

Quarterly Macro-Fiscal Report

Fiscal Policy Directorate

Ministry of Finance

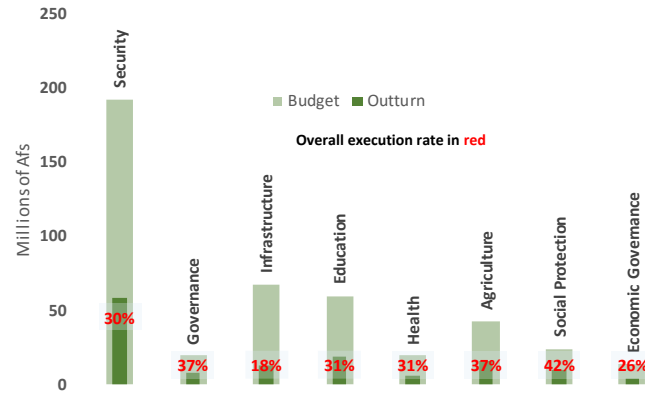
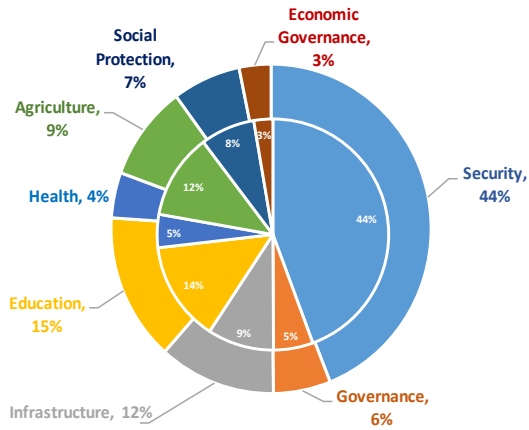


Ministry of Finance
Islamic Republic of Afghanistan

Quarter 2, 1394

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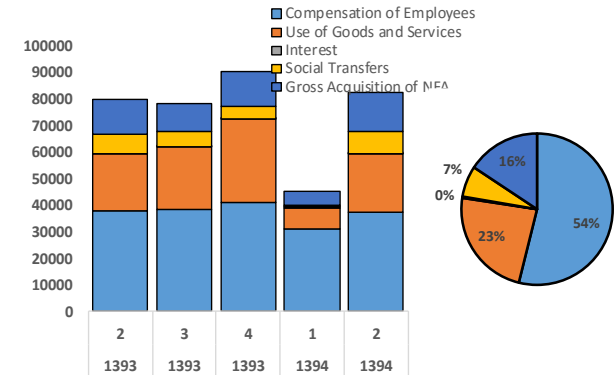
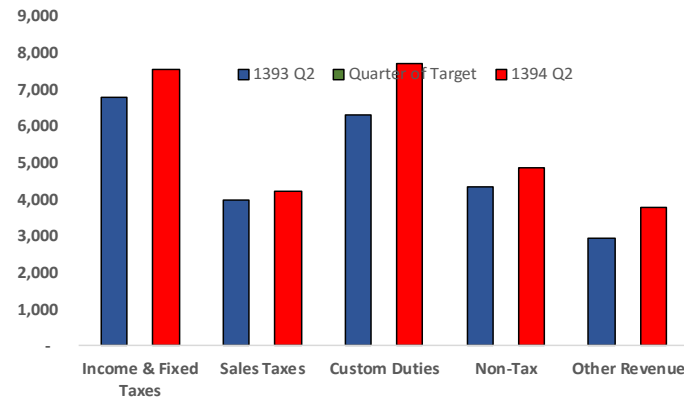
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Summary Overview

- Improvement in the collection of domestic revenues
- Contraction in overall expenditures
- Surpluses in overall balances

Project	Code	YTD
Capacity Building of Community Development Councils (CDCs)	30380	12,441
Distribution System Rehabilitation	30250	6,486
	40890	2,821
Sustaining and Strengthening the Basic Package of health services	32340	1,884
School Grants	30230	1,694



Summary

The recovery and improvement in macro-fiscal situation has been quite slow even during the 2nd quarter, after unprecedented economic downturn in the previous year. This is partly due to the weak performance in execution, the worsening security situation and uncertainty in the business environment all of which inhibited the growth in the economy.

The macro-fiscal situation shows rather a mixed picture of performance compared to previous year, as revenue collection by end of 2nd quarter 1394 has increased by around 10%.

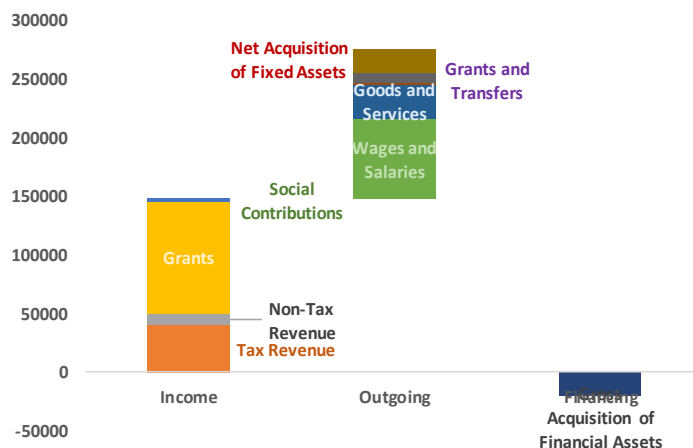
The Government has revised down economic growth, in view of continued lower economic activities and uncertainty in the country, which was initially estimated to be around 4%, down to 2.6%.

In addition, there has been further depreciation in the value of Afghani against US Dollar, which has affected the price for the commodities imported from abroad.

The contraction in the government spending has continued during this quarter, as a slight reduction was recorded compared to last year spending. The actual figures on spending show that the government largely controlled spending on wages and acquisition of assets. The overall balance by the end of 2nd quarter shows some improvement compared to previous year.

Table 1. GFS Summary

	1393	1393	1394	1394	1394
	Q2	Q2 YTD	Budget	Q2	Q2 YTD
Revenue	70768	126192	154742	76793	148051
Tax Revenue	18507	37356	129815	21008	39912
Non-Tax Revenue	4796	8376	19756	6032	10568
Grants	46414	78441	0	48653	95582
Social Contributions	1050	2020	5171	1101	1990
Expenditure	66621	109753	324342	67658	107499
Wages and Salaries	37961	70457	157889	37347	68696
Goods and Services	21456	29619	144700	22105	29975
Interest	69	134	812	272	375
Grants and Transfers	7136	9543	20941	7934	8453
Overall Operating Balance	4146	16439	-169600	9135	40552
Primary Operating Balance	4216	16573	-168788	9406	40927
Gross Acquisition of Fixed Assets	13380	22071	112984	14754	19991
Net Acquisition of Fixed Assets	13373	22050	112984	14746	19973
Overall Balance	-9227	-5611	-282584	-5612	20578
Primary Balance	-9157	-5477	-281772	-5340	20954
Gross Acquisition of Financial Assets	9227	5611	282584	5612	-20578

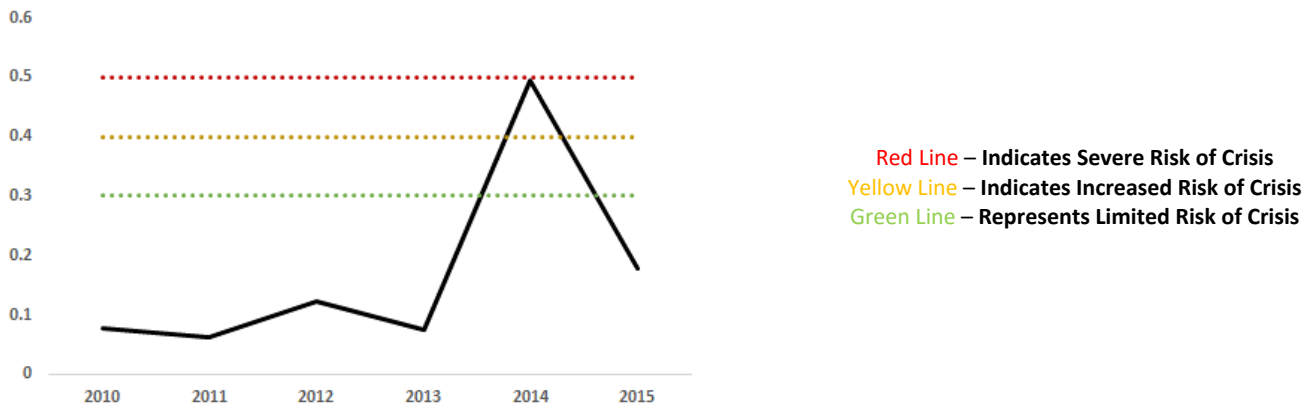


The remainder of the outturn examines the expenditures against the adjusted budget, in order to show the performance against the final spending plan.

Table 2. Adjustments in the Budget

	Original Budget	Adjusted Budget	Change %
Operating Only			
TOTAL GROSS EXPENDITURES	283486.3	289061.0	2%
RECURRENT EXPENDITURES	271554.9	272232.6	0%
Compensation of Employees	157506.6	160052.8	2%
Use of Goods and Services	84308.3	97886.8	16%
Interest	3649.0	608.4	-83%
Social Transfers	26091.0	13684.5	-48%
ACQUISITION OF ASSETS			
Gross Acquisition of NFA	11931.4	17436.9	46%
Operating and Development			
Security	192156.1	207694.6	8%
Governance	16323.0	17567.9	8%
Infrastructure	69854.0	65679.4	-6%
Education	56234.8	56993.7	1%
Health	18501.4	18151.3	-2%
Agriculture	41544.0	40533.4	-2%
Social Protection	21077.8	16239.8	-23%
Economic Governance	11239.9	12975.1	15%
Unclassified	9242.0	0.0	-100%
TOTAL	436172.9	435835.2	0%

The reduction in the indicator for risk of a fiscal crisis since last year is the result of improved revenue and economic growth outlook, and a reduction in the likely structural and primary fiscal balances by the end of the year. Debt to GDP remains far below the threshold for risk, as do interest payments to revenue. 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. **While the indicator has fallen there still remains substantial risk from a TSA balance.**



The table below shows some of the key risks identified for this quarter.

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

Macro-Economic Overview

Summary

The macroeconomic environment during second quarter 1394 also faced same challenges as first quarter as result of the slowdown in economic activities caused by last year unrest in political environment and it's impacts will continue through the fiscal year.

Exchange rate depreciation against the foreign currency particularly US dollars during second quarter 1394 overall affected the prices of imported items and this devaluation caused to reduce confidence on local currency which has lead the people to do transaction and savings in USD.

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 National Unity Government takes initiatives to rebound the confidence in the market to avoid capital outflow from the country, in order to encourage and promote domestic investment.

Due to slow economic performance the real growth rate was revised down to 2.6% from 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:

- An unexpected decline in the exchange rate, against the USD and the rate used for the current year budget.
- A continuation of slow activity across most sectors as a result of the uncertainty and negative confidence in the market.

Consumer price index data is available on a monthly basis, and provides a running indicator of economic activity. During second 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.

