

# QUARTERLY MACRO-FISCAL REPORT

Macro-Fiscal Performance Directorate General (MFPD)

Ministry of Finance

2<sup>nd</sup> Quarterly FY 1397



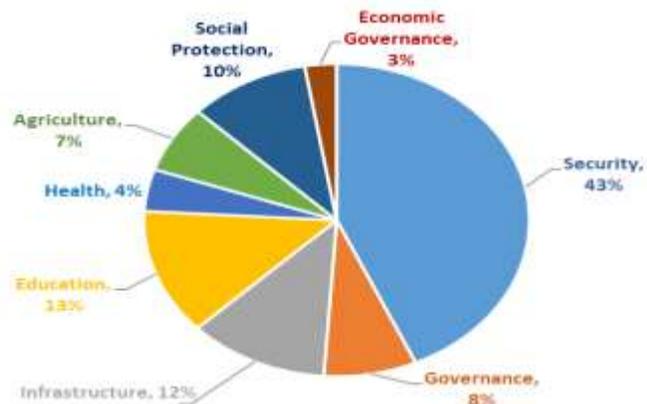
**Ministry of Finance**  
Islamic Republic of Afghanistan

Quarter 2, 1397

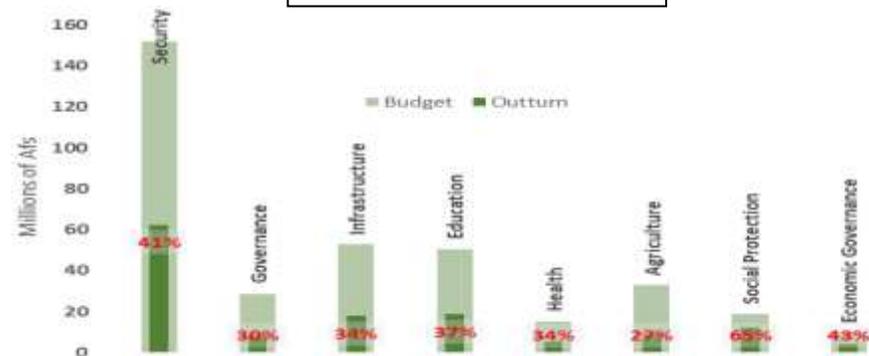
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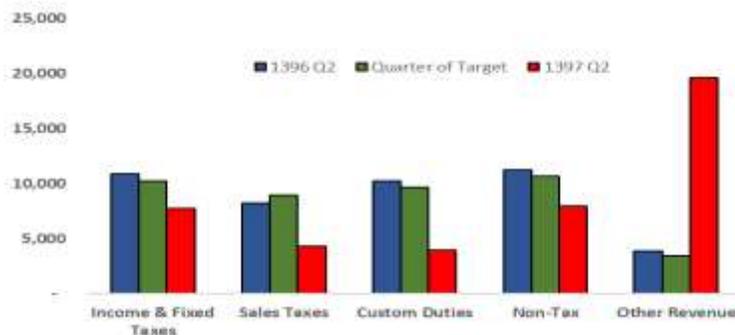
### ANDS Expenditures



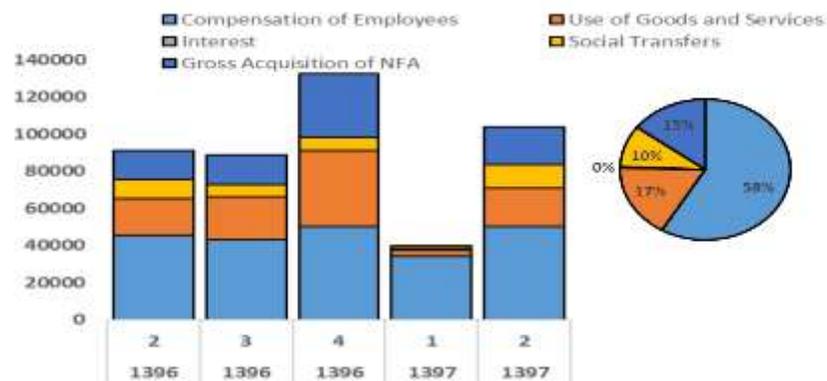
### Budget Execution Rate



### Revenue Summary



### Expenditure Summary by Inputs



## Executive Summary

Afghanistan's macroeconomic condition regained momentum as reforms have been implemented and confidence restored in the first half of fiscal year FY1397. The GDP growth forecast for FY1397 is revised down to 2.2 percent from 2.9 percent because of severe drought faced in the first and second quarters of the fiscal year FY1397. The projection for FY1398 is 3 percent. The growth in agriculture sector is declined to 2.6 percent, while growth in both industry and service sectors improved slightly, and are projected to 3.8 percent and 5.8 percent in FY1397. Following an increase in economic growth, the average inflation rate dropped to -0.9 percent in the second quarter from -0.5 percent in 1397. The Afghani continued to depreciate against the US dollar by 2.5 percent from start of the fiscal year to end of second quarter, and reached to an average of Afs 71.9/USD.

Internal revenue mobilization for the third consecutive years continued to improve significantly, with domestic revenues now equal to around 12 percent of GDP. In the beginning of the fiscal year 1397, government restored its confidence and set the internal revenue target of Afs 187.6 billion, the IMF target was set to Afs 173.5 billion for the FY1397. The performance of revenue collection in the second quarter of FY1397 was stronger than the same period of FY1396 due to improvements in tax administration and collection in the start of the year. In expenditure side, the government spending was higher compared with the same period of the last year, due to high expenditures in employees' compensations.

Total revenue collection (including grants) till the end of the second quarter (YTD) of 1397 was Afs 155 billion, of which Afs 83.1 billion raised from domestic source. Domestic revenue collection (excluding grants) till the end of second quarter was 4 percent more than the same period in 1396. The major contributor in domestic revenue was tax revenue as 30.3 percent, following 19.3 percent of non-tax revenue, and 12.2 percent customs duties. Revenue collection including grants has increased by 8 percent as a result of high in donor grants.

On the other side, total expenditure till the end of the second quarter amounted to Afs 83.5 billion, which constitutes 34 percent of the total adjusted budget for the year 1397. 68.6 percent of total expenditure was spent on wages and salaries and 19.8 percent was spent on goods and services. Overall operating balance, which shows the difference between resources and spending, was positive in this period. Total operating budget for the year 1397 is Afs 250 billion, and until the end of the first quarter, the budget was adjusted by a subtraction of 4 percent from the original budget. In the adjusted budget there is little increase in the use of compensation of employees.

**Table 1. GFS Summary**

	<b>1396</b>	<b>1396</b>	<b>1397</b>	<b>1397</b>	<b>1397</b>
	<b>Q2</b>	<b>Q2 YTD</b>	<b>Budget</b>	<b>Q2</b>	<b>Q2 YTD</b>
<b>Revenue</b>	<b>73,598</b>	<b>143,847</b>	<b>362,369</b>	<b>85,573</b>	<b>155,046</b>
Tax Revenue	30419	54292	118948	16285	42613
Non-Tax Revenue	12722	23069	47857	25884	38172
Grants	29130	64219	190373	42025	71856
Social Contributions	1328	2266	5191	1379	2404
<b>Expenditure</b>	<b>75629</b>	<b>120719</b>	<b>285243</b>	<b>83531</b>	<b>122903</b>
Wages and Salaries	45364	81253	186358	50230	84316
Goods and Services	19795	27344	81607	20741	24348
Interest	117	219	957	160	400
Grants and Transfers	10353	11903	16322	12400	13838
<b>Overall Operating Balance</b>	<b>-2031</b>	<b>23128</b>	<b>77126</b>	<b>2042</b>	<b>32143</b>
<b>Primary Operating Balance</b>	<b>-1914</b>	<b>23347</b>	<b>78082</b>	<b>2202</b>	<b>32543</b>
<b>Gross Acquisition of Fixed Assets</b>	<b>15656</b>	<b>18060</b>	<b>78620</b>	<b>20594</b>	<b>21248</b>
<b>Net Acquisition of Fixed Assets</b>	<b>15607</b>	<b>18004</b>	<b>78620</b>	<b>20588</b>	<b>21238</b>
<b>Overall Balance</b>	<b>-17637</b>	<b>5124</b>	<b>-1494</b>	<b>-18545</b>	<b>10905</b>
<b>Primary Balance</b>	<b>-17521</b>	<b>5343</b>	<b>-537</b>	<b>-18385</b>	<b>11305</b>
<b>Gross Acquisition of Financial Assets</b>	<b>18346</b>	<b>-3728</b>	<b>1494</b>	<b>8431</b>	<b>-18039</b>

\* 1. Q stands for quarter    2. YTD stands for Year to Date

**Table 2. Adjustments in the Budget**

<b>Operating Only</b>	<b>Original Budget</b>	<b>Adjusted Budget</b>	<b>Change %</b>
<b>TOTAL GROSS EXPENDITURES</b>	<b>240145.0</b>	<b>250882.9</b>	4%
<b>RECURRENT EXPENDITURES</b>	<b>240145.0</b>	<b>244678.3</b>	2%
Compensation of Employees	174412.8	186357.5	7%
Use of Goods and Services	42059.6	41761.5	-1%
Interest	1802.9	956.6	-47%
Social Transfers	21869.8	15602.6	-29%
<b>ACQUISITION OF ASSETS</b>			
<b>Gross Acquisition of NFA</b>	0.0	7161.2	#DIV/0!
<b>Operating and Development</b>			

Security	147438.2	152127.8	3%
Governance	26528.6	28709.5	8%
Infrastructure	49540.2	52811.4	7%
Education	50308.2	50465.6	0%
Health	14811.0	15032.4	1%
Agriculture	32322.4	33023.4	2%
Social Protection	25951.8	18734.2	-28%
Economic Governance	6622.6	9689.0	46%
Unclassified	23667.2	0.0	-100%
<b>TOTAL</b>	<b>377190.2</b>	<b>360593.3</b>	<b>-4%</b>

## Macro-Economic Overview

**Summary:** Afghanistan's economy continues to recover from its downturn. The GDP growth forecast for FY1397 is revised down to 2.2 percent from 2.9 percent because of the severe drought in the first and second quarter of FY1397. The drought seems the worst in the decades that hit the wheat crop in the north and west area of the country. Growth in agriculture sector is declined to 2.6 percent, while growth in both industry and service sectors improved slightly, and are projected to 3.8 percent and 5.8 percent in FY1397. GDP growth projected for FY1398 is 3 percent. Both neighboring countries (Iran, Pakistan) who are the main trading partners of the country, are expected to experience slower growth in 2019, and investors are likely to stay on the sidelines before the start of presidential election expected in the upcoming April.

Following a decrease in economic growth, the average inflation rate dropped to -0.9 percent in the second quarter from -0.5 percent in 1397. The marginal decrease in the inflation rate in the second quarter was driven by a reduction in food prices, particularly of fruits and vegetables. Given that Afghanistan imports fuel and part of its cereals requirement, global fuel and grain prices have a substantial impact on domestic prices.

The Afghani continued to depreciate against the US dollar by 2.5 percent from start of the fiscal year to end of second quarter, and reached to an average of Afs 71.9/USD. It is expected to further depreciate to Afs 75.5/USD in the next quarter of the year. The dollar appreciation has not only seen in Afghanistan, but among multiple countries at the moment because of the increased savings in the global economy. There have been revisions to the macroeconomic indicators to consider the changing economic conditions through the year, including changes to the inflation, imports and growth forecasts.

During the second quarter of 1397, CPI has declined to -0.9 percent from the -0.5 percent. The slight decline was mainly due to the reduction in the price of food items. The decrease in the price of food items are driven by the decrease in the prices of fresh and dried fruits, vegetables, spices and meat while the prices of non-food items increased slightly. For the third quarter of 1397, it is estimated that the CPI will rise again due to increase in the prices of fruits and vegetables and the price of commodities may slightly raise too. The increase in BRT and tariff for several imported items may affect the inflation in the immediate future.

**Table 4. Marco-economic Growth**

In percentage change Unless otherwise noted	Historic 1396	Current 1397	Budget 1398
<b>Real GDP Growth - Factor Price</b>	2.4%	4.7%	3.0%
<b>Real GDP Growth - Market Price</b>	2.9%	2.2%	3.0%
<b>Nominal GDP Level (Afs bn)</b>	<b>1,384.9</b>	<b>1,485.6</b>	<b>1,564.0</b>
<b>NGDP by Sector</b>			
Primary	3.8%	2.6%	4.7%
Secondary	0.9%	3.8%	2.2%
Tertiary	2.6%	5.8%	2.7%
GDP Deflator	0.9%	4.9%	2.2%
CPI Inflation Average	5.1%	4.6%	6.3%

**Table 3. Inflation**

	1396	1396	1396	1397	1397
	Q2	Q3	Q4	Q1	Q2
<b>CPI Rate</b>	<b>0.9%</b>	<b>-1.4%</b>	<b>1.3%</b>	<b>-0.5%</b>	<b>-0.9%</b>
Food	1.3%	-3.4%	1.4%	-0.9%	-2.1%
Non-Food	0.4%	0.5%	1.2%	-0.2%	0.2%

The economy of Afghanistan is in the recovery stage, it will continue to grow gradually. The GDP growth for the year FY1397 is estimated 2.2 percent, 0.7 percent lower than FY1396. This lower growth was driven mostly by the agriculture sector. This sector is expected to have large contribution in the medium term, with a movement towards greater irrigated farming, building dams and increase in fruits harvest. On the other hand, industry and service sectors are estimated to grow higher in FY1397.

Average inflation will decline to 4.6 percent in FY1397 from 5.1 percent in FY1396, which has been caused by the decline in the price of food items.

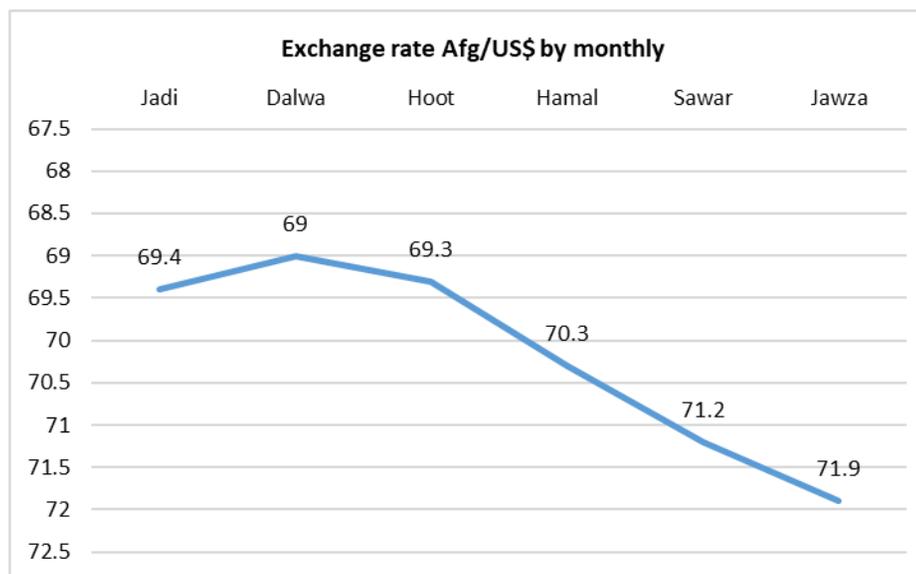
Rapid import and export growth continued in the first and second quarters of FY1397. Exports for first quarter was up by nearly 50 percent as compared to the same period in FY1396, while imports were 28 percent higher. In the second quarter, both continued to growth rapidly. Export growth was mainly due to high-value of fruit products reflecting market access to India via air corridor, and import growth was driven by continued depreciation of the Afghani, increased energy prices, and high grain imports as a result of drought condition.

