



# **Islamic Republic of Afghanistan**

Ministry of Finance

Department of Macro-Fiscal Forecasting & Reporting

## **Macro-Fiscal Bulletin**

2<sup>nd</sup> Quarter, F.Y. – 1400

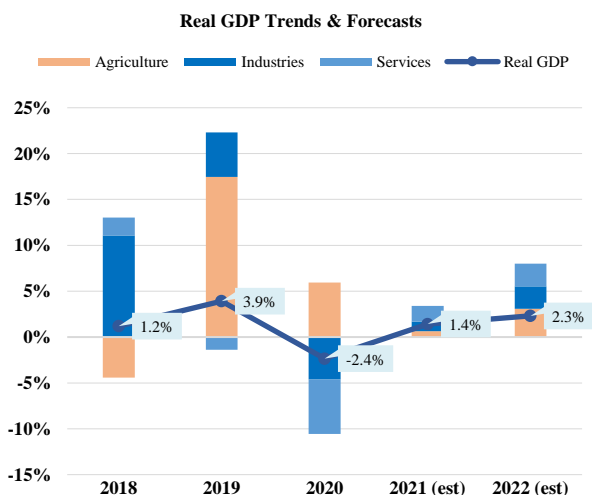
**Date:** July 17, 2021

## **Acknowledgment**

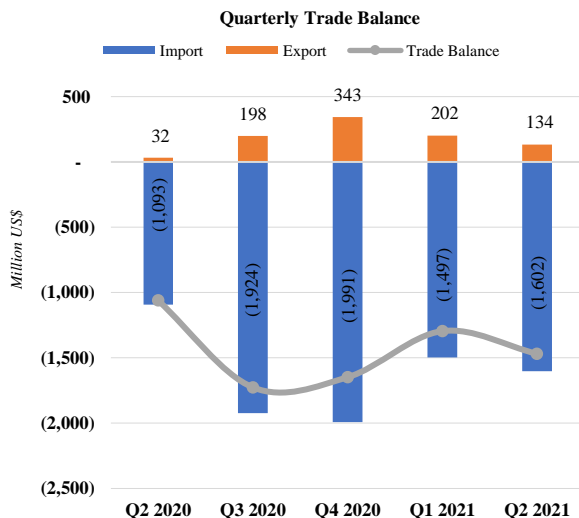
The Quarterly Macro-Fiscal Bulletin outlines macroeconomic and fiscal performance every quarter and compares it with the previous fiscal year. The report provides information on recent Macro-Fiscal developments, including GDP, inflation, revenue, and expenditure performance, and presents the quarter's fiscal sustainability and fiscal balance.

The Macro-Fiscal Forecasting and Reporting Department's (MFFRD) staff has prepared the quarterly reports under the guidance of the Director-General of MFFRD and Fiscal Policy Director. For any questions relating to this report, please contact the MFFRD office at [macro.fiscal@mof.gov.af](mailto:macro.fiscal@mof.gov.af) or 020924225.

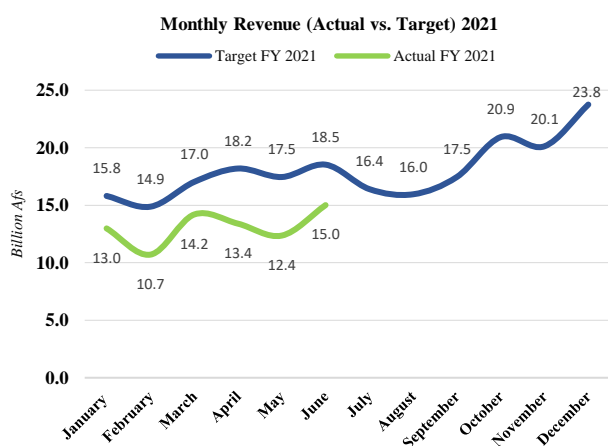
## Summary Charts:



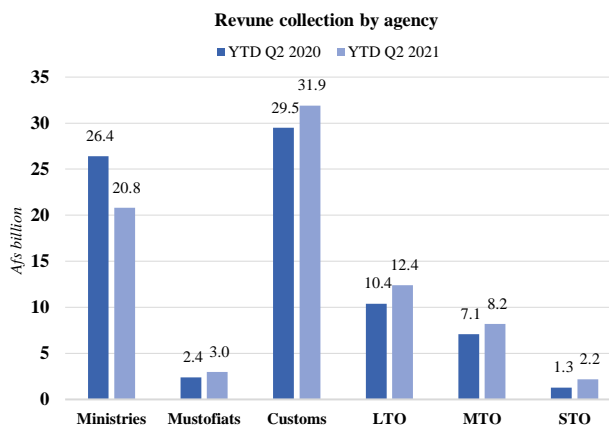
Source: MoF



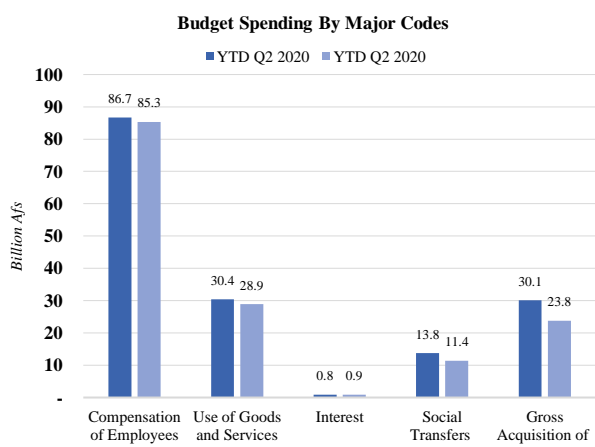
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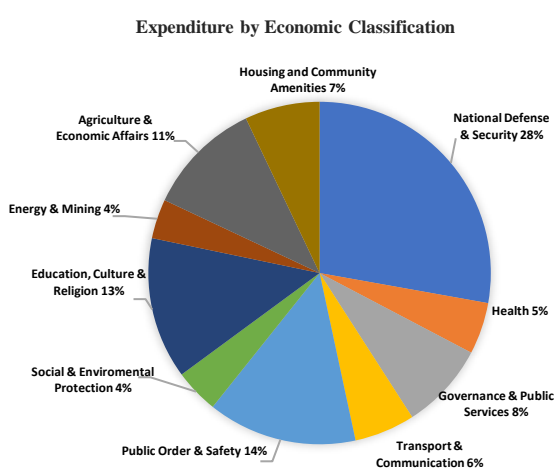
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Source: MoF

## Executive Summary

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The global economy is experiencing a robust recovery. Developed countries are recovering strongly from the pandemic-related economic downturn, most developing and some emerging economies are struggling in reversing the continued impact of COVID-19 waves. The Afghan economy contracted, and the economic growth decreased by a negative 2.4 percent, leaving the country under severe financial and fiscal stress. The policymakers faced multiple challenges that included containing the spread of the COVID-19 virus, increasing insecurity, contracting economic activity, and falling public revenue amid rising consumer goods prices. In the second half of 2020, the prices stabilized; however, the impact of the recession had dampened.

