

QUARTERLY MACRO-FISCAL BULLETIN

Macro-Fiscal Performance Directorate General (MFPD)

Ministry of Finance

3rd Quarterly FY 1397



Ministry of Finance
Islamic Republic of Afghanistan

Quarter 3, 1397

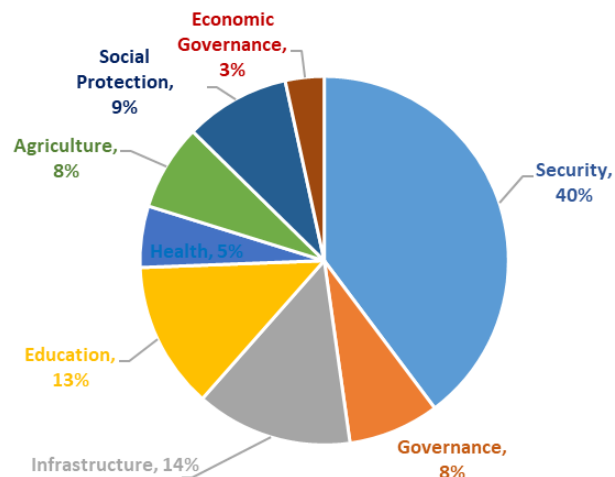
Table of contents

Executive Summary	2
Recent Macro-Economic Overview	4
Revenue Performance.....	6
Revenues Collection by Agencies.....	8
Revenues Collection by Key Provinces	10
Grants.....	11
Expenditure Performance	12
Operating and Development Expenditures	13
Expenditure by Economic Sectors.....	Error! Bookmark not defined.
Expenditure by COFOG	15
Expenditure Summary by Inputs	17
Debt	20
Fiscal Sustainability	20
Fiscal Balance	21
Transactions in Financial Assets and Liabilities	22
Annexure.....	26

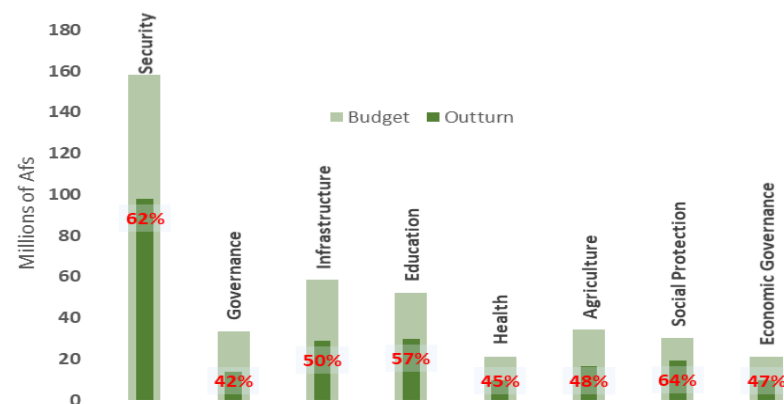
MACRO FISCAL OUTTURN REPORT

Quarter 3, 1397

ANDS Expenditures



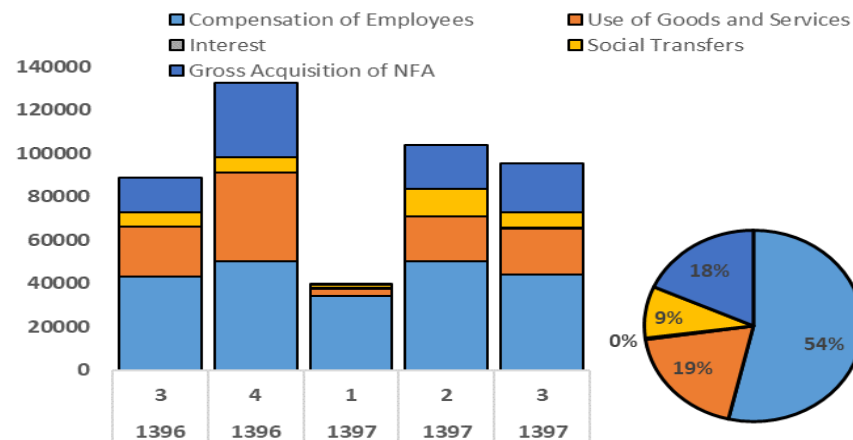
Budget Execution Rate



Revenue Summary



Expenditure Summary by Inputs



Executive Summary

The economy of Afghanistan continued to recover from its downturn. 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 economy projection for FY1398 is 3 percent. In the third quarter, growth in agriculture sector recovered and grew by around 3.8 percent despite the drought. Similarly growth in industry and services continued to grow. The average inflation rate slightly increased to 0.5 percent in the third quarter from -0.9 percent in 1397. And the local currency continued to depreciate highly against the US dollar by 2.3 Afghani during this quarter and reached to 75.2 per US dollar, which is record as the highest rate against the US dollar, and is expected to stabilize by 75 per US dollar in the next quarter.

Domestic revenue mobilization is continuing to perform well during the last quarters. By end of FY1396, share of domestic revenues equaled to around 12 percent of GDP and is expected to increase by end of current year. In the beginning of FY1397, government restored its confidence and set the internal revenue target of Afs 187.6 billion, and the IMF target was set to Afs 173.5 billion. But with the start of third quarter, the office of the President set a new target of Afs 223.5 billion for end of the year. Although the government put efforts to implement reforms in tax administration and collections; and the performance so far is on the right track based on the IMF target, but it is expected that we cannot balance the President's target by the end of the fiscal year. In the table 1, the performance of revenue collection in the third quarter of FY1397 was based on the IMF target.

Total revenue collection (including grants) till the end of the third quarter (YTD) of 1397 was Afs 268.2 billion, of which Afs 131.7 billion comes from domestic source. Revenue collection including grants has increased by 9 percent as a result of high in donor grants. Similarly, domestic revenue collection (excluding grants) till the end of third quarter was 9 percent more collection than the same period in 1396. The major contributor in domestic revenue so far was tax revenue as Afs 50.7 billion, following Afs 35.8 billion of non-tax revenue, and Afs 25.3 billion of customs duties.

On the other side, the government spending in the third quarter was also same as the third quarter of FY1396. Total expenditure till the end of the third quarter amounted to Afs 195.5 billion, which constitutes 47.8 percent of the total adjusted budget for the year 1397. 65.7 percent of total expenditure was spent on wages and salaries and 23.3 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 274 billion, and until the end of the third quarter, the budget was adjusted by an increase of 0.5 percent from the original budget. In the adjusted budget there is little increase in the use of compensation of employees.

Table 1. GFS Summary

	1396 Q3	1396 Q3 YTD	1397 Budget	1397 Q3	1397 Q3 YTD
Revenue	101,934	245,781	363,774	101,707	268,226
Tax Revenue	27693	81986	119920	22750	76117
Non-Tax Revenue	11795	34864	48248	24033	51605
Grants	61259	125478	190373	53669	136501
Social Contributions	1187	3453	5234	1254	4003
Expenditure	72885	193604	315516	72747	195593
Wages and Salaries	43444	124697	191041	44267	128576
Goods and Services	22765	50108	94836	21288	45586
Interest	103	323	1450	117	517
Grants and Transfers	6574	18476	28190	7076	20914
Overall Operating Balance	29049	52177	48257	28960	72633
Primary Operating Balance	29152	52499	49707	29076	73150
Gross Acquisition of Fixed Assets	16134	34193	89361	22610	43861
Net Acquisition of Fixed Assets	16032	34036	89361	22604	43842
Overall Balance	13017	18141	-41104	6356	28790
Primary Balance	13120	18464	-39654	6473	29308
Gross Acquisition of Financial Assets	-12768	-16496	41104	-1359	-13612

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

Table 2. Adjustments in the Budget

	Original Budget	Adjusted Budget	Change %
Operating Only			
TOTAL GROSS EXPENDITURES	224449.5	274136.1	22%
RECURRENT EXPENDITURES	224449.5	267481.3	19%
Compensation of Employees	176705.7	191040.9	8%
Use of Goods and Services	47743.8	46905.8	-2%
Interest	0.0	1449.8	#DIV/0!
Social Transfers	0.0	28084.9	#DIV/0!
ACQUISITION OF ASSETS			

Gross Acquisition of NFA	0.0	8104.5	#DIV/0!
Operating and Development			
Security	158416.1	158170.2	0%
Governance	28794.2	33346.7	16%
Infrastructure	53188.9	58419.5	10%
Education	50880.3	52006.6	2%
Health	16024.0	21344.8	33%
Agriculture	32748.9	34376.9	5%
Social Protection	4018.3	30383.1	656%
Economic Governance	7785.8	21123.9	171%
Unclassified	55402.5	0.0	-100%
TOTAL	407258.8	409171.7	0%

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 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. In the third quarter, growth in agriculture sector recovered and grew by around 3.8 percent despite drought. Industry and Service sectors improved slightly, and are projected to reach 3.8 percent and 5.8 percent by end of FY1397 respectively. 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 till the presidential election expected in the upcoming April settle down.

Following a decrease in economic growth, the average inflation rate raised to 0.5 percent in the third quarter from -0.9 percent in 1397. Increase in the inflation rate in the third quarter was driven by increases in non-food prices, particularly of oil and gas. 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 an average of 2.3 percent from the start of second quarter to the end of the third quarter. The highest depreciation was in the month of Sunbula. It is expected to stabilize to Afs 75.5/USD by the end of the year. The dollar appreciation has not only observed 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.

The overall price index rose by 0.5 percent till the end of the third quarter from negative 0.9 percent of the second quarter FY1397. The slight increase was mainly due to the raise in the price of both food and non-food items. The increase in the price of non-food items are driven mostly by the high cost of oil, gas, and other commodities in the market. Similarly, the prices of food items such as fresh and dried fruits, vegetables, spices and meat also increased slightly during this quarter. For the fourth quarter of 1397, it is estimated that the CPI will continue to rise due to winter season as the prices of both food and non-food items will rise. The increase in BRT and tariff for several imported items as well as the depreciation of the currency 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
Real GDP Growth - Factor Price	2.4%	4.7%	3.0%
Real GDP Growth - Market Price	2.9%	2.2%	3.0%
Nominal GDP Level (Afs bn)	1,384.9	1,485.6	1,564.0
NGDP by Sector			
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

% - Q-o-Q	1396	1396	1397	1397	1397
	Q3	Q4	Q1	Q2	Q3
CPI Rate (average)	-1.4%	1.3%	-0.5%	-0.9%	0.5%
Food	-3.4%	1.4%	-0.9%	-2.1%	-0.2%
Non-Food	0.5%	1.2%	-0.2%	0.2%	1.1%

The economy of Afghanistan is continued to recover in the third quarter. Although the GDP growth for the year FY1397 is estimated 2.2 percent, 0.7 percent lower than FY1396, but it will recover by the end of the year. 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 by 3.8 percent and 5.8 percent respectively.

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

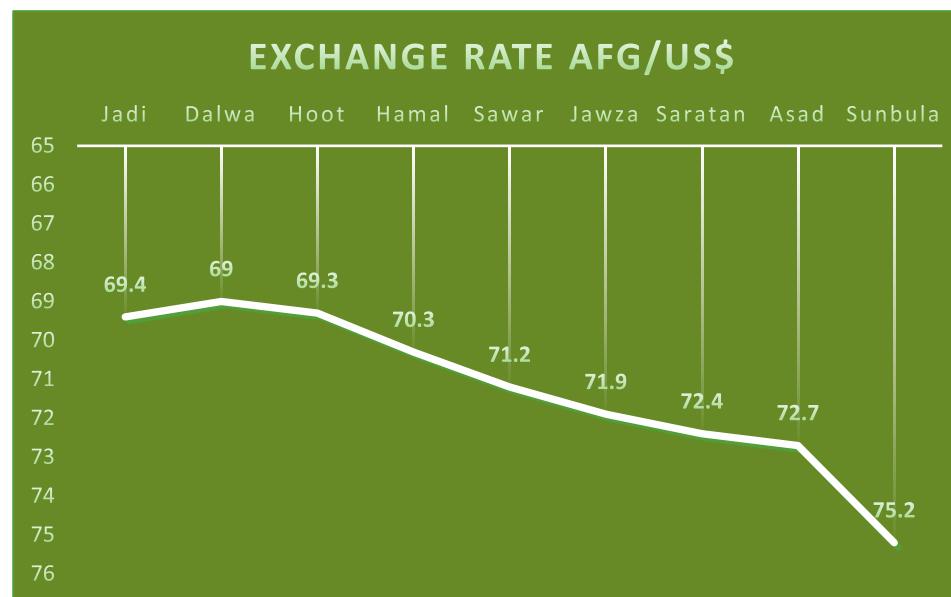
Rapid import and export growth continued in FY1397. Exports in the second quarter were Afs 146.8 million, and imports were Afs 1,766.9 million. In the third quarter, both export and imports are expected to continue to growth rapidly. Export growth is mainly due to high-value of fresh and dry fruit products 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.