## Exchange Rate

After a slight appreciation of Afghani at the second month of the fiscal year, it depreciated from 69 to 71.9 against the US dollar during the first and second quarters of FY1397. Despite increased US dollar sales by Da Afghanistan Bank, aimed to stabilizing the currency, depreciation against the US dollar accelerated in the first and second quarters of FY1397, mainly because of capital outflows associated with political uncertainties, and dollar currency smuggling into Iran. Based on projection, the Afghani currency will continue to depreciate more in the third quarter of the year, and might reach to 75.5 per US dollar.

A weaker exchange rate tends to make exports more competitive, as Afghan products will be less expensive for foreigners to buy. However, in Afghanistan, the exchange rate plays an insignificant role to help the BoP because of supply deficiencies. Due to unexpected decline in the foreign aid, we assume that Afghani will depreciate annually by 1.5 percent in the medium term.

Figure 1: Currency exchange rate



## Revenue Performance

Revenue collection including grants up to second quarter of 1397 was 8 percent more as compared to the same quarter in FY1396. Domestic revenue mobilization continued to grow strongly in the second quarter of FY1397, reaching Afs 83.1 billion. The collection up to second quarter of 1397 was improved, compared to same period in FY1396, driven by the government's reforms, particular improvements in tax administration and tax compliance, and measures against corruptions in customs offices. The improvement in business activities also led to the growth in revenue, reflected by rising in retails activities from the lower base in 1396. These improvements led to increasing in the average value of customs and taxes.

In the absence of major tax policy changes, the improvement was largely attributed to tax and customs administration and enforcement and increased non-tax revenue associated with new fee and charges. Total revenue collection (excluding grants) till the second quarter of FY1397 was Afs 83.2 billion, an increase of 4 percent over the same period (till second quarter) of 1396. The total YTD revenue collections for the second quarter of 1397 were 48 percent of the total revenue targeted. The major contribution to revenue collection was from tax revenue of Afs 30.3 billion (large increases

compare vs target were from property tax, and income taxes, as of 57 percent and 46 percent respectively). Non-tax revenue and Customs duties were the other largest contributors, with the total collections of Afs 19.3 billion, and Afs 12.2 billion respectively.

**Table 5. Revenue Summary**

In millions of Afghanis	1396	1396	1397	1397	1397	% Target	% Change
	Q2	Q2 YTD	Budget	Q2	Q2 YTD		on 1396
<b>Revenues Including Grants</b>	<b>73,598</b>	<b>143,847</b>	<b>362,369</b>	<b>85,573</b>	<b>155,046</b>	<b>43%</b>	<b>8%</b>
<b>Revenues Excluding Grants</b>	<b>44,468</b>	<b>79,628</b>	<b>171,996</b>	<b>43,548</b>	<b>83,190</b>	<b>48%</b>	<b>4%</b>
<b>Revenue (without customs)</b>	<b>34,248</b>	<b>61,976</b>	<b>133,153</b>	<b>39,617</b>	<b>70,906</b>	<b>53%</b>	<b>14%</b>
<b>Tax Revenues (without customs)</b>	<b>20,198</b>	<b>36,641</b>	<b>80,105</b>	<b>12,354</b>	<b>30,329</b>	<b>38%</b>	<b>-17%</b>
Fixed Taxes	3,432	6,000	13,723	1,400	4,366	32%	-27%
Income Taxes	7,458	13,904	27,246	6,324	12,400	46%	-11%
Property Taxes	125	234	464	61	263	57%	12%
Sales Taxes	8,238	15,146	35,772	4,314	12,530	35%	-17%
Other Taxes	-	-	2,900	-	-	0%	-
<b>Customs Duty, Import Taxes</b>	<b>10,221</b>	<b>17,651</b>	<b>38,843</b>	<b>3,931</b>	<b>12,284</b>	<b>32%</b>	<b>-30%</b>
<b>Non Tax Revenue</b>	<b>11,232</b>	<b>20,917</b>	<b>42,603</b>	<b>7,998</b>	<b>19,346</b>	<b>45%</b>	<b>-8%</b>
Income from Capital Property	691	1,347	2,003	392	1,177	59%	-13%
Sales of Goods and Services	2,038	3,975	8,776	921	2,462	28%	-38%
Administrative Fees	8,156	14,659	28,248	6,146	14,899	53%	2%
Royalties	104	189	448	43	96	21%	-49%
Non Tax Fines and Penalties	169	304	927	77	212	23%	-30%
Extractive Industry	74	442	2,201	420	500	23%	13%
<b>Miscellaneous Revenue</b>	<b>1,490</b>	<b>2,152</b>	<b>5,253</b>	<b>17,886</b>	<b>18,826</b>	<b>358%</b>	<b>775%</b>
<b>Social Contributions</b>	<b>1,328</b>	<b>2,266</b>	<b>5,191</b>	<b>1,379</b>	<b>2,404</b>	<b>46%</b>	<b>6%</b>
<b>Grants</b>	<b>29,130</b>	<b>64,219</b>	<b>190,373</b>	<b>42,025</b>	<b>71,856</b>	<b>38%</b>	<b>12%</b>
<b>Foreign Governments</b>	<b>18,424</b>	<b>46,143</b>	<b>115,699</b>	<b>36,868</b>	<b>64,434</b>	<b>56%</b>	<b>40%</b>
<b>International Organization</b>	<b>10,706</b>	<b>18,077</b>	<b>74,674</b>	<b>5,157</b>	<b>7,423</b>	<b>10%</b>	<b>-59%</b>
<b>Other Government Units</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Revenues Collection by Agencies

Revenue growth is expected to slow in FY1397. Following a quarter of speedy revenue growth within a slow-growing economy, the potential to further achieve revenue improvement from an administration and enforcement improvements is near exhaustion. Customs control may come under pressure in the context of the upcoming election based on the experience of past election period. Revenue collection through the Ministry of Finance's collectorate show lower collection performance (37 percent less) over collection for the same period of 1396 (see table 6). As custom are the major revenue collector under the Ministry of Finance have collected the total amount of Afs 25.6 billion by the end of the second quarter FY1397, while collection for same period in FY1396 was Afs 34.7 billion, a decrease of 60 percent. Similarly, Mustofiats's collection on quarterly basis decreased by 46 percent, while LTO is the only collector that show 6 percent more collection, as compared to same period in FY1396.

Among other ministries, the Ministry for Foreign Affairs collection rose up to 54 percent. Similarly, the Ministry of Martyrs, Disabled and Social Affairs (MDSA) revenue collection was 25 percent more than the same period collection in 1396 respectively. The increase in other ministries revenue was mainly due to an increase in the fees and fine, which were implemented over the past two years. These figures will more likely be changed after reconciliation and reclassification.

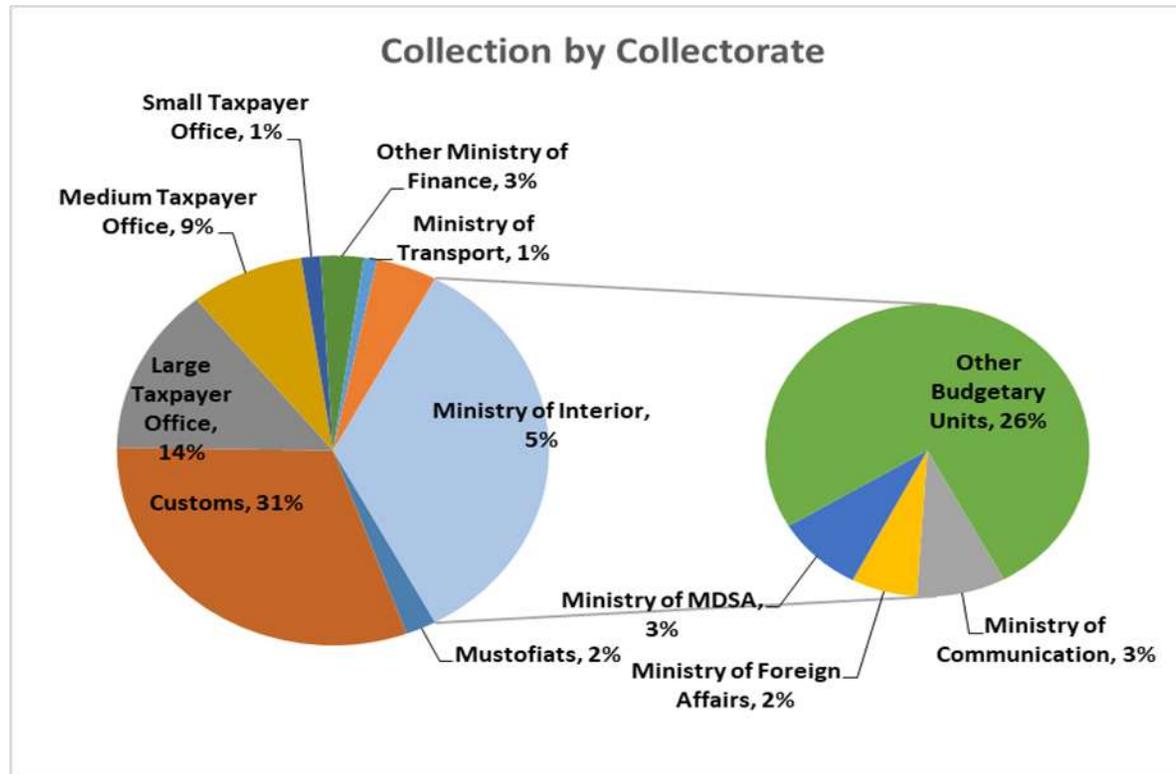
**Table 6. Revenues by Collectorate**

In millions of Afghanis	1396	1396	1397	1397	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1396
<b>Ministry of Finance</b>	<b>33262</b>	<b>59378</b>	<b>21037</b>	<b>50028</b>	-37%
Mustofiats	1502	2844	808	1910	-46%
Customs	19929	34737	7902	25612	-60%
Large Taxpayer Office	5882	10879	6244	11530	6%
Medium Taxpayer Office	4292	7787	3696	7094	-14%
Small Taxpayer Office	831	1729	462	1212	-44%
Other Ministry of Finance	826	1402	1925	2669	133%
<b>Other Key Ministries</b>	<b>11206</b>	<b>20250</b>	<b>22511</b>	<b>33162</b>	<b>101%</b>
Ministry of Transport	439	795	354	820	-19%
Ministry of Interior	1816	3988	1399	3792	-23%

Ministry of Communication	1293	2525	1245	2539	-4%
Ministry of Foreign Affairs	670	1060	1035	1878	54%
Ministry of MDSA <sup>1</sup>	1142	1793	1424	2495	25%
Other Budgetary Units	5845	10090	17056	21639	192%

1/ Martyrs, Disabled and Social Affairs

**Figure 2: Revenue collection by collectorate**



## Revenues Collection by Key Provinces

Revenue by province shows the collection of all types of revenues, as given in table 7 below. Typically, the provinces close to borders collected higher revenue than the other provinces because of large amount of export and import (without the customs offices). The collection by the key provinces bordered by neighbor countries has higher collections compared with non-border provinces, as was given in table 7. Among these provinces, Paktiya and Khost provinces had the highest collection, with an increase of 74 percent and 73 percent over the same quarter in 1396. Bamyan and Badghis were the other largest contributors, with 63 percent and 54 percent increases. Nimroz, Herat, and Kabul as key provinces had lower collections, compared with other key provinces due to political and insecurity situation in those provinces.

**Table 7. Revenue from All Provinces**

In millions of Afghanis	1396 Q2	1396 Q2 YTD	1397 Est. Target	1397 Q2	1397 Q2 YTD	% Target	% Change on 1396
<b>REVENUES exc. grants</b>	<b>44,518.1</b>	<b>79,628.1</b>	<b>171,996.2</b>	<b>43,548.2</b>	<b>83,201.2</b>	<b>48%</b>	<b>4%</b>
Badakhshan	86	173	373	83	164	44%	-5%
Badghis	25	58	126	50	90	71%	54%
Baghlan	108	203	439	112	223	51%	9%
Balkh	3,424	6,789	14,665	3,316	7,118	49%	5%
Bamyan	46	95	205	54	155	75%	63%
Central Ministries	19,379	34,929	75,447	21,062	38,173	51%	9%
Dikondy	38	53	116	43	66	57%	23%
Farah	1,482	2,588	5,591	968	2,071	37%	-20%
Faryab	772	1,327	2,866	941	1,911	67%	44%
Ghazni	113	220	474	140	244	51%	11%
Ghor	39	65	140	46	81	58%	24%
Helmand	191	356	769	195	388	50%	9%
Herat	6,229	10,371	22,401	5,373	11,018	49%	6%
Jawzjan	76	163	352	88	190	54%	17%
Kabul	784	1,622	3,504	680	1,437	41%	-11%
Kandahar	2,028	3,534	7,633	1,950	3,943	52%	12%
Kapisa	62	90	194	60	107	55%	18%
Khost	80	167	360	183	288	80%	73%
Kunar	96	138	298	83	143	48%	4%
Kunduz	369	590	1,275	397	706	55%	20%
Laghman	55	120	260	63	137	53%	14%
Logar	46	86	186	57	85	46%	-1%
Nangarhar	4,563	7,612	16,442	4,872	8,794	53%	16%
Nimroz	3,526	5,979	12,915	1,769	3,863	30%	-35%
Nuristan	26	27	58	19	22	38%	-18%
Offshore Payments	0	0	0	0	0	-	-
Paktika	145	229	495	65	139	28%	-39%

Paktiya	175	446	963	437	778	81%	74%
Pangsher	23	87	188	35	67	36%	-23%
Parwan	119	190	410	100	183	45%	-4%
Samangan	47	774	1,671	53	109	7%	-86%
Saripul	38	74	160	44	94	59%	27%
Takhar	113	196	423	104	220	52%	12%
Uruzgan	21	28	61	17	35	57%	23%
Wardak	49	93	201	60	107	53%	15%
Zabul	145	155	335	32	53	16%	-66%

**Table 8. Revenues by key province**

In millions of Afghanis	1396 Q2	1396 Q2 YTD	1397 Est. Target	1397 Q2	1397 Q2 YTD	% Target	% Change on 1396
Kabul	784	1622	3504	680	1437	19%	-13%
Nangarhar	4563	7612	16442	4872	8794	30%	7%
Balkh	3424	6789	14665	3316	7118	23%	-3%
Kandahar	2028	3534	7633	1950	3943	26%	-4%
Faryab	772	1327	2866	941	1911	33%	22%
Herat	6229	10371	22401	5373	11018	24%	-14%
Nimroz	3526	5979	12915	1769	3863	14%	-50%
Central Ministries	19144	34685	75447	21056	38160	28%	10%

## Grants

The grants reimbursement which added with the domestic revenue makes up total available resources for the government. Total revenue including grants till the end of second quarter amounted to Afs 155 billion, out of which Afs 46.3 billion was grants. In Operational Grants, ARTF consisted of 36 percent of total grants in the second quarter of 1397, which was 19 percent for the same fiscal period in 1396. ARTF spending is slightly more as the same period of 1396, where most of grants reward by IDA to support the Government of Afghanistan to stimulate growth during a time of uncertainty. CSTC-A in the Ministry of Defence (MoD) related grants increased by 40 percent in the second quarter of 1397 from 41 percent in the same period of 1396. Similarly, CSTC-A resource at the Ministry of Interior (MoI) was one percent less than that of same period in previous year. Funds released for LOTFA, which was 19 percent of the total released funds in the second quarter of 1397, as it was higher (30 percent) in the same quarter of 1396.

In the Development Grants, the first three projects as are Reconstruction and Rehabilitation of road on Herat province, Basic package of health services constituted the largest portion of the total development grants released by the end of second quarter of 1397.

