

**ANNUAL MACRO FISCAL PERFORMANCE REPORT**  
**Fiscal Year 1395**

**GOVERNMENT OF ISLAMIC REPUBLIC OF AFGHANISTAN**  
**MINISTRY OF FINANCE**  
**MACRO FISCAL PERFORMANCE DIRECTORATE GENERAL**  
**(MFPD)**



**Ministry of Finance**  
Islamic Republic of Afghanistan



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## Glossary

### Budget

An itemized summary of estimated intended expenditures for a given period along with proposals for financing them.

**Operating Budget** The budget for operating budget expenditures. These are mainly recurrent expenditures, and include wages and salaries for all public servants, running costs for Ministries, schools, barracks etc. A small amount of capital expenditure is also included in the Operating Budget in Afghanistan. The Operating Budget is sometimes referred to as the Recurrent Budget in other countries.

**Development Budget** The Government budget for development projects implemented by Government agencies. It contains recurrent and capital expenditure in Afghanistan. These projects are mainly donor funded. The Development Budget is sometimes referred to as the Capital Budget in other countries.

**Core Budget** The operating budget plus the development budget

**External Budget** The budget for all donor activities that are funded directly by donors, rather than 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. Often equated with the operating budget, however development budget spending contains recurrent items and vice versa

**Capital spending** Spending on a capital asset, for example a tractor or irrigation pump.

**Compensation of Employees** The total remuneration, in cash or kind, payable to an employee for work done during the accounting period. It consists of wages, salaries, and social contributions made on behalf of employees to social insurance schemes. Excluded are amounts paid to contractors, self-employed outworkers, and other workers who are not employees.

**Goods and Services (use of)** Expenditure items such as electricity costs, maintenance and repair, consultancy services and items with a purchase value below Afs 50,000

**Subsidies** Payments made to State Owned Enterprises to help them cover their costs

**Transfers** Payments to a person or organization for which no service is received, for which pension payments and subsidies.

**Interest payments** The interest paid on outstanding loans

**Contingency Funds** Items listed in the operating and development budgets that may require funding. Throughout the year, funding from contingency reserve items may be

allocated to the budgets of budgetary units during the year (increasing their original budget).

**Assets** An entity over which ownership rights are enforced, and from which economic benefits may be derived by its owners by holding it or using it over a period of time.

**Non-financial assets** Physical assets such as real estate and machinery

**Financial assets** A financial claim on an asset that is usually documented by some type of legal representative. Examples include bonds and shares of stock, but not tangible assets such as real estate or gold. These are included below the line as financing items.

**Revenues** Domestically raised revenues and donor grants (excludes loans).

**Domestic Revenues** Revenues raised by the Government of Afghanistan (excludes donor grants). These are mainly revenues raised by the Afghanistan Revenue Department (taxes, customs duties etc.), and revenues raised by other Government agencies (fees and fines etc.)

**Grants** Funds received from donors. Often the money can only be spent on a certain project or activities, but sometimes can be spent at the discretion of the recipient Government

**Balances** The difference between revenues and expenditures

**Operating Budget Balance (excluding grants)** Domestic revenues (excluding donor grants to the operating budget) minus operating budget expenditures

**Operating Budget Balance (including grants)** Domestic revenues plus donor grants to the operating budget, minus operating budget expenditures

**Development Budget Balance** Donor Grants to development budget minus development budget expenditures

**Core Budget balances**

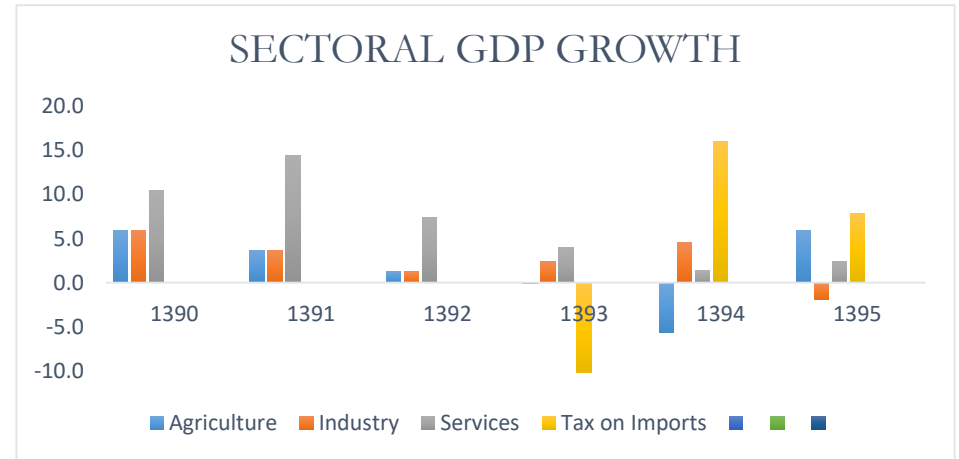
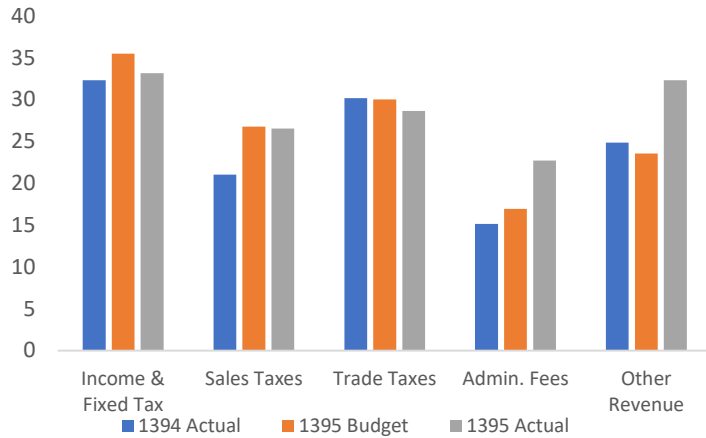
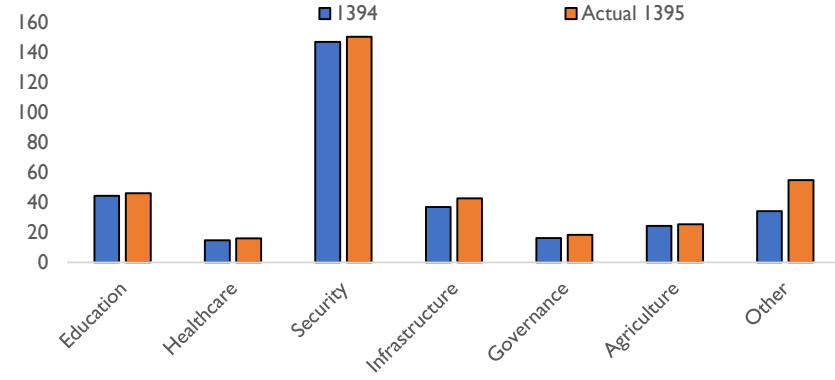
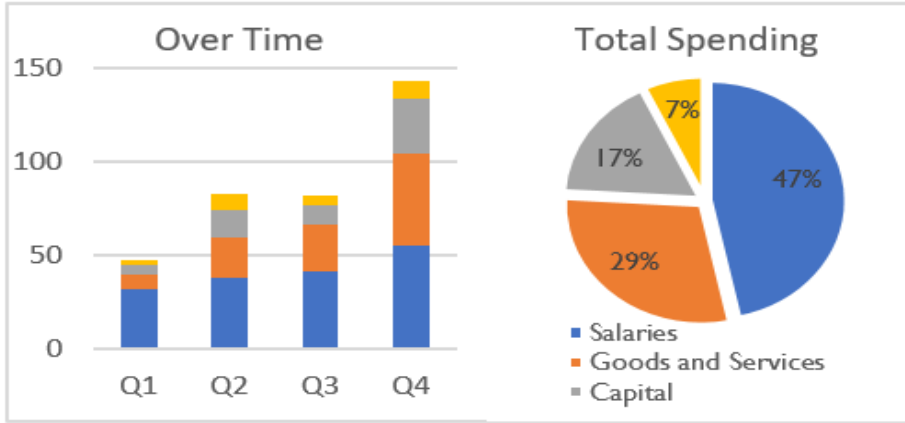
**Balance (excluding and including grants)** Total revenues (excluding and including grants) minus total expenditures

**Net operating balance** 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)
<b>Financing</b>	How the government funds its deficit (or invests its surplus). For example drawing down on foreign loans or withdrawing funds from the Central Bank. More generally, it describes transactions in financial assets.
Above the line	Refers to 'real' expenditure and revenue activities, for example the paying of salaries, the purchase of school books, the building of a dam etc.
Below the line	Refers to financing transactions, and transactions in financial assets, for example loan disbursements and repayments, transactions on the Treasury Single Account
Loans	Loans of money from foreign Governments, international organization and development banks. Afghanistan's debt strategy allows only concessional loans to be taken out.
Concessional loans	Loans that are offered at below market rates (e.g. a low interest rate and with a long grace period).
Principal repayment	Repayment of the principal of a loan (as distinct from an interest payment)
Gross Domestic Product	The value of all the goods and services produced by a country in one year. This excludes the opium economy for Afghanistan
Budget target	The level of revenue or expenditure expected over a quarter or during the year. For expenditures we assume that the budget target for the quarter is 25 percent 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
Euro trace	The computer database system for recording and classifying customs transactions.



## Summary

### Macroeconomic Highlights

- In the Fiscal Year of 1395, Afghanistan produced Afs 1333.812 billion worth of goods and services. The economic growth increased from 1.3 percent in the Fiscal Year 1394 to 2.1 percent in the Fiscal Year 1395. Both agriculture and services sectors improved, while industry output reduced compared to the previous year. The improved performance of the agriculture sector was due to 32.1 percent improvement in fruits yield. Industry's output fell due to a reduction in the textile, leather, wood, furniture and mostly construction showed a negative growth. The share of agriculture remains lower than the other two sectors, however agriculture remains the growth driver given the vast population lives in rural areas.
- The average inflation rate for the Fiscal Year 1395 was 4.5 percent. Prices fluctuated throughout the year. It was lower in the first and last quarter and higher in the second and third quarter.
- Exchange rate fluctuated between Afs 66.3/USD to Afs 68.9/USD during the year. It stabilized on Afs 67/USD at the end of the year, which shows a 5.7 percent depreciation of Afghani as compared to the Fiscal Year 1394.
- Afghanistan exported goods worth USD 596.5 million and imported goods worth USD 6.5 billion. The trade deficit was USD 5.904 billion. The import to export ratio was 9.2. In the Fiscal Year of 1395, Afghanistan's major importer partner countries were Pakistan and India, while – unlike the previous years during which Pakistan was the major supplier – supply of goods increased to Afghanistan from Iran, China and Kazakhstan, reducing reliance on Pakistan. Major goods exported from Afghanistan were licorice root, grape, and carpet. Major goods imported were wheat, fabric, edible oil, electricity and petroleum.

### Fiscal Highlights

- The National Budget approved by the Parliament was Afs 444.6 billion for the fiscal year of 1395, of which 62 percent was Operating Budget and 38 percent was Development Budget. The Final Budget as a result of changes during the mid-year review was Afs 462.921 billion of which 62.5 percent was Operating Budget and 37.5 percent was Development Budget. The Final Budget makes up 26.4 percent of the GDP.
- 63.8 percent of the Budget (Afs 295.47 billion) was planned to be financed from donor funds, 26.6 percent (Afs 123 billion) from domestic sources and 4.4 percent from the loan. Budget balance, excluding grants, amounts to Afs 339.952 billion (a total deficit of \_\_\_\_\_).
- Revenue target was Afs 132.7 billion. However, Afs 142.1 billion was collected – Afs 9.4 billion surpluses from the targeted revenue. Revenue collection shows 7 percent increase over the target and 16 percent growth over the previous year's collection. Domestic revenue was 10.7 percent of the GDP. Tax revenue followed by customs were the major sources of revenue.
- The Government expended Afs 352.6 billion, which makes up 76.2 percent of the Final Budget. The execution rate was 89.5 percent of Operating Budget and 54 percent for Development Budget. The Government spending makes 26.4 percent of the GDP. Net acquisition of Non-Financial Assets was Afs 58.569 billion (4.2% of GDP), in which purchase of land and building was the major components. Net acquisition of Financial Assets increased by Afs 6.3 (billions?), of which Afs 3.4 billion came from currency deposits and 2.7 billion from the loan. Donor accounts reduced by Afs 2.26 billion.



## I. Macroeconomic Performance

### I.1. GDP Growth

In 1395, Afghanistan produced Afs 496,550 billion worth goods and services in real terms.<sup>1</sup> The real growth rate was 2.1 percent, which is significantly higher than real GDP growth rate of 1.3% percent in 1394.

**Table I. Economic Growth**

<b>Nominal and Real GDP</b>		<b>1393</b>	<b>1394</b>	<b>1395</b>
<b>Without Opium</b>	Nominal GDP Level (in billions of Afs)	11,87,524	12,38,254	13,33,812
	Real GDP Level (in billions of Afs)	4,79,797	4,86,183	4,96,550
	Real GDP Growth (%)	2.3	1.3	2.1
<b>With Opium</b>	Nominal GDP Level (in billions of Afs)	12,21,127	12,60,050	13,73,275
	Real GDP Level (in billions of Afs)	5,11,910	5,02,741	5,20,634
	Real GDP Growth (%)		-1.8	3.6

Source: Central Statistic Organization (CSO)

The worsening security situation and uncertainty are the main reasons for the sluggish economic growth recovery. Withdrawal of foreign troops in 2014 and the prolonged presidential election created an atmosphere of uncertainty, which led the economy to plummet to the lowest growth in 1394. However, in 1395, the year after the election, the National Unity Government (NUG) adopted measures to restore consumer confidence and increase aggregate demand – resulting in the improvement of economic performance.

### Sectoral Performance and Contribution to GDP

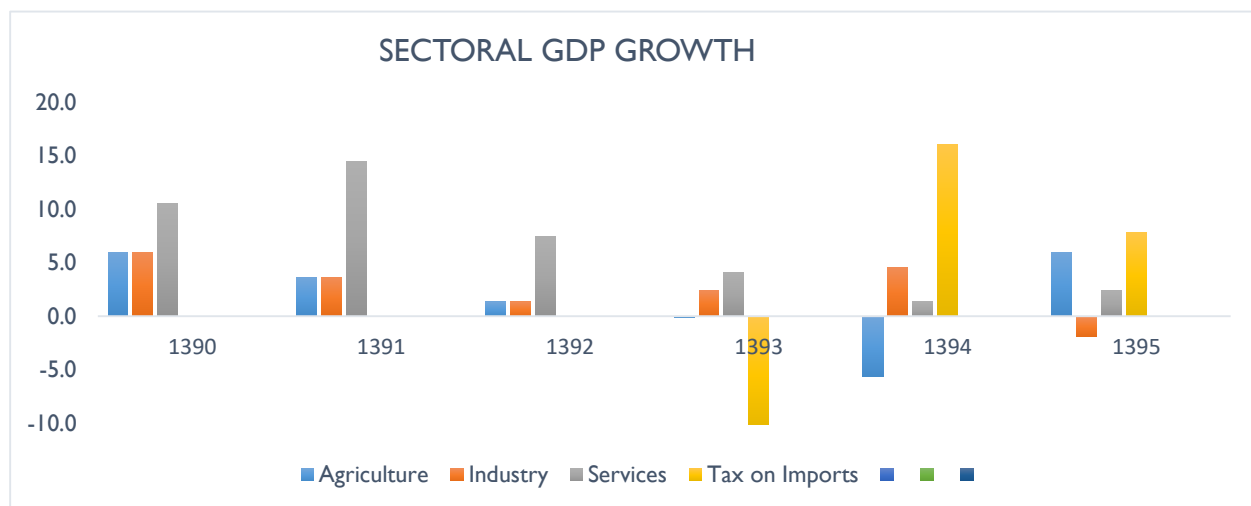
In 1395, agriculture along with service sector growth picked up, while industrial sector growth declined significantly. Agriculture recovered remarkably from -5.7 percent decline in 1394 to 6.0 percent growth in 1395. The significant agricultural growth in 1395 is attributed to growth in fruits yield (32.1%). Compared to 1394, cereal production improved as well. Both in 1394 and 1395 cereal production growth were negative, -14.2% and - 4.7% respectively. Compared to 1393 and 1394, the share of cereal production in GDP has declined from 11.31 percent in 1393, 9.83 percent in 1394 to 8.74 percent in 1395. Agriculture in Afghanistan is mostly reliant on weather conditions and it is predicted that Agriculture would do better in 1396 due to heavy snow and rain falls. Services grew by 2.4 percent, which is 1 percent more than the growth rate of 1394. The negative growth rate of the industry is attributed to poor performance of textile, wearing apparel, leather, wood, furniture, and construction. Construction growth rate has fallen from 8.1 percent in 1394 to negative 4.7 percent in 1395.

<sup>1</sup> Growth rate was 2.1 percent based on the calendar year as published by CSO, however if converted based on adjustments to fiscal year the growth rate increased to 2.2 percent.

In the service sector, wholesale and retail trade growth rate was negative while finance and insurance did well.

