18%	294.3	6,770.6	4%	477.6	7,765.3	6%
Admin	338.8	1,032.2	33%	0.0	25.8	0%	338.8	1,057.9	32%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Independent Directorate of Local Governance	393.7	1,786.3	22%	19.5	1,102.3	2%	413.2	2,888.6	14%
National Principals for Local Governance	1.6	14.4	11%	0.0	0.0	-	1.6	14.4	11%
Local Governance Management	363.0	1,410.4	26%	19.5	1,102.3	2%	382.5	2,512.7	15%
General Supporting Services	29.1	361.5	8%	0.0	0.0	-	29.1	361.5	8%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Urban Development	46.1	143.0	32%	86.6	853.7	10%	132.8	996.8	13%
Planning & Urban Development	4.7	12.8	37%	0.0	133.2	0%	4.7	146.0	3%
Housing	2.2	5.7	38%	0.0	443.8	0%	2.2	449.5	0%
Urban Infrastructure	6.4	17.2	37%	86.6	235.3	37%	93.0	252.5	37%
Management & Operations	32.9	107.3	31%	0.0	41.5	0%	32.9	148.8	22%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-

Source: FPD using AFMIS data downloaded on the 6 May 2014

(In millions of Afghanis)	PLANNING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
	1394			1394			1394		
	Q1 YTD Prelim.	Allocated	% Alloc.	Q1 YTD Prelim.	Allocated	% Alloc.	Q1 YTD Prelim.	Allocated	% Alloc.
Ministry of Transport	49.0	222.1	22%	1.6	1,363.9	0%	50.6	1,586.0	3%
Land Transport Services	49.0	222.1	22%	1.6	1,363.9	0%	50.6	1,586.0	3%
Ministry of Communication and Information Technology	84.0	371.1	23%	23.1	2,050.1	1%	107.1	2,421.2	4%
E - Afghanistan	17.7	71.5	25%	23.1	2,036.2	1%	40.8	2,107.7	2%
ICT Literacy	3.8	17.5	21%	0.0	0.0	-	3.8	17.5	21%
General Administration & Management	62.5	282.1	22%	0.0	13.9	0%	62.5	296.0	21%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Commerce and Industry	65.5	245.7	27%	106.3	303.7	35%	171.8	549.4	31%
Private Sector and Industry Development	6.1	24.3	25%	106.3	176.0	60%	112.5	200.3	56%
Trade Policy and Transit	42.0	157.1	27%	0.0	0.0	-	42.0	157.1	27%
Admin and Regulatory Services	17.4	64.3	27%	0.0	127.7	0%	17.4	192.0	9%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Labour, Social Affairs, Martyrs and Disabled	301.4	4,958.9	6%	14.2	851.8	2%	315.7	5,810.7	5%
Labor Support Program	61.5	2,050.4	3%	14.2	740.1	2%	75.8	2,790.4	3%
Social services	79.6	308.4	26%	0.0	23.9	0%	79.6	332.3	24%
Martyrs and Disabled	36.3	2,031.6	2%	0.0	53.6	0%	36.3	2,085.1	2%
Administration & Finance	124.1	568.6	22%	0.0	34.3	0%	124.1	602.9	21%
Expenditure returns	0.0	0.0	-	0.0	965.1	0%	0.0	965.1	0%
Ministry of Counter Narcotics	0.0	99.0	0%	0.0	965.1	0%	0.0	1,064.1	0%
counter narcotics	0.0	99.0	0%	0.0	965.1	0%	0.0	1,064.1	0%
Expenditure Returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Defence	10,777.6	51,215.9	21%	0.0	27.2	0%	10,777.6	51,243.1	21%
Combat forces	8,569.5	30,845.0	28%	0.0	0.0	-	8,569.5	30,845.0	28%
Supportive forces	2,208.0	20,370.9	11%	0.0	27.2	0%	2,208.0	20,398.1	11%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Women's Affairs	33.0	137.1	24%	0.0	106.2	0%	33.0	243.3	14%
Women Support and Strengthening	2.1	8.0	27%	0.0	0.0	-	2.1	8.0	27%
Gender Development and policy monitoring	2.4	10.1	23%	0.0	18.8	0%	2.4	29.0	8%
Administration & Finance	28.5	119.0	24%	0.0	87.4	0%	28.5	206.4	14%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Ministry of Economy	38.5	185.2	21%	39.0	590.8	7%	77.6	776.0	10%
Economic Policy and Strategy and Monitoring and Evaluation	27.2	111.9	24%	39.0	314.0	10%	58.0	425.9	14%
Management & Operations	11.4	73.3	16%	8.2	276.7	3%	19.5	350.1	6%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
President's Office	361.2	1,270.0	28%	-	561.6	0%	361.2	1,831.6	20%
Providing Services to the President	361.2	1,270.0	28%	-	561.6	0%	361.2	1,831.6	20%
Expenditure returns	0.0	0.0	-	-	94.5	0%	0.0	94.5	0%
Ministry of Higher Education	749.1	2,194.2	34%	104.0	3,080.7	3%	853.1	5,274.9	16%
Providing higher education opportunities	5.5	26.2	21%	104.0	3,080.7	3%	109.5	3,106.9	4%
Leadership & Management of Higher Education System	743.5	2,168.0	34%	0.0	0.0	-	743.5	2,168.0	34%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
Civil Service Comission	64.3	223.6	29%	7.8	606.1	1%	72.1	829.6	9%
Appointments & Appeals	10.9	37.3	29%	0.0	0.0	-	10.9	37.3	29%
Public Administrative Reforms	8.4	29.0	29%	0.0	0.0	-	8.4	29.0	29%
Capacity Development	6.3	25.2	25%	0.0	206.1	0%	6.3	231.3	3%
Supportive Program	38.7	132.1	29%	7.8	400.0	2%	46.6	532.1	9%
Expenditure returns	0.0	0.0	-	0.0	0.0	-	0.0	0.0	-
TOTAL GROSS EXPENDITURES	22,400.5	145,894.0	15%	12,114.9	112,897.2	11%	22,400.5	258,791.3	9%