Table 3. Inflation

%-Q-o-Q	1393 Q3	1393 Q4	1394 Q1	1394 Q2
CPI	-0.13	1.31	-2.79	-1.06

Table 4. GDP

	Previous Year (1393)	Budget Forecast (1394)	Current Forecast (1394)
GDP Growth	2.1	4.0	2.6
Inflation	1.3	4.3	1.3
Deflator	-1.1	2.0	-0.1
NGDP Level	1,193,232	1,291,078	1,222,114
Imp Growth	-10.6	10.0	8.5

Revenues

Table 5. Revenue Summary

In millions of Afghanis	1393	1393	1394	1394	1394	% Target	% Change on 1393
	Q2	Q2 YTD	Budget	Q2	Q2 YTD		
Revenues Including Grants	70,768	126,192	154,742	76,793	148,051	96%	17%
Revenues Excluding Grants	24,353	47,752	154,742	28,140	52,469	34%	10%
Revenue (without customs)	18,050	35,359	123,923	20,434	37,877	31%	7%
Tax Revenues (without customs)	12,205	24,963	98,996	13,302	25,319	26%	1%
Fixed Taxes	2,895	5,555	13,383	2,543	4,950	37%	-11%
Income Taxes	3,910	8,616	21,545	5,027	9,512	44%	10%
Property Taxes	197	420	902	219	451	50%	8%
Sales Taxes	3,969	7,673	26,374	4,213	8,305	31%	8%
Other Taxes	1,233	2,700	5,975	1,300	2,101	35%	-22%
Customs Duty, Import Taxes	6,303	12,393	30,819	7,706	14,592	47%	18%
Non Tax Revenue	4,343	8,209	19,226	4,872	9,089	47%	11%
Income from Capital Property	564	869	1,781	550	850	48%	-2%
Sales of Goods and Services	742	1,477	3,689	736	1,700	46%	15%
Administrative Fees	2,618	5,041	11,671	3,201	5,699	49%	13%
Royalties	141	184	467	19	105	22%	-43%
Non Tax Fines and Penalties	175	349	847	210	423	50%	21%
Extractive Industry	104	288	771	156	311	40%	8%
Miscellaneous Revenue	453	167	530	1,160	1,479	279%	785%
Social Contributions	1,050	2,020	5,171	1,101	1,990	38%	-2%
Grants	46,414	78,441	-	48,653	95,582	-	22%
Foreign Governments	27,987	48,949	-	35,237	73,984	-	51%
International Organisation	18,427	29,491	-	13,416	21,597	-	-27%
Other Government Units	-	-	-	-	-	-	-

During second quarter 1392 of the year to date revenue collection performance was good when compared to the same period in 1393, this jumped about Afs 5.0 billion or 10 percent. Tax & Non tax revenue performed well during second quarter and increased by 1 percent and 11 percent respectively in comparison to 1393, however revenue collection against the target was lower. This however kept the Government roughly in line, albeit around Afs 3-4 billion below, with overall targets for the year for base revenue (i.e. Afs 114 billion)

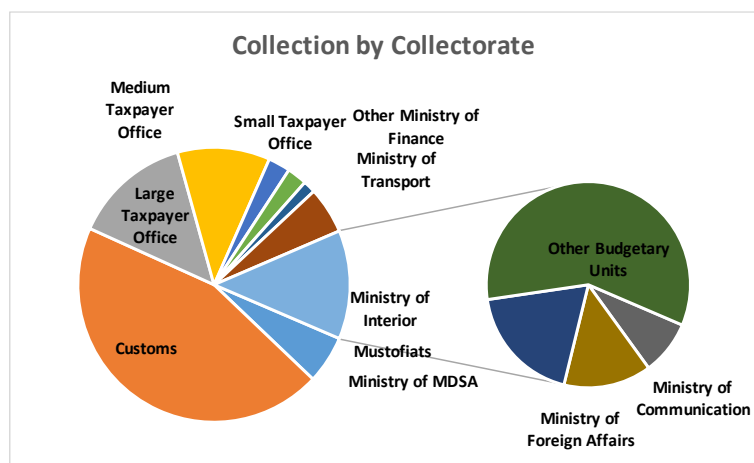
Lower domestic revenue collection against the target is mainly caused due to slowdown in economic activities in the economy affecting all sectors. Income taxes are typically paid with a lag, thus an increase in income tax now, will be more reflective of economic activity for the prior quarter. Miscellaneous revenue

shows spike against the target and FY 1393, but this has to be attributed to a specific code and over time this value will decline after the reconciliation.

Table 6. Revenues by Collectorate

In millions of Afghanis	1393	1393	1394	1394	% Change on 1393
	Q2	Q2 YTD	Q2	Q2 YTD	
Ministry of Finance	20189	39517	22330	42101	11%
Mustofiats	1716	2441	1779	2967	4%
Customs	10508	20668	12041	23433	15%
Large Taxpayer Office	3572	8493	3824	7320	7%
Medium Taxpayer Office	3164	5697	3182	5775	1%
Small Taxpayer Office	573	1178	712	1372	24%
Other Ministry of Finance	655	1040	793	1234	21%
Other Key Ministries	4164	8235	5810	10369	40%
Ministry of Transport	397	773	417	772	5%
Ministry of Interior	749	1611	1533	2887	105%
Ministry of Communication	125	408	211	574	69%
Ministry of Foreign Affairs	264	341	756	933	186%
Ministry of MDSA ¹	672	1332	667	1264	-1%
Other Budgetary Units	1958	3770	2225	3938	14%

1/ Martyrs, Disabled and Social Affairs



Total collections by Ministry of Finance and other key ministries were greater than what was collected in previous year. Custom revenue shows 15% increase compared to 2nd quarter last year. This is more important as last year there was large fall in custom collection. This increase was partly attributed to increase in the value of imported goods associated with Afghani currency depreciation against the USD.

The Small Taxpayer Office was another major contributor that collected about 24% more than last year collection. This high growth was said to be due to revising the tax rates and high efforts in enforcement by the STO. Contrary to expectation, both LTO and MTO recorded small increase in their collection compared to last year.

There were large increases in non-tax revenue collection by Ministry of Interior and Ministry of Foreign Affairs. Most of the revenue increases were due to increase in the collection of passport revenues and visa fees in those ministries.

Table 7. Revenue Collection by Key Lines

	1393	1394	% Change
	Q2 YTD	Q2 YTD	
BRT Sales	1,591	2,027	27%
BRT Services	1,880	1,867	-1%
BRT Customs	3,702	4,359	18%
Tax on Wages	4,102	4,443	8%
Tax on Profit	1,481	990	-33%
Construction Withholding	1,225	2,246	83%

Note

The revenue collection against key lines highlights some important revenue lines for illustrating economic activity:

- **BRT**: gives an indication of the performance of retail sales in the economy.
- **BRT customs**: gives an indication of the performance of demand in the economy.
- **Taxes on Profit**: indicates the performance of firms.
- **Construction withholding**: gives an indication of the degree of construction ongoing.

Table 8a. Operating Grants

All Values are in Million Afs	1393	1393	%	1394	1394	%
	Q2	Q2 YTD	Total	Q2	Q2 YTD	Total
Afghanistan Reconstruction Trust Fund (ARTF)	7,423	7,423	15%	5,702	7,680	10%
Law & Order Trust Fund (LOTFA)	5,918	12,985	27%	7,214	14,353	19%
CSTC-A¹ MoD	13,266	24,683	51%	9,359	38,253	52%
CSTC-A¹ MoI	983	3,392	7%	12,913	13,542	18%

1/ Combined Security Transitional Command Afghanistan

Table 8b. Largest Development Grants for the YTD

All Values are in Million Afghanis	Code	1394 YTD
Capacity Building of Community Development Councils (CDCs)	30380	4,327
Rehabilitaion Of The Maidan Shar-Bamyan Road (LOT-1)	40100	1,328
Capacity Building Commercializatoion (CBC) Part 1 Distribution System	38200	1,296
Lending Activities	38140	1,224
Awards for Poppy free provinces	38160	1,191
MOPH Partnership Contracts For Health Services Program (SOAG 306-07-00 II#7)	38080	1,105
084-AFG Energy Sector Development Investment Program 2	35240	1,034
Improvement and Maintenance of Secondary Road	32620	877
Basic Package of Health Services and Essential Package of Hospital Services	32641	734
School Grants	30230	624
Rehabilitation and replacement of Government Furnished Equipment	38190	555
Basic Package of Health Services and the Essential Package of Hospital Services	30750	518
Improvement and Maintenance of Secondary Road	30640	501
Procurement Reform	30620	471
Horticultural Production	30650	463
Rehabilitation of irrigation Systems	32520	344
Improving Teacher Competencies	32632	291
Retroactive Financing KMDP	30630	277
Reconstruction and Widening of the approximately 50 Km to Sapary Road	35260	271
0167/0170Nangarhar Valley Development Authority Ma	35200	222

During the 2nd quarter 1394, total YTD operating grants disbursements increased compared to the same period last year. This was a result of large increases in grants channeled through CSTC-A for MoD and MoI, and LOTFA. The ARTF grants which were disbursed on non-security operating spending were 10% higher than the same period in previous year. The rise in security grants disbursements was due to increase in fighting throughout the country after the government took full responsibility for the security from the international forces.

Overall disbursements for development grants were lower, and it is more related to more delays in ministers' appointment and subsequently their approval by the parliament.

Program Expenditures

Table 9a. Worst Performing Programs

<i>By percentage of allotment expended</i>	Ministry	YTD	Allotment	Ratio
Housing	Ministry of Urban Development	6.1	108.9	5.6%
Supportive forces	Ministry of Defence	4160.4	22977.0	18.1%
Curriculum Development and Teacher Education	Ministry of Education	594.9	2674.3	22.2%
Combat Forces	Ministry of Defence	18928.8	77282.1	24.5%
Economic Regeneration	Ministry of Agriculture	686.1	2210.4	31.0%
Rural Infrastructure	Ministry of Rural Rehabilitation and Development	1095.8	2877.4	38.1%
Availability of and accessibility to water for com ...	Ministry of Energy and Water	1016.8	2556.4	39.8%
Electronic Afghanistan (E- Afghanistan)	Ministry of Communication	117.9	261.4	45.1%
Road Maintenance	Ministry of Public Works	1552.6	3304.4	47.0%
Education Management	Ministry of Education	1075.3	2235.6	48.1%

Table 9b. Best Performing Programs

<i>By percentage of allotment expended</i>	Ministry	YTD	Allotment	Ratio
Services to President	Presidents Office	361.2	361.2	100.0%
Local Governance	Ministry of Rural Rehabilitation and Development	7525.5	8392.7	89.7%
Admin and regulatory	Ministry of Commerce	258.2	293.0	88.1%
Institutional Development	Ministry of Public Health	493.0	574.5	85.8%
Educate & Train Skilled Graduates ²	Ministry of Higher Education	980.3	1188.8	82.5%
Availability of competitively priced electricity f ...	Ministry of Energy and Water	538.3	697.9	77.1%
Natural Resource Management	Ministry of Agriculture	569.6	747.9	76.2%
Revenue Management	Ministry of Finance	355.5	521.3	68.2%
Institutional development	Ministry of Finance	599.3	884.0	67.8%
Gender Development & monitoring of Policy	Ministry of Women Affairs	9.4	14.2	66.0%

Table 9a shows the poor performing programs. Land Transport Services was only able to execute 6.7 percent of its budget. Similarly E-Afghanistan was able to execute only 9.6 percent of its total allotment. Few other ministries were also not able to execute its program as expected the list of which is detailed in the above table.

Table 9b gives an indication of the best performing programs. Ministry of Commerce was able to execute 74 percent and 72.5 percent of its budget for Private sector and industry development program, and Admin and regulatory program. The program of Institutional development was also able to execute about 63.3 percent of its allotment.

The reasons for low execution in the program budget could be several: the security situation has deteriorated in many parts of the country and it makes it difficult to implement programs in remote areas of the country. Secondly, the poor planning and financial management capabilities of certain projects in line ministries has led to poor budgeting in beginning of the year and again problems during the execution of the project. Hence, lower execution of budget.