Anticipating a recovery from the pandemic, the Ministry of Finance (MoF) projects a GDP growth rate of 1.4 percent in 2021. Compared to the first quarter, the projections have been revised as the country braces for draught, increasing insecurity, and a fresh surge in COVID-19 related cases across the country. Services and industry sectors are estimated to grow by 1.7 percent and 1.0 percent, respectively. The two sectors experienced a substantial negative growth rate in 2020, impacted by the border closure and the lockdown of big cities. The agriculture sector experienced an expansion of 5.9 percent in 2020, while it is projected to decrease to 0.7 percent in 2021 due to unfavorable weather conditions and increasing insecurity.

The current political instability, conflict, and withdrawal of U.S. and international troops have caused the domestic currency to slightly depreciate against United States Dollars (USD), showing average volatility of 0.51 percent. The national consumer price index (CPI) increased by 0.9 percent year-year basis. The non-food prices spiked by 4.1 percent, and food prices dropped by 2.1 percent compared to the second quarter of 2020. Non-food prices remained stable in 2020 due to the overall lower international oil prices.

Afghanistan has been running a negative trade balance for years; exports and imports of goods declined in 2020, not substantially deteriorating the existing large negative balance. With a positive recovery in exports and a decline in imports, the trade balance deficit is projected to decrease to 28.1 percent.

The initial annual budgeted domestic revenue of Afs 216 billion is revised down to Afs 177 billion as the government has lost control of vital trade ports and border crossing points. Ministry of Finance fell short of reaching this quarter's budgeted revenue collection by around Afs 13 billion. The initial target was set at Afs 54 billion, and the actual revenue collection reached Afs 41 billion, a 24 percent decline from the initial target.

The international community dispersed Afs 49.4 billion in on-budget grants, a sharp decline of 18 percent from the same period last year. The government expenditure also slowed by 7 percent this quarter due to insecurity, a reduction in revenue, and donor aid.

The country's external debt increased by 17 percent in 2021 compared to the same quarter of 2020. Afghanistan borrows from foreign countries and organizations at a high concessional rate, and the existing debt portfolio remains sizeable and sustainable due to loans conditions.

In 2021, the country faces several risks of fiscal crisis mainly due to the increasing conflict between government security forces and the insurgents.

# 1. Real Sector Performance

## 1.1 Recent Economic Growth

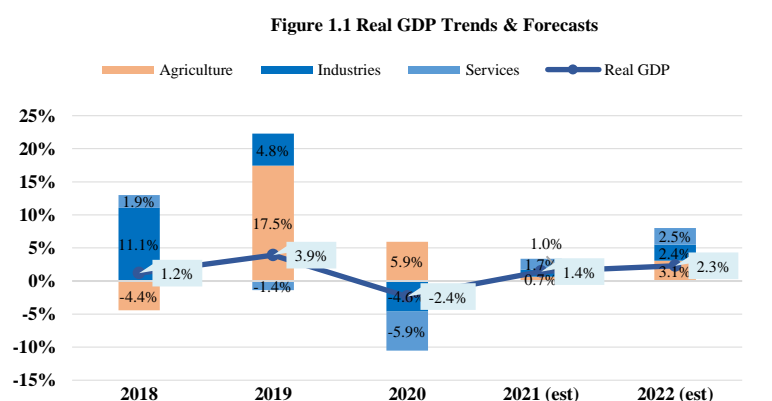
After a strong economic growth rate of 3.9 percent in 2019 driven by agriculture sector performance, the economy contracted by a negative 2.4 percent in 2020 due to pandemic containment measures. Agriculture had a growth rate of 5.9 percent in 2020 and was less affected by the pandemic. On the other hand, the services and industry sectors were affected severely, and the growth rates were negative. With the early signs of drought and increasing conflict, agriculture projected growth performance is positive but lower. The industry and services sector growth rates are estimated to recover as the pandemic-related measure winds down, but growth in both sectors will remain weak. The economic growth in 2021 is projected to be at 1.4 percent, given the security improves and drought levels are moderate. In a scenario with increasing insecurity, worse weather conditions, and political instability, the economic growth may contract to a projected rate of negative 0.8 percent.

In the short term, there are increasing uncertainties impeding a robust economic recovery. The government anticipates another COVID-19 wave as Delta Variant cases have increased in the neighboring countries, vaccination delays, drought, and the rising political instability caused by the U.S. and international troop's withdrawal. These uncertainties will also create rising inflationary pressure. Another wave of rising COVID-19 cases in the country will affect the poor hard and require urgent direct financial assistance.

Based on the above uncertainties, the economy is projected to experience a modest growth of 1.4 percent in 2021 and 2.3 percent in 2022. The unfavorable weather conditions, low water holding capacity of agricultural lands, and surge in the conflict in rural areas will further slow the agriculture growth rate to 0.7 percent. The services sector is projected to increase by 1.7 percent as the economy has fully opened after a countrywide cities lockdown and border closures.

The sector had contracted by 5.9 percent in 2020. Similarly, the industry sector will have a lower but projected positive growth rate of 1 percent. Services and industry sectors were hit hard due to the border closure and lockdown of big cities during the pandemic in 2020.

The economic growth recovery and resumption depend on several factors such as political and security stability, private sector development, efficient allocation of resources, peacekeeping missions, and peace negotiations. Peacekeeping and security stabilization missions may have a substantial positive impact on economic activity. In a scenario where security improves across the country, services and industry sectors are projected to grow by 2.5 percent and 2.4 percent, respectively, in 2022.