Exchange Rate

The Afghani currency continued to depreciate massively against the US dollar in the third quarter of FY1397. The local currency depreciated in an average of 2.3 Afghani more against the US dollar during third quarter and the lowest rate was Afs 75.2 per US dollar was recorded in the month of Sunbula. Depreciation of Afghani was driven mainly because of capital outflows associated with political uncertainties, dollar currency smuggling into Iran, and the higher price of US dollar in the international market. Based on projection, the local currency will stabilize at 75 per US dollar in the fourth quarter of the year.

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, there is possibility 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 third quarter of FY-1397 was 9 percent more as compared to the same quarter in FY1396. So far the collection including grants is 74 percent of the total target revenue. The collection in the third quarter of FY1397 improved, compared to the same period in FY1396, this was driven mainly by the government's reforms, enhancements 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 FY1396.

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 end of the third quarter of FY1397 was Afs 131.7 billion, an increase of 9 percent over the same period (till end of third quarter) of FY1396. Total YTD revenue collections (excluding grants) for

the third quarter of FY1397 were 76 percent of the total revenue targeted. The major contribution to revenue collection was from tax revenue of Afs 50.7 billion, non-tax revenue with Afs 35.8 billion, and customs duties with Afs 25.3 billion. Besides higher revenue collection in the third quarter of FY1397, donor grants also increased by 9 percent, therefore total revenue including grants is much higher than the third quarter of previous year.

Table 5. Revenue Summary

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Budget	1397 Q3	1397 Q3 YTD	% Target	% Change on 1396
Revenues Including Grants	101,934	245,781	363,774	101,707	268,226	74%	9%
Revenues Excluding Grants	40,675	120,302	173,401	48,038	131,725	76%	9%
Revenue (without customs)	31,695	93,672	134,241	39,445	106,361	79%	14%
Tax Revenues (without customs)	18,714	55,355	80,760	14,158	50,753	63%	-8%
Fixed Taxes	3,046	9,046	13,835	3,007	8,894	64%	-2%
Income Taxes	6,119	20,023	27,469	3,621	17,634	64%	-12%
Property Taxes	98	333	468	32	336	72%	1%
Sales Taxes	8,698	23,844	36,065	7,377	22,833	63%	-4%
Other Taxes	-	-	2,924	-	-	0%	-
Customs Duty, Import Taxes	8,979	26,631	39,160	8,592	25,364	65%	-5%
Non Tax Revenue	10,674	31,591	42,951	12,531	35,859	83%	14%
Income from Capital Property	714	2,061	2,020	926	2,362	117%	15%
Sales of Goods and Services	1,660	5,635	8,847	1,970	5,973	68%	6%
Administrative Fees	7,269	21,929	28,479	8,346	25,333	89%	16%
Royalties	97	286	452	145	295	65%	3%
Non Tax Fines and Penalties	214	519	934	192	440	47%	-15%
Extractive Industry	719	1,161	2,219	953	1,457	66%	25%
Miscellaneous Revenue	1,121	3,272	5,296	11,502	15,745	297%	381%
Social Contributions	1,187	3,453	5,234	1,254	4,003	76%	16%
Grants	61,259	125,478	190,373	53,669	136,501	72%	9%
Foreign Governments	39,622	85,764	115,699	28,959	93,392	81%	9%
International Organisation	21,637	39,714	74,674	24,710	43,109	58%	9%
Other Government Units	-	-	-	-	-	-	-

Revenues Collection by Agencies

Revenue growth is likely to slow down 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 come under pressure in the context of the parliamentary election based on the experience of past election. Revenue collection through the Ministry of Finance's collectorate show slightly higher collection performance (4 percent higher) over collection for the same period of FY1396 (see table 6). Mustofiats is the first top performer with 452 percent higher collection compared with same period of previous year, the second performer is LTO with 37 percent higher collection, while the Customs and other Ministry of Finance agencies have lower collection than the same period in previous year.

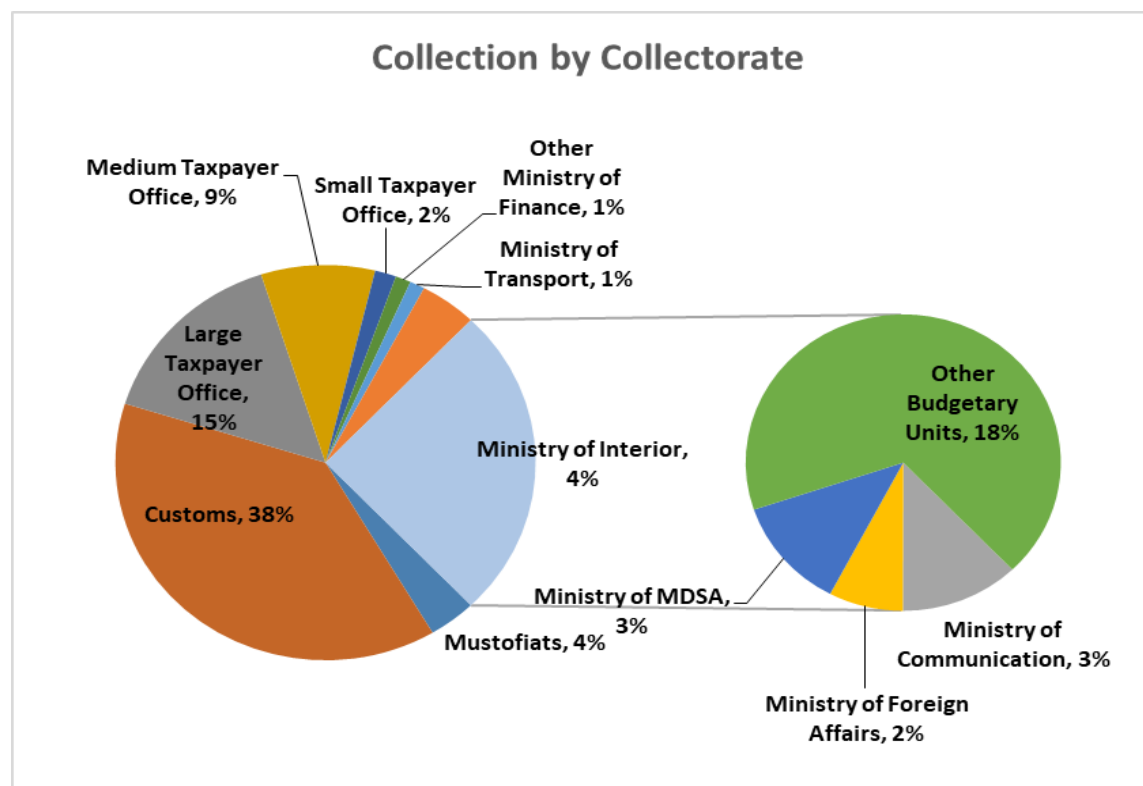
Among other key ministries, the Ministry for Foreign Affairs collection drop to -42 percent. Similarly, the Ministry of Martyrs, Disabled and Social Affairs (MDSA) revenue collection was 31 percent less than the same period collection in FY1396 respectively. While the Ministry of Transport, and Communication have the higher collection by 17 percent, 15 percent respectively. These figures will more likely be changed after reconciliation and reclassification.

Table 6. Revenues by Collectorate

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	% Change on 1396
Ministry of Finance	29728	89106	30875	90629	4%
Mustofiats	447	3291	2470	4823	452%
Customs	17961	52698	15789	50500	-12%
Large Taxpayer Office	5958	16836	8165	20034	37%
Medium Taxpayer Office	3768	11555	4073	11551	8%
Small Taxpayer Office	829	2558	758	2167	-9%
Other Ministry of Finance	765	2166	-381	1554	-150%
Other Key Ministries	10947	31197	17163	41096	57%
Ministry of Transport	430	1225	504	1521	17%
Ministry of Interior	1753	5741	1735	5785	-1%
Ministry of Communication	1362	3887	1568	4132	15%
Ministry of Foreign Affairs	1207	2266	700	2579	-42%
Ministry of MDSA ¹	1848	3641	1269	4112	-31%
Other Budgetary Units	4347	14437	11387	22968	162%

1/ Martyrs, Disabled and Social Affairs

Figure 2: Revenue collection by collectorate



Revenues Collection by Key Provinces

Revenue collection by province shows all types of revenues collecting during a quarter, as showed in table 7 below. Typically, the provinces close to borders collected higher revenue than other provinces because of the large amount of export and import (without the customs offices) cross the border province and generated higher revenue through custom duty. The collection by the key provinces bordered by neighboring countries had higher collections compared with non-border provinces. Among these provinces, Faryab and Nangarhar provinces had the highest collection, with an increase of 19 percent and 17 percent over the same quarter in FY1396. While, Nimroz and Kandahar as other key provinces had lower collections, due to political uncertainty.

Table 7. Revenue from All Provinces

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Est. Target	1397 Q3	1397 Q3 YTD	% Target	% Change on 1396
REVENUES exc. grants	40,776.3	120,302.6	173,401.0	44,043.6	127,751.2	74%	6%
Badakhshan	76	249	359	87	252	70%	1%
Badghis	39	97	140	37	127	91%	31%
Baghlan	102	306	441	101	324	74%	6%
Balkh	3,339	10,129	14,599	3,207	10,325	71%	2%
Bamyan	49	143	207	65	220	106%	53%
Central Ministries	18,363	53,190	76,667	21,049	59,726	78%	12%
Dikondy	28	82	118	39	105	89%	28%
Farah	1,176	3,764	5,426	1,003	3,075	57%	-18%
Faryab	1,055	2,382	3,434	1,253	3,164	92%	33%
Ghazni	95	314	453	101	345	76%	10%
Ghor	36	101	145	38	119	82%	18%
Helmand	159	515	742	152	540	73%	5%
Herat	5,999	16,370	23,596	6,284	17,302	73%	6%
Jawzjan	76	239	344	109	299	87%	25%
Kabul	705	2,327	3,355	728	2,166	65%	-7%
Kandahar	1,610	5,143	7,414	1,662	5,606	76%	9%
Kapisa	42	132	190	50	156	82%	19%
Khost	120	286	413	299	588	142%	105%
Kunar	66	204	294	74	218	74%	7%
Kunduz	387	977	1,409	334	1,040	74%	6%
Laghman	57	178	256	65	201	79%	13%
Logar	37	123	177	42	126	71%	3%
Nangarhar	3,953	11,565	16,670	4,610	13,405	80%	16%
Nimroz	2,376	8,356	12,044	1,700	5,563	46%	-33%
Nuristan	9	36	52	24	46	90%	29%
Offshore Payments	0	0	0	0	0	-	-
Paktika	82	311	448	101	240	54%	-23%
Paktiya	327	773	1,114	357	1,135	102%	47%
Pangsher	25	112	162	26	93	57%	-17%
Parwan	100	290	418	126	309	74%	7%
Samangan	42	815	1,175	49	158	13%	-81%
Saripul	45	119	171	41	135	79%	14%
Takhar	106	302	436	109	329	76%	9%
Uruzgan	15	43	63	30	65	103%	49%
Wardak	57	151	217	63	170	78%	13%
Zabul	24	179	258	28	81	31%	-55%

Table 8. Revenues by key province

In millions of Afghanis	1396	1396	1397	1397	1397	% Target	% Change
	Q3	Q3 YTD	Est. Target	Q3	Q3 YTD		on 1396
Kabul	705	2327	3355	728	2165	22%	3%
Nangarhar	3953	11565	16670	4610	13404	28%	17%
Balkh	3339	10129	14599	3207	10325	22%	-4%
Kandahar	1610	5143	7414	1662	5606	22%	3%
Faryab	1055	2382	3434	1253	3164	36%	19%
Herat	5999	16370	23596	6284	17302	27%	5%
Nimroz	2376	8356	12044	1700	5563	14%	-28%
Central Ministries	18229	52914	76667	21317	59373	28%	17%

Grants

Donor grants support to core budget which finances major expenditures items in both operating and development budget. The grants reimbursement which is added with the domestic revenue make up to total available resources for the government. Total revenue including grants till the end of the third quarter amounted to Afs 268.2 billion out of which Afs 136.5 billion was grants.