While agriculture contributes to overall output growth significantly, its share in total GDP remains very small. Agriculture share was 21 percent of the GDP in 1395. The share of services

**Chart I. Sectoral GDP Growth**



and industry to GDP were 53 and 22 percent respectively. It is projected that in the coming year agriculture's contribution will increase, the industry will remain the same and services will reduce. However, given the amount of snowfall compared to last year, agriculture output may increase even further. The detailed breakdown of growth performance is presented below:

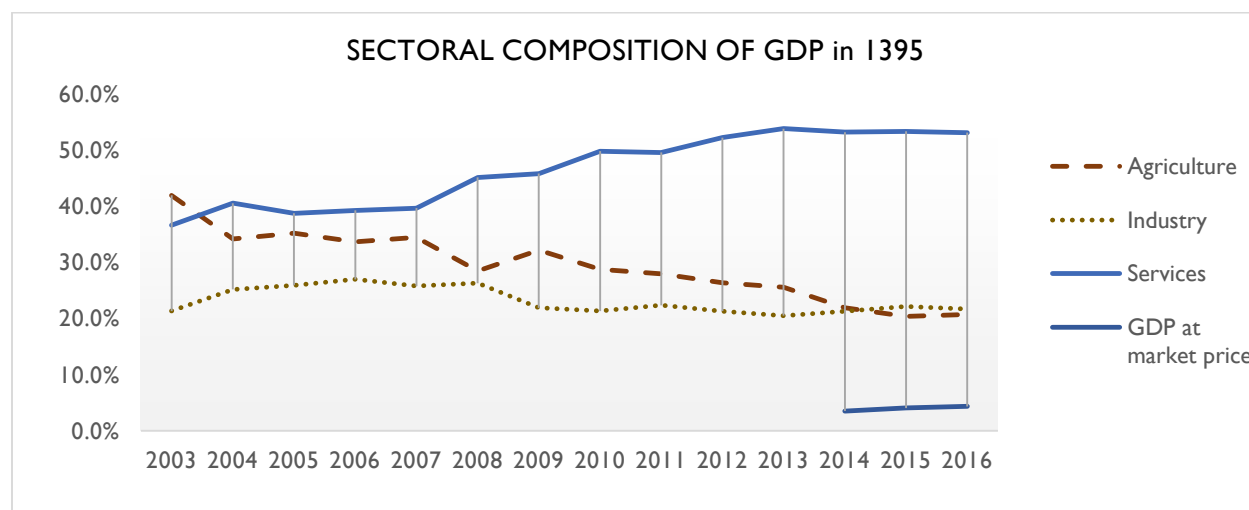
**Table 2. Service sector performance (%) in 1395**

<b>Agriculture (Average % growth)</b>	<b>6.0</b>
Cereals	-4.7
Fruits	32.1
* Livestock	0.2
** Others	6.3
<b>Industry (Average % growth)</b>	<b>-1.9</b>
Mining and quarrying	10.4
Manufacturing	1.0
Food, beverage & tobacco	1.1
Textile, wearing apparel & leather	-14.8
Wood & wood production including furniture	-84.2
Paper, paper production, printing and publishing	0.1
Chemicals, petroleum, coal, rubber and plastic	1.8
Non-metallic minerals except petroleum & coal	21.3
Basic metal	10.7
Electricity, gas and water	4.0
Construction	-4.7
<b>Services (Average % growth)</b>	<b>2.4</b>

Wholesale & retail trade, restaurants & hotels	-7.2
Wholesale & retail trade	-9.3
Restaurants & hotels	3.6
Transport, storage and communication	4.9
Transport & storage	0.5
Post and telecommunication	11.1
Finance, insurance, real estate and business	20.0
Finance	19.6
Insurance	54.2
Real estate and business services	-3.1
*Ownership of dwellings	2.0
*Community, social and personal service	-0.6
Government services	0.5
Other services	6.7
Total	1.9
Taxes on imports (Average % growth)	7.8
GDP at Market Price	2.1

The service sector is the largest contributor to GDP growth followed by Industry and Agriculture becoming the lowest share contributor to GDP. Service sector by contributing 53.2 percent to GDP in 1395 and employing only 15-20 percent of the workforce – remaining a desirable destination for the workforce. Contrary to service sector agriculture share remains around 21 percent of GDP and provides jobs for around 70 percent of the workforce. This makes agriculture home to most citizens living under poverty line. Hence, for an inclusive and pro-poor growth, interventions in the agriculture sector remains critical. Growth in the agriculture sector will have a direct impact on the standard of living of Afghan farmers and potentially helping them to live above the poverty line.

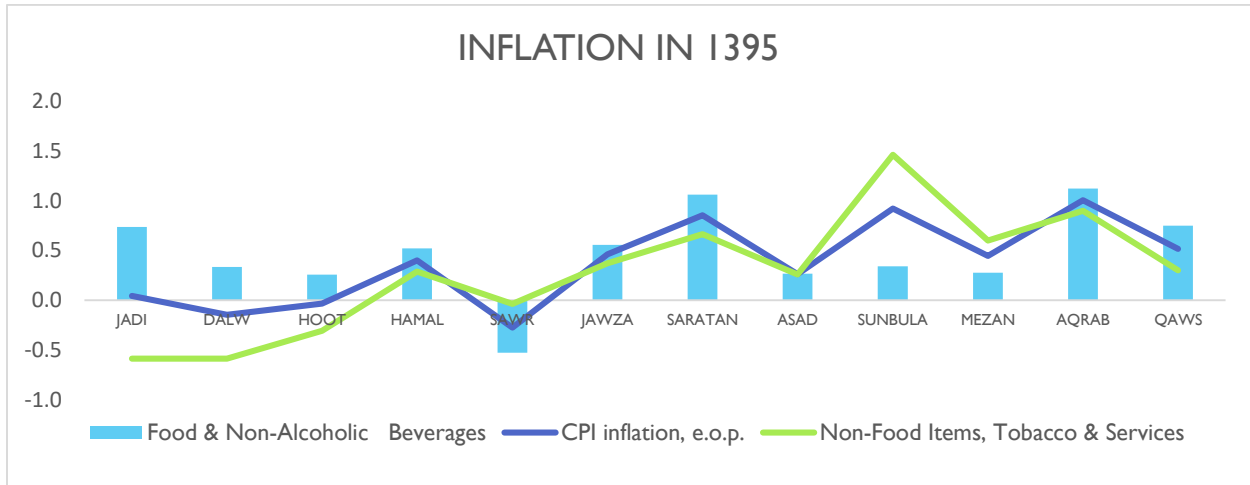
**Chart 2. Sectoral Composition of GD**



## 1.2. Prices

The average inflation rate for 1395 was 4.5 percent – slightly higher than 1394. Due to having a negative trade balance with its neighboring countries, Afghanistan remains vulnerable to price shocks. The significant increase in the prices in 1395 were due to increased global oil prices and lagging effects of the depreciation of Afghani (5.7 percent).

**Chart 3. Inflation in Fiscal Year 1395**

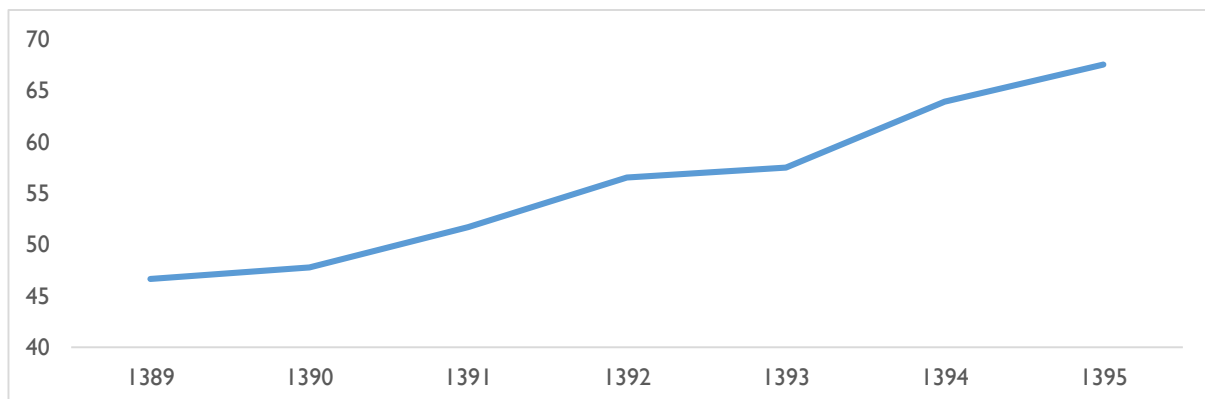


**Note:** The base year for the calculation of CPI has changed from 1389 to 1390.

## 1.3. Exchange Rate

The political instability and uncertainty had impacts on foreign exchange. The decline in donors' fund, dollar outflow due to migration, huge imports, and decrease in FDI were the factors that depreciated Afghani against other foreign currencies. In 1395 Afghani fluctuated between (66.3 – 68.9) during the year and stabilized at 67 showing a 5.7 percent depreciation in comparison to 1394.

**Chart 4. Exchange Rate Trend**



Source: Da Afghanistan Bank

#### 1.4. Current Account and Trade Balance

In 1395 Afghanistan exported USD 596.5 million and imported USD 6.5 billion worth goods and services. Export-import ratio was 9.2 percent, which shows a big trade gap. The balance of trade is understood to show the strength of a country's economy in comparison to other countries. Afghanistan having an agricultural based economy, faces difficulty in developing and modernizing the sector due to poor infrastructure, insecurity, lack of capital and limited access to credits. Afghanistan with large trade deficit finances its purchases through donor aids.

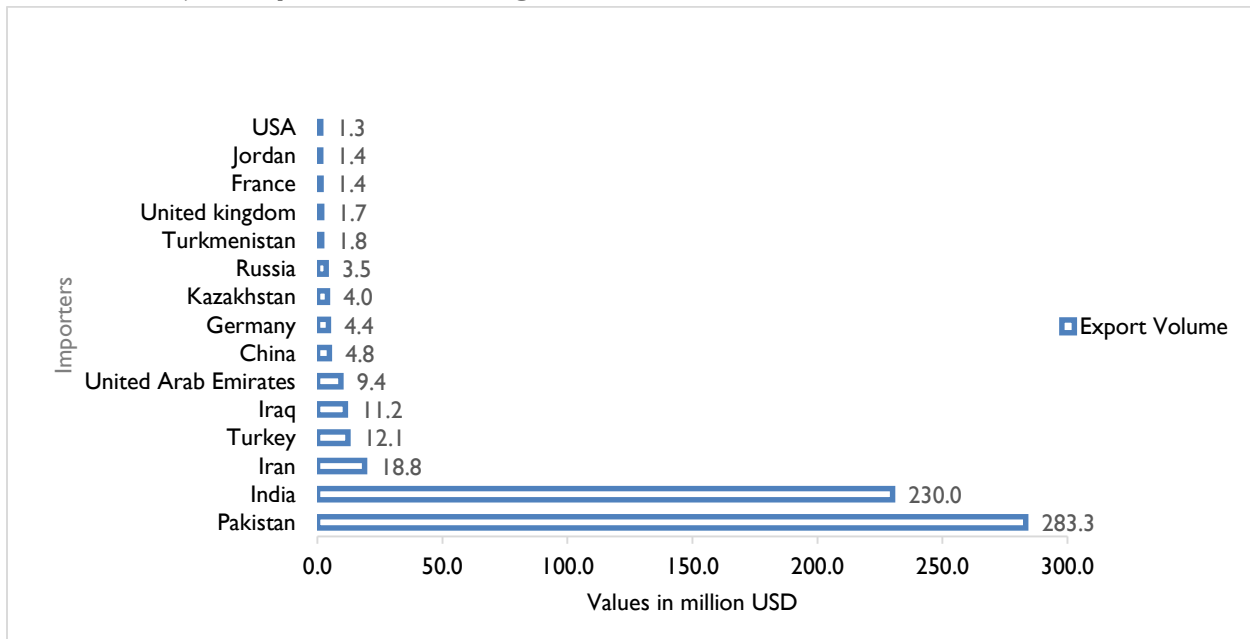
The goods balance shows a large deficit due to the high need for imported products, not domestically available. The income and transfers account is positive partly due to remittances from family members outside of Afghanistan.

#### Afghanistan's Trade Partners

Afghanistan's major trade partners are its neighboring countries. Exports and imports in Afghanistan are exposed to political, security and economic shocks. Continuous trade deficit has depreciated domestic currency against foreign currencies and exposed Afghans domestic food and non-food prices to price shocks to exporting countries. In 1395 the trade deficit reduced with increased exports and fall in consumption. However, the trade deficit is still significant.

Pakistan and India are the two top destinations for Afghan goods. Iran being one of the top exporters to Afghanistan stands as third major destination for Afghan exports after Pakistan and India. The graph below shows major destinations for Afghan exports.

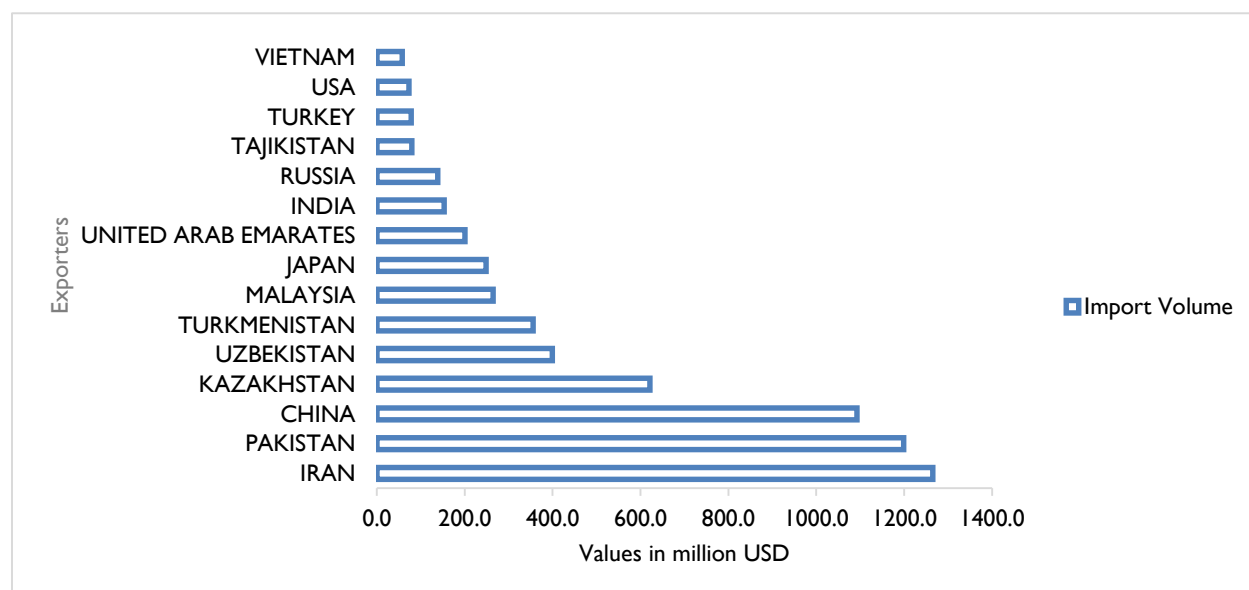
**Chart 5. Major Importers from Afghanistan**



Source: Central Statistics Organization (CSO)

Unlike 1394 and the years before in which Pakistan was the main supplier of goods to Afghanistan, in 1395, Iran, China and Kazakhstan were the top three exporters to Afghanistan. The reason for this is opening alternative trade routes with Iran, Central Asia and China through Hairatan and Chabahar. The following table presents major suppliers to Afghanistan.

**Chart 6. Major Exporters to Afghanistan**



### Main Exported and Imported Items during 1395

In 1395 Licoricey root, grapes and carpets with export value of over USD 35 million were top three export items. Wheat, fabrics, oil, electricity and diesel were the top imported items in 1395. The table below presents top 20 exported and imported items in 1395 as per their value.

**Table 3. Main export and import components of trade for Afghanistan**

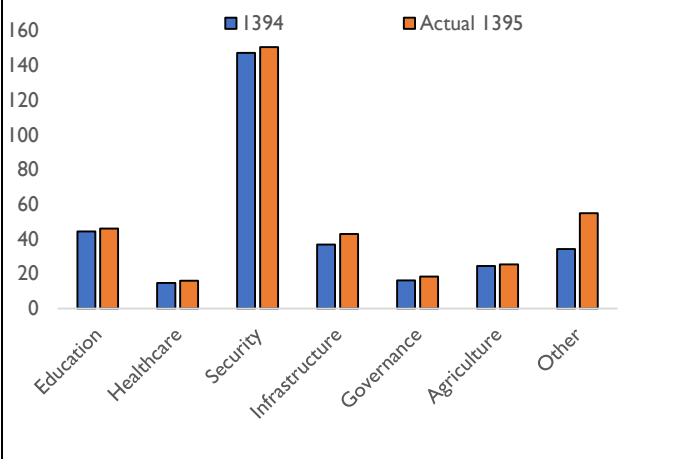
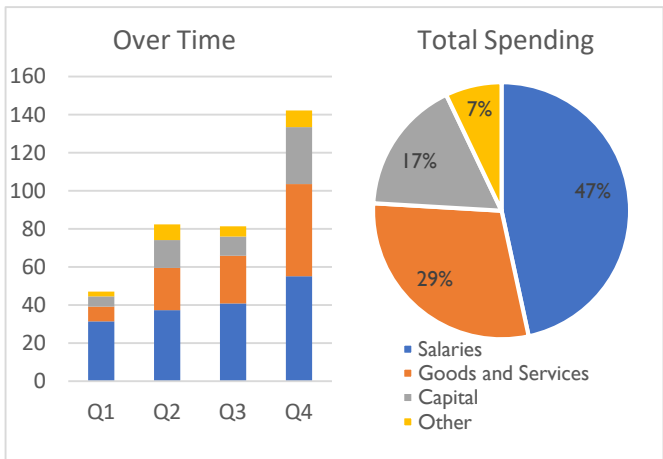
MAIN EXPORT ITEMS	AMOUNT IN MILLION USD	MAIN IMPORT ITEMS	AMOUNT IN MILLION USD
LICORICE ROOT	54.8	WHEAT AND WHEAT FLOUR	664.1
GRAPE	39.8	POLYESTER FABRIC	334.5
CARPETS	38.4	VEGETABLE OIL	316.5
DRIED FIG	33.9	LIQUID GAS	296.4
WHITH BEAN	32.9	ELECTRICITY	261.0
COAL	27.7	DIESEL	229.4
RED ASAFETIDA	24.3	CONSTRUCTION MATERIAL	228.8
TOMATO	21.9	PETROL	212.1
SESAME SEED	20.5	OTHER FOOD ITEMS	156.9
POPPY	18.3	T ONE OIL	150.9

RED RAISIN	17.4	OTHER ELECTRONIC	146.7
CUMIN	14.8	MACHINERIES	137.1
SOFT ALMONDS	14.1	CEMENT	137.1
KURK WOOL	14.0	FERTILIZER	86.9
BLACK VETCH	13.1	IRON ROD	77.0
PIP OF PISTACHIOS	13.0	METAL SHEET	75.2
PIP OF ALMONDS	12.0	OTHER SPARE PARTS	71.2
ABJOSH RAISIN	11.4	CARS TYRES AND TUBES	69.1
BIG RAISIN	10.9	CONFECTIONARY PRODUCTS	66.6
BLACK RAISIN	10.7	STATIONERY	62.6

