

Quarterly Macro-Fiscal Report

Macro-Fiscal Performance General Directorate (MFPD)

Ministry of Finance



Ministry of Finance
Islamic Republic of Afghanistan

Quarter 2, 1395

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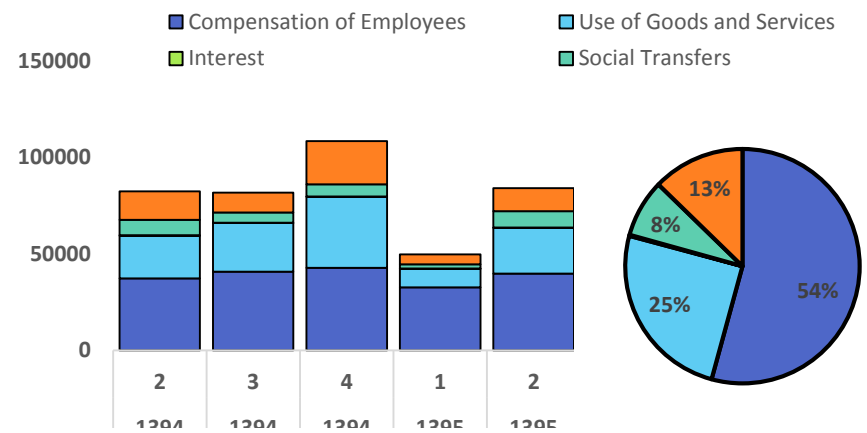
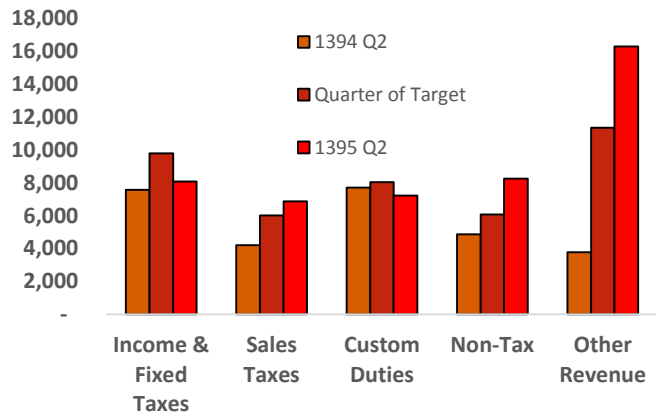
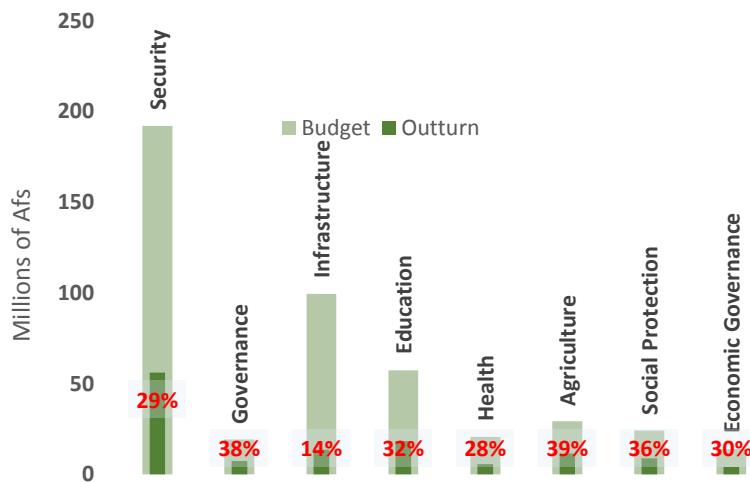
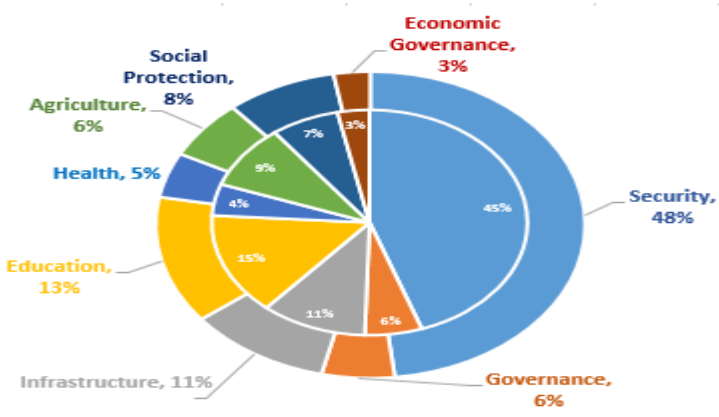
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Summary

Macroeconomic condition in the second quarter of 1395 inherited the worsened situation and sluggish growth from 1394. In the second quarter exchange rate and consumer prices slightly increased (see table 3), while it was otherwise in the first quarter of the same year. The reason of increased prices and Afghani exchange rate depreciation could be due to government activities, which normally takes off in the second quarter due to favorable temperature and other conditions, due to which demand for goods and services is relatively higher in this quarter. It is expected that in the following quarter with government activities taking more momentum, exchange rate and prices would both rise even further. Fiscal situation in the second quarter of 1395 was better as the overall balance was positive. Total revenue collected in this quarter was Afs 111,756 million, which is 45% more than the revenue collection in the same period in 1394. Operating expenditure in this period was 6% more than the same period in 1394.

Table 1. GFS Summary

(Values in million Afs)	1394 Q2	1394 Q2 YTD	1395 Budget	1395 Q2	1395 Q2 YTD
Revenue	76,793	148,051	165,069	111,756	186,171
Tax Revenue	21008	39912	135400	23648	46742
Non-Tax Revenue	6032	10568	25357	21819	30109
Grants	48653	95582	0	65048	107221
Social Contributions	1101	1990	4311	1241	2100
Expenditure	67658	107499	331034	72186	116768
Wages and Salaries	37347	68696	172236	39843	72577
Goods and Services	22105	29975	134752	23753	33350
Interest	272	375	967	58	192
Grants and Transfers	7934	8453	23079	8531	10650
Overall Operating Balance	9135	40552	-165966	39570	69403
Primary Operating Balance	9406	40927	-164999	39628	69595
Gross Acquisition of Fixed Assets	14754	19991	126080	11837	17020
Net Acquisition of Fixed Assets	14746	19973	126080	10749	15928
Overall Balance	-5612	20578	-292046	28821	53475
Primary Balance	-5340	20954	-291079	28879	53667
Gross Acquisition of Financial Assets	5612	-20578	292046	-28821	-53475

Tax revenue builds the major portion of domestic revenue in this quarter. Grants continue to be the major source of financing of the development expenditure and significant contributor to the operating budget as well. Wages and salaries, followed by acquisition of goods and services forms the major operating expenditure. In the second quarter, the total gross expenditure and recurrent expenditure increased by 8% and 7% respectively over the original budget (adjustment during the year). Employees' wages and salaries increased by 3% over the original budget. Interest payment was reduced by 75% and social transfers increased by 15%. Similarly, the budget for the acquisition of assets, especially in priority sectors like infrastructure, agriculture and health increased till the end of this quarter. It shows expenditure for all sectors, except for the unclassified expenses increased over the original budget.

Table 2. Adjustments in the Budget

	Original Budget	Adjusted Budget	Change
Operating Only			%
TOTAL GROSS EXPENDITURES	263864.1	286213.3	8%
RECURRENT EXPENDITURES	257655.9	275159.6	7%
Compensation of Employees	167099.5	172235.9	3%
Use of Goods and Services	67876.9	80294.5	18%
Interest	3879.5	967.1	-75%
Social Transfers	18800.0	21662.0	15%
ACQUISITION OF ASSETS			
Gross Acquisition of NFA	6208.3	12020.8	94%
Operating and Development			
Security	176922.0	192035.5	9%
Governance	16837.5	19208.9	14%
Infrastructure	77824.9	99514.7	28%
Education	55431.2	57426.9	4%
Health	18508.2	20618.6	11%
Agriculture	25177.0	29307.2	16%
Social Protection	22818.4	24280.0	6%
Economic Governance	10645.3	13889.3	30%
Unclassified	13479.4	0.0	-100%
TOTAL	417643.8	456281.0	9%

Table 2 examines the expenditures against the adjusted budget, in order to show the performance against the final spending plan. The budget of all sectors, except for the unclassified code, increased in the mid-year review of the budget. Economic governance followed by infrastructure and agriculture received the highest increase in their budget in mid-year review. Education, social protection and security received less 10% increase in the mid-year review. Similarly if the budget by expenditure type is considered, except for the interest payment which reduced by 75%, the budget of other expenditure codes increased in the mid-year review.

Macro-Economic Overview

Summary

In the first two quarters of the FY 1395, the economy has been slowly recovering from its downturn and lower performances during 1394, with its adverse effects have been still observed in afterward fiscal year 1395. However, the recent improved fiscal performance, in the face of continued security deterioration, has created a more optimistic environment. While the rebound and recovery in economic performance has been quite sluggish the Government has achieved a number of key successes on vital projects such as Salma Dam, inauguration of Chabahar port, and other confidence building measures that will positively affect the growth. Inflation remained low, with negative inflation at the beginning of year as a result of fall in international prices and positive inflation in the second quarter due to increased prices of food and non-food items. While exchange rate, due to high demand for dollar as a result of migration to Europe, has resulted depreciation of Afghani. Depreciation against the dollar has been seen among multiple countries as a result of the strong US dollar.

This devaluation in currency has led to reduce confidence on local currency, as most people switched to do transaction and savings in USD rather than Afghani. There have been revisions to the macroeconomic indicators to take into account the changing economic conditions through the year, including changes to the inflation, imports and growth forecasts. The National Unity Government takes initiatives to rebound the confidence in the market to avoid capital outflow from the country, in order to encourage and promote domestic investment.

The overall price index rose by only 1.42% till the end of the second quarter of 1395. Except for the fruits and vegetables in the food items and housing, water and gas among the non-food items, the price of other food and non-food items increased in the second quarter as compared to the first quarter. The outlook for the consumer price index over the medium term expected to remain stable between 4.0 to 5.0 percent respectively; reflecting fundamental price pressures in the economy. The price of commodities may slightly rise, and increase in the BRT and tariff for a number of imported items as well as the depreciation of the currency may affect the inflation in the immediate future.

It is expected that in 1395 the GDP growth will recover from 0.9% to 3%. This is driven by improvement in agriculture sector. Growth in agriculture is expected to have some increased contribution in the medium term, with a movement towards greater irrigated farming. Cereals production has relatively improved in 1395 to 1394. Agriculture land cultivation has increased by 4% in 1395. However, this year late snow and rain during the winter season will have its impact on the harvest for agriculture products. In the medium term growth is expected to pick up further; with industry remaining a small component of growth – reflecting the small size of the sector.

Table 3. Inflation

	1394 Q3	1394 Q4	1395 Q1	1395 Q2
CPI	123.25	125.73	126.62	128.41
CPI Rate	2.87%	2.02%	0.71%	1.42%

	Previous Year	Budget Forecast	Current Forecast
GDP Growth	0.9%	4.4%	3.0%
Inflation	-1.5%	4.0%	4.9%
Deflator	0.0%	7.1	2.5%
NGDP Level (billion Afs)	1,209.710	1,361.946	1,273.290
Imports Growth	8.5%	2%	-3.9%

It is unlikely, that growth and macroeconomic situation recovers in the second quarter of 1395. However, from large public and private investment it is expected that the growth recovers in the coming quarters. Due to increased prices it is expected that the import will slow down by 3.9% in the FY 1395. It is expected that Afghanistan's accession to the World Trade Organization and the opening of the Chahbahar port in Iran, which provides a better alternative trade route exports is expected to pick up.

