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1389 Fiscal Year Highlights

- This report provides preliminary data and analysis on the implementation of the 1389 National Budget.
- The fiscal year of 1389 presented the Government with a range of development challenges and observations. The security situation continued to pose serious challenges for the government programs and development budget implementation. In addition, the Government was presented with challenges around the Kabul Bank crisis.
- Despite these challenges, GDP growth rate remained strong at 8.2 percent, while inflation was relatively low at 6.9 percent.
- Domestic revenues were Afs 80.4 billion (11.3 percent of GDP), an increase of Afs 16.8 billion (26.4 percent) over the 1388 level. Collections were also above the projected target of Afs 71.1 billion
- Grants to the core budget were Afs 84.5 billion (11.8 percent of GDP), an increase of Afs 16.3 billion (24.0 percent) over the 1388 level. Operating budget grants were Afs 54.5 billion, an increase of Afs 21.7 billion (66.2 percent) over the 1388 level. Development budget grants were Afs 30.0 billion, a decrease of Afs 5.4 billion (15.3 percent) from the 1388 level.
- Core budget expenditures were Afs 153.8 billion (21.6 percent of GDP), an increase of 22.6 billion (17.2 percent) over the 1388 level. Expenditure as a percentage of GDP fell due to the positive rate of economic growth. Operating expenditure was Afs 110.5 billion, an increase of Afs 23.2 billion (27.0 percent) over the 1388 level. Development expenditure was Afs 43.4 billion, a decrease of Afs 609 million (1.4 percent) from the 1388 level.
- The execution rate of the development budget was 39 percent. This is a slight increase over the 37 percent in 1388. Development expenditure as a percentage of new 1389 allocations was 92 percent, highlighting the Government's increasing ability to accurately budget what it expects to be able to execute.

Table 1 – Fiscal Summary for Fiscal Years 1388 – 1389

| Code | (In millions of Afghanis) | 1388 Prelim. Actual | 1388 %GDP | 1389 Prelim. Actual | 1389 %GDP | 1389 Final Budget (4) | 1389 %of Final Budget |
|---------------------------|---|---------------------------|--------------|---------------------------|--------------|-----------------------------|-----------------------------|
| OPERATING BUDGET | | | | | | | |
| | Operating Budget Revenues | 96,386 | 15.7 | 134,910 | 18.9 | 123,209 | 9.5 |
| 1 | Domestic Revenues | 63,619 | 10.4 | 80,444.5 | 11.3 | 71,120 | 13.1 |
| 1-19 | Operating Grants | 32,768 | 5.3 | 54,465.8 | 7.6 | 52,089 | 4.6 |
| | Operating Budget Expenditures | 87,243 | 14.2 | 110,453 | 15.5 | 119,849 | 92 |
| 21 | Compensation of Employees | 64,256 | 10.5 | 86,474 | 12.1 | 89,085 | 97 |
| 22 | Use of Goods and Services | 16,859 | 2.7 | 17,158 | 2.4 | 19,313 | 89 |
| 23 | Interest (2) | 104 | 0.0 | 79 | 0.0 | 300 | 26 |
| 24 | Social Transfers (3) | 4,691 | 0.8 | 5,152 | 0.7 | 9,324 | 55 |
| 25 | Gross Acquisition of Nonfinancial Assets | 1,333 | 0.2 | 1,590 | 0.2 | 1,930 | 82 |
| | Operating Budget Balance (3) | | | | | | |
| | Excluding Grants | -23,624 | -3.8 | -30,008 | -4.2 | -48,729 | 62 |
| | Including Grants | 9,143 | 1.5 | 24,457 | 3.4 | 3,360 | 728 |
| | Indicator of Fiscal Sustainability (domestic revenues/ operating) | 73% | | 73% | | 59% | |
| DEVELOPMENT BUDGET | | | | | | | |
| | Development Grants (1) | 35,419 | 5.8 | 29,986 | 4.2 | 93,348 | 32 |
| | Development Expenditures | 43,991 | 7.2 | 43,382 | 6.1 | 111,900 | 39 |
| | Development Budget Balance (3) | -8,572 | -1.4 | -13,396 | -1.9 | -18,553 | 72 |
| INTEGRATED BUDGET | | | | | | | |
| | Revenues (1) | 131,805 | 21.5 | 164,896 | 23.1 | 216,557 | 76 |
| | Domestic Revenues | 63,619 | 10.4 | 80,444 | 11.3 | 71,120 | 113 |
| | Grants (1) | 68,186 | 11.1 | 84,452 | 11.8 | 145,437 | 58 |
| | Expenditures | 131,234 | 21.4 | 153,835 | 21.6 | 231,750 | 131 |
| | Integrated Budget Balance | | | | | | |
| | Excluding Grants | -67,615 | -11.0 | -73,390 | -10.3 | -160,630 | 46 |
| | Including Grants (3) | 571 | 0.1 | 11,061 | 1.6 | -15,193 | -73 |
| | Financing Requirement | | | | | | |
| | Balance Including Grants | 571 | | 11,061 | | | |
| | Sale of Land and Buildings | 215 | | 108 | | | |
| | Lending/ Borrowing | 786 | | 11,169 | | | |

Source: AFMIS Database as at 20 July 2011

1/ Budget data for core budget grants is not comparable to actuals, as Development Budget Grants listed in Budget do not distinguish between grants and loans, while the actuals shown above are only for grants.