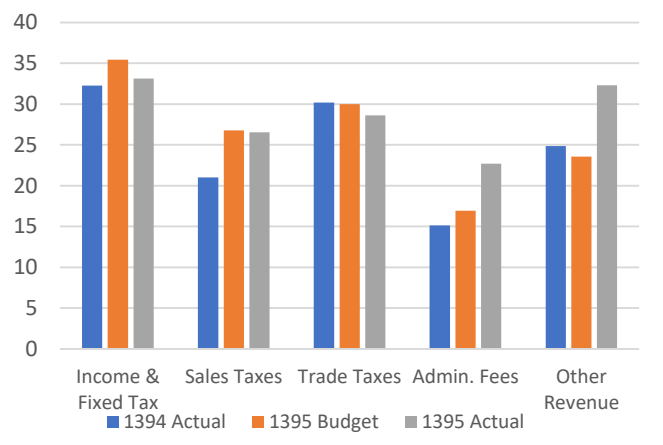
## 2. Fiscal Performance Overview

### Fiscal Summary for Fiscal Years 1394-1395

Summary Fiscal Outturn – End of Fiscal Year, 1395	
<b>Domestic Revenue including mining:</b> Of Afs 132.7 billion planned revenue, the government collected Afs 142.1 billion from domestic sources.	
<b>Total Spending:</b> The total spending of the government was planned to be Afs 462.921 billion, of which Afs 354.22 billion was spent.	
<b>Donor Support:</b> Donors committed Afs 297.23 billion towards the budget, Afs 201.29 in billions was actually spent	
<b>Total Deficit/Surplus:</b> The total needed from other resources this year is Afs 7.66 in billions	
<b>Mining Revenue:</b> The total revenue from the extractive industry was Afs 1.04 in billions	
<i>The following figures are all in billions of Afghanis</i>	
<b>Spending on Inputs</b>	<b>Spending on Sectors</b>



**Domestic Revenue from Sources**



**Meanings**

**Donor Support**

This is the total amount of aid Government has received

**Domestic Revenue**

This is the total amount the Government has raised themselves

**Total Spending**

This is the total amount the Government has spent

**Total Deficit**

This is the difference between total revenue and spending

**Total Revenue = Domestic Revenue + Donor Support**

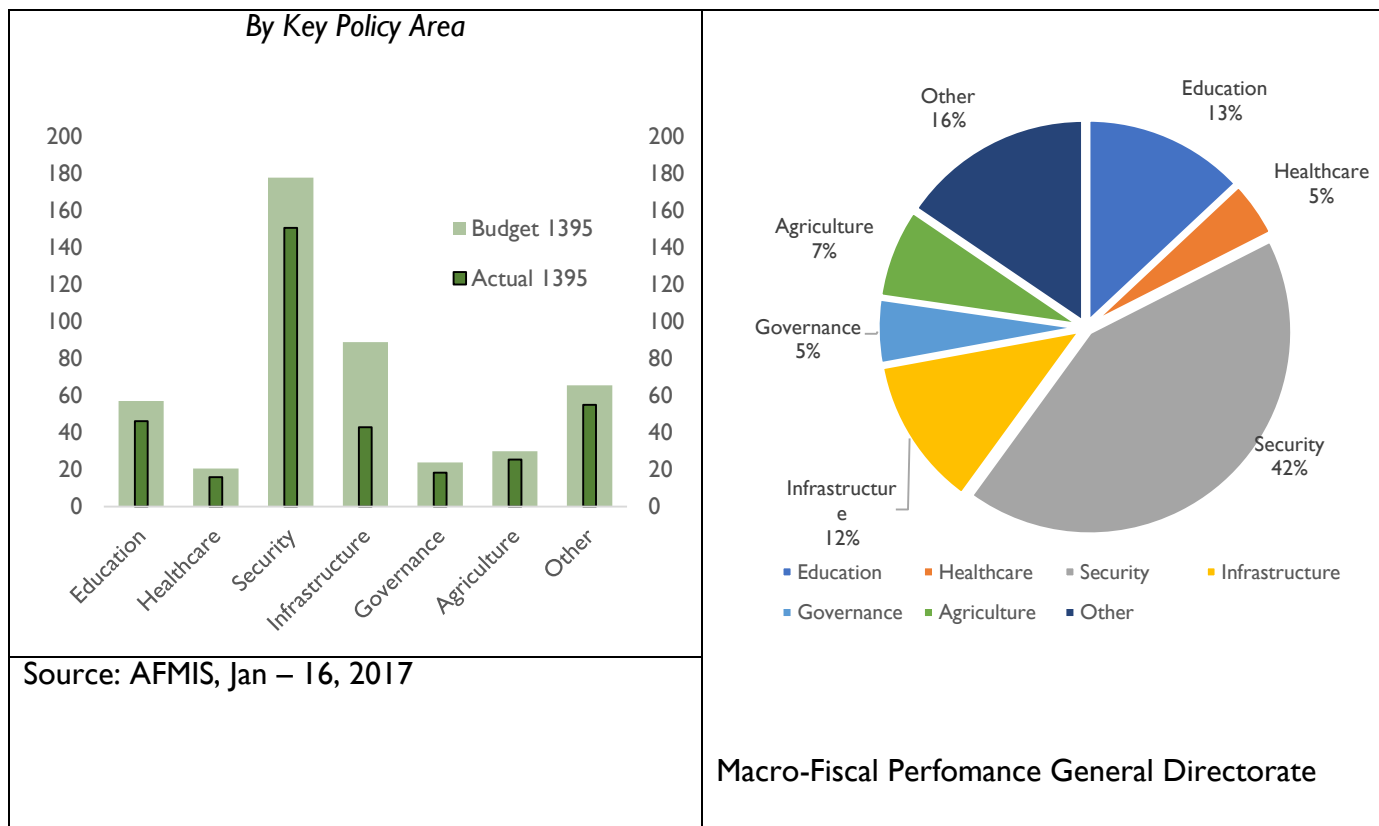
**Budget:** The government passes a budget at the end of the fiscal year, which plans out how much money will be spent in the next year.

**Expenditure:** The expenditure is the amount each project/Ministry/Sector actually spends of their budget

**A portion of Budget Spent:**

**Spending on Sectors**





## 2.1 Budget

The **National Budget** of the Government consists of **Operating Budget** and **Development Budget**. The operating budget consists of the day-to-day expenses of the Government, i.e. the cost of salaries, fuel, text books, and medicines. The development budget covers expenditures on development projects such as road building, irrigation systems, and the National Priority Programs.

In another classification, expenditures can also be divided into two categories; **recurrent** and **capital** expenditures (see box below for details).

### Box I.

**Recurrent Expenditures - Compensation of Employees** (i.e. wages and salaries), **the Use of Goods and Services** (e.g. fuel, text books, electricity, repairs and maintenance and the purchase of goods valued less than Afs 50,000), **Interest Payments** on loans, and **Transfers** (e.g. pensions, social benefits, subsidies and grants to other governmental organizations).

**Capital Expenditure** – also called the Acquisition of Non-Financial Assets. In Afghanistan, this covers the purchase of any asset over the value of Afs 50,000, such as photocopier, new building, mining equipment, land, etc.

**Operating Budget** – covers the day-to-day operations of the government. In Afghanistan, the operating budget contains about 99 percent recurrent spending, but also a small amount of capital spending. This is primarily funded through the domestic revenues, with amount of donor funds.

**Development Budget** – covers capital and development projects, for example road building, civil service reform, school construction, irrigation projects etc. This is made up of about 1/3 recurrent spending, and 2/3 capital spending. This is almost entirely funded by donor grants and loans.

For the Fiscal Year of 1395, the National Budget approved by the Parliament was Afs 444.6 billion, which is 1.9 percent more than the approved National Budget for the Fiscal Year of 1394. The operating and development components of the National Budget 1395 was Afs 276.05 billion (62% of total) and Afs 168.55 billion (38% of total) respectively. While the Operating Budget for the Fiscal Year 1395 reduced by 2.7 percent compared to Operating Budget for 1394, the Development Budget increased by 9.4 percent. In the changes which took place during the year, particularly in the mid-year assessment, the National Budget, hereafter called the Final Budget, was increased to Afs 462.921 billion (26.4% of GDP). The operating and development budget components increased to Afs 289.165 billion and Afs 173.756 billion respectively. A modest positive change has occurred in both operating and development budget (Final Budget), but increase in development budget is due to the reorientation towards infrastructure, energy and water sector development.

The targeted revenue for the Fiscal Year 1395 was Afs 132.7 billion. In the Final Budget of the Fiscal Year of 1395, Afs 295.47 billion (63.8% of the Final Budget) was received through donor financing, of which Afs 149.309 billion and Afs 146.438 billion were planned for Operating Budget and Development Budget respectively. Afs 122.969 billion (26.6% of the Final Budget) was planned to be financed by domestic sources. Operating Budget balance including grants shows a deficit of Afs 44.2 billion which would be financed through debt financing. However, actual debt for this Fiscal Year was Afs 4.4 billion (0.9% of the budget). Budget balance excluding grants shows a deficit of Afs 339.952 billion. The table below presents Budget summary for the Fiscal Year of 1395.

**Table 4. Summary of Budget for Fiscal Year 1395**

In millions of Afghanis	1394	1394	1395	1395	1395	1395
	Actual	%GDP	Prelim. Actual	%GDP	Final Budget (4)	% of Final Budget
<b>OPERATING BUDGET</b>						
Operating Budget Revenues	246,278	19.9	285,231	21.4	272,277	4.8
Domestic Revenues	123,460	10.0	142,130.5	10.7	122,969	15.6
Operating Grants	122,818	9.9	143,100.9	10.7	149,309	-4.2
Operating Budget Expenditures	234,959	19.0	258,857	19.4	289,165	90
Operating Budget Balance (3)						
Excluding Grants	-	-9.0	-116,727	-8.8	-	70
	111,499				166,196	
Including Grants	11,319	0.9	26,374	2.0	-16,888	-156
Indicator of Fiscal Sustainability (domestic revenues/operating	53%		55%		43%	

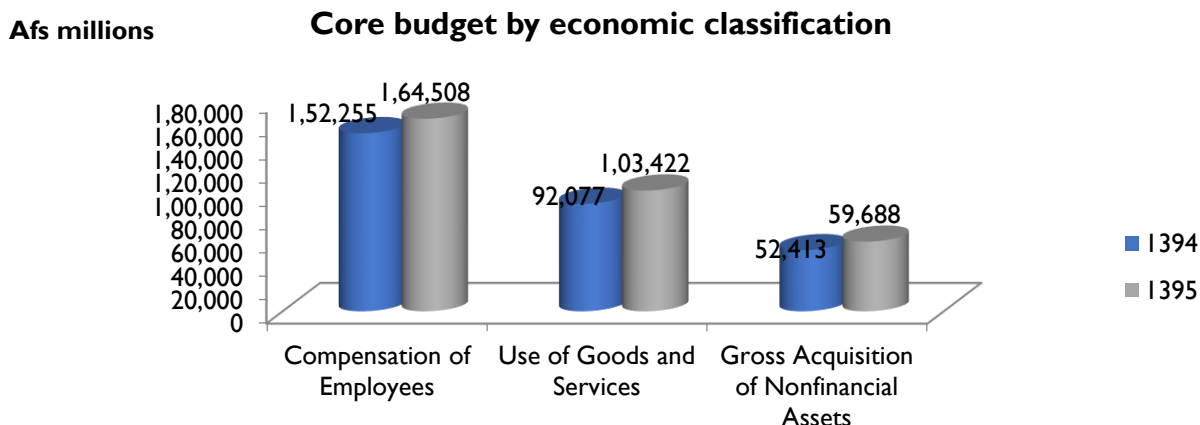
expenditures)						
<b>DEVELOPMENT BUDGET</b>						
Development Grants (1)	55,769	4.5	60,564	4.5	146,438	41
Development Expenditures	82,383	6.7	93,749	7.0	173,756	54
Development Budget Balance (3)	-26,613	-2.1	-33,185	-2.5	-27,318	121
<b>INTEGRATED BUDGET</b>						
Revenues (1)	302,047	24.4	345,795	25.9	418,716	83
Domestic Revenues	123,460	10.0	142,130	10.7	122,969	116
Grants (1)	178,587	14.4	203,665	15.3	295,747	69
Expenditures	317,342	25.6	352,606	26.4	462,921	143
Integrated Budget Balance						
Excluding Grants	-	-15.7	-210,475	-15.8	-	62
	193,882				339,952	
Including Grants (3)	-15,294	-1.2	-6,811	-0.5	-44,206	15
Financing Requirement						
Balance Including Grants	-15,294	-1.2	-6,811	-1	-44,206	15
Sale of Land and Buildings	25	0.0	1,119	0	0	0
Lending/Borrowing	-15,269	-1.2	-5,692	-0	-44,206	15

Source: AFMIS Database I March 2017

**Notes:**

1. Budget data for core budget grants is not comparable to actuals, as Development Budget Grants listed in Budget do not distinguish between grants and loans, while the actuals shown above are only for grants.
2. Actuals are interest only. However, budget figures include principal repayments and interest
3. Does not equal the budget balances shown in budget documentation, as balances in budget documentation also include domestic revenues transferred between the operating and development budget, and development budget balance in budget documentation includes loans.
4. Final Budget figures for expenditure available from AFMIS, except for interest (code 23), subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Afs 271 billion.

**Chart 7. Core Budget by Economic Classification**



## 2.2 Revenue

### Domestic Revenue

Domestic revenue collection increased remarkably in 1395, for the second year in a row. In 1395 domestic revenue collection including one-off receipts was Afs 165.85<sup>2</sup> billion in total – given a target of Afs 132.5 billion. This shows around 35 percent increase compared to Afs 122.4 billion collections in 1394. One-off payments are the exchange gain by the Treasury (10.62 billion), exchange rate gains by Da Afghanistan Bank (10.26 billion), gain by MoUD (1.09 billion) and gain by MAIL (1.00 billion). However, if the one-off payment is taken out, total revenue collection amounts to Afs 141.5 billion Afs, which shows 6.5 percent increase over the target and 15.3 percent growth over the previous year. Domestic revenue constitutes 10.7 percent of GDP for the fiscal year 1395.

Table 5.

### Revenue Summary

In millions of Afghani	1394	1394	1395	1395	1395	1395	1395	1395	1395
	Actual	%GDP	Actual	%GDP	Prelim. Actual	%GDP	Target (Original)	Target (revised)	% Greater/Less than target
REVENUES including grants (1)	302,047.3	24.4	345,795.2	25.9	345,795.2	25.9	418,715.6	418,715.6	-17.4
REVENUES	123,459.8	10.0	142,130.5	10.7	142,130.5	10.7	122,968.8	122,968.8	15.6

<sup>2</sup> This figure also includes gain from exchange rate by Central Bank and arrear receipts by Ministry of Finance. Exact calculation of this effects can be found here <https://www.usip.org/publications/2017/02/revenue-growth-afghanistan-continues-strong-future-uncertain>

excluding grants (2)								68.8	
Tax Revenues	59,223.2	4.8	69,257.2	5.2	69,257.2	5.2	50,028.5	50,028.5	38.4
Fixed Taxes	10,322.5	0.8	10,995.0	0.8	10,995.0	0.8	9,275.9	9,275.9	18.5
Income Taxes	21,955.8	1.8	24,036.7	1.8	24,036.7	1.8	19,101.0	19,101.0	25.8
Property Taxes	800.9	0.1	427.1	0.0	427.1	0.0	691.6	691.6	-38.2
Sales Taxes	21,030.3	1.7	28,492.1	2.1	28,492.1	2.1	16,939.6	16,939.6	68.2
Other Taxes	5,113.8	0.4	5,306.3	0.4	5,306.3	0.4	4,020.4	4,020.4	32.0
Customs Duty, Import Taxes	30,174.2	2.4	29,930.0	2.2	29,930.0	2.2	27,529.7	27,529.7	8.7
Non Tax Revenue	26,692.3	2.2	34,384.5	2.6	34,384.5	2.6	40,405.8	40,405.8	-14.9
Income from Capital Property (2)	3,276.7	0.3	1,840.1	0.1	1,840.1	0.1	2,965.8	2,965.8	-38.0
Sales of Goods and Services	6,724.8	0.5	5,720.0	0.4	5,720.0	0.4	5,785.8	5,785.8	-1.1
Administrative Fees	15,140.9	1.2	24,361.5	1.8	24,361.5	1.8	12,345.5	12,345.5	97.3
Royalties	154.5	0.0	262.9	0.0	262.9	0.0	143.2	143.2	83.6
Non Tax Fines and Penalties	785.7	0.1	1,119.4	0.1	1,119.4	0.1	773.3	773.3	44.8
Extractive Industries	609.7	0.0	1,080.5	0.1	1,080.5	0.1	621.4	621.4	0.0
Other non- taxes							17,770.8	17,770.8	
Miscellaneous Revenue	3,011.0	0.2	4,002.6	0.3	4,002.6	0.3	1,230.0	1,230.0	225.4
Social Contributions	4,359.1	0.4	4,556.3	0.3	4,556.3	0.3	3,774.8	3,774.8	20.7
Grants (1)	178,587.5	14.4	203,664.7	15.3	203,664.7	15.3	295,746.8	295,746.8	-31.1
<i>of which</i> <i>operating budget</i>	<i>122,818.1</i>	<i>9.9</i>	<i>143,100.9</i>	<i>10.7</i>	<i>143,100.9</i>	<i>10.7</i>	<i>150,795.0</i>	<i>149,308.6</i>	<i>-4.2</i>
Foreign Governments	122,818.1	9.9	143,100.9	10.7	143,100.9	10.7			
International Organization	55,769.4	4.5	60,563.8	4.5	60,563.8	4.5			

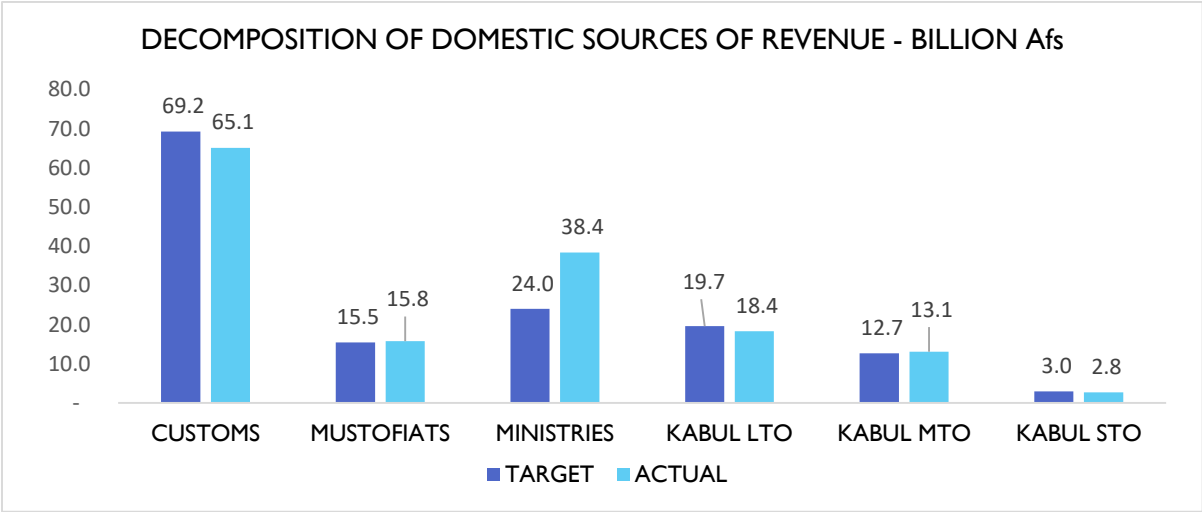
Source: AFMIS Database - 1 March 2017

1. Budget data for core budget grants is not comparable to actuals, as Development Budget Grants listed in Budget do not distinguish between grants and loans, while the actuals shown above are only for grants.
2. Revenues exclude proceeds from the sale of fixed assets (150), and loans (18). These items are included under financing.