Table 5. Revenue Summary

In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Budget	1395 Q2	1395 Q2 YTD	% Target	% Change on 1394
Revenues Including Grants	76,793	148,051	165,069	111,756	186,171	113%	26%
Revenues Excluding Grants	28,140	52,469	165,069	46,707	78,951	48%	50%
Revenue (without customs)	20,434	37,877	132,927	39,490	63,969	48%	69%
Tax Revenues (without customs)	13,302	25,319	103,259	16,431	31,760	31%	25%
Fixed Taxes	2,543	4,950	13,343	2,449	5,077	38%	3%
Income Taxes	5,027	9,512	25,855	5,638	10,609	41%	12%
Property Taxes	219	451	859	90	221	26%	-51%
Sales Taxes	4,213	8,305	24,072	6,863	13,635	57%	64%
Other Taxes	1,300	2,101	6,989	1,391	2,218	32%	6%
Customs Duty, Import Taxes	7,706	14,592	32,141	7,217	14,981	47%	3%
Non Tax Revenue	4,872	9,089	24,291	8,250	16,280	67%	79%
Income from Capital Property	550	850	1,860	352	684	37%	-20%
Sales of Goods and Services	736	1,700	6,287	1,562	2,991	48%	76%
Administrative Fees	3,201	5,699	13,798	5,928	11,836	86%	108%
Royalties	19	105	555	52	102	18%	-3%
Non Tax Fines and Penalties	210	423	911	307	562	62%	33%
Extractive Industry	156	311	880	49	107	12%	-66%
Miscellaneous Revenue	1,160	1,479	1,066	13,569	13,829	1298%	835%
Social Contributions	1,101	1,990	4,311	1,241	2,100	49%	6%
Grants	48,653	95,582	-	65,048	107,221	-	12%
Foreign Governments	35,237	73,984	-	51,070	83,076	-	12%
International Organisation	13,416	21,597	-	13,979	24,145	-	12%
Other Government Units	-	-	-	-	-	-	-

The overall revenue collection performance including grants in the second quarter of 1395 was 26% more as compared to the same quarter in FY 1394 and the revenue collected until the end of the second quarter of 1395 builds up 113% of the target revenue for the whole year. The collected revenue in this quarter include 5 billion fixed taxes which shows 3% increase as compare to the 2nd quarter of FY1394. Most of the tax revenue lines show an increase over the same period in 1394. However, the property tax has fallen by 51% as compared to the same period in 1394, because of fall in land taxes and sales tax on immovable properties.

In this quarter a total amount of AFS 14,981 million was collected from customs; which shows that 47% the target for the customs was realized. Customs revenue collection shows 3% increase over the same period in 1394. Collected in 2st Quarter which were 3% increase compare to the 2st quarter of the previous year.

Table 6. Revenues by Collectorate

In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Q2	1395 Q2 YTD	% Change on 1394
Ministry of Finance	22330	42101	38492	63200	72%
Mustofiat	1779	2967	1523	1785	-14%
Customs	12041	23433	14486	30564	20%
Large Taxpayer Office	3824	7320	4672	8446	22%
Medium Taxpayer Office	3182	5775	3573	6340	12%
Small Taxpayer Office	712	1372	1265	2702	78%
Other Ministry of Finance	793	1234	12973	13364	1535%
Other Key Ministries	5810	10369	8216	15751	41%
Ministry of Transport	417	772	452	826	8%
Ministry of Interior	1533	2887	1620	3544	6%
Ministry of Communication	211	574	1317	3280	524%
Ministry of Foreign Affairs	756	933	1207	1631	60%
Ministry of MDSA ¹	667	1264	730	1240	9%
Other Budgetary Units	2225	3938	2889	5229	30%

1/ Martyrs, Disabled and Social Affairs

Table 6 shows collection by each collectorate as a collection unit. For instance customs as a collection unit collects the customs duties as its main revenue line, plus some revenue from other revenue lines, which are not collected under customs duties. Customs as a collection unit (code 20080) collected Afs 30.5 billion by the end of the second quarter, out of which Afs 14.4 billion were customs duty and the remaining were from other revenue lines, which are collected by customs. Similarly, customs collected Afs. 14.5 billion in quarter two, out of which Afs 7.4 billion was collected from customs duties and the rest from other revenue lines. It can be seen from the table 6 except for Mustofiat, revenue collected by other collectorates in the second quarter was relatively more than the same period in the previous year.

Note

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

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

Table 7. Revenue Collection by Key Lines

	1394 Q2 YTD	1395 Q2 YTD	% Change
BRT Sales	2,027	1,182	-42%
BRT Services	1,867	2,347	26%
BRT Customs	4,359	2,205	-49%
Tax on Wages	4,443	5,269	19%
Tax on Profit	990	784	-21%
Construction Withholding	2,246	2,450	9%

Table 8a. Operating Grants

All Values are in Million Afs						
	1394	1394	%	1395	1395	%
	Q2	Q2 YTD	Total	Q2	Q2 YTD	Total
Afghanistan Reconstruction Trust Fund (ARTF)	5,702	7,680	10%	15,462	19,907	24%
Law & Order Trust Fund (LOTFA)	7,214	14,353	19%	6,558	13,430	16%
CSTC-A ¹ MoD	9,359	38,253	52%	25,427	40,771	49%
CSTC-A ¹ MoI	12,913	13,542	18%	3,534	8,845	11%

1/ Combined Security Transitional Command Afghanistan

Table 8b. Largest Development Grants for the YTD

All Values are in Million Afghanis		Code	1395 YTD
Basic Package of Health Services and the Essential Package of Hospital Services		30750	2,856
Capacity Building Commercialization (CBC) Part 1 Distribution System		38200	2,570
Sheberghan Gas Field Development		38240	1,594
Capacity Building of Community Development Councils (CDCs)		30380	1,592
Improvement and Maintenance of Secondary Road		30640	1,555
School Grants		30230	973
Sheberghan Gas Rehabilitation Project		35210	846
Reconstruction and Widening of the approximately 50 Km to Sapary Road		35260	727
Rehabilitation of Flood Damaged infrastructure(MRRD)		35390	655
A new 220 KV substation at each of Ankhoi and Sheberghan and Expansion 220 KV substation at Mazar E sharif		35431	572
Rehabilitation of irrigation Systems		32520	542
Higher Education Development Program		32720	515
Procurement Reform		30620	492
Horticultural Production		30650	483
Economic and Social Development		48900	473
Retroactive Financing _ KURIP -II		30570	60
Small Development Program		40430	448
Basic Package of Health Services and Essential Package of Hospital Services		32641	430
Reconstruction of Section 2 of the Kabul Jalalabad Road (106 Km)		35360	405
Rehabilitation and replacement of Government Furnished Equipment		38190	402

In the Operational Grants, ARTF's grants consisted 24% of total grants in the second quarter of FY 1395, which was 10% for the same fiscal period in 1394. The amount of grants in CSTC-A 1 Ministry of Interior Affairs (MoI) shows decrease in 1395 as compared to the same period of FY 1394, CSTC-A 1 MoI was 11% of the grants in 1395 and 18% of the grants in 1394. The reason for decrease of ARTF in 1395 over the same period in 1394 could be decrease due limited disbursement of funds in CBR recruitment, which is funded through the ARTF.

Funds released for LOTFA, which was 16% of the total released funds in the second quarter of 1395 decreased from 19% in the same period of 1394. However, funds released for CSTC-A 1 in the Ministry of Defense constituted 49% of total grants released in the second quarter of 1395, while it was 52% in the same period of 1394.

In the Development Grants, funds released for basic package of health services and **Capacity Building Commercialization (CBC)** constituted the largest portion of the total development grants released by the end the second quarter of the 1395.

Table 9a. Worst Performing Programs

<i>By percentage of allotment expended</i>	Ministry	Year to Date (YTD)	Allotment	Ratio
(values in million Afs, unless otherwise stated)				
Housing	Ministry of Urban Development	201.9	1535.2	13.2%
Policy Management	Ministry of Finance	19.3	137.7	14.0%
Urban Infrastructure	Ministry of Urban Development	108.6	526.9	20.6%
Agriculture production and productivity	Ministry of Agriculture	852.2	3728.8	22.9%
Supportive forces	Ministry of Defense	4223.9	17005.2	24.8%
Combat Forces	Ministry of Defense	23432.3	79674.0	29.4%
Electronic Afghanistan (E- Afghanistan)	Ministry of Communication	184.0	622.9	29.5%
Administration and Management Services	Ministry of Economy	37.5	115.5	32.4%
Availability of and accessibility to water for com ...	Ministry of Energy and Water	927.3	2851.8	32.5%
Technical and Vocational Education & Trainings (TV ...	Ministry of Education	761.5	2273.3	33.5%

Table 9b. Best Performing Programs

<i>By percentage of allotment expended</i>	Ministry	YTD	Allotment	Ratio
Gender Development & monitoring of Policy	Ministry of Women Affairs	7.3	12.3	59.8%
Women Support and Strengthening	Ministry of Women Affairs	5.5	9.5	57.8%
Administration and Finance	Ministry of Public Works	50.1	87.8	57.0%
Revenue Management	Ministry of Finance	556.2	980.9	56.7%
Admin and regulatory	Ministry of Commerce	307.3	552.5	55.6%
Curriculum Development and Teacher Education	Ministry of Education	1409.2	2597.4	54.3%
Administrative Support	Ministry of Public Health	960.9	1795.4	53.5%
General Administration	Ministry of Energy and Water	88.1	166.8	52.8%
Social Support Program	Ministry of Martyrs, Disabled and Social Affairs	154.2	298.7	51.6%
Labor Support Program	Ministry of Martyrs, Disabled and Social Affairs	3610.0	7103.9	50.8%

Table 9(a) shows the poor performing programs. It indicates that till the end of the second quarter, 5 programs have executed less than 25% of their allotted budget. Among those, housing program is being implemented by the Ministry of Urban Development, which stands at the execution rate of as low as 13.2%. Till the end of second quarter, the Policy Management program at the Ministry of Finance has executed 14% of its budget. As compared to previous years, execution rate in Ministry of Interior and Defense has gained some momentum. Weaknesses in the public-sector administration, lengthy bureaucratic processes, poor planning and unmanageable number of small projects, cumbersome procurement system and related complexity of procedures are identified as the precise constraints which hamper the utilization of public resources. Moreover, around 200 projects in infrastructure sector still remain in the conception phase.

Table 9(b) shows the top 10 performing programs. By upgrading administrative and financing capacity, Ministry of Public Work has executed 57% of its budget in the second quarter of 1395. Moreover, Ministry of

Education, Commerce and Public Health have executed almost 54% of its allocated budget till the end of the second quarter in 1395.