Table 10a. Programs Expenditure

In millions of Afghanis	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1394				1394				1394			
	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.
Ministry of Education	12696.9	30639.0	22786.3	56%	2016.1	14866.7	5110.9	39%	14713.0	47151.1	28229.7	52%
General & Islamic Education	10913.9	25635.5	19097.3	57%	860.7	7620.5	1712.3	50%	11774.6	34281.3	20911.7	56%
Curriculum development & teacher training	398.7	1156.0	872.0	46%	196.2	3582.8	1744.3	11%	594.9	4932.4	2674.3	22%
Technical and vocational training program	523.8	1251.6	955.6	55%	390.2	1483.4	597.2	65%	914.0	3153.4	1720.2	53%
Literacy and informal Education	238.9	616.9	464.4	51%	118.3	341.6	218.6	54%	357.2	966.6	687.9	52%
Education management	624.4	1979.1	1397.0	45%	450.8	1838.3	838.6	54%	1075.3	3817.4	2235.6	48%
Other	-2.9	0.0	0.0	-	0.0	0.0	0.0	-	-2.9	0.0	0.0	-
Ministry of Agriculture, Irrigation and Livestock	502.2	1071.9	806.4	62%	1962.6	6712.2	3799.8	52%	2464.8	9188.6	5282.7	47%
Natural Resource Management	72.1	154.1	114.0	63%	497.5	1126.4	437.2	114%	569.6	1581.7	747.9	76%
Agriculture Production and Productivity	186.0	392.7	294.8	63%	842.7	2425.0	1460.1	58%	1028.7	3241.1	2030.0	51%
Economic Regeneration	66.1	152.6	113.8	58%	620.0	3154.4	1901.0	33%	686.1	3964.0	2210.4	31%
Reform and Capacity Building	178.2	372.5	283.8	63%	2.4	6.4	1.6	153%	180.6	401.7	294.4	61%
Other	-0.3			-	0.0			-	-0.3			-
Ministry of Rural Rehabilitation and Development	247.8	512.5	388.2	64%	8769.1	27471.2	11135.1	79%	9016.9	29326.0	11890.1	76%
Rural Infrastructure (RI)	0.0	0.0	0.0	-	1095.8	6030.7	2510.6	44%	1095.8	7365.5	2877.4	38%
Economic Regeneration (ER)	0.0	0.0	0.0	-	147.8	331.9	231.8	64%	147.8	331.9	231.8	64%
Local Governance	0.0	0.0	0.0	-	7525.5	21108.7	8392.7	90%	7525.5	21116.1	8392.7	90%
Institutional Support Program (ISP)	247.9	512.5	388.2	64%	0.0	0.0	0.0	-	247.9	512.5	388.2	64%
Other	-0.2			-	0.0			-	-0.2			-
Ministry of Energy & Water	266.5	594.5	449.5	59%	1373.7	4443.3	1864.2	74%	1640.2	9291.4	3388.7	48%
Energy	30.1	64.0	47.9	63%	508.1	864.2	147.8	344%	538.3	2511.4	697.9	77%
Water	151.3	352.0	267.3	57%	865.6	3579.1	1716.4	50%	1016.8	6601.5	2556.4	40%
Admin & Finance	85.4	178.5	134.3	64%	0.0	0.0	0.0	-	85.4	178.5	134.3	64%
Other	-0.3			-	0.0			-	-0.3			-
Ministry of Finance	1857.1	3398.9	2922.8	64%	870.1	4007.4	1321.2	66%	2727.2	8288.0	4539.3	60%
Public Financial Management	1360.8	1899.0	1791.7	76%	560.7	2466.1	1060.7	53%	1921.4	4702.4	2987.2	64%
Revenue Management	262.8	548.1	414.2	63%	92.6	168.6	60.2	154%	355.5	1084.3	521.3	68%
Operation (General Administration)	451.5	919.4	692.8	65%	147.7	508.5	77.5	191%	599.3	1604.7	884.0	68%
Policy Management	15.2			-	69.1	864.2	122.7	56%	84.3	896.6	146.8	57%
Other	-233.3			-	0.0			-	-233.3			-
Ministry of Public Works	1649.6	3601.0	3462.8	48%	4754.4	17681.8	6411.7	74%	6404.0	26581.9	11710.7	55%
Transportation Infrastructures	31.4	69.4	51.4	61%	4754.4	17681.8	6411.7	74%	4785.8	23050.4	8299.3	58%
Maintenance of Transport Infrastructure	1552.6	3387.8	3304.4	47%	0.0	0.0	0.0	-	1552.6	3387.8	3304.4	47%
Admin & Finance	66.9	143.8	107.0	63%	0.0	0.0	0.0	-	66.9	143.8	107.0	63%
Other	-1.4			-	0.0			-	-1.4			-
Ministry of Public Health	1447.0	3168.2	2395.9	60%	4243.4	12660.5	6652.1	64%	5690.4	18151.3	10259.0	55%
Institutional Development and Assessment (IDA)	21.1	49.5	36.5	58%	471.8	1529.9	106.9	441%	493.0	2963.2	574.5	86%
Health Service Provision	534.9	1216.5	909.3	59%	3771.6	11130.5	6545.2	58%	4306.4	13240.4	8234.2	52%
Admin	896.2	1902.2	1450.2	62%	0.0	0.0	0.0	-	896.2	1947.8	1450.3	62%
Other	-5.2			-	0.0			-	-5.2			-
Independent Directorate of Local Governance	907.9	2298.1	1659.6	55%	263.1	215.2	38.0	692%	1171.0	3443.6	2004.5	58%
National Principals for Local Governance	3.7	27.0	20.2	18%	0.0	0.0	0.0	-	3.7	27.0	20.2	18%
Local Governance Management	826.4	1873.4	1422.1	58%	263.1	215.2	38.0	692%	1089.5	3018.9	1767.1	62%
General Supporting Services	78.2	396.8	217.2	36%	0.0	0.0	0.0	-	78.2	396.8	217.2	36%
Other	-0.4			-	0.0			-	-0.4			-
Ministry of Urban Development	130.2	280.6	210.3	62%	346.7	375.3	208.6	166%	477.0	1633.9	975.1	49%
Planning & Urban Development	12.4	25.3	18.8	66%	26.0	0.0	0.0	-	38.5	79.6	60.5	64%
Housing	6.1	12.4	9.2	66%	0.0	8.8	0.0	-	6.1	183.5	108.9	6%
Urban Infrastructure	18.2	37.4	27.6	66%	303.8	199.5	199.5	152%	322.0	970.6	622.1	52%
Management & Operations	93.6	205.4	154.7	60%	16.9	167.0	9.1	186%	110.5	400.2	183.6	60%
Other	-0.1			-	0.0			-	-0.1			-

Table 10b. Programs Expenditure

(In millions of Afghanis)	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1394				1394				1394			
	Q2 YTD	Budget	Allocated	% Alloc.	Q2 YTD	Budget	Allocated	% Alloc.	Q2 YTD	Budget	Allocated	% Alloc.
Ministry of Transport	110.3	297.2	230.1	48%	4.2	0.0	0.0	-	114.5	365.6	234.3	49%
Land Transport Services	111.2	297.2	230.1	48%	4.2	0.0	0.0	-	115.4	365.6	234.3	49%
Other	-0.9			-	0.0			-	-0.9			-
Ministry of Communication and Information Technology	239.3	495.5	378.4	63%	71.7	321.6	185.5	39%	311.0	817.1	563.9	55%
E - Afghanistan	46.2	100.2	75.8	61%	71.7	321.6	185.5	39%	117.9	421.8	261.4	45%
ICT Literacy	10.5	22.7	17.0	62%	0.0	0.0	0.0	-	10.5	22.7	17.0	62%
General Administration & Management	183.1	372.6	285.5	64%	0.0	0.0	0.0	-	183.1	372.6	285.5	64%
Other	-0.5			-	0.0			-	-0.5			-
Ministry of Commerce and Industry	391.3	632.7	523.9	75%	216.3	361.1	312.7	69%	607.7	1059.7	866.7	70%
Private Sector and Industry Development	13.6	33.8	25.2	54%	203.1	361.1	312.7	65%	216.7	405.7	347.9	62%
Trade Policy and Transit	129.9	290.6	219.7	59%	3.2	0.0	0.0	-	133.1	300.2	225.9	59%
Admin and Regulatory Services	248.1	308.2	279.0	89%	10.1	0.0	0.0	-	258.2	353.7	293.0	88%
Other	-0.3			-	0.0			-	-0.3			-
Ministry of Labour, Social Affairs, Martyrs and Disabled	7982.9	13816.0	13450.6	59%	100.3	795.1	165.1	61%	8083.1	14709.8	13682.8	59%
Labor Support Program	3023.5	4763.0	4747.3	64%	89.5	787.1	160.5	56%	3113.0	5634.4	4962.4	63%
Social services	187.4	422.9	314.6	60%	2.3	8.0	4.6	49%	189.7	430.9	319.2	59%
Martyrs and Disabled	4424.8	7680.7	7669.7	58%	6.6	0.0	0.0	-	4431.5	7687.4	7676.3	58%
Administration & Finance	348.0	949.5	718.9	48%	1.8	0.0	0.0	-	349.8	957.3	724.9	48%
Other	-0.8			-	0.0			-	-0.8			-
Ministry of Defence	23010.8	112920.8	100259.1	23%	0.0	0.0	0.0	-	23010.8	112920.8	100259.1	23%
Cambat forces	18928.8	87786.0	77282.1	24%	0.0	0.0	0.0	-	18928.8	87786.0	77282.1	24%
Supportive forces	4160.4	25124.8	22977.0	18%	0.0	0.0	0.0	-	4160.4	25124.8	22977.0	18%
Other	-78.3			-	0.0			-	-78.3			-
Ministry of Women Affairs	78.3	200.4	151.7	52%	18.6	0.0	0.0	-	96.9	242.3	178.5	54%
Women Support and Strengthening	4.6	10.5	8.1	56%	0.0	0.0	0.0	-	4.6	10.5	8.1	56%
Gender Development and policy monitoring	4.8	12.5	9.5	50%	4.6	0.0	0.0	-	9.4	18.0	14.2	66%
Administration & Finance	69.0	177.4	134.1	51%	14.0	0.0	0.0	-	83.0	213.8	156.2	53%
Other	0.0			-	0.0			-	0.0			-
Ministry of Economy	91.6	252.3	186.2	49%	99.1	156.4	122.3	81%	190.7	521.5	353.1	54%
Economic Policy and Strategy and Monitoring and Evaluation	61.9	162.8	120.5	51%	85.5	156.4	122.3	70%	147.4	383.4	272.4	54%
Management & Operations	29.7	89.6	65.7	45%	13.6	0.0	0.0	-	43.3	138.1	80.7	54%
Other	-0.1			-	0.0			-	-0.1			-
Presidents Office	360.9	361.2	361.2	100%	0.0	0.0	0.0	-	360.9	361.2	361.2	100%
Providing Services to the Prisedent	361.2	361.2	361.2	100%	0.0	0.0	0.0	-	361.2	361.2	361.2	100%
Other	-0.3			-	0.0			-	-0.3			-
Ministry of Higher Education	2045.2	4796.5	3605.4	57%	969.5	187.2	34.5	2807%	3014.6	7824.1	4768.5	63%
Providing higher education opportunities	10.8	33.6	25.7	42%	969.5	187.2	34.5	2807%	980.3	3061.2	1188.8	82%
Leadership & Management of Higher Education System	2035.9	4762.9	3579.7	57%	0.0	0.0	0.0	-	2035.9	4762.9	3579.7	57%
Other	-1.6			-	0.0			-	-1.6			-
IARCSC	154.5	348.6	259.2	60%	51.0	266.4	56.9	90%	205.4	739.4	336.1	61%
Appointments & Appeals	24.0	52.0	38.1	63%	0.0	0.0	0.0	-	24.0	52.0	38.1	63%
Public Administrative Reforms	18.8	39.4	29.4	64%	0.0	0.0	0.0	-	18.8	39.4	29.4	64%
Capacity Development	13.5	31.6	23.1	59%	0.0	0.0	0.0	-	13.5	31.6	23.1	59%
Supportive Program	98.1	225.6	168.6	58%	51.0	266.4	56.9	90%	149.0	616.4	245.5	61%
Other	0.0			-	0.0			-	0.0			-
OTHERS	39,902	109,633	90,945		7,225	27,632	13,860		47,127	137,265	104,805	
TOTAL GROSS EXPENDITURES	94,072	289,319	245,432	38%	33,355	118,153	51,279	65%	127,427	429,882	304,689	42%

Expenditure by Policy Area

Table 11. ANDS Expenditures

In millions of Afghanis	1393	1393	1394	1394	1394	1394	%	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated		on 1393
TOTAL GROSS EXPENDITURES	80,001	131,825	82,349	127,427	435,835	307,203	41%	3%
Operating Budget	57,760	96,243	57,111	94,072	289,319	245,189	38%	-1%
Development Budget	22,241	35,581	25,238	33,355	118,153	51,279	65%	13%
Security	34,749	58,521	31,088	56,045	207,695	179,210	31%	-11%
Operating Budget	33,837	57,525	30,927	55,772	206,619	178,740	31%	-9%
Development Budget	911	996	161	273	248	33	824%	-82%
Governance	4,103	7,279	4,399	7,369	17,568	12,006	61%	7%
Operating Budget	3,715	6,695	3,689	6,558	14,394	10,981	60%	-1%
Development Budget	388	584	709	811	1,061	175	464%	83%
Infrastructure	7,718	12,243	8,888	15,065	65,679	32,048	47%	15%
Operating Budget	2,142	3,026	2,163	2,939	6,566	5,718	51%	1%
Development Budget	5,576	9,217	6,725	12,126	45,479	21,403	57%	21%
Education	10,801	18,402	11,946	18,452	56,994	34,255	54%	11%
Operating Budget	8,456	14,871	9,273	15,352	36,849	27,470	56%	10%
Development Budget	2,345	3,531	2,673	3,101	15,152	5,155	60%	14%
Health	4,716	6,135	4,823	5,690	18,151	10,259	55%	2%
Operating Budget	762	1,423	924	1,447	3,168	2,396	60%	21%
Development Budget	3,954	4,712	3,900	4,243	12,660	6,652	64%	-1%
Agriculture	8,314	15,733	10,547	11,923	40,533	18,090	66%	27%
Operating Budget	527	908	534	918	2,011	1,521	60%	1%
Development Budget	7,787	14,825	10,013	11,005	35,596	15,484	71%	29%
Social Protection	7,361	10,013	8,158	8,784	16,240	14,799	59%	11%
Operating Budget	7,265	9,868	7,977	8,586	15,064	14,453	59%	10%
Development Budget	96	144	181	198	837	173	114%	89%
Economic Governance	2,239	3,499	2,500	4,098	12,975	6,535	63%	12%
Operating Budget	1,055	1,927	1,625	2,499	4,648	3,909	64%	54%
Development Budget	1,184	1,572	875	1,599	7,119	2,205	73%	-26%
Unclassified	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-