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

3/ Does not equal the budget balances shown in budget documentation, as balances in budget documentation also include domestic revenues transferred between the operating and development budget, and development budget balance in budget documentation includes loans.

contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs 119.8 billion.

Fiscal Sustainability

- Fiscal sustainability is defined as “Domestic Revenue funding the full operating budget expenditures”. Achieving fiscal sustainability has been and continues to be one of the primary goals of the government. Despite significant progress that is made in domestic revenue collection, the fiscal sustainability indicator was 73 percent in 1389, up from 60 percent in 1387.
- This increase has been largely due to the significant increase in the collection of domestic revenues (i.e. tax and customs). Domestic revenues increased by over 94 percent compared to 1387 of Afs 41.4 billion, and in 1389, total revenues of Afs 80.4 billion were collected.
- Operating expenditures have also increased significantly in the last few years, and it is expected that government operating expenditure will increase further in the future. This will be due to the rise in security spending, other fiscal pressures (education), and also because the Government is likely to progressively take on more responsibility for the recurrent implications of the external budget. In order to continue to make progress towards fiscal sustainability, continuous efforts will be required to make sure domestic revenues increase at a faster rate than operating expenditures.

1. Macroeconomic Performance

Despite security challenges and obstacles in the business environment, Afghanistan economic growth was favorable. Preliminary estimates reflect that nominal economic growth for the fiscal year 1389 was 12.2 percent. In real terms, the economic growth rate was 8.2 percent. A nominal growth rate of 12.2 percent will see Afghanistan double its national income from the present level every six years.

Macroeconomic indicators for Fiscal Years 1382 – 1389

| | 1382 Actual | 1383 Actual | 1384 Actual | 1385 Actual | 1386 Actual | 1387 Actual | 1388 Actual | 1389 Original Budget | 1389 Prelim. Actual |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|---------------------------|
| Real GDP Growth | 15.1% | 8.8% | 16.1% | 8.2% | 14.2% | 3.4% | 20.4% | 8.5% | 8.2% |
| Contribution to Growth | | | | | | | | | |
| - Agriculture | 7.8% | -3.9% | 3.1% | -3.6% | 5.4% | -5.9% | 11.2% | | -1.9% |
| - Industry | 1.3% | 6.3% | 5.7% | 5.1% | 2.1% | 1.9% | 1.5% | | 1.9% |
| - Services | 5.2% | 6.1% | 5.9% | 6.7% | 6.1% | 6.8% | 7.8% | | 7.9% |
| - Indirect taxes | 0.8% | 0.3% | 1.4% | 0.0% | 0.7% | 0.6% | 0.0% | | 0.3% |
| Nominal GDP Growth | 21.1% | 18.7% | 24.9% | 19.6% | 25.7% | 23.9% | 17.7% | 14.3% | 12.2% |
| Nominal GDP (Million Afs) | 217,388 | 257,993 | 322,231 | 385,489 | 484,626 | 600,493 | 706,752 | 767,874 | 793,074 |
| Inflation (period average) | 24.1% | 13.2% | 12.3% | 5.1% | 13.0% | 26.8% | -12.2% | 7.8% | 6.9% |
| Exchange rate (Afs/US\$) | 49.0 | 47.8 | 49.7 | 49.9 | 49.8 | 51.0 | 48.5 | 48.5 | 48.5 |

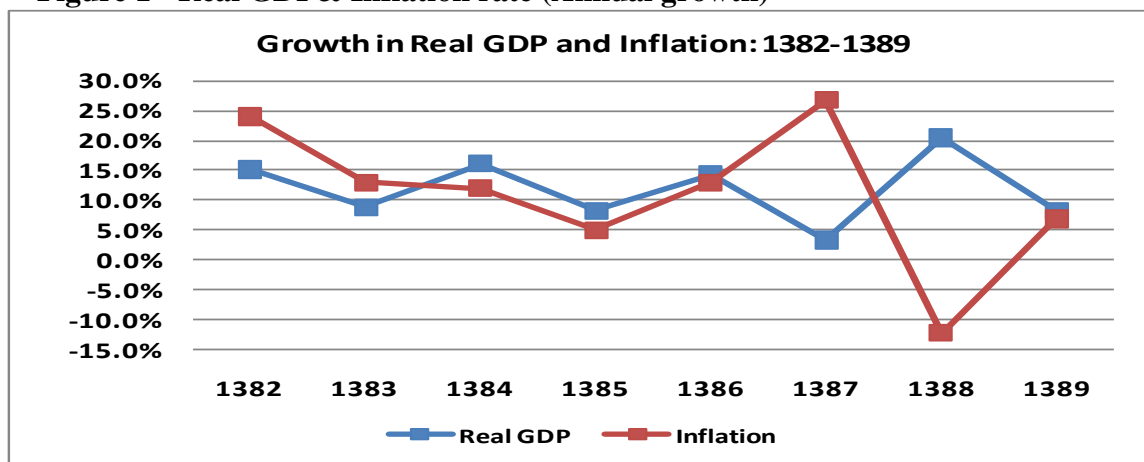
This is lower than the nominal growth rate of 17.7 percent in 1388. The decline in economic growth from previous years was mainly due to weak performance in agriculture sector, with drought in parts of northern Afghanistan which affecting harvests. The contraction in the agriculture sector reduced real economic growth by 1.9 percentage points.