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 5.7 Detailed Operating Expenditure

In millions of Afghanis		Total Operating Expenditures					Wages		G+S		NFA		Other Expenditures	
		1393	1394	% Change	Budget	% Budget	1393	1394	1393	1394	1393	1394	1393	1394
All Data	Year to Date	Qtr 1	Qtr 1			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	
TOTAL		38,483	36,961	-4%	280,408	13%	32,497	31,349	3,295	4,693	220	296	2,472	623
Total Security		23,625	24,811	5%	98,544	25%	22,100	21,314	1,266	3,026	9	230	250	241
Ministry of Interior		10,066	10,583	5%	41,446	26%	9,487	8,954	324	1,527	5	5	250	97
Ministry of Defence		10,128	10,740	6%	51,216	21%	9,760	9,471	368	902	0	223	0	144
General Directorate of National Security		2,707	2,966	10%	4,997	59%	2,294	2,485	409	479	4	2	0	0
Ministry of Foreign Affairs		501	311	-38%	139	223%	356	204	144	107	0	0	0	0
Other Ministries		223	211	-5%	745	28%	204	201	20	10	0	0	0	0
Total Governance, Rule of Law and Human Rights		2,950	2,838	-4%	6,735	42%	2,310	2,256	2,698	497	60	47	-2,118	38
Presidents Office		394	361	-8%	1,270	28%	295	265	98	96	1	0	-0	0
Administrative Affairs		371	419	13%	1,020	41%	151	210	162	132	50	46	8	31
Supreme Court		738	699	-5%	966	72%	0	0	0	0	0	0	0	0
Ministry of Justice		102	101	-1%	423	24%	83	83	19	18	0	0	0	0
Other Ministries		1,345	1,258	-6%	3,055	41%	1,781	1,698	2,419	250	9	1	-2,125	7
Total Infrastructure and Natural Resources		851	740	-13%	4,943	15%	448	465	263	275	140	0	-0	0
Total Education		6,338	6,005	-5%	22,869	26%	6,031	5,747	304	240	3	18	-0	0
Ministry of Education		5,554	5,138	-7%	19,897	26%	5,376	5,002	177	119	1	18	-0	0
Ministry of Higher Education		646	749	16%	2,194	34%	548	642	96	106	2	0	-0	0
Other Ministries		138	118	-14%	778	15%	107	103	31	15	0	-0	-0	-0
Total Health		661	523	-21%	2,088	25%	399	404	254	119	7	0	0	0
Ministry of Public Health		661	523	-21%	2,088	25%	399	404	254	119	7	0	0	0
Total Agriculture and Rural Development		370	351	-5%	1,107	32%	299	295	71	56	0	0	0	-0
Ministry of Agriculture		230	214	-7%	911	23%	199	193	31	21	0	0	0	-0
Other Ministries		140	137	-2%	196	70%	100	103	40	34	0	0	-0	0
Total Social Protection		2,604	609	-77%	5,621	11%	351	299	103	62	0	0	2,149	248
Ministry of Martyrs, Disabled and Social Affairs		2,439	301	-88%	4,959	6%	223	186	67	30	0	0	2,149	84
Other Ministries		165	308	87%	662	47%	129	112	36	32	0	0	0	164
Total Economic Gov. and Private Sector Devel't		872	874	0%	2,231	39%	400	409	407	362	-0	0	65	104
Ministry of Finance		707	706	0%	1,631	43%	264	272	378	329	0	0	65	104