Source: MoF and NSIA estimates

## 1.2 Inflation

Consumer Price Index (CPI) is measured based on 2015 base prices. On a quarterly basis average, the overall index increased by 0.9 percent in the 2<sup>nd</sup> quarter of F.Y. 2021. The country is heavily reliant on imports of food and non-food items as domestic production remains weak. Inflation in major trading partner countries remained low and stable. Domestic demand for Non-food items shifted substantially towards imported goods as the country witnessed intense conflict in the second quarter of the year. The shifting services and industry sector recover from severe growth contraction. There was a slight depreciation in the currency against the USD (figure 2). Da Afghanistan Bank carries out open market operations to stabilize any significant currency fluctuation. The price of non-food items has increased, based on the quarterly measures; the non-food price increased by 4.1 percent in the 2<sup>nd</sup> quarter of 2021, compared to the same quarter of 2020. Food items' prices decreased considerably by 2.1 percent.

Figure 1.2 - Inflation Rate (Q-o-Q changes)

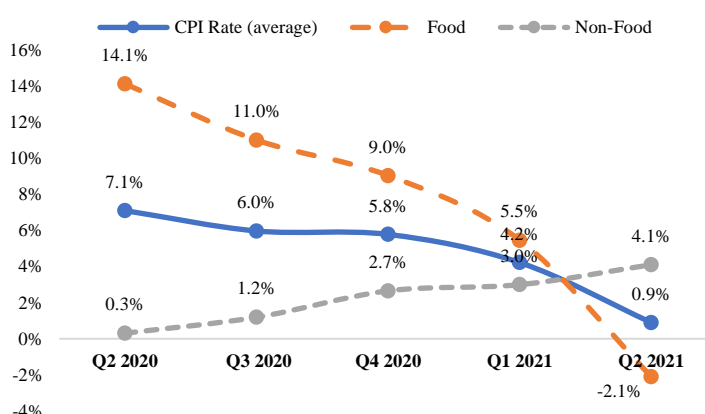
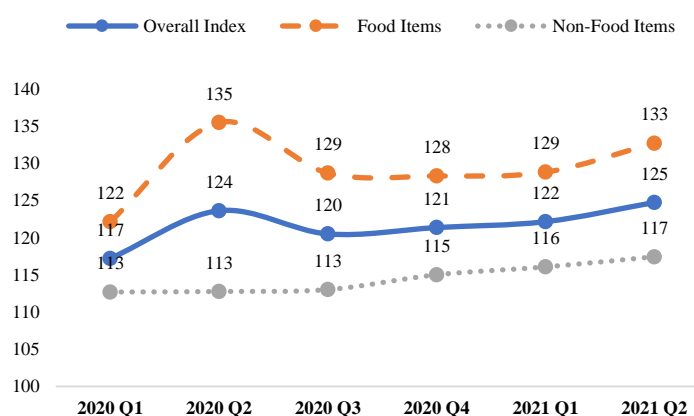


Figure 1.3 - National CPI Index Trend



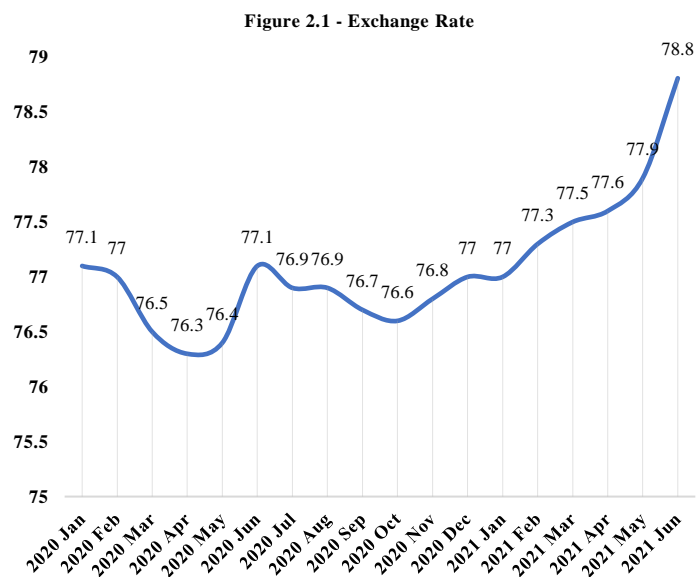
Source: NSIA monthly data

It is worth mentioning that several other macro-economic factors may significantly affect inflation like employment, national debt management, and increase in public expenditure, weak monetary policy, and expansion of money supply.

## 2. External Sector Performance

### 2.1 Exchange Rate

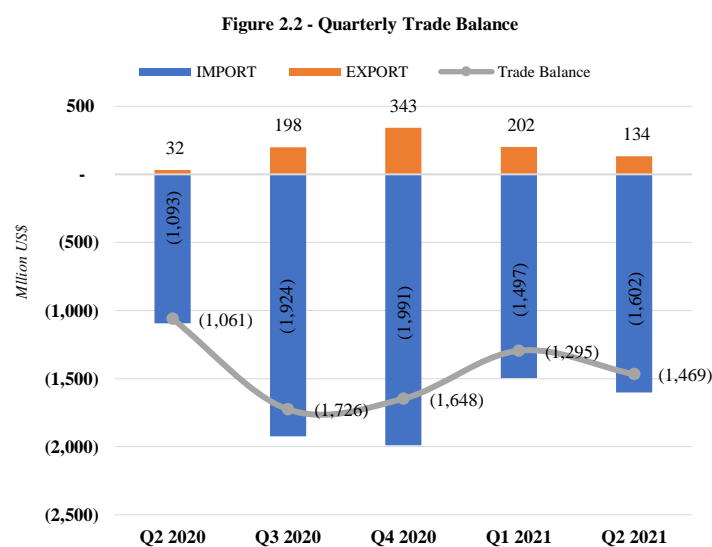
The domestic currency "Afghani" exchange rate against the U.S. dollar remained stable in the range of 76.5 to 77 against the U.S. dollar throughout 2020, consistent with a higher current account surplus. During the first half of 2021, the domestic currency has slightly depreciated against the U.S. dollar, where it reached Afs 78.8 per U.S. dollar in June 2021. The increasing political uncertainties, insecurity, and drop in international grants will cause the exchange rate to further depreciate against the global currencies, mainly against the U.S. dollar, in 2021 and is expected to further depreciate in the medium-term.