Table 9a presents the operational grants for the third quarter of FY1397. Afghanistan Reconstruction Trust Fund as the largest component consisted of 28 percent of total grants in the third quarter, which was 34 percent for the same fiscal period in 1396. ARTF spending is slightly less compared to 1396. Funds released from LOTFA was 21 percent of the total funds in the third quarter of 1397. CSTC-A in the Ministry of Defense related grants increased by 45 percent in the third quarter from 37 percent in the same period of 1396, CSTC-A resource at the Ministry of Interior increased by only 3 percent in 1397.

Table 9b presents the largest development projects financed through grants during the third quarter of FY1397. **Donors' Discretionary Fund for Development Projects** is the first largest grant provided with Afs 6.6 billion disbursement during the third quarter. The second largest project is **Basic package of health service**, which disbursed Afs 5.2 billion by the end of the third quarter of FY1397.

Table 9a. Operating Grants

All Values are in Million Afs	1396	1396	%	1397	1397	%
	Q3	Q3 YTD	Total	Q3	Q3 YTD	Total
Afghanistan Reconstruction Trust Fund (ARTF)	15,456	26,226	34%	992	23,975	28%
Law & Order Trust Fund (LOTFA)	6,187	19,948	26%	5,574	18,033	21%
CSTC-A ¹ MoD	9,805	28,740	37%	12,533	38,045	45%
CSTC-A ¹ MoI	0	2,634	3%	1,596	4,981	6%

1/ Combined Security Transitional Command Afghanistan

Table 9b. Largest Development Grants for the YTD

All Values are in Million Afghani	Code	1397 YTD
Donors' Discretionary Fund For Development Projects	20000	6,631
Basic Package of Health Services and the Essential Package of Hospital Services	30750	5,215
Higher Education Development Program	32720	1,909
Capacity Building Commercialization (CBC) Part 1 Distribution System	38200	1,827
	48920	1,694
	30872	1,579
Technical Assistance for Preparation and implementation of line Ministry Capacity Building programs	30591	1,537
	30571	1,446
	30940	1,321
Rehabilitation of Irrigation systems	30581	1,196
	32810	1,187
New 500 KV transmission Line from Turkmenistan - Andkhoy and From Andkhoy - Sheberghan new 220KV transmission line from Sheberghan - Mazar e Sharif	35430	1,167
Reconstruction and Rehabilitation of Road on Heart Province	40831	1,067
	35520	990
	35560	904
Baghlan to Bamyan road rehabilitation Project	32700	838
Reconstruction and Widening of the approximately 50 Km to Sapary Road	35260	777
Reconstruction of Section 2 of the Kabul Jalalabad Road (106 Km)	35360	750
Institutional Development	41220	628
On Farm Water Management	30610	571

Expenditure Performance

Operating and Development Expenditure

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 third quarter of 1397 and 1396. The total operating expenditure has decreased by 6 percent compared to the same period in 1396. Some components of the operating expenditure increased, while others decreased in the third quarter i.e. expenditures on compensation of employees and social transfers, increased by 2 percent and 7 percent respectively, but expenditures on Use of Goods and Services decreased by 40 percent. Table 11 shows that development expenditures increased by 41% compared to the third quarter of 1396. Discretionary expenditures increased by 26 percent and non-discretionary expenditure increased by 56 percent. The big changes is on Subsidies, Grants, and Social Expenditures as increased highly by 470 percent compared with same quarter of last year; use of goods and services and gross acquisition of NFA in the development expenditure side also increased highly with 41 percent. The increase in development expenditures affect economic growth and employment opportunities in the country positively.

Table 10. Operating Expenditure

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	1397 Budget	1397 Allocated	% Budget.	% Change on 1396
TOTAL GROSS EXPENDITURES	64,780	171,873	60,983	171,308	274,136	273,209	22%	-6%
TOTAL NET EXPENDITURES (2)	64,679	171,716	60,976	171,289				
RECURRENT EXPENDITURES								-
Compensation of Employees	43,444	124,697	44,267	128,576	191,041	190,566	23%	2%
Wages and Salaries	42,680	122,421	42,753	124,952				0%
o/w Wages and Salaries in Cash	33,703	100,188	35,242	108,724				5%
o/w Wages and Salaries in Kind	7,563	17,842	6,714	13,985				-11%
Social Benefits	833	2,456	1,659	3,893				99%
Other Compensation	-69	-180	-145	-268				
Use of Goods and Services	13,354	26,230	8,034	17,999	46,906	46,683		-40%
Travel	655	1,748	716	1,936				9%
Food	965	1,932	1,160	1,820				20%
Contracted Services	455	1,113	633	1,459				39%
Repairs and Maintenance	1,377	2,607	1,346	2,203				-2%
Utilities	1,325	2,607	796	2,623				-40%
Fuel	2,952	8,289	1,226	3,707				-58%
Tools and Materials	1,571	2,626	1,091	2,222				-31%
Other Use of Goods and Services	4,054	5,307	1,066	2,030				
Interest	103	323	117	517	1,450	1,450	8%	13%
To Non-Residents								

Social Transfers	6,560	18,269	6,999	20,813	28,085	28,085	25%	7%
Subsidies	350	1,050	350	1,050				0%
Grants	102	184	114	333				11%
<i>Foreign Grants</i>	101	168	102	309				
<i>Current Grants</i>	1	16	12	24				
Social Security	5,939	16,554	6,335	18,694				7%
Other Social Transfers	169	481	201	736				19%
o/w Social Assistance	5	11	1	5				-83%
o/w Advance Subsidies, Grants	164	470	200	731				22%
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	1,218	2,197	1,560	3,383	8,104	7,875		28%
Net Acquisition of NFA ¹	1,116	2,040	1,553	3,364				39%
Sale of Land and Buildings	-102	-157	-7	-19				-93%
Buildings and Structures	730	1,383	678	2,194				-7%
Machinery / Equipment (>50,000)	338	499	733	894				117%
Valuables	0	0	0	0				-61%
Land	149	305	134	281				-10%
Capital Advance Payments	1	9	14	14				2174%

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

Table 11. Development Expenditure Summary

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	1397 Budget	1397 Allotted	% Budget.	% Change on 1396
TOTAL GROSS EXPENDITURES	24,340	56,082	34,381	68,165	129,292	128,455	27%	41%
Discretionary Budget	11,806	24,364	14,820	28,257			-	26%
Non-discretionary Budget	12,535	31,717	19,561	39,909			-	56%
TOTAL NET EXPENDITURES (2)	24,238	55,924	34,374	68,146				
Use of Goods and Services	9,411	23,878	13,254	27,587	47,930	47,735	28%	41%
Travel	152	324	144	302				
Communications	0	0	9	10				
Contracted Services	7,326	17,716	10,864	22,787				
Repairs and Maintenance	0	0	239	307				
Utilities	1	1	20	52				
Fuel	15	40	36	55				
Other Use of Goods and Services	1,917	5,797	1,942	4,073				
o/w Tools and materials (< 50,000)	0	0	0	0				
o/w Other Expenses	76	234	190	379				
o/w Advances and Return of Expenditure	1,231	4,374	909	2,419				
Subsidies, Grants, Social Expenditures	13	208	76	101	105	105		470%

ACQUISITION OF ASSETS

Gross Acquisition of NFA	14,916	31,996	21,051	40,478	81,257	80,615	26%	41%
Net Acquisition of NFA ¹	14,814	31,839	21,044	40,459				
Sale of Land and Buildings	-102	-157	-7	-19				
Buildings and Structures	9,916	21,510	15,382	28,237				
Machinery / Equipment (>50,000)	2,653	5,773	5,385	9,703				
Valuables	0	0	0	0				
Land	9	11	0	1				
Capital Advance Payments	2,337	4,702	284	2,536				

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

Expenditure by Economic Sectors

Table 12 presents comparison of sector-wise expenditures for the third quarters of 1397 and 1396. These sectors include Security, Governance, Education, Health, Agriculture, Social Protection, Infrastructure and Economic Governance. Looking at the expenditures, the table shows that the gross expenditure in the third quarter of 1397 is 5 percent higher than in the same quarter in 1396. The sector-wise expenditure is provided both for operating and development budget. Operating budget expenditure shows 8 percent decrease and development budget expenditure shows 41 percent increase compared with the last year same period.

The execution performance of most sectors has improved. Among all, expenditure on Governance and Health sectors increased by 47 percent each, Education sector increased by 5 percent, Agriculture and social protection sectors increased by 4 percent, while expenditure on Economic Governance and Security sectors decreased by 26 and 10 percent respectively. The increases in expenditure affected the economic growth and human development positively. The overall budget spending on each sector in the third quarter is in line with the government priorities.

Table 12. ANDS Expenditures

In millions of Afghanis	1396	1396	1397	1397	1397	1397	%	% Change
	Q3	Q3 YTD	Q3	Q3 YTD	Budget	Allocated		on 1396
TOTAL GROSS EXPENDITURES	88,192	226,134	93,039	234,399	409,172	407,411	58%	5%
Operating Budget	64,348	170,704	59,460	167,333	281,016	280,092	60%	-8%
Development Budget	23,844	55,430	33,579	67,066	11,015	9,293	722%	41%
Security	35,682	98,023	31,985	93,206	158,170	157,414	59%	-10%
Operating Budget	35,395	97,211	31,369	91,745	155,076	154,319	59%	-11%
Development Budget	288	812	616	1,461	3,095	1,408	104%	114%
Governance	5,273	13,885	7,740	18,743	33,347	33,256	56%	47%
Operating Budget	4,651	12,856	5,924	15,542	25,426	25,372	61%	27%
Development Budget	622	1,029	1,816	3,201	7,921	7,885	41%	192%
Infrastructure	11,223	28,998	15,629	32,241	58,419	57,830	56%	39%

Operating Budget	1,755	4,191	1,301	2,904	5,524	5,520	53%	-26%
Development Budget	9,468	24,807	14,329	29,337	0	0	#DIV/0!	51%
Education	11,214	29,800	11,727	30,214	52,007	51,933	58%	5%
Operating Budget	9,573	26,169	10,313	27,506	43,550	43,476	63%	8%
Development Budget	1,641	3,631	1,415	2,708	0	0	#DIV/0!	-14%
Health	4,395	9,575	6,468	12,611	21,345	21,338	59%	47%
Operating Budget	1,002	2,735	1,273	2,851	4,710	4,707	61%	27%
Development Budget	3,393	6,840	5,195	9,760	0	0	#DIV/0!	53%
Agriculture	7,616	16,663	7,914	17,748	34,377	34,176	52%	4%
Operating Budget	769	2,099	885	2,339	3,352	3,345	70%	15%
Development Budget	6,847	14,564	7,028	15,409	0	0	#DIV/0!	3%
Social Protection	7,043	19,304	7,334	21,640	30,383	30,371	71%	4%
Operating Budget	6,719	18,661	7,147	21,016	29,084	29,075	72%	6%
Development Budget	324	643	187	623	0	0	#DIV/0!	-42%
Economic Governance	5,746	9,885	4,241	7,996	21,124	21,093	38%	-26%
Operating Budget	4,484	6,782	1,248	3,430	14,295	14,278	24%	-72%
Development Budget	1,262	3,104	2,993	4,567	0	0	#DIV/0!	137%
Unclassified	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-

Expenditure by COFOG

Table 12 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 third quarter of 1397 was Afs 87.3 billion. This shows a decrease of 1% from the same quarter of 1396. Recurrent expenditure decreased by 6 percent while capital expenditure has increased by 19 percent. Spending on the functions such as 'Public order Safety, Environmental Protection, and Recreation, Culture and Religion have decreased in the third quarter of 1397, whereas spending on Defense, Economic Affairs, General Public Services, Housing and Communal Amenities, Health, Education and social protection has increased. Overall, total net expenditure in the third quarter has decreased as compared to the same period in 1396.