Other Ministries		165	169	2%	601	28%	136	136	29	32	-0	0	0	0

Source: FPD using AFMIS data downloaded on the 6 May 2014

1/ Interest, and Subsidies and Transfers

Table 5.8 Detailed Development Expenditure

In millions of Afghanis	1393 Approved Budget	1393 Qtr 1 Actual YTD	1393 % Budget	1394 Budget	1394 Qtr 1 Prelim YTD	1394 % Budget	1394 Unspent Budget	1394 % of Total Unspent Budget	% Increase
TOTAL	157,435.2	13,452.2	9%	147,047.6	7,808.4	5%	139,239	100%	-42%
Total Infrastructure and Natural Resources	46,893.4	3,641.4	8%	52,576.9	5,263.7	10%	47,313	34%	45%
Ministry of Public Works	23,050.8	2,179.4	9%	23,040.4	2,644.1	11%	20,396	15%	21%
Ministry of Transport and Aviation	179.6	0.0	0%	123.2	1.6	1%	122	0%	-
Ministry of Energy and Water	2,464.6	706.9	29%	10,439.3	479.1	5%	9,960	7%	-32%
Water Supply and Canalization Corporation	11,996.9	0.0	0%	795.3	0.0	0%	795	1%	-
Ministry of Communication	1,822.2	25.1	1%	2,338.4	23.1	1%	2,315	2%	-8%
Ministry of Mines and Industries	2,087.0	182.9	9%	1,836.7	66.8	4%	1,770	1%	-63%
Other Ministries	5,292.1	547.0	10%	14,003.6	2,049.0	15%	11,955	9%	275%
Total Agriculture and Rural Development	26,245.6	7,048.2	27%	31,078.7	1,025.7	3%	30,053	22%	-85%
Ministry of Agriculture	6,607.5	647.1	10%	7,337.4	560.1	8%	6,777	5%	-13%
Ministry of Rural Rehabilitation and Development	18,914.9	6,159.9	33%	22,734.9	431.4	2%	22,304	16%	-93%
Other Ministries	723.2	241.3	33%	1,006.3	34.2	3%	972	1%	-86%
Total Education	19,435.5	1,262.8	6%	18,881.5	501.0	3%	18,380	13%	-60%
Ministry of Education	14,535.3	681.6	5%	13,867.8	290.0	2%	13,578	10%	-57%
Other Ministries	4,900.2	581.3	12%	5,013.7	211.0	4%	4,803	3%	-64%
Total Economic Gov. and Private Sector Devel't	6,014.1	388.2	6%	6,190.1	463.7	7%	5,726	4%	19%
Ministry of Finance	4,444.6	268.2	6%	4,574.6	281.8	6%	4,293	3%	5%
Other Ministries	1,569.5	120.0	8%	1,615.5	181.9	11%	1,434	1%	51%
Total Health	9,746.0	758.1	8%	14,661.7	343.6	2%	14,318	10%	-55%
Ministry of Public Health	9,746.0	758.1	8%	14,661.7	343.6	2%	14,318	10%	-55%
Total Governance, Rule of Law and Human Rights	3,927.4	220.4	6%	4,671.1	81.9	2%	4,589	3%	-63%
Independent Directorate of Local Governance	1,230.3	49.2	4%	1,978.4	19.5	1%	1,959	1%	-60%
Other Ministries	2,697.0	171.2	6%	2,692.7	62.4	2%	2,630	2%	-64%
Total Social Protection	1,109.9	48.4	4%	1,216.5	16.8	1%	1,200	1%	-65%
Total Security	39,245.1	84.7	0%	9,427.1	111.9	1%	9,315	7%	32%
Total Unclassified	4,818.3	388.2	8%	6,190.1	463.7	7%	5,726	4%	19%