Table 10a. Programs Expenditure

In millions of Afghanis	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1395				1395				1395			
	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.
Ministry of Education	12568.2	31498.0	31498.0	40%	2070.3	12260.3	6070.3	34%	14638.5	46461.8	37953.9	39%
General & Islamic Education	10807.6	26758.8	26758.8	40%	448.6	6593.4	2911.2	15%	11256.1	35016.0	29863.6	38%
Curriculum development & teacher training	398.0	1174.3	1174.3	34%	1011.2	2583.1	1344.0	75%	1409.2	4074.2	2597.4	54%
Technical and vocational training program	478.0	1345.8	1345.8	36%	283.5	1716.0	816.3	35%	761.5	3699.1	2273.3	33%
Literacy and informal Education	223.9	674.3	674.3	33%	201.6	290.3	244.6	82%	425.5	969.8	920.7	46%
Education management	663.5	1544.8	1544.8	43%	215.7	1077.5	754.1	29%	879.3	2702.7	2298.8	38%
Other	-2.8	0.0	0.0	-	-90.3	0.0	0.0	-	-93.1	0.0	0.0	-
Ministry of Agriculture, Irrigation and Livestock	540.5	1218.7	1213.9	45%	2029.0	5178.5	4662.0	44%	2569.5	9937.1	8094.3	32%
Natural Resource Management	77.9	176.7	176.7	44%	684.2	1019.1	926.6	74%	762.1	2419.3	1801.1	42%
Agriculture Production and Productivity	203.5	465.0	463.7	44%	648.7	2584.7	2448.9	26%	852.2	4182.5	3728.8	23%
Economic Regeneration	68.4	155.6	155.6	44%	705.6	1572.7	1284.9	55%	774.0	2810.1	2051.9	38%
Reform and Capacity Building	191.0	421.4	417.8	46%	48.5	2.0	1.6	3071%	239.5	525.3	512.4	47%
Other	-0.5			-	-57.9			-	-58.4			-
Ministry of Rural Rehabilitation and Development	209.6	502.7	502.7	42%	4992.8	11818.6	10670.9	47%	5202.4	16907.0	13146.7	40%
Rural Infrastructure (RI)	0.0	0.0	0.0	-	2789.5	5403.0	4548.5	61%	2789.5	9936.4	6497.0	43%
Economic Regeneration (ER)	0.0	0.0	0.0	-	73.8	319.7	201.4	37%	73.8	319.7	201.4	37%
Local Governance	0.0	0.0	0.0	-	2907.4	6095.9	5921.0	49%	2907.4	6148.1	5945.6	49%
Institutional Support Program (ISP)	210.0	502.7	502.7	42%	0.0	0.0	0.0	-	210.0	502.7	502.7	42%
Other	-0.4			-	-777.9			-	-778.3			-
Ministry of Energy & Water	263.1	569.9	491.2	54%	1216.4	3554.7	2143.3	57%	1479.6	8205.6	4058.1	36%
Energy	28.2	61.1	61.1	46%	437.8	250.8	82.9	528%	466.0	2311.8	1039.5	45%
Water	147.2	342.0	263.3	56%	780.1	3303.9	2060.5	38%	927.3	5727.0	2851.8	33%
Admin & Finance	88.1	166.8	166.8	53%	0.0	0.0	0.0	-	88.1	166.8	166.8	53%
Other	-0.3			-	-1.4			-	-1.8			-
Ministry of Finance	1802.5	4796.7	4491.5	40%	846.9	2950.5	1391.8	61%	2649.4	9285.3	6744.0	39%
Public Financial Management	1144.7	2773.8	2718.6	42%	501.7	2004.1	1011.6	50%	1646.4	5528.1	4269.7	39%
Revenue Management	331.8	714.0	621.7	53%	224.4	747.5	287.5	78%	556.2	1710.0	980.9	57%
Operation (General Administration)	533.2	1175.6	1023.5	52%	120.8	198.9	92.8	130%	654.0	1900.6	1355.6	48%
Policy Management	19.3			-	0.0	0.0	0.0	-	19.3	146.6	137.7	14%
Other	-226.5			-	0.0			-	-226.5			-
Ministry of Public Works	1192.8	3088.1	3002.4	40%	4185.7	25176.7	9776.5	43%	5378.4	36288.4	15233.0	35%
Transportation Infrastructures	31.3	68.8	58.7	53%	4495.3	25176.7	9776.5	46%	4526.7	33269.2	12289.2	37%
Maintenance of Transport Infrastructure	1111.8	2914.2	2855.9	39%	0.0	0.0	0.0	-	1111.8	2914.2	2855.9	39%
Admin & Finance	50.1	105.1	87.8	57%	0.0	0.0	0.0	-	50.1	105.1	87.8	57%
Other	-0.4			-	-309.7			-	-310.1			-
Ministry of Public Health	1549.1	3487.5	3120.8	50%	4711.9	13248.2	9411.7	50%	6261.0	20618.6	14973.5	42%
Institutional Development and Assessment (IDA)	22.4	50.5	42.5	53%	547.0	1093.6	280.6	195%	569.4	3055.4	1311.1	43%
Health Service Provision	569.9	1440.4	1282.9	44%	4216.3	12154.6	9131.1	46%	4786.2	15542.6	11867.0	40%

Admin	960.9	1996.5	1795.4	54%	0.0	0.0	0.0	-	960.9	2020.6	1795.4	54%
Other	-4.1			-	-51.4			-	-55.4			-
Independent Directorate of Local Governance	1123.8	3385.7	3380.5	33%	2.4	7.2	5.5	44%	1126.2	3456.4	3386.0	33%
National Principals for Local Governance	30.2	147.8	147.8	20%	0.0	0.0	0.0	-	30.2	147.8	147.8	20%
Local Governance Management	1012.3	2739.7	2735.3	37%	2.4	7.2	5.5	44%	1014.7	2810.5	2740.8	37%
General Supporting Services	82.2	498.2	497.4	17%	0.0	0.0	0.0	-	82.2	498.2	497.4	17%
Other	-0.9			-	0.0			-	-0.9			-
Ministry of Urban Development	127.9	343.8	287.3	45%	368.4	366.0	56.7	649%	496.2	3811.7	2590.8	19%
Planning & Urban Development	14.2	31.1	25.9	55%	38.1	0.0	0.0	-	52.3	133.1	121.9	43%
Housing	4.8	16.5	13.7	35%	197.1	144.4	0.0	-	201.9	2223.2	1535.2	13%
Urban Infrastructure	17.3	44.5	36.5	47%	91.3	0.0	0.0	-	108.6	745.7	526.9	21%
Management & Operations	91.9	251.7	211.3	44%	52.4	221.6	56.7	92%	144.3	709.7	406.7	35%
Other	-0.4			-	-10.5			-	-10.9			-

Table 10b. Programs Expenditure

(In millions of Afghanis)												
	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1395				1395				1395			
	Q2 YTD	Budget	Allocated	% Allocated	Q2 YTD	Budget	Allocated	% Allocated	Q2 YTD	Budget	Allocated	% Allocated
Ministry of Transport	96.3	263.0	220.3	44%	18.9	0.0	0.0	-	115.2	387.6	244.5	47%
Land Transport Services	96.5	263.0	220.3	44%	18.9	0.0	0.0	-	115.4	387.6	244.5	47%
Other	-0.2			-	0.0			-	-0.2			-
Ministry of Communication and Information Technology	233.4	624.8	582.3	40%	131.7	746.0	478.5	28%	365.1	2409.7	1081.0	34%
E - Afghanistan	52.3	135.8	124.2	42%	131.7	745.6	478.5	28%	184.0	1920.3	622.9	30%
ICT Literacy	9.4	25.1	23.8	39%	0.0	0.4	0.0	-	9.4	25.5	23.8	39%
General Administration & Management	171.9	463.9	434.3	40%	0.0	0.0	0.0	-	171.9	463.9	434.3	40%
Other	-0.2			-	0.0			-	-0.2			-
Ministry of Commerce and Industry	427.6	876.5	876.5	49%	56.6	123.3	89.6	63%	484.3	1116.9	1039.1	47%
Private Sector and Industry Development	15.2	55.1	55.1	28%	36.1	123.3	89.6	40%	51.2	178.4	144.7	35%
Trade Policy and Transit	117.6	305.8	305.8	38%	8.7	0.0	0.0	-	126.3	365.8	342.0	37%
Admin and Regulatory Services	295.4	515.6	515.6	57%	11.9	0.0	0.0	-	307.3	572.7	552.5	56%
Other	-0.6			-	0.0			-	-0.6			-
Ministry of Labor, Social Affairs, Martyrs and Disabled	9833.0	20713.5	20631.0	48%	245.4	949.7	460.9	53%	10078.4	22000.9	21303.6	47%
Labor Support Program	3364.6	6441.3	6431.3	52%	245.4	947.2	460.9	53%	3610.0	7726.1	7103.9	51%
Social services	154.2	362.4	298.7	52%	0.0	2.5	0.0	-	154.2	364.9	298.7	52%
Martyrs and Disabled	5956.9	13052.9	13044.0	46%	0.0	0.0	0.0	-	5956.9	13052.9	13044.0	46%
Administration & Finance	359.0	857.0	857.0	42%	0.0	0.0	0.0	-	359.0	857.0	857.0	42%
Other	-1.8			-	0.0			-	-1.8			-
Ministry of Defense	27580.8	96682.2	96679.2	29%	0.0	0.0	0.0	-	27580.8	96682.2	96679.2	29%
Combat forces	23432.3	79677.0	79674.0	29%	0.0	0.0	0.0	-	23432.3	79677.0	79674.0	29%
Supportive forces	4223.9	17005.2	17005.2	25%	0.0	0.0	0.0	-	4223.9	17005.2	17005.2	25%
Other	-75.3			-	0.0			-	-75.3			-
Ministry of Women Affairs	82.1	194.3	189.8	43%	21.0	5.2	3.4	609%	103.1	237.1	228.0	45%
Women Support and Strengthening	5.5	11.4	9.5	58%	0.0	0.0	0.0	-	5.5	11.4	9.5	58%
Gender Development and policy monitoring	6.4	13.6	11.3	56%	1.0	1.9	0.0	-	7.3	17.0	12.3	60%

Administration & Finance	70.4	169.4	169.0	42%	20.0	5.2	3.4	581%	90.5	210.7	206.3	44%
Other	-0.2			-	0.0			-	-0.2			-
Ministry of Economy	102.7	275.6	263.0	39%	55.8	0.0	0.0	-	158.5	571.4	389.5	41%
Economic Policy and Strategy and Monitoring and Evaluation	70.7	193.2	193.1	37%	50.4	0.0	0.0	-	121.1	309.6	274.0	44%
Management & Operations	32.1	82.4	69.9	46%	5.3	0.0	0.0	-	37.5	261.8	115.5	32%
Other	-0.1			-	0.0			-	-0.1			-
Presidents Office	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	0.0	0.0	-
Providing Services to the Prisedent	0.0	0.0	0.0	-	0.0	0.0	0.0	-	0.0	0.0	0.0	-
Other	0.0			-	0.0			-	0.0	0.0		-
Ministry of Higher Education	1928.1	5091.4	5082.9	38%	622.8	927.7	185.8	335%	2550.9	8605.3	6464.7	39%
Providing higher education opportunities	4.1	33.6	28.0	15%	622.8	927.7	185.8	335%	626.9	3547.4	1409.8	44%
Leadership & Management of Higher Education System	1928.5	5057.8	5054.9	38%	0.0	0.0	0.0	-	1928.5	5057.8	5054.9	38%
Other	-4.5			-	0.0			-	-4.5			-
IARCSC	150.8	352.9	306.2	49%	47.5	59.0	35.1	135%	198.2	519.3	372.5	53%
Appointments & Appeals	24.8	51.9	43.1	58%	0.0	0.0	0.0	-	24.8	51.9	43.1	58%
Public Administrative Reforms	20.9	41.4	34.7	60%	0.0	0.0	0.0	-	20.9	41.4	34.7	60%
Capacity Development	16.6	38.6	31.3	53%	0.0	0.0	0.0	-	16.6	38.6	31.3	53%
Supportive Program	88.5	220.9	197.0	45%	47.5	59.0	35.1	135%	136.0	387.3	263.2	52%
Other	0.0			-	0.0			-	0.0			-
OTHERS	43,224	112,381	106,828		6,964	44,843	31,222		50,188	157,224	138,050	
TOTAL GROSS EXPENDITURES	103,036	286,347	279,648	37%	28,588	122,214	76,664	37%	131,624	444,726	372,033	35%

Table 10 (a) & 10 (b) both indicate that operating expenditures in the second quarter are substantially higher than development expenditures. Despite the improvements in budget formulation (e.g. more detailed project proposals), the execution rates of core budget development expenditures remain low, leading to slower than expected development. Low execution rates are caused by a combination of the low absorption capacity of line ministries, late disbursements by donors and overly optimistic budget projections. Moreover, deteriorating security situations and misalignment of the appropriation of national budget and national priorities are discernable factors for low expenditures in development sphere.