Table 13. COFOG Expenditure

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1396 % Total	1397 Q3	1397 Q3 YTD	1397 % Total	% Change
TOTAL NET EXPENDITURE	88,236	227,856	100%	87,371	221,899	100%	-1%
Sale of Land and Buildings	-102	-157	0%	-7	-19	0%	-93%
TOTAL GROSS EXPENDITURE	88,338	228,014	100%	87,377	221,918	100%	-1%
RECURRENT EXPENDITURE	72,229	193,875	85%	68,133	184,659	83%	-6%
CAPITAL EXPENDITURE	16,109	34,138	15%	19,244	37,260	17%	19%
General Public Services	15,684	36,592	16%	17,315	36,300	16%	10%
Recurrent Expenditure	11,900	28,294	12%	10,075	24,199	11%	-15%
Capital Expenditure	3,784	8,298	4%	7,240	12,102	5%	91%
Defense	19,523	54,616	24%	19,695	58,479	26%	1%
Recurrent Expenditure	19,192	54,124	24%	19,068	57,579	26%	-1%
Capital Expenditure	332	492	0%	627	900	0%	89%
Public Order and Safety	16,741	44,703	20%	11,079	31,585	14%	-34%
Recurrent Expenditure	16,499	44,234	19%	10,662	30,651	14%	-35%
Capital Expenditure	242	469	0%	417	934	0%	72%
Economic Affairs	12,733	30,780	13%	13,152	29,970	14%	3%
Recurrent Expenditure	3,528	11,800	5%	4,581	12,097	5%	30%
Capital Expenditure	9,205	18,981	8%	8,572	17,873	8%	-7%
Environmental Protection	316	1,041	0%	107	274	0%	-66%
Recurrent Expenditure	54	144	0%	57	153	0%	5%
Capital Expenditure	262	896	0%	51	120	0%	-81%
Housing and Communal Amenities	932	2,709	1%	1,095	2,936	1%	17%
Recurrent Expenditure	211	604	0%	341	799	0%	62%
Capital Expenditure	721	2,105	1%	754	2,137	1%	5%
Health	4,428	9,660	4%	6,530	12,742	6%	47%
Recurrent Expenditure	3,958	8,757	4%	5,885	11,156	5%	49%
Capital Expenditure	470	903	0%	646	1,586	1%	37%
Recreation, Culture and Religion	801	1,916	1%	769	1,899	1%	-4%
Recurrent Expenditure	626	1,638	1%	619	1,629	1%	-1%
Capital Expenditure	175	279	0%	150	269	0%	-14%
Education	10,837	28,798	13%	10,835	28,208	13%	0%
Recurrent Expenditure	10,017	27,217	12%	10,122	26,999	12%	1%
Capital Expenditure	821	1,581	1%	714	1,209	1%	-13%
Social Protection	6,343	17,199	8%	6,799	19,526	9%	7%
Recurrent Expenditure	6,245	17,063	7%	6,725	19,396	9%	8%
Capital Expenditure	98	136	0%	74	130	0%	-24%

Expenditure Summary by Inputs

Table 14 presents expenditure based on the major code level. In the third quarter of 1397, the highest spending was in Compensation of Employees section with 67 percent, while the lowest spending was on 'interest' with a share of 8 percent in total expenditure. Spending for almost all codes had increased as compared to the same quarter in 1396.

Table 14. Expenditure Summary by Input

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Budget	1397 Allocated	1397 Q3	1397 Q3 YTD	% Growth on 1396	% Budget.
TOTAL GROSS EXPENDITURES	89019	227797	404878	403114	95358	239454	7%	
Operating Budget	64679	171716	288183		61287	171289	-5%	59%
Development Budget	24340	56082	116694		34381	68165	41%	58%
Discretionary Budget	11806	24364			14820	28257	26%	
Non-discretionary Budget	12535	31717			19561	39909	56%	
TOTAL NET EXPENDITURES	88917	227640			95351	239435	7%	
RECURRENT EXPENDITURES	72885	193604			72747	195593	0%	
Compensation of Employees	43444	124697	191041	190566	44267	128576	2%	67%
Wages and Salaries	42680	122421			42753	124952	0%	
Social Benefits	833	2456			1659	3893	99%	
Other Compensation	-69	-180			-145	-268		
Use of Goods and Services	22765	50108	94836	94418	21288	45586	-6%	22%
Travel	807	2072			860	2238	7%	
Food	965	1932			1169	1831	21%	
Contracted Services	7781	18829			11497	24246	48%	
Repairs and Maintenance	1377	2607			1585	2510	15%	
Utilities	1326	2608			816	2675	-38%	
Fuel	2967	8329			1261	3762	-57%	
Tools and Materials	2181	3815			1934	3496	-11%	
Other Use of Goods and Services	5360	9915			2165	4828	-60%	
Interest	103	323	1450	1450	117	517	13%	8%
Social Transfers	6574	18476	28190	28190	7076	20914	8%	25%
Subsidies	350	1049			350	1050	0%	
Grants	115	222			190	434	64%	
<i>Foreign Grants</i>	101	168			102	309		
<i>Current Grants</i>	14	54			88	125		
Social Security	5939	16554			6335	18694	7%	
Other Social Transfers ¹	169	651			201	736	19%	
ACQUISITION OF ASSETS								
Gross Acquisition of NFA	16134	34193	89361	88490	22610	43861	40%	25%
Net Acquisition of NFA²	16032	34036			22604	43842	41%	
Sale of Land and Buildings ³	-102	-157			-7	-19	-93%	
Buildings and Structures	10646	22893			16061	30432	51%	
Machinery / Equipment	2991	6273			6118	10597	105%	

Valuables	0	0	0	0	-61%
Land	159	317	134	282	-15%
Capital Advance Payments	2338	4711	298	2551	-87%

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 4.6 percent increase in the debt stock from the end of the second quarter to the end of the third quarter of 1397. The debt stock has increased by only 9 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 157,617 million after 9 percent increase as compared to the same quarter in 1396. The international organizations debt ratio increase by 13 percent compared to the same period of last year in which 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 6 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 Q3	1397 Q2	1397 Q3	% Change	
				YoY	QoQ
EXTERNAL	143,952	150,729	157,617	9%	4.6%
International Organizations	76,309	81,066	85,947	13%	6.0%
IMF	5322.9	5,246	5,247	0%	-
World Bank	23622.9	25,214	26,928	7%	-
Islamic Development Bank	3,117	3,327	3,478	12%	4.6%
Asian Development Bank	44,129	47,162	50,174	14%	6.4%
Others	117	117	121	3%	3.0%
Foreign Governments	67,643	69,663	71,670	6%	2.9%
Russian Federation	61,278	62,425	64,286	5%	3.0%
Saudi Fund	3,596	4,372	4,439	23%	1.5%
Others	2,769	2,865	2,945	6%	2.8%

DOMESTIC	22,999	15,070	15,070	-34%	0.0%
Bonds (Non-Tradable)	22,999	15,070	15,070	-34%	0.0%
Commercial Banks	0%	0%	0%	-	-
TOTAL CENTRAL GOVERNMENT DEBT	166,951	165,799	172,687	3%	4.2%

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 third 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.

Table 16 shows the fiscal sustainability indicators. Compared to the third quarter of 1396, the share of domestic revenue in total revenue collection has increased by 9 percent. Whereas, the share of grants in total revenues has decreased by 9 percent. The government efforts to finance its operating expenses from the domestic sources. In this quarter, the operating expenditures financed by domestic revenue have significantly decreased compared to the second quarter of 1397.

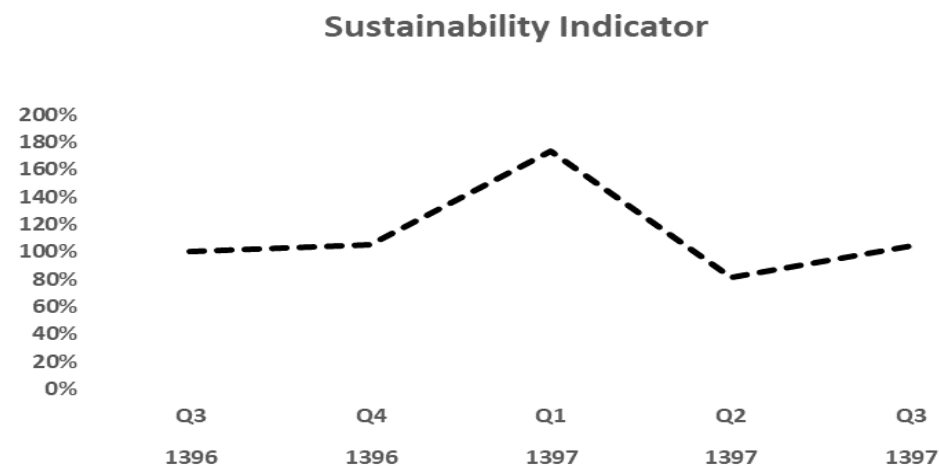
In the third quarter of the current year, government has been able to finance 46 percent of salaries which is 2 percent lesser than the second quarter of the current year. As the grants and donor assistance is gradually draining, the government needs to resort to borrowing to finance some of its development 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 0.4 percent.

Table 16. Fiscal Sustainability

	1396 Q3	1396 Q4	1397 Q1	1397 Q2	1397 Q3
Domestic Revenue/Total	51%	63%	59%	54%	60%
Customs Revenue/Total	11%	7%	12%	10%	12%
Grants/Total	49%	37%	41%	46%	40%
Op. Spending/Dom. Rev.	160%	149%	97%	167%	138%
Salaries/Total Expenditure	49%	38%	85%	48%	46%
Interest/Expenditure	0.7%	0.4%	1.0%	0.5%	0.4%
Financing/Expenditure	14.1%	-15.8%	84.2%	-11.4%	2.4%

The overall indicator shows a decline after the first quarter of 1397. The future course of fiscal sustainability depends on strong and stable maroeconomic 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.

Figure 3: Fiscal Sustainability Ratio



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 is consist of domestic grants, domestic revenue, borrowing and sale of assets. As of the third quarter of 1397, considerable changes have occurred in the transactions which affected net worth compared to the same quarter in 1396. Some factors had almost no changes such as revenue including grants, recurrent expenditure, net operating balance and primary operating balance. Whereas, interest payment has increased by 13 percent and financing of non-financial assets has increased by 41 percent. On the other hand, the gap between lending and borrowing has decreased by 51 percent and financing has also decreased by 89 percent. Furthermore, the net acquisition of financial assets and financial liabilities have also decreased at higher rates of each 86 percent and 62 percent, respectively.

Table 17: Summary Transactions Affecting Net Worth

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	% Change on 1396
TRANSACTIONS AFFECTING NET WORTH					
Revenues including Grants	101,934	245,781	101,707	268,226	0%
Expenditures (Recurrent)	72,885	193,604	72,747	195,593	0%
Interest	103	323	117	517	13%
Net Operating Balance	29,049	52,177	28,960	72,633	0%
Primary Operating Balance	29,152	52,499	29,076	73,150	0%
TRANSACTIONS IN NONFINANCIAL ASSETS					
Net Acquisition of Nonfinancial Assets	16,032	34,036	22,604	43,842	41%
Net Lending-Borrowing	13,017	18,141	6,356	28,790	-51%
Financing	-12,768	-16,496	-1,359	-13,612	-89%
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES					
Net Acquisition of Financial Assets	-14,466	-19,031	-1,999	-16,377	-86%
Net Acquisition of Financial Liabilities	1,698	2,534	639	2,764	-62%
RETAINED EARNINGS					
Discrepancies	249	1,644	4,996	15,178	

Table 18 captures the transactions in non-financial sector or property market. In the third quarter of 1397 the purchase of non-financial assets has increased by 41 percent compared to the same quarter in 1396. The purchase of land and buildings have increased by 50 percent whereas, the sale of land and buildings have decreased by 93 percent. Similarly there has been 105 percent increase in purchases of machinery and equipment, whereas; capital advance payments have decreased by 87 percent compared to the same quarter in the previous year.