The services sector continued to expand, and now accounts for 41 percent of the economy. Services sector growth in 1389 accounted for 7.9 percentage points of the 8.2 percent real increase in real GDP growth.

The industry sector expanded, and accounted for 1.9 percentage points of the 8.2 percent increase in real GDP growth. The industry sector makes up 24 percent of the economy.

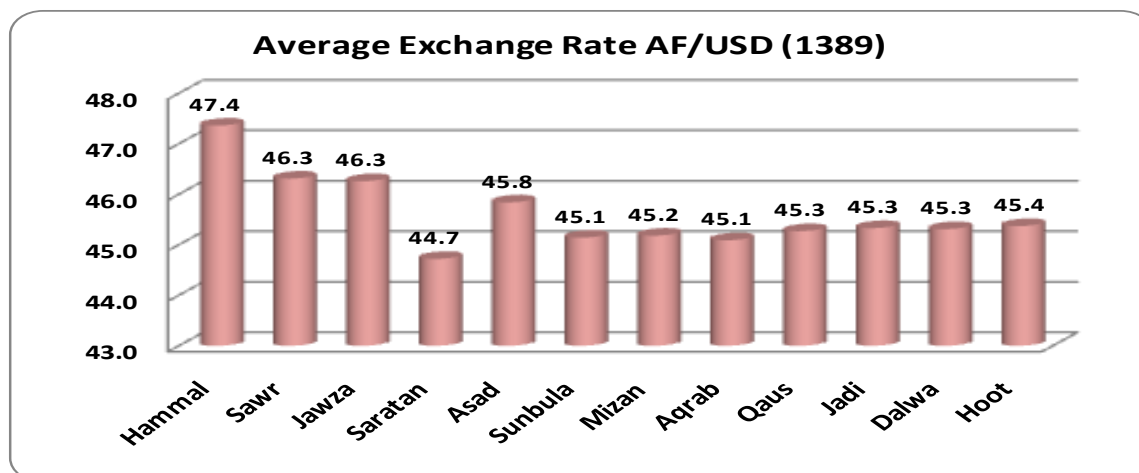
In 1389 the inflation rate was 6.9 percent (see figure 1). Rising food prices and increases in fuel and transportation costs were the main drivers of inflation. There were also impacts from the implementation of trade and transit arrangements with Pakistan. The Afghanistan Pakistan Transit Trade Agreement (APTTA) as delayed implementation by Pakistan has slowed the processing of Afghanistan's exports and imports at ports in Pakistan. Similarly, restrictions on fuel imports into Afghanistan from Iran in December 2010 put upward pressure on domestic fuel prices, negatively impacting domestic growth.

Figure 1 - Real GDP& Inflation rate (Annual growth)



During 1389 the value of the Afghani to the US dollar appreciated from Afs 47.4/USD to Afs 45.4/USD (see figure 2). Most of this appreciation occurred in the first half of the year, with the currency remaining stable during the second half. Similarly, the Afghani appreciated against the Euro from Afs 65/Euro to Afs 63/Euro as well as the Pakistan rupee. The appreciation in the Afghani was mainly driven by large inflows of donor funding and International forces expenditures.