Security expenditures declined by 11 percent during the first two quarters of FY 1394 when compared to FY 1393. Development budget was the highest component declining by 82 percent. However, this is expected to increase in remaining months of the year due to deteriorating security situation. Mo

Table 12. COFOG Expenditure

In millions of Afghanis	1393	1393	1393	1394	1394	1394	
	Q2	Q2 YTD	% Total	Q2	Q2 YTD	% Total	% Change
TOTAL NET EXPENDITURE	79,994	131,803	100%	82,404	127,472	100%	3%
Sale of Land and Buildings	-7	-21	0%	-7	-17	0%	1%
TOTAL GROSS EXPENDITURE	80,001	131,825	100%	82,412	127,490	100%	3%
RECURRENT EXPENDITURE	66,621	109,753	83%	67,658	107,499	84%	2%
CAPITAL EXPENDITURE	13,380	22,071	17%	14,754	19,991	16%	10%
General Public Services	8,632	13,051	10%	12,645	19,474	15%	46%
Recurrent Expenditure	6,815	10,663	8%	10,121	15,381	12%	49%
Capital Expenditure	1,817	2,388	2%	2,524	4,093	3%	39%
Defence	21,014	34,188	26%	15,715	29,896	23%	-25%
Recurrent Expenditure	19,570	32,731	25%	15,641	29,583	23%	-20%
Capital Expenditure	1,444	1,457	1%	75	312	0%	-95%
Public Order and Safety	12,834	24,095	18%	12,478	23,031	18%	-3%
Recurrent Expenditure	12,716	23,932	18%	12,034	22,534	18%	-5%
Capital Expenditure	118	163	0%	444	497	0%	276%
Economic Affairs	14,476	26,135	20%	16,568	22,069	17%	14%
Recurrent Expenditure	5,156	9,219	7%	6,961	9,325	7%	35%
Capital Expenditure	9,320	16,916	13%	9,606	12,744	10%	3%
Environmental Protection	64	123	0%	81	129	0%	28%
Recurrent Expenditure	46	84	0%	50	88	0%	8%
Capital Expenditure	18	39	0%	32	41	0%	77%
Housing and Communal Amenities	248	343	0%	423	576	0%	70%
Recurrent Expenditure	132	193	0%	157	207	0%	19%
Capital Expenditure	116	150	0%	266	369	0%	128%
Health	4,734	6,167	5%	4,842	5,722	4%	2%
Recurrent Expenditure	4,668	6,040	5%	4,398	5,230	4%	-6%
Capital Expenditure	66	127	0%	444	492	0%	570%
Recreation, Culture and Religion	457	703	1%	754	1,059	1%	65%
Recurrent Expenditure	360	592	0%	552	823	1%	53%
Capital Expenditure	96	111	0%	202	236	0%	110%
Education	10,419	17,807	14%	11,461	17,752	14%	10%
Recurrent Expenditure	10,038	17,089	13%	10,328	16,573	13%	3%
Capital Expenditure	381	718	1%	1,133	1,179	1%	197%
Social Protection	7,123	9,214	7%	7,444	7,783	6%	4%
Recurrent Expenditure	7,121	9,211	7%	7,416	7,755	6%	4%
Capital Expenditure	2	3	0%	28	28	0%	1036%

Expenditures on Inputs

Table 13. Expenditure Summary by Input

In millions of Afghanis	1393	1393	1394	1394	1394	1394	% Growth	%
	Q2	Q2 YTD	Budget	Allocated	Q2	Q2 YTD	on 1393	Budget.
TOTAL GROSS EXPENDITURES	80001	131825	436185	307446	82412	127490	3%	19%
Operating Budget	57760	96243			57174	94134	-1%	
Development Budget	22241	35581			25238	33355	13%	
Discretionary Budget	2891	6591			5721	8256	98%	
Non-discretionary Budget	19350	28991			19517	25099	1%	
TOTAL NET EXPENDITURES	79994	131803			82404	127472	3%	
RECURRENT EXPENDITURES	66621	109753			67658	107499	2%	
Compensation of Employees	37961	70457	160053	130725	37347	68696	-2%	23%
Wages and Salaries	37688	70032			37013	68203	-2%	
Social Benefits	349	556			407	625	16%	
Other Compensation	-77	-130			-72	-131		
Use of Goods and Services	21456	29619	156764	111874	22105	29975	3%	14%
Travel	559	1046			642	937	15%	
Food	993	1368			1076	1367	8%	
Contracted Services	9977	12638			8298	10648	-17%	
Repairs and Maintenance	3229	3788			1306	1619	-60%	
Utilities	1433	1737			1138	1444	-21%	
Fuel	1334	2147			4724	7501	254%	
Tools and Materials	1446	1952			1063	1352	-26%	
Other Use of Goods and Services	2486	4943			3857	5107	55%	
Interest	69	134	608	608	272	375	292%	45%
Social Transfers	7136	9543	14848	14848	7934	8453	11%	53%
Subsidies	200	450			250	347	25%	
Grants	279	287			54	98	-81%	
Foreign Grants	279	287			54	98		
Current Grants	0	0			0	0		
Social Security	6644	8794			7630	7859	15%	
Other Social Transfers ¹	12	12			0	150	-100%	
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	13380	22071	103912	49391	14754	19991	10%	14%
Net Acquisition of NFA²	13373	22050			14746	19973	10%	
Sale of Land and Buildings ³	-7	-21			-7	-17	1%	
Buildings and Structures	5826	9482			10159	13602	74%	
Machinery/ Equipment	1742	1998			1548	3203	-11%	
Valuables	0	0			0	0	-100%	
Land	187	328			150	150	-20%	
Capital Advance Payments	5625	10263			2897	3036	-48%	

1/ Repayment of Advances can cause this line to be negative

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

3/ Negative as this represents a revenue line

Table 14. Operating Expenditure

In millions of Afghanis	1393	1393	1394	1394	1394	1394	%	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated	Budget.	on 1393
TOTAL GROSS EXPENDITURES	57,768	96,264	57,181	94,152	289,061	244,824	20%	-1%
TOTAL NET EXPENDITURES (2)	57,760	96,243	57,174	94,134				
RECURRENT EXPENDITURES								-
Compensation of Employees	37,961	70,457	37,347	68,696	160,053	130,725	23%	-2%
Wages and Salaries	37,688	70,032	37,013	68,203				-2%
o/w Wages and Salaries in Cash	30,434	58,597	31,276	58,076				3%
o/w Wages and Salaries in Kind	5,990	9,103	4,385	7,535				-27%
Social Benefits	349	556	407	625				16%
Other Compensation	-77	-130	-72	-131				
Use of Goods and Services	10,106	13,401	10,709	15,403	97,887	84,969		6%
Travel	433	821	561	825				30%
Food	982	1,343	1,076	1,367				10%
Contracted Services	475	599	230	352				-52%
Repairs and Maintenance	3,081	3,622	1,306	1,619				-58%
Utilities	1,312	1,600	1,138	1,444				-13%
Fuel	1,315	2,121	4,699	7,472				257%
Tools and Materials	1,244	1,637	555	680				-55%
Other Use of Goods and Services	1,263	1,658	1,144	1,644				
Interest	69	134	272	375	608	608	45%	292%
To Non-Residents								
Social Transfers	7,136	9,543	7,934	8,453	13,685	13,685	58%	11%
Subsidies	200	450	250	347				25%
Grants	279	287	54	98				-81%
Foreign Grants	279	287	54	98				
Current Grants	0	0	0	0				
Social Security	6,644	8,794	7,630	7,859				15%
Other Social Transfers	12	12	0	150				-100%
o/w Social Assistance	0	0	0	0				-
o/w Advance Subsidies, Grants	12	12	0	150				-100%
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	2,489	2,709	911	1,207	17,437	15,446		-63%
Net Acquisition of NFA ¹	2,482	2,687	904	1,190				-64%
Sale of Land and Buildings	-7	-21	-7	-17				1%
Buildings and Structures	1,697	1,700	537	561				-68%
Machinery / Equipment (>50,000)	465	541	228	499				-51%
Valuables	0	0	0	0				-100%
Land	187	328	145	145				-22%
Capital Advance Payments	140	140	0	2				-100%

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

Table 15. Development Expenditure Summary

In millions of Afghanis	1393 Q2	1393 Q2 YTD	1394 Q2	1394 Q2 YTD	1394 Budget	1394 Allotted	% Budget.	% Change on 1393
TOTAL GROSS EXPENDITURES	22,241	35,581	25,238	33,355	118,153	51,279	21%	13%
Discretionary Budget	2,891	6,591	5,721	8,256		-		98%
Non-discretionary Budget	19,350	28,991	19,517	25,099		-		1%
TOTAL NET EXPENDITURES (2)	22,234	35,560	25,231	33,338				
Use of Goods and Services	11,350	16,219	11,396	14,572	53,550	24,084	47%	0%
Travel	126	224	81	112				
Communications	10	25	0	0				
Contracted Services	9,502	12,039	8,068	10,296				
Repairs and Maintenance	148	167	0	0				
Utilities	121	137	0	0				
Fuel	18	25	25	29				
Other Use of Goods and Services	1,425	3,601	3,222	4,135				
o/w Tools and materials (< 50,000)	0	0	0	0				
o/w Other Expenses	104	535	127	138				
o/w Advances and Return of Expenditure	1,119	2,750	2,587	3,326				
Subsides, Grants, Social Expenditures	0	0	0	0	1,163	1,163		
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	10,891	19,363	13,842	18,783	63,440	26,032	53%	27%
Net Acquisition of NFA ¹	10,884	19,341	13,835	18,766				
Sale of Land and Buildings	-7	-21	-7	-17				
Buildings and Structures	4,129	7,782	9,621	13,041				
Machinery / Equipment (>50,000)	1,277	1,458	1,320	2,704				
Valuables	0	0	0	0				
Land	0	0	4	4				
Capital Advance Payments	5,485	10,123	2,897	3,034				

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

In the second quarter, expenditure on the compensation of employees was 2 percent lower than last year, reflecting efforts to control expenditure growth. Fuel is the highest spending items within goods and services, accounting for 7.5 billion till the end of the quarter. This goes through the operating budget, with very limited sums spent through the development budget – as should be the case. Spending on the social transfer was 15 percent lower than the previous year because of the implementation of the computerize system.

Table 16. Detailed Development Expenditure

In millions of Afghanis	1393	1393	1394	1394	1394	1394	1394	% Incre:
	Q2	Q2 YTD	Budget	Q2	Q2 YTD	Unspent Budget	Unspent /Total	
TOTAL	80,001	131,825	437,326	82,349	127,427	309,899	71%	3%
Total Infrastructure and Natural Resources	7,718.2	12,243.2	67,345.0	8,887.8	15,065.0	52,280	78%	15%
Ministry of Public Works	1,943.6	4,122.9		2,110.3	4,754.4			9%
Ministry of Transport and Aviation	366.4	366.4		2.6	4.2			-99%
Ministry of Energy and Water	1,489.9	2,196.8		894.6	1,373.7			-40%
Water Supply and Canalization Corporation	411.1	411.1		72.0	209.1			-82%
Ministry of Communication	5,128.0	1398429%		3,510.4	1063547%			-32%
Ministry of Mines and Industries	95.8	278.7		370.2	437.0			287%
Other Ministries	-1,716.5	-9,117.0		1,927.8	-2,348.9			-212%
Total Agriculture and Rural Development	8,314.5	15,732.6	42,137.1	10,546.7	11,923.1	30,214	10%	27%
Ministry of Agriculture	899.1	1,546.2		1,402.4	1,962.6			56%
Ministry of Rural Rehabilitation and Development	6,632.2	12,792.1		8,337.8	8,769.1			26%
Other Ministries	783.1	1,394.3		806.5	1,191.3			3%
Total Education	10,800.9	18,402.2	59,390.2	11,946.2	18,452.4	40,938	13%	11%
Ministry of Education	1,853.9	2,535.5		1,726.1	2,016.1		0%	-7%
Other Ministries	8,947.0	15,866.7		10,220.0	16,436.2		0%	14%
Total Economic Gov. and Private Sector Devel't	2,238.9	3,499.0	13,418.3	2,500.2	4,098.3	9,320	3%	12%
Ministry of Finance	957.7	1,225.9		588.3	870.1		0%	-39%
Other Ministries	1,281.2	2,273.1		1,911.9	3,228.2		0%	49%
Total Health	4,716.2	6,134.8	19,659.8	4,823.4	5,690.4	13,969	5%	2%
Ministry of Public Health	3,953.9	4,712.0		3,899.8	4,243.4		0%	-1%
Total Governance, Rule of Law and Human Rights	4,103.0	7,278.9	19,580.7	4,398.6	7,368.9	12,212	4%	7%
Independent Directorate of Local Governance	83.1	132.3		243.6	263.1		0%	193%
Other Ministries	4,019.9	7,146.7		4,155.0	7,105.8		0%	3%
Total Social Protection	7,361.0	10,013.0	23,722.7	8,158.1	8,784.1	14,939	5%	11%
Total Security	34,748.6	58,520.9	192,071.8	31,088.1	56,044.9	136,027	44%	-11%
Total Unclassified	0.0	0.0	0.0	0.0	0.0	0	0%	-