**Table 9a. Operating Grants**

All Values are in Million Afs	1396	1396	%	1397	1397	%
	Q2	Q2 YTD	Total	Q2	Q2 YTD	Total
<b>Afghanistan Reconstruction Trust Fund (ARTF)</b>	2,804	10,770	23%	16,112	22,984	36%
<b>Law &amp; Order Trust Fund (LOTFA)</b>	8,654	13,761	30%	7,575	12,459	19%
<b>CSTC-A <sup>1</sup> MoD</b>	6,456	18,935	41%	12,267	25,512	40%
<b>CSTC-A <sup>1</sup> MoI</b>	503	2,634	6%	858	3,385	5%

1/ Combined Security Transitional Command Afghanistan

**Table 8b. Largest Development Grants for the YTD**

All Values are in Million Afghanis	Code	1397 YTD
<b>Reconstruction and Rehabilition of Road on Heart Province</b>	40831	989
	35520	933
<b>Basic Package of Health Services and the Essential Package of Hospital Services</b>	30750	908
<b>New 500 KV transimission Line from Turkenistan - Andkhoy and From Andkhoy - Sheberghan new 220KV transmission line from Sheberghan - Mazar e Sharif</b>	35430	582
<b>Improving Agriculture Marketing Infrastrure</b>	35180	550
	35440	447
	32800	446
<b>Reconstruction of Section 2 of the kabul Jalalabad Road ( 106 Km)</b>	35360	393
<b>Reconstruction and Widening of the approximately 50 Km to Sapary Road</b>	35260	372
<b>On Farm Water Management</b>	30610	231
<b>Community Development Including Productive Infrastructures and Institutional Streghtening</b>	40750	219

Improved wheat seed production	30680	209
Goods border Crossing Point equipment for CAREC Corridors 5 and 6	35420	123
Institutional Development	41220	102
084-AFG Energy Sector Development Investment Program 2	35240	84
Rehabilitation of Irrigation systems	30581	82
Procurement Reform	30620	80
Sheberghan Gas Rehabilitation Project	35210	78
	35480	77
Rehabilitation of The Qaisar-Bala Murghab Section (90 km) of Herat-Andkhoy Road	35280	73

## Expenditure Performance

### Operating and Development Expenditure

The Government budget consists of both operating and development budgets. Operating budget consists of the day-to-day expenses of the Government, i.e. the cost of salaries, fuel, textbooks, and medicines. Development budget covers expenditures on development projects such as road building and irrigation systems. Table 10 presents comparison of operating expenditures in the second quarter of 1397 and 1396. The total operating expenditure has increased by 11 percent compared to the same period in 1396. However, some components of the operating expenditures witnessed considerable reduction, while the decline in others is mild. Most components of operating expenditure increased in the second quarter of this year as to the same period of previous year except expenditures on use of goods and services which has reduced by 9 percent. Table 11 shows that the development expenditures also increased by 21% compared to the second quarter of 1396. Discretionary expenditures increased by 29 percent and non-discretionary expenditure increased by 17 percent. Both gross acquisition of NFA and use of goods and services in the development expenditure side had increased highly with 27 percent and 15 percent, while subsidies, grants, and social expenditures had massively decreased (86 percent less) compared with the same quarter of last year. The increase in development expenditures affect economic growth and employment opportunities in the country.

**Table 10. Operating Expenditure**

In millions of Afghanis	1396 Q2	1396 Q2 YTD	1397 Q2	1397 Q2 YTD	1397 Budget	1397 Allocated	% Budget.	% Change on 1396
<b>TOTAL GROSS EXPENDITURES</b>	<b>64,922</b>	<b>107,093</b>	<b>72,105</b>	<b>110,372</b>	<b>250,883</b>	<b>250,218</b>	<b>29%</b>	<b>11%</b>
<b>TOTAL NET EXPENDITURES (2)</b>	<b>64,873</b>	<b>107,037</b>	<b>72,099</b>	<b>110,362</b>				
<b>RECURRENT EXPENDITURES</b>								-
<b>Compensation of Employees</b>	<b>45,364</b>	<b>81,253</b>	<b>50,230</b>	<b>84,316</b>	<b>186,358</b>	<b>185,833</b>	<b>27%</b>	<b>11%</b>
Wages and Salaries	44,396	79,741	48,650	82,253				10%
o/w Wages and Salaries in Cash	37,066	66,485	41,997	73,241				13%
o/w Wages and Salaries in Kind	5,764	10,279	5,653	7,269				-2%
Social Benefits	1,040	1,623	1,649	2,182				59%
Other Compensation	-72	-111	-68	-118				

<b>Use of Goods and Services</b>	<b>8,351</b>	<b>12,876</b>	<b>7,569</b>	<b>10,010</b>	<b>41,762</b>	<b>41,640</b>		<b>-9%</b>
Travel	662	1,094	967	1,216				46%
Food	729	967	599	659				-18%
Contracted Services	404	658	610	809				51%
Repairs and Maintenance	1,016	1,230	710	855				-30%
Utilities	900	1,282	1,180	1,826				31%
Fuel	2,851	5,337	1,784	2,471				-37%
Tools and Materials	868	1,055	957	1,087				10%
Other Use of Goods and Services	922	1,253	763	1,088				
<b>Interest</b>	<b>117</b>	<b>219</b>	<b>160</b>	<b>400</b>	<b>957</b>	<b>957</b>	<b>17%</b>	<b>37%</b>
To Non-Residents								
<b>Social Transfers</b>	<b>10,180</b>	<b>11,708</b>	<b>12,376</b>	<b>13,814</b>	<b>15,603</b>	<b>15,603</b>	<b>79%</b>	<b>22%</b>
Subsidies	350	700	700	700				100%
Grants	58	82	196	220				236%
<i>Foreign Grants</i>	44	67	183	207				
<i>Current Grants</i>	15	15	13	13				
Social Security	9,459	10,615	10,945	12,360				16%
Other Social Transfers	312	312	535	535				71%
o/w Social Assistance	6	6	4	4				-26%
o/w Advance Subsidies, Grants	306	306	531	531				73%
<b>ACQUISITION OF ASSETS</b>								
<b>Gross Acquisition of NFA</b>	<b>861</b>	<b>980</b>	<b>1,764</b>	<b>1,821</b>	<b>7,161</b>	<b>7,142</b>		<b>105%</b>
<b>Net Acquisition of NFA <sup>1</sup></b>	<b>812</b>	<b>924</b>	<b>1,758</b>	<b>1,811</b>				<b>117%</b>
Sale of Land and Buildings	-49	-56	-6	-10				-87%
Buildings and Structures	652	653	1,516	1,516				132%
Machinery / Equipment (>50,000)	72	162	127	157				78%
Valuables	0	0	0	0				-
Land	129	156	120	146				-7%
Capital Advance Payments	8	8	1	1				-84%

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

**Table 11. Development Expenditure Summary**

In millions of Afghanis	1396	1396	1397	1397	1397	1397	%	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allotted	Budget.	on 1396
<b>TOTAL GROSS EXPENDITURES</b>	<b>26,412</b>	<b>31,742</b>	<b>32,026</b>	<b>33,789</b>	<b>112,023</b>	<b>111,580</b>	<b>29%</b>	<b>21%</b>
Discretionary Budget	10,056	12,559	12,949	13,436			-	29%
Non-discretionary Budget	16,356	19,183	19,077	20,353			-	17%
<b>TOTAL NET EXPENDITURES (2)</b>	<b>26,363</b>	<b>31,686</b>	<b>32,019</b>	<b>33,779</b>				
<b>Use of Goods and Services</b>	<b>11,444</b>	<b>14,467</b>	<b>13,172</b>	<b>14,338</b>	<b>39,846</b>	<b>39,766</b>	<b>33%</b>	<b>15%</b>
Travel	131	171	155	158				
Communications	0	0	0	2				
Contracted Services	8,157	10,390	10,787	11,928				
Repairs and Maintenance	0	0	67	68				
Utilities	0	0	31	31				
Fuel	24	25	20	20				
Other Use of Goods and Services	3,132	3,881	2,111	2,131				
o/w Tools and materials (< 50,000)	0	0	0	0				
o/w Other Expenses	123	159	189	189				
o/w Advances and Return of Expenditure	2,518	3,143	1,491	1,511				
<b>Subsides, Grants, Social Expenditures</b>	<b>174</b>	<b>194</b>	<b>24</b>	<b>24</b>	<b>719</b>	<b>719</b>		<b>-86%</b>
<b>ACQUISITION OF ASSETS</b>								
<b>Gross Acquisition of NFA</b>	<b>14,795</b>	<b>17,080</b>	<b>18,830</b>	<b>19,427</b>	<b>71,458</b>	<b>71,095</b>	<b>26%</b>	<b>27%</b>
<b>Net Acquisition of NFA <sup>1</sup></b>	<b>14,746</b>	<b>17,024</b>	<b>18,823</b>	<b>19,417</b>				
Sale of Land and Buildings	-49	-56	-6	-10				
Buildings and Structures	10,321	11,594	12,341	12,855				
Machinery / Equipment (>50,000)	3,024	3,120	4,234	4,318				
Valuables	0	0	0	0				
Land	2	2	1	1				
Capital Advance Payments	1,447	2,364	2,253	2,253				

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

## Expenditure by Economic Sectors

Table 12 presents comparison of sector-wise expenditures for the second quarters of 1397 and 1396. These sectors include Security, Governance, Education, Health, Agriculture, Social Protection, Infrastructure and Economic Governance. Looking at the expenditure in this perspective, the table shows that the gross expenditure in the second quarter of 1397 is 12 percent higher than the same quarter in 1396. The sector-wise expenditure is provided both for operating and development budget. Operating budget expenditure shows 9 percent increased and development budget expenditure shows 21 percent increase compared with the last year.

The execution performance of most sectors has increased. Among all, expenditure on Governance sector increased by 41 percent, Agriculture increased by 38 percent, and health sector increased by 34 percent. The increases in expenditure impact on economic growth, employment opportunity, and human development. The lowest execution rate comes from economic governance in both development and operating expenditures. The overall budget spending on each sector in the second quarter are in line with the government priorities.

**Table 12. ANDS Expenditures**

In millions of Afghanis	1396	1396	1397	1397	1397	1397	%	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated		on 1396
<b>TOTAL GROSS EXPENDITURES</b>	<b>90,754</b>	<b>137,942</b>	<b>102,077</b>	<b>141,414</b>	<b>360,593</b>	<b>359,489</b>	<b>39%</b>	<b>12%</b>
Operating Budget	64,466	106,356	70,317	107,922	249,633	248,972	43%	9%
Development Budget	26,288	31,586	31,759	33,492	8,323	7,176	467%	21%
<b>Security</b>	<b>33,937</b>	<b>62,340</b>	<b>37,327</b>	<b>61,217</b>	<b>152,128</b>	<b>151,578</b>	<b>40%</b>	<b>10%</b>
Operating Budget	33,513	61,816	36,574	60,372	150,052	149,502	40%	9%
Development Budget	424	524	753	846	2,076	930	91%	78%
<b>Governance</b>	<b>5,187</b>	<b>8,612</b>	<b>7,317</b>	<b>11,006</b>	<b>28,710</b>	<b>28,655</b>	<b>38%</b>	<b>41%</b>
Operating Budget	4,900	8,205	5,975	9,620	22,463	22,408	43%	22%
Development Budget	287	407	1,342	1,386	6,247	6,247	22%	367%
<b>Infrastructure</b>	<b>15,192</b>	<b>17,775</b>	<b>15,119</b>	<b>16,659</b>	<b>52,811</b>	<b>52,558</b>	<b>32%</b>	<b>0%</b>
Operating Budget	1,829	2,436	1,102	1,651	4,629	4,626	36%	-40%
Development Budget	13,363	15,338	14,017	15,008	0	0	#DIV/0!	5%
<b>Education</b>	<b>12,275</b>	<b>18,586</b>	<b>12,573</b>	<b>18,489</b>	<b>50,466</b>	<b>50,450</b>	<b>37%</b>	<b>2%</b>
Operating Budget	10,458	16,596	11,319	17,196	42,979	42,963	40%	8%
Development Budget	1,817	1,991	1,254	1,293	0	0	#DIV/0!	-31%
<b>Health</b>	<b>4,126</b>	<b>5,180</b>	<b>5,525</b>	<b>6,143</b>	<b>15,032</b>	<b>15,026</b>	<b>41%</b>	<b>34%</b>
Operating Budget	1,125	1,733	1,016	1,579	3,935	3,935	40%	-10%
Development Budget	3,001	3,447	4,509	4,564	0	0	#DIV/0!	50%
<b>Agriculture</b>	<b>6,528</b>	<b>9,047</b>	<b>8,990</b>	<b>9,839</b>	<b>33,023</b>	<b>32,964</b>	<b>30%</b>	<b>38%</b>
Operating Budget	828	1,330	949	1,453	3,167	3,160	46%	15%

Development Budget	5,700	7,717	8,041	8,386	0	0	#DIV/0!	41%
<b>Social Protection</b>	<b>10,743</b>	<b>12,261</b>	<b>12,502</b>	<b>14,305</b>	<b>18,734</b>	<b>18,572</b>	<b>77%</b>	<b>16%</b>
Operating Budget	10,446	11,942	12,071	13,869	17,424	17,394	80%	16%
Development Budget	296	319	431	436	0	0	#DIV/0!	45%
<b>Economic Governance</b>	<b>2,767</b>	<b>4,139</b>	<b>2,724</b>	<b>3,756</b>	<b>9,689</b>	<b>9,687</b>	<b>39%</b>	<b>-2%</b>
Operating Budget	1,368	2,297	1,311	2,182	4,985	4,983	44%	-4%
Development Budget	1,399	1,842	1,412	1,574	0	0	#DIV/0!	1%
<b>Unclassified</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-

## Expenditure by COFOG

Table 13 presents expenditures based on the COFOG -Classification of Functions of the Government, which is a classification of core government activities by the UN. It covers 10 core functions of the government. Major portion of development spending is capital in nature and majority of operating spending are recurrent in nature. However, there is some spending in development spending such as salary of technical assistants which are recurrent in nature and similarly there is some operating spending which is capital in nature.

Total gross expenditure in the second quarter of 1397 was Afs 95 billion. This shows an increase of 4% from the same quarter of 1396. Contrary to the second quarter in 1396, both recurrent expenditure and capital expenditure have increased by 3 percent and 11 percent. Spending on the functions such as 'General Public Services, Public order Safety, Environmental Protection, and Education have decreased in the second quarter of 1397, whereas spending on Defense, Economic Affairs, Housing and Communal Amenities, Health, Recreation, Culture and Religion and social protection has increased. Overall, total net expenditure in the second quarter has increased as compared to the same period in 1396.