Source: DAB monthly data

### 2.2 Trade Balance

During the second quarter of 2021, the trade deficit gap widened by 13.4 percent; the deficit increased from USD 1,295 million to USD 1,469 million. The higher trade deficit was mainly driven by the shifting domestic demand towards imported items, and export decreased as the fight between government troops and insurgents intensified in rural areas. Agricultural products comprise almost two-thirds of the country's exports. The exports of goods declined by USD 68 million compared with the 1<sup>st</sup> quarter of 2021. Within the existing country conditions, the trade deficit may further widen in the medium term.



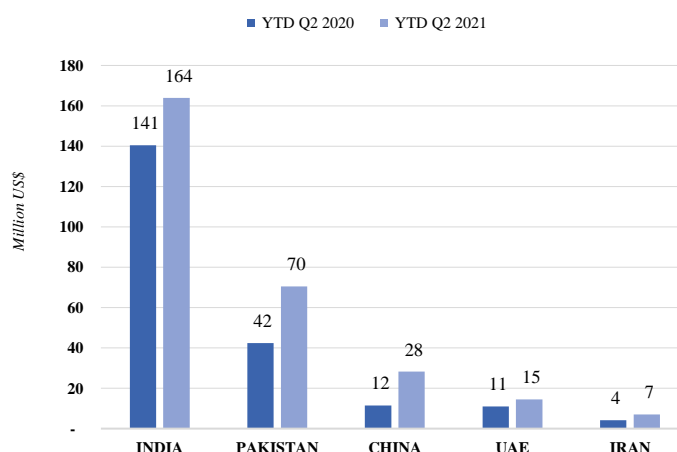
Source: ASYCUDA data, MoF

## 2.2.1 Exports Destination

Afghanistan's exports volume continued to decline in the second quarter of 2021. Exports of goods decreased by 33.7 percent compared with the first quarter of the year. Exports in nominal value fell from USD 202 billion to USD 134 billion.

India, Pakistan, and China continued to be the top three major trading partners, which had received 49 percent, 21 percent, and 8 percent share of the total exports during the second quarter of 2021. Despite overall falling levels, exports to top major trading partners increased compared to the same quarter in 2020. The improvement is due to the normalcy of trade and opening borders after the pandemic. The total volume of exports may continue to remain lower than the year 2020.

Figure 2.3 - Exports by major trading partners

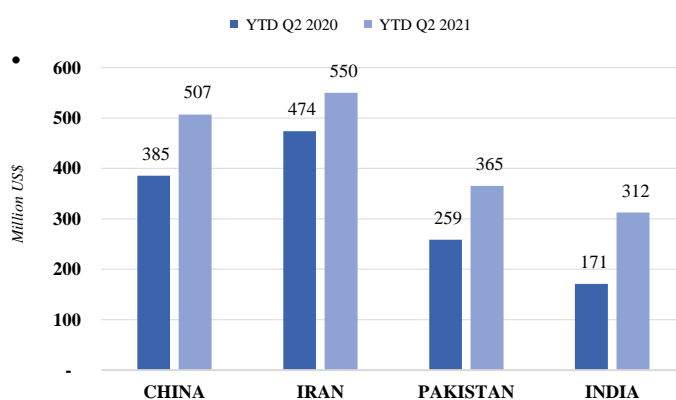


Source: ASYCUDA data, MoF

## 2.2.2 Origin of Imports

Imports during the second quarter of 2021 increased by 7 percent compared to the first quarter of 2021 and increased by 47 percent compared to the same quarter of 2020. The imports of commodities were driven by shifting domestic demand for imported items and higher business consumption in the industry sector during the second quarter.

Figure 2.4 - Imports by major trading partners



Source: ASYCUDA data, MoF

Growth in import volume reflected higher in categories of goods, including mineral oil, vegetable products, machinery, base metals, cement, and textiles. China, Iran, and Pakistan are the main import partners of Afghanistan, providing 16 percent, 18 percent, and 12 percent share of the total imports during the second quarter of 2021.



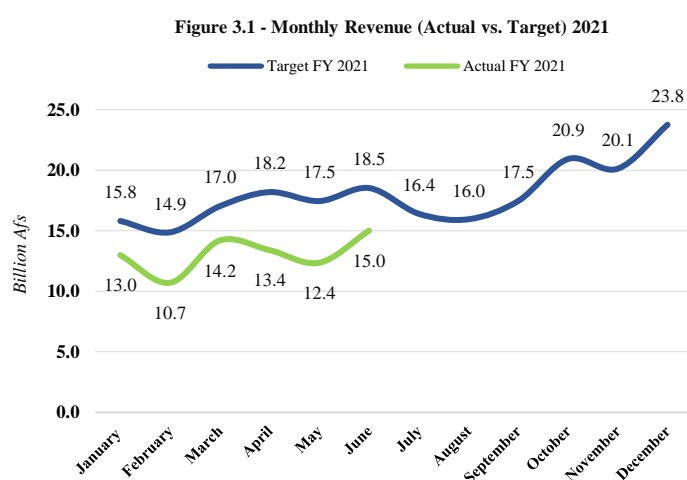
## 3. Fiscal Sector Performance

### 3.1 Domestic Revenue

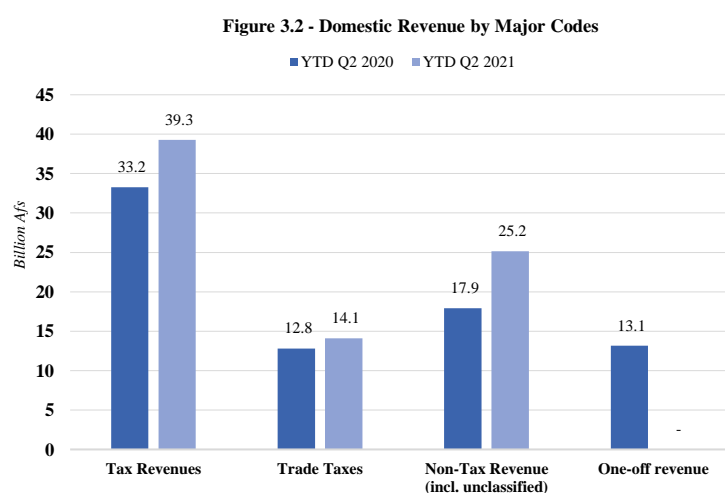
For 2020, the budgeted revenue of Afs 209 billion was revised to Afs 177.7 billion after estimating the COVID-19 impact. The government was able to collect Afs 173 billion, around 4 billion lower than the revised budgeted figures. After the socio-economic impact assessment of the Covid-19 pandemic, the target was revised to Afs 177.7 billion. Anticipating a robust recovery from the COVID-19 pandemic, the budgeted revenue for 2021 was set at Afs 216.5 billion. So far, in the second quarter of 2021, the actual revenue collection reached Afs 78.9 billion that shows a 2 percent increase compared to the first half of the previous year.