Table 17. Detailed Operating Expenditure

In millions of Afghanis	Total Operating Expenditures					Wages		G+S		NFA		Others	
	1393	1394	% Change	1394	% Budget	1393	1394	1393	1394	1393	1394	1393	1394
	Q2 YTD	Q2 YTD		Budget		Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD
TOTAL	96,243	94,072	-2.3%	280,896	33%	70,457	68,641	13,401	15,395	2,709	1,207	9,677	8,829
Total Security	57,525	55,772	-3.0%	186,652	30%	47,741	45,673	7,897	8,774	1,430	529	457	796
Ministry of Interior	22,156	24,544	10.8%	67,498		19,232	18,648	2,324	5,283	150	266	450	347
Ministry of Defence	27,632	23,011	-16.7%	103,343		22,483	20,459	4,031	1,842	1,111	260	7	449
Ministry of Foreign Affairs	1,491	1,710	14.7%	3,339		925	1,129	557	581	8	0	0	-0
National Security Council	126	151	19.2%	295		84	92	42	59	0	0	0	0
Presidential Protective Service	613	473	-22.8%	1,106		402	424	57	48	153	1	0	-0
General Directorate of National Security	5,508	5,884	6.8%	11,071		4,615	4,920	886	962	8	2	0	0
Total Governance, Rule of Law and Human Rights	6,695	6,558	-2.0%	14,707	45%	4,962	4,971	1,257	1,409	180	131	297	47
Presidents Office	823	361	-56.2%	2,032		625	265	193	96	6	0	0	0
National Assembly Meshanro Jirga	273	202	-25.9%	546		230	167	31	36	12	0	-0	-0
National Assembly Wolesi Jirga	648	722	11.6%	1,330		566	625	78	95	3	2	-0	-0
Supreme Court	1,557	1,459	-6.3%	3,004		1,456	1,367	97	90	3	1	-0	-0
Ministry of Justice	260	252	-3.0%	621		202	183	57	68	0	0	0	-0
Administrative Affairs	996	1,459	46.5%	1,631		318	832	285	455	96	125	297	47
Ministry of State and Parliament Affairs	44	30	-31.1%	104		36	24	7	6	0	0	0	0
Ministry of Haj and Religious Affairs	267	317	18.6%	876		237	255	23	62	7	0	0	0
Attorney General	526	528	0.3%	1,173		465	471	60	57	1	0	0	-0
Election Commission	52	63	20.2%	195		39	39	13	24	0	0	-0	-0
IARSC	155	154	-0.1%	353		111	109	43	45	0	0	-0	-0
Independent Commission for Overseeing the Implementation of Cons	32	19	-39.9%	69		20	14	12	5	0	0	0	0
The High Office of Oversight and Anti Corruption	65	61	-6.0%	157		49	44	15	17	0	0	-0	-0
Independent Directorate of Local Governance	942	908	-3.7%	2,515		554	565	337	341	52	2	0	-0
Afghanistan Independent Human Rights Commission	0	0	-	0		0	0	0	0	0	0	0	0
Independent Electoral Complaints Commission	55	23	-58.9%	100		51	10	4	13	0	0	0	0
Total Infrastructure and Natural Resources	3,026	2,939	-2.9%	8,269	36%	1,067	1,102	936	1,364	1,023	473	0	0
Ministry of Public Works	1,845	1,650	-10.6%	5,172		195	205	635	989	1,016	456	0	0
Ministry of Transport and Aviation	119	110	-7.4%	284		84	75	34	34	0	1	-0	-0
Ministry of Communication	215	239	11.2%	481		170	166	45	73	0	0	0	0
Ministry of Energy and Water	241	267	10.6%	630		185	197	51	63	5	7	0	0
Water Supply and Canalization Corporation	0	0	-	0		0	0	0	0	0	0	0	0
Da Brishna Shirkat	0	0	-	0		0	0	0	0	0	0	0	0
Ministry of Urban Development	109	130	19.1%	268		82	86	26	44	2	1	0	0
Civil Aviation Authority	99	150	51.7%	521		73	84	26	58	0	8	0	0
Independent Board of new Kabul	0	0	-	0		0	0	0	0	0	0	0	0
Ministry of Mines and Industries	247	233	-5.5%	546		166	173	81	60	0	0	0	-0
Geodesy and Cartography Office	54	58	6.8%	135		41	43	13	15	0	0	-0	-0
Directorate of Environment	84	88	5.0%	191		61	62	23	26	0	0	-0	-0
Afghanistan High Atomic Energy Commission	12	14	14.8%	41		10	12	2	2	0	0	0	0
Municipalities	0	0	-	0		0	0	0	0	0	0	0	0
Total Education	14,871	15,352	3.2%	37,581	41%	13,609	13,688	1,240	1,615	23	48	-0	-0
Ministry of Education	12,894	12,697	-1.5%	32,094		12,143	11,879	734	773	17	44	-0	0
Ministry of Higher Education	1,436	2,045	42.4%	4,088		1,098	1,416	333	626	5	3	-0	-0
Ministry of Information and Culture	215	218	1.4%	484		155	156	60	61	0	0	-0	-0
Science Academy	82	94	15.0%	177		71	86	10	8	0	0	-0	-0
National Olympic Committee	57	111	93.5%	235		16	24	41	86	0	1	0	0
Cricket Board	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan football federation	2	0	-100.0%	38		0	0	2	0	0	0	0	0
Radio and television of Afghanistan	185	187	1.0%	464		125	127	59	60	1	0	-0	-0
Total Health	1,423	1,447	1.7%	4,035	36%	832	945	557	487	34	15	0	0
Ministry of Public Health	1,423	1,447	1.7%	4,035		832	945	557	487	34	15	0	0
Total Agriculture and Rural Development	908	918	1.2%	2,125	43%	682	717	218	198	8	3	-0	0
Ministry of Agriculture	544	502	-7.6%	1,174		424	421	120	79	0	2	-0	0
Ministry of Counter Narcotics	73	79	8.4%	158		50	52	23	27	0	0	-0	0
Ministry of Rural Rehabilitation and Development	229	248	8.3%	542		155	181	67	67	7	0	0	0
Afghanistan Independent Land Authority	62	89	43.8%	250		54	64	8	25	0	1	0	0
Total Social Protection	9,868	8,586	-13.0%	22,367	38%	710	656	363	319	10	0	8,786	7,610
Ministry of Frontiers and Tribal Affairs	175	162	-7.5%	449		94	83	73	78	7	0	-0	-0
Ministry of Martyrs, Disabled and Social Affairs	9,456	7,983	-15.6%	21,240		440	399	229	175	2	0	8,786	7,409
Ministry of Refugees and Repatriates	100	102	2.1%	330		79	80	21	22	0	0	-0	0
Ministry of Women Affairs	80	78	-2.1%	189		59	58	20	20	1	0	0	-0
Office of Disaster Preparedness	34	239	592.9%	98		21	21	14	17	0	0	-0	201
Directorate of Kochis	23	22	-2.9%	61		18	16	5	6	0	0	0	0
Total Economic Gov. and Private Sector Devel't	1,927	2,499	29.7%	5,161	48%	855	887	932	1,229	2	7	138	376
Ministry of Finance	1,508	1,857	23.2%	3,921		566	596	804	878	0	7	138	376
Ministry of Commerce	176	391	121.8%	606		107	109	68	282	1	0	-0	0
Ministry of Economy	103	92	-10.7%	260		74	70	28	21	0	0	0	0
Control and Audit Office	52	62	18.5%	158		36	37	16	24	0	0	0	0
Central Statistics Office	64	69	8.3%	144		54	56	10	13	0	0	-0	-0
Micro Finance Investment Support Facility for Afghanistan	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan National Standard Authority	24	28	16.9%	70		18	19	6	9	1	0	-0	-0
Total Unclassified	0	0	-	0	-	0	0	0	0	0	0	0	0
Unallocated Reserves	0	0	-	0		0	0	0	0	0	0	0	0
Unspecified	0	0	-	0		0	0	0	0	0	0	0	0

1/ Interest, and Subsidies and Transfers

Expenditure by Ministry

Table 18a. Detailed Ministry Expenditure

In millions of Afghanis	1393		1394		1394	1394	% Alloc.	% Increase
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated		
TOTAL GROSS EXPENDITURES	80,001	131,825	82,349	127,427	435,835	307,203	41%	-3%
Operating Budget	57,760	96,243	57,111	94,072	289,319	245,189	38%	-2%
Development Budget	22,241	35,581	25,238	33,355	118,153	51,279	65%	-6%
Ministry of Interior	12,246	22,338	14,074	24,755	77,925	66,660	37%	11%
Operating Budget	12,090	22,156	13,961	24,544	77,537	66,411	37%	11%
Development Budget	156	182	113	211	44	23	931%	16%
Ministry of Defence	17,664	27,792	12,271	23,011	112,921	100,259	23%	-17%
Operating Budget	17,504	27,632	12,271	23,011	112,921	100,259	23%	-17%
Development Budget	161	161	0	0	0	0	-	-100%
Ministry of Foreign Affairs	1,553	2,104	1,399	1,711	3,428	2,381	72%	-19%
Operating Budget	990	1,491	1,399	1,710	2,988	2,253	76%	15%
Development Budget	563	613	0	2	183	0	-	-100%
National Security Council	64	126	117	151	299	209	72%	19%
Operating Budget	64	126	117	151	299	209	72%	19%
Development Budget	0	0	0	0	0	0	-	-
Presidential Protective Service	395	628	279	490	1,077	747	66%	-22%
Operating Budget	389	613	262	473	977	728	65%	-23%
Development Budget	6	15	17	17	0	0	-	14%
General Directorate of National Security	2,826	5,533	2,948	5,927	12,045	8,955	66%	7%
Operating Budget	2,801	5,508	2,918	5,884	11,898	8,881	66%	7%
Development Budget	25	25	30	43	22	10	413%	75%
Total Security	34,749	58,521	31,088	56,045	207,695	179,210	31%	-4%
Operating Budget	33,837	57,525	30,927	55,772	206,619	178,740	31%	-3%
Development Budget	911	996	161	273	248	33	824%	-73%
Presidents Office	449	892	0	361	361	361	100%	-60%
Operating Budget	429	823	0	361	361	361	100%	-56%
Development Budget	21	69	0	0	0	0	-	-100%
National Assembly Meshanro Jirga	146	273	138	248	574	429	58%	-9%
Operating Budget	146	273	111	202	516	383	53%	-26%
Development Budget	0	0	27	46	0	0	-	-
National Assembly Wolesi Jirga	289	648	409	724	1,382	1,035	70%	12%
Operating Budget	289	648	407	722	1,366	1,033	70%	12%
Development Budget	0	0	2	2	1	0	-	-
Supreme Court	864	1,607	795	1,493	3,205	2,269	66%	-7%
Operating Budget	819	1,557	760	1,459	2,981	2,223	66%	-6%
Development Budget	44	50	34	34	195	32	108%	-32%
Ministry of Justice	167	287	220	353	1,056	607	58%	23%
Operating Budget	158	260	150	252	633	477	53%	-3%
Development Budget	10	28	70	101	257	26	382%	263%
Administrative Affairs	740	1,111	1,114	1,533	3,647	2,856	54%	38%
Operating Budget	626	996	1,040	1,459	3,442	2,776	53%	46%
Development Budget	115	115	74	74	0	0	-	-36%
Ministry of State and Parliament Affairs	31	44	35	47	127	99	48%	7%
Operating Budget	30	44	18	30	82	65	46%	-31%
Development Budget	1	1	17	17	0	0	-	2833%
Ministry of Haj and Religious Affairs	186	313	340	449	1,097	787	57%	44%
Operating Budget	155	267	208	317	842	634	50%	19%
Development Budget	32	46	132	132	0	0	-	189%
Attorney General	313	554	320	566	1,325	867	65%	2%
Operating Budget	297	526	286	528	1,097	825	64%	0%
Development Budget	16	28	34	39	127	21	181%	38%
Election Commission	29	52	41	63	160	122	52%	20%
Operating Budget	29	52	41	63	160	122	52%	20%
Development Budget	0	0	0	0	0	0	-	-
IARCSC	158	243	133	205	739	336	61%	-15%
Operating Budget	91	155	90	154	349	259	60%	0%
Development Budget	67	88	43	51	266	57	90%	-42%
Independent Commission for Overseeing the Implementation of Cons	21	32	11	19	45	35	55%	-40%
Operating Budget	21	32	11	19	45	35	55%	-40%
Development Budget	0	0	0	0	0	0	-	-
The High office of Oversight and Anti Corruption	35	93	52	96	234	116	83%	3%
Operating Budget	35	65	36	61	107	81	76%	-6%
Development Budget	0	28	16	35	0	0	-	25%
Independent Directorate of Local Governance	620	1,075	758	1,171	3,444	2,005	58%	9%
Operating Budget	536	942	515	908	2,298	1,660	55%	-4%
Development Budget	83	132	244	263	215	38	692%	99%
Afghanistan Independent Human Rights Commission	0	0	17	17	100	34	50%	-
Operating Budget	0	0	0	0	42	0	-	-
Development Budget	0	0	17	17	0	0	-	-
Independent Electoral Complaints Commission	55.34	55.34	16.67	22.76	71	49	47%	-59%
Operating Budget	55.34	55.34	16.67	22.76	71	49	47%	-59%
Development Budget	0.00	0.00	0.00	0.00	0	0	-	-
Total Governance, Rule of Law and Human Rights	4,103	7,279	4,399	7,369	17,568	12,006	61%	1%
Operating Budget	3,715	6,695	3,689	6,558	14,394	10,981	60%	-2%
Development Budget	388	584	709	811	1,061	175	464%	39%