**Table 13. COFOG Expenditure**

In millions of Afghanis	1396	1396	1396	1397	1397	1397	
	Q2	Q2 YTD	% Total	Q2	Q2 YTD	% Total	% Change
<b>TOTAL NET EXPENDITURE</b>	<b>91,128</b>	<b>139,103</b>	<b>100%</b>	<b>95,006</b>	<b>134,270</b>	<b>100%</b>	<b>4%</b>
Sale of Land and Buildings	-49	-56	0%	-6	-10	0%	-87%
<b>TOTAL GROSS EXPENDITURE</b>	<b>91,178</b>	<b>139,159</b>	<b>100%</b>	<b>95,012</b>	<b>134,280</b>	<b>100%</b>	<b>4%</b>
RECURRENT EXPENDITURE	75,552	121,129	87%	77,609	116,267	87%	3%
CAPITAL EXPENDITURE	15,626	18,029	13%	17,403	18,013	13%	11%
<b>General Public Services</b>	<b>15,090</b>	<b>20,909</b>	<b>15%</b>	<b>14,466</b>	<b>19,033</b>	<b>14%</b>	<b>-4%</b>
Recurrent Expenditure	10,737	16,394	12%	9,638	14,174	11%	-10%
Capital Expenditure	4,353	4,514	3%	4,827	4,859	4%	11%
<b>Defense</b>	<b>18,775</b>	<b>35,092</b>	<b>25%</b>	<b>23,565</b>	<b>38,783</b>	<b>29%</b>	<b>26%</b>
Recurrent Expenditure	18,716	34,932	25%	23,322	38,511	29%	25%
Capital Expenditure	59	160	0%	243	272	0%	312%
<b>Public Order and Safety</b>	<b>15,636</b>	<b>27,962</b>	<b>20%</b>	<b>11,596</b>	<b>20,506</b>	<b>15%</b>	<b>-26%</b>
Recurrent Expenditure	15,459	27,735	20%	11,085	19,989	15%	-28%
Capital Expenditure	178	227	0%	511	517	0%	187%
<b>Economic Affairs</b>	<b>13,320</b>	<b>17,531</b>	<b>13%</b>	<b>14,412</b>	<b>16,507</b>	<b>12%</b>	<b>8%</b>
Recurrent Expenditure	5,229	7,755	6%	5,599	7,206	5%	7%
Capital Expenditure	8,091	9,776	7%	8,814	9,301	7%	9%
<b>Environmental Protection</b>	<b>420</b>	<b>725</b>	<b>1%</b>	<b>125</b>	<b>167</b>	<b>0%</b>	<b>-70%</b>
Recurrent Expenditure	51	91	0%	55	97	0%	7%
Capital Expenditure	368	634	0%	70	70	0%	-81%
<b>Housing and Communal Amenities</b>	<b>1,660</b>	<b>1,777</b>	<b>1%</b>	<b>1,759</b>	<b>1,841</b>	<b>1%</b>	<b>6%</b>
Recurrent Expenditure	278	393	0%	376	458	0%	35%
Capital Expenditure	1,382	1,384	1%	1,383	1,383	1%	0%
<b>Health</b>	<b>4,163</b>	<b>5,232</b>	<b>4%</b>	<b>5,580</b>	<b>6,212</b>	<b>5%</b>	<b>34%</b>
Recurrent Expenditure	3,803	4,799	3%	4,695	5,271	4%	23%
Capital Expenditure	360	433	0%	885	940	1%	146%
<b>Recreation, Culture and Religion</b>	<b>748</b>	<b>1,115</b>	<b>1%</b>	<b>793</b>	<b>1,131</b>	<b>1%</b>	<b>6%</b>
Recurrent Expenditure	679	1,011	1%	674	1,011	1%	-1%
Capital Expenditure	69	104	0%	120	120	0%	73%
<b>Education</b>	<b>11,871</b>	<b>17,960</b>	<b>13%</b>	<b>11,715</b>	<b>17,373</b>	<b>13%</b>	<b>-1%</b>
Recurrent Expenditure	11,142	17,200	12%	11,220	16,878	13%	1%

Capital Expenditure	729	760	1%	495	495	0%	-32%
<b>Social Protection</b>	<b>9,493</b>	<b>10,856</b>	<b>8%</b>	<b>11,001</b>	<b>12,727</b>	<b>9%</b>	<b>16%</b>
Recurrent Expenditure	9,456	10,819	8%	10,945	12,672	9%	16%
Capital Expenditure	37	38	0%	56	56	0%	51%

## Expenditure Summary by Inputs

Table 14 presents expenditure based on the major code level. In the second quarter of 1397, the highest spending was in Social Transfer section with 76 percent, while the lowest spending was on 'interest' with a share of 17 percent in total expenditure. Spending for all codes had increased as compared to the same quarter in 1396.

**Table 14. Expenditure Summary by Input**

In millions of Afghanis	1396	1396	1397	1397	1397	1397	% Growth	%
	Q2	Q2 YTD	Budget	Allocated	Q2	Q2 YTD	on 1396	Budget.
<b>TOTAL GROSS EXPENDITURES</b>	<b>91285</b>	<b>138779</b>	<b>363863</b>	<b>362755</b>	<b>104125</b>	<b>144152</b>	14%	<b>40%</b>
<b>Operating Budget</b>	<b>64873</b>	<b>107037</b>	<b>251840</b>		<b>72483</b>	<b>110362</b>	12%	<b>44%</b>
<b>Development Budget</b>	<b>26412</b>	<b>31742</b>	<b>112023</b>		<b>32026</b>	<b>33789</b>	21%	<b>30%</b>
Discretionary Budget	10056	12559			12949	13436	29%	
Non-discretionary Budget	16356	19183			19077	20353	17%	
<b>TOTAL NET EXPENDITURES</b>	<b>91236</b>	<b>138723</b>			<b>104118</b>	<b>144141</b>	14%	
<b>RECURRENT EXPENDITURES</b>	<b>75629</b>	<b>120719</b>			<b>83531</b>	<b>122903</b>	10%	
<b>Compensation of Employees</b>	<b>45364</b>	<b>81253</b>	<b>186358</b>	<b>185833</b>	<b>50230</b>	<b>84316</b>	11%	<b>45%</b>
Wages and Salaries	44396	79741			48650	82253	10%	
Social Benefits	1040	1623			1649	2182	59%	
Other Compensation	-72	-111			-68	-118		
<b>Use of Goods and Services</b>	<b>19795</b>	<b>27344</b>	<b>81607</b>	<b>81406</b>	<b>20741</b>	<b>24348</b>	5%	<b>25%</b>
Travel	793	1265			1122	1374	41%	
Food	729	967			599	660	-18%	
Contracted Services	8560	11048			11398	12737	33%	
Repairs and Maintenance	1016	1230			777	923	-24%	
Utilities	900	1282			1211	1857	35%	
Fuel	2875	5361			1804	2491	-37%	
Tools and Materials	1359	1634			1388	1518	2%	

Other Use of Goods and Services	3563	4555			2442	2788	-31%	
<b>Interest</b>	<b>117</b>	<b>219</b>	<b>957</b>	<b>957</b>	<b>160</b>	<b>400</b>	37%	<b>17%</b>
<b>Social Transfers</b>	<b>10353</b>	<b>11903</b>	<b>16322</b>	<b>16322</b>	<b>12400</b>	<b>13838</b>	20%	<b>76%</b>
Subsidies	349	699			700	700	100%	
Grants	83	107			220	244	165%	
<i>Foreign Grants</i>	44	67			183	207		
<i>Current Grants</i>	39	39			37	37		
Social Security	9459	10615			10945	12360	16%	
Other Social Transfers <sup>1</sup>	461	482			535	535	16%	
<b>ACQUISITION OF ASSETS</b>								
<b>Gross Acquisition of NFA</b>	<b>15656</b>	<b>18060</b>	<b>78620</b>	<b>78238</b>	<b>20594</b>	<b>21248</b>	32%	<b>26%</b>
<b>Net Acquisition of NFA</b> <sup>2</sup>	<b>15607</b>	<b>18004</b>			<b>20588</b>	<b>21238</b>	32%	
Sale of Land and Buildings <sup>3</sup>	-49	-56			-6	-10	-87%	
Buildings and Structures	10974	12247			13857	14371	26%	
Machinery / Equipment	3096	3282			4362	4475	41%	
Valuables	0	0			0	0	-	
Land	131	158			121	147	-8%	
Capital Advance Payments	1456	2373			2254	2254	55%	

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

## Debt

Debt financing is a small portion in the fiscal framework of Afghanistan for funding the development projects. Table 15 shows a minor change of 1.2 percent increase in the debt stock from the end of the first quarter to the end of the second quarter of 1397. However, the debt stock has increased by only 1 percent as compared to the same quarter in 1396. The debt stock of Afghanistan is estimated to increase in the future, (and will gradually replace the grants and donations) because the government of Afghanistan will officially start borrowing from the International Financial Institutions on a larger scale for financing the domestic economy.

International organizations like IMF, WB, IDB and ADB and the foreign governments mainly the Russian Federation and the Saudi Fund, so far remain the main lenders. The external debt of Afghanistan increased to Afs 152,836 million after 6 percent increase as compared to the same quarter in 1396. Asian Development Bank and World Bank are still the largest lenders to Afghanistan. Similarly, the foreign governments' debt ratio in the Afghan economy also increased by 5 percent in comparison to the same quarter in the last year in which the Russian Federation still remains the largest lender.

**Table 15. Government Debt Stock**

In Million Afs	1396	1397	1397	% Change	
	Q2	Q1	Q2	YoY	QoQ
<b>EXTERNAL</b>	<b>143,952</b>	<b>150,729</b>	<b>149,153</b>	4%	-1.0%
<b>International Organizations</b>	<b>76,309</b>	<b>81,066</b>	<b>79,793</b>	5%	-1.6%
IMF	5322.9	5,246	4,962	-5%	-
World Bank	23622.9	25,214	25,705	2%	-
Islamic Development Bank	3,117	3,327	3,304	6%	-0.7%
Asian Development Bank	44,129	47,162	45,705	4%	-3.1%
Others	117	117	116	-1%	-0.6%
<b>Foreign Governments</b>	<b>67,643</b>	<b>69,663</b>	<b>69,360</b>	3%	-0.4%
Russian Federation	61,278	62,425	62,076	1%	-0.6%
Saudi Fund	3,596	4,372	4,495	25%	2.8%
Others	2,769	2,865	2,790	1%	-2.6%
<b>DOMESTIC</b>	<b>22,999</b>	<b>15,070</b>	<b>15,070</b>	-34%	0.0%
<b>Bonds (Non-Tradable)</b>	<b>22,999</b>	<b>15,070</b>	<b>15,070</b>	-34%	0.0%
<b>Commercial Banks</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	-	-
<b>TOTAL CENTRAL GOVERNMENT DEBT</b>	<b>166,951</b>	<b>165,799</b>	<b>164,223</b>	-2%	-1.0%

## Fiscal Sustainability

Fiscal sustainability is going to take a central place in the discussion between the government of Afghanistan and International Monetary Fund. Afghan government has intended to gradually phase out the donor support to key government operations. The government of Afghanistan tries to bring in more on-budget financing and ensure the growth in domestic revenue at a rate sufficient to cover a major part of the government operations. For the second quarter of 1397, fiscal sustainability shows a mixed picture. This is in line with the long run aim of covering the security expenditure fully by 2024.

The fiscal sustainability indicators shows a mixed picture, as shown in table 16. Compared to the second quarter of 1396, the share of domestic revenue in total revenue collection has decrease by 17 percent and 11 percent, respectively. The share of grants in total revenues and the share operating spending in domestic revenues has significantly increased by 17 percent and 19 percent, respectively. The government's efforts to finance its operating expenses from the domestic sources had a positive result. In this quarter, the operating expenditures financed by domestic revenue have significantly increased compared to the first quarter of 1397.

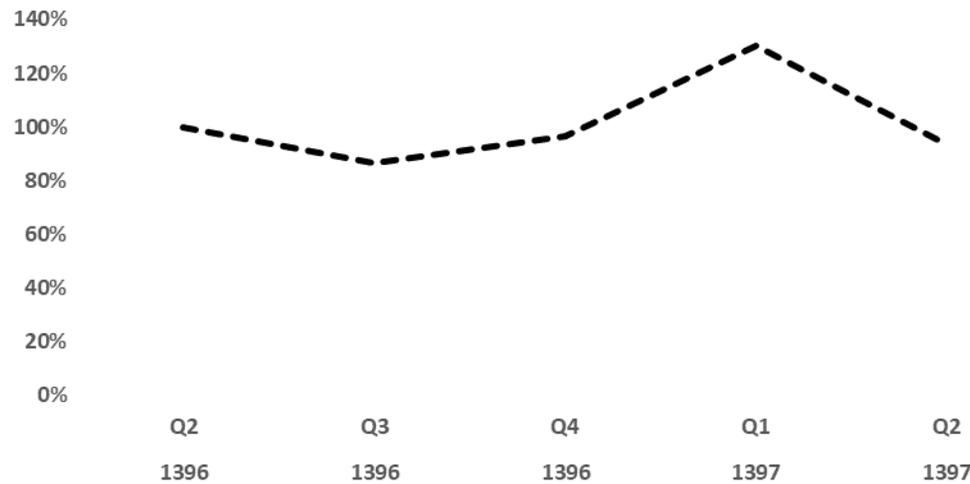
In the second quarter of the current year, government has been able to finance 48 percent of salaries which is 37 percent lesser than the first quarter of the current year. As the grants and donor assistance is gradually draining, the government needs to resort to borrowing to finance some of its development projects. Therefore, it is expected that the share of interest payment in total expenditures will presumably increase over the long run. The current composition of interest/total expenditures is 0.5 percent which is half as much of the first quarter of 1397. Overall, fiscal sustainability has faced major changes in the second quarter of 1397 as there has been less revenue collection which resulted in reduced expenditures financing.

**Table 16. Fiscal Sustainability**

	1396 Q2	1396 Q3	1396 Q4	1397 Q1	1397 Q2
Domestic Revenue/Total	71%	51%	63%	59%	54%
Customs Revenue/Total	16%	11%	7%	12%	5%
Grants/Total	29%	49%	37%	41%	46%
Op. Spending/Dom. Rev.	147%	160%	149%	97%	166%
Salaries/Total Expenditure	50%	49%	38%	85%	48%
Interest/Expenditure	0.4%	0.7%	0.4%	1.0%	0.5%
Financing/Expenditure	-19.5%	14.1%	-15.8%	72.8%	-18.1%

The overall indicator shows a decline after the first quarter of 1397. The future course of fiscal sustainability depends on strong and stable macroeconomic framework. The mobilization of domestic revenue through changes in the tax policy and tax administration is the preferred policy response for the Afghan government to sustain the fiscal sustainability. Cutting unnecessary expenditures on the operating side in the new budget document is an important step towards the efficient allocation of public finance.

### Sustainability Indicator



### Fiscal Balance

As Afghan government goes more on a borrowing track, it is likely that the fiscal balance outlook will be negatively impacted. Currently, debt-to-GDP ratio remains far below 25 percent the threshold. But in the future, high fertility rate, increase interest payment and the increasing pressure on non-performing loans can severely undermine the fiscal balance.

Table 17 shows that the government financing consist of domestic grants, domestic revenue, borrowing and sale of assets. As of the second quarter of 1397, considerable changes have occurred in the transactions which affected net worth. In the second quarter of 1397, revenue including grants has increased by 16 percent, recurrent expenditure has increased by 10 percent and interest payment has increased by 37 percent. The net operating balance (revenue minus expenditures) and primary operating balance have decreased compared to the same period in 1396 by 201 percent and 215 percent, respectively. The gap between lending and borrowing has increased by 5 percent. Financing of non-financial assets have decreased by 54 percent. Furthermore, the net acquisition of financial assets and liabilities have also decreased at higher rates.

**Table 17: Summary Transactions Affecting Net Worth**

In millions of Afghanis	1396	1396	1397	1397	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1396
<b>TRANSACTIONS AFFECTING NET WORTH</b>					
Revenues including Grants	73,598	143,847	85,573	155,046	16%
Expenditures (Recurrent)	75,629	120,719	83,531	122,903	10%
Interest	117	219	160	400	37%
<b>Net Operating Balance</b>	<b>-2,031</b>	<b>23,128</b>	<b>2,042</b>	<b>32,143</b>	<b>-201%</b>
<b>Primary Operating Balance</b>	<b>-1,914</b>	<b>23,347</b>	<b>2,202</b>	<b>32,543</b>	<b>-215%</b>
<b>TRANSACTIONS IN NONFINANCIAL ASSETS</b>					
Net Acquisition of Nonfinancial Assets	15,607	18,004	20,588	21,238	32%
<b>Net Lending-Borrowing</b>	<b>-17,637</b>	<b>5,124</b>	<b>-18,545</b>	<b>10,905</b>	<b>5%</b>
<b>Financing</b>	<b>18,346</b>	<b>-3,728</b>	<b>8,431</b>	<b>-18,039</b>	<b>-54%</b>
<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES</b>					
Net Acquisition of Financial Assets	15,550	-4,565	8,848	-14,936	-43%
Net Acquisition of Financial Liabilities	2,796	837	-417	-3,103	-115%
<b>RETAINED EARNINGS</b>					
<b>Discrepancies</b>	<b>709</b>	<b>1,396</b>	<b>-10,114</b>	<b>-7,135</b>	

Table 18 captures the transactions in non-financial sector or property market. The purchase of non-financial assets has increased by 32 percent compared to the same quarter in 1396. The purchase of land and buildings have increased by 26 percent whereas, the sale of land and buildings decreased by 87 percent. Similarly there has been 41 percent increase in purchases of machinery and equipment and 55 percent increase in capital advance payments compared to the same quarter in the previous year.