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 5.9 ANDS Expenditure

In millions of Afghanis	1393	1394	Budget	Allocated	% Alloc.	% Increase
	Q1	Q1				
	Actual	Prelim.				
TOTAL EXPENDITURES	51,808	44,621	427,455	293,469	15%	-14%
Operating Budget	38,356	36,812	280,408	146,421	25%	-4%
Development Budget	13,452	7,808	147,048	147,048	5%	-42%
Security	23,772	24,957	185,539	109,797	23%	5%
Operating Budget	23,688	24,845	176,112	100,370	25%	5%
Development Budget	85	112	9,427	9,427	1%	32%
Governance	3,170	2,920	17,900	13,255	22%	-8%
Operating Budget	2,950	2,838	13,229	8,583	33%	-4%
Development Budget	220	82	4,671	4,671	2%	-63%
Infrastructure	4,525	6,040	55,850	55,702	11%	33%
Operating Budget	884	776	3,273	3,125	25%	-12%
Development Budget	3,641	5,264	52,577	52,577	10%	45%
Education	7,601	6,506	54,515	41,878	16%	-14%
Operating Budget	6,338	6,005	35,634	22,996	26%	-5%
Development Budget	1,263	501	18,882	18,882	3%	-60%
Health	1,419	867	17,187	16,750	5%	-39%
Operating Budget	661	523	2,525	2,088	25%	-21%
Development Budget	758	344	14,662	14,662	2%	-55%
Agriculture	7,418	1,376	33,040	32,485	4%	-81%
Operating Budget	370	351	1,961	1,406	25%	-5%
Development Budget	7,048	1,026	31,079	31,079	3%	-85%
Social Protection	2,652	626	3,729	6,837	9%	-76%
Operating Budget	2,604	609	2,513	5,621	11%	-77%
Development Budget	48	17	1,217	1,217	1%	-65%
Economic Governance	1,250	1,328	8,939	8,422	16%	6%
Operating Budget	862	865	2,749	2,231	39%	0%
Development Budget	388	464	6,190	6,190	7%	19%
Unclassified	0	0	50,755	8,344	0%	-
Operating Budget	0	0	42,411	0	-	-
Development Budget	0	0	8,344	8,344	0%	-

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 5.10 COFOG Categorizations of Expenditure