Table 18b. Detailed Ministry Expenditure

(In millions of Afghanis)	1393		1394		1394		1394	
	Q2 YTD		Q2 YTD		Budget	Allocated	% Alloc.	%Change
Ministry of Public Works	3,380	5,968	3,478	6,404	26,582	11,711	55%	7%
Operating Budget	1,436	1,845	1,368	1,650	3,601	3,463	48%	-11%
Development Budget	1,944	4,123	2,110	4,754	17,682	6,412	74%	15%
Ministry of Transport and Aviation	439	486	64	114	366	234	49%	-76%
Operating Budget	73	119	61	110	297	230	48%	-7%
Development Budget	366	366	3	4	0	0	-	-99%
Ministry of Communication	177	291	204	311	817	564	55%	7%
Operating Budget	127	215	155	239	496	378	63%	11%
Development Budget	51	76	49	72	322	186	39%	-6%
Ministry of Energy and Water	1,629	2,438	1,048	1,640	9,291	3,389	48%	-33%
Operating Budget	139	241	153	267	595	450	59%	11%
Development Budget	1,490	2,197	895	1,374	4,443	1,864	74%	-37%
Water Supply and Canalization Corporation	411	411	72	209	577	248	84%	-49%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	411	411	72	209	0	0	-	-49%
Da Brishna Shirkat	862	1,045	1,895	3,359	15,479	10,679	31%	221%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	862	1,045	1,895	3,359	15,479	10,679	31%	221%
Ministry of Urban Development	186	240	344	477	1,634	975	49%	99%
Operating Budget	66	109	84	130	281	210	62%	19%
Development Budget	120	130	260	347	375	209	166%	166%
Civil Aviation Authority	67	99	844	1,298	4,678	1,667	78%	1210%
Operating Budget	67	99	114	150	370	281	53%	52%
Development Budget	0	0	730	1,148	2,839	495	232%	-
Independent Board of new Kabul	13	42	34	49	110	93	53%	16%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	13	42	34	49	0	0	-	16%
Ministry of Mines and Industries	249	526	506	670	2,439	1,142	59%	28%
Operating Budget	153	247	136	233	565	436	54%	-6%
Development Budget	96	279	370	437	1,195	576	76%	57%
Geodesy and Cartography Office	30	54	34	70	149	107	66%	29%
Operating Budget	30	54	34	58	127	95	61%	7%
Development Budget	0	0	0	12	0	0	-	-
Directorate of Environment	62	100	69	107	259	169	63%	7%
Operating Budget	46	84	50	88	194	145	61%	5%
Development Budget	16	16	19	19	0	0	-	20%
Afghanistan High Atomic Energy Commission	5	12	7	14	41	30	45%	15%
Operating Budget	5	12	7	14	41	30	45%	15%
Development Budget	0	0	0	0	0	0	-	-
Irrigation and canalization Shirkat	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Municipalities	207	532	289	342	3,257	1,040	33%	-36%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	207	532	289	342	3,143	982	35%	-36%
Total Infrastructure and Natural Resources	7,718	12,243	8,888	15,065	65,679	32,048	47%	23%
Operating Budget	2,142	3,026	2,163	2,939	6,566	5,718	51%	-3%
Development Budget	5,576	9,217	6,725	12,126	45,479	21,403	57%	32%
Ministry of Education	9,194	15,429	9,285	14,713	47,151	28,230	52%	-5%
Operating Budget	7,340	12,894	7,559	12,697	30,639	22,786	56%	-2%
Development Budget	1,854	2,535	1,726	2,016	14,867	5,111	39%	-20%
Ministry of Higher Education	1,211	2,358	2,162	3,015	7,824	4,768	63%	28%
Operating Budget	790	1,436	1,297	2,045	4,796	3,605	57%	42%
Development Budget	420	922	865	969	187	35	2807%	5%
Ministry of Information and Culture	153	242	160	262	720	433	61%	8%
Operating Budget	125	215	149	218	482	367	59%	1%
Development Budget	28	28	10	44	42	9	472%	60%
Science Academy	48	83	67	97	235	183	53%	17%
Operating Budget	47	82	65	94	224	180	52%	15%
Development Budget	1	1	3	3	0	0	-	119%
National Olympic Committee	67	81	148	168	564	321	52%	108%
Operating Budget	43	57	90	111	301	231	48%	94%
Development Budget	24	24	57	57	25	0	-	143%
Cricket Board	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Afghanistan football federation	2	2	0	0	0	0	-	-100%
Operating Budget	2	2	0	0	0	0	-	-100%
Development Budget	0	0	0	0	0	0	-	-
Radio and television of Afghanistan	127	206	124	198	499	320	62%	-4%
Operating Budget	108	185	114	187	406	301	62%	1%
Development Budget	19	21	11	11	32	0	-	-50%
Total Education	10,801	18,402	11,946	18,452	56,994	34,255	54%	0%
Operating Budget	8,456	14,871	9,273	15,352	36,849	27,470	56%	3%
Development Budget	2,345	3,531	2,673	3,101	15,152	5,155	60%	-12%
Ministry of Public Health	4,716	6,135	4,823	5,690	18,151	10,259	55%	-7%
Operating Budget	762	1,423	924	1,447	3,168	2,396	60%	2%
Development Budget	3,954	4,712	3,900	4,243	12,660	6,652	64%	-10%
Total Health	4,716	6,135	4,823	5,690	18,151	10,259	55%	-7%
Operating Budget	762	1,423	924	1,447	3,168	2,396	60%	2%
Development Budget	3,954	4,712	3,900	4,243	12,660	6,652	64%	-10%

Table 18c. Detailed Ministry Expenditure

(In millions of Afghanis)	1393		1394		1394		1394	
	Q2 YTD	Q2 YTD	Q2 YTD	Budget	Allocated	% Alloc.	%Change	
Ministry of Agriculture	1,213	2,090	1,691	2,465	9,189	5,283	47%	18%
Operating Budget	314	544	288	502	1,072	806	62%	-8%
Development Budget	899	1,546	1,402	1,963	6,712	3,800	52%	27%
Ministry of Counter Narcotics	290	553	303	334	1,623	698	48%	-40%
Operating Budget	41	73	47	79	174	131	60%	8%
Development Budget	249	480	255	255	1,413	549	47%	-47%
Ministry of Rural Rehabilitation and Development	6,753	13,021	8,481	9,017	29,326	11,890	76%	-31%
Operating Budget	121	229	143	248	512	388	64%	8%
Development Budget	6,632	12,792	8,338	8,769	27,471	11,135	79%	-31%
Afghanistan Independent Land Authority	58	69	73	107	396	220	49%	55%
Operating Budget	52	62	55	89	252	196	46%	44%
Development Budget	7	7	18	18	0	0	-	162%
Total Agriculture and Rural Development	8,314	15,733	10,547	11,923	40,533	18,090	2	-24%
Operating Budget	527	908	534	918	2,011	1,521	2	1%
Development Budget	7,787	14,825	10,013	11,005	35,596	15,484	#VALUE!	-26%
Ministry of Frontiers and Tribal Affairs	112	184	156	203	517	336	61%	10%
Operating Budget	112	175	115	162	397	294	55%	-7%
Development Budget	0	9	41	41	0	0	-	355%
Ministry of Martyrs, Disabled and Social Affairs	7,112	9,586	7,768	8,083	14,710	13,683	59%	-16%
Operating Budget	7,018	9,456	7,682	7,983	13,816	13,451	59%	-16%
Development Budget	95	130	86	100	795	165	61%	-23%
Ministry of Refugees and Repatriates	57	104	63	103	281	179	57%	-1%
Operating Budget	57	100	63	102	225	171	60%	2%
Development Budget	0	4	0	1	42	8	6%	-87%
Ministry of Women Affairs	45	81	64	97	242	179	54%	19%
Operating Budget	44	80	45	78	200	152	52%	-2%
Development Budget	1	1	19	19	0	0	-	1325%
Office of Disaster Preparedness	21	34	88	266	389	361	74%	673%
Operating Budget	21	34	60	239	358	333	72%	593%
Development Budget	0	0	28	28	0	0	-	-
Directorate of Kochis	13	23	20	32	101	62	51%	39%
Operating Budget	13	23	12	22	68	52	42%	-3%
Development Budget	0	0	7	10	0	0	-	-
Total Social Protection	7,361	10,013	8,158	8,784	16,240	14,799	59%	-12%
Operating Budget	7,265	9,868	7,977	8,586	15,064	14,453	59%	-13%
Development Budget	96	144	181	198	837	173	114%	37%
Ministry of Finance	1,759	2,734	1,740	2,727	8,288	4,539	60%	0%
Operating Budget	801	1,508	1,151	1,857	3,399	2,923	64%	23%
Development Budget	958	1,226	588	870	4,007	1,321	66%	-29%
Ministry of Commerce	167	275	436	608	1,060	867	70%	121%
Operating Budget	115	176	326	391	633	524	75%	122%
Development Budget	51	99	110	216	361	313	69%	120%
Ministry of Economy	145	243	113	191	522	353	54%	-21%
Operating Budget	58	103	53	92	252	186	49%	-11%
Development Budget	87	140	60	99	156	122	81%	-29%
Control and Audit Office	106	144	117	174	939	286	61%	21%
Operating Budget	31	52	38	62	138	109	57%	19%
Development Budget	75	92	80	113	760	161	70%	23%
Central Statistics Office	48	80	47	81	446	142	57%	2%
Operating Budget	35	64	38	69	154	115	60%	8%
Development Budget	13	16	9	12	271	27	46%	-23%
Afghanistan Investment Support Agency	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Micro Finance Investment Support Facility for Afghanistan	0	0	0	257	1,564	261	99%	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	257	1,564	261	99%	-
Afghanistan National Standard Authority	14	24	47	60	157	87	68%	146%
Operating Budget	14	24	19	28	71	52	55%	17%
Development Budget	0	0	29	31	0	0	-	-
Total Economic Gov. and Private Sector Devel't	2,239	3,499	2,500	4,098	12,975	6,535	63%	17%
Operating Budget	1,055	1,927	1,625	2,499	4,648	3,909	64%	30%
Development Budget	1,184	1,572	875	1,599	7,119	2,205	73%	2%
Unallocated Reserves	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Unspecified	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Total Unclassified	0	0	0	0	0	0	-	-
Operating Budget	-	-	-	-	-	-	-	-
Development Budget	-	-	-	-	-	-	-	-