**Table 18. Transactions in Non-Financial Assets**

In millions of Afghanis	1396	1396	1397	1397	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1396
<b>NET ACQUISITION OF NONFINANCIAL ASSETS</b>	<b>15,607</b>	<b>18,004</b>	<b>20,588</b>	<b>21,238</b>	<b>32%</b>
Land and Buildings	11,055	12,349	13,972	14,509	26%

Purchase of Land and Buildings	11,104	12,405	13,978	14,519	26%
Buildings and Structures	10,974	12,247	13,857	14,371	26%
Land	131	158	121	147	-8%
Sale of Land and Buildings	-49	-56	-6	-10	-87%
Sale of State-Owned Enterprises	0	0	0	0	-
Machinery and Equipment (>50,000)	3,096	3,282	4,362	4,475	41%
Valuables	0	0	0	0	-
Other Acquisitions	1,456	2,373	2,254	2,254	55%
Capital Advance Payments	1,456	2,373	2,254	2,254	55%

## Transactions in Financial Assets and Liabilities

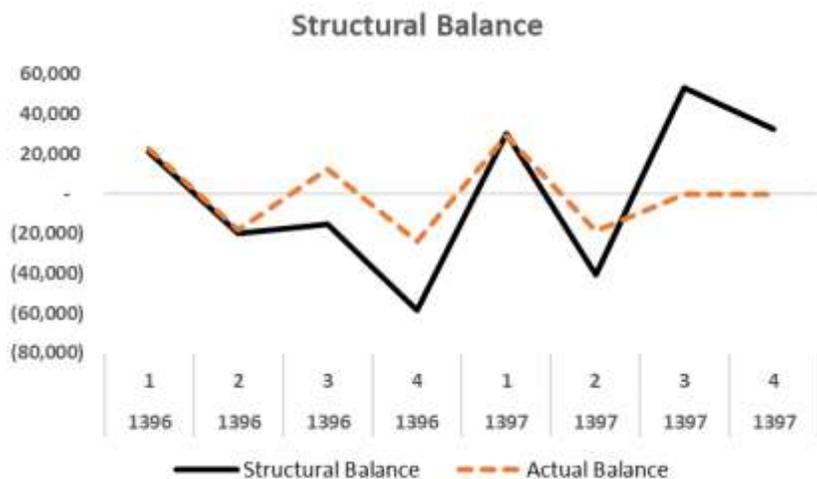
The transactions in financial assets and liabilities have decreased by 54 percent in the second quarter of 1397 as compared to same quarter in the previous year. This reflects a weak demand for money in financial market. Table 19 indicates that almost all indicators have been negatively affected in the second quarter of 1397 with the exception of foreign loan which increased by 65 percent as compared to the same quarter in previous year. Pension liabilities have decreased rapidly by 3,522 percent compared to the last year's second quarter which affected the acquisition of financial liabilities. Moreover, the purchasing power to gain foreign currency in financial market has also eroded because of the massive depreciation in Afghani currency.

**Table 19: Transactions in Financial Assets and Liabilities**

In millions of Afghanis	1396	1396	1397	1397	% Change
	Q2	Q2 YTD	Q2	Q2 YTD	on 1396
<b>TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES</b>	<b>18,346</b>	<b>-3,728</b>	<b>8,431</b>	<b>-18,039</b>	-54%
<b>TOTAL FINANCING</b>					-
<b>Net Acquisition of Financial Assets</b>	<b>15,550</b>	<b>-4,565</b>	<b>8,848</b>	<b>-14,936</b>	-43%
<i>Domestic</i>	<b>15,550</b>	<b>-4,565</b>	<b>8,848</b>	<b>-14,936</b>	-43%
Currency and Deposits	25,804	4,345	8,781	-9,738	-66%
Treasury Single Account	23,976	6,566	8,781	-9,739	-63%
Provincial Revenue Accounts	-150	-190	0	0	-100%
Donor Accounts	1,977	-2,031	0	0	-100%
Other Deposit Accounts	1	0	0	0	-100%
Loans	1	19	0	0	-100%
Loans	1	2	0	0	-100%

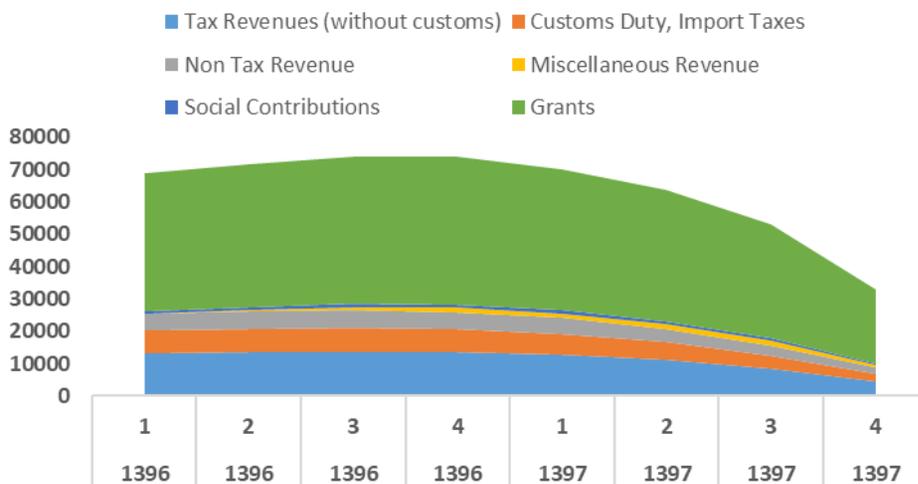
Advances	0	17	0	0	-
Other Accounts Receivable	-119	-84	2,953	2,150	-2583%
Clearing Accounts	-130	-130	0	0	-100%
Other Current Assets	11	46	2,953	2,150	26589%
Other Assets	-10,136	-8,845	-2,885	-7,348	-72%
Provincial Expenditure Accounts	-10,124	-8,833	-2,885	-7,348	-72%
Other	-12	-12	0	0	-100%
<i>Foreign</i>					-
<b>Net Acquisition of Financial Liabilities</b>	<b>2,796</b>	<b>837</b>	<b>-417</b>	<b>-3,103</b>	-115%
<i>Domestic</i>	<b>3,011</b>	<b>1,184</b>	<b>-81</b>	<b>-2,581</b>	-103%
Accounts Payable	313	415	-96	89	-131%
Accounts Payable - Suppliers	219	385	-111	56	-151%
Accounts Payable - Other	94	30	15	34	-84%
Pension Liabilities	5	43	-165	-50	-3522%
Other Payables	0	0	0	0	-100%
Other Liabilities	2,693	727	180	-2,621	-93%
<i>Foreign</i>	<b>-215</b>	<b>-348</b>	<b>-336</b>	<b>-522</b>	56%
Foreign Currency	0	0	0	0	-
Loans	-196	-314	-324	-493	65%
Currency Gain/Loss	-20	-34	-13	-28	-36%

## 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



Throughout 1396, the structural balance has improved, which signifies improvement in revenue collection and reduced share of grants to meet operating expenditure. Major portion of the structural imbalance in Afghanistan is financed by foreign grants. The structure balance will improve further as domestic revenue performance improves.

## Annexure

Table 20. Detailed Operating Expenditure

In millions of Afghanis	Total Operating Expenditures					Wages		G+S		NFA		Others	
	1396	1397	%Change	1397	%Budget	1396	1397	1396	1397	1396	1397	1396	1397
	Q2 YTD			Budget		Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
	YTD	YTD				YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
<b>TOTAL</b>	<b>106,356</b>	<b>107,922</b>	<b>1.5%</b>	<b>249,633</b>	<b>43%</b>	<b>80,738</b>	<b>82,846</b>	<b>12,738</b>	<b>9,742</b>	<b>980</b>	<b>1,122</b>	<b>11,900</b>	<b>14,212</b>
<b>Total Security</b>	<b>61,816</b>	<b>60,372</b>	<b>-2.3%</b>	<b>150,052</b>	<b>40%</b>	<b>53,585</b>	<b>53,746</b>	<b>7,261</b>	<b>5,346</b>	<b>265</b>	<b>569</b>	<b>705</b>	<b>710</b>
Ministry of Interior	24,878	19,764	-20.6%	55,633		21,393	17,327	2,672	1,467	113	271	700	700
Ministry of Defense	26,050	28,370	8.9%	70,190		23,593	26,664	2,410	1,521	47	175	0	10
Ministry of Foreign Affairs	2,285	2,524	10.5%	5,292		1,468	1,599	812	870	5	56	-0	0
National Security Council	407	488	20.0%	794		328	402	75	87	0	0	5	-0
Presidential Protective Service	697	775	11.2%	1,801		640	715	56	50	1	9	-0	-0
General Directorate of National Security	7,499	8,449	12.7%	16,342		6,164	7,039	1,237	1,351	98	59	-0	-0
<b>Total Governance, Rule of Law and Human Rights</b>	<b>8,205</b>	<b>9,620</b>	<b>17.2%</b>	<b>22,463</b>	<b>43%</b>	<b>6,479</b>	<b>7,352</b>	<b>1,666</b>	<b>1,610</b>	<b>27</b>	<b>479</b>	<b>33</b>	<b>178</b>
President's Office	0	1,091	-	3,340		0	982	0	109	0	0	0	0
National Assembly Meshanro Jirga	239	223	-6.8%	520		214	204	25	19	0	0	0	0
National Assembly Wolesi Jirga	793	742	-6.5%	1,606		668	663	125	79	0	0	0	-0
Supreme Court	1,571	1,755	11.7%	3,478		1,503	1,698	64	56	4	1	-0	0
Ministry of Justice	283	285	0.6%	746		229	249	54	36	0	0	0	-0
Administrative Affairs	2,126	1,377	-35.2%	2,733		1,519	914	570	276	4	9	33	178
Ministry of State and Parliamentary Affairs	47	81	72.4%	181		35	66	10	12	1	3	-0	0
Ministry of Haj and Religious Affairs	430	496	15.4%	1,356		354	409	75	86	0	0	0	0
Attorney General	903	1,025	13.6%	2,406		826	945	77	80	0	0	-0	0
Election Commission	113	177	56.9%	491		81	148	32	29	0	0	-0	0
IARCSC	161	202	25.5%	493		122	155	26	47	13	0	0	-0
Independent Commission for Overseeing the Implementation of Cons	30	30	-0.5%	78		23	23	6	6	0	0	0	-0

The High office of Oversight and Anti-Corruption	54	46	-15.0%	46		46	40	7	6	0	0	-0	0
Independent Directorate of Local Governance	1,401	2,034	45.2%	4,715		822	823	574	746	5	465	-0	0
Afghanistan Independent Human Rights Commission	2	8	293.1%	41		0	0	2	8	0	0	0	0
Independent Electoral Complaints Commission	53	49	-7.4%	233		35	34	17	15	0	0	-0	-0
<b>Total Infrastructure and Natural Resources</b>	<b>2,436</b>	<b>1,651</b>	<b>-32.2%</b>	<b>4,629</b>	<b>36%</b>	<b>1,090</b>	<b>1,106</b>	<b>721</b>	<b>486</b>	<b>626</b>	<b>60</b>	<b>-0</b>	<b>-0</b>
Ministry of Public Works	1,019	447	-56.1%	878		209	208	318	223	492	16	0	0
Ministry of Transport and Aviation	136	117	-14.0%	306		79	80	34	21	23	17	0	0
Ministry of Communication	0	0	-	682		0	0	0	0	0	0	0	0
Ministry of Energy and Water	445	323	-27.3%	932		231	233	213	69	0	21	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	235	135	-42.6%	397		102	109	29	26	104	0	0	0
Civil Aviation Authority	247	272	10.0%	380		196	198	51	74	0	0	0	-0
Independent Board of new Kabul	19	19	-1.6%	123		2	4	11	10	7	5	0	0
Ministry of Mines and Industries	226	224	-0.9%	642		182	180	44	43	0	1	-0	0
Geodesy and Cartography Office	0	0	-	0		0	0	0	0	0	0	0	0
Directorate of Environment	91	96	5.8%	232		74	77	17	19	0	0	-0	-0
Afghanistan High Atomic Energy Commission	19	19	0.3%	57		15	17	4	2	0	0	0	0
Municipalities	0	0	-	0		0	0	0	0	0	0	0	0
<b>Total Education</b>	<b>16,596</b>	<b>17,196</b>	<b>3.6%</b>	<b>42,979</b>	<b>40%</b>	<b>15,538</b>	<b>16,496</b>	<b>1,035</b>	<b>698</b>	<b>23</b>	<b>1</b>	<b>0</b>	<b>0</b>
Ministry of Education	13,955	14,539	4.2%	35,778		13,396	14,246	559	293	0	0	0	0
Ministry of Higher Education	1,968	2,074	5.4%	5,585		1,677	1,789	291	285	0	0	-0	-0
Ministry of Information and Culture	258	242	-6.4%	597		194	191	55	50	10	1	0	-0
Science Academy	98	98	0.5%	237		90	91	7	7	1	0	-0	-0
National Olympic Committee	100	64	-36.1%	293		32	34	58	30	10	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	216	178	-17.7%	489		150	144	65	34	2	0	-0	-0
<b>Total Health</b>	<b>1,733</b>	<b>1,579</b>	<b>-8.9%</b>	<b>3,935</b>	<b>40%</b>	<b>1,119</b>	<b>1,146</b>	<b>589</b>	<b>425</b>	<b>25</b>	<b>7</b>	<b>0</b>	<b>0</b>
Ministry of Public Health	1,733	1,579	-8.9%	3,935		1,119	1,146	589	425	25	7	0	0

<b>Total Agriculture and Rural Development</b>	<b>1,330</b>	<b>1,453</b>	<b>9.3%</b>	<b>3,167</b>	<b>46%</b>	<b>1,056</b>	<b>1,068</b>	<b>272</b>	<b>381</b>	<b>3</b>	<b>4</b>	<b>0</b>	<b>0</b>
Ministry of Agriculture	591	716	21.1%	1,610		502	519	86	194	3	2	0	0
Ministry of Counter Narcotics	89	89	0.5%	249		64	70	25	18	0	2	-0	0
Ministry of Rural Rehabilitation and Development	239	255	6.7%	654		179	162	60	92	0	1	0	0
Afghanistan Independent Land Authority	412	393	-4.4%	655		310	317	101	77	0	0	0	0
<b>Total Social Protection</b>	<b>11,942</b>	<b>13,869</b>	<b>16.1%</b>	<b>17,424</b>	<b>80%</b>	<b>777</b>	<b>783</b>	<b>270</b>	<b>241</b>	<b>7</b>	<b>1</b>	<b>10,888</b>	<b>12,844</b>
Ministry of Frontiers and Tribal Affairs	190	166	-12.7%	562		110	96	80	69	0	0	0	0
Ministry of Martyrs, Disabled and Social Affairs	11,133	12,846	15.4%	15,469		434	432	113	100	0	0	10,586	12,314
Ministry of Refugees and Repatriates	130	139	6.7%	329		100	109	29	29	0	1	0	0
Ministry of Women Affairs	93	89	-4.6%	226		71	72	16	17	6	0	0	-0
Office of Disaster Preparedness	354	587	65.7%	682		34	38	18	19	1	0	302	531
Directorate of Kochis	42	44	4.5%	157		28	36	13	8	0	0	-0	0
<b>Total Economic Gov. and Private Sector Devel't</b>	<b>2,297</b>	<b>2,182</b>	<b>-5.0%</b>	<b>4,985</b>	<b>44%</b>	<b>1,095</b>	<b>1,148</b>	<b>924</b>	<b>553</b>	<b>4</b>	<b>2</b>	<b>275</b>	<b>479</b>
Ministry of Finance	1,754	1,697	-3.2%	3,563		782	813	697	404	1	0	275	479
Ministry of Commerce	253	206	-18.6%	708		98	118	154	88	1	1	0	0
Ministry of Economy	112	109	-3.1%	282		81	83	30	26	1	0	0	0
Control and Audit Office	75	65	-12.6%	169		50	52	25	13	0	0	-0	-0
Central Statistics Office	67	67	0.0%	167		57	57	10	10	1	1	0	-0
Micro Finance Investment Support Facility for Afghanistan	0	0	-	0		0	0	0	0	0	0	0	0
Afghanistan National Standard Authority	36	38	5.3%	95		27	26	9	12	0	0	-0	0
<b>Total Unclassified</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unallocated Reserves	0	0	-	0		0	0	0	0	0	0	0	0
Unspecified	0	0	-	0		0	0	0	0	0	0	0	0