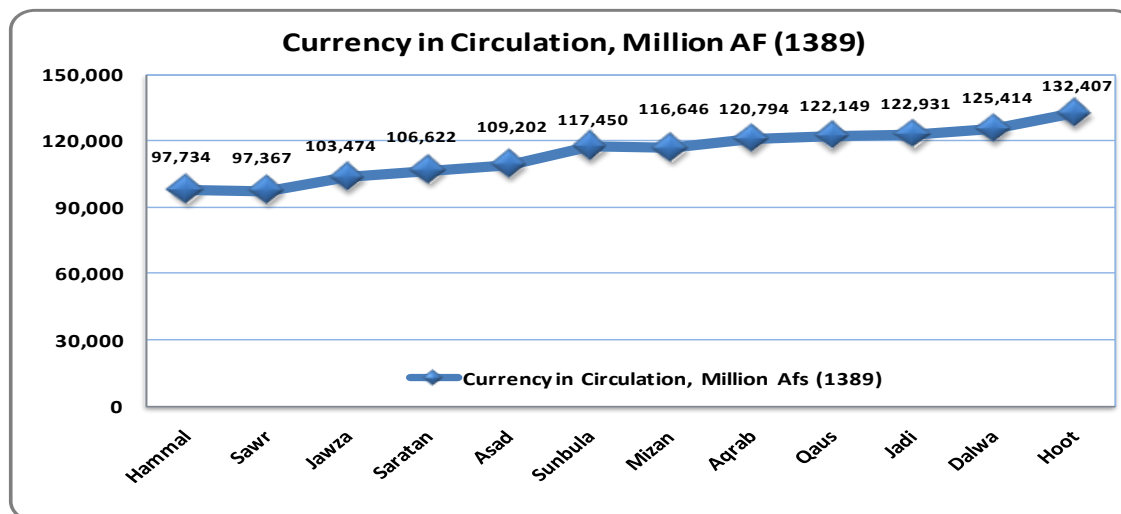
Figure 2 - Average Exchange Rate (Afs/USD) 1389



FPU using data provided by DAB

With regards to DAB monetary policy, currency in circulation (CIC) was in line with the target for 1389. Currency in circulation rose from Afs 97.7 billion at the beginning of the year to Afs 132.4 billion by the end. The year on year growth was 34.2 percent (see figure 3).

Figure 3 - Currency in Circulation (Million Afs) 1389



Afghanistan's trade performance during fiscal year 1389 was relatively higher compared to the previous year. Export of goods and services during the 1389 were Afs 30.9 billion (4 percent of GDP). This is higher than the value of exports in 1388 of Afs 20.2 billion. Similarly, imports of goods and services during the year 1389 were Afs 252.2 billion (31.8 percent of GDP), approximately 58 percent higher than in 1388 when imports were Afs 165 billion. The trade balance deficit was 27.9 percent of GDP at the end of 1389.

Table 2 – Macroeconomic indicators for Fiscal Years 1382 – 1389

| | 1382 Actual | 1383 Actual | 1384 Actual | 1385 Actual | 1386 Actual | 1387 Actual | 1388 Actual | 1389 Original Budget | 1389 Prelim. Actual |
|-----------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------------------|---------------------------|
| Real GDP Growth | 15.1% | 8.8% | 16.1% | 8.2% | 14.2% | 3.4% | 20.4% | 8.5% | 8.2% |
| Contribution to Growth | | | | | | | | | |
| - Agriculture | 7.8% | -3.9% | 3.1% | -3.6% | 5.4% | -5.9% | 11.2% | | -1.9% |
| - Industry | 1.3% | 6.3% | 5.7% | 5.1% | 2.1% | 1.9% | 1.5% | | 1.9% |
| - Services | 5.2% | 6.1% | 5.9% | 6.7% | 6.1% | 6.8% | 7.8% | | 7.9% |
| - Indirect taxes | 0.8% | 0.3% | 1.4% | 0.0% | 0.7% | 0.6% | 0.0% | | 0.3% |
| Nominal GDP Growth | 21.1% | 18.7% | 24.9% | 19.6% | 25.7% | 23.9% | 17.7% | 14.3% | 12.2% |
| Nominal GDP (Million Afs) | 217,388 | 257,993 | 322,231 | 385,489 | 484,626 | 600,493 | 706,752 | 767,874 | 793,074 |
| Inflation (period average) | 24.1% | 13.2% | 12.3% | 5.1% | 13.0% | 26.8% | -12.2% | 7.8% | 6.9% |
| Exchange rate (Afs/ US\$) | 49.0 | 47.8 | 49.7 | 49.9 | 49.8 | 51.0 | 48.5 | 48.5 | 48.5 |

2. Revenues

Domestic Revenues

Total preliminary revenues of Afs 80.4 billion were collected during 1389, which is an Afs 63.6 billion (26 percent increase) over revenue collected in 1388. Revenues also exceeded the budget target of Afs 71.1 billion by Afs 9.3 billion.

Total revenue as a percentage of GDP in 1389 was 11.3 percent, higher than the 1388 figure of 10.4 percent. Tax revenues' contribution to total Government revenues rose from 47 percent in 1388 to 48 percent in 1389. Similarly, custom duties increased from 34 percent in 1388 to 35 percent in 1389. Non tax revenue contribution to total revenue reduced from 16 percent in 1388 to 14 percent in 1389.