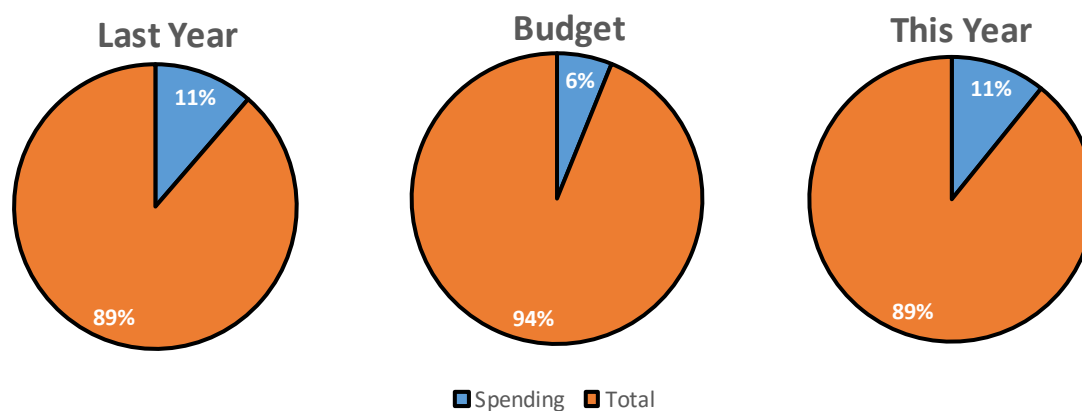
Social Welfare

Table 19. Key Poverty Targeting Expenditures

	1393	1394	% Budget	
	Q2 YTD	Budget	Q2 YTD	
Total Poverty Targeting Expenditure	8477	28531	7718	27%
Directorate of Kochis	23	96	32	33%
Ministry of Education	15429	47786	14713	31%
Technical and Vocational Training	964	3965	914	23%
Ministry of Frontiers and Tribal Affairs	184	597	203	34%
Ministry of Urban Development	240	1544	477	31%
Housing	7	192	6	3%
Urban Infrastructure	87	771	322	42%
Ministry of Rural Rehabilitation and Development	13021	29358	9017	31%
Rural Infrastructure	1446	8271	1096	13%
Ministry of Martyrs, Disabled and Social Affairs	9586	22207	8083	36%
Social Support Program	196	456	190	42%
Martyrs and Disabled	5535	13212	4431	34%
Office of Disaster Preparedness	34	128	266	207%
Micro Finance Investment Support Facility for Afghanistan	0	844	257	30%

Government spending was Afs 7.7 billion on the poverty targeting programs, this is a substantial amount of government resources, although represents little change on last year as a result of the restrictive fiscal situation. The main spending item in this category is spending on martyrs and disabled – the Government’s program to provide support to people injured, or the families of those killed.

Note: the above spending does not represent all of the Government’s anti-poverty spending, but instead represents the Ministries/programs carrying out anti-poverty activity as the major component of their work.



Provinces

Table 20. Revenues by Key Province

In millions of Afghanis	1393	1393	1394	1394	1394	% Target	% Change
	Q2	Q2 YTD	Est. Target	Q2	Q2 YTD		on 1393
Kabul	651	1272	4124	785	1421	19%	20%
Nangarhar	2814	5303	17185	3401	6404	20%	21%
Balkh	1679	3585	11649	1972	3728	17%	17%
Kandahar	792	1506	4880	1325	2386	27%	67%
Faryab	1005	1904	6171	340	919	6%	-66%
Herat	3319	6301	20427	3666	7670	18%	10%
Nimroz	1605	3111	10086	2025	3704	20%	26%
Central Ministries	10040	20655	66977	11302	20665	17%	13%

Overall most of the key provinces experienced increase in their revenue collection by end of 2nd quarter 1394, compared to the same period in 1393. Revenue collection by Kandahar was the largest among the provinces. Improvement in security situation in that area and changes in the administration and governance is said to attribute to this increase.

Other key provinces such as Nimroz, Nangarhar, Balkh, and Herat growth were around 26%, 21%, 17%, 10% respectively, whereas there was large fall in revenue for Faryab province. Worsening security situation in some provinces, and on-going uncertainty related to so far unfilled governor positions in some provinces have, to large extent, contributed to fall in revenue collections. All border provinces (except Faryab) Kandahar, Nimroz, Nangarhar, Balkh and Herat have so far performed better than previous years – reflecting the overall improvement in customs.

Table 21. Development Expenditure on Provinces

In millions of Afghanis	1393	1393	1394	1394	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1393
TOTAL	22,241.1	35,581.4	25,237.9	33,355.3	-6%
Badakhshan	215	290	687	747	158%
Badghis	715	1,412	380	394	-72%
Baghlan	496	775	577	1,180	52%
Balkh	411	676	598	958	42%
Bamyan	134	311	224	641	106%
Central Ministries	12,228	18,562	3,893	5,311	-71%
Dikondy	186	252	297	305	21%
Farah	133	156	378	641	312%
Faryab	421	433	252	267	-38%
Ghazni	194	269	746	875	226%
Ghor	192	279	563	682	145%
Helmand	520	678	1,051	1,376	103%
Herat	1,057	1,249	919	1,058	-15%
Jawzjan	72	135	255	272	101%
Kabul	1,609	4,501	4,030	5,959	32%
Kandahar	178	242	830	1,189	391%
Kapisa	78	142	277	362	156%
Khost	162	183	406	437	139%
Kunar	164	263	414	478	82%
Kunduz	251	330	751	1,036	214%
Laghman	132	172	533	540	215%
Logar	135	218	283	337	54%
Nangarhar	473	694	1,074	1,207	74%
Nimroz	198	424	472	862	103%
Nuristan	113	178	277	369	107%
Offshore Payments	364	619	345	420	-32%
Paktika	117	144	295	418	189%
Paktiya	124	193	660	691	259%
Pangsher	34	83	196	264	217%
Parwan	226	301	495	563	87%
Samangan	200	344	351	504	47%
Saripul	118	181	479	493	172%
Takhar	222	394	534	611	55%
Uruzgan	147	205	787	809	294%
Wardak	130	151	451	589	291%
Zabul	93	145	478	507	250%

For the development spending that how much goes to each province, the above table covers spending by central ministries and spending allocated to each provinces. Spending for most of the provinces have increased compare to

what the spent till the end of the 2nd quarter in 1393. The reason for the increase is better management by the new administration and acceleration of the development projects.

Table 22. Revenue from All Provinces

In millions of Afghanis	1393	1393	1394	1394	1394	% Target	% Change
	Q2	Q2 YTD	Est. Target	Q2	Q2 YTD		on 1393
REVENUES exc. grants	24,353.0	47,751.7	154,741.6	28,140.2	52,469.2	34%	10%
Badakhshan	70	100	325	60	123	38%	22%
Badghis	31	42	136	27	42	31%	1%
Baghlan	77	115	373	71	145	39%	26%
Balkh	1,679	3,595	11,649	1,972	3,728	32%	4%
Bamyan	46	58	186	24	47	25%	-18%
Central Ministries	10,059	20,669	66,977	11,322	20,700	31%	0%
Dikondy	18	24	78	17	32	41%	33%
Farah	712	1,277	4,139	1,284	1,858	45%	45%
Faryab	1,005	1,904	6,171	340	919	15%	-52%
Ghazni	80	123	397	104	194	49%	59%
Ghor	27	38	122	34	58	47%	53%
Helmand	163	247	800	166	261	33%	6%
Herat	3,322	6,304	20,427	3,666	7,670	38%	22%
Jawzjan	57	91	294	62	126	43%	39%
Kabul	652	1,273	4,124	785	1,428	35%	12%
Kandahar	792	1,506	4,880	1,325	2,386	49%	58%
Kapisa	35	52	169	63	95	56%	82%
Khost	174	326	1,058	207	344	33%	5%
Kunar	57	82	267	58	104	39%	27%
Kunduz	216	400	1,295	196	333	26%	-17%
Laghman	46	63	205	41	88	43%	38%
Logar	31	50	162	38	79	49%	59%
Nangarhar	2,814	5,303	17,185	3,401	6,404	37%	21%
Nimroz	1,606	3,113	10,086	2,025	3,704	37%	19%
Nuristan	14	14	46	11	14	31%	1%
Offshore Payments	0	0	0	0	0	-	-
Paktika	39	59	191	173	273	143%	363%
Paktiya	219	463	1,501	365	671	45%	45%
Pangsher	18	28	89	21	60	68%	119%
Parwan	70	97	314	44	100	32%	3%
Samangan	38	55	179	37	69	39%	25%
Saripul	35	47	152	25	54	36%	16%
Takhar	70	118	381	96	192	50%	63%
Uruzgan	16	20	66	15	39	60%	95%
Wardak	44	65	210	47	93	44%	43%
Zabul	22	32	103	18	33	32%	4%

Debt

More up to date debt data was not available.

Debt has remained low relative to the size of the overall economy, post-HIPC debt forgiveness.

The debt itself remains very low interest, with high maturities (in part the high maturity here is a function of the number of debt lines which are not having principal payments made on them). In general, newly acquired debt has a very high degree of concessionality (high grace and repayment periods, and low interest).

Central Government Debt Stock				Change	
In Million Afs	1393 Q3	1393 Q4	1394 Q1	YoY	QoQ
EXTERNAL	138,066.00	134,558.00	135,434.00	-2%	1%
International Organisations	77,318.00	72,452.00	73,345.00	-5%	1%
IMF	8,567.00	7,374.00	7,472.00	-13%	1%
World Bank	24,121.00	23,841.00	24,096.00	0%	1%
Islamic Development Bank	2,003.00	2,044.00	2,158.00	8%	6%
Asian Development Bank	42,526.00	39,090.00	39,516.00	-7%	1%
Others	101.00	103.00	103.00	2%	0%
Foreign Governments	60,748.00	62,106.00	62,089.00	2%	0%
Russian Federation	53,281.00	54,520.00	54,520.00	2%	0%
Saudi Fund	2,676.00	2,696.00	2,669.00	0%	-1%
Others	4,792.00	4,890.00	4,899.00	2%	0%
DOMESTIC	30,415.00	30,996.00	30,996.00	2%	0%
Bonds (Non-Tradable)	30,415.00	30,996.00	30,996.00	2%	0%
Commercial Banks	-	-	-	-	-
CENTRAL GOVERNMENT DEBT	168,481.00	165,554.00	166,430.00	-1%	1%

In Percent

Portion Short Term Debt ¹	-	-	-	-	-
Implied Maturity of Debt (Years)	142.40	245.00	206.60	45%	-16%
Implied Interest Rate of Debt	0.1%	0.1%	0.1%	-13.7%	43.4%

1/ Less than one year

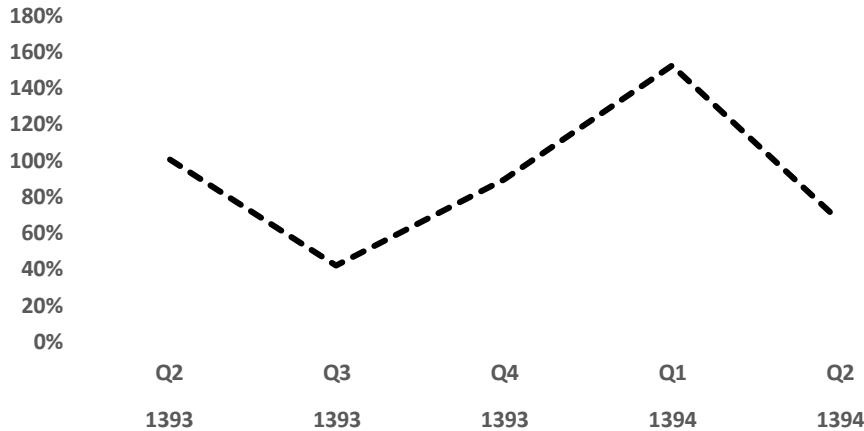
Fiscal Sustainability

Table 24. Fiscal Sustainability

	1393	1393	1393	1394	1394
	Q2	Q3	Q4	Q1	Q2
Domestic Revenue/Total	47%	62%	34%	39%	44%
Customs Revenue/Total	12%	16%	9%	11%	12%
Grants/Total	53%	38%	66%	61%	56%
Op. Spending/Dom. Rev.	238%	256%	249%	152%	204%
Salaries/Total Expenditure	47%	49%	45%	69%	45%
Interest/Expenditure	0.1%	0.2%	0.5%	0.3%	0.6%
Financing/Expenditure	-11.1%	-34.2%	12.6%	58.3%	-6.8%

Fiscal sustainability indicators show a mixed picture, as shown in the table depict that it improved in some areas and worsened slightly in other areas. Compared to last year salaries make up a smaller portion of total expenditures reflecting savings in bonuses and overtime payments. Likewise, the financing gap this quarter is smaller compared to last year due to improved revenue performance and spending restraints.