1/ Interest, and Subsidies and Transfers

**Table 21a. Programs Expenditure**

In millions of Afghanis	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1397				1397				1397			
	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.	Q2 YTD	Budget	Allotted	% Allot.
<b>Ministry of Education</b>	<b>14538.9</b>	<b>35778.4</b>	<b>35772.4</b>	<b>41%</b>	<b>750.1</b>	<b>4665.8</b>	<b>4665.8</b>	<b>16%</b>	<b>15289.0</b>	<b>40444.2</b>	<b>40438.2</b>	<b>38%</b>
General & Islamic Education	100.5	30419.2	30419.2	0%	17.9	2713.0	2713.0	1%	118.4	33132.2	33132.2	0%
Curriculum development & teacher training	12755.0	1277.7	1277.7	998%	593.4	1213.5	1213.5	49%	13348.4	2491.2	2491.2	536%
Technical and vocational training program	438.2	1578.8	1572.8	28%	11.1	481.1	481.1	2%	449.3	2059.9	2053.9	22%
Literacy and informal Education	522.3	703.4	703.4	74%	65.8	158.8	158.8	41%	588.1	862.2	862.2	68%
Education management	262.6	1799.3	1799.3	15%	61.1	99.3	99.3	61%	323.6	1898.6	1898.6	17%
Other	460.3	0.0	0.0	-	0.8	0.0	0.0	-	461.1	0.0	0.0	-
<b>Ministry of Agriculture, Irrigation and Livestock</b>	<b>715.5</b>	<b>1609.7</b>	<b>1609.7</b>	<b>44%</b>	<b>2965.0</b>	<b>9457.1</b>	<b>9452.5</b>	<b>31%</b>	<b>3680.5</b>	<b>11066.8</b>	<b>11062.1</b>	<b>33%</b>
Natural Resource Management	5.7	200.3	200.3	3%	0.0	2139.0	2139.0	0%	5.7	2339.3	2339.3	0%
Agriculture Production and Productivity	6.2	770.5	770.5	1%	1.9	4214.2	4213.9	0%	8.1	4984.7	4984.4	0%
Economic Regeneration	76.6	218.7	218.7	35%	0.4	2991.0	2986.7	0%	77.0	3209.7	3205.4	2%
Reform and Capacity Building	81.2	420.1	420.1	19%	590.0	112.9	112.9	523%	671.2	533.0	533.0	126%
Other	545.7			-	2372.8	0.0	0.0	-	2918.5			-
<b>Ministry of Rural Rehabilitation and Development</b>	<b>255.1</b>	<b>654.0</b>	<b>654.0</b>	<b>39%</b>	<b>5255.4</b>	<b>19045.6</b>	<b>0.0</b>	<b>-</b>	<b>5510.5</b>	<b>19699.6</b>	<b>19651.2</b>	<b>28%</b>
Rural Infrastructure (RI)	26.4	0.0	0.0	-	6368.7	6607.7	6559.3	97%	6395.1	6607.7	6559.3	97%
Economic Regeneration (ER)	354.8	0.0	0.0	-	0.0	410.0	410.0	0%	354.8	410.0	410.0	87%
Local Governance	66.5	0.0	0.0	-	0.0	12027.8	12027.8	0%	66.5	12027.8	12027.8	1%
Institutional Support Program (ISP)	0.0	0.0	0.0	-	2425.9	0.0	0.0	-	2425.9	0.0	0.0	-
Other	-192.6			-	-3539.1	0.0	0.0	-	-3731.8			-
<b>Ministry of Energy &amp; Water</b>	<b>323.2</b>	<b>931.8</b>	<b>931.8</b>	<b>35%</b>	<b>794.5</b>	<b>4480.3</b>	<b>4457.3</b>	<b>18%</b>	<b>1117.7</b>	<b>5412.1</b>	<b>5389.1</b>	<b>21%</b>
Energy	368.1	61.5	61.5	598%	897.4	594.7	594.7	151%	1265.5	656.3	656.3	193%
Water	89.2	681.6	681.6	13%	1456.1	3885.6	3862.6	38%	1545.2	4567.1	4544.1	34%
Admin & Finance	178.0	188.7	188.7	94%	21.5	0.0	0.0	-	199.5	188.7	188.7	106%
Other	-312.1			-	-1580.5	0.0	0.0	-	-1892.6			-
<b>Ministry of Finance</b>	<b>1696.9</b>	<b>3563.3</b>	<b>3563.3</b>	<b>48%</b>	<b>1276.7</b>	<b>3087.3</b>	<b>3087.3</b>	<b>41%</b>	<b>2973.6</b>	<b>6650.5</b>	<b>6650.5</b>	<b>45%</b>
Public Financial Management	2182.3	1516.3	1516.3	144%	0.0	1020.1	1020.1	0%	2182.3	2536.3	2536.3	86%
Revenue Management	1240.6	726.0	726.0	171%	446.5	834.6	834.6	53%	1687.1	1560.6	1560.6	108%

Operation (General Administration)	393.9	1252.4	1252.4	31%	206.1	1167.0	1167.0	18%	599.9	2419.4	2419.4	25%
Policy Management	593.2			-	598.2	65.6	65.6	912%	1191.5	134.2	134.2	888%
Other	-2713.0			-	25.9	0.0	0.0	-	-2687.1			-
<b>Ministry of Public Works</b>	<b>447.2</b>	<b>877.6</b>	<b>877.6</b>	<b>51%</b>	<b>6368.7</b>	<b>14287.8</b>	<b>14086.8</b>	<b>45%</b>	<b>6815.9</b>	<b>15165.5</b>	<b>14964.5</b>	<b>46%</b>
Transportation Infrastructures	25.4	65.2	65.2	39%	105.5	14287.8	14086.8	1%	130.9	14353.0	14152.0	1%
Maintenance of Transport Infrastructure	232.3	675.3	675.3	34%	689.0	0.0	0.0	-	921.3	675.3	675.3	136%
Admin & Finance	67.6	137.2	137.2	49%	0.0	0.0	0.0	-	67.6	137.2	137.2	49%
Other	121.8			-	5574.2	0.0	0.0	-	5696.0			-
<b>Ministry of Public Health</b>	<b>1578.5</b>	<b>3935.3</b>	<b>3935.3</b>	<b>40%</b>	<b>4564.4</b>	<b>11097.0</b>	<b>11090.5</b>	<b>41%</b>	<b>6143.0</b>	<b>15032.4</b>	<b>15025.8</b>	<b>41%</b>
Institutional Development and Assessment (IDA)	177.7	53.5	53.5	332%	0.0	2194.2	2194.2	0%	177.7	2247.8	2247.8	8%
Health Service Provision	76.3	1537.2	1537.2	5%	111.8	8773.0	8766.4	1%	188.1	10310.2	10303.6	2%
Admin	32.8	2344.6	2344.6	1%	19.2	129.8	129.8	15%	51.9	2474.4	2474.4	2%
Other	1291.8			-	4433.5	0.0	0.0	-	5725.2			-
<b>Independent Directorate of Local Governance</b>	<b>2034.4</b>	<b>4715.2</b>	<b>4715.1</b>	<b>43%</b>	<b>417.0</b>	<b>3218.9</b>	<b>3218.9</b>	<b>13%</b>	<b>2451.4</b>	<b>7934.2</b>	<b>7934.1</b>	<b>31%</b>
National Principals for Local Governance	13.1	90.4	90.4	14%	122.0	0.0	0.0	-	135.1	90.4	90.4	150%
Local Governance Management	6.4	4030.3	4030.2	0%	898.7	3218.9	3218.9	28%	905.1	7249.2	7249.1	12%
General Supporting Services	18.4	594.6	594.6	3%	95.0	0.0	0.0	-	113.4	594.6	594.6	19%
Other	1996.5			-	-698.8	0.0	0.0	-	1297.7			-
<b>Ministry of Urban Development</b>	<b>134.8</b>	<b>396.6</b>	<b>396.6</b>	<b>34%</b>	<b>1608.4</b>	<b>4810.6</b>	<b>4784.1</b>	<b>34%</b>	<b>1743.2</b>	<b>5207.2</b>	<b>5180.7</b>	<b>34%</b>
Planning & Urban Development	6064.3	36.3	36.3	16709%	348.6	268.0	268.0	130%	6412.9	304.3	304.3	2107%
Housing	161.2	27.3	27.3	590%	8.0	1626.0	1619.5	0%	169.2	1653.4	1646.8	10%
Urban Infrastructure	6297.7	58.5	58.5	10769%	0.0	783.5	763.5	0%	6297.7	842.0	822.0	766%
Management & Operations	323.6	274.5	274.5	118%	1.1	2133.1	2133.1	0%	324.7	2407.6	2407.6	13%
Other	-12711.9			-	1250.7			-	-11461.2			-

**Table 21b. Programs Expenditure**

(In millions of Afghanis)	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1397				1397				1397			
	Q2 YTD	Budget	Allocated	% Alloc.	Q2 YTD	Budget	Allocated	% Alloc.	Q2 YTD	Budget	Allocated	% Alloc.
<b>Ministry of Transport</b>	<b>117.0</b>	<b>306.4</b>	<b>306.4</b>	<b>38%</b>	<b>9.5</b>	<b>120.5</b>	<b>120.5</b>	<b>8%</b>	<b>126.5</b>	<b>426.9</b>	<b>426.9</b>	<b>30%</b>
Land Transport Services	0.0	306.4	306.4	0%	186.9	0.0	0.0	-	186.9	426.9	426.9	44%
Other	117.0			-	-177.3	0.0	0.0	-	-60.4			-
<b>Ministry of Communication and Information Technology</b>	<b>0.0</b>	<b>682.5</b>	<b>682.0</b>	<b>0%</b>	<b>0.0</b>	<b>2413.4</b>	<b>2413.4</b>	<b>0%</b>	<b>0.0</b>	<b>3095.9</b>	<b>3095.4</b>	<b>0%</b>
E - Afghanistan	1381.1	136.0	136.0	1016%	0.0	0.0	0.0	-	1381.1	2549.4	2549.4	54%
ICT Literacy	97.1	46.4	46.4	209%	0.0	0.0	0.0	-	97.1	46.4	46.4	209%
General Administration & Management	0.0	500.1	499.6	0%	429.3	0.0	0.0	-	429.3	500.1	499.6	86%
Other	-1478.2			-	-429.3	0.0	0.0	-	-1907.4			-
<b>Ministry of Commerce and Industry</b>	<b>206.1</b>	<b>708.4</b>	<b>708.1</b>	<b>29%</b>	<b>64.7</b>	<b>308.3</b>	<b>308.3</b>	<b>21%</b>	<b>270.8</b>	<b>1016.7</b>	<b>1016.3</b>	<b>27%</b>
Private Sector and Industry Development	617.9	50.7	50.7	1220%	0.0	0.0	0.0	-	617.9	210.9	210.9	293%
Trade Policy and Transit	20.1	440.7	440.4	5%	36.8	0.0	0.0	-	56.9	521.3	521.0	11%
Admin and Regulatory Services	85.7	217.1	217.1	39%	10.0	0.0	0.0	-	95.7	284.5	284.5	34%
Other	-517.6			-	17.9	0.0	0.0	-	-499.7			-
<b>Ministry of Labor, Social Affairs, Martyrs and Disabled</b>	<b>12845.6</b>	<b>15468.6</b>	<b>15446.1</b>	<b>83%</b>	<b>357.6</b>	<b>906.5</b>	<b>834.7</b>	<b>43%</b>	<b>13203.2</b>	<b>16375.1</b>	<b>16280.9</b>	<b>81%</b>
Labor Support Program	0.0	6346.7	6346.7	0%	2642.7	0.0	0.0	-	2642.7	7114.6	7111.1	37%
Social services	255.5	427.9	406.8	63%	0.0	0.0	0.0	-	255.5	492.2	471.1	54%
Martyrs and Disabled	0.0	7802.5	7801.1	0%	0.0	0.0	0.0	-	0.0	7802.5	7801.1	0%
Administration & Finance	117.4	891.5	891.5	13%	9.5	0.0	0.0	-	126.9	965.8	897.5	14%
Other	12472.7			-	-2294.6	0.0	0.0	-	10178.1			-
<b>Ministry of Defense</b>	<b>28370.1</b>	<b>70189.7</b>	<b>70189.7</b>	<b>40%</b>	<b>0.0</b>	<b>68.3</b>	<b>68.3</b>	<b>0%</b>	<b>28370.1</b>	<b>70258.1</b>	<b>70258.1</b>	<b>40%</b>
Combat forces	23.6	65677.9	65677.9	0%	25.9	0.0	0.0	-	49.6	65746.2	65746.2	0%
Supportive forces	27835.5	4511.9	4511.9	617%	0.0	0.0	0.0	-	27835.5	4511.9	4511.9	617%
Other	511.0			-	-25.9	0.0	0.0	-	485.1			-
<b>Ministry of Women Affairs</b>	<b>88.6</b>	<b>226.4</b>	<b>226.3</b>	<b>39%</b>	<b>2.2</b>	<b>54.0</b>	<b>42.2</b>	<b>5%</b>	<b>90.8</b>	<b>280.4</b>	<b>268.5</b>	<b>34%</b>
Women Support and Strengthening	8.8	11.9	11.9	74%	463.1	0.0	0.0	-	471.9	23.8	11.9	3950%