Figure 4 - Domestic Revenues by major categories, 1389

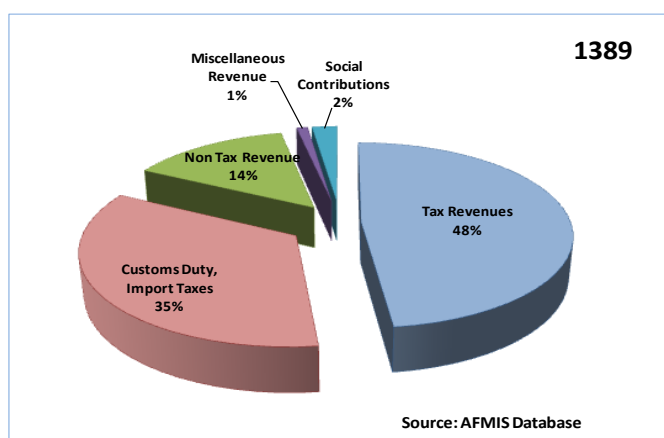


Figure 5 - Domestic Revenues by major categories, 1388

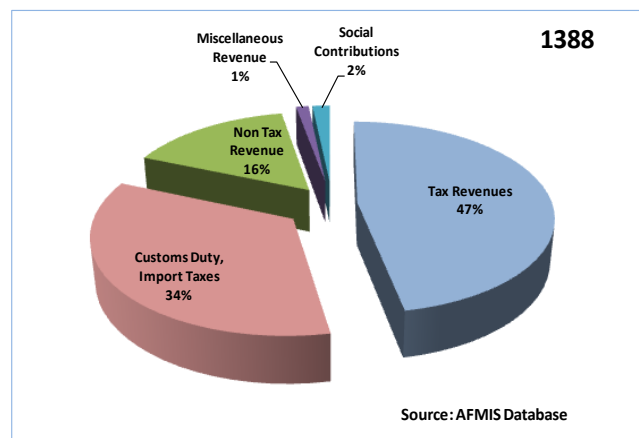
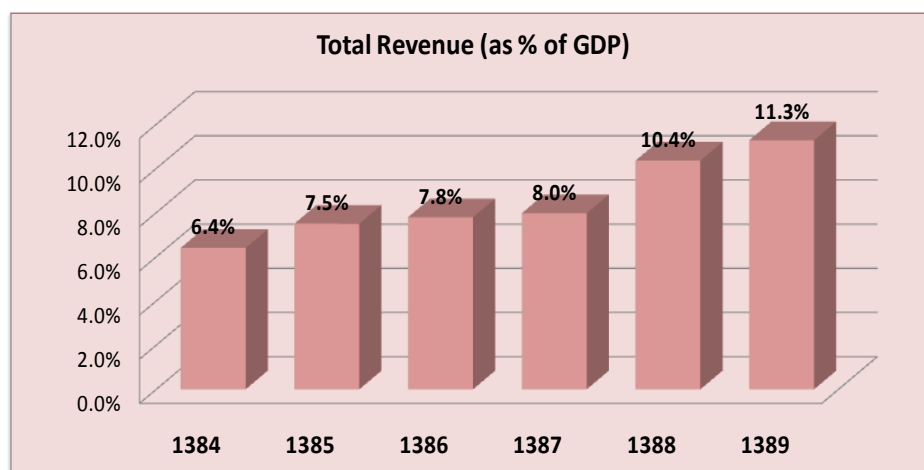


Figure 6 – Total Revenue as percentage of GDP, 1384 - 89



A. Tax revenue

Tax revenue collections, which comprises of **fixed taxes, income taxes and sales taxes**, were Afs 38.7 billion in 1389. This is an increase of Afs 8.8 billion (or 29 percent) over the Afs 29.9 billion collected in 1388. Tax revenue collections as a percent of GDP also increased from 4.9 percent in 1388 to 5.4 percent in 1389. Tax revenue collections rose by Afs 6.8 billion (or 21 percent) over its annual target of Afs 31.9 billion.

The increase in tax revenue is attributable to improved tax compliance rates (the compliance rate in the large tax payers office was 95 percent), improved tax administration, and monitoring and evaluation of revenue targets.

Figure 7 –Domestic Revenues by minor codes 1389

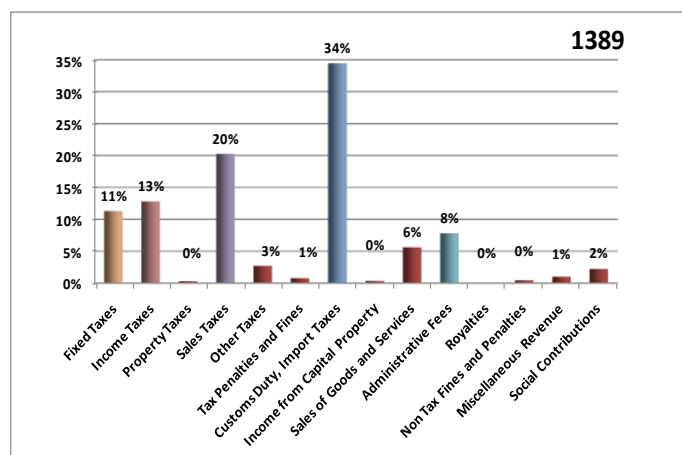
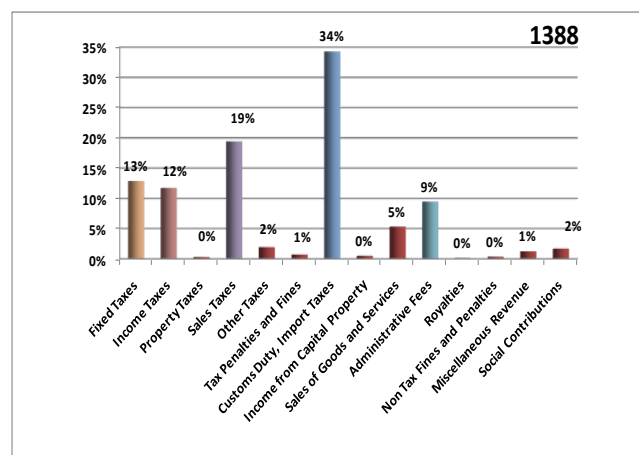