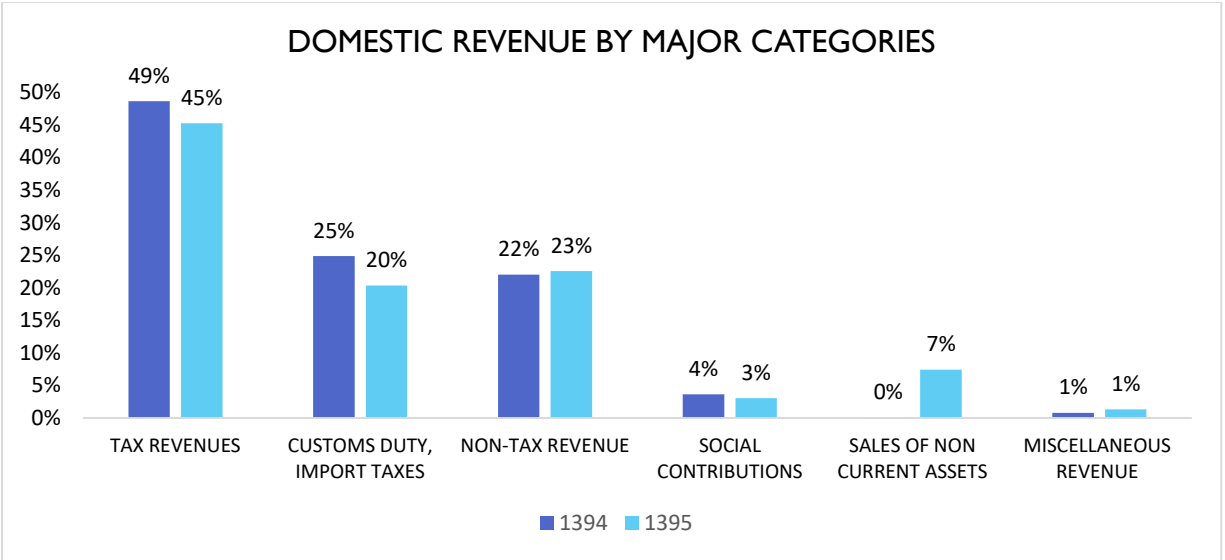
The main contributors of revenue collection are tax revenue, customs revenue followed by non-tax revenue. Tax revenues continued to be the major contributor to the total revenues. It constitutes 49 percent of the total domestic revenue, followed by Customs revenue, which constitutes 21 percent of total domestic revenue. While tax revenue collection shows an increase of 1 percent over the fiscal year 1394, customs revenue has declined by 3 percent.

The major contributing factors to increased revenue collections are one-time collections from the sale of state-owned assets by the Ministry of Urban Development (Afs 1.085 billion), a receipt of (Afs 1.0 billion) from the Ministry of Agriculture, gains from exchange rate depreciation (Afs 10.6 billion), 4.6% inflation leading to higher revenue due to high prices and the impact of new tax measures introduced in 2015 which includes doubling rate of business receipts tax (BRT) from 2 – 4 percent, increased levies on imported fuel and gas, a 10 percent tax on mobile phone top-ups, and an increase in the over flight fee for commercial aircraft. The impact of improvement in the collection by the administration, enforcement, compliance, better system, modest economic growth, and intensified measures in collecting tax revenue can't be ignored. The figure below shows the performance of domestic sources of revenue against their target for the year 1395. Ministries, Kabul MTO and Mustofiats have done a better job comparing to customs, Kabul LTO and Kabul STO.

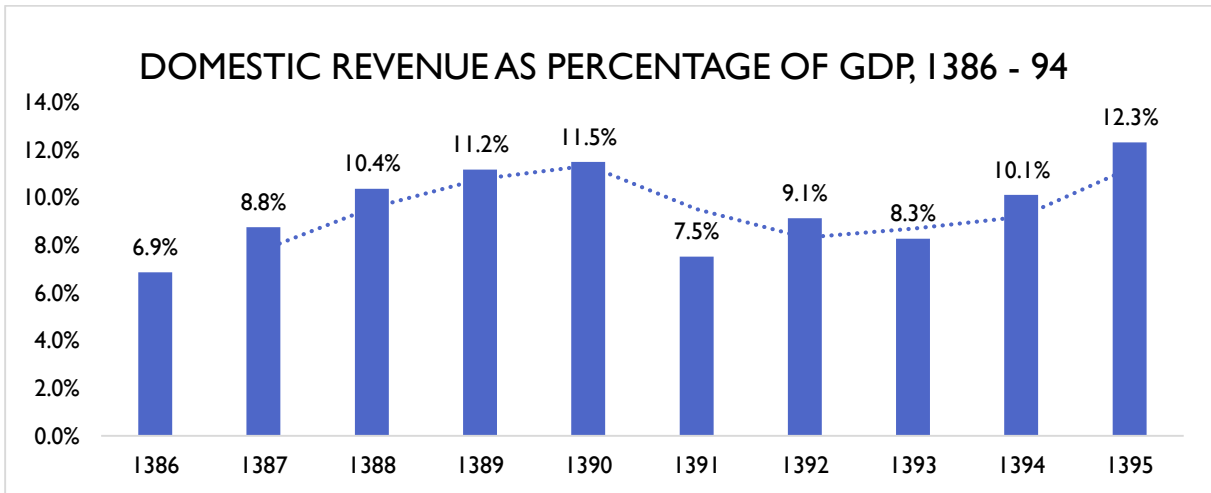
**Chart 8. Share of Revenue Lines**



Comparing figures of 1395 to 1394, it becomes clear that share of tax revenues in total revenue collection has decreased from 49 percent to 45 percent and the same stands true about customs duty and import taxes. In contrast, the share of the sales of non-current asset has increased from nearly 0 to over 7 percent. The chart below describes these differences better.



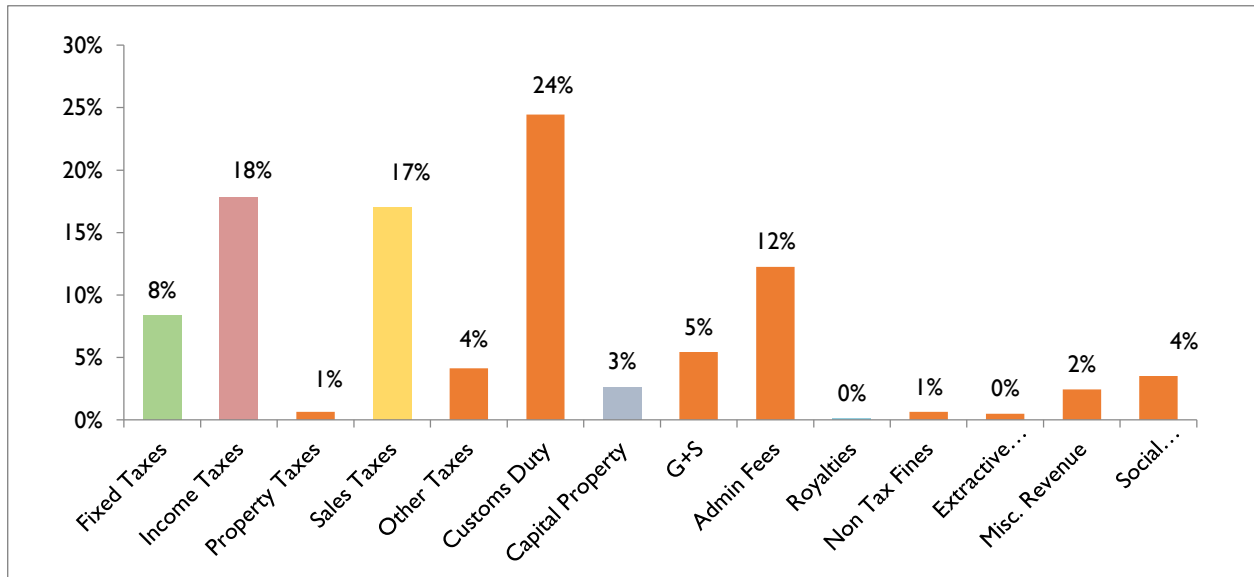
Although the share of domestic revenue as a percentage of Gross Domestic Product (GDP) remains low, in 1395 this share marks the highest percentage, 12.3%, in the past decade. Total domestic revenue collection as a percentage of GDP indicates the share of a country's output that is collected domestically. This ratio measures the extent to which the government controls the economy's resources and moves toward the path of self-dependence.



### Tax Revenue

Higher tax revenue is an indicator of strong revenue-collection institutions, the economic health of the country and an assurance of fiscal sustainability. As a result of reforms, changes in the tax policy, and the introduction of new tax measures, there have been increases in the domestic revenue collection in general – tax revenue in particular. In the Fiscal Year 1395, tax revenue collection was Afs 69.5 billion compared to Afs 59.5 billion in FY 1394. Although the share of tax revenue in total domestic revenue collection has fallen from 49 to 45 percent in 1395, the absolute amount has risen by more than 16 percent.

**Chart 9. Revenue Breakdown for Fiscal Year 1395**



The Major tax components include:

- **Fixed taxes:** Total revenue from fixed taxes was Afs 11.02 billion in FY 1395. In the previous fiscal year, revenue from this line was about Afs 10.44 billion. As a result, revenues from fixed taxes increased by Afs 575.67 million and that is – 6 percent increase.
- **Income Taxes:** Revenue from income taxes was about Afs 24.13 billion. However, in FY 1393, it was Afs 22.04 billion in total. Hence, income tax revenue also increased by Afs 2.09 billion and that is – 9 percent increase.
- **General taxes on goods and services:** Revenue from general taxes on goods and services constitute the largest tax component in 1395. Total tax revenue in FY 1395 from general taxes on goods and serves was Afs 28.61 billion, 35 percent higher from Afs 21.14 billion of 1394.
- **Customs Duties:** Custom duties collections were Afs 31.27 billion in 1395, while in FY 1394, they were Afs 30.42 billion – showing an increase of marginal Afs 0.85 billion or 3 percent.

#### Non-Tax Revenue

Non-tax revenue was Afs 34.61 billion in 1395. This shows a significant increase compared to Afs 26.93 billion collected in FY 1394. Within non-tax revenue, the administrative fees collected, of Afs 24.48 billion, makes the fees the largest contributor to non-tax revenue. Revenue from Sales of Goods and Services has fallen in FY 1395 to Afs 5.79 in comparison to Afs 6.79 billion collected in FY 1394. On the other hand, extractive industry shows a 79 percent increase in revenue collection (Afs 1.09 billion) compared to Afs 0.61 billion collected in FY 1394.

#### Revenue from Mustofiats

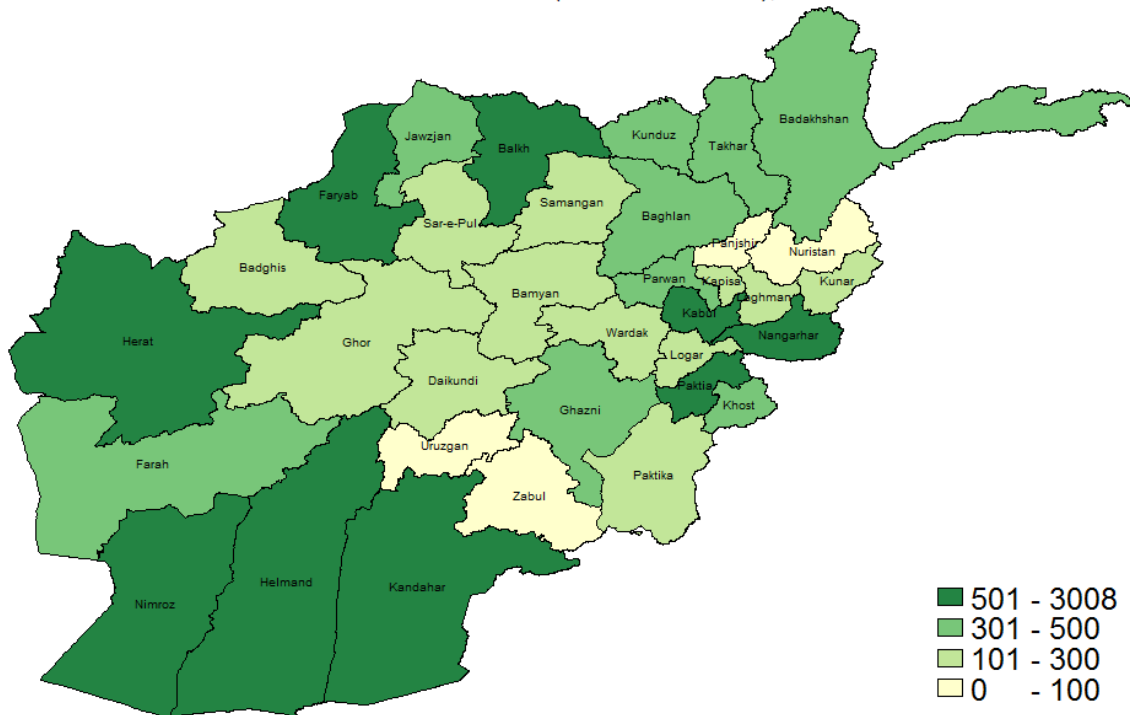
Revenue from Mustofiats along with other domestic sources constitute an important part of the revenue stream for government. Mustofiats revenue does not include revenues from provincial customs, Large Tax Payer (LTO), Medium Tax Payer (MTO), and Small Tax Payer (STO)



organizations. In FY 1395 the total revenue from Mustofiats were Afs 16.27 billion against the target amount of Afs 15.45 billion. The map below shows the dispersion of provincial revenue collections.

### Tax Expenditures

REVENUE COLLECTION AT PROVINCES (MUSTAWFIATS), VALUES IN MILLIONS AFN



The Government has a number of tax expenditures, which are tax incentives that the Government provides for particular types of provision of services, goods, or to encourage a particular activity in line with policy goals.

As part of the commitment to full policy transparency, some of these are set out here, and some estimated costs of revenues foregone for trade tax expenditures are also provided below:

### Trade Tax Expenditure

- An exemption on BRT for the provision of non-profit health services.
- An exemption on BRT for the provision of non-profit educational services.
- There are BRT exemptions for financial and insurance services (in line with Article 65 of the Income Tax Law).
- Income received from renting a residential property to a natural person for more than 6 months of the tax year is exempt from BRT.
- Religious services, humanitarian aid, G+S to the Government for natural disaster reconstruction, physical education and sports are all exempt from BRT providing as they are non-profit entities.

Certain firms incorporated under the Afghanistan Investment Law can also get exemptions on firm profit through depreciating the cost of assets on an accelerated time line – buildings can be depreciated over 4 years, other assets over 2 years. Exports are not taxed by the Government, as part of a policy towards export promotion. If they were sold locally they would be eligible for the local sales tax (Business Rates Tax – BRT), which is charged at [4%] percent. Of these tax expenditures, the easiest way to get information on the revenue foregone is through the ASYCUDA reports for import exemptions. The Government records each import, the size of the tax paid on it, or if none is paid the exemption/reason applied and the amount of tax foregone as a result of that.

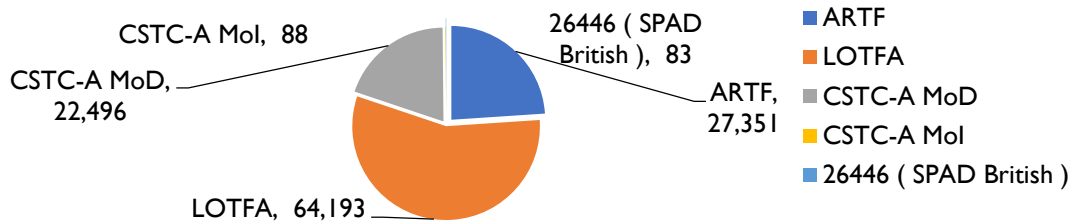
### Grants to Integrated Core Budget

Total external resource received in the Fiscal Year 1395 amounts to Afs 295.747 billion, which constitutes about 69 percent of the national budget and 15.3 percent of GDP.

### Operating Budget Grants

Total operating grants received in FY 1395 were Afs 149.39 billion. This grant accounts for 51 percent of the operating budget. The highest amount of grant in the operating expenditure is spent in the security sector. The following chart presents components of the operating grants in the Fiscal Year 1395.

**Chart 10. Operating Grants in 1395 (values in millions of Afs)**



### The Law and Order Trust Fund for Afghanistan (LOTFA)

Law and Order Trust Fund mainly provides financing for the ANP's wages, compensation, food cost and prison department, which was previously under the Ministry of Justice. Total grants from LOTFA were Afs 64.193 billion during FY 1395.

### The Combined Security Transitional Command – Afghanistan (CSTC - A)

CSTC-A grants mainly support ANA and a small portion of this grant is allocated for the ANP. Total grants receipts from CSTC-A for Ministry of Defence (MoD) in 1395 were Afs 22.496 billion, while for Ministry of Interior (MoI) were Afs 88 million.