Gender Development and policy monitoring	733.7	13.9	13.9	5261%	4074.6	0.0	0.0	-	4808.2	27.6	27.6	17412%
Administration & Finance	840.2	200.5	200.4	419%	26.8	0.0	0.0	-	867.0	229.0	228.9	379%
Other	-1494.1			-	-4562.2	0.0	0.0	-	-6056.3			-
<b>Ministry of Economy</b>	<b>108.8</b>	<b>282.5</b>	<b>281.7</b>	<b>39%</b>	<b>131.0</b>	<b>349.1</b>	<b>349.1</b>	<b>38%</b>	<b>239.7</b>	<b>631.6</b>	<b>630.8</b>	<b>38%</b>
Economic Policy and Strategy and Monitoring and Evaluation	55.0	182.7	182.0	30%	89.8	0.0	0.0	-	144.8	458.1	457.4	32%
Management & Operations	11.0	99.7	99.7	11%	0.0	0.0	0.0	-	11.0	173.4	173.4	6%
Other	42.7			-	41.2	0.0	0.0	-	83.9			-
<b>President's Office</b>	<b>1091.1</b>	<b>3340.2</b>	<b>3340.2</b>	<b>33%</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-</b>	<b>0.0</b>	<b>3340.2</b>	<b>3340.2</b>	<b>0%</b>
Providing Services to the President	0.0	3340.2	3340.2	0%	0.0	0.0	0.0	-	0.0	3340.2	3340.2	0%
Other	1091.1			-	0.0	0.0	0.0	-	0.0	0.0		-
<b>Ministry of Higher Education</b>	<b>2074.5</b>	<b>5585.3</b>	<b>5585.3</b>	<b>37%</b>	<b>484.7</b>	<b>2325.9</b>	<b>2325.9</b>	<b>21%</b>	<b>2559.2</b>	<b>7911.1</b>	<b>7911.1</b>	<b>32%</b>
Providing higher education opportunities	561.3	1363.7	1363.7	41%	18.7	0.0	0.0	-	580.0	2165.6	2165.6	27%
Leadership & Management of Higher Education System	597.7	3605.0	3605.0	17%	55.4	0.0	0.0	-	653.1	3605.0	3605.0	18%
Other	915.5			-	410.6	0.0	0.0	-	1326.1			-
<b>IARCSC</b>	<b>202.5</b>	<b>492.5</b>	<b>492.1</b>	<b>41%</b>	<b>619.0</b>	<b>890.2</b>	<b>890.2</b>	<b>70%</b>	<b>821.4</b>	<b>1382.7</b>	<b>1382.3</b>	<b>59%</b>
Appointments & Appeals	97.0	81.9	81.9	118%	492.6	0.0	0.0	-	589.6	81.9	81.9	720%
Public Administrative Reforms	56.9	69.3	69.3	82%	0.0	0.0	0.0	-	56.9	89.8	89.8	63%
Capacity Development	1902.1	46.0	46.0	4135%	417.0	0.0	0.0	-	2319.1	46.0	46.0	5041%
Supportive Program	76.0	295.3	294.9	26%	0.0	0.0	0.0	-	76.0	1165.0	1164.6	7%
Other	-1929.5			-	-290.6			-	-2220.1			-
<b>OTHERS</b>	<b>41,094</b>	<b>99,889</b>	<b>101,461</b>		<b>8,120</b>	<b>30,437</b>	<b>49,385</b>		<b>49,214</b>	<b>130,325</b>	<b>150,845</b>	
<b>TOTAL GROSS EXPENDITURES</b>	<b>107,922</b>	<b>249,633</b>	<b>251,175</b>	<b>43%</b>	<b>33,789</b>	<b>112,023</b>	<b>111,580</b>	<b>30%</b>	<b>140,621</b>	<b>361,656</b>	<b>381,752</b>	<b>37%</b>

**Table 22. Detailed Development Expenditure**

In millions of Afghanis	1396	1396	1397	1397	1397	1397	1397	%Increase
	Q2	Q2 YTD	Budget	Q2	Q2 YTD	Unspent Budget	Unspent/Total	
<b>TOTAL</b>	<b>26,288</b>	<b>31,586</b>	<b>360,593</b>	<b>31,759</b>	<b>33,492</b>	<b>327,101</b>	<b>91%</b>	<b>21%</b>
<b>Total Infrastructure and Natural Resources</b>	<b>13,363.3</b>	<b>15,338.4</b>	<b>52,811.4</b>	<b>14,016.9</b>	<b>15,007.7</b>	<b>37,804</b>	<b>72%</b>	<b>5%</b>
Ministry of Public Works	5,087.7	5,904.2		5,949.4	6,368.7			17%
Ministry of Transport and Aviation	9.0	9.0		9.5	9.5			6%
Ministry of Energy and Water	1,179.8	1,258.4		766.5	794.5			-35%
Water Supply and Canalization Corporation	44.8	44.8		131.4	131.4			194%
Ministry of Communication	0.0	0.0		0.0	0.0			-
Ministry of Mines and Industries	264.9	307.1		242.6	259.4			-8%
Other Ministries	6,777.1	7,814.9		6,917.4	7,444.1			2%
<b>Total Agriculture and Rural Development</b>	<b>5,700.3</b>	<b>7,717.1</b>	<b>33,023.4</b>	<b>8,040.7</b>	<b>8,386.0</b>	<b>24,637</b>	<b>8%</b>	<b>41%</b>
Ministry of Agriculture	3,210.6	3,532.3		2,928.1	2,965.0			-9%
Ministry of Rural Rehabilitation and Development	2,184.8	3,871.9		4,947.0	5,255.4			126%
Other Ministries	305.0	312.9		165.6	165.6			-46%
<b>Total Education</b>	<b>1,816.5</b>	<b>1,990.6</b>	<b>50,465.6</b>	<b>1,254.3</b>	<b>1,293.0</b>	<b>49,173</b>	<b>15%</b>	<b>-31%</b>
Ministry of Education	1,500.0	1,561.5		750.1	750.1			-50%
Other Ministries	316.6	429.1		504.2	542.9			59%
<b>Total Economic Gov. and Private Sector Devel't</b>	<b>1,398.9</b>	<b>1,841.9</b>	<b>9,689.0</b>	<b>1,412.5</b>	<b>1,573.6</b>	<b>8,115</b>	<b>2%</b>	<b>1%</b>
Ministry of Finance	1,084.4	1,431.3		1,169.6	1,276.7			8%
Other Ministries	314.5	410.6		242.9	296.9			-23%
<b>Total Health</b>	<b>3,000.9</b>	<b>3,447.3</b>	<b>15,032.4</b>	<b>4,508.7</b>	<b>4,564.4</b>	<b>10,468</b>	<b>3%</b>	<b>50%</b>
Ministry of Public Health	3,000.9	3,447.3		4,508.7	4,564.4			50%
<b>Total Governance, Rule of Law and Human Rights</b>	<b>287.5</b>	<b>407.4</b>	<b>28,709.5</b>	<b>1,341.9</b>	<b>1,385.9</b>	<b>27,324</b>	<b>8%</b>	<b>367%</b>
Independent Directorate of Local Governance	76.8	92.6		417.0	417.0			443%
Other Ministries	210.7	314.8		924.9	968.9			339%
<b>Total Social Protection</b>	<b>296.4</b>	<b>319.1</b>	<b>18,734.2</b>	<b>431.2</b>	<b>435.7</b>	<b>18,298</b>	<b>6%</b>	<b>45%</b>
<b>Total Security</b>	<b>424.2</b>	<b>524.0</b>	<b>152,127.8</b>	<b>753.3</b>	<b>845.7</b>	<b>151,282</b>	<b>46%</b>	<b>78%</b>
<b>Total Unclassified</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0%</b>	<b>-</b>

**Table 23a. Detailed Ministry Expenditure**

In millions of Afghanis	1396		1397		1397	1397	% Alloc.	% Increase
	Q2	Q2 YTD	Q2	Q2 YTD	Budget	Allocated		
<b>TOTAL GROSS EXPENDITURES</b>	<b>90,754</b>	<b>137,942</b>	<b>102,077</b>	<b>141,414</b>	<b>360,593</b>	<b>359,489</b>	<b>39%</b>	<b>3%</b>
<b>Operating Budget</b>	64,466	106,356	70,317	107,922	249,633	248,972	<b>43%</b>	<b>1%</b>
<b>Development Budget</b>	26,288	31,586	31,759	33,492	8,323	7,176	<b>467%</b>	<b>6%</b>
<b>Ministry of Interior</b>	<b>13,912</b>	<b>25,064</b>	<b>12,594</b>	<b>20,245</b>	<b>56,780</b>	<b>56,230</b>	<b>36%</b>	<b>-19%</b>
Operating Budget	13,817	24,878	12,204	19,764	55,633	55,084	36%	-21%
Development Budget	95	186	390	481	1,146	0	-	158%
<b>Ministry of Defense</b>	<b>14,123</b>	<b>26,050</b>	<b>17,905</b>	<b>28,370</b>	<b>70,258</b>	<b>70,258</b>	<b>40%</b>	<b>9%</b>
Operating Budget	14,123	26,050	17,905	28,370	70,190	70,190	40%	9%
Development Budget	0	0	0	0	68	68	0%	-
<b>Ministry of Foreign Affairs</b>	<b>1,634</b>	<b>2,610</b>	<b>1,789</b>	<b>2,860</b>	<b>5,914</b>	<b>5,914</b>	<b>48%</b>	<b>10%</b>
Operating Budget	1,312	2,285	1,455	2,524	5,292	5,292	48%	10%
Development Budget	322	325	334	336	622	622	54%	3%
<b>National Security Council</b>	<b>250</b>	<b>407</b>	<b>299</b>	<b>488</b>	<b>794</b>	<b>794</b>	<b>61%</b>	<b>20%</b>
Operating Budget	250	407	299	488	794	794	61%	20%
Development Budget	0	0	0	0	0	0		-
<b>Presidential Protective Service</b>	<b>366</b>	<b>703</b>	<b>440</b>	<b>788</b>	<b>1,938</b>	<b>1,938</b>	<b>41%</b>	<b>12%</b>
Operating Budget	365	697	428	775	1,801	1,801	43%	11%
Development Budget	1	6	13	13	137	137	9%	115%
<b>General Directorate of National Security</b>	<b>3,651</b>	<b>7,506</b>	<b>4,300</b>	<b>8,466</b>	<b>16,444</b>	<b>16,444</b>	<b>51%</b>	<b>13%</b>
Operating Budget	3,645	7,499	4,283	8,449	16,342	16,342	52%	13%
Development Budget	6	7	16	16	103	103	16%	131%
<b>Total Security</b>	<b>33,937</b>	<b>62,340</b>	<b>37,327</b>	<b>61,217</b>	<b>152,128</b>	<b>151,578</b>	<b>40%</b>	<b>-2%</b>
Operating Budget	33,513	61,816	36,574	60,372	150,052	149,502	40%	-2%
Development Budget	424	524	753	846	2,076	930	91%	61%
<b>President's Office</b>	<b>0</b>	<b>0</b>	<b>677</b>	<b>1,091</b>	<b>3,340</b>	<b>3,340</b>	<b>33%</b>	<b>-</b>
Operating Budget	0	0	677	1,091	3,340	3,340	33%	-
Development Budget	0	0	0	0	0	0	-	-
<b>National Assembly Meshanro Jirga</b>	<b>133</b>	<b>239</b>	<b>122</b>	<b>223</b>	<b>526</b>	<b>526</b>	<b>42%</b>	<b>-7%</b>
Operating Budget	133	239	122	223	520	520	43%	-7%

Development Budget	0	0	0	0	7	7	0%	-
<b>National Assembly Wolesi Jirga</b>	<b>449</b>	<b>799</b>	<b>413</b>	<b>742</b>	<b>1,634</b>	<b>1,633</b>	<b>45%</b>	<b>-7%</b>
Operating Budget	443	793	413	742	1,606	1,606	46%	-6%
Development Budget	7	7	0	0	27	27	0%	-100%
<b>Supreme Court</b>	<b>893</b>	<b>1,608</b>	<b>981</b>	<b>1,809</b>	<b>3,580</b>	<b>3,580</b>	<b>51%</b>	<b>12%</b>
Operating Budget	857	1,571	927	1,755	3,478	3,478	50%	12%
Development Budget	36	37	54	54	102	102	53%	46%
<b>Ministry of Justice</b>	<b>205</b>	<b>312</b>	<b>255</b>	<b>359</b>	<b>933</b>	<b>933</b>	<b>38%</b>	<b>15%</b>
Operating Budget	183	283	181	285	746	746	38%	1%
Development Budget	22	29	74	74	187	187	40%	156%
<b>Administrative Affairs</b>	<b>1,345</b>	<b>2,265</b>	<b>933</b>	<b>1,442</b>	<b>3,967</b>	<b>3,918</b>	<b>37%</b>	<b>-36%</b>
Operating Budget	1,257	2,126	868	1,377	2,733	2,684	51%	-35%
Development Budget	88	139	65	65	1,234	1,234	5%	-53%
<b>Ministry of State and Parliamentary Affairs</b>	<b>27</b>	<b>47</b>	<b>50</b>	<b>81</b>	<b>181</b>	<b>181</b>	<b>45%</b>	<b>72%</b>
Operating Budget	27	47	50	81	181	181	45%	72%
Development Budget	0	0	0	0	0	0	-	-
<b>Ministry of Haj and Religious Affairs</b>	<b>313</b>	<b>482</b>	<b>431</b>	<b>589</b>	<b>1,793</b>	<b>1,793</b>	<b>33%</b>	<b>22%</b>
Operating Budget	286	430	337	496	1,356	1,356	37%	15%
Development Budget	27	53	94	94	437	437	21%	78%
<b>Attorney General</b>	<b>631</b>	<b>948</b>	<b>612</b>	<b>1,078</b>	<b>2,522</b>	<b>2,518</b>	<b>43%</b>	<b>14%</b>
Operating Budget	605	903	560	1,025	2,406	2,402	43%	14%
Development Budget	25	45	53	53	116	116	45%	16%
<b>Election Commission</b>	<b>87</b>	<b>113</b>	<b>159</b>	<b>177</b>	<b>491</b>	<b>491</b>	<b>36%</b>	<b>57%</b>
Operating Budget	87	113	159	177	491	491	36%	57%
Development Budget	0	0	0	0	0	0	-	-
<b>IARCSC</b>	<b>108</b>	<b>167</b>	<b>696</b>	<b>821</b>	<b>1,383</b>	<b>1,382</b>	<b>59%</b>	<b>391%</b>
Operating Budget	102	161	121	202	493	492	41%	25%
Development Budget	6	6	575	619	890	890	70%	10539%
<b>Independent Commission for Overseeing the Implementation of Cons</b>	<b>18</b>	<b>30</b>	<b>17</b>	<b>30</b>	<b>78</b>	<b>78</b>	<b>38%</b>	<b>-1%</b>
Operating Budget	18	30	17	30	78	78	38%	-1%
Development Budget	0	0	0	0	0	0	-	-
<b>The High office of Oversight and Anti-Corruption</b>	<b>31</b>	<b>54</b>	<b>21</b>	<b>46</b>	<b>46</b>	<b>46</b>	<b>100%</b>	<b>-15%</b>
Operating Budget	31	54	21	46	46	46	100%	-15%
Development Budget	0	0	0	0	0	0	-	-

<b>Independent Directorate of Local Governance</b>	<b>904</b>	<b>1,494</b>	<b>1,905</b>	<b>2,451</b>	<b>7,934</b>	<b>7,934</b>	<b>31%</b>	<b>64%</b>
Operating Budget	827	1,401	1,488	2,034	4,715	4,715	43%	45%
Development Budget	77	93	417	417	3,219	3,219	13%	351%
<b>Afghanistan Independent Human Rights Commission</b>	<b>2</b>	<b>2</b>	<b>19</b>	<b>19</b>	<b>68</b>	<b>68</b>	<b>27%</b>	<b>835%</b>
Operating Budget	2	2	8	8	41	41	19%	293%
Development Budget	0	0	11	11	27	27	40%	-
<b>Independent Electoral Complaints Commission</b>	<b>41.26</b>	<b>52.77</b>	<b>28.71</b>	<b>48.85</b>	<b>233</b>	<b>233</b>	<b>21%</b>	<b>-7%</b>
Operating Budget	41.26	52.77	28.71	48.85	233	233	21%	-7%
Development Budget	0.00	0.00	0.00	0.00	0	0	-	-
<b>Total Governance, Rule of Law and Human Rights</b>	<b>5,187</b>	<b>8,612</b>	<b>7,317</b>	<b>11,006</b>	<b>28,710</b>	<b>28,655</b>	<b>38%</b>	<b>28%</b>
Operating Budget	4,900	8,205	5,975	9,620	22,463	22,408	43%	17%
Development Budget	287	407	1,342	1,386	6,247	6,247	22%	240%