Figure 8 - Domestic Revenue by minor codes 1388



Approximately 90 percent of total tax revenue collections are comprised of three main components:

- i. **Fixed taxes** collected in 1389 were Afs 9.1 billion, an increase of Afs 0.9 billion (or 11 percent) over Afs 8.2 billion collected in 1388. Within fixed taxes, the three main taxes are *imports by licensed business (or 2 percent fixed taxes)* (collected Afs 7.3 billion), *fixed taxes on government contracts* (collected Afs 686 million) and *imports by unlicensed business* (collected Afs 619 million) which jointly collected Afs 8.6 billion.
- ii. **Income tax** collected Afs 10.3 billion in 1389, an increase by Afs 2.8 billion (or 38 percent) over Afs 7.5 billion collected in 1388. *Employee's Wages and Salaries* (which accounts for almost half of total income taxes revenue) collected Afs 4.8 billion in 1389, an increase of Afs 1.6 billion (or 50 percent) over Afs 3.2 billion collected in 1388. The increase in wages and salaries tax take is partly driven by higher salaries associated with Pay and Grading reforms. *Corporate income tax* (Profit Private Entities) collected Afs 2.1 billion, an increase of Afs 403 million (or 24 percent) over Afs 1.7 billion collected in 1388. Government's enforcement and letters to various companies led to increase in incorporate income taxes.

iii. **Sales taxes** compromise 42 percent of the total taxes collected Afs 16.3 billion in 1389, an increase of Afs 3.9 billion (or 32 percent) over the Afs 12.4 billion collected in 1388. Sales taxes (*Business Receipts taxes*) increased its share as a percent of GDP from 2.0 percent in 1388 to 2.3 percent in 1389. Among the components of sales taxes, **2 percent BRT on imports (or new BRT)** collected Afs 7.5 billion, an increase of Afs 752 million (or 11 percent) over Afs 6.8 billion collected in 1388. In addition, *Business Receipt taxes (BRT on services and BRT on Receipt of Private Entities)* collected Afs 4.4 and Afs 4.3 billion respectively. This compares to Afs 3.3 and 2.0 billion collected in 1388, an increase of Afs 1.1 and Afs 2.3 billion (or 33 percent and 115 percent) respectively. The increase in revenue is attributed to improved processes and understanding of tax compliance of Business Receipt Taxes and Withholding Taxes in a number of Mustofiats.

B. Custom duties

Custom duties, including custom duties on imports, custom fines and other fees, generated Afs 27.7 billion in revenues in 1389, an increase of Afs 5.9 billion (or 27 percent) over Afs 21.8 billion collected in 1388. This growth in import duties was largely due to tariff increase on vehicles and was implemented during the last quarter 1389. Further gains are due to process improvements in Custom offices. Revenues were Afs 2.6 billion higher than the annual target of Afs 25.1 billion. Custom duties as a percent of GDP was 3.9 percent in 1389, compared to 3.5 percent in 1388.