The domestic revenue collection continued to be lower than the target in the second quarter of 2021. The first two quarters' cumulative collected revenue is lower by 22.7 percent from budgeted revenue targets. The lower revenue performance is primarily due to increasing insecurity. Also, a massive fire broke out in Islam Qala Custom and Farah Custom, and the government lost control of some border crossing points, including *Shir Khan Bandar* port in Kunduz province, all resulting in lower revenue collection.

Tax revenues collection without custom duties reached Afs 39.3 billion in the second quarter of 2021, making 50% of the total domestic revenues, while it was Afs 33.2 billion during the same quarter in 2020. Custom duties reached Afs 14.1 billion, an increase compared to Afs 12.8 billion in the same quarter of the last year. Non-tax revenue performance, including miscellaneous<sup>1</sup> revenue collection, increased to Afs 7.3 billion in the second quarter of 2021, showing an increase of 40% compared to the same quarter of the fiscal year 2020.



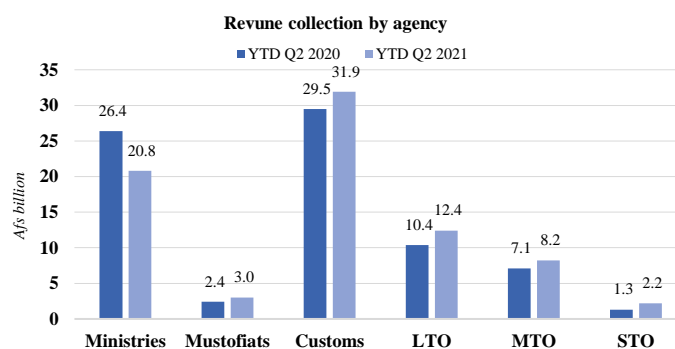
Source: MoF



Source: MoF

<sup>1</sup> Miscellaneous revenue are the unclassified collections which will be classified during the later and will be added in every revenue component.

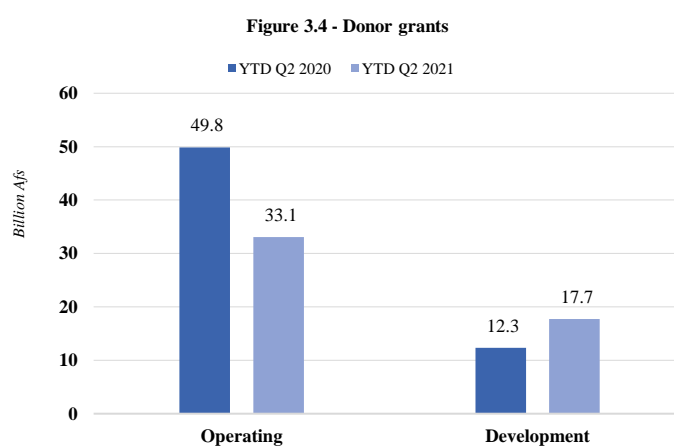
Till the second quarter of 2021, Afghanistan Revenue Department collected Afs 46.6 billion in revenue; a 2.1 percent decreased compared to the previous year's 2<sup>nd</sup> quarter. Custom offices collected Afs 31.9 billion revenue by the end of the second quarter of 2021, which shows an 8.1 percent increase compared to the same period of 2020.



Source: MoF

### 3.2 Grants

International donors provide financing support to the national budget and act as a fiscal stimulus that finances major expenditures items in operating and development budgets. The outcome of the Geneva 2020 pledging conference was a strong expression of the international community's enduring commitment to Afghanistan. Donors pledged at least USD 3.3 billion for the first year of the upcoming quadrennial, with annual commitments to stay at the same level year-on-year basis.



Source: MoF

The grants added to the domestic revenue make up to total available resources for the economic government and government's operations. Total dispersed grants by the end of the second quarter of 2021 amounted to Afs 50.8 billion, an 18 percent decrease compared to the total grants in the same period of 2020. The operating grant is Afs 33.1 billion, and the development grant is Afs 16.3 billion out of Afs 49.4 billion.

### 3.3 Expenditure Performance

The government's total budget consists of operating and development budgets. The operating budget covers government expenses such as wages and salaries, travel expenses, food, fuel, and equipment. The operating budget is allocated to ministries and budgetary units through different codes. The development budget covers the development project's expenditures such as Health, Education, Infrastructure, and Agriculture projects. The funding is allocated to all ministries and budgetary units to implement different projects with specific AFG codes. The total allocated budget for the fiscal year 2021 is Afs 484.5 billion, out of which around 64.4 percent is allocated to the operating budget and approximately 35.5 percent to the development budget.

Table 3.1 summarizes the incurred expenditure up to the second quarter of 2020 and 2021. The overall expenditure by the end of the second quarter of 2021 was at Afs 150 billion, which shows a 7 percent decrease compared to the same quarter of 2020. In the second quarter of 2020, the government provided one-off pandemic-related relief to the vulnerable population. The level of support is set to phase out in the second quarter of 2021.