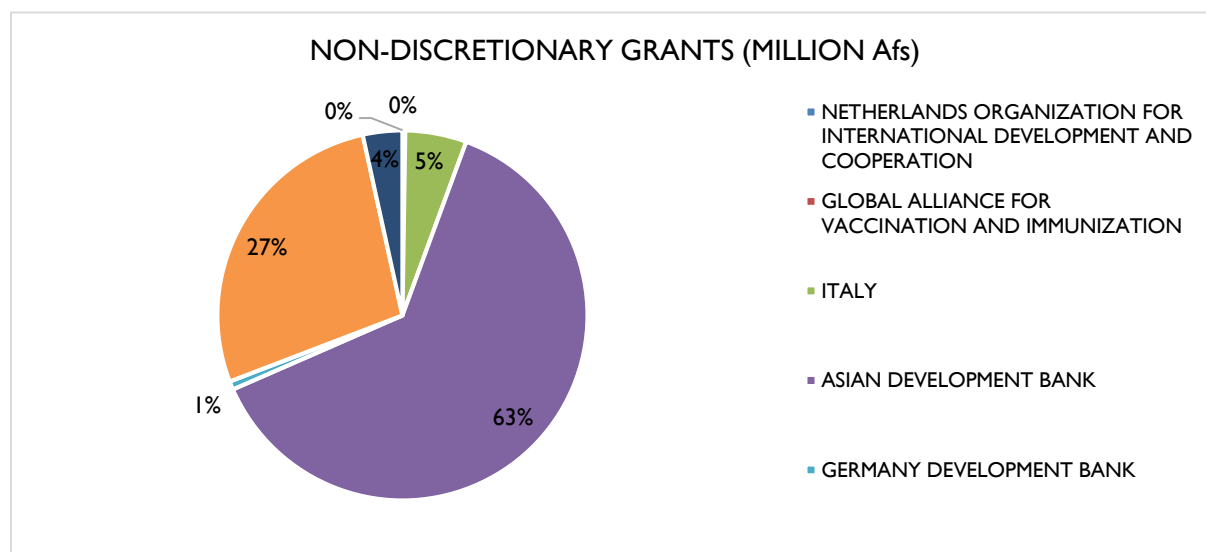
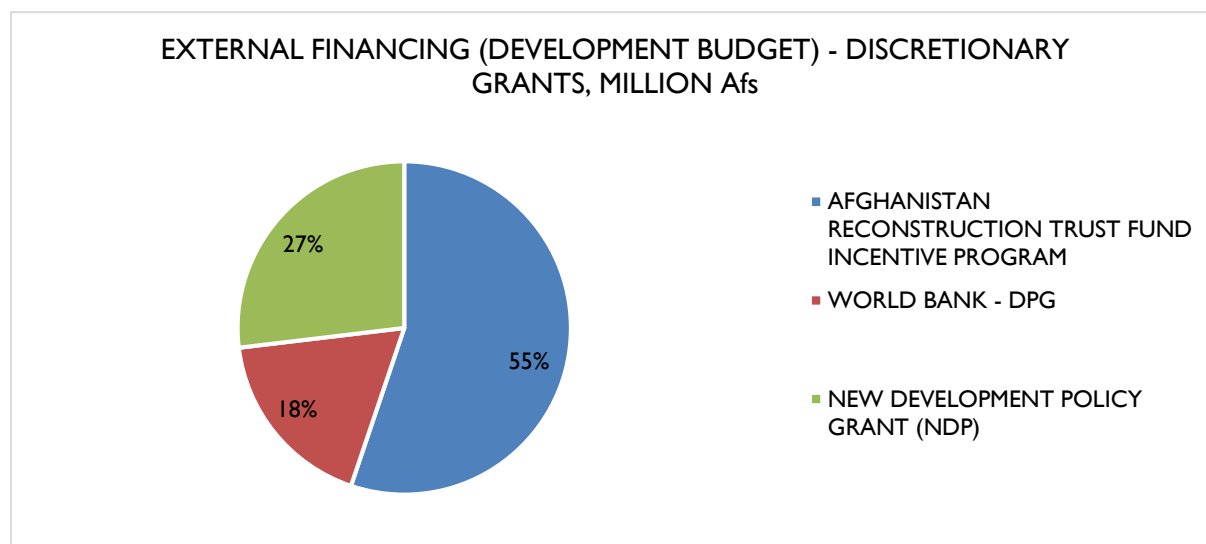
### Operating Grants from the Afghanistan Reconstruction Trust Fund (ARTF)

The ARTF which is administered by the World Bank is used to support salaries of un-uniformed civil servants. Total receipts of ARTF in FY 1395 were Afs 64.193 billion.

### Development Budget Grants

In the Fiscal Year 1395, the total grants for development budget amounts to Afs 146.438 billion, of which Afs 29.77 billion was discretionary grants and Afs 116.54 billion was non-discretionary grants. The charts below show sources of discretionary and non-discretionary sources.

## Chart 11. Discretionary and Nondiscretionary Grants



### 2.3 Expenditure

#### Expenditure Summary

Total spending for the Fiscal Year 1395 was Afs 352.601 billion (76.2% of the Final Budget). Operating Budget and Development Budget spending amounts to Afs 258.857 billion (89.5 % of the Operating Budget) and Afs 93.749 billion (54% of the Development Budget) respectively. Total budget spending increased by 4 percent compared to the Fiscal Year 1394 (72.5% in FY 1394), the Operating Budget performance increased by 8 percent and Development Budget performance remained almost the same. Total spending in the Fiscal Year 1395 amounts to 26.4 percent of the real GDP.

**Table 6. Expenditure Summary**

In millions of Afghanis				139	139	139	139	139	139	1395
	Actual	%GD P	Actual	%GD P	Original Budget (5)				Final Budget t (6)	Actu al as % of Final Budg et
TOTAL GROSS EXPENDITURE	317,34 1.6	25.6	352,60 5.9	26.4	411,385.2				462,92 1.3	76.2
Operating Budget	234,95 9.0	19.0	258,85 7.0	19.4	241,184.7				289,16 5.0	89.5
Development Budget	82,382. 6	6.7	93,748. 9	7.0	170,200.5				173,75 6.3	54.0
TOTAL NET EXPENDITURE	317,31 6.4	25.6	351,48 7.0	26.4						
Operating Budget	234,93 3.8	19.0	257,73 8.2	19.3						
Development Budget	82,382. 6	6.7	93,748. 9	7.0						
RECURRENT EXPENDITURE (excludes 25)	264,92 8.6	21.4	292,91 7.8	22.0	194,192.3				334,11 1.3	87.7
Operating Budget	227,17 4.8	18.3	254,00 0.9	19.0	236,591.4				273,83 5.7	92.8
Development Budget	37,753. 8	3.0	38,916. 9	2.9	N/A				60,275. 6	64.6
Compensation of Employees	152,25 5.3	12.3	164,50 7.6	12.3	167,099.5				161,84 7.5	101.6
Operating Budget	152,25 5.3	12.3	164,50 7.6	12.3	167,099.5				161,84 7.5	101.6
Development Budget	0.0	0.0	0.0	0.0	-				-	-
Use of Goods and Services	92,077. 4	7.4	103,42 2.2	7.8	N/A				145,30 7.0	71.2

Operating Budget	55,623.5	4.5	65,238.9	4.9	67,876.9	86,503.8	75.4
Development Budget	36,453.9	2.9	38,183.3	2.9	N/A	58,803.2	64.9
Interest (2)	628.1	0.1	580.5	0.0	1,615.0	1,615.0	35.9
Operating Budget	628.1	0.1	580.5	0.0	1,615.0	1,615.0	35.9
Development Budget	0.0	0.0	0.0	0.0	-	-	-
Social Transfers (3)	19,967.8	1.6	24,407.5	1.8	25,477.8	25,341.8	96.3
Operating Budget	18,667.9	1.5	23,673.9	1.8	-	23,869.3	99.2
Development Budget	1,299.9	0.1	733.6	0.1	25,477.8	1,472.4	49.8
Gross Acquisition of Nonfinancial Assets	52,413.0	4.2	59,688.1	4.5	N/A	102,602.2	58.2
Operating Budget	7,784.2	0.6	4,856.1	0.4	6,208.3	15,729.2	30.9
Development Budget	44,628.8	3.6	54,832.0	4.1	N/A	86,873.0	63.1
Net Acquisition of Nonfinancial Assets (1)	52,387.8	4.2	58,569.3	4.4	-	-	-
Operating Budget	7,759.0	0.6	3,737.3	0.3	-	-	-
Development Budget	44,628.8	3.6	54,832.0	4.1	-	-	-

Source: AFMIS Database | March 2017

1. Proceeds from sale of fixed assets are net off from the total.
2. Actuals are interest only. However, budget figures include principal repayments and interest.
3. Budget figures for code 24 only includes budgeted pensions from contingency reserve, therefore actual expenditure may be larger than budget.

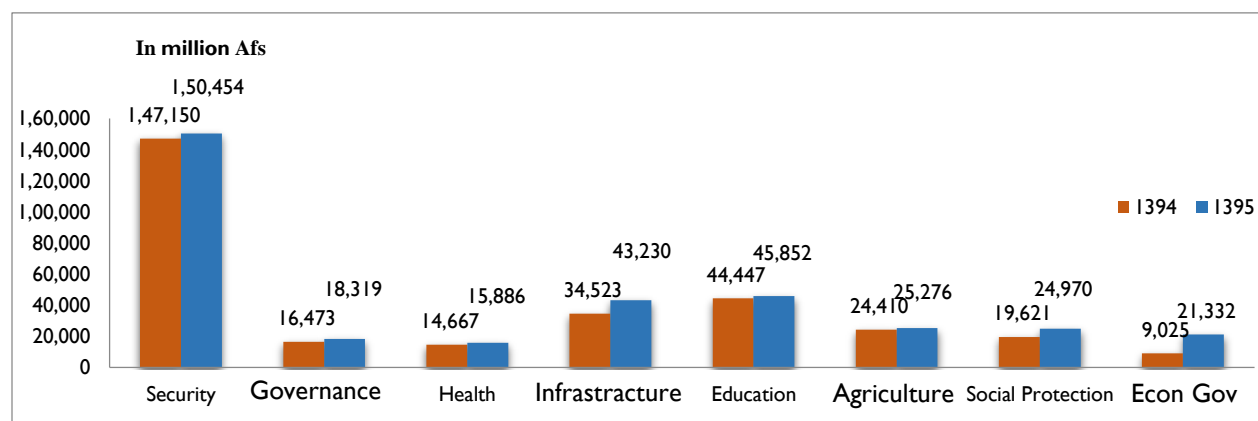
4. Budget and Revised Budget figures of development budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these two categories.
5. Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories are also not finalized, and so total of each category does not add to total Budget of Afs434.3 billion.

## Expenditure by Sector

The Afghanistan National Development Strategy (ANDS) was the Government’s five-year development plan. It was designed to achieve nationwide stabilization, strengthen the rule of law and ensure respect for human rights. Under this five-year plan, Afghan government intended to work towards sustainable development, economic and social development through a private sector-led market economy. It is the first poverty reduction strategy paper for Afghanistan. The National Priority Programs (NPPs) were designed after the Kabul Conference in July 2010 to better implement this strategy. In the Brussels Conference on Afghanistan, the National Unity Government presented the Afghanistan National Peace and Development Framework (ANPDF), which replaces the ANDS. While the sectors under the ANPDF remain the same as the ANDS, the approach towards attaining the objectives set differs significantly. Although the ANPDF was created in 1395, the actual implementation starts in 1396 (2017) with the establishment of the Development Councils (DCs).

The chart and table below present expenditure by sector under the ANDS classification in the Fiscal Year 1394 and 1395.

**Chart 12. Expenditure by Sector**



Source: AFMIS, March 2017

### Security Sector

A major portion of expenditure was on Security Sector. A total of Afs 150.454 billion was spent in this sector, which makes 43.6 percent of the total spending and 11.3 percent of GDP. Out of Afs 187.996 billion allocated to this sector, 80 percent was spent. The Major share of spending in the Security Sector (99%) is operating in nature, which is mainly financed through donor

financing. Ministry of Interior, Ministry of Defense and General Directorate of National Security are the main agencies under the Security Sector. In the Fiscal Year 1395, these three agencies spent Afs 70.6 billion, 60.3 billion and Afs 12.8 billion respectively. The share of spending on Security Sector Spending performance in Security Sector reduced by 3.8 percent compared to the Fiscal Year 1394.

#### Education Sector

The Education Sector includes the Ministry of Education, Ministry of Higher Education and Ministry of Culture Affairs. This sector is the second largest Operating Budget spending sector. In the Fiscal Year 1395, it spent a total of Afs 45.8 billion, out of which Afs 37.4 billion was Operating spending and Afs 8.4 billion was Development spending.

**Table 7. Expenditure by Sector**

In millions of Afghanis	1394	1394	1394	1395	1395	1395	1395	1395
	Annual Actual	% of Total	% GDP	Annual Actual	% of Total	% GDP	Final Budget (I)	Actual as % of Final Budget
	Spending			Spending				
Security	147,150	47.4	11.9	150,454	43.6	11.3	187,996	80.0
Operating Budget	146,350	62.5	11.8	149,183	58.3	11.2	186,422	80.0
Development Budget	799	1.1	0.1	1,271	1.4	0.1	1,574	80.8
Governance, Rule of Law & Human Rights	16,473	5.2	1.3	18,319	5.3	1.4	17,351	105.6
Operating Budget	14,613	6.2	1.2	17,066	6.7	1.3	14,343	119.0
Development Budget	1,860	2.3	0.1	1,253	1.4	0.1	3,008	41.7
Infrastructure & Natural Resources	34,523	9.3	2.3	43,230	12.5	3.2	64,534	67.0
Operating Budget	6,220	2.6	0.5	5,885	2.3	0.4	6,434	91.5
Development Budget	28,304	29.2	1.8	37,345	41.7	2.8	58,100	64.3
Education	44,447	14.3	3.6	45,852	13.3	3.4	57,411	79.9
Operating Budget	36,103	15.4	2.9	37,410	14.6	2.8	36,433	102.7
Development Budget	8,344	11.0	0.7	8,442	9.4	0.6	20,978	40.2

Health	14,667	4.7	2.0	15,886	4.6	1.2	21,236	74.8
Operating Budget	3,504	1.5	0.5	3,531	1.4	0.3	2,960	119.3
Development Budget	11,163	14.7	1.6	12,356	13.8	0.9	18,276	67.6
Agriculture & Rural Development	24,410	7.9	2.0	25,276	7.3	1.9	28,659	88.2
Operating Budget	1,740	0.7	0.1	1,924	0.8	0.1	1,776	108.3
Development Budget	22,670	29.9	1.8	23,352	26.1	1.8	26,883	86.9
Social Protection	19,621	6.3	1.6	24,970	7.2	1.9	21,328	117.1
Operating Budget	19,176	8.2	1.5	23,984	9.4	1.8	19,546	122.7
Development Budget	444	0.6	0.0	985	1.1	0.1	1,783	55.3
Economic Governance & Private Sector Development	9,025	2.9	0.7	21,332	6.2	1.6	10,522	202.7
Operating Budget	5,549	2.4	0.4	16,767	6.6	1.3	3,146	532.9
Development Budget	3,476	4.6	0.3	4,565	5.1	0.3	7,376	61.9
TOTAL (I)	317,341.6	98	25.6	352,605.9	100	26.4	425,840.2	84.1
Operating Budget	234,959.0	100	19	258,857.0	100	19.4	271,060.0	94.4
Development Budget	82,382.6	93	6.7	93,748.9	100	7.0	154,780.3	57.9

Source: AFMIS, March 2017

- I. Budget totals do not add up to total published Budget given some budget funding remains unallocated in the contingency reserve. Development budget figures are as published while operating budget figures take account of funding allocated from contingency reserve and reallocations between codes.

Total spending in this sector constitutes 13.4 percent of the National Budget and 3.4 percent of GDP. The sector spent all of its allotted Operating Budget and 40 percent of its Development Budget. In the Fiscal Year 1395, spending on education compared to the Fiscal Year 1394, reduced both as a share of total spending and GDP.



## Infrastructure Sector

The Infrastructure Sector is the third largest spending sector (total budget) and the first largest Development Budget spending sector. It includes the key ministries such as the Ministry of Public Work, Ministry of Transportation and Civil Aviation, Ministry of Energy and Water, Ministry of Urban Development, Ministry of Mines and Petroleum and some other relevant agencies. In the Fiscal Year of 1395, out of the total budget of Afs 64.534 billion, the sector spent Afs 43.2 billion. Out of this spending, Afs 5.9 billion was Operating expenditure and Afs 37.3 billion was Development expense. Development spending in this sector constitutes 40.4 percent of total development spending and 2.8 percent of GDP. Total spending in this sector constitutes 3.2 percent of the GDP. In the Fiscal Year 1395, the sector spent 67 percent of its allotted budget. The share of spending on infrastructure in total spending and GDP increase from 9.3 percent and 2.3 percent in the Fiscal Year 1394 to 12.5 percent and 3.2 percent, respectively, in the Fiscal Year 1395.

## Agriculture and Rural Development

The Agriculture and Rural Development Sector includes the Ministry of Agriculture, Irrigation and Livestock (MAIL), the Ministry of Rural Rehabilitation and Development (MRRD) and Ministry of Counter Narcotics. Followed by Infrastructure Sector, this sector is the second largest Development Budget spending sector. Out of Afs 28.7 billion total budget allotted to this sector, it spent Afs 25.27 billion (88.2%) and of Afs 26.9 billion Development Budget, it spent Afs 23.4 billion (86.9%). The total spending and development spending in this sector constitutes 7.2 percent of the National Budget and 25.3 percent of the Development Budget. Similarly, the total spending in this sector constitutes 1.9 percent of GDP. The share of spending on Agriculture and Rural Development in total spending and GDP reduced from 7.9 percent and 2 percent in the Fiscal Year 1394 to 7.2 percent and 1.9 percent, respectively, in the Fiscal Year 1395.

## Health Sector

The Ministry of Public Health (MoPH) is the only agency in Health Sector. Out of Afs 21.23 billion allotted budget in the National Budget for Fiscal Year of 1395, the MoPH spent Afs 15.8 billion (74.8%). It spent all its Operating Budget and 67.6 percent of its Development Budget. In this year, the share of spending on health in total spending and the GDP was 4.5 percent and 1.2 percent respectively. The Basic Package of Health Services (BPHS), Improving Quality of Hospital Services (IQHS) and National Immunization Program (NIP) is the sector's largest projects.

## Social Protection

Social protection includes key ministries and agencies such as the Ministry of Labor, Social Affairs, Martyred and Disabled (MoLSAMD), the Ministry of Refugees and Returnees, the Ministry of Frontiers and Tribal Affairs, Ministry of Women Affairs, Directorate of Kochis and Office of Disaster Preparedness. Total spending of this sector in the Fiscal Year of 1395 was Afs 24.9 billion, of which Afs 23.98 billion (96%) was Operating and Afs 985 million was Development spending. Because of the influx of returnees, increase in the number of civilian and military casualties and increase in number disabled due to the on-going war in the country, the share of spending on this sector in total spending and the GDP has increased over time. In

the Fiscal Year 1395, compared to the previous year, the share of spending on this sector in total spending and the GDP increased from 6.3 percent and 1.6 percent to 7.1 percent and 1.9 percent respectively.