Table 3 – Integrated Core Budget Revenues for Fiscal Years 1388 – 1389

| Code (In millions of Afghanis) | 1388 Actual | 1388 %GDP | 1389 Prelim. Actual | 1389 %GDP | 1389 Target (Original) | 1389 Target (revised) | 1389 %Greater than target |
|---|------------------|--------------|---------------------------|--------------|------------------------------|-----------------------------|---------------------------------|
| 1 REVENUES including grants (1) | 131,805.0 | 21.5 | 164,896.1 | 23.1 | 209,968.0 | 216,556.6 | N/A |
| 1-19 REVENUES excluding grants (2) | 63,618.6 | 10.4 | 80,444.5 | 11.3 | 71,120.0 | 71,120.0 | 13.1 |
| 11 Tax Revenues | 29,894.3 | 4.9 | 38,687.3 | 5.4 | 31,869.0 | 31,869.0 | 21.4 |
| 111 Fixed Taxes | 8,185.0 | 1.3 | 9,087.3 | 1.3 | 5,913.0 | 5,913.0 | 53.7 |
| 112 Income Taxes | 7,463.8 | 1.2 | 10,288.2 | 1.4 | 7,183.6 | 7,183.6 | 43.2 |
| 113 Property Taxes | 207.2 | 0.0 | 245.4 | 0.0 | 96.1 | 96.1 | 155.5 |
| 114 Sales Taxes | 12,356.8 | 2.0 | 16,291.2 | 2.3 | 17,181.3 | 17,181.3 | -5.2 |
| 116 Other Taxes | 1,232.8 | 0.2 | 2,152.2 | 0.3 | 1,657.5 | 1,657.5 | 29.8 |
| 117 Tax Penalties and Fines | 448.5 | 0.1 | 622.9 | 0.1 | -162.3 | -162.3 | -483.7 |
| 12 Customs Duty, Import Taxes | 21,796.9 | 3.5 | 27,704.6 | 3.9 | 25,105.2 | 25,105.2 | 10.4 |
| 13 Non Tax Revenue | 10,050.9 | 1.6 | 11,450.7 | 1.6 | 12,022.7 | 12,022.7 | -4.8 |
| 131 Income from Capital Property (2) | 313.7 | 0.1 | 281.1 | 0.0 | 534.9 | 534.9 | -47.4 |
| 132 Sales of Goods and Services | 3,398.7 | 0.6 | 4,507.8 | 0.6 | 3,380.2 | 3,380.2 | 33.4 |
| 133 Administrative Fees | 6,013.9 | 1.0 | 6,282.1 | 0.9 | 7,738.4 | 7,738.4 | -18.8 |
| 134 Royalties | 101.1 | 0.0 | 40.4 | 0.0 | 111.5 | 111.5 | -63.8 |
| 135 Non Tax Fines and Penalties | 223.6 | 0.0 | 339.3 | 0.0 | 257.8 | 257.8 | 31.6 |
| 14 Miscellaneous Revenue | 788.5 | 0.1 | 793.8 | 0.1 | 837.5 | 837.5 | -5.2 |
| 17 Social Contributions | 1,087.8 | 0.2 | 1,808.1 | 0.3 | 1,285.6 | 1,285.6 | 40.6 |
| 19 Grants (1) | 68,186.4 | 11.1 | 84,451.6 | 11.8 | 138,848.0 | 145,436.6 | N/A |
| of which operating budget | 32,767.7 | 5.3 | 54,465.8 | 7.6 | 48,505.8 | 52,089.0 | 4.6 |
| 191 Foreign Governments | 37,233.2 | 6.1 | 59,421.7 | 8.3 | | | |
| 192 International Organisation | 30,320.4 | 4.9 | 24,341.9 | 3.4 | | | |
| 193 Other Government Units | 632.8 | 0.1 | 688.0 | 0.1 | | | |

Source: AFMIS Database as at 20 July 2011

1/ Budget data for core budget grants is not comparable to actuals, as Development Budget Grants listed in Budget do not distinguish between grants and loans, while the actuals shown above are only for grants.

2/ Revenues exclude proceeds from the sale of fixed assets (150), and loans (18). These items are included under financing.

C. Non-tax revenues

Non-tax revenue is an important component in the structure of total domestic revenues, and in 1389 were Afs 11.5 billion. This was an increase of Afs 1.4 billion (or 14 percent) over the Afs 10.1 billion collected in 1388. Non-tax revenue is comprised of:

- i. *Sales of Goods and Services* collected Afs 4.5 billion in 1389, an increase of Afs 1.1 billion (or 33 percent) over Afs 3.4 billion collected in 1388. This exceeded the annual target of Afs 3.4 billion by 33 percent. The largest component in this category is revenue collection from *Mobil Telephone Services* which generated Afs 1.6 billion in revenue, an increase of Afs 662 million (or 68 percent) over the Afs 972 million collected in 1388.
- ii. *Administrative Fees* collected Afs 6.3 billion in 1389, a slight increase of Afs 268 million (or 4.5 percent) over the Afs 6.0 billion collected in 1388. Collection from *Overflight revenue* were Afs 1.4 billion in 1389, Afs 0.1 billion lower than the revenue collected in 1388. This reduction was due to Government delays in processing two invoices to the International Air Transport Association (IATA).

In 1389 the Government established the *Non-Tax Revenue Unit* to assist Ministries with their non-tax revenue collection systems. It is expected that in the future, it will lead to more improvement in the non-tax collections.

D. Social contributions

Social contributions were Afs at 1.8 billion in 1389, an increase of Afs 720 million (or 66 percent) over the Afs 1.1 billion collected in 1388. Revenues in 1389 accounted for 0.3 percent of GDP. This increase in social contribution was largely due to implementation of the Government's pension reforms combined with higher salaries as part of the Pay and Grading reforms.