**Table 3.1 – Expenditure Summary Table**

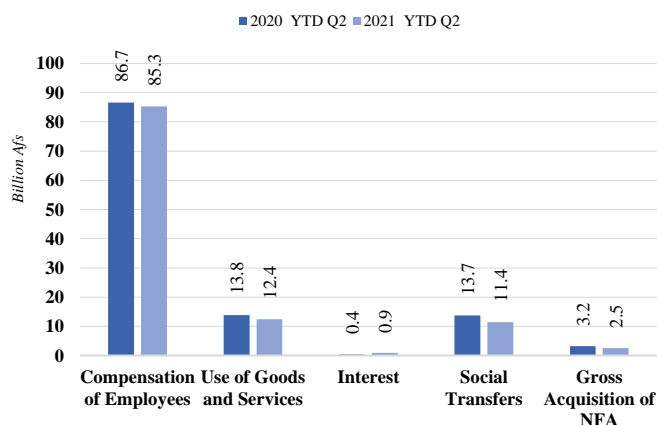
Expenditures (Afs Millions)	2020 YTD Q2	2021 Budget	2021 YTD Q2
<b>Total Gross Expenditures</b>	<b>161,723</b>	<b>484,564</b>	<b>150,282</b>
<i>Operating Budget</i>	118,181	312,140	112,564
<i>Development Budget</i>	43,541	172,424	37,717
<i>Discretionary Budget</i>	24,738		20,335
<i>Non-Discretionary Budget</i>	18,804		17,382
<b>Total Net Expenditures</b>	<b>161,630</b>		<b>150,246</b>
<i>Recurrent Expenditures</i>	131,638		126,474
<i>Compensation Of Employees</i>	86,653	202,002	85,295
<i>Use Of Goods and Services</i>	30,377	122,353	28,892
<i>Interest</i>	835	1,357	878
<i>Social Transfers</i>	13,774	22,198	11,410
<i>Gross Acquisition of NFA</i>	30,085	122,465	23,808
<i>Net Acquisition of NFA 2</i>	161,723	14,189	-
<i>Contingency Fund</i>	-	484,564	

Source: AFMIS

Operating and development expenditures were lower by the end of the second quarter of 2021 compared to the same period in 2020. The lower budget execution rate also resulted from high insecurity and political uncertainty, where most development projects were stopped or delayed.

Total recurrent expenditures by the end of the second quarter of 2021 reached 112 billion, which shows a decline of 4.7 percent compared to the same quarter in 2020, execution reached 36 percent. Late national budget approval also led to low operating budget execution in 2021. Expenditure on compensation to employees slightly decreased by 2.7 percent, and other spending components expenditure has been lower too in the second quarter of 2021.

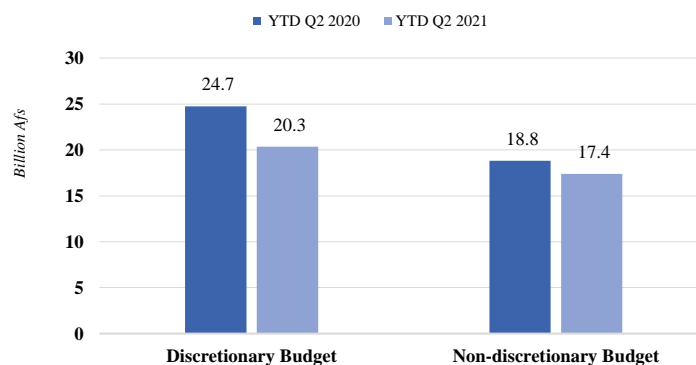
Figure 3.5 - Operating Budget Expenditure



Source: MoF

Development expenditures include discretionary and non-discretionary spending, which covers expenditures on the implementation of development projects. The overall development expenditure up to the end of the second quarter of 2021 decreased by 13.4 percent compared to the second quarter of 2020. Discretionary expenditures decreased by 17 percent, and non-discretionary expenditures decreased by 7 percent, respectively.

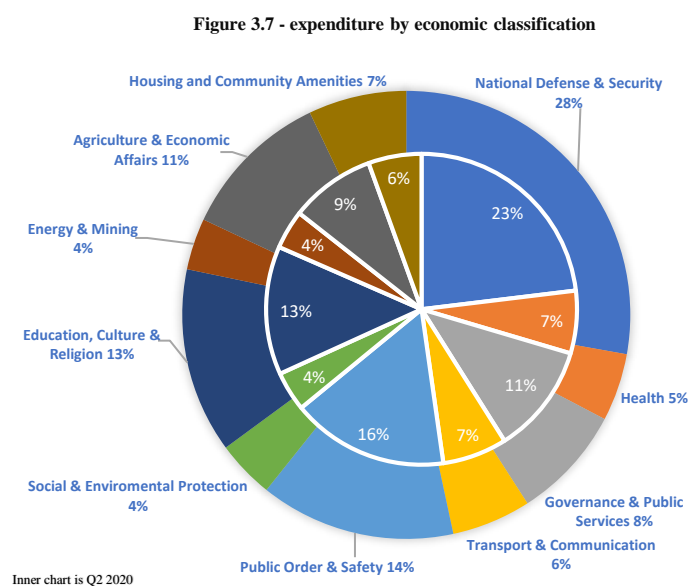
Figure 3.6 - Development Budget Expenditure



Source: MoF

Lower budget execution in the development budget was mainly driven by the low performance of line ministries in the implementation of development projects in the province due to deteriorating security and political instability.

Overall, Government expenditures are classified by ten economic functions. The chart presents the share of budget expenditures by sectors; the national defense and security sector has the highest share of budget execution and increased to 28 percent in the second quarter in 2021, while it was 23 percent in the same period of 2020. The expenditure share of agriculture & economic affairs and governance sectors increased to 11 percent, while remained at 9 percent and 8 percent in 2020, respectively. Share of other sectors remained or less the same as the in the two quarters of last year.



Source: MoF

### 3.4 Debt

Debt financing, which is mainly funding the development projects, plays a limited role in the fiscal framework of Afghanistan as the government under an agreement with IMF only borrows highly concessional loans. International organizations like the IMF, WB, IsDB, and ADB, and the foreign governments, mainly the Russian Federation and the Saudi Fund, remain the leading lenders. As shown in the table, there has been an increase in the overall debt stock compared to the last year.

Afghanistan's external cumulative debt stock increased to Afs 189.3 million in the second quarter of 2021, an almost 17 percent increase compared to the same quarter of 2020. The WB, ADB & Russian Federation are the largest lenders to Afghanistan. Similarly, the foreign governments' debt ratio in the Afghan economy also increased by 4.6 percent compared to the same quarter in 2020. The increasing trend of bilateral and multilateral debt in the Afghan economy shows the future course of this indicator in the overall macroeconomic framework.