### **Economic Governance and Private Sector Development**

The key ministries and agencies included in the Economic Governance and Private Sector Development Sector are the Ministry of Finance, the Ministry of Commerce and Industries (MoCI), the Ministry of Economy, the Supreme Audit Office (SAO), the Central Statistics Organization (CSO) and the Afghanistan National Standards Authority (ANSA). The sector spent Afs 21.33 billion in total, of which Afs 16.76 billion was Operating and Afs 4.56 billion was Development spending. In the Fiscal Year of 1395, the share of spending on this sector in total government spending and the GDP increased significantly compared to 1394. It increased from 2.9 percent and 0.7 percent of total spending and the GDP to 6.1 percent and 1.6 percent respectively.

### **The Governance, Rule of Law and Human Rights Sector**

The ministries and agencies included in the Governance, Rule of Law and Human Rights Sector are the National Assembly (Upper and Lower Houses), the Ministry of State for Parliamentary Affairs, the Attorney General Office, the Ministry of Haj and Religious Affairs, the Election Commission and several other agencies. In the Fiscal Year 1395, this sector spent Afs 18.319 billion, of which Afs 17.066 billion was Operating and Afs 1.253 billion was Development spending. An important component of Development Budget for this sector is the Public Financial Management Reform Project, funded by the World Bank. The share of spending on this sector in the total spending and the GDP was 5 percent and 1.4 percent, respectively, which is almost similar to the Fiscal Year 1394.

### **Extra-budgetary Activities**

The Government operates very few extra-budgetary funds (i.e. off budget funds which receive and expend Government revenues, typically in line with Government policy priorities – these funds can have separate management and accounting/PFM systems, and typically receive funds from hypothecated Government revenues, or from donor support). The Government operates a Telecommunications Development Fund (TDF), which was set up in 2003 as a way of ensuring expanded access to telecom infrastructure, particularly attempting to roll out further connections to rural areas. It is overseen by the Afghanistan Telecoms Regulatory Authority (ARTA), and is financed primarily through a levy of 2.5% charged on telecoms operators' net revenue, as part of their GSM agreements, and in part through donor support as well. The Fund has been used for a number of purposes including providing subsidies for the expansion of telecoms infrastructure.

For details of expenditure please refer to Appendix.

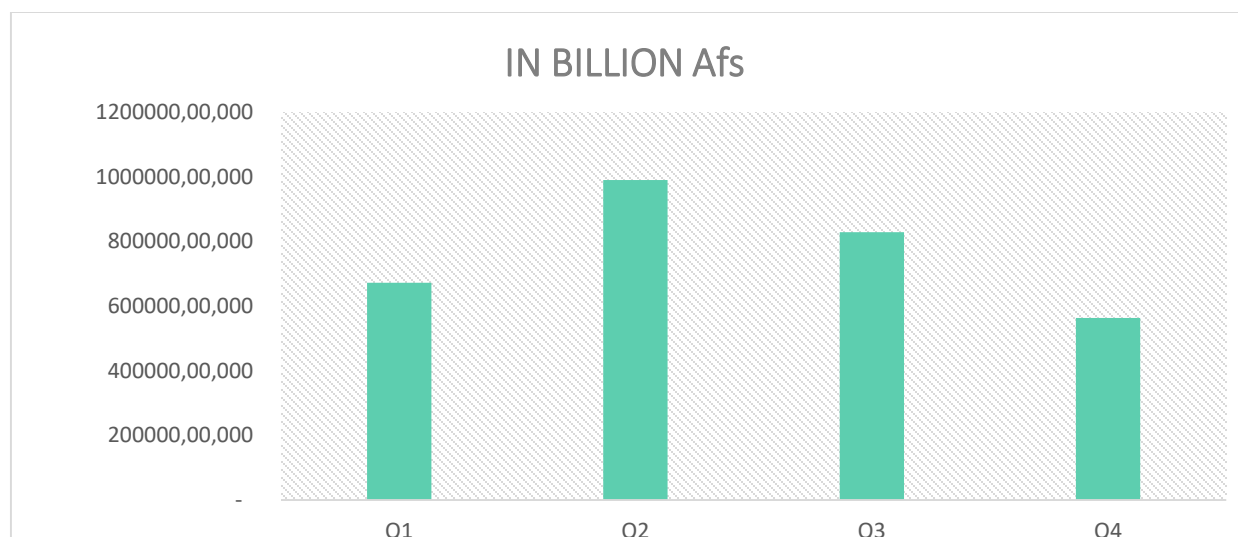
## **3. Government Financing**

### **Treasury Single Account (TSA)**

There was Afs 67.2 billion balance with the Treasury Signal Account (TSA) at the beginning of the Fiscal Year 1395, and continued to rise to Afs 99 billion by the end of the second quarter.

While during the third quarter it declined to Afs 82.8 billion, and the cash balance in TSA continued to decline to less than 60 billion in the fourth quarter. The decline in the last two quarters were due to drawdown in the treasury balance, associated with more spending in the latter quarters than the collection of domestic revenue as well as receipt of donor grants.

**Figure 13. TSA Balance Estimation**



The overall net acquisition of nonfinancial assets in the Fiscal Year of 1395 was Afs 58.569 billion. This amounts to shows excess of payments over receipts. This ratio of Net Acquisition of Non-Financial Assets to GDP increased from 4.2 percent in 1394 to 4.4 percent in 1395. A significant portion (70%) of the Net Acquisition came from Purchase of Land and Buildings. The second largest component in the outflow of funds due to acquisition of non-financial assets was Acquisition of Machinery of Equipment. The data for the Sale of State-Owned Enterprises is not available.

On the other hand, transactions in Financial Assets and Liabilities in the Fiscal Year 1395 shows a negative balance, which means the inflow of funds. However, it was positive in the Fiscal Year of 1394, which means a net outflow of funds. As presented in the table below, acquisition of domestic financial assets was the major component of the mentioned increase in inflow funds. Out of Afs 6.3 billion inflow of funds from domestic financial assets, Afs 3.4 billion came from Currency and Deposits, Afs 2.7 billion from loans and Afs 1.6 billion from other sources. Donor Accounts reduced by Afs 2.26 billion.

**Table 8. Net Acquisition of Non-Financial Assets**

In millions of Afghanis	1394	1394	1395	1395
	Actual	% GDP	Actual	% GDP
<b>NET ACQUISITION OF NONFINANCIAL ASSETS</b>	52,387.8	4.2	58,569.3	4.4
Land and Buildings	37,628.8	3.0	39,157.7	2.9
Purchase of Land and Buildings	37,653.9	3.0	40,276.6	3.0
Sale of Land and Buildings	-25.2	0.0	-1,118.8	-0.1

Sale of State-Owned Enterprises	0.0	0.0	0.0	0.0
Machinery and Equipment (>50,000)	11,665.5	0.9	14,300.4	1.1
Valuables	9.0	0.0	3.8	0.0
Other Acquisitions	3,084.5	0.2	5,107.3	0.4

Source: AFMIS Database I March 2017

In the Fiscal Year 1395, Liabilities increased by Afs 795.3 million, which is less than the increase of Afs 9.67 billion in the Fiscal Year 1394. This increase is net of Afs 2.236 billion increase in domestic liabilities and Afs 1.44 billion decreases in foreign liabilities. Borrowing reduced by Afs 950.6 million.

Table 9. Transactions in Financial Assets

(In millions of Afghanis)	1394	1394	1395	1395
	Actual	% GDP	Actual	% GDP
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	15,477.0		-5,568.3	
NET ACQUISITION OF FINANCIAL ASSETS	5,806.3	0.8	-6,363.5	-0.5
Domestic	5,806.3	0.8	-6,363.5	-0.5
Currency and Deposits	3,203.9	0.4	-3,415.2	-0.3
Treasury Single Account	-2,619.7	-0.4	-5,675.2	-0.5
Donor Accounts	5,823.6	0.8	2,260.0	0.2
Other Deposit Accounts	0.0	0.0	0.0	0.0
Loans (Lendings)	577.8	0.1	-2,741.3	-0.2
Other Accounts Receivable	-135.4	0.0	1,463.2	0.1
Other Assets	2,160.0	0.3	-1,670.2	-0.1
Foreign	0.0		0.0	0.0
NET ACQUISITION OF LIABILITIES	9,670.7	1.3	795.3	0.1
Domestic	1,636.6	0.2	2,236.9	0.2
Accounts Payable	-364.4	-0.1	-263.7	0.0
Pension Liabilities	0.0	0.0	2.3	0.0
Other Payables	0.0	0.0	0.7	0.0
Other Liabilities	2,001.0	0.3	2,497.7	0.2
Foreign	8,034.0	1.1	-1,441.6	-0.1
Foreign Currency	4,681.0	0.7	-950.6	-0.1
Loans (Borrowings)	3,353.0	0.5	-491.0	0.0

## Government Debt

### Debt Stock

Total Government debt stock during the Fiscal Year 1395 was Afs 163.576 billion, which is 4 percent more than the debt stock in the Fiscal Year 1394. 85 percent of the debt stock in the Fiscal Year 1395 was received from external sources and 14 percent from domestic sources. 53.6 percent of the external debt was received from International Organizations, in which ADB

and IDB have the largest share; and 46 percent from foreign countries, in which Russia has the largest share.

Total IMF lending commitment to help Afghanistan maintain economic stability and begin laying the basis for fiscal sustainability and economic growth for the year ending 1395 amounted to Afs 5,577 million, which was 9 percent lesser than the IMF loan received in the Fiscal Year of 1394. Most of these debts are in the form of concessional loans; either a rate of zero or a very marginal interest rate has been charged. The Largest bilateral creditors such as Russian Federation, Germany and USA as member of the Paris Club has pledged to give Afghanistan 100 percent debt relief, conditional to achieve certain economic and social benchmarks as defined for Heavily Indebted Poor Countries (HIPC) initiative and maintain certain programs with international organization such as IMF, World Bank, etc.

The public sector borrowing requirement is the integrated budget balance. However, it also adds any revenues from the sale of non-financial assets to obtain a true picture of the budget financing requirement. If there are any net sales of non-financial assets, the public sector borrowing requirement will be higher than the core budget balance. The high Treasury Single Account (TSA) financing reflects the use of “cash in the bank” throughout the year to meet the revenue shortfall. Initially, the Government started with a carry forward of Afs 10.775 billion in 1394, and by the end of the Fiscal Year of 1395 the closing cash balance reached Afs 56.329 billion.

**Table 10. Government Debt**

<b>Central Government Debt</b>			
<b>Stock</b>			<b>Change</b>
In Million Afs	<b>1394</b>	<b>1395</b>	<b>YoY</b>
<b>EXTERNAL</b>	<b>135,306</b>	<b>140,577</b>	4%
<b>International Organisations</b>	<b>75,414</b>	<b>75,379</b>	0%
IMF	6,112	5,577	-9%
World Bank	24,153	23,221	-4%
Islamic Development Bank	3,107	3,065	-1%
Asian Development Bank	42,043	43,517	4%
Others	0	0	0%
<b>Foreign Governments</b>	<b>59,892</b>	<b>65,198</b>	9%
Russian Federation	54,556	60,045	10%
Saudi Fund	2,947	2,987	1%
Others	2,389	2,166	-9%
<b>DOMESTIC</b>	<b>30,996</b>	<b>22,999</b>	-26%
<b>Bonds (Non-Tradable)</b>	<b>30,996</b>	<b>22,999</b>	-26%
<b>Commercial Banks</b>	-	-	
<b>TOTAL CENTRAL GOVERNMENT DEBT</b>	<b>166,302</b>	<b>163,576</b>	-2%

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*In Percent*

Portion Short Term Debt I	0	0	
Implied Maturity of Debt (Years)	206.6	206.6	0.0%
Implied Interest Rate of Debt	0.1%	0.1%	0.0%

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I/ Less than one year

#### 4. Risks

The key risks for the upcoming year is included in the risk matrix.

**Table 10. Risk Matrix**

Risk	Likelihood	Impact
<b>Rating Maintained</b>		
<b>Macroeconomics:</b> The risk of reduced overall economic activities (lead to underperformance to target revenue collection as well as reduced overall growth).	<b>Medium</b>	<b>HIGH</b>
<b>Macroeconomic:</b> Inflation and reduction in the dollar inflow cause depreciation in the value of the Afghani.	<b>MEDIUM</b>	<b>MEDIUM</b>
<b>Macroeconomic:</b> Depreciation of the Afghani causes increase in food prices, and the CPI	<b>LOW</b>	<b>MEDIUM</b>
<b>Macroeconomic:</b> Continued uncertainty reduces Investment	<b>HIGH</b>	<b>HIGH</b>
<b>Macroeconomic:</b> Increased fertility rate requires stronger economic performance to provide increasing services	<b>MEDIUM</b>	<b>HIGH</b>
<b>Macroeconomics:</b> International commodity and food prices rise again after the slowdown this year.	<b>MEDIUM</b>	<b>HIGH</b>
<b>Fiscal:</b> Lower execution in the development budget decreases economic activity (and potentially increases unemployment).	<b>HIGH</b>	<b>HIGH</b>
<b>Fiscal:</b> Revenue increase due to new tax measures and few specific sources not resulting from the significant economic performance.	<b>MEDIUM</b>	<b>MEDIUM</b>
<b>Fiscal:</b> Revenue decreased due to WTO tariff regulations	<b>HIGH</b>	<b>MEDIUM</b>
<b>Fiscal:</b> Exchange rate depreciation causes cost increase for Government imports	<b>LOW</b>	<b>MEDIUM</b>
<b>Fiscal:</b> Interest rate increase creates additional debt cost	<b>LOW</b>	<b>LOW</b>
<b>Fiscal:</b> Aid slowdown (commitments may not materialize) – check with AMD and Budget	<b>MEDIUM</b>	<b>HIGH</b>
<b>Fiscal:</b> The cost of O&M is higher than anticipated	<b>LOW</b>	<b>LOW</b>
<b>Fiscal:</b> Pension payments exceeded the budgeted pension allocation in the medium term	<b>MEDIUM</b>	<b>HIGH</b>
<b>Macro/Fiscal:</b> Returnees from Pakistan and other places create fiscal pressure on the government to provide them with basic services.	<b>HIGH</b>	<b>HIGH</b>
<b>Fiscal:</b> Government cash reserves remain very low, and mismatches between revenue and expenditure could precipitate another cash shortage.	<b>LOW</b>	<b>LOW</b>

## 5. Appendix

**Table 11 (a). Integrated Core Budget Expenditures 1394 - 1395**

Core	In millions of Afghanis	1394	1394	1395	1395	1395	1395	1395
		Actual	%GDP	Prelim. Actual	%GDP	Original Budget (4)	Final Budget (5)	Actual as % of Final Budget (5)
2	TOTAL GROSS EXPENDITURES	317,549.4	25.6	352,605.9	26.4	411,385.2	462,921	76.2
2	TOTAL NET EXPENDITURES (1)	317,524.2	25.6	351,487.0	26.4			
2-25	RECURRENT EXPENDITURES (excludes 25)	265,136.4	21.4	292,917.8	22.0			
21	Compensation of Employees	152,255.3	12.3	164,507.6	12.3	167,099.5	161,847.5	46.7
211-3	Wages and Salaries	145,148.0	11.7	155,843.0	11.7			
214-5	Social Benefits	7,107.3	0.6	8,664.6	0.6			
22	Use of Goods and Services	92,077.4	7.4	103,422.2	7.8	N/A	145,307.0	71.2
221	Travel	2,268.1	0.2	2,993.0	0.2			
222	Communications	4,125.6	0.3	3,970.5	0.3			
223	Contracted Services	30,436.6	2.5	30,817.1	2.3			
224	Repairs and Maintenance	11,322.9	0.9	8,350.1	0.6			
225	Utilities	5,101.0	0.4	5,053.9	0.4			
226	Fuel	23,552.9	1.9	25,235.2	1.9			
227-9	Other Use of Goods and Services	15,270.4	1.2	27,002.5	2.0			
23	Interest (2)	628.1	0.1	580.5	0.0	1615.0	1,615.0	35.9
24	Social Transfers (3)	20,175.6	1.6	24,407.5	1.8	25,477.8	25,341.8	96.3
242	Subsidies	846.7	0.1	1,400.0	0.1			
245	Grants	1,507.7	0.1	553.6	0.0			
247	Social Security	17,593.9	1.4	21,429.6	1.6			
248-9	Other Social Transfers	227.3	0.0	1,024.3	0.1			
25	Net Acquisition of	52,387.8	4.2	58,569.3	4.4			16.6



Nonfinancial Assets (1)					
150	Sale of Land and Buildings	-25.2	0.0	-1,118.8	-0.1
251	Buildings and Structures	36,823.0	3.0	39,287.2	2.9
252	Machinery and Equipment (>50,000)	11,665.5	0.9	14,300.4	1.1
257	Valuables	9.0	0.0	3.8	0.0
258	Land	830.9	0.1	989.3	0.1
259	Capital Advance Payments	3,084.5	0.2	5,107.3	0.4

**Source: AFMIS Database I  
March 2017**

**1/ Proceeds from the sale of fixed assets are net off from the total. If sales are greater than incurred expenditure, net expenditure will be negative.**

**2/ Actuals are interest only. However, budget figures include principal repayments and interest.**

**3/ Budget figures for code 24 only includes budgeted pensions from contingency reserve, therefore actual expenditure may be larger than budget.**

**4/ Budget and Revised figures of core budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these categories.**

**5/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs434.2billion.**

<b>Table II (b). Operating Budget Expenditures 1394 - 1395</b>										
In millions of Afghanis	1394	1394	1395	1395	1395	1395	1395	1395	1395	1395
	Actual	%GDP	Prelim. Actual	%GDP	Prelim. Actual	%GDP	Original Budget	Revised Budget	Final Budget (4)	Actual as % of Final Budget (4)
TOTAL GROSS EXPENDITURES	234,959.0	19.0	258,857.0	19.4	258,857.0	19.4	241,184.7	289,165.0	289,165.0	89.5
TOTAL NET	234,933.8	19.0	257,738.2	19.3	257,738.2	19.3				