Table 18. Transactions in Non-Financial Assets

In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	% Change on 1396
NET ACQUISITION OF NONFINANCIAL ASSETS	16,032	34,036	22,604	43,842	41%
Land and Buildings	10,703	23,052	16,188	30,695	51%
Purchase of Land and Buildings	10,804	23,209	16,195	30,714	50%
Buildings and Structures	10,646	22,893	16,061	30,432	51%
Land	159	317	134	282	-15%
Sale of Land and Buildings	-102	-157	-7	-19	-93%
Sale of State-Owned Enterprises	0	0	0	0	-
Machinery and Equipment (>50,000)	2,991	6,273	6,118	10,597	105%
Valuables	0	0	0	0	-61%
Other Acquisitions	2,338	4,711	298	2,551	-87%
Capital Advance Payments	2,338	4,711	298	2,551	-87%

Financial Assets and Liabilities

The transactions in financial assets and liabilities have decreased by 89 percent in the third quarter of 1397 as compared to same quarter in the previous year. This reflects a weak demand for money in financial market. Table 18 indicates that almost all indicators have been negatively affected in the third quarter of 1397 with the exception of pension liabilities which have increased by 83 percent as compared to the same quarter in previous year. Some factors have decreased rapidly as compared to the same quarter in 1396 such as treasury single account, accounts receivables and provincial expenditure accounts. Moreover, the purchasing power to gain foreign currency in financial market has also eroded because of the massive depreciation in Afghani currency.

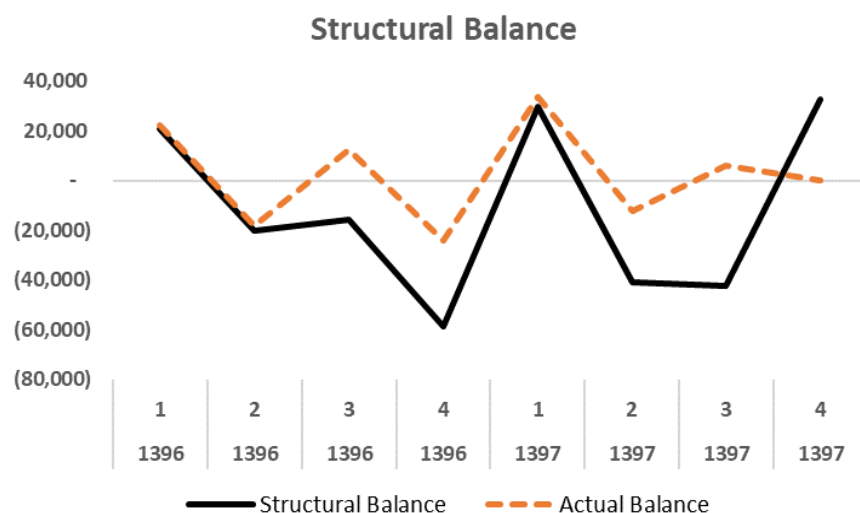
Table 19: Transactions in Financial Assets and Liabilities

27. Transactions in Financial Assets and Liabilities

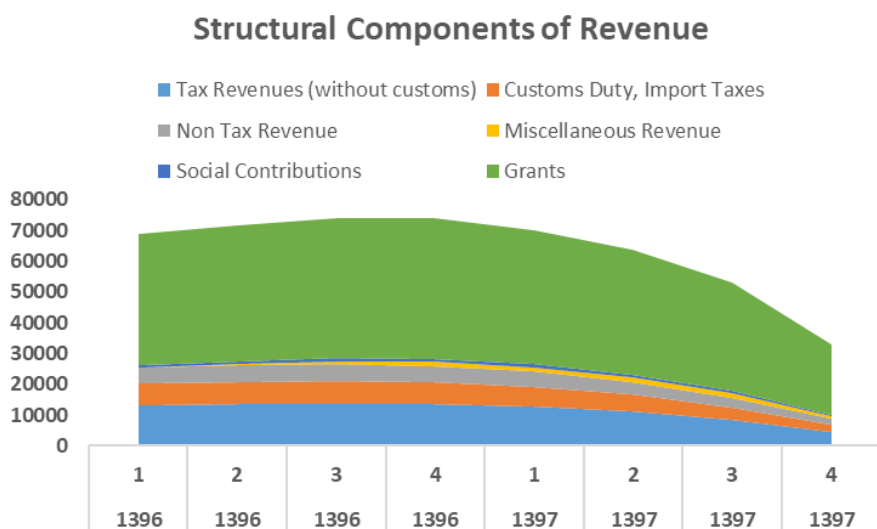
In millions of Afghanis	1396 Q3	1396 Q3 YTD	1397 Q3	1397 Q3 YTD	% Change on 1396
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	12,768	-16,496	-1,359	-13,612	-89%
TOTAL FINANCING					-
Net Acquisition of Financial Assets	14,466	-19,031	-1,999	-16,377	-86%
<i>Domestic</i>	14,466	-19,031	-1,999	-16,377	-86%
Currency and Deposits	12,693	-8,348	-5,471	-8,875	-57%
Treasury Single Account	765	7,331	-5,471	-8,875	-815%
Provincial Revenue Accounts	0	-190	0	0	-
Donor Accounts	13,458	-15,490	0	0	-100%
Other Deposit Accounts	0	0	0	0	-
Loans	1	20	0	0	-100%
Loans	1	4	0	0	-100%
Advances	0	17	0	0	-
Other Accounts Receivable	-100	-184	809	-2,818	-909%
Clearing Accounts	-100	-230	0	0	-100%
Other Current Assets	0	46	809	-2,818	-
Other Assets	-1,674	-10,519	2,664	-4,684	-259%
Provincial Expenditure Accounts	-1,674	-10,507	2,664	-4,684	-259%
Other	0	-12	0	0	-100%
<i>Foreign</i>					-

				-	
Net Acquisition of Financial Liabilities	1,698	2,534	639	2,764	-62%
<i>Domestic</i>	2,113	3,297	714	3,370	-66%
Accounts Payable	572	987	114	219	-80%
Accounts Payable - Suppliers	582	966	129	188	-78%
Accounts Payable - Other	-9	21	-15	30	67%
Pension Liabilities	-23	19	-42	-92	83%
Other Payables	0	0	0	0	-100%
Other Liabilities	1,563	2,290	642	3,243	-59%
<i>Foreign</i>	-415	-762	-74	-606	-82%
Foreign Currency	0	0	0	0	-
Loans	-390	-704	-50	-531	-87%
Currency Gain/Loss	-25	-59	-24	-75	-1%

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.



Throughout 1396, the structural balance has improved, which signifies improvement in revenue collection and reduced share of grants to meet operating expenditure. Similarly, during 1397, the structural balance continued to improve. The revenue collection high contribution to meet expenditures and share of grants reduced highly. 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	%	1397	%	1396	1397	1396	1397	1396	1397	1396	1397
	Q3 YTD		Change	Budget	Budget	Q3 YTD	Q3 YTD	Q3 YTD	Q3 YTD	Q3 YTD	Q3 YTD	Q3 YTD	Q3 YTD
TOTAL	170,704	167,333	-2.0%	281,016	60%	123,958	126,210	25,992	17,472	2,196	2,332	18,557	21,319
Total Security	97,211	91,745	-5.6%	155,076	59%	82,460	81,303	13,106	8,015	590	1,367	1,055	1,060
Ministry of Interior	39,983	30,451	-23.8%	57,569		34,191	26,674	4,541	2,213	202	515	1,050	1,050
Ministry of Defense	40,824	42,312	3.6%	72,063		35,393	39,577	5,236	2,066	194	659	0	10
Ministry of Foreign Affairs	3,450	3,887	12.7%	5,466		2,209	2,391	1,216	1,431	25	65	-0	0
National Security Council	653	820	25.6%	1,096		507	638	135	182	7	0	5	-0
Presidential Protective Service	1,098	1,204	9.6%	1,801		981	1,103	112	91	5	9	0	-0
General Directorate of National Security	11,203	13,071	16.7%	17,081		9,179	10,921	1,868	2,032	156	118	-0	-0
Total Governance, Rule of Law and Human Rights	12,856	15,542	20.9%	25,426	61%	9,853	11,393	2,743	3,145	184	747	77	257
President's Office	0	1,867	-	3,691		0	1,623	0	235	0	8	0	0
National Assembly Meshrano Jirga	353	336	-4.8%	529		304	300	49	37	0	0	-0	0
National Assembly Wolesi Jirga	1,200	1,161	-3.2%	1,659		1,012	1,008	187	153	1	0	0	0
Supreme Court	2,306	2,642	14.6%	3,654		2,203	2,535	97	105	6	2	-0	-0
Ministry of Justice	439	484	10.3%	781		350	389	89	95	0	0	-0	-0
Administrative Affairs	3,455	2,430	-29.7%	3,819		2,396	1,419	891	726	92	28	77	257
Ministry of State and Parliamentary Affairs	85	124	45.6%	195		62	97	16	23	7	4	0	0
Ministry of Haj and Religious Affairs	708	740	4.5%	1,477		526	615	168	121	14	4	-0	-0
Attorney General	1,405	1,675	19.2%	2,493		1,266	1,465	138	178	1	33	0	-0
Election Commission	217	390	79.7%	1,187		149	333	68	57	0	0	0	0
IARCSC	271	328	21.1%	520		194	235	53	83	25	11	0	-0
Independent Commission for Overseeing the Implementation of Cons	44	47	6.2%	78		34	35	10	12	0	0	-0	0
The High office of Oversight and Anti-Corruption	85	46	-46.2%	46		69	40	15	6	0	0	0	0
Independent Directorate of Local Governance	2,196	3,072	39.9%	4,846		1,235	1,226	925	1,237	37	609	-0	0

Afghanistan Independent Human Rights Commission	8	14	79.6%	48		0	0	7	14	0	0	0	0
Independent Electoral Complaints Commission	82	186	125.1%	403		53	74	29	64	0	48	0	0
Total Infrastructure and Natural Resources	4,191	2,904	-30.7%	5,524	53%	1,653	1,696	1,218	1,110	1,320	98	0	0
Ministry of Public Works	2,066	972	-52.9%	1,554		311	318	568	637	1,186	16	0	0
Ministry of Transport and Aviation	196	180	-8.5%	321		121	122	52	34	23	23	0	0
Ministry of Communication	0	0	-	685		0	0	0	0	0	0	0	0
Ministry of Energy and Water	650	544	-16.4%	1,045		344	350	306	150	0	44	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	324	238	-26.4%	457		154	170	66	62	104	6	0	0
Civil Aviation Authority	395	412	4.4%	380		307	321	88	91	0	0	0	-0
Independent Board of new Kabul	32	27	-16.2%	123		3	5	23	17	7	5	0	0
Ministry of Mines and Industries	355	351	-1.3%	667		277	269	77	79	1	3	0	0
Geodesy and Cartography Office	0	0	-	0		0	0	0	0	0	0	0	0
Directorate of Environment	144	150	4.2%	235		111	115	33	35	0	0	-0	0
Afghanistan High Atomic Energy Commission	29	31	5.7%	57		24	26	5	4	0	1	0	-0
Municipalities	0	0	-	0		0	0	0	0	0	0	0	0
Total Education	26,169	27,506	5.1%	43,550	63%	23,858	25,487	2,260	1,977	51	43	0	0
Ministry of Education	21,857	23,037	5.4%	36,003		20,638	22,061	1,202	938	17	37	-0	0
Ministry of Higher Education	3,209	3,487	8.7%	5,760		2,515	2,712	693	774	1	0	0	0
Ministry of Information and Culture	389	386	-1.0%	670		291	297	87	87	11	2	0	-0
Science Academy	165	153	-7.1%	251		149	140	15	13	1	0	0	0
National Olympic Committee	218	115	-47.0%	295		46	52	154	63	18	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	331	329	-0.6%	571		219	224	109	101	3	3	-0	0
Total Health	2,735	2,851	4.2%	4,710	61%	1,700	1,763	1,007	1,058	28	30	-0	0
Ministry of Public Health	2,735	2,851	4.2%	4,710		1,700	1,763	1,007	1,058	28	30	-0	0
Total Agriculture and Rural Development	2,099	2,339	11.4%	3,352	70%	1,588	1,605	506	725	6	9	0	-0