Expenditure by Policy Area

Table 11. ANDS Expenditures

In millions of Afghanis	1394	1394	1395	1395	1395	1395	%	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated		on 1394
TOTAL GROSS EXPENDITURES	81,192	125,595	82,742	131,624	456,281	375,113	35%	2%
Operating Budget	57,111	94,072	61,829	103,036	286,347	278,876	37%	8%
Development Budget	24,080	31,523	20,913	28,588	122,214	76,664	37%	-13%
Security	31,088	56,045	36,016	63,418	192,036	186,815	34%	16%
Operating Budget	30,927	55,772	35,701	63,038	190,435	186,131	34%	15%
Development Budget	161	273	316	380	74	39	982%	96%
Governance	4,397	7,367	4,238	7,219	19,209	16,449	44%	-4%
Operating Budget	3,689	6,558	4,011	6,928	17,137	15,661	44%	9%
Development Budget	707	809	227	290	704	289	100%	-68%
Infrastructure	8,095	13,629	8,995	14,177	99,515	55,961	25%	11%
Operating Budget	2,163	2,939	1,696	2,389	6,199	5,746	42%	-22%
Development Budget	5,932	10,689	7,299	11,788	70,145	41,807	28%	23%
Education	11,926	18,423	11,502	17,739	57,427	45,862	39%	-4%
Operating Budget	9,273	15,352	8,878	15,026	38,131	37,844	40%	-4%
Development Budget	2,653	3,072	2,624	2,714	13,243	6,282	43%	-1%
Health	4,806	5,673	5,255	6,261	20,619	14,974	42%	9%
Operating Budget	924	1,447	977	1,549	3,487	3,121	50%	6%
Development Budget	3,883	4,226	4,278	4,712	13,248	9,412	50%	10%
Agriculture	10,222	11,576	5,710	8,208	29,307	22,601	36%	-44%
Operating Budget	534	918	512	927	2,206	2,201	42%	-4%
Development Budget	9,688	10,657	5,197	7,281	18,524	16,020	45%	-46%
Social Protection	8,158	8,784	8,884	10,977	24,280	23,036	48%	9%
Operating Budget	7,977	8,586	8,607	10,687	22,417	22,196	48%	8%
Development Budget	181	198	277	290	991	473	61%	53%
Economic Governance	2,500	4,098	2,142	3,624	13,889	9,416	38%	-14%
Operating Budget	1,625	2,499	1,447	2,491	6,335	5,976	42%	-11%
Development Budget	875	1,599	695	1,133	5,285	2,344	48%	-21%
Unclassified	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-

Table 11 shows that the expenditure on security and infrastructure in the second quarter of 1395 increased by 16% and 11% respectively as compared to 1394. However, the breakdown of the budget for security sector shows that the operating budget increased by 15%, operating budget of infrastructure declined to 22%. Moreover, the development budget of both sectors increased by 96% and 23%. Increased expenditure on security and infrastructure is in line with the ANDS priorities. On the other hand, expenditure on agriculture and economic governance has declined to 44% and 14% respectively, as compared to 1394. It was shown in tables 9(a) that most of the poor performing programs belongs to agriculture production and productivity, which has been reflected here as well.

Table 12. COFOG Expenditure

In millions of Afghanis	1394	1394	1394	1395	1395	1395	
	Q2	Q2 YTD	% Total	Q2	Q2 YTD	% Total	% Change

TOTAL NET EXPENDITURE	82,404	127,699	100%	82,934	132,920	99%	1%
Sale of Land and Buildings	-7	-17	0%	-1,089	-1,092	-1%	14735%
TOTAL GROSS EXPENDITURE	82,412	127,716	100%	84,023	134,012	100%	2%
RECURRENT EXPENDITURE	67,658	107,726	84%	72,186	116,992	87%	7%
CAPITAL EXPENDITURE	14,754	19,991	16%	11,837	17,020	13%	-20%
General Public Services	12,645	19,474	15%	10,865	17,080	13%	-14%
Recurrent Expenditure	10,121	15,381	12%	7,399	11,521	9%	-27%
Capital Expenditure	2,524	4,093	3%	3,466	5,559	4%	37%
Defense	15,715	29,896	23%	19,654	35,333	26%	25%
Recurrent Expenditure	15,641	29,583	23%	19,318	34,953	26%	24%
Capital Expenditure	75	312	0%	336	380	0%	348%
Public Order and Safety	12,478	23,031	18%	15,848	28,868	22%	27%
Recurrent Expenditure	12,034	22,534	18%	15,678	28,575	21%	30%
Capital Expenditure	444	497	0%	170	293	0%	-62%
Economic Affairs	16,568	22,295	17%	11,400	17,531	13%	-31%
Recurrent Expenditure	6,961	9,552	7%	5,403	8,740	7%	-22%
Capital Expenditure	9,606	12,744	10%	5,997	8,791	7%	-38%
Environmental Protection	81	129	0%	237	274	0%	191%
Recurrent Expenditure	50	88	0%	46	82	0%	-7%
Capital Expenditure	32	41	0%	191	191	0%	502%
Housing and Communal Amenities	423	576	0%	503	573	0%	19%
Recurrent Expenditure	157	207	0%	206	262	0%	31%
Capital Expenditure	266	369	0%	297	311	0%	12%
Health	4,842	5,722	4%	5,327	6,363	5%	10%
Recurrent Expenditure	4,398	5,230	4%	4,825	5,773	4%	10%
Capital Expenditure	444	492	0%	501	590	0%	13%
Recreation, Culture and Religion	754	1,059	1%	564	883	1%	-25%
Recurrent Expenditure	552	823	1%	517	829	1%	-6%
Capital Expenditure	202	236	0%	47	54	0%	-77%
Education	11,461	17,752	14%	11,384	17,412	13%	-1%
Recurrent Expenditure	10,328	16,573	13%	10,588	16,597	12%	3%
Capital Expenditure	1,133	1,179	1%	796	815	1%	-30%
Social Protection	7,444	7,783	6%	8,242	9,695	7%	11%
Recurrent Expenditure	7,416	7,755	6%	8,206	9,659	7%	11%
Capital Expenditure	28	28	0%	36	36	0%	31%

Table 13. Expenditure Summary by Input

In millions of Afghanis	1394	1394	1395	1395	1395	1395	%	%
	Q2	Q2 YTD	Budget	Allocated	Q2	Q2 YTD	Growth	Budget.
TOTAL GROSS EXPENDITURES	82412	127490	457115	375885	84023	133788	2%	18%
Operating Budget	57174	94134			62171	103462	9%	
Development Budget	24080	31523			20913	28588	-13%	
Discretionary Budget	5721	8256			5641	7703	-1%	
Non-discretionary Budget	18359	23267			15272	20885	-17%	
TOTAL NET EXPENDITURES	82404	127472			82934	132696	1%	
RECURRENT EXPENDITURES	67658	107499			72186	116768	7%	

Compensation of Employees	37347	68696	172236	166312	39843	72577	7%	23%
Wages and Salaries	37013	68203			39044	71365	5%	
Social Benefits	407	625			858	1317	111%	
Other Compensation	-72	-131			-58	-106		
Use of Goods and Services	22105	29975	134752	115197	23753	33350	7%	18%
Travel	642	937			832	1198	30%	
Food	1076	1367			786	1028	-27%	
Contracted Services	8298	10648			8086	9941	-3%	
Repairs and Maintenance	1306	1619			1582	1858	21%	
Utilities	1138	1444			1411	1714	24%	
Fuel	4724	7501			5744	10317	22%	
Tools and Materials	1063	1352			852	1089	-20%	
Other Use of Goods and Services	3857	5107			4460	6205	16%	
Interest	272	375	967	967	58	192	-79%	6%
Social Transfers	7934	8453	23079	22184	8531	10650	8%	37%
Subsidies	250	347			350	700	40%	
Grants	54	98			101	103	87%	
<i>Foreign Grants</i>	54	98			90	93		
<i>Current Grants</i>	0	0			11	11		
Social Security	7630	7859			8074	9358	6%	
Other Social Transfers ¹	0	150			6	488	-	
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	14754	19991	126080	71225	11837	17020	-20%	9%
Net Acquisition of NFA ²	14746	19973			10749	15928	-27%	
Sale of Land and Buildings ³	-7	-17			-1089	-1092	14735%	
Buildings and Structures	10159	13602			7677	10218	-24%	
Machinery / Equipment	1548	3203			2463	4301	59%	
Valuables	0	0			0	1	-	
Land	150	150			192	470	29%	
Capital Advance Payments	2897	3036			1504	2031	-48%	

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

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

3/ Negative as this represents a revenue line

Table 14. Operating Expenditure

In millions of Afghanis (unless otherwise stated)	1394 Q2	1394 Q2 YTD	1395 Q2	1395 Q2 YTD	1395 Budget	1395 Allocated	% Budget.	% Change on 1394
TOTAL GROSS EXPENDITURES	57,181	94,152	63,161	104,554	286,213	278,681	22%	10%
TOTAL NET EXPENDITURES (2)	57,174	94,134	62,073	103,462				
RECURRENT EXPENDITURES								-
Compensation of Employees	37,347	68,696	39,843	72,577	172,236	166,312	23%	7%
Wages and Salaries	37,013	68,203	39,044	71,365				5%
o/w Wages and Salaries in Cash	31,276	58,076	32,463	59,726				4%
o/w Wages and Salaries in Kind	4,385	7,535	5,228	9,059				19%
Social Benefits	407	625	858	1,317				111%
Other Compensation	-72	-131	-58	-106				
Use of Goods and Services	10,709	15,403	12,520	18,868	80,295	78,733		17%

Travel	561	825	681	986				21%
Food	1,076	1,367	786	1,028				-27%
Contracted Services	230	352	395	593				71%
Repairs and Maintenance	1,306	1,619	1,582	1,858				21%
Utilities	1,138	1,444	1,411	1,714				24%
Fuel	4,699	7,472	5,720	10,289				22%
Tools and Materials	555	680	558	696				1%
Other Use of Goods and Services	1,144	1,644	1,387	1,705				
Interest	272	375	58	192	967	967	6%	-79%
To Non-Residents								
Social Transfers	7,934	8,453	8,531	10,560	21,662	21,662	39%	8%
Subsidies	250	347	350	700				40%
Grants	54	98	101	103				87%
<i>Foreign Grants</i>	54	98	90	93				
<i>Current Grants</i>	0	0	11	11				
Social Security	7,630	7,859	8,074	9,358				6%
Other Social Transfers	0	150	6	399				-
o/w Social Assistance	0	0	6	6				-
o/w Advance Subsidies, Grants	0	150	0	392				-
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	911	1,207	1,119	1,265	12,021	11,974		23%
Net Acquisition of NFA ¹	904	1,190	31	173				-97%
Sale of Land and Buildings	-7	-17	-1,089	-1,092				14735%
Buildings and Structures	537	561	867	887				61%
Machinery / Equipment (>50,000)	228	499	66	172				-71%
Valuables	0	0	0	0				-
Land	145	145	186	205				28%
Capital Advance Payments	0	2	1	1				96%

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

Table 15. Development Expenditure Summary

In millions of Afghanis	1394	1394	1395	1395	1395	1395	%	%
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allotted	Budget.	Change on 1394
TOTAL GROSS EXPENDITURES	24,080	31,523	20,913	28,588	122,214	76,664	17%	-13%
Discretionary Budget	5,721	8,256	5,641	7,703			-	-1%
Non-discretionary Budget	18,359	23,267	15,272	20,885			-	-17%
TOTAL NET EXPENDITURES (2)	25,231	33,338	20,862	29,234				
 Use of Goods and Services	 11,396	 14,572	 11,233	 14,482	 41,636	 29,222	 38%	 -1%
Travel	81	112	151	212				
Communications	0	0	0	0				
Contracted Services	8,068	10,296	7,691	9,348				
Repairs and Maintenance	0	0	0	0				

Utilities	0	0	0	0		
Fuel	25	29	24	28		
Other Use of Goods and Services	3,222	4,135	3,367	4,894		
o/w Tools and materials (< 50,000)	0	0	0	0		
o/w Other Expenses	127	138	113	162		
o/w Advances and Return of Expenditure	2,587	3,326	2,960	4,338		
Subsidies, Grants, Social Expenditures	0	0	0	89	1,409	522

ACQUISITION OF ASSETS

Gross Acquisition of NFA	13,842	18,783	10,718	15,755	79,169	46,920	23%	-23%
Net Acquisition of NFA ¹	13,835	18,766	9,629	14,663				
Sale of Land and Buildings	-7	-17	-1,089	-1,092				
Buildings and Structures	9,621	13,041	6,810	9,331				
Machinery / Equipment (>50,000)	1,320	2,704	2,398	4,129				
Valuables	0	0	0	0				
Land	4	4	6	264				
Capital Advance Payments	2,897	3,034	1,504	2,030				

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

Table 14 shows operating expenditure. Total operating expenditure has increased by 10% as compared to the same period in 1394. This increase is driven by due to slight increase in gross acquisition and use of goods and services. However, interest and net acquisition of assets show reduction of 79% and 97% as compared to the same period in 1394. Table 15 shows that the total development budget in 1395 has decreased by 13% as compared to 1394. Major factor for decline in development expenditure was 17% decline in non-discretionary budget and 23% decline in gross acquisition. Similarly, the spending of the goods and services has reduced by 1%. In the acquisition of assets category, the spending on the building and structures and acquisition of machinery and equipment, which were the largest expenditure items, were Afs 6.8 billion and Afs 2.3 billion expenditure respectively. Details of expenditure are given in the following tables.