Table 3.2 – Debt Summary

Debts (Afs Millions)	2020 Q1	2020 Q4	2021 Q1
<b>EXTERNAL</b>	<b>165,282</b>	<b>173,793</b>	<b>189,336</b>
International Organizations	93,483	100,718	114,196
IMF	21,547	27,615	39,756
World Bank	25,711	26,461	26,745
Islamic Development Bank	3,170	3,061	3,040
Asian Development Bank	42,938	43,468	44,539
Others	117	112	115
Foreign Governments	71,799	73,075	75,140
Russian Federation	61,180	61,343	63,105
Saudi Fund	5,938	6,986	7,149
Others	4,681	4,746	4,886
<b>DOMESTIC</b>	<b>70</b>	<b>167</b>	<b>172</b>
Bonds (Non-Tradable)	70	167	172
Commercial Banks	0%	0%	0%
<b>TOTAL GOVERNMENT DEBT</b>	<b>165,352</b>	<b>173,960</b>	<b>189,508</b>

Source: MoF

### 3.5 Fiscal Sustainability

Ensuring fiscal sustainability is the government's key fiscal policy objective as outlined in major multilateral grant agreements between Afghanistan and the International Community. The Afghan government has intended to phase out the donor support from government operations gradually. The government tries to bring in more on-budget support from the International Community to expand public services and undertake development projects. Meanwhile, the government has enforced compliance to raise domestic revenue to achieve the fiscal policy objective. Domestic revenue increased by more than 90 percent in 2019 (pre-pandemic) since 2014. The government plans to assume full operating cost responsibility in the medium term. Currently, donor grants cover recurrent security costs in the operating budget. The government will reduce reliance on donor grants to finance the total government expenditure in the long term.

In the short and medium-term, the government's existing policies are fiscally unsustainable without on-budget donor grants. Despite the donor funding, the country's limited budgetary resources are still insufficient to fund new policy measures to address the country's economic, demographic, and social challenges without considering the cost of conflict. The total budget deficit with donor grants through the end of the second quarter of 2021 is Afs 22 billion, or nearly 5 percent of the national budget for 2021.

Table 3.3 shows the fiscal sustainability indicators. Compared to the 2<sup>nd</sup> quarter of 1399, the share of domestic revenue in total revenue has increased by 4 percent. Whereas, the share of grants in total revenue has decreased by 21 percent.

Share of salaries in total expenditure increased by 3 percent as compared to same quarter last year

**Table 3.3 - Sustainability Indicator**

	1399 Q2	1399 Q3	1399 Q4	1400 Q1	1400 Q2
Domestic Revenue/Total	53%	40%	53%	72%	57%
Customs Revenue/Total	6%	9%	12%	14%	5%
Grants/Total	47%	43%	39%	28%	26%
Op. Spending/Dom. Rev.	178%	165%	160%	89%	193%
Salaries/Total Expenditure	45%	49%	37%	82%	48%
Interest/Expenditure	0.4%	0.6%	0.3%	1.0%	0.4%
Financing/Expenditure	20.2%	10.3%	15.3%	46.4%	23.6%

Source: MoF

Due to the withdrawal of U.S. military troops and the closure of some customs houses in the second quarter of 2021, the overall indicator shows a significant reduction. Political stability and a stable macroeconomic environment are crucial for fiscal sustainability in the future. The ideal policy solution for the government to maintain budgetary sustainability is mobilizing domestic revenue through changes in tax policy and administration. Cutting unnecessary spending in the budget is a critical step toward more efficient resource allocation and will help the government's long-term budgetary sustainability.

### 3.6 Fiscal Balance

The table below shows that government financing consists of domestic grants, domestic revenue, borrowing, and the sale of assets. Revenue including grants declined by 7 percent compared to the same quarter of 2020 due to lower donor grants and more miniature domestic revenue collection due to insecurity and political uncertainties.

Similarly, recurrent expenditure decreased by 4 percent, and interest payment increased by 5 percent compared to the same quarter of the previous year, respectively. The outlook will be severely undermined with decreasing international grants support and shifting reliance on external financing in the second quarter of 2021, the government-run deficit of 68 percent in operating balance. The gap between lending and borrowing has decreased by 9 percent whereas, financing of non-financial assets has dropped substantially. Correspondingly, financing and net acquisition of financial liabilities have reduced as well.

**Table 3.4 – Fiscal Balance**

<b>Fiscal Accounts (Afs Million)</b>	<b>2020 YTD Q2</b>	<b>2021 YTD Q2</b>	<b>% Change</b>
<b>Transactions Affecting Net Worth</b>			
Revenues Including Grants	139,296	129,323	-7%
Expenditures (Recurrent)	131,638	126,474	-4%
Interest	835	878	5%
Net Operating Balance	7,659	2,849	-63%
Primary Operating Balance	8,494	3,726	-56%
<b>Transactions In Non-financial Assets</b>			
Net Acquisition of Non-financial Assets	29,992	23,772	-21%
Net Lending-Borrowing	-22,334	-20,923	-6%
Financing	27,606	15,708	-43%
<b>Transaction in Financial Assets/Liabilities</b>			
Net Acquisition of Financial Assets	11,063	849	-92%
Net Acquisition of Financial Liabilities	16,544	14,858	-10%
<b>Retained Earnings</b>			
Discrepancies	5,273	-5,216	-199%

Source: MoF

## 4. Annexes

**Table 4.1 - GFS Summary**

GFS Summary (Afs Million)	2020 YTD Q2	2021 Budget	2021 YTD Q2
<b>Revenue</b>	<b>137,482</b>	<b>435,442</b>	<b>129,096</b>
Tax Revenue	43,355	148,615	39,287
Non-Tax Revenue	33,903	67,885	39,008
Grants	60,224	218,942	50,801
Social Contributions	-	-	-
<b>Expenditure</b>	<b>131,638</b>	<b>347,911</b>	<b>126,474</b>
Wages and Salaries	86,653	202,002	85,295
Goods and Services	30,377	122,353	28,892
Interest	835	1,357	878
Grants and Transfers	13,774	22,198	11,410
<b>Overall Operating Balance</b>	<b>5,845</b>	<b>87,531</b>	<b>2,622</b>
<b>Primary Operating Balance</b>	<b>6,679</b>	<b>88,888</b>	<b>3,500</b>
<b>Gross Acquisition of Fixed Assets</b>	<b>30,085</b>	<b>122,465</b>	<b>23,808</b>
<b>Net Acquisition of Fixed Assets</b>	<b>29,992</b>	<b>122,465</b>	<b>23,772</b>
<b>Overall Balance</b>	<b>(24,148)</b>	<b>(34,934)</b>	<b>(21,150)</b>
<b>Primary Balance</b>	<b>(23,313)</b>	<b>(33,577)</b>	<b>(20,272)</b>
<b>Gross Acquisition of Financial Assets</b>	<b>27,606</b>	<b>34,934</b>	<b>15,708</b>