Ministry of Agriculture	898	1,095	21.9%	1,654		763	783	130	307	6	5	-0	-0
Ministry of Counter Narcotics	134	151	12.6%	261		96	109	39	40	0	2	0	0
Ministry of Rural Rehabilitation and Development	450	455	1.0%	781		261	242	189	211	0	2	0	0
Afghanistan Independent Land Authority	616	637	3.4%	655		468	471	148	167	0	0	0	0
Total Social Protection	18,661	21,016	12.6%	29,084	72%	1,180	1,192	465	457	12	27	17,004	19,341
Ministry of Frontiers and Tribal Affairs	291	263	-9.5%	597		167	147	124	116	0	0	-0	0
Ministry of Martyrs, Disabled and Social Affairs	17,359	19,478	12.2%	27,092		651	663	211	204	0	1	16,498	18,610
Ministry of Refugees and Repatriates	200	224	12.2%	329		154	164	46	51	0	9	0	-0
Ministry of Women Affairs	145	152	5.0%	231		108	107	28	29	8	16	0	0
Office of Disaster Preparedness	595	822	38.1%	674		54	56	31	34	3	1	507	731
Directorate of Kochis	72	78	8.3%	162		47	55	25	23	0	0	-0	0
Total Economic Gov. and Private Sector Devel't	6,782	3,430	-49.4%	14,295	24%	1,667	1,772	4,687	985	6	12	422	661
Ministry of Finance	6,008	2,643	-56.0%	12,822		1,192	1,259	4,393	722	1	1	422	661
Ministry of Commerce	335	337	0.6%	729		154	185	179	150	2	1	0	-0
Ministry of Economy	173	181	4.3%	292		123	125	49	47	1	8	0	0
Control and Audit Office	109	109	0.9%	172		74	79	35	30	0	0	-0	0
Central Statistics Office	102	102	0.1%	183		85	85	16	17	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	55	58	4.8%	96		40	39	14	19	1	0	-0	0
Total Unclassified	0	0	-	0	-	0	0	0	0	0	0	0	0
Unallocated Reserves	0	0	-	0		0	0	0	0	0	0	0	0
Unspecified	0	0	-	0		0	0	0	0	0	0	0	0

1/ Interest, and Subsidies and Transfers

Table 21a. Programs Expenditure

In millions of Afghanis	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1397				1397				1397			
	Q3 YTD	Budget	Allotted	% Allot.	Q3 YTD	Budget	Allotted	% Allot.	Q3 YTD	Budget	Allotted	% Allot.
Ministry of Education	23037.1	36003.0	35940.4	64%	1669.3	5344.5	5344.5	31%	24706.4	41347.5	41284.9	60%
General & Islamic Education	153.9	30634.9	30585.0	1%	39.9	3760.2	3760.2	1%	193.8	34395.2	34345.2	1%
Curriculum development & teacher training	20093.9	1261.9	1257.7	1598%	1343.2	424.9	424.9	316%	21437.1	1686.8	1682.6	1274%
Technical and vocational training program	681.5	1584.8	1578.8	43%	28.1	556.6	556.6	5%	709.6	2141.4	2135.4	33%
Literacy and informal Education	863.1	703.4	703.4	123%	121.5	161.8	161.8	75%	984.7	865.2	865.2	114%
Education management	412.1	1817.9	1815.5	23%	136.4	441.0	441.0	31%	548.4	2258.9	2256.5	24%
Other	832.5	0.0	0.0	-	0.3	0.0	0.0	-	832.8	0.0	0.0	-
Ministry of Agriculture, Irrigation and Livestock	1095.3	1653.9	1653.9	66%	5163.8	10106.9	10098.2	51%	6259.2	11760.8	11752.2	53%
Natural Resource Management	8.2	190.0	190.0	4%	0.0	2395.7	2387.0	0%	8.2	2585.7	2577.1	0%
Agriculture Production and Productivity	9.8	804.2	804.2	1%	7.5	4266.2	4266.2	0%	17.4	5070.4	5070.4	0%
Economic Regeneration	134.1	215.1	215.1	62%	33.5	3138.4	3138.4	1%	167.6	3353.5	3353.5	5%
Reform and Capacity Building	122.2	444.6	444.6	27%	1173.2	306.6	306.6	383%	1295.4	751.2	751.2	172%
Other	821.1			-	3949.6	0.0	0.0	-	4770.6			-
Ministry of Rural Rehabilitation and Development	454.7	781.5	781.5	58%	9655.2	19693.7	0.0	-	10109.8	20475.2	20290.0	50%
Rural Infrastructure (RI)	41.0	0.0	0.0	-	11128.3	8272.4	8087.3	138%	11169.3	8272.4	8087.3	138%
Economic Regeneration (ER)	831.2	0.0	0.0	-	0.0	580.9	580.9	0%	831.2	580.9	580.9	143%
Local Governance	100.8	0.0	0.0	-	0.0	10840.4	10840.4	0%	100.8	10840.4	10840.4	1%
Institutional Support Program (ISP)	0.0	0.0	0.0	-	4177.3	0.0	0.0	-	4177.3	0.0	0.0	-
Other	-518.3			-	-5650.4	0.0	0.0	-	-6168.7			-
Ministry of Energy & Water	543.7	1045.2	1045.2	52%	2354.2	5138.3	5130.6	46%	2897.9	6183.5	6175.8	47%
Energy	551.4	61.5	61.5	896%	1910.1	599.7	599.7	318%	2461.5	661.3	661.3	372%
Water	136.8	779.4	779.4	18%	2052.0	4538.5	4530.8	45%	2188.7	5317.9	5310.2	41%
Admin & Finance	286.3	204.3	204.3	140%	28.6	0.0	0.0	-	314.9	204.3	204.3	154%
Other	-430.8			-	-1636.4	0.0	0.0	-	-2067.2			-
Ministry of Finance	2642.8	12822.4	12822.4	21%	2315.0	3439.0	3439.0	67%	4957.8	16261.4	16261.4	30%
Public Financial Management	3733.1	2616.2	2616.2	143%	0.0	1387.9	1387.9	0%	3733.1	4004.1	4004.1	93%
Revenue Management	1893.1	961.1	961.1	197%	998.9	729.0	729.0	137%	2892.0	1690.1	1690.1	171%
Operation (General Administration)	630.5	1397.9	1397.9	45%	434.8	1256.4	1256.4	35%	1065.3	2654.4	2654.4	40%

Policy Management	937.7			-	847.0	65.6	65.6	1291%	1784.7	139.2	139.2	1282%
Other	-4551.5			-	34.3	0.0	0.0	-	-4517.2			-
Ministry of Public Works	972.0	1553.8	1553.8	63%	11128.3	17700.6	17499.6	64%	12100.2	19254.3	19053.3	64%
Transportation Infrastructures	40.1	65.2	65.2	62%	271.8	17700.6	17499.6	2%	312.0	17765.7	17564.7	2%
Maintenance of Transport Infrastructure	395.4	1334.4	1334.4	30%	2082.4	0.0	0.0	-	2477.8	1334.4	1334.4	186%
Admin & Finance	110.5	154.2	154.2	72%	0.0	0.0	0.0	-	110.5	154.2	154.2	72%
Other	425.9			-	8774.0	0.0	0.0	-	9199.9			-
Ministry of Public Health	2851.2	4710.2	4707.2	61%	9759.7	16634.6	16630.4	59%	12610.9	21344.8	21337.6	59%
Institutional Development and Assessment (IDA)	289.0	54.5	54.5	530%	0.0	3444.0	3444.0	0%	289.0	3498.5	3498.5	8%
Health Service Provision	116.1	1671.2	1671.2	7%	175.4	13084.0	13081.3	1%	291.5	14755.2	14752.5	2%
Admin	65.3	2984.5	2981.5	2%	39.7	106.6	105.1	38%	105.0	3091.1	3086.6	3%
Other	2380.7			-	9544.6	0.0	0.0	-	11925.4			-
Independent Directorate of Local Governance	3071.8	4846.5	4844.1	63%	1522.9	3312.3	3312.3	46%	4594.6	8158.8	8156.4	56%
National Principals for Local Governance	19.7	144.8	144.8	14%	166.1	0.0	0.0	-	185.8	144.8	144.8	128%
Local Governance Management	12.8	4139.4	4137.0	0%	1059.1	3312.3	3312.3	32%	1071.9	7451.8	7449.3	14%
General Supporting Services	31.5	562.3	562.3	6%	233.5	0.0	0.0	-	265.0	562.3	562.3	47%
Other	3007.8			-	64.2	0.0	0.0	-	3072.0			-
Ministry of Urban Development	238.2	457.2	457.2	52%	2431.7	5063.4	4931.5	49%	2669.8	5520.6	5388.7	50%
Planning & Urban Development	8311.5	39.3	39.3	21153%	420.2	281.0	281.0	150%	8731.7	320.3	320.3	2726%
Housing	252.0	27.3	27.3	922%	26.7	1652.4	1573.1	2%	278.8	1679.7	1600.4	17%
Urban Infrastructure	10379.5	58.5	58.5	17749%	0.0	841.4	841.3	0%	10379.5	899.9	899.8	1154%
Management & Operations	536.7	332.1	332.1	162%	1.8	2288.6	2236.1	0%	538.4	2620.7	2568.2	21%
Other	-19241.5			-	1983.0			-	-17258.6			-

Table 10b. Programs Expenditure

(In millions of Afghanis)	OPERATING BUDGET				DEVELOPMENT BUDGET				TOTAL BUDGET			
	1397				1397				1397			
	Q3 YTD	Budget	Allocated	% Alloc.	Q3 YTD	Budget	Allocated	% Alloc.	Q3 YTD	Budget	Allocated	% Alloc.
Ministry of Transport	179.6	320.9	320.2	56%	18.5	120.5	105.5	18%	198.1	441.4	425.7	47%
Land Transport Services	0.0	320.9	320.2	0%	339.9	0.0	0.0	-	339.9	441.4	425.7	80%
Other	179.6			-	-321.4	0.0	0.0	-	-141.8			-
Ministry of Communication and Information Technology	0.0	685.4	685.0	0%	0.0	1648.5	1648.5	0%	0.0	2334.0	2333.5	0%
E - Afghanistan	2256.2	136.0	136.0	1659%	0.0	0.0	0.0	-	2256.2	1784.5	1784.5	126%
ICT Literacy	260.7	46.4	46.4	562%	0.0	0.0	0.0	-	260.7	46.4	46.4	562%
General Administration & Management	0.0	503.1	502.6	0%	700.7	0.0	0.0	-	700.7	503.1	502.6	139%
Other	-2516.9			-	-700.7	0.0	0.0	-	-3217.6			-
Ministry of Commerce and Industry	337.2	729.0	729.0	46%	126.3	308.3	308.3	41%	463.5	1037.3	1037.3	45%
Private Sector and Industry Development	710.6	50.8	50.8	1398%	0.0	0.0	0.0	-	710.6	219.2	219.2	324%
Trade Policy and Transit	31.6	460.8	460.8	7%	71.1	0.0	0.0	-	102.7	531.2	531.2	19%
Admin and Regulatory Services	152.0	217.5	217.5	70%	15.4	0.0	0.0	-	167.4	286.9	286.9	58%
Other	-557.1			-	39.9	0.0	0.0	-	-517.2			-
Ministry of Labour, Social Affairs, Martyrs and Disabled	19477.6	27091.5	27083.3	72%	448.7	885.0	885.0	51%	19926.3	27976.5	27968.3	71%
Labor Support Program	0.0	10196.5	10196.5	0%	5137.9	0.0	0.0	-	5137.9	10923.6	10923.6	47%
Social services	456.5	427.9	419.7	109%	0.0	0.0	0.0	-	456.5	511.4	503.2	91%
Martyrs and Disabled	0.0	15552.5	15552.5	0%	0.0	0.0	0.0	-	0.0	15552.5	15552.5	0%
Administration & Finance	180.2	914.7	914.7	20%	18.5	0.0	0.0	-	198.7	989.0	989.0	20%
Other	18840.9			-	4707.8	0.0	0.0	-	14133.1			-
Ministry of Defence	42312.2	72062.8	72062.8	59%	33.7	68.3	68.3	49%	42345.9	72131.1	72131.1	59%
Cambat forces	47.4	67550.9	67550.9	0%	34.3	0.0	0.0	-	81.7	67619.2	67619.2	0%
Supportive forces	41739.6	4511.9	4511.9	925%	33.7	0.0	0.0	-	41773.3	4511.9	4511.9	926%
Other	525.2			-	-34.3	0.0	0.0	-	490.8			-
Ministry of Women Affairs	152.0	230.5	230.5	66%	41.0	62.4	59.5	69%	193.1	292.9	289.9	67%
Women Support and Strengthening	16.6	11.9	11.9	139%	1020.4	0.0	0.0	-	1037.0	14.8	11.9	8680%
Gender Development and policy monitoring	1250.0	13.9	13.9	8963%	8698.5	0.0	0.0	-	9948.5	34.1	34.1	29183%
Administration & Finance	1591.0	204.6	204.6	778%	40.9	0.0	0.0	-	1631.9	244.0	243.9	669%