Table 16. Detailed Development Expenditure

In millions of Afghanis	1394	1394	1395	1395	1395	1395	1395	% Increase
	Q2	Q2 YTD	Budget	Q2	Q2 YTD	Unspent Budget	Unspent/Total	
TOTAL	24,080	31,523	456,281	20,913	28,588	427,693	94%	-13%
Total Infrastructure and Natural Resources	5,931.8	10,689.5	99,514.7	7,299.4	11,787.9	87,727	88%	23%
Ministry of Public Works	1,782.8	3,977.1		2,747.6	4,185.7			54%
Ministry of Transport and Aviation	2.6	4.2		18.9	18.9			628%
Ministry of Energy and Water	825.0	1,304.2		850.1	1,216.4			3%
Water Supply and Canalization Corporation	72.0	209.1		59.2	59.2			-18%
Ministry of Communication	48.7	71.7		103.5	131.7			113%
Ministry of Mines and Industries	370.2	437.0		241.1	289.4			-35%
Other Ministries	2,830.5	4,686.3		3,279.0	5,886.7			16%
Total Agriculture and Rural Development	9,688.0	10,657.2	29,307.2	5,197.3	7,281.0	22,026	5%	-46%
Ministry of Agriculture	1,401.7	1,961.6		1,438.0	2,029.0			3%
Ministry of Rural Rehabilitation and Development	8,013.3	8,422.6		3,506.0	4,992.8			-56%

Other Ministries	273.0	273.0		253.4	259.2			-7%
Total Education	2,652.7	3,071.6	57,426.9	2,623.5	2,713.7	54,713	13%	-1%
Ministry of Education	1,706.4	1,996.4		2,034.5	2,070.3			19%
Other Ministries	946.3	1,075.3		589.1	643.4			-38%
Total Economic Gov. and Private Sector Development	875.3	1,599.1	13,889.3	695.4	1,132.7	12,757	3%	-21%
Ministry of Finance	588.3	870.1		544.9	846.9			-7%
Other Ministries	287.1	729.1		150.5	285.8			-48%
Total Health	3,882.6	4,226.2	20,618.6	4,278.2	4,711.9	15,907	4%	10%
Ministry of Public Health	3,882.6	4,226.2		4,278.2	4,711.9			10%
Total Governance, Rule of Law and Human Rights	707.5	808.5	19,208.9	226.6	290.4	18,918	4%	-68%
Independent Directorate of Local Governance	241.6	261.1		2.4	2.4			-99%
Other Ministries	465.9	547.5		224.2	288.0			-52%
Total Social Protection	181.4	198.2	24,280.0	277.0	290.4	23,990	6%	53%
Total Security	161.1	273.0	192,035.5	315.5	379.8	191,656	45%	96%
Total Unclassified	0.0	0.0	0.0	0.0	0.0	0	0%	-

Table 17. Detailed Operating Expenditure

In millions of Afghanis	Total Operating Expenditures					Wages		G+S		NFA		Others	
	1394	1395	% Chang e	1395 Budge t	% Budge t	1394	1395	139 4	139 5	139 4	139 5	1394 Q2	139 5
	Q2 YTD			Budge t		Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD	Q2 YTD
TOTAL	94,072	103,036	9.5%	286,347	36%	68,641	72,264	15,395	18,754	1,207	1,265	8,829	10,752
Total Security	55,772	63,038	13.0%	190,435	33%	45,673	48,453	8,774	13,372	529	468	796	745
Ministry of Interior	24,544	26,380	7.5%	74,620		18,648	19,722	5,283 1,84 2	5,768	266	190	347	700
Ministry of Defense	23,011	27,581	19.9%	96,682		20,459	21,543		5,721	260	272	449	45
Ministry of Foreign Affairs	1,710	1,991	16.4%	4,201		1,129	1,270	581	722	0	0	-0	0
National Security Council	151	307	103.6%	843		92	238	59	69	0	0	0	0
Presidential Protective Service	473	595	25.7%	1,464		424	535	48	59	1	1	-0	0
General Directorate of National Security	5,884	6,185	5.1%	12,624		4,920	5,146	962	1,034	2	5	0	-0
Total Governance, Rule of Law and Human Rights	6,558	6,928	5.6%	17137	40%	4971	5,251	1,409	1,503	131	141	47	33
Presidents Office	361	0	-100.0%	0		265	0	96	0	0	0	0	0
National Assembly Meshanro Jirga	202	208	3.0%	493		167	187	36	22	0	0	-0	-0
National Assembly Wolesi Jirga	722	714	-1.1%	1,484		625	630	95	85	2	0	-0	-0
Supreme Court	1,459	1,491	2.2%	3,418		1,367	1,409	90	81	1	0	-0	-0
Ministry of Justice	252	253	0.6%	637		183	203	68	50	0	0	-0	-0
Administrative Affairs	1,459	1,819	24.6%	4,498		832	1,102	455	552	125	131	47	33
Ministry of State and Parliamentary Affairs	30	67	122.4%	144		24	58	6	6	0	3	0	0
Ministry of Haj and Religious Affairs	317	387	22.1%	921		255	292	62	90	0	5	0	0
Attorney General	528	525	-0.5%	1,243		471	474	57	51	0	0	-0	0
Election Commission	63	75	19.1%	215		39	57	24	18	0	0	-0	0
IARCSC	154	151	-2.4%	353		109	120	45	30	0	0	-0	0
Independent Commission for Overseeing the Implementation of Cons	19	26	34.3%	68		14	21	5	5	0	0	0	0
The High office of Oversight and Anti-Corruption	61	55	-10.0%	118		44	43	17	12	0	0	0	-0

Independent Directorate of Local Governance	908	1,124	23.8%	3,386		565	635	341	486	2	3	-0	0
Afghanistan Independent Human Rights Commission	0	1	-	41		0	0	0	1	0	0	0	0
Independent Electoral Complaints Commission	23	34	47.3%	118		10	19	13	14	0	0	0	-0
Total Infrastructure and Natural Resources	2,939	2,389	-18.7%	6,199	39%	1,102	1,134	1,364	606	473	649	0	-0
Ministry of Public Works	1,650	1,193	-27.7%	3,088		205	201	989	346	456	646	0	0
Ministry of Transport and Aviation	110	96	-12.7%	263		75	74	34	21	1	2	-0	0
Ministry of Communication	239	233	-2.4%	625		166	176	73	57	0	0	0	0
Ministry of Energy and Water	267	263	-1.3%	570		197	210	63	53	7	0	0	-0
Water Supply and Canalization Corporation	0	0	-	0		0	0	0	0	0	0	0	0
Da Brishna Shirkat	0	0	-	0		0	0	0	0	0	0	0	0
Ministry of Urban Development	130	128	-1.8%	344		86	99	44	28	1	1	0	-0
Civil Aviation Authority	150	111	-26.3%	391		84	88	58	23	8	0	0	-0
Independent Board of new Kabul	0	0	-	0		0	0	0	0	0	0	0	0
Ministry of Mines and Industries	233	202	-13.3%	542		173	158	60	44	0	0	-0	0
Geodesy and Cartography Office	58	64	10.6%	134		43	49	15	15	0	0	-0	-0
Directorate of Environment	88	83	-5.9%	196		62	65	26	17	0	1	0	-0
Afghanistan High Atomic Energy Commission	14	16	13.6%	46		12	14	2	2	0	0	0	-0
Municipalities	0	0	-	0		0	0	0	0	0	0	0	0
Total Education	15,352	15,026	-2.1%	38,131	39%	13,688	14,032	1,615	993	48	1	-0	0
	12,697	12,568	-1.0%	31,498		11,879	12,051	773	517	44	0	0	0
Ministry of Education		8				9	1						
Ministry of Higher Education	2,045	1,928	-5.7%	5,091		1,416	1,573	626	355	3	0	-0	0
Ministry of Information and Culture	218	216	-0.6%	520		156	168	61	48	0	0	-0	0
Science Academy	94	90	-4.7%	203		86	85	8	5	0	0	-0	0
National Olympic Committee	111	58	-47.5%	280		24	25	86	33	1	0	0	-0
Cricket Board	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan football federation	0	0	-	0		0	0	0	0	0	0	0	0
Radio and television of Afghanistan	187	165	-11.6%	539		127	130	60	35	0	0	-0	0
Total Health	1,447	1,549	7.1%	3,487	44%	945	991	487	556	15	2	0	0
Ministry of Public Health	1,447	1,549	7.1%	3,487		945	991	487	556	15	2	0	0
Total Agriculture and Rural Development	918	927	1.0%	2,206	42%	717	748	198	178	3	2	0	-0
Ministry of Agriculture	502	540	7.6%	1,219		421	468	79	72	2	0	0	0
Ministry of Counter Narcotics	79	88	11.7%	213		52	58	27	30	0	0	0	0
Ministry of Rural Rehabilitation and Development	248	210	-15.4%	503		181	159	67	50	0	1	0	-0
Afghanistan Independent Land Authority	89	89	-0.3%	272		64	64	25	25	1	0	0	-0
Total Social Protection	8,586	10,687	24.5%	22,417	48%	656	712	319	262	0	1	7,610	9,712
Ministry of Frontiers and Tribal Affairs	162	162	-0.2%	462		83	98	78	64	0	0	-0	-0
Ministry of Martyrs, Disabled and Social Affairs	7,983	9,833	23.2%	20,714		399	419	175	138	0	0	7,409	9,276
Ministry of Refugees and Repatriates	102	104	1.9%	334		80	82	22	22	0	1	0	0
Ministry of Women Affairs	78	82	4.9%	194		58	63	20	19	0	0	-0	0
Office of Disaster Preparedness	239	480	101.2%	633		21	31	17	13	0	0	201	436

Directorate of Kochis	22	26	18.4%	79		16	20	6	6	0	0	0	0
Total Economic Gov. and Private Sector Devel't	2,499	2,491	-0.3%	6,335	39%	887	944	1,229	1,284	7	1	376	262
Ministry of Finance	1,857	1,802	-2.9%	4,797		596	628	878	913	7	0	376	262
Ministry of Commerce	391	428	9.3%	877		109	118	282	309	0	0	0	0
Ministry of Economy	92	103	12.2%	276		70	79	21	23	0	1	0	-0
Control and Audit Office	62	67	7.7%	144		37	45	24	21	0	0	0	0
Central Statistics Office	69	62	-10.1%	167		56	53	13	9	0	0	-0	0
Micro Finance Investment Support Facility for Afghanistan	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan National Standard Authority	28	30	4.4%	74		19	21	9	9	0	0	-0	0

1/ Interest, and Subsidies and Transfers

Expenditure by Ministry

Table 18a. Detailed Ministry Expenditure

In millions of Afghanis		1394		1395		1395	1395	%	%
		Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated	Alloc.	Increase
TOTAL GROSS EXPENDITURES		81,192	125,595	82,742	131,624	456,281	375,113	35%	5%
Operating Budget		57,111	94,072	61,829	103,036	286,347	278,876	37%	10%
Development Budget		24,080	31,523	20,913	28,588	122,214	76,664	37%	-9%
Ministry of Interior		14,074	24,755	14,625	26,526	75,088	70,964	37%	7%
Operating Budget		13,961	24,544	14,522	26,380	74,620	70,705	37%	7%
Development Budget		113	211	104	146	18	15	970%	-31%
Ministry of Defense		12,271	23,011	15,844	27,581	96,682	96,679	29%	20%
Operating Budget		12,271	23,011	15,844	27,581	96,682	96,679	29%	20%
Development Budget		0	0	0	0	0	0	-	-
Ministry of Foreign Affairs		1,399	1,711	1,848	2,115	4,993	4,441	48%	24%
Operating Budget		1,399	1,710	1,724	1,991	4,201	4,164	48%	16%
Development Budget		0	2	124	124	33	16	769%	8148%
National Security Council		117	151	175	307	843	780	39%	104%
Operating Budget		117	151	175	307	843	780	39%	104%
Development Budget		0	0	0	0	0	0	-	-
Presidential Protective Service		279	490	408	665	1,620	1,273	52%	36%
Operating Budget		262	473	337	595	1,464	1,179	50%	26%
Development Budget		17	17	71	71	0	0	-	309%
General Directorate of National Security		2,948	5,927	3,116	6,224	12,809	12,678	49%	5%
Operating Budget		2,918	5,884	3,098	6,185	12,624	12,624	49%	5%
Development Budget		30	43	18	40	23	8	527%	-8%
Total Security		31,088	56,045	36,016	63,418	192,036	186,815	34%	13%
Operating Budget		30,927	55,772	35,701	63,038	190,435	186,131	34%	13%
Development Budget		161	273	316	380	74	39	982%	39%
Presidents Office		0	361	0	0	0	0	-	-100%
Operating Budget		0	361	0	0	0	0	-	-100%
Development Budget		0	0	0	0	0	0	-	-
National Assembly Meshanro Jirga		138	248	111	208	523	422	49%	-16%
Operating Budget		111	202	111	208	493	422	49%	3%