EXPENDITURES (1)										
RECURRENT EXPENDITURES (excludes 25)	227,174.8	18.3	254,000.9	19.0	254,000.9	19.0				
Compensation of Employees	152,255.3	12.3	164,507.6	12.3	164,507.6	12.3	167,099.5	169,249.0	161,847.5	101.6
Wages and Salaries	145,148.0	11.7	155,843.0	11.7	155,843.0	11.7				
Social Benefits	7,107.3	0.6	8,664.6	0.6	8,664.6	0.6				
Use of Goods and Services	55,623.5	4.5	65,238.9	4.9	65,238.9	4.9	67,876.9	81,731.0	86,503.8	75.4
Travel	2,011.2	0.2	2,493.2	0.2	2,493.2	0.2				
Communications	4,125.6	0.3	3,970.5	0.3	3,970.5	0.3				
Contracted Services	981.2	0.1	1,764.3	0.1	1,764.3	0.1				
Repairs and Maintenance	11,322.9	0.9	8,350.1	0.6	8,350.1	0.6				
Utilities	5,101.0	0.4	5,053.9	0.4	5,053.9	0.4				
Fuel	23,476.4	1.9	25,142.3	1.9	25,142.3	1.9				
Other Use of Goods and Services	8,605.3	0.7	18,464.6	1.4	18,464.6	1.4				
Interest (2)	628.1	0.1	580.5	0.0	580.5	0.0	1615.0	1615.0	1615.0	35.9
Social Transfers (3)	18,667.9	1.5	23,673.9	1.8	23,673.9	1.8	-	23,869.3	23,869.3	99.2
Subsidies	846.7	0.1	1,400.0	0.1	1,400.0	0.1				
Grants	0.0	0.0	478.5	0.0	478.5	0.0				
Social Security	17,593.9	1.4	21,429.6	1.6	21,429.6	1.6				
Other Social Transfers	227.3	0.0	365.8	0.0	365.8	0.0				
Net Acquisition of Nonfinancial Assets (1)	7,759.0	0.6	3,737.3	0.3	3,737.3	0.3				
Sale of Land and Buildings	-25.2	0.0	-1,118.8	-0.1	-1,118.8	-0.1				
Buildings and Structures	4,706.6	0.4	3,138.9	0.2	3,138.9	0.2				
Machinery and Equipment (>50,000)	2,456.0	0.2	1,164.4	0.1	1,164.4	0.1				
Valuables	0.1	0.0	0.6	0.0	0.6	0.0				
Land	613.9	0.0	499.4	0.0	499.4	0.0				

Capital Advance Payments	7.5	0.0	52.9	0.0	52.9	0.0
Source: AFMIS Database   March 2017						
1/ Proceeds from sale of fixed assets are net off from the total. If sales are greater than incurred expenditure, net expenditure will be negative.						
2/ Actuals are interest only. However, budget figures include principal repayments and interest.						
3/ Budget figures for code 24 only includes budgeted pensions from contingency reserve, therefore actual expenditure may be larger than budget.						
4/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs 271 billion.						

**Table II ©. Development Budget Expenditures 1394 - 1395**

Code	In millions of Afghanis	1394	1394	1395	1395	1395	1395	1395	1395	1395
		Actual	%GDP	Prelim	%GDP	Prelim	%GDP	Original Budget (5)	Final Budget (6)	Actual as % of Final Budget (4)
	TOTAL GROSS EXPENDITURES	82,382.6	6.7	93,748.9	7.0	93,748.9	7.0	170,200.5	173,756.3	54
2	TOTAL NET EXPENDITURES (1)	82,382.6	6.7	93,748.9	7.0	93,748.9	7.0			
2-25	RECURRENT EXPENDITURES (excludes 25)	37,753.8	3.0	38,916.9	2.9	38,916.9	2.9			
21	Compensation of Employees	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
211-3	Wages and Salaries	0.0	0.0	0.0	0.0	0.0	0.0			
214-5	Social Benefits	0.0	0.0	0.0	0.0	0.0	0.0			
22	Use of Goods and Services	36,453.9	2.9	38,183.3	2.9	38,183.3	2.9	N/A	58,803.2	65
221	Travel	256.8	0.0	499.8	0.0	499.8	0.0			

222										
223	Contracted Services	29,455.4	2.4	29,052.8	2.2	29,052.8	2.2			
224	Repairs and Maintenance			0.0	0.0	0.0	0.0			
225	Utilities			0.0	0.0	0.0	0.0			
226	Fuel	76.5	0.0	92.9	0.0	92.9	0.0			
227-9	Other Use of Goods and Services	6,665.2	0.5	8,537.8	0.6	8,537.8	0.6			
23	Interest (2)	0.0	0.0	0.0	0.0	0.0	0.0	-	-	-
24	Social Transfers (3)	1,299.9	0.1	733.6	0.1	733.6	0.1	25,477.8	1,472.4	49.8
242	Subsidies	0.0	0.0	0.0	0.0	0.0	0.0			
245	Grants	1,299.9	0.1	75.1	0.0	75.1	0.0			
247	Social Security	0.0	0.0	0.0	0.0	0.0	0.0			
248-9	Other Social Transfers	0.0	0.0	658.5	0.0	658.5	0.0			
25	Net Acquisition of Nonfinancial Assets (1)	44,628.8	3.6	54,832.0	4.1	54,832.0	4.1	-		
150	Sale of Land and Buildings	0.0	0.0	0.0	0.0	0.0	0.0			
251	Buildings and Structures	32,116.5	2.6	36,148.3	2.7	36,148.3	2.7			
252	Machinery and Equipment (>50,000)	9,209.6	0.7	13,136.1	1.0	13,136.1	1.0			
257	Valuables	8.8	0.0	3.2	0.0	3.2	0.0			
258	Land	217.0	0.0	489.9	0.0	489.9	0.0			
259	Capital Advance Payments	3,077.0	0.2	5,054.4	0.4	5,054.4	0.4			

Source: AFMIS Database | March 2017

1/ Proceeds from sale of fixed assets are net off from the total. If sales are greater than incurred expenditure, net expenditure will be negative.

2/ Actuals are interest only. However, budget figures include principal repayments and interest.

3/ Budget figures for code 24 only includes budgeted pensions from contingency reserve, therefore actual expenditure may be larger than budget.

4/ Budget and MYR figures of development budget are not available for goods and services (code 21) and capital (code 25) as the published development budget is not broken down into these categories.

5/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs 163.3 billion.

**Table 12. Integrated Core Budget by Ministry**

Code	In millions of Afghanis	1394	1394	1394	1395	1395	1395	1395	1395	1395	0	1395	1395	1395	
		Annual	% of		Annual	% of		Prelim	% of				Original	Final	Actual
		Actual	Total	% GDP	Actual	Total	% GDP	Annual	Total	% GDP			Budget	Budget (I)	as % of Final Budget
		Spending			Spending			Actual	Spending						
26	Ministry of Interior	64,453	20.8	5.2	60,399	17.3	4.5	60,399	17.5	4.5		68,579	72,264	83.6	
	Operating Budget	63,914	27.3	5.2	60,068	23.3	4.5	60,068	23.5	4.5		68,012	71,697	83.8	
	Development Budget	539	0.7	0.0	331	0.4	0.0	331	0.4	0.0		567	567	58.4	
22	Ministry of Defense	65,798	21.2	5.3	70,602	20.2	5.3	70,602	20.4	5.3		95,651	98,018	72.0	
	Operating Budget	65,798	28.1	5.3	70,602	27.4	5.3	70,602	27.6	5.3		95,651	98,018	72.0	
	Development Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0		0	0	N/A	
23	Ministry of Foreign Affairs	3,756	1.2	0.3	5,131	1.5	0.4	5,131	1.5	0.4		4,787	4,340	118.2	
	Operating Budget	3,635	1.6	0.3	4,422	1.7	0.3	4,422	1.7	0.3		4,111	3,665	120.7	
	Development Budget	121	0.2	0.0	708	0.8	0.1	708	0.8	0.1		675	675	104.9	
15	Presidential Protective Service	1,132	0.4	0.1	1,483	0.4	0.1	1,483	0.4	0.1		1,772	1,300	114.1	
	Operating Budget	1,105	0.5	0.1	1,366	0.5	0.1	1,366	0.5	0.1		1,617	1,145	119.3	
	Development Budget	27	0.0	0.0	117	0.1	0.0	117	0.1	0.0		155	155	75.4	
64	General Directorate of National Security	12,010	3.9	1.0	12,839	3.7	1.0	12,839	3.7	1.0		12,535	12,074	106.3	

	Operating Budget	11,897	5.1	1.0	12,724	4.9	1.0	12,724	5.0	1.0	12,359	11,897	106.9
	Development Budget	112	0.1	0.0	115	0.1	0.0	115	0.1	0.0	176	176	65.3
	Security	147,150	47.4	11.9	150,454	43.0	11.3	150,454	43.6	11.3	183,324	187,996	80.0
	Operating Budget	146,350	62.5	11.8	149,183	57.9	11.2	149,183	58.3	11.2	181,750	186,422	80.0
	Development Budget	799	1.1	0.1	1,271	1.4	0.1	1,271	1.4	0.1	1,574	1,574	80.8
10	President's Office	361	0.1	0.0	0	-	0.0	0	-	0.0	0	361	0.0
	Operating Budget	361	0.2	0.0	0	-	0.0	0	-	0.0	0	361	0.0
	Development Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	N/A
11	National Assembly Meshanro Jirga	505	0.2	0.0	486	0.1	0.0	486	0.1	0.0	470	521	93.2
	Operating Budget	460	0.2	0.0	480	0.2	0.0	480	0.2	0.0	440	491	97.8
	Development Budget	46	0.1	0.0	6	0.0	0.0	6	0.0	0.0	30	30	19.0
12	National Assembly Wolesi Jirga	1,450	0.5	0.1	1,525	0.4	0.1	1,525	0.4	0.1	1,391	1,477	103.2
	Operating Budget	1,448	0.6	0.1	1,518	0.6	0.1	1,518	0.6	0.1	1,363	1,449	104.7
	Development Budget	2	0.0	0.0	7	0.0	0.0	7	0.0	0.0	28	28	24.3
14	Supreme Court	3,264	1.1	0.3	3,534	1.0	0.3	3,534	1.0	0.3	3,210	3,210	110.1
	Operating Budget	3,111	1.3	0.3	3,412	1.3	0.3	3,412	1.3	0.3	3,024	3,024	112.8
	Development Budget	154	0.2	0.0	122	0.1	0.0	122	0.1	0.0	187	187	65.4
50	Ministry of Justice	745	0.2	0.1	885	0.3	0.1	885	0.3	0.1	965	973	91.0
	Operating Budget	567	0.2	0.0	620	0.2	0.0	620	0.2	0.0	607	614	101.0
	Development Budget	178	0.2	0.0	265	0.3	0.0	265	0.3	0.0	359	359	73.9

	t Budget												
13	Administrative Affairs	4,091	1.3	0.3	5,108	1.5	0.4	5,108	1.5	0.4	3,182	4,029	126.8
	Operating Budget	3,919	1.7	0.3	4,749	1.8	0.4	4,749	1.9	0.4	2,830	3,677	129.2
	Development Budget	172	0.2	0.0	359	0.4	0.0	359	0.4	0.0	352	352	101.9
21	Ministry of State and Parliamentary Affairs	116	0.0	0.0	160	0.0	0.0	160	0.0	0.0	155	106	151.1
	Operating Budget	74	0.0	0.0	143	0.1	0.0	143	0.1	0.0	129	80	179.2
	Development Budget	43	0.1	0.0	17	0.0	0.0	17	0.0	0.0	26	26	64.9
24	Ministry of Haj and Religious Affairs	991	0.3	0.1	1,093	0.3	0.1	1,093	0.3	0.1	1,094	1,077	101.5
	Operating Budget	775	0.3	0.1	879	0.3	0.1	879	0.3	0.1	847	830	105.9
	Development Budget	216	0.3	0.0	215	0.2	0.0	215	0.2	0.0	247	247	86.8
51	Attorney General	1,190	0.4	0.1	1,354	0.4	0.1	1,354	0.4	0.1	1,344	1,325	102.1
	Operating Budget	1,096	0.5	0.1	1,238	0.5	0.1	1,238	0.5	0.1	1,154	1,135	109.1
	Development Budget	94	0.1	0.0	115	0.1	0.0	115	0.1	0.0	190	190	60.7
72	Election Commission	205	0.1	0.0	207	0.1	0.0	207	0.1	0.0	173	246	84.3
	Operating Budget	205	0.1	0.0	207	0.1	0.0	207	0.1	0.0	173	246	84.3
	Development Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	N/A
62	IARCSC	459	0.1	0.0	411	0.1	0.0	411	0.1	0.0	514	523	78.5
	Operating Budget	331	0.1	0.0	340	0.1	0.0	340	0.1	0.0	338	348	97.9
	Development Budget	128	0.2	0.0	71	0.1	0.0	71	0.1	0.0	176	176	40.3
85	Independent	331	0.1	0.0	66	0.0	0.0	66	0.0	0.0	52	50	131.3

	Commission for Overseeing the Implementation of Cons												
	Operating Budget	44	0.0	0.0	66	0.0	0.0	66	0.0	0.0	52	50	131.3
	Developmen t Budget	286	0.4	0.0	0	0.0	0.0	0	0.0	0.0	0	0	N/A
69	Anti-Corruption Commission	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Developmen t Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	N/A
67	The High office of Oversight and Anti-Corruption	213	0.1	0.0	168	0.0	0.0	168	0.0	0.0	202	207	81.2
	Operating Budget	119	0.1	0.0	113	0.0	0.0	113	0.0	0.0	118	123	92.0
	Developmen t Budget	94	0.1	0.0	55	0.1	0.0	55	0.1	0.0	84	84	65.4
59	Independent Directorate of Local Governance	2,552	0.8	0.2	3,322	0.9	0.2	3,322	1.0	0.2	4,008	3,181	104.4
	Operating Budget	2,104	0.9	0.2	3,300	1.3	0.2	3,300	1.3	0.2	2,743	1,916	172.2
	Developmen t Budget	447	0.6	0.0	22	0.0	0.0	22	0.0	0.0	1,265	1,265	1.7
74	Legal Training Center	0	-	0.0	0	-	0.0	0	-	0.0	64	64	0.0
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Developmen t Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	64	64	0.0
	Governance, Rule of Law & Human Rights	16,473	5.2	1.3	18,319	5	1.4	18,319	5.3	1.4	16,825	17,351	105.6
	Operating Budget	14,613	6.2	1.2	17,066	7	1.3	17,066	6.7	1.3	13,817	14,343	119.0



Development Budget	1,860	2.3	0.1	1,253	1	0.1	1,253	1.4	0.1	3,008	3,008	41.7
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I/ Budget totals do not add up to total published Budget given some budget funding remains unallocated in the contingency reserve. Development budget figures are as published, while operating budget figures take account of funding allocated from contingency reserve and reallocations between codes.

**Table 13. Integrated Core Budget by Ministry (continued)**

Code	In millions of Afghanis	1394	1394	1394	1395	1395	1395	1395	1395	1395	0	1395	1395	1395
		Annual	% of	%	Annual	% of	%	Prelim.	% of	%		Original	Final	Actual
		Actual	Total	GD P	Actual	Total	GD P	Annual	Total	GD P		Budget	Budget (I)	as % of Final Budget
		Spending			Spending			Actual	Spending					
42	Ministry of Public Works	15,310	4.9	1.2	17,089	4.9	1.3	17,089	4.9	1.3		38,655	38,955	43.9
	Operating Budget	3,765	1.6	0.3	3,308	1.3	0.2	3,308	1.3	0.2		3,546	3,846	86.0
	Development Budget	11,546	15.2	0.9	13,781	14.9	1.0	13,781	15.4	1.0		35,109	35,109	39.3
45	Ministry of Transport and Aviation	287	0.1	0.0	320	0.1	0.0	320	0.1	0.0		385	412	77.8
	Operating Budget	259	0.1	0.0	266	0.1	0.0	266	0.1	0.0		261	287	92.7
	Development Budget	28	0.0	0.0	54	0.1	0.0	54	0.1	0.0		125	125	43.6
34	Ministry of Communication	1,919	0.6	0.2	1,058	0.3	0.1	1,058	0.3	0.1		2,315	2,281	46.4
	Operating Budget	491	0.2	0.0	538	0.2	0.0	538	0.2	0.0		531	497	108.1
	Development Budget	1,428	1.9	0.1	520	0.6	0.0	520	0.6	0.0		1,783	1,783	29.2
41	Ministry of Energy and Water	5,480	1.8	0.4	4,678	1.3	0.4	4,678	1.4	0.4		11,757	11,784	39.7
	Operating	549	0.2	0.0	625	0.2	0.0	625	0.2	0.0		557	583	107.2

	Budget												
	Development Budget	4,931	6.5	0.4	4,053	4.4	0.3	4,053	4.5	0.3	11,201	11,201	36.2
82	Water Supply and Canalization Corporation	549	0.2	0.0	72	0.0	0.0	72	0.0	0.0	0	0	N/A
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Development Budget	549	0.7	0.0	72	0.1	0.0	72	0.1	0.0	0	0	N/A
83	Da Brishna Shirkat	4,931	6.5	0.4	12,605	3.6	0.9	12,605	3.7	0.9	0	0	N/A
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Development Budget	4,931	6.5	0.4	12,605	13.7	0.9	12,605	14.1	0.9	0	0	N/A
49	Ministry of Urban Development	941	0.3	0.1	3,034	0.9	0.2	3,034	0.9	0.2	1,669	1,628	186.4
	Operating Budget	267	0.1	0.0	286	0.1	0.0	286	0.1	0.0	328	287	99.8
	Development Budget	674	0.9	0.1	2,748	3.0	0.2	2,748	3.1	0.2	1,341	1,341	204.9
84	Independent Board of new Kabul	100	0.0	0.0	118	0.0	0.0	118	0.0	0.0	107	107	109.7
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Development Budget	100	0.1	0.0	118	0.1	0.0	118	0.1	0.0	107	107	109.7
32	Ministry of Mines and Industries	3,133	1.0	0.3	1,894	0.5	0.1	1,894	0.5	0.1	5,050	5,112	37.0
	Operating Budget	548	0.2	0.0	506	0.2	0.0	506	0.2	0.0	512	574	88.1
	Development Budget	2,584	3.4	0.2	1,388	1.5	0.1	1,388	1.6	0.1	4,538	4,538	30.6
65	Geodesy and Cartography Office	139	0.0	0.0	154	0.0	0.0	154	0.0	0.0	176	172	89.5
	Operating Budget	123	0.1	0.0	131	0.1	0.0	131	0.1	0.0	132	128	102.3
	Development Budget	16	0.0	0.0	23	0.0	0.0	23	0.0	0.0	44	44	52.5