**Table 23b. Detailed Ministry Expenditure**

	<b>(In millions of Afghanis)</b>							
	<b>1396</b>	<b>1396</b>	<b>1397</b>	<b>1397</b>	<b>1397</b>	<b>1397</b>	<b>% Alloc.</b>	<b>%Change</b>
	<b>Q2 YTD</b>	<b>Q2 YTD</b>	<b>Q2 YTD</b>	<b>Q2 YTD</b>	<b>Budget</b>	<b>Allocated</b>		
<b>Ministry of Public Works</b>	<b>5,938</b>	<b>6,923</b>	<b>6,301</b>	<b>6,816</b>	<b>15,165</b>	<b>14,964</b>	<b>46%</b>	<b>-2%</b>
Operating Budget	851	1,019	351	447	878	878	51%	-56%
Development Budget	5,088	5,904	5,949	6,369	0	0	-	8%
<b>Ministry of Transport and Aviation</b>	<b>109</b>	<b>145</b>	<b>92</b>	<b>127</b>	<b>427</b>	<b>427</b>	<b>30%</b>	<b>-13%</b>
Operating Budget	100	136	82	117	306	306	38%	-14%
Development Budget	9	9	10	10	0	0	-	6%
<b>Ministry of Communication</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,096</b>	<b>3,095</b>	<b>0%</b>	<b>-</b>
Operating Budget	0	0	0	0	682	682	0%	-
Development Budget	0	0	0	0	0	0	-	-
<b>Ministry of Energy and Water</b>	<b>1,498</b>	<b>1,703</b>	<b>951</b>	<b>1,118</b>	<b>5,412</b>	<b>5,389</b>	<b>21%</b>	<b>-34%</b>
Operating Budget	318	445	184	323	932	932	35%	-27%
Development Budget	1,180	1,258	766	795	0	0	-	-37%
<b>Water Supply and Canalization Corporation</b>	<b>45</b>	<b>45</b>	<b>131</b>	<b>131</b>	<b>597</b>	<b>597</b>	<b>22%</b>	<b>194%</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	45	45	131	131	0	0	-	194%

<b>Da Brishna Shirkat</b>	<b>2,979</b>	<b>3,028</b>	<b>3,006</b>	<b>3,037</b>	<b>13,159</b>	<b>13,159</b>	<b>23%</b>	<b>0%</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	2,979	3,028	3,006	3,037	0	0	-	0%
<b>Ministry of Urban Development</b>	<b>1,357</b>	<b>1,474</b>	<b>1,622</b>	<b>1,743</b>	<b>5,207</b>	<b>5,181</b>	<b>34%</b>	<b>18%</b>
Operating Budget	185	235	83	135	397	397	34%	-43%
Development Budget	1,172	1,239	1,539	1,608	0	0	-	30%
<b>Civil Aviation Authority</b>	<b>1,584</b>	<b>2,540</b>	<b>1,951</b>	<b>2,457</b>	<b>3,949</b>	<b>3,949</b>	<b>62%</b>	<b>-3%</b>
Operating Budget	160	247	193	272	380	380	72%	10%
Development Budget	1,424	2,292	1,758	2,185	0	0	-	-5%
<b>Independent Board of new Kabul</b>	<b>310</b>	<b>338</b>	<b>315</b>	<b>316</b>	<b>1,565</b>	<b>1,565</b>	<b>20%</b>	<b>-7%</b>
Operating Budget	19	19	18	19	123	123	15%	-2%
Development Budget	291	319	297	297	0	0	-	-7%
<b>Ministry of Mines and Industries</b>	<b>398</b>	<b>533</b>	<b>369</b>	<b>483</b>	<b>1,683</b>	<b>1,683</b>	<b>29%</b>	<b>-9%</b>
Operating Budget	133	226	127	224	642	642	35%	-1%
Development Budget	265	307	243	259	0	0	-	-16%
<b>Geodesy and Cartography Office</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Directorate of Environment</b>	<b>53</b>	<b>92</b>	<b>60</b>	<b>102</b>	<b>313</b>	<b>312</b>	<b>33%</b>	<b>10%</b>
Operating Budget	51	91	54	96	232	232	41%	6%
Development Budget	2	2	6	6	0	0	-	253%
<b>Afghanistan High Atomic Energy Commission</b>	<b>12</b>	<b>19</b>	<b>10</b>	<b>19</b>	<b>57</b>	<b>56</b>	<b>34%</b>	<b>0%</b>
Operating Budget	12	19	10	19	57	56	34%	0%
Development Budget	0	0	0	0	0	0	-	-
<b>Irrigation and canalization Shirkat</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Municipalities</b>	<b>909</b>	<b>934</b>	<b>311</b>	<b>311</b>	<b>2,181</b>	<b>2,181</b>	<b>14%</b>	<b>-67%</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	909	934	311	311	0	0	-	-67%
<b>Total Infrastructure and Natural Resources</b>	<b>15,192</b>	<b>17,775</b>	<b>15,119</b>	<b>16,659</b>	<b>52,811</b>	<b>52,558</b>	<b>32%</b>	<b>-6%</b>
Operating Budget	1,829	2,436	1,102	1,651	4,629	4,626	36%	-32%
Development Budget	13,363	15,338	14,017	15,008	-	-	-	-2%
<b>Ministry of Education</b>	<b>10,359</b>	<b>15,517</b>	<b>10,483</b>	<b>15,289</b>	<b>40,444</b>	<b>40,438</b>	<b>38%</b>	<b>-1%</b>

Operating Budget	8,859	13,955	9,732	14,539	35,778	35,772	41%	4%
Development Budget	1,500	1,562	750	750	0	0	-	-52%
<b>Ministry of Higher Education</b>	<b>1,427</b>	<b>2,335</b>	<b>1,672</b>	<b>2,559</b>	<b>7,911</b>	<b>7,911</b>	<b>32%</b>	<b>10%</b>
Operating Budget	1,171	1,968	1,225	2,074	5,585	5,585	37%	5%
Development Budget	255	368	448	485	0	0	-	32%
<b>Ministry of Information and Culture</b>	<b>211</b>	<b>296</b>	<b>179</b>	<b>266</b>	<b>867</b>	<b>865</b>	<b>31%</b>	<b>-10%</b>
Operating Budget	173	258	157	242	597	594	41%	-6%
Development Budget	37	37	22	24	0	0	-	-34%
<b>Science Academy</b>	<b>56</b>	<b>102</b>	<b>56</b>	<b>100</b>	<b>254</b>	<b>254</b>	<b>39%</b>	<b>-2%</b>
Operating Budget	51	98	54	98	237	237	41%	0%
Development Budget	4	4	2	2	0	0	-	-57%
<b>National Olympic Committee</b>	<b>84</b>	<b>111</b>	<b>59</b>	<b>81</b>	<b>381</b>	<b>373</b>	<b>22%</b>	<b>-27%</b>
Operating Budget	73	100	42	64	293	285	22%	-36%
Development Budget	11	11	17	17	0	0	-	53%
<b>Cricket Board</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Afghanistan football federation</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Radio and television of Afghanistan</b>	<b>139</b>	<b>225</b>	<b>124</b>	<b>194</b>	<b>609</b>	<b>609</b>	<b>32%</b>	<b>-14%</b>
Operating Budget	130	216	109	178	489	489	36%	-18%
Development Budget	9	9	15	15	0	0	-	76%
<b>Total Education</b>	<b>12,275</b>	<b>18,586</b>	<b>12,573</b>	<b>18,489</b>	<b>50,466</b>	<b>50,450</b>	<b>37%</b>	<b>-1%</b>
Operating Budget	10,458	16,596	11,319	17,196	42,979	42,963	40%	4%
Development Budget	1,817	1,991	1,254	1,293	-	-	-	-35%
<b>Ministry of Public Health</b>	<b>4,126</b>	<b>5,180</b>	<b>5,525</b>	<b>6,143</b>	<b>15,032</b>	<b>15,026</b>	<b>41%</b>	<b>19%</b>
Operating Budget	1,125	1,733	1,016	1,579	3,935	3,935	40%	-9%
Development Budget	3,001	3,447	4,509	4,564	0	0	-	32%
<b>Total Health</b>	<b>4,126</b>	<b>5,180</b>	<b>5,525</b>	<b>6,143</b>	<b>15,032</b>	<b>15,026</b>	<b>41%</b>	<b>19%</b>
Operating Budget	1,125	1,733	1,016	1,579	3,935	3,935	40%	-9%
Development Budget	3,001	3,447	4,509	4,564	-	-	-	32%

**Table 23c. Detailed Ministry Expenditure**

(In millions of Afghanis)	1396		1397		1397		1397	
	Q2 YTD	Q2 YTD	Q2 YTD	Budget	Allocated	% Alloc.	%Change	
<b>Ministry of Agriculture</b>	<b>3,557</b>	<b>4,123</b>	<b>3,401</b>	<b>3,681</b>	<b>11,067</b>	<b>11,062</b>	<b>33%</b>	<b>-11%</b>
Operating Budget	347	591	473	716	1,610	1,610	44%	21%
Development Budget	3,211	3,532	2,928	2,965	0	0	-	-16%
<b>Ministry of Counter Narcotics</b>	<b>311</b>	<b>352</b>	<b>165</b>	<b>200</b>	<b>945</b>	<b>945</b>	<b>21%</b>	<b>-43%</b>
Operating Budget	56	89	54	89	249	249	36%	1%
Development Budget	255	263	111	111	0	0	-	-58%
<b>Ministry of Rural Rehabilitation and Development</b>	<b>2,326</b>	<b>4,111</b>	<b>5,114</b>	<b>5,510</b>	<b>19,700</b>	<b>19,651</b>	<b>28%</b>	<b>34%</b>
Operating Budget	141	239	167	255	654	654	39%	7%
Development Budget	2,185	3,872	4,947	5,255	0	0	-	36%
<b>Afghanistan Independent Land Authority</b>	<b>334</b>	<b>461</b>	<b>310</b>	<b>448</b>	<b>1,312</b>	<b>1,306</b>	<b>34%</b>	<b>-3%</b>
Operating Budget	284	412	255	393	655	648	61%	-4%
Development Budget	50	50	55	55	0	0		10%
<b>Total Agriculture and Rural Development</b>	<b>6,528</b>	<b>9,047</b>	<b>8,990</b>	<b>9,839</b>	<b>33,023</b>	<b>32,964</b>	<b>1</b>	<b>9%</b>
Operating Budget	828	1,330	949	1,453	3,167	3,160	2	9%
Development Budget	5,700	7,717	8,041	8,386	-	-	#VALUE!	9%
<b>Ministry of Frontiers and Tribal Affairs</b>	<b>141</b>	<b>198</b>	<b>139</b>	<b>191</b>	<b>661</b>	<b>661</b>	<b>29%</b>	<b>-4%</b>
Operating Budget	133	190	116	166	562	562	29%	-13%
Development Budget	8	9	22	25	0	0	-	186%
<b>Ministry of Martyrs, Disabled and Social Affairs</b>	<b>10,050</b>	<b>11,382</b>	<b>11,582</b>	<b>13,203</b>	<b>16,375</b>	<b>16,281</b>	<b>81%</b>	<b>16%</b>
Operating Budget	9,811	11,133	11,225	12,846	15,469	15,446	83%	15%
Development Budget	239	248	358	358	0	0	-	44%
<b>Ministry of Refugees and Repatriates</b>	<b>107</b>	<b>160</b>	<b>97</b>	<b>155</b>	<b>458</b>	<b>408</b>	<b>38%</b>	<b>-4%</b>
Operating Budget	81	130	83	139	329	328	42%	7%
Development Budget	26	31	14	16	0	0	-	-47%
<b>Ministry of Women Affairs</b>	<b>59</b>	<b>94</b>	<b>54</b>	<b>91</b>	<b>280</b>	<b>268</b>	<b>34%</b>	<b>-4%</b>
Operating Budget	57	93	51	89	226	226	39%	-5%
Development Budget	1	1	2	2	0	0	-	69%
<b>Office of Disaster Preparedness</b>	<b>336</b>	<b>354</b>	<b>568</b>	<b>587</b>	<b>682</b>	<b>675</b>	<b>87%</b>	<b>66%</b>

Operating Budget	336	354	568	587	682	675	87%	66%
Development Budget	0	0	0	0	0	0	-	-
<b>Directorate of Kochis</b>	<b>50</b>	<b>72</b>	<b>62</b>	<b>78</b>	<b>279</b>	<b>279</b>	<b>28%</b>	<b>9%</b>
Operating Budget	27	42	27	44	157	157	28%	5%
Development Budget	23	30	35	35	0	0	-	15%
<b>Total Social Protection</b>	<b>10,743</b>	<b>12,261</b>	<b>12,502</b>	<b>14,305</b>	<b>18,734</b>	<b>18,572</b>	<b>77%</b>	<b>17%</b>
Operating Budget	10,446	11,942	12,071	13,869	17,424	17,394	80%	16%
Development Budget	296	319	431	436	-	-	-	37%
<b>Ministry of Finance</b>	<b>2,180</b>	<b>3,185</b>	<b>2,166</b>	<b>2,974</b>	<b>6,651</b>	<b>6,651</b>	<b>45%</b>	<b>-7%</b>
Operating Budget	1,095	1,754	996	1,697	3,563	3,563	48%	-3%
Development Budget	1,084	1,431	1,170	1,277	0	0	-	-11%
<b>Ministry of Commerce</b>	<b>142</b>	<b>323</b>	<b>210</b>	<b>271</b>	<b>1,017</b>	<b>1,016</b>	<b>27%</b>	<b>-16%</b>
Operating Budget	100	253	152	206	708	708	29%	-19%
Development Budget	42	70	57	65	0	0	-	-8%
<b>Ministry of Economy</b>	<b>130</b>	<b>213</b>	<b>147</b>	<b>240</b>	<b>632</b>	<b>631</b>	<b>38%</b>	<b>13%</b>
Operating Budget	66	112	62	109	282	282	39%	-3%
Development Budget	64	101	85	131	0	0	-	30%
<b>Control and Audit Office</b>	<b>87</b>	<b>126</b>	<b>132</b>	<b>158</b>	<b>481</b>	<b>481</b>	<b>33%</b>	<b>26%</b>
Operating Budget	47	75	40	65	169	169	39%	-13%
Development Budget	41	51	93	93	0	0	-	82%
<b>Central Statistics Office</b>	<b>38</b>	<b>68</b>	<b>46</b>	<b>76</b>	<b>220</b>	<b>220</b>	<b>35%</b>	<b>12%</b>
Operating Budget	38	67	38	67	167	167	40%	0%
Development Budget	0	0	9	9	0	0	-	2513%
<b>Afghanistan Investment Support Agency</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Micro Finance Investment Support Facility for Afghanistan</b>	<b>150</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>558</b>	<b>558</b>	<b>0%</b>	<b>-100%</b>
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	150	170	0	0	0	0	-	-100%
<b>Afghanistan National Standard Authority</b>	<b>41</b>	<b>54</b>	<b>23</b>	<b>38</b>	<b>132</b>	<b>132</b>	<b>29%</b>	<b>-30%</b>
Operating Budget	22	36	23	38	95	95	40%	5%
Development Budget	18	18	0	0	0	0	-	-100%
<b>Total Economic Gov. and Private Sector Devel't</b>	<b>2,767</b>	<b>4,139</b>	<b>2,724</b>	<b>3,756</b>	<b>9,689</b>	<b>9,687</b>	<b>39%</b>	<b>-9%</b>

Operating Budget	1,368	2,297	1,311	2,182	4,985	4,983	44%	-5%
Development Budget	1,399	1,842	1,412	1,574	-	-	-	-15%
<b>Unallocated Reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Unspecified</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
<b>Total Unclassified</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	-	-
Operating Budget	-	-	-	-	-	-	-	-
Development Budget	-	-	-	-	-	-	-	-

### *Quarterly Fiscal Bulletin, 2<sup>st</sup> Quarter, 1397*

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