Development Budget	27	46	0	0	0	0	-	-100%
National Assembly Wolesi Jirga	409	724	355	714	1,513	1,307	55%	-1%
Operating Budget	407	722	355	714	1,484	1,307	55%	-1%
Development Budget	2	2	0	0	0	0	-	-100%
Supreme Court	795	1,493	774	1,504	3,605	2,997	50%	1%
Operating Budget	760	1,459	765	1,491	3,418	2,914	51%	2%
Development Budget	34	34	9	13	151	80	16%	-63%
Ministry of Justice	220	353	186	293	996	791	37%	-17%
Operating Budget	150	252	151	253	637	630	40%	1%
Development Budget	70	101	35	40	264	145	27%	-60%
Administrative Affairs	1,114	1,533	1,270	1,939	4,983	4,156	47%	26%
Operating Budget	1,040	1,459	1,151	1,819	4,498	3,998	45%	25%
Development Budget	74	74	120	120	139	7	1793%	63%
Ministry of State and Parliamentary Affairs	35	47	52	84	170	150	56%	77%
Operating Budget	18	30	52	67	144	133	50%	122%
Development Budget	17	17	0	17	0	0	-	-1%
Ministry of Haj and Religious Affairs	340	449	262	403	1,303	1,107	36%	-10%
Operating Budget	208	317	252	387	921	921	42%	22%
Development Budget	132	132	10	16	0	0	-	-88%
Attorney General	320	566	304	542	1,433	1,278	42%	-4%
Operating Budget	286	528	289	525	1,243	1,215	43%	-1%
Development Budget	34	39	15	17	83	17	100%	-57%
Election Commission	41	63	51	75	215	171	44%	19%
Operating Budget	41	63	51	75	215	171	44%	19%
Development Budget	0	0	0	0	0	0	-	-
IARCSC	133	205	105	198	519	372	53%	-3%
Operating Budget	90	154	88	151	353	306	49%	-2%
Development Budget	43	51	17	47	59	35	135%	-7%
Independent Commission for Overseeing the Implementation of Cons	11	19	15	26	68	62	42%	34%
Operating Budget	11	19	15	26	68	62	42%	34%
Development Budget	0	0	0	0	0	0	-	-
The High office of Oversight and Anti-Corruption	52	96	48	73	202	130	56%	-24%
Operating Budget	36	61	30	55	118	99	56%	-10%
Development Budget	16	35	18	18	0	0	-	-49%
Independent Directorate of Local Governance	756	1,169	679	1,126	3,456	3,386	33%	-4%
Operating Budget	515	908	676	1,124	3,386	3,381	33%	24%
Development Budget	242	261	2	2	7	5	44%	-99%
Afghanistan Independent Human Rights Commission	17	17	1	1	105	27	2%	-97%
Operating Budget	0	0	1	1	41	10	5%	-
Development Budget	17	17	0	0	0	0	-	-100%
Independent Electoral Complaints Commission	16.67	22.76	25.58	33.54	118	91	37%	47%
Operating Budget	16.67	22.76	25.58	33.54	118	91	37%	47%
Development Budget	0.00	0.00	0.00	0.00	0	0	-	-
Total Governance, Rule of Law and Human Rights	4,397	7,367	4,238	7,219	19,209	16,449	44%	-2%
Operating Budget	3,689	6,558	4,011	6,928	17,137	15,661	44%	6%
Development Budget	707	809	227	290	704	289	100%	-64%

Table 18b. Detailed Ministry Expenditure

(In millions of Afghanis)	1394		1395		1395	1395		
	Q2 YTD		Q2 YTD		Budget	Allocated	% Alloc.	%Change
Ministry of Public Works	3,150	5,627	3,733	5,378	36,288	15,233	35%	-4%
Operating Budget	1,368	1,650	985	1,193	3,088	3,002	40%	-28%
Development Budget	1,783	3,977	2,748	4,186	25,177	9,776	43%	5%
Ministry of Transport and Aviation	64	114	79	115	388	244	47%	1%
Operating Budget	61	110	60	96	263	220	44%	-13%
Development Budget	3	4	19	19	0	0	-	352%
Ministry of Communication	204	311	239	365	2,410	1,081	34%	17%
Operating Budget	155	239	136	233	625	582	40%	-2%
Development Budget	49	72	103	132	746	479	28%	84%
Ministry of Energy and Water	978	1,571	999	1,480	8,206	4,058	36%	-6%
Operating Budget	153	267	149	263	570	491	54%	-1%
Development Budget	825	1,304	850	1,216	3,555	2,143	57%	-7%
Water Supply and Canalization Corporation	72	209	59	59	500	72	82%	-72%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	72	209	59	59	0	0	-	-72%
Da Brishna Shirkat	1,895	3,359	2,191	4,200	33,020	25,457	16%	25%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	1,895	3,359	2,191	4,200	32,899	25,457	16%	25%
Ministry of Urban Development	340	386	445	496	3,812	2,591	19%	29%
Operating Budget	84	130	78	128	344	287	45%	-2%
Development Budget	256	256	367	368	366	57	649%	44%
Civil Aviation Authority	484	831	651	820	4,801	2,863	29%	-1%
Operating Budget	114	150	80	111	391	327	34%	-26%
Development Budget	370	681	572	709	1,946	1,257	56%	4%
Independent Board of new Kabul	34	49	21	43	740	110	39%	-12%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	34	49	21	43	0	0	-	-12%
Ministry of Mines and Industries	506	670	360	492	5,076	1,498	33%	-27%
Operating Budget	136	233	119	202	542	497	41%	-13%

Development Budget	370	437	241	289	2,164	566	51%	-34%
Geodesy and Cartography Office	34	70	40	74	179	159	47%	6%
Operating Budget	34	58	35	64	134	134	48%	11%
Development Budget	0	12	5	10	0	0	-	-17%
Directorate of Environment	69	107	51	87	270	213	41%	-18%
Operating Budget	50	88	47	83	196	167	50%	-6%
Development Budget	19	19	5	5	0	0	-	-75%
Afghanistan High Atomic Energy Commission	7	14	9	16	46	37	41%	14%
Operating Budget	7	14	9	16	46	37	41%	14%
Development Budget	0	0	0	0	0	0	-	-
Irrigation and canalization Shirkat	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Municipalities	257	311	118	552	3,779	2,344	24%	78%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	257	311	118	552	3,293	2,071	27%	78%
Total Infrastructure and Natural Resources	8,095	13,629	8,995	14,177	99,515	55,961	25%	4%
Operating Budget	2,163	2,939	1,696	2,389	6,199	5,746	42%	-19%
Development Budget	5,932	10,689	7,299	11,788	70,145	41,807	28%	10%
Ministry of Education	9,265	14,693	9,416	14,639	46,462	37,954	39%	0%
Operating Budget	7,559	12,697	7,381	12,568	31,498	31,498	40%	-1%
Development Budget	1,706	1,996	2,034	2,070	12,260	6,070	34%	4%
Ministry of Higher Education	2,162	3,015	1,752	2,551	8,605	6,465	39%	-15%
Operating Budget	1,297	2,045	1,183	1,928	5,091	5,083	38%	-6%
Development Budget	865	969	569	623	928	186	335%	-36%
Ministry of Information and Culture	159	253	149	233	874	520	45%	-8%
Operating Budget	149	218	133	216	520	436	50%	-1%
Development Budget	10	35	16	16	13	5	318%	-53%
Science Academy	67	97	50	90	223	172	53%	-7%
Operating Budget	65	94	49	90	203	169	53%	-5%
Development Budget	3	3	1	1	0	0	-	-71%
National Olympic Committee	148	168	44	58	579	231	25%	-65%
Operating Budget	90	111	44	58	280	185	31%	-47%

Development Budget	57	57	0	0	39	21	0%	-100%
Cricket Board	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Afghanistan football federation	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Radio and television of Afghanistan	124	198	91	169	684	520	32%	-15%
Operating Budget	114	187	87	165	539	472	35%	-12%
Development Budget	11	11	4	4	4	0	-	-67%
Total Education	11,926	18,423	11,502	17,739	57,427	45,862	39%	-4%
Operating Budget	9,273	15,352	8,878	15,026	38,131	37,844	40%	-2%
Development Budget	2,653	3,072	2,624	2,714	13,243	6,282	43%	-12%
Ministry of Public Health	4,806	5,673	5,255	6,261	20,619	14,974	42%	10%
Operating Budget	924	1,447	977	1,549	3,487	3,121	50%	7%
Development Budget	3,883	4,226	4,278	4,712	13,248	9,412	50%	11%
Total Health	4,806	5,673	5,255	6,261	20,619	14,974	42%	10%
Operating Budget	924	1,447	977	1,549	3,487	3,121	50%	7%
Development Budget	3,883	4,226	4,278	4,712	13,248	9,412	50%	11%

Table 18c. Detailed Ministry Expenditure

(In millions of Afghanis)	1394			1395		1395	1395		
	Q2 YTD			Q2 YTD	Budget	Allocated	% Allocated.	%Change	
Ministry of Agriculture	1,690	2,464	1,737	2,569	9,937	8,094	32%	4%	
Operating Budget	288	502	299	540	1,219	1,214	45%	8%	
Development Budget	1,402	1,962	1,438	2,029	5,179	4,662	44%	3%	
Ministry of Counter Narcotics	303	334	247	284	1,929	930	31%	-15%	
Operating Budget	47	79	53	88	213	213	41%	12%	
Development Budget	255	255	194	196	1,526	687	28%	-23%	
Ministry of Rural Rehabilitation and Development	8,156	8,670	3,618	5,202	16,907	13,147	40%	-40%	

Operating Budget	143	248	112	210	503	503	42%	-15%
Development Budget	8,013	8,423	3,506	4,993	11,819	10,671	47%	-41%
Afghanistan Independent Land Authority	73	107	107	153	534	430	36%	43%
Operating Budget	55	89	48	89	272	271	33%	0%
Development Budget	18	18	59	64	0	0		260%
Total Agriculture and Rural Development	10,222	11,576	5,710	8,208	29,307	22,601	1	-29%
Operating Budget	534	918	512	927	2,206	2,201	2	1%
Development Budget	9,688	10,657	5,197	7,281	18,524	16,020	1	-32%
Ministry of Frontiers and Tribal Affairs	156	203	112	169	613	436	39%	-17%
Operating Budget	115	162	104	162	462	409	40%	0%
Development Budget	41	41	8	8	0	0	-	-81%
Ministry of Martyrs, Disabled and Social Affairs	7,768	8,083	8,544	10,078	22,001	21,304	47%	25%
Operating Budget	7,682	7,983	8,308	9,833	20,714	20,631	48%	23%
Development Budget	86	100	236	245	950	461	53%	145%
Ministry of Refugees and Repatriates	63	103	70	113	595	370	30%	10%
Operating Budget	63	102	62	104	334	293	36%	2%
Development Budget	0	1	9	9	14	3	269%	1607%
Ministry of Women Affairs	64	97	68	103	237	228	45%	6%
Operating Budget	45	78	47	82	194	190	43%	5%
Development Budget	19	19	21	21	5	3	609%	13%
Office of Disaster Preparedness	88	266	71	480	660	611	78%	80%
Operating Budget	60	239	71	480	633	606	79%	101%
Development Budget	28	28	0	0	22	5	0%	-100%
Directorate of Kochis	20	32	19	34	174	86	39%	6%
Operating Budget	12	22	15	26	79	68	39%	18%
Development Budget	7	10	4	7	0	0	-	-24%
Total Social Protection	8,158	8,784	8,884	10,977	24,280	23,036	48%	25%
Operating Budget	7,977	8,586	8,607	10,687	22,417	22,196	48%	24%
Development Budget	181	198	277	290	991	473	61%	46%
Ministry of Finance	1,740	2,727	1,710	2,649	9,285	6,744	39%	-3%
Operating Budget	1,151	1,857	1,165	1,802	4,797	4,492	40%	-3%