60	Directorate of Environment	204	0.1	0.0	221	0.1	0.0	221	0.1	0.0	231	235	93.9
	Operating Budget	185	0.1	0.0	190	0.1	0.0	190	0.1	0.0	190	194	97.9
	Development Budget	19	0.0	0.0	31	0.0	0.0	31	0.0	0.0	41	41	75.0
75	Afghanistan High Atomic Energy Commission	31	0.0	0.0	35	0.0	0.0	35	0.0	0.0	44	38	92.4
	Operating Budget	31	0.0	0.0	35	0.0	0.0	35	0.0	0.0	44	38	92.4
	Development Budget	0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	0	N/A
79	Municipalities	1,498	0.5	0.1	1,952	0.6	0.1	1,952	0.6	0.1	3,811	3,811	51.2
	Operating Budget	0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A
	Development Budget	1,498	2.0	0.1	1,952	2.1	0.1	1,952	2.2	0.1	3,811	3,811	51.2
	Infrastructure & Natural Resources	34,523	9.3	2.3	43,230	12	3.2	43,230	13	3.2	64,201	64,534	67.0
	Operating Budget	6,220	2.6	0.5	5,885	2	0.4	5,885	2	0.4	6,102	6,434	91.5
	Development Budget	28,304	29.2	1.8	37,345	40	2.8	37,345	42	2.8	58,100	58,100	64.3
27	Ministry of Education	36,274	11.7	2.9	37,159	10.6	2.8	37,159	10.8	2.8	47,403	46,818	79.4
	Operating Budget	30,411	13.0	2.5	31,526	12.2	2.4	31,526	12.3	2.4	31,225	30,641	102.9
	Development Budget	5,863	7.7	0.5	5,633	6.1	0.4	5,633	6.3	0.4	16,178	16,178	34.8
28	Ministry of Higher Education	6,925	2.2	0.6	7,460	2.1	0.6	7,460	2.2	0.6	8,904	8,861	84.2
	Operating Budget	4,740	2.0	0.4	4,912	1.9	0.4	4,912	1.9	0.4	4,835	4,792	102.5
	Development Budget	2,185	2.9	0.2	2,548	2.8	0.2	2,548	2.8	0.2	4,069	4,069	62.6
36	Ministry of Information and Culture	600	0.2	0.0	694	0.2	0.1	694	0.2	0.1	867	857	80.9
	Operating Budget	481	0.2	0.0	517	0.2	0.0	517	0.2	0.0	503	493	104.8

	Budget												
	Development Budget	119	0.2	0.0	177	0.2	0.0	177	0.2	0.0	364	364	48.6
61	Science Academy	200	0.1	0.0	205	0.1	0.0	205	0.1	0.0	223	232	88.2
	Operating Budget	195	0.1	0.0	201	0.1	0.0	201	0.1	0.0	203	212	94.8
	Development Budget	6	0.0	0.0	4	0.0	0.0	4	0.0	0.0	20	20	18.4
63	National Olympic Committee	448	0.1	0.0	335	0.1	0.0	335	0.1	0.0	622	642	52.2
	Operating Budget	276	0.1	0.0	254	0.1	0.0	254	0.1	0.0	275	295	86.3
	Development Budget	172	0.2	0.0	81	0.1	0.0	81	0.1	0.0	347	347	23.3
	Education	44,447	14.3	3.6	45,852	13.1	3.4	45,852	13.3	3.4	58,018	57,411	79.9
	Operating Budget	36,103	15.4	2.9	37,410	14.5	2.8	37,410	14.6	2.8	37,041	36,433	102.7
	Development Budget	8,344	11.0	0.7	8,442	9.1	0.6	8,442	9.4	0.6	20,978	20,978	40.2
37	Ministry of Public Health	14,667	4.7	1.2	15,886	4.5	1.2	15,886	4.6	1.2	21,236	21,236	74.8
	Operating Budget	3,504	1.5	0.3	3,531	1.4	0.3	3,531	1.4	0.3	2,960	2,960	119.3
	Development Budget	11,163	14.7	0.9	12,356	13.4	0.9	12,356	13.8	0.9	18,276	18,276	67.6
	Health	14,667	4.7	2.0	15,886	4.5	1.2	15,886	4.6	1.2	21,236	21,236	74.8
	Operating Budget	3,504	1.5	0.5	3,531	1.4	0.3	3,531	1.4	0.3	2,960	2,960	119.3
	Development Budget	11,163	14.7	1.6	12,356	13.4	0.9	12,356	13.8	0.9	18,276	18,276	67.6
39	Ministry of Agriculture	6,818	2.2	0.6	8,376	2.4	0.6	8,376	2.4	0.6	9,871	9,819	85.3
	Operating Budget	1,074	0.5	0.1	1,207	0.5	0.1	1,207	0.5	0.1	1,144	1,091	110.6
	Development Budget	5,743	7.6	0.5	7,170	7.8	0.5	7,170	8.0	0.5	8,728	8,728	82.2
48	Ministry of Counter Narcotics	974	0.3	0.1	1,013	0.3	0.1	1,013	0.3	0.1	1,911	1,891	53.5
	Operating Budget	172	0.1	0.0	208	0.1	0.0	208	0.1	0.0	195	175	118.9

	Development Budget	802	1.1	0.1	805	0.9	0.1	805	0.9	0.1	1,716	1,716	46.9
43	Ministry of Rural Rehabilitation and Development	16,619	5.4	1.3	15,887	4.5	1.2	15,887	4.6	1.2	16,914	16,949	93.7
	Operating Budget	494	0.2	0.0	509	0.2	0.0	509	0.2	0.0	475	510	99.8
	Development Budget	16,125	21.2	1.3	15,377	16.7	1.2	15,377	17.2	1.2	16,439	16,439	93.5
	Agriculture & Rural Development	24,410	7.9	2.0	25,276	7.2	1.9	25,276	7.3	1.9	28,697	28,659	88.2
	Operating Budget	1,740	0.7	0.1	1,924	0.7	0.1	1,924	0.8	0.1	1,813	1,776	108.3
	Development Budget	22,670	29.9	1.8	23,352	25.3	1.8	23,352	26.1	1.8	26,883	26,883	86.9

I/ Budget totals do not add up to total published Budget given some budget funding remains unallocated in the contingency reserve. Development budget figures are as published, while operating budget figures take account of funding allocated from contingency reserve and reallocations between codes.

Table I4. Integrated Core Budget by Ministry (continued)

Code	In millions of Afghanis	1394	1394	1394	1395	1395	1395	1395	1395	1395	0	1395	1395	1395
		Annual Actual	% of Total	% GDP	Prelim. Annual	% of Total	% GDP	Prelim. Annual	% of Total	% GDP	Original Budget	Final Budget (I)	Actual as % of Final Budget	
		Spending			Actual			Spending						
46	Ministry of Frontiers and Tribal Affairs	459	0.1	0.0	476	0.1	0.0	476	0.1	0.0	607	567	84.0	
	Operating Budget	379	0.2	0.0	411	0.2	0.0	411	0.2	0.0	443	403	101.9	
	Development Budget	81	0.1	0.0	66	0.1	0.0	66	0.1	0.0	164	164	39.9	
47	Ministry of Martyrs, Disabled and Social Affairs	18,090	5.8	1.5	23,157	6.6	1.7	23,157	6.7	1.7	2,551	19,219	120.5	
	Operating Budget	17,829	7.6	1.4	22,511	8.7	1.7	22,511	8.8	1.7	1,320	17,988	125.1	

	Development Budget	260	0.3	0.0	645	0.7	0.0	645	0.7	0.0	1,231	1,231	52.4
29	Ministry of Refugees and Repatriates	253	0.1	0.0	473	0.1	0.0	473	0.1	0.0	518	495	95.6
	Operating Budget	226	0.1	0.0	265	0.1	0.0	265	0.1	0.0	268	245	108.2
	Development Budget	27	0.0	0.0	208	0.2	0.0	208	0.2	0.0	250	250	83.2
38	Ministry of Women Affairs	211	0.1	0.0	222	0.1	0.0	222	0.1	0.0	231	231	95.9
	Operating Budget	172	0.1	0.0	185	0.1	0.0	185	0.1	0.0	193	193	95.5
	Development Budget	39	0.1	0.0	37	0.0	0.0	37	0.0	0.0	38	38	98.0
68	Office of Disaster Preparedness	540	0.2	0.0	542	0.2	0.0	542	0.2	0.0	114	656	82.7
	Operating Budget	513	0.2	0.0	537	0.2	0.0	537	0.2	0.0	109	651	82.5
	Development Budget	28	0.0	0.0	5	0.0	0.0	5	0.0	0.0	5	5	107.0
76	Directorate of Kochis	68	0.0	0.0	99	0.0	0.0	99	0.0	0.0	170	160	62.3
	Operating Budget	58	0.0	0.0	75	0.0	0.0	75	0.0	0.0	75	65	115.4
	Development Budget	10	0.0	0.0	25	0.0	0.0	25	0.0	0.0	95	95	25.9
	Social Protection	19,621	6.3	1.6	24,970	7.1	1.9	24,970	7.2	1.9	4,190	21,328	117.1
	Operating Budget	19,176	8.2	1.5	23,984	9.3	1.8	23,984	9.4	1.8	2,408	19,546	122.7
	Development Budget	444	0.6	0.0	985	1.1	0.1	985	1.1	0.1	1,783	1,783	55.3
20	Ministry of Finance	6,780	2.2	0.5	19,065	5.4	1.4	19,065	5.5	1.4	6,806	6,806	280.1
	Operating Budget	4,351	1.9	0.4	15,275	5.9	1.1	15,275	6.0	1.1	1,860	1,860	821.3
	Development Budget	2,429	3.2	0.2	3,790	4.1	0.3	3,790	4.2	0.3	4,946	4,946	76.6
25	Ministry of Commerce	1,164	0.4	0.1	1,103	0.3	0.1	1,103	0.3	0.1	1,341	1,586	69.5

	Operating Budget	662	0.3	0.1	917	0.4	0.1	917	0.4	0.1	445	690	132.9	
	Development Budget	502		0.7	0.0	186	0.2	0.0	186	0.2	0.0	896	896	20.7
35	Ministry of Economy	393	0.1	0.0	448	0.1	0.0	448	0.1	0.0	569	533	84.1	
	Operating Budget	206	0.1	0.0	233	0.1	0.0	233	0.1	0.0	274	239	97.5	
	Development Budget	187		0.2	0.0	216	0.2	0.0	216	0.2	0.0	294	294	73.3
66	Control and Audit Office	398	0.1	0.0	429	0.1	0.0	429	0.1	0.0	822	831	51.6	
	Operating Budget	129	0.1	0.0	135	0.1	0.0	135	0.1	0.0	128	137	98.7	
	Development Budget	269		0.4	0.0	293	0.3	0.0	293	0.3	0.0	694	694	42.3
73	Central Statistics Office	180	0.1	0.0	166	0.0	0.0	166	0.0	0.0	499	486	34.2	
	Operating Budget	139	0.1	0.0	139	0.1	0.0	139	0.1	0.0	165	151	92.2	
	Development Budget	40		0.1	0.0	26	0.0	0.0	26	0.0	0.0	334	334	7.9
58	Afghanistan National Standard Authority	110	0.0	0.0	121	0.0	0.0	121	0.0	0.0	282	280	43.2	
	Operating Budget	62	0.0	0.0	68	0.0	0.0	68	0.0	0.0	71	70	97.2	
	Development Budget	49		0.1	0.0	53	0.1	0.0	53	0.1	0.0	211	211	25.3
	Economic Governance & Private Sector Development	9,025		2.9	0.7	21,332	6.1	1.6	21,332	6.2	1.6	10,319	10,522	202.7
	Operating Budget	5,549		2.4	0.4	16,767	6.5	1.3	16,767	6.6	1.3	2,943	3,146	532.9
	Development Budget	3,476		4.6	0.3	4,565	4.9	0.3	4,565	5.1	0.3	7,376	7,376	61.9
80	Afghanistan Investment Support Agency	0.0	-	0.0	0	-	0.0	0	-	0.0	0	0	N/A	

	Operating Budget	0.0	-	0.0	0	-	0.0	0	-	0.0	0	N/A	
	Development Budget	0.0	0.0	0.0	0	0.0	0.0	0	0.0	0.0	0	N/A	
81	Micro Finance Investment Support Facility for Afghanistan	0.0	-	0.0	0	-	0.0	0	-	1,608	1,608	0.0	
	Operating Budget	0.0	-	0.0	0	-	0.0	0	-	0.0	0	N/A	
	Development Budget	0.0	0.0	0.0	0	0.0	0.0	0	0.0	1,608.5	1,608	0.0	
	TOTAL (I)	310,533		25.4	345,319		0.0	38.8	345,319	-	388,419	410,647	84.1
	Operating Budget	234,193		19.0	255,748		0.0	28.7	255,748	0.0	248,833	271,060	94.4
	Development Budget	75,926		6.4	89,570		0.0	10.1	89,570	0.0	139,587	154,780	57.9
								0.0	0				N/A
								0.0	0				N/A
								0.0	0				N/A
86	Extra-budgetary Agencies	-		0.0	0	-	0.0	0	-	23,144	15,194	0.0	
	Operating Budget	-			0	-	0.0	0	-	7,950.2			N/A
	Development Budget		0.0	0.0	0	0.0	0.0	0	0.0	15,193.6	15,193.6	0.0	
99	Unspecified	216.9	0.1	0.0	4,677	1.3	0.5	0	-	0	0	N/A	
	Operating Budget	934.7	0.4		1,912	0.7	0.2	0	-				N/A
	Development Budget	-1,134.0	-1.5	0.0	2,765	3.0	0.3	0	0.0		0.0		N/A
	Total Unallocated (contingency reserve etc.)	216.9	0.1	0.0	4,677.0	1.3	0.5	-	-	23,143.8	15,193.6	0	0.0
	Operating Budget	934.7	0.4	-	1,912.0	0.7	0.2	-	-	7,950.2	-		N/A
	Development Budget	-1,134.0	-1.5	0.0	2,765.0	3.0	0.3	-	-	15,193.6	15,193.6		0.0
	TOTAL (including unclassified)	310,532.7	98.1	25.5	349,995.6	100.0	39.3	345,318.6	100.0	411,563.1	425,840.2		81.1



Operating Budget	234,189. 9	99.9	32.5	257,660. 4	100.0	28.9	255,748. 4	100.0	256,782. 8	271,060. 0	94.4
Development Budget	75,926.5	91.7	10.6	92,335.2	100.0	10.4	89,570.2	100.0	154,780. 3	154,780. 3	57.9

I/ Budget totals do not add up to total published Budget given some budget funding remains unallocated in the contingency reserve. Development budget figures are as published, while operating budget figures take account of funding allocated from contingency reserve and reallocations between codes.

Table 15. Expenditure by Ministry

In millions of Afghanis	1394	1395	Increase	% Increase
	Actual	Prelim. Actual		
<b>Employee Compensation</b>				
Ministry of Interior	41,354.4	41,402.8	48.4	0.1
Ministry of Defense	45,624.3	44,920.4	-703.9	-1.5
Ministry of Education	28,585.2	28,125.0	-460.2	-1.6
Other Budgetary Units	34,609.8	37,807.1	3,197.3	9.2
<b>Total</b>	<b>150,173.8</b>	<b>152,255.3</b>	<b>2,081.5</b>	<b>1.4</b>
<b>Goods and Services</b>				
<i>Major Increases in expenditure</i>				
Ministry of Finance	4,575.6	3,336.6	-1,239.0	-27.1
Ministry of Defense	3,841.3	9,548.7	5,707.4	148.6
Ministry of Commerce	1,134.1	137.0	-997.0	-87.9
Ministry of Education	1,826.0	2,653.1	827.1	45.3
<i>Major Decreases in expenditure</i>				
Ministry of Agriculture	199.5	463.2	263.6	132.1
Ministry of Public Health	507.4	1,102.6	595.2	117.3
Ministry of Rural Rehabilitation and Development	121.3	184.3	62.9	51.9
Ministry of Higher Education	1,030.5	1,316.2	285.8	27.7
<i>Other Budgetary Units</i>	<i>11,948.0</i>	<i>19,452.6</i>	<i>7,504.6</i>	<i>62.8</i>
<b>Total</b>	<b>25,183.8</b>	<b>38,194.3</b>	<b>13,010.5</b>	<b>51.7</b>

**Table 16. Integrated Core Budget Expenditures by Sector 1394 - 1395**

Code	(In millions of Afghanis)	1394	Percent of total	1395	Percent of total
		Actual		Prelim. Actual	
2	TOTAL NET EXPENDITURE	317,524.2		351,487.0	
232	Repayment of Foreign Loans - Principal	0.0		0.0	
150	Sale of Land and Buildings	25.2		1,118.8	
2+232	TOTAL GROSS EXPENDITURE	-547.2	100.0	426,580.7	100.0
+150					
701	General Public Services	-547.2	100.0	63,969.7	15.0
702	Defense	0.0	0.0	107,290.2	25.2
703	Public Order and Safety	0.0	0.0	73,838.9	17.3
704	Economic Affairs	0.0	0.0	74,958.5	17.6
705	Environmental Protection	0.0	0.0	473.6	0.1
706	Housing and Communal Amenities	0.0	0.0	2,509.3	0.6
707	Health	0.0	0.0	20,908.4	4.9
708	Recreation, Culture and Religion	0.0	0.0	3,358.9	0.8
709	Education	0.0	0.0	57,125.7	13.4
710	Social Protection	0.0	0.0	22,147.4	5.2

## CONTACTS

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Macro Fiscal Performance Directorate General (MFPD)  
Ministry of Finance, Government of Islamic Republic of Afghanistan (GoIRA)  
Pashtunistan Watt, Kabul-Afghanistan

+93 20 210 6746

[mfpd@mof.gov.af](mailto:mfpd@mof.gov.af)

[fiscalpolicy@mof.gov.af](mailto:fiscalpolicy@mof.gov.af)

[mfpd.mof.gov.af](http://mfpd.mof.gov.af)

Macro-Fiscal Performance Directorate General is a department in the Ministry of Finance, which reports to the Minister. The department is mandated to provide policy advice to the budget throughout the budget process. Furthermore, the secretariat of the High Economic Council (HEC), the Performance Management Team (PMT), which implements the PFM reforms and the secretariat of the Bilateral Economic Commissions (BEC) are imbedded within MFPD.