In millions of Afghanis	1393 Q1 Actual	1393 Percent of Total	1394 Q1 Prelim.	1394 Percent of Total	Percent Change
TOTAL NET EXPENDITURE	51,809		45,068		-13%
Sale of Land and Buildings	14		10		-28%
TOTAL GROSS EXPENDITURE	51,823	100%	45,078	100%	-13%
RECURRENT EXPENDITURE	43,132	83%	39,841	88%	-8%
CAPITAL EXPENDITURE	8,691	17%	5,237	12%	-40%
General Public Services	4,307	8%	6,791	15%	58%
Recurrent Expenditure	3,736	7%	5,222	12%	40%
Capital Expenditure	571	1%	1,569	3%	175%
Defence	13,174	25%	14,180	31%	8%
Recurrent Expenditure	13,160	25%	13,943	31%	6%
Capital Expenditure	13	0%	237	1%	1682%
Public Order and Safety	11,260	22%	10,553	23%	-6%
Recurrent Expenditure	11,216	22%	10,500	23%	-6%
Capital Expenditure	44	0%	53	0%	20%
Economic Affairs	11,772	23%	5,539	12%	-53%
Recurrent Expenditure	4,176	8%	2,402	5%	-42%
Capital Expenditure	7,596	15%	3,137	7%	-59%
Environmental Protection	59	0%	47	0%	-20%
Recurrent Expenditure	38	0%	38	0%	1%
Capital Expenditure	21	0%	9	0%	-58%
Housing and Communal Amenities	95	0%	153	0%	62%
Recurrent Expenditure	61	0%	50	0%	-18%
Capital Expenditure	33	0%	103	0%	208%
Health	1,432	3%	880	2%	-39%
Recurrent Expenditure	1,372	3%	832	2%	-39%
Capital Expenditure	60	0%	48	0%	-21%
Recreation, Culture and Religion	246	0%	305	1%	24%
Recurrent Expenditure	231	0%	271	1%	17%
Capital Expenditure	15	0%	34	0%	126%
Education	7,388	14%	6,291	14%	-15%
Recurrent Expenditure	7,051	14%	6,245	14%	-11%
Capital Expenditure	337	1%	46	0%	-86%
Social Protection	2,091	4%	339	1%	-84%
Recurrent Expenditure	2,091	4%	339	1%	-84%
Capital Expenditure	0	0%	0	0%	-100%

Source: FPD using AFMIS data downloaded on the 6 May 2014

Table 5.11 Summary of Transactions

In millions of Afghanis	1393	1394	
	Q1	Q1	
	Actual	Prelim.	% Change
TRANSACTIONS AFFECTING NET WORTH			
Revenues including Grants	55,425	71,258	29%
Expenditures (Recurrent)	43,132	39,841	-8%
Interest	64	104	61%
Net Operating Balance (1-2-25)	12,293	31,417	156%
Primary Balance (1-2-25+23)	12,357	31,521	155%
TRANSACTIONS IN NONFINANCIAL ASSETS			
Net Acquisition of Nonfinancial Assets	8,677	5,227	-40%
Net Lending-Borrowing (1-2)	3,616	26,190	624%
Financing (3+4+5)	-3,616	-26,190	624%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES			
Net Acquisition of Financial Assets	-3,344	-25,978	677%
Net Acquisition of Financial Liabilities	-272	-212	-22%
RETAINED EARNINGS	0	0	
Discrepancies (Financing-3-4-5)	0	0	

Source: FPD using AFMIS data downloaded on the 6 May 2014

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 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 organisation 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 raised by the Revenue Department (taxes, customs duties etc.), and revenues raised 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 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.

Revisions and Notes

1. The GFS mapping maintains the Fixed Taxes revenue line.
2. 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).
3. Retained earnings, and equity are included under Transactions in Financial Assets in the Sources and Uses of Funds Summary table.
4. 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.
5. The institutions covered in this report include Central Government and Provincial Government.
6. Capital Expenditure on Machinery and Equipment is any spending above the value of Afs 50,000; otherwise it is recorded under Goods and Services.
7. 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.
8. 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.
9. Net Expenditures are Total Expenditures minus the income earned from the Sale of Assets.
10. 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.

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