Development Budget	588	870	545	847	2,950	1,392	61%	-3%
Ministry of Commerce	436	608	174	484	1,117	1,039	47%	-20%
Operating Budget	326	391	130	428	877	877	49%	9%
Development Budget	110	216	44	57	123	90	63%	-74%
Ministry of Economy	113	191	88	158	571	390	41%	-17%
Operating Budget	53	92	59	103	276	263	39%	12%
Development Budget	60	99	29	56	0	0	-	-44%
Control and Audit Office	117	174	110	139	839	486	29%	-20%
Operating Budget	38	62	41	67	144	120	56%	8%
Development Budget	80	113	69	72	638	353	20%	-36%
Central Statistics Office	47	81	34	67	502	191	35%	-17%
Operating Budget	38	69	33	62	167	167	37%	-10%
Development Budget	9	12	1	6	276	14	41%	-55%
Afghanistan Investment Support Agency	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Micro Finance Investment Support Facility for Afghanistan	0	257	0	89	1,298	496	18%	-65%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	257	0	89	1,298	496	18%	-65%
Afghanistan National Standard Authority	47	60	26	36	277	70	52%	-39%
Operating Budget	19	28	19	30	74	58	51%	4%
Development Budget	29	31	7	7	0	0	-	-79%
Total Economic Gov. and Private Sector Devel't	2,500	4,098	2,142	3,624	13,889	9,416	38%	-12%
Operating Budget	1,625	2,499	1,447	2,491	6,335	5,976	42%	0%
Development Budget	875	1,599	695	1,133	5,285	2,344	48%	-29%

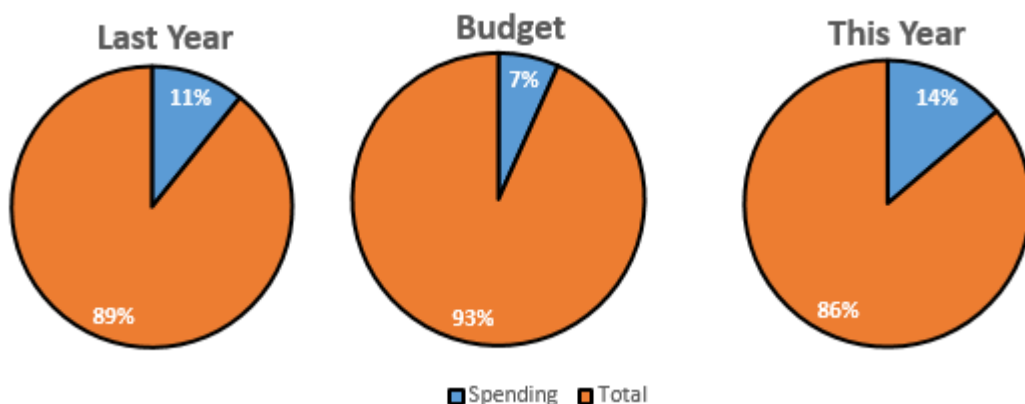
Social Welfare

Table 19. Key Poverty Targeting Expenditures

	1394 Q2 YTD	1395 Budget	1395 Q2 YTD	% Budget
Total Poverty Targeting Expenditure	7718	32767	10745	33%
Directorate of Kochis	32	174	34	19%
Ministry of Education	14693	46462	14639	32%
Technical and Vocational Training	914	3699	762	21%
Ministry of Frontiers and Tribal Affairs	203	613	169	28%
Ministry of Urban Development	386	3812	496	13%
Housing	6	2223	202	9%
Urban Infrastructure	322	746	109	15%
Ministry of Rural Rehabilitation and Development	8670	16907	5202	31%
Rural Infrastructure	1096	9936	2790	28%
Ministry of Martyrs, Disabled and Social Affairs	8083	22001	10078	46%
Social Support Program	190	365	154	42%
Martyrs and Disabled	4431	13053	5957	46%
Office of Disaster Preparedness	266	660	480	73%
Micro Finance Investment Support Facility for Afghanistan	257	1298	89	7%

Table 19 indicates that largely poverty targeting expenditures in the second quarter of 1395 have increased as matched to the same period in 1394. Amongst all poverty targeting programs budget execution of the Office of Disaster Preparedness, Ministry of Urban Development, Directorate of Kochis, Ministry of Martyrs, Disabled and Social Affairs has improved as compared to the same period in 1394, whereas the rest of the expenditures have declined. Social and vocational training, housing, rural and urban infrastructure are the priority areas under ANDS and critical for poverty reduction. Thus, serious care should be made to expand execution of budget and plans in these areas.

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



Provinces

Table 20. Revenues by Key Province

In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Est. Target	1395 Q2	1395 Q2 YTD	% Target	% Change on 1394
Kabul	785	1421	4494	670	1397	15%	-15%
Nangarhar	3401	6404	20146	3090	6669	15%	-9%
Balkh	1972	3728	11728	3214	5996	27%	63%
Kandahar	1325	2386	7507	1657	3148	22%	25%
Faryab	340	919	2892	352	766	12%	3%
Herat	3666	7670	24131	4508	9546	19%	23%
Nimroz	2025	3704	11652	3071	5987	26%	52%
Central Ministries	11302	20665	65122	28216	40494	43%	150%

Table 20 shows revenue collected by the provinces. The table shows that Balkh province by collecting 27% of the target revenue for the second quarter stands as the top performer, followed by Nimroz and Kandahar in the second and third rank respectively. Nearly, all provinces listed in the table, except Kabul and Nangarhar which has collected 15% and 9% relatively less, have collected more revenue as compared to the same quarter in the previous fiscal year. The reason for the relatively higher revenue collection in Balkh province could be increase in government contracts' goods & services, increase in imports and imports by licensed businesses, and customs duty. Revenue collection in Kabul and Nangarhar was relatively lesser because of worse security situation and border issues at Torkham. Due to the border conflicts, imports by licensed businesses, foreign transit fee-T2, customs duty and revenue from BRT on imports have been declined.

Revenue collection in Kandahar province has relatively increased due to improved efficiency at Spen Boldak port.

Detailed information on the revenue collection is provided in the following tables.

Table 21. Development Expenditure on Provinces

In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Q2	1395 Q2 YTD	% Change on 1394
TOTAL	25,237.9	33,355.3	21,950.8	30,325.8	-9%
Badakhshan	687	747	1,017	1,288	72%
Badghis	380	394	290	306	-22%
Baghlan	577	1,180	650	1,538	30%
Balkh	598	958	727	1,133	18%
Bamyan	224	641	383	422	-34%
Central Ministries	3,893	5,311	3,449	5,233	-1%
Dikondy	297	305	270	334	10%
Farah	378	641	460	486	-24%
Faryab	252	267	320	392	47%
Ghazni	746	875	321	368	-58%
Ghor	563	682	575	647	-5%
Helmand	1,051	1,376	496	622	-55%
Herat	919	1,058	548	790	-25%
Jawzjan	255	272	434	494	82%
Kabul	4,030	5,959	3,823	5,798	-3%
Kandahar	830	1,189	622	800	-33%
Kapisa	277	362	286	383	6%
Khost	406	437	381	445	2%

Kunar	414	478	326	374	-22%
Kunduz	751	1,036	378	442	-57%
Laghman	533	540	348	381	-29%
Logar	283	337	260	297	-12%
Nangarhar	1,074	1,207	1,264	1,680	39%
Nimroz	472	862	363	422	-51%
Nuristan	277	369	285	322	-13%
Offshore Payments	345	420	477	507	21%
Paktika	295	418	400	539	29%
Paktiya	660	691	269	342	-51%
Pangsher	196	264	110	217	-18%
Parwan	495	563	474	682	21%
Samangan	351	504	463	761	51%
Saripul	479	493	352	398	-19%
Takhar	534	611	408	647	6%
Uruzgan	787	809	226	300	-63%
Wardak	451	589	359	375	-36%
Zabul	478	507	140	161	-68%

Table 22. Revenue from All Provinces

In millions of Afghanis	1394	1394	1395	1395	1395	% Target	% Change
	Q2	Q2 YTD	Est. Target	Q2	Q2 YTD		on 1394
REVENUES exc. grants	28,140.2	52,469.2	165,068.6	46,707.4	78,950.7	48%	50%
Badakhshan	60	123	386	80	160	41%	30%
Badghis	27	42	133	32	52	39%	22%
Baghlan	71	145	457	74	150	33%	3%
Balkh	1,972	3,728	11,728	3,214	5,996	51%	61%
Bamyan	24	47	149	31	62	42%	32%
Central Ministries	11,322	20,700	65,122	27,163	39,456	61%	91%
Dikondy	17	32	101	22	43	42%	33%
Farah	1,284	1,858	5,846	1,132	2,351	40%	27%
Faryab	340	919	2,892	352	766	26%	-17%
Ghazni	104	194	611	94	196	32%	1%
Ghor	34	58	181	39	71	39%	24%
Helmand	166	261	821	109	262	32%	1%
Herat	3,666	7,670	24,131	4,508	9,546	40%	24%
Jawzjan	62	126	397	60	132	33%	4%
Kabul	785	1,428	4,494	670	1,397	31%	-2%
Kandahar	1,325	2,386	7,507	1,657	3,148	42%	32%
Kapisa	63	95	299	40	79	26%	-17%
Khost	207	344	1,082	183	356	33%	4%
Kunar	58	104	328	45	97	30%	-7%
Kunduz	196	333	1,049	192	377	36%	13%
Laghman	41	88	276	50	101	37%	15%
Logar	38	79	250	46	72	29%	-10%
Nangarhar	3,401	6,404	20,146	3,090	6,669	33%	4%
Nimroz	2,025	3,704	11,652	3,071	5,987	51%	62%
Nuristan	11	14	44	17	20	45%	42%
Offshore Payments	0	0	0	0	0	-	-
Paktika	173	273	859	75	143	17%	-48%
Paktiya	365	671	2,111	335	622	29%	-7%
Pangsher	21	60	190	23	46	24%	-23%
Parwan	44	100	313	65	131	42%	31%

Samangan	37	69	217	35	71	33%	3%
Saripul	25	54	171	31	64	38%	18%
Takhar	96	192	604	83	159	26%	-17%
Uruzgan	15	39	124	18	23	19%	-40%
Wardak	47	93	292	51	106	36%	14%
Zabul	18	33	104	19	40	38%	20%

Debt

Debt financing builds up a small portion of financing of projects in Afghanistan. Table 23 shows that the total debt stock has increased by 4.2% from the first quarter of 1395 to the end of the second quarter of 1395. However, it can be seen in the table that debt stock has increased by 7% over the same period in 1394.

Majority of debt financing by the Afghanistan government is sourced from the international organizations such as the IMF, the World Bank, Islamic Development Bank and ADB. Among countries, debt from the Russian Federation is the largest amount of debt.