Other	-2705.7			-	9718.7	0.0	0.0	-	12424.3			-
Ministry of Economy	180.5	292.1	291.3	62%	215.1	450.6	436.7	49%	395.6	742.7	728.0	54%
Economic Policy and Strategy and Monitoring and Evaluation	89.5	183.0	182.1	49%	778.7	0.0	0.0	-	868.2	559.9	545.2	159%
Management & Operations	21.8	109.1	109.1	20%	0.0	0.0	0.0	-	21.8	182.8	182.8	12%
Other	69.2			-	-563.6	0.0	0.0	-	-494.4			-
Presidents Office	1866.5	3691.1	3691.1	51%	0.0	0.0	0.0	-	0.0	3691.1	3691.1	0%
Providing Services to the Prisedent	0.0	3691.1	3691.1	0%	0.0	0.0	0.0	-	0.0	3691.1	3691.1	0%
Other	1866.5			-	0.0	0.0	0.0	-	0.0	0.0		-
Ministry of Higher Education	3486.5	5759.7	5758.3	61%	880.3	2666.4	2666.4	33%	4366.8	8426.1	8424.7	52%
Providing higher education opportunities	987.9	1363.7	1363.7	72%	40.2	0.0	0.0	-	1028.1	2175.7	2175.7	47%
Leadership & Management of Higher Education System	972.1	3641.5	3640.1	27%	179.6	0.0	0.0	-	1151.7	3641.5	3640.1	32%
Other	1526.6			-	660.5	0.0	0.0	-	2187.1			-
IARCSC	328.2	520.5	519.1	63%	965.7	1891.3	1891.3	51%	1293.9	2411.8	2410.4	54%
Appointments & Appeals	174.5	81.9	81.9	213%	973.0	0.0	0.0	-	1147.5	81.9	81.9	1402%
Public Administrative Reforms	83.2	70.5	70.5	118%	0.0	0.0	0.0	-	83.2	91.0	91.0	91%
Capacity Development	2734.7	46.0	46.0	5945%	1522.9	0.0	0.0	-	4257.6	46.0	46.0	9255%
Supportive Program	255.1	322.1	320.7	80%	0.0	0.0	0.0	-	255.1	2192.9	2191.5	12%
Other	-2919.3			-	1530.2			-	-4449.5			-
OTHERS	64,106	105,759	107,256		19,436	34,757	54,000		83,542	140,516	161,256	
TOTAL GROSS EXPENDITURES	167,333	281,016	282,432	59%	68,165	129,292	128,455	53%	233,632	410,308	430,396	54%

Table 16: Details Development Expenditure

In millions of Afghanis	1396	1396	1397	1397	1397	1397	1397	%
	Q3	Q3 YTD	Budget	Q3	Q3 YTD	Unspent Budget	Unspent/Total	Increase
TOTAL	23,844	55,430	409,172	33,579	67,066	342,106	84%	41%
Total Infrastructure and Natural Resources	9,468.4	24,806.8	58,419.5	14,329.0	29,336.6	29,083	50%	51%
Ministry of Public Works	2,859.7	8,764.0		4,759.5	11,128.3			66%
Ministry of Transport and Aviation	3.3	12.3		9.0	18.5			174%
Ministry of Energy and Water	1,448.7	2,707.1		1,559.7	2,354.2			8%

Water Supply and Canalization Corporation	41.8	86.6		101.3	232.7			142%
Ministry of Communication	0.0	0.0		0.0	0.0			-
Ministry of Mines and Industries	62.4	369.5		189.6	449.1			204%
Other Ministries	5,052.5	12,867.4		7,709.8	15,153.8			53%
Total Agriculture and Rural Development	6,846.7	14,563.9	34,376.9	7,028.1	15,409.0	18,968	6%	3%
Ministry of Agriculture	2,308.3	5,840.6		2,198.8	5,163.8			-5%
Ministry of Rural Rehabilitation and Development	4,203.5	8,075.4		4,404.8	9,655.2			5%
Other Ministries	335.0	647.8		424.4	590.0			27%
Total Education	1,640.5	3,631.1	52,006.6	1,414.7	2,707.7	49,299	14%	-14%
Ministry of Education	1,083.6	2,645.1		919.2	1,669.3			-15%
Other Ministries	556.9	986.0		495.5	1,038.3			-11%
Total Economic Gov. and Private Sector Devel't	1,261.6	3,103.5	21,123.9	2,993.1	4,566.6	16,557	5%	137%
Ministry of Finance	1,108.2	2,539.5		1,038.4	2,315.0			-6%
Other Ministries	153.4	564.0		1,954.7	2,251.6			1174%
Total Health	3,393.1	6,840.4	21,344.8	5,195.3	9,759.7	11,585	3%	53%
Ministry of Public Health	3,393.1	6,840.4		5,195.3	9,759.7			53%
Total Governance, Rule of Law and Human Rights	621.7	1,029.0	33,346.7	1,815.5	3,201.5	30,145	9%	192%
Independent Directorate of Local Governance	193.9	286.4		1,105.9	1,522.9			470%
Other Ministries	427.8	742.6		709.7	1,678.6			66%
Total Social Protection	324.0	643.1	30,383.1	187.5	623.2	29,760	9%	-42%
Total Security	287.7	811.7	158,170.2	615.6	1,461.3	156,709	46%	114%
Total Unclassified	0.0	0.0	0.0	0.0	0.0	0	0%	-

Table 18a. Detailed Ministry Expenditure

In millions of Afghanis	1396		1397		1397	1397	% Alloc.	% Increase
	Q3	Q3 YTD	Q3	Q3 YTD	Budget	Allocated		
TOTAL GROSS EXPENDITURES	88,192	226,134	93,039	234,399	409,172	407,411	58%	4%
Operating Budget	64,348	170,704	59,460	167,333	281,016	280,092	60%	-2%
Development Budget	23,844	55,430	33,579	67,066	11,015	9,293	722%	21%
 Ministry of Interior	 15,238	 40,302	 11,164	 31,409	 59,256	 58,575	 54%	 -22%
Operating Budget	15,105	39,983	10,687	30,451	57,569	56,889	54%	-24%
Development Budget	133	319	477	958	1,686	0	-	200%

Ministry of Defense	14,812	40,862	13,976	42,346	72,131	72,131	59%	4%
Operating Budget	14,773	40,824	13,942	42,312	72,063	72,063	59%	4%
Development Budget	39	39	34	34	68	68	49%	-13%
Ministry of Foreign Affairs	1,207	3,816	1,415	4,279	6,567	6,491	66%	12%
Operating Budget	1,165	3,450	1,359	3,887	5,466	5,390	72%	13%
Development Budget	42	366	56	392	1,100	1,100	36%	7%
National Security Council	246	653	331	820	1,096	1,096	75%	26%
Operating Budget	246	653	331	820	1,096	1,096	75%	26%
Development Budget	0	0	0	0	0	0		-
Presidential Protective Service	435	1,138	451	1,239	1,938	1,938	64%	9%
Operating Budget	401	1,098	429	1,204	1,801	1,801	67%	10%
Development Budget	34	39	22	35	137	137	26%	-11%
General Directorate of National Security	3,745	11,251	4,648	13,114	17,183	17,183	76%	17%
Operating Budget	3,704	11,203	4,622	13,071	17,081	17,081	77%	17%
Development Budget	41	48	26	43	103	103	42%	-11%
Total Security	35,682	98,023	31,985	93,206	158,170	157,414	59%	-5%
Operating Budget	35,395	97,211	31,369	91,745	155,076	154,319	59%	-6%
Development Budget	288	812	616	1,461	3,095	1,408	104%	80%
President's Office	0	0	775	1,867	3,691	3,691	51%	-
Operating Budget	0	0	775	1,867	3,691	3,691	51%	-
Development Budget	0	0	0	0	0	0	-	-
National Assembly Meshrano Jirga	118	357	119	341	538	538	63%	-5%
Operating Budget	114	353	115	336	529	529	64%	-5%
Development Budget	4	4	4	4	10	10	43%	19%
National Assembly Wolesi Jirga	407	1,207	424	1,165	1,686	1,686	69%	-3%
Operating Budget	407	1,200	420	1,161	1,659	1,658	70%	-3%
Development Budget	0	7	4	4	27	27	14%	-42%
Supreme Court	760	2,368	917	2,725	3,756	3,756	73%	15%
Operating Budget	735	2,306	887	2,642	3,654	3,654	72%	15%
Development Budget	25	62	30	84	102	102	82%	36%
Ministry of Justice	254	566	233	592	1,058	1,058	56%	5%
Operating Budget	156	439	199	484	781	781	62%	10%
Development Budget	98	127	34	108	277	277	39%	-15%
Administrative Affairs	1,399	3,664	1,212	2,654	5,263	5,214	51%	-28%
Operating Budget	1,329	3,455	1,053	2,430	3,819	3,770	64%	-30%

Development Budget	70	209	159	224	1,444	1,444	16%	7%
Ministry of State and Parliamentary Affairs	47	94	43	124	195	195	64%	32%
Operating Budget	38	85	43	124	195	195	64%	46%
Development Budget	9	9	0	0	0	0	-	-100%
Ministry of Haj and Religious Affairs	356	838	323	912	2,114	2,114	43%	9%
Operating Budget	278	708	244	740	1,477	1,476	50%	4%
Development Budget	77	130	78	172	638	638	27%	32%
Attorney General	521	1,469	694	1,771	2,684	2,648	67%	21%
Operating Budget	503	1,405	650	1,675	2,493	2,493	67%	19%
Development Budget	19	64	44	96	192	156	62%	51%
Election Commission	104	217	213	390	1,187	1,187	33%	80%
Operating Budget	104	217	213	390	1,187	1,187	33%	80%
Development Budget	0	0	0	0	0	0	-	-
IARCSC	236	403	472	1,294	2,412	2,410	54%	221%
Operating Budget	110	271	126	328	520	519	63%	21%
Development Budget	126	132	347	966	1,891	1,891	51%	634%
Independent Commission for Overseeing the Implementation of Cons	15	44	17	47	78	78	61%	6%
Operating Budget	15	44	17	47	78	78	61%	6%
Development Budget	0	0	0	0	0	0	-	-
The High office of Oversight and Anti-Corruption	31	85	0	46	46	46	100%	-46%
Operating Budget	31	85	0	46	46	46	100%	-46%
Development Budget	0	0	0	0	0	0	-	-
Independent Directorate of Local Governance	989	2,483	2,145	4,595	8,159	8,156	56%	85%
Operating Budget	795	2,196	1,039	3,072	4,846	4,844	63%	40%
Development Budget	194	286	1,106	1,523	3,312	3,312	46%	432%
Afghanistan Independent Human Rights Commission	6	8	15	34	76	76	45%	341%
Operating Budget	6	8	6	14	48	48	29%	80%
Development Budget	0	0	9	20	27	27	74%	-
Independent Electoral Complaints Commission	29.67	82.43	136.51	185.56	403	403	46%	125%
Operating Budget	29.67	82.43	136.51	185.56	403	403	46%	125%
Development Budget	0.00	0.00	0.00	0.00	0	0	-	-
Total Governance, Rule of Law and Human Rights	5,273	13,885	7,740	18,743	33,347	33,256	56%	35%
Operating Budget	4,651	12,856	5,924	15,542	25,426	25,372	61%	21%
Development Budget	622	1,029	1,816	3,201	7,921	7,885	41%	211%