Sustainability Indicator



The overall indicator duplicates this mix picture. The indicator index is at the same position at last year. In general we expect some cyclical movement through the year as we tend to spend very little in the first quarter and see a spike in revenues in the last quarter.

A fall in the indicator suggests a worsening of sustainability, and increase suggests and improvement.

Fiscal Balances

25. Summary Transactions Affecting Net Worth

In millions of Afghanis	1393	1393	1394	1394	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1393
TRANSACTIONS AFFECTING NET WORTH					
Revenues including Grants	70,768	126,192	76,793	148,051	78%
Expenditures (Recurrent)	66,621	109,753	67,658	107,499	65%
Interest	69	134	272	375	93%
Net Operating Balance	4,146	16,439	9,135	40,552	296%
Primary Operating Balance	4,216	16,573	9,406	40,927	147%
TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Acquisition of Nonfinancial Assets	13,373	22,050	14,746	19,973	65%
Net Lending-Borrowing	-9,227	-5,611	-5,612	20,578	-39%
Financing	9,227	5,611	5,612	-20,578	-39%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
Net Acquisition of Financial Assets	6,740	3,396	6,350	-19,628	-50%
Net Acquisition of Financial Liabilities	2,486	2,215	-738	-950	-11%
RETAINED EARNINGS					
Discrepancies	0	0	0	0	

In the first two quarters the government run a surplus. In the second quarter alone the government ran a slight deficit. However, the surplus in the first quarter was large enough that year to date there is still a positive fiscal balance.

The large portion of expenditures on capital was on the purchase of buildings. Overall, purchases of NFAs are similar to last year. However, fewer of the purchases have been on capital advance payments reflecting more funds being spent on ongoing capital

Table 26. Transactions in Non-Financial Assets

In millions of Afghanis	1393	1393	1394	1394	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1393
NET ACQUISITION OF NONFINANCIAL ASSETS	13,373	22,050	14,746	19,973	10%
Land and Buildings	6,005	9,789	10,301	13,734	72%
Purchase of Land and Buildings	6,013	9,810	10,308	13,752	71%
Buildings and Structures	5,826	9,482	10,159	13,602	74%
Land	187	328	150	150	-20%
Sale of Land and Buildings	-7	-21	-7	-17	1%
Sale of State-Owned Enterprises	0	0	0	0	-
Machinery and Equipment (>50,000)	1,742	1,998	1,548	3,203	-11%
Valuables	0	0	0	0	-100%
Other Acquisitions	5,625	10,263	2,897	3,036	-48%
Capital Advance Payments	5,625	10,263	2,897	3,036	-48%

projects.

27. Transactions in Financial Assets and Liabilities

In millions of Afghanis	1393	1393	1394	1394	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1393
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	9,227	5,611	5,612	-20,578	-39%
TOTAL FINANCING					-
Net Acquisition of Financial Assets	6,740	3,396	6,350	-19,628	-6%
<i>Domestic</i>	6,740	3,396	6,350	-19,628	-6%
Currency and Deposits	4,016	7,440	-621	-19,842	-115%
Treasury Single Account	9,039	15,288	-10,183	-24,217	-213%
Provincial Revenue Accounts	0	0	0	-53	-100%
Donor Accounts	-5,023	-7,848	9,561	4,427	-290%
Other Deposit Accounts	0	0	1	1	#####
Loans	1	16	1	7	-17%
Loans	2	2	1	2	-56%
Advances	-1	13	0	6	-100%
Other Accounts Receivable	2	107	78	78	4611%
Clearing Accounts	0	0	78	78	129930%
Other Current Assets	2	107	0	0	-100%
Other Assets	2,722	-4,167	6,892	129	153%
Provincial Expenditure Accounts	2,722	-4,167	6,892	129	153%
Other	0	0	0	0	-100%
<i>Foreign</i>					-
					-
Net Acquisition of Financial Liabilities	2,486	2,215	-738	-950	-130%
<i>Domestic</i>	2,144	1,288	-743	-1,084	-135%
Accounts Payable	552	2,269	-892	1,336	-261%
Accounts Payable - Suppliers	628	2,289	-895	1,342	-243%
Accounts Payable - Other	-76	-20	4	-5	-105%
Pension Liabilities	9	1	-7	1	-181%
Other Payables	0	0	0	0	-
Other Liabilities	1,583	-983	156	-2,422	-90%
<i>Foreign</i>	342	927	4	134	-99%
Foreign Currency	0	0	0	0	-
Loans	348	942	23	157	-93%
Currency Gain/Loss	-6	-15	-18	-23	218%

The balance of the TSA increased substantially in the first two quarters. Funds were used from the donor account on a net basis largely as a result of increased spending activities in the second quarter. Some of the funds deposited in the TSA in the first two quarter are the result of advance of LOTFA and CSTC-A. We have also acquired some outstanding liabilities to suppliers (accounts payable). However, these are off-set by reduction in other liabilities.

Article: Fiscal Rules

Background

Fiscal Rules are a constraint, put in place permanently, on fiscal policy – typically through simple, numerical limits of budget aggregates¹. The introduction of fiscal rules is often done in order to provide multi-year assurance of the willingness of the Government to keep controls over the fiscal situation.

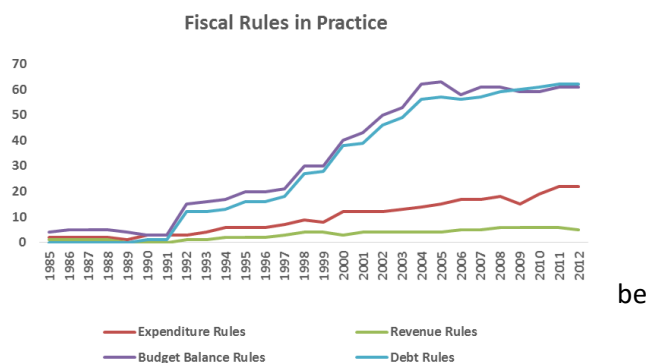
Since the Global Financial Crisis fiscal rules have come under increased pressure and scrutiny. The European Union's Fiscal Compact (a set of fiscal rules), replaced the original Stability and Growth Pact, which broke apart following the financial crisis. After the economic downturn in 2008 it became clear that European countries would no longer be able to meet the criteria of the S&G Pact: countries had to maintain fiscal deficits within 3% of GDP, and overall debt below 60%².

The new Fiscal Compact maintains the 3% general budget deficit target, and the 60% debt target – adding a rule on how quickly a country must reduce debt down to the 60% level. The FC also codifies more universally the requirement to have structural balance targets. The EU in 2005 also adopted a clause to allow for breaches of the ceiling if the economic conditions are sufficiently poor.

Types of Rules

Fiscal rules have in general seen increased use around the world, with the most popular being budget balance and debt rules. There are three key types of fiscal rules used around the world (we omit discussions of revenue rules here, given their limited use):

- **Expenditure Rules:** rules targeting the total, or primary expenditure aggregates. These can either be imposed as a growth rate (e.g. no more than 3% growth in aggregate expenditure each year), or as a percent of GDP (e.g. expenditure must not exceed 20% of GDP for the year). These rules are typically good at constraining the possibility of expenditure expansion during periods of windfall revenues (and helping prevent wastage of windfalls, or encourage systems to be set up to manage one-off revenues).
- **Debt Rules:** rules targeting the overall level of debt. These are typically put in place on a percent of GDP basis (e.g. debt must not exceed 60% of GDP). These are typically good at helping converge towards a target level of debt (often when above), and the rules will oftentimes be put in place with a timeline: for example, debt levels must not exceed 60% of GDP by 2025. They are therefore useful for long term planning, but less useful for short term budget setting.
- **Borrowing Rules:** rules that constrain the primary or overall balances, or other budget balances. Usually set as a percentage of GDP. For example, the primary deficit must not exceed 3% of GDP per year. The usefulness of the rule depends on the type of balance used: a structural balance rule for example would take account of the economic cycle, to some degree; an overall balance rule would incorporate interest expenditures, and a balance



¹ Kopits and Symansky, 1998

² This also included country specific objectives to maintain a certain structural balance level

over-the-cycle (as in the UK's case) could, for example, require that no net borrowing occur over the economic cycle (usually a 5 year period) unless it is for investment³.

Some Examples of Rules

The Eastern Caribbean Currency Union has in place supranational fiscal rules as part of the single currency union for the Eastern Caribbean Dollar. These rules cover the size of the debt, which is restricted to 60% of GDP by 2020 – with countries having, in theory, to demonstrate movement towards that target; and cover a budget balance rule (restricting deficits to no more than 3% of GDP). These rules have been in place since 1998, with revisions to account for targets missed. While a body external to the Governments monitors compliance with the rule, there are no enforcement mechanisms in place (unlike the European Union's system of fines) and no escape clauses for unusual circumstances (for example, a hurricane).

At the Federal level US fiscal rules are operated primarily by the Legislature who maintain significant control over the budget process. There are few rules from legislation, and no constitutional rules at the US Federal level. However the US does maintain a nominal debt ceiling (in terms of numbers of dollars), which periodically has to be increased. The majority of fiscal rules in the US are enforced as Congressional rules of business, or by legislation passed by the Congress to restrict the budget process over multiple years. One example of this was the Gramm-Rudman-Hollings Act, which in 1985 set a series of nominal deficit targets for the next 6 years, and then again in 1987. If the projected deficit exceeded the target by more than \$10 billion a set of automatic cuts to programs came into place. Eventually this framework was abandoned in favour of the Budget Enforcement Act (a set of annual discretionary expenditure limits for multiple years, a PAYGO rule was put in place, and a set of automatic sequesters were put in place to trigger if the rules were broken).

Enforcing the Rules

The rules can be put in place in a number of ways

- **Supranational rules:** set out in a treaty or international agreement, for example the rules governing borrowing in the European Union are set out in the documents governing the European Union and the transition to the Euro, including deficit rules and debt rules. The upside to this mechanism is it provides external enforcement, the downside is it is typically difficult to change, and rules are set for a broad area of countries and may not be appropriate for some. It has typically been useful for those countries in a currency union.
- **Constitutional rules:** set out in the constitution. For example, a number of US States have budget balance rules set out in their state constitution, limiting the level of borrowing to zero. The upside to this mechanism is it is a strict form of enforcement. The downside is that it is difficult to change the rule, even with a change of Government.
- **Legislative rules:** set out in a piece of law, often a PFM Act. For example, a number of countries will set out rules in a PFM Act stating borrowing cannot exceed 60%. The upside to this rule is it declares somewhere in legislation the rule (although this would require a hierarchy of legislation to exist in the country for the PFM Act etc to out-rank the Budget Act each year and require the rule). The upside is the rule is more easily changed than the constitution rule, while still setting it into a legal framework, the downside is the rule can be more easily superseded than a constitutional rule, and would not provide much constraint to a party with a large majority.

³ Additionally, the US Congress had for a period a PAYGO rule, introduced in the Budget Enforcement Act 1990, which required that any additional expenditure must be offset elsewhere in a way that would not increase the deficit (either through expenditure cuts or revenue increases). This rule did not explicitly set a target on the balance, but still acted in a similar way.

- **Policy rules:** set out in a piece of policy, for example a debt strategy, which is published by the Government. These can also be set out in coalition government documents etc (and are typically very effective when determined and agreed by coalition Governments). The upside to this rule is that it allows for a range of rules, with varying degrees of complexity to be set out, and modified if needed; and it follows the Government's aims. The downside is it relies on public pressure as an enforcement mechanism, and could be ignored. Policy rules can also be incorporated into an MTFF, and redesigned every few years.

Rules in Afghanistan

Afghanistan at the moment adopts no formal fiscal rules, but instead has rules in agreement with the IMF. These include commitments not to exceed certain levels of debt, and not to undertake certain types of borrowing (non-concessional borrowing, and borrow primarily from the IFIs).

Afghanistan maintains a very low current debt level. With external debt falling around 6% of GDP. Even including debt from the Kabul Bank support – owed to the Central Bank – the debt does not exceed 10% of GDP. Ensuring that Afghanistan is in limited risk of immediate debt distress, providing donor support continue particularly in critical sectors like security.

Conclusion

The Government should work on improving the status of the MTFF rather than a fiscal rule. Few fiscal rules are appropriate for Afghanistan – an expenditure rule would likely be too restrictive, and there would be difficulties in how to incorporate donor support into the rule; a debt rule would not be a binding constraint given the low value of debt (and so would necessitate a set of additional guiding structures to make the rule relevant, as well as a low ceiling). Finally a balance rule, while it could be useful, is (1) unlikely to be a constraint given the already agreed rules on borrowing under the IMF program and (2) can be better implemented with just an MTFF which is guiding in the budget process

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