Table 23. Government Debt Stock

In Million Afs	1394 Q2	1395 Q1	1395 Q2	% Change	
				YoY	QoQ
EXTERNAL	129,469	133,352	139,629	8%	4.7%
International Organizations	71,654	74,545	77,757	9%	4.3%
IMF	6,472	6,112	6,384	-1%	4.5%
World Bank	23,437	23,176	24,153	3%	4.2%
Islamic Development Bank	2,458	3,107	3,252	32%	4.7%
Asian Development Bank	39,185	42,043	43,855	12%	4.3%
Others	102	108	114	11%	5.1%
Foreign Governments	57,815	58,806	61,871	7%	5.2%
Russian Federation	53,901	54,556	57,363	6%	5.1%
Saudi Fund	2,587	2,947	3,078	19%	4.5%
Others	1,328	1,304	1,430	8%	9.7%
DOMESTIC	161,525	165,433	171,766	6%	3.8%
Bonds (Non-Tradable)	30,996	30,996	30,996	0%	0.0%
Commercial Banks	13052910%	13443713%	14076977%	8%	4.7%
TOTAL CENTRAL GOVERNMENT DEBT	290,995	298,785	311,394	7%	4.2%

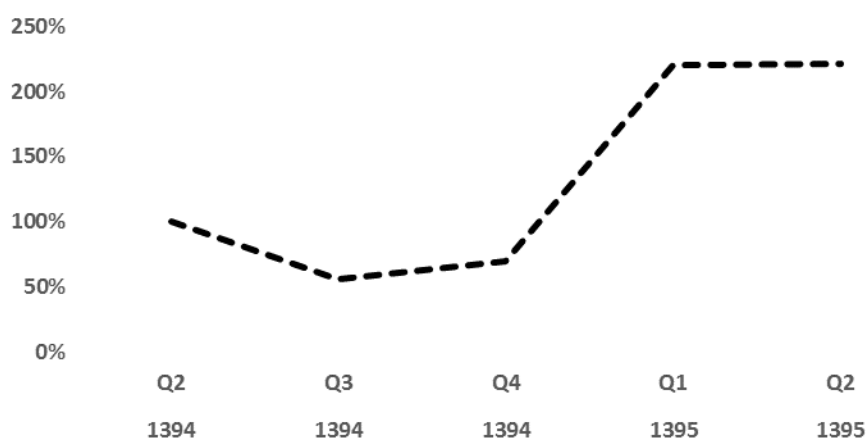
Fiscal Sustainability

Table 24. Fiscal Sustainability

	1394 Q2	1394 Q3	1394 Q4	1395 Q1	1395 Q2
Domestic Revenue/Total	44%	54%	63%	50%	48%
Customs Revenue/Total	12%	15%	12%	12%	7%
Grants/Total	56%	46%	37%	50%	52%
Op. Spending/Dom. Rev.	204%	231%	182%	129%	130%
Salaries/Total Expenditure	46%	50%	40%	67%	48%
Interest/Expenditure	0.6%	0.2%	0.4%	0.5%	0.2%
Financing/Expenditure	5.8%	-21.6%	-16.5%	50.8%	35.4%

Fiscal sustainability indicators show a mixed picture, as shown in the table, it improved in some areas and worsened slightly in other areas. Compared to last year salaries make up a larger portion of total expenditures reflecting increase in bonuses and overtime payments. The financing gap in the second quarter of 1395 is 64.6% which shows an excess of financing over expenditure, which is somehow similar in the first and second quarters of the year. Operating spending to domestic revenue ratio has declined as compared to the same quarter in the previous year as well as compared to the first quarter of 1395. Improvement in the financing gap is important for fiscal sustainability and improvement towards meeting the IP benchmark.

Sustainability Indicator



The overall indicator duplicates this mix picture. The indicator index has improved as compared to the same period last year, but was very stable. In general, we expect some cyclical movement through the year as we tend to spend very little in the first two quarters and see a spike in revenues in the last quarter. A fall in the indicator suggests a worsening of sustainability, and increase suggests and improvement.

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

Fiscal Balance

25. Summary Transactions Affecting Net Worth

In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Q2	1395 Q2 YTD	% Change on Q2 of 1394
TRANSACTIONS AFFECTING NET WORTH					
Revenues including Grants	76,793	148,051	111,756	186,171	45.53
Expenditures (Recurrent)	67,658	107,499	72,186	116,768	6.69
Interest	272	375	58	192	(78.64)
Net Operating Balance	9,135	40,552	39,570	69,403	333.18
Primary Operating Balance	9,406	40,927	39,628	69,595	321.29
TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Acquisition of Nonfinancial Assets	14,746	19,973	10,749	15,928	(27.11)
Net Lending-Borrowing	-5,612	20,578	28,821	53,475	(613.59)
Financing	5,612	-20,578	-28,821	-53,475	(613.59)
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
Net Acquisition of Financial Assets	6,350	-19,628	-28,751	-52,823	(552.76)
Net Acquisition of Financial Liabilities	-738	-950	-70	-652	(90.50)

Table 26. Transactions in Non-Financial Assets

Table 25 shows that government financing consisted of domestic grants, domestic revenue, borrowing and sale of assets. The Revenue including grants for the second quarter was 45% more as compared to the same quarter in 1394. The primary operating balance (in which interest payment is excluded) was very much higher than the same period in 1394. Table 26 shows transaction in non-financial sectors. The large portion of expenditures on capital was on the purchase of buildings. Acquisition of machinery has increased by 59% as compared the same period in 1394.

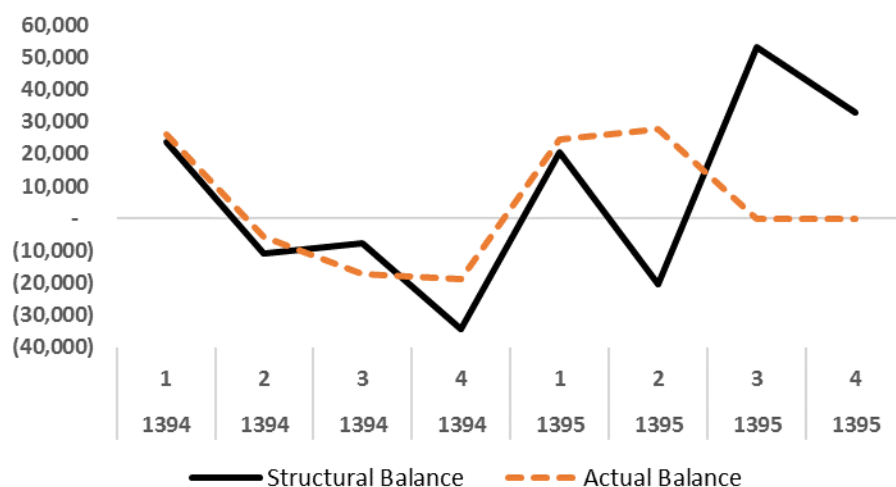
In millions of Afghanis	1394 Q2	1394 Q2 YTD	1395 Q2	1395 Q2 YTD	% Change on 1394
NET ACQUISITION OF NONFINANCIAL ASSETS	14,746	19,973	10,749	15,928	-27%
Land and Buildings	10,301	13,734	6,780	9,596	-34%
Purchase of Land and Buildings	10,301	13,752	7,869	10,688	-24%
Buildings and Structures	10,151	13,602	7,677	10,218	-24%
Land	150	150	192	470	29%
Sale of Land and Buildings	-7	-17	-1,089	-1,092	14735%
Sale of State-Owned Enterprises	0	0	0	0	-
Machinery and Equipment (>50,000)	1,548	3,203	2,463	4,301	59%
Valuables	0	0	0	1	-
Other Acquisitions	2,897	3,036	1,504	2,031	-48%
Capital Advance Payments	2,897	3,036	1,504	2,031	-48%

27. Transactions in Financial Assets and Liabilities

In millions of Afghanis	1394	1394	1395	1395	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1394
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	5,612	-20,578	-28,821	-53,475	-614%
TOTAL FINANCING					-
Net Acquisition of Financial Assets	6,350	-19,628	-28,751	-52,823	-553%
Domestic	6,350	-19,628	-28,751	-52,823	-553%
Currency and Deposits	-621	-19,842	-22,698	-44,376	3555%
Treasury Single Account	-10,183	-24,217	-25,113	-41,142	147%
Provincial Revenue Accounts	0	-53	-28	-37	-
Donor Accounts	9,561	4,427	2,443	-3,200	-74%
Other Deposit Accounts	1	1	0	3	-96%
Loans	1	7	1	12	2%
Loans	1	2	1	2	2%
Advances	0	6	0	10	-
Other Accounts Receivable	78	78	-89	88	-214%
Clearing Accounts	78	78	-89	-88	-214%
Other Current Assets	0	0	0	176	-
Other Assets	6,892	129	-5,964	-8,548	-187%
Provincial Expenditure Accounts	6,892	129	-5,964	-8,548	-187%
Other	0	0	0	0	-
Foreign					-
Net Acquisition of Financial Liabilities	-738	-950	-70	-652	-90%
Domestic	-743	-1,084	26	-448	-104%
Accounts Payable	-892	1,336	-759	1,144	-15%
Accounts Payable - Suppliers	-895	1,342	-762	1,137	-15%
Accounts Payable - Other	4	-5	2	7	-30%
Pension Liabilities	-7	1	-7	2	2%
Other Payables	0	0	0	0	-
Other Liabilities	156	-2,422	793	-1,594	408%
Foreign	4	134	-96	-205	-2250%
Foreign Currency	0	0	0	0	-
Loans	23	157	-98	-224	-533%
Currency Gain/Loss	-18	-23	2	20	-111%

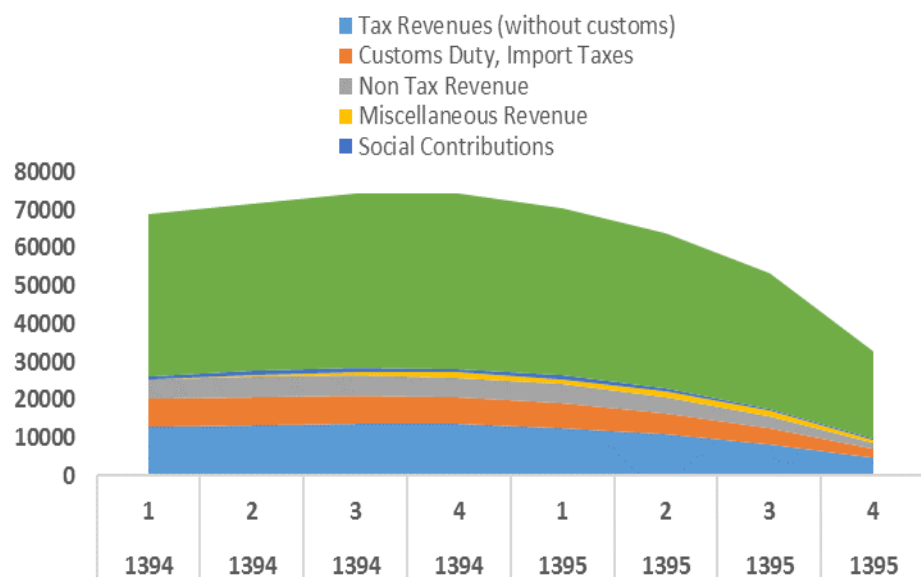
Table 27 shows that the deposit in TSA has increased by more almost 1.5 times over the same period in 1394. Overall net acquisition of financial liabilities shows 90 reduction as compared to the same period in FY 1394. The reduction in the account payable is due to fall in payment to suppliers. Loans in the second quarter of 1395 has reduced to more than 5 times as compared to the same quarter in 1395.

Structural Balance



A structural balance (in our case deficit) is one which exists regardless of underlying imbalance in government revenues and expenditures. For Afghanistan, we can see from the graph that the structural balance is in tandem with that of the actual balance, which means the fiscal deficit is structural in nature and not cyclical.

Structural Components of Revenue



Major portion of the structural imbalance in Afghanistan is financed by foreign grants. However, this trend has fallen in the second quarter of 1395 after a rise in the first quarter of 1395. In the second quarter the balance has deteriorate although it is expected to picked up in the third quarter significantly, as the revenue collection tend to increase. The structure balance will improve as domestic revenue performance improve.

<i>Editor-in-Chief</i>	Mohammad Khalid Payenda, Director General MFPD, Ministry of Finance
<i>Contact Person</i>	Ahmad Shah Mobariz, Macro Fiscal Performance General Directorate (MFPD) Email: ahmadshah.mobariz@mof.gov.af

Co-authors

<i>Hafizullah Momandi</i>	Senior Economist – Macro Forecasting
<i>Shams-Ul-Haq Noor</i>	Senior Economist – Expenditure Policy
<i>Ahmad Shah Mubariz</i>	Senior Economist – Fiscal Reporting
<i>Abdul Rahman Rahimi</i>	Senior Economist- Macroeconomic Policy
<i>Shah Zaman Farahi</i>	Economist- Macroeconomic Forecasting
<i>Haseenulah Ahmadzai</i>	Analyst, Revenue and Tax
<i>Lutfullah Lutf</i>	Fiscal Policy Analyst
<i>Tamim Karimi</i>	Fiscal Policy Analyst
<i>Waseem Usman</i>	Fiscal Policy Analyst