Source: MoF

**Table 4.2 - Revenue Summary**

Revenue Summary (Afs Million)	2020 YTD Q2	2021 Budget	2021 YTD Q2	% Target	% Change on 2020
<b>Revenues Including Grants</b>	<b>137,482</b>	<b>435,442</b>	<b>129,096</b>	<b>30%</b>	<b>-6%</b>
<b>Revenues Excluding Grants</b>	<b>77,258</b>	<b>216,500</b>	<b>78,294</b>	<b>36%</b>	<b>1%</b>
<b>Revenue (without customs)</b>	<b>65,000</b>	<b>174,431</b>	<b>64,589</b>	<b>37%</b>	<b>-1%</b>
<b>Tax Revenues (without customs)</b>	<b>31,097</b>	<b>106,546</b>	<b>25,582</b>	<b>24%</b>	<b>-18%</b>
Fixed Taxes	4,676	15,321	5,162	34%	10%
Income Taxes	11,954	40,353	8,247	20%	-31%
Property Taxes	199	708	312	44%	57%
Sales Taxes	13,160	45,753	10,726	23%	-19%
Other Taxes	-	-	-	-	-
Tax Penalties and Fines	1,108	4,411	1,135	26%	2%
<b>Customs Duty, Import Taxes</b>	<b>12,258</b>	<b>42,069</b>	<b>13,705</b>	<b>33%</b>	<b>12%</b>
<b>Non Tax Revenue</b>	<b>16,288</b>	<b>55,502</b>	<b>14,532</b>	<b>26%</b>	<b>-11%</b>
Income from Capital Property	504	2,810	680	24%	35%
Sales of Goods and Services	3,516	11,121	2,523	23%	-28%
Administrative Fees	11,702	38,129	11,015	29%	-6%
Non Tax Fines and Penalties	411	999	155	16%	-62%
Extractive Industry	156	2,443	159	7%	2%
<b>Miscellaneous Revenue</b>	<b>4,373</b>	<b>9,164</b>	<b>24,438</b>	<b>267%</b>	<b>459%</b>
<b>Sales of Land and Buildings</b>	<b>13,242</b>	<b>3,219</b>	<b>37</b>	<b>1%</b>	<b>-100%</b>
<b>Social Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grants</b>	<b>60,224</b>	<b>218,942</b>	<b>50,801</b>	<b>23%</b>	<b>-16%</b>

Source: MoF

Table 4.3 - Expenditures by Economic Sectors

Expenditure by Economic Sectors (Afs Million)	2020 YTD Q2	2021 YTD Q2	2021 Budget	2021 Allocated	% Change on 2020
<b>TOTAL GROSS EXPENDITURES</b>	<b>161,723</b>	<b>150,282</b>	<b>484,564</b>	<b>463,534</b>	<b>8%</b>
Operating Budget	118,181	112,564	312,140	299,459	13%
Development Budget	43,541	37,717	172,424	164,076	-2%
<b>National Defense and Security</b>	<b>37,322</b>	<b>41,801</b>	<b>115,187</b>	<b>114,714</b>	<b>25%</b>
Operating Budget	37,303	41,783	114,657	114,311	25%
Development Budget	19	18	530	403	109%
<b>Governance and Public Services</b>	<b>18,540</b>	<b>12,332</b>	<b>37,830</b>	<b>36,803</b>	<b>-27%</b>
Operating Budget	9,946	9,583	22,599	21,909	34%
Development Budget	8,594	2,749	15,231	14,894	-67%
<b>Transport and Communication</b>	<b>10,852</b>	<b>8,604</b>	<b>34,395</b>	<b>33,385</b>	<b>25%</b>
Operating Budget	2,361	685	2,290	2,162	-66%
Development Budget	8,492	7,919	32,105	31,223	53%
<b>Public Order and Safety</b>	<b>26,390</b>	<b>21,185</b>	<b>70,380</b>	<b>70,277</b>	<b>1%</b>
Operating Budget	26,297	21,003	69,719	69,638	0%
Development Budget	93	183	661	639	209%
<b>Education, Culture and Religion</b>	<b>21,611</b>	<b>20,081</b>	<b>56,692</b>	<b>56,074</b>	<b>4%</b>
Operating Budget	20,279	19,064	49,113	48,690	5%
Development Budget	1,333	1,017	7,579	7,384	-1%
<b>Health</b>	<b>10,518</b>	<b>7,338</b>	<b>20,080</b>	<b>19,469</b>	<b>-27%</b>
Operating Budget	2,709	2,092	6,774	6,162	-21%
Development Budget	7,809	5,247	13,306	13,306	-28%
<b>Agriculture and Economic Affairs</b>	<b>14,340</b>	<b>16,418</b>	<b>42,252</b>	<b>40,325</b>	<b>60%</b>
Operating Budget	11,548	11,027	16,235	16,083	33%
Development Budget	2,792	5,392	26,017	24,242	155%
<b>Social and Environmental Protection</b>	<b>6,669</b>	<b>6,285</b>	<b>21,392</b>	<b>21,156</b>	<b>-4%</b>
Operating Budget	6,456	6,049	16,952	16,910	-5%
Development Budget	213	236	4,439	4,246	50%
<b>Energy and Mining</b>	<b>6,544</b>	<b>5,596</b>	<b>32,561</b>	<b>32,411</b>	<b>19%</b>
Operating Budget	583	590	2,012	1,938	26%
Development Budget	5,961	5,006	30,548	30,473	18%
<b>Housing and Community Amenities</b>	<b>8,936</b>	<b>10,639</b>	<b>39,607</b>	<b>38,920</b>	<b>5%</b>
Operating Budget	700	688	1,745	1,655	12%
Development Budget	8,236	9,951	37,862	37,265	4%
<b>Contingency</b>	<b>0</b>	<b>0</b>	<b>14,189</b>	<b>0</b>	<b>-</b>
Operating Budget	0	0	10,044	0	-
Development Budget	0	0	4,145	0	-

Source: MoF