Table 18b. Detailed Ministry Expenditure

(In millions of Afghanis)	1396		1397		1397	1397		
	Q3 YTD		Q3 YTD		Budget	Allocated	% Alloc.	% Change
Ministry of Public Works	3,906	10,829	5,284	12,100	19,254	19,053	64%	12%
Operating Budget	1,046	2,066	525	972	1,554	1,554	63%	-53%
Development Budget	2,860	8,764	4,760	11,128	0	0	-	27%
Ministry of Transport and Aviation	64	209	72	198	441	426	47%	-5%
Operating Budget	60	196	63	180	321	320	56%	-9%
Development Budget	3	12	9	19	0	0	-	51%
Ministry of Communication	0	0	0	0	2,334	2,333	0%	-
Operating Budget	0	0	0	0	685	685	0%	-
Development Budget	0	0	0	0	0	0	-	-
Ministry of Energy and Water	1,654	3,357	1,780	2,898	6,183	6,176	47%	-14%
Operating Budget	206	650	221	544	1,045	1,045	52%	-16%
Development Budget	1,449	2,707	1,560	2,354	0	0	-	-13%
Water Supply and Canalization Corporation	42	87	101	233	597	597	39%	169%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	42	87	101	233	0	0	-	169%
Da Brishna Shirkat	2,309	5,337	3,590	6,626	13,169	13,159	50%	24%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	2,309	5,337	3,590	6,626	0	0	-	24%
Ministry of Urban Development	741	2,215	927	2,670	5,521	5,389	50%	21%
Operating Budget	89	324	104	238	457	457	52%	-26%
Development Budget	652	1,892	823	2,432	0	0	-	29%
Civil Aviation Authority	1,571	4,111	2,683	5,093	3,999	3,778	135%	24%
Operating Budget	148	395	188	412	380	380	109%	4%

Development Budget	1,423	3,716	2,496	4,681	0	0	-	26%
Independent Board of new Kabul	90	429	215	531	1,565	1,565	34%	24%
Operating Budget	13	32	8	27	123	123	22%	-16%
Development Budget	78	397	207	504	0	0	-	27%
Ministry of Mines and Industries	192	725	317	800	1,723	1,722	46%	10%
Operating Budget	130	355	127	351	667	666	53%	-1%
Development Budget	62	370	190	449	0	0	-	22%
Geodesy and Cartography Office	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Directorate of Environment	54	146	61	163	316	315	52%	11%
Operating Budget	54	144	54	150	235	235	64%	4%
Development Budget	1	2	7	13	0	0	-	450%
Afghanistan High Atomic Energy Commission	10	29	12	31	57	56	55%	6%
Operating Budget	10	29	12	31	57	56	55%	6%
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	590	1,524	587	898	3,260	3,260	28%	-41%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	590	1,524	587	898	0	0	-	-41%
Total Infrastructure and Natural Resources	11,223	28,998	15,629	32,241	58,419	57,830	56%	11%
Operating Budget	1,755	4,191	1,301	2,904	5,524	5,520	53%	-31%
Development Budget	9,468	24,807	14,329	29,337	-	-	-	18%
Ministry of Education	8,985	24,502	9,418	24,706	41,348	41,285	60%	1%

Operating Budget	7,902	21,857	8,498	23,037	36,003	35,940	64%	5%
Development Budget	1,084	2,645	919	1,669	0	0	-	-37%
Ministry of Higher Education	1,716	4,052	1,808	4,367	8,426	8,425	52%	8%
Operating Budget	1,241	3,209	1,413	3,487	5,760	5,758	61%	9%
Development Budget	475	843	396	880	0	0	-	4%
Ministry of Information and Culture	187	483	207	473	875	872	54%	-2%
Operating Budget	131	389	144	386	670	667	58%	-1%
Development Budget	56	93	63	88	0	0	-	-6%
Science Academy	68	170	56	155	268	268	58%	-9%
Operating Budget	67	165	56	153	251	251	61%	-7%
Development Budget	1	5	0	2	0	0	-	-54%
National Olympic Committee	121	232	74	154	393	386	40%	-33%
Operating Budget	118	218	51	115	295	288	40%	-47%
Development Budget	3	14	22	39	0	0	-	177%
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	136	362	164	358	697	697	51%	-1%
Operating Budget	114	331	150	329	571	571	58%	-1%
Development Budget	22	31	14	29	0	0	-	-5%
Total Education	11,214	29,800	11,727	30,214	52,007	51,933	58%	1%
Operating Budget	9,573	26,169	10,313	27,506	43,550	43,476	63%	5%
Development Budget	1,641	3,631	1,415	2,708	-	-	-	-25%

Ministry of Public Health	4,395	9,575	6,468	12,611	21,345	21,338	59%	32%
Operating Budget	1,002	2,735	1,273	2,851	4,710	4,707	61%	4%
Development Budget	3,393	6,840	5,195	9,760	0	0	-	43%
Total Health	4,395	9,575	6,468	12,611	21,345	21,338	59%	32%
Operating Budget	1,002	2,735	1,273	2,851	4,710	4,707	61%	4%
Development Budget	3,393	6,840	5,195	9,760	-	-	-	43%

Table 18c. Detailed Ministry Expenditure

(In millions of Afghanis)	1396	1397	1397	1397				
	Q3 YTD	Q3 YTD	Budget	Allocated	% Alloc.	% Change		
Ministry of Agriculture	2,616	6,739	2,579	6,259	11,761	11,752	53%	-7%
Operating Budget	308	898	380	1,095	1,654	1,654	66%	22%
Development Budget	2,308	5,841	2,199	5,164	0	0	-	-12%
Ministry of Counter Narcotics	235	587	275	475	828	828	57%	-19%
Operating Budget	46	134	62	151	261	261	58%	13%
Development Budget	190	453	213	324	0	0	-	-29%
Ministry of Rural Rehabilitation and Development	4,415	8,526	4,604	10,110	20,475	20,290	50%	19%
Operating Budget	211	450	200	455	781	781	58%	1%
Development Budget	4,204	8,075	4,405	9,655	0	0	-	20%
Afghanistan Independent Land Authority	350	811	456	904	1,313	1,306	69%	11%
Operating Budget	204	616	244	637	655	648	98%	3%
Development Budget	145	195	212	266	0	0		37%
Total Agriculture and Rural Development	7,616	16,663	7,914	17,748	34,377	34,176	2	7%
Operating Budget	769	2,099	885	2,339	3,352	3,345	3	11%
Development Budget	6,847	14,564	7,028	15,409	-	-	#####	6%

Ministry of Frontiers and Tribal Affairs	127	325	115	305	696	696	44%	-6%
Operating Budget	101	291	98	263	597	597	44%	-9%
Development Budget	26	34	17	42	0	0	-	22%
Ministry of Martyrs, Disabled and Social Affairs	6,337	17,719	6,723	19,926	27,977	27,968	71%	12%
Operating Budget	6,226	17,359	6,632	19,478	27,092	27,083	72%	12%
Development Budget	111	359	91	449	0	0	-	25%
Ministry of Refugees and Repatriates	231	392	98	253	432	432	59%	-35%
Operating Budget	70	200	86	224	329	328	68%	12%
Development Budget	162	192	13	29	0	0	-	-85%
Ministry of Women Affairs	61	155	102	193	293	290	67%	25%
Operating Budget	52	145	63	152	231	230	66%	5%
Development Budget	9	10	39	41	0	0	-	299%
Office of Disaster Preparedness	240	595	234	822	674	674	122%	38%
Operating Budget	240	595	234	822	674	674	122%	38%
Development Budget	0	0	0	0	0	0	-	-
Directorate of Kochis	47	119	62	140	311	311	45%	18%
Operating Budget	30	72	34	78	162	162	48%	8%
Development Budget	17	47	28	63	0	0	-	33%
Total Social Protection	7,043	19,304	7,334	21,640	30,383	30,371	71%	12%
Operating Budget	6,719	18,661	7,147	21,016	29,084	29,075	72%	13%
Development Budget	324	643	187	623	-	-	-	-3%
Ministry of Finance	5,362	8,547	1,984	4,958	16,261	16,261	30%	-42%
Operating Budget	4,254	6,008	946	2,643	12,822	12,822	21%	-56%
Development Budget	1,108	2,540	1,038	2,315	0	0	-	-9%
Ministry of Commerce	111	434	193	463	1,037	1,037	45%	7%

Operating Budget	82	335	131	337	729	729	46%	1%
Development Budget	29	99	62	126	0	0	-	28%
Ministry of Economy	98	311	156	396	743	728	54%	27%
Operating Budget	61	173	72	181	292	291	62%	4%
Development Budget	38	138	84	215	0	0	-	56%
Control and Audit Office	108	234	69	227	497	497	46%	-3%
Operating Budget	34	109	44	109	172	172	63%	1%
Development Budget	75	125	25	118	0	0	-	-6%
Central Statistics Office	34	102	1,676	1,752	1,896	1,880	93%	1613%
Operating Budget	34	102	35	102	183	168	61%	0%
Development Budget	0	0	1,641	1,650	0	0	-	495755%
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	170	132	132	558	558	24%	-22%
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	170	132	132	0	0	-	-22%
Afghanistan National Standard Authority	32	86	30	68	133	132	51%	-21%
Operating Budget	19	55	20	58	96	95	61%	5%
Development Budget	13	31	10	10	0	0	-	-68%
Total Economic Gov. and Private Sector Devel't	5,746	9,885	4,241	7,996	21,124	21,093	38%	-19%
Operating Budget	4,484	6,782	1,248	3,430	14,295	14,278	24%	-49%
Development Budget	1,262	3,104	2,993	4,567	-	-	-	47%
Unallocated Reserves	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-

Development Budget	0	0	0	0	0	0	-	-
Unspecified	0	0	0	0	0	0	-	-
Operating Budget	0	0	0	0	0	0	-	-
Development Budget	0	0	0	0	0	0	-	-
Total Unclassified	0	0	0	0	0	0	-	-
Operating Budget	-	-	-	-	-	-	-	-
Development Budget	-	-	-	-	-	-	-	-

Quarterly Fiscal Bulletin, 3rd Quarter, 1397

Editor-in-Chief

Shamsul Haq Noor – Acting Director General MFPD,
Ministry of Finance

Contact Person

Tamim Karimi, Macro Fiscal Performance General Directorate (MFPD)
Email: tamim.karimi@mof.gov.af - Phone: +93202233330

Co-authors

Abdul Rahman Rahimi

Head of Fiscal Policy Department

Tamim Karimi

Macro Fiscal and Expenditure Analyst

Haseenullah Ahmadzai

Revenue & Tax Policy Analyst

Lutfullah Lutf

Fiscal Policy and Expenditure Analyst

Waseem Usman

Fiscal Policy and Expenditure Analyst

Frozan Darwish

Public Expenditure Reform Specialist

Moin Ibrahimi

Macro Fiscal Policy Analyst