Grants to Integrated Core Budget

Donor grants are the second component of Government revenue to finance the Core Operation and Core Development budget. Development budget expenditures are almost fully funded by donor grants, while approximately one third of operating budget expenditure is financed through donor grants.

In 1389, grant receipts to the Core Budget 1389 were Afs 80.0 billion, an Afs 11.8 billion increase (or 17 percent) over the Afs 68.2 billion received in 1388. Of the Afs 80.0 billion, Operating budget grants were Afs 54.5 billion, while Development budget grants were Afs 25.5 billion. Increases in the grants were due to donors funding the increase in the size of ANA and ANP.

It is expected that future donor grants will decline. Given this, the government is raising increasing revenues to cover the shortfall and meet the Government's objective of fiscal sustainability.

Operating Budget Grants

Total grants receipts to operating budget were Afs 54.5 billion in 1389, an increase of Afs 21.7 billion (or 66 percent) over Afs 32.8 billion receipts in 1388 (it was because of more security spending) . Operating grants were 7.6 percent of GDP in 1389 compared to 5.3 percent in 1388, an increase by 2.3 percentage point. Most of the increase in the operating grants (mainly CSTC-A and LOTFA) was due to the increase in security spending with the expansion of the ANA and ANP.

A. The Law and Order Trust Fund for Afghanistan (LOTFA)

LOTFA grants finance salaries and food cost for the Afghan National Police (ANP) and the Prison Department of the Ministry of Justice. LOTFA grants of around Afs 24.4 billion (45 percent of operating grants) were disbursed in 1389. This is an increase of Afs 10.1 billion (or 71 percent) over Afs 14.3 billion disbursed in 1388. LOTFA grants were disbursed for the payments of ANP salaries and food costs which increased as the size of the ANP increased.

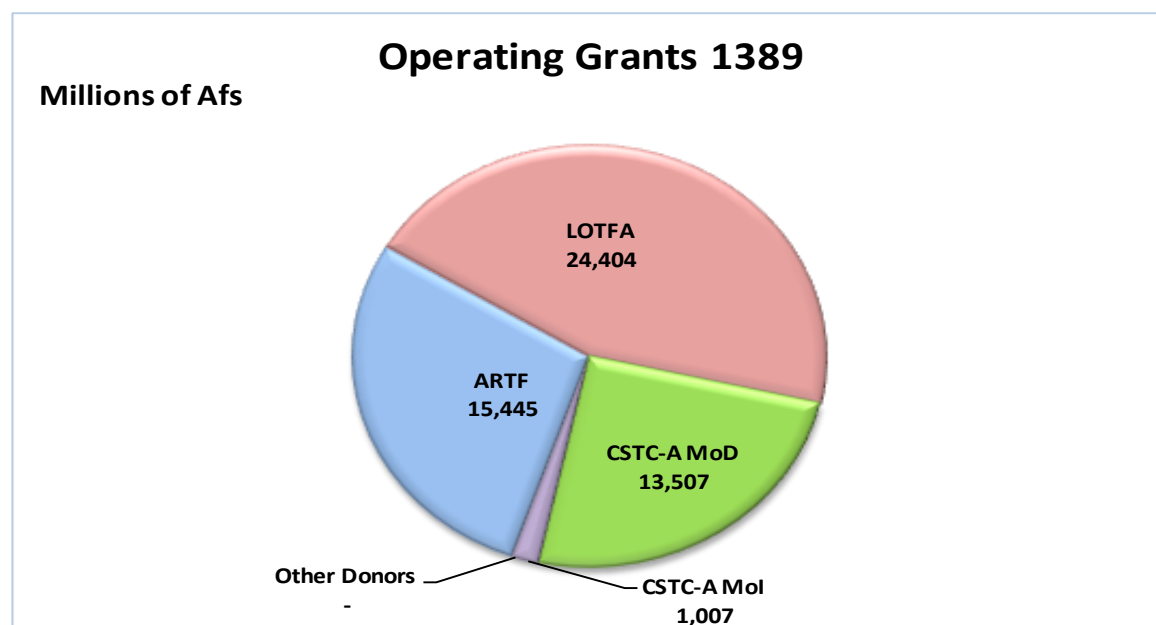
B. The Combined Security Transitional Command – Afghanistan (CSTC-A)

CSTC-A grants provide funds for Afghan National Army (ANA) part of the ANP expenditure. CSTC-A grants of Afs 13.5 billion were disbursed in 1389, which were Afs 6.6 billion (or 97 percent) more than Afs 6.9 billion disbursed in 1388. This increase is due to increase in the size of ANA strength from 122,000 in 1388 to 150, 000 personal by the end of 1389.

C. Operating grants from the Afghanistan Reconstruction Trust Fund (ARTF)

ARTF grant receipts were Afs 15.4 billion in 1389, compared to Afs 10.9 billion disbursed in 1388. This is an increase of Afs 4.5 billion (or 42 percent). The reason for this increase was the grants for 1388 that were due to be received in the last quarter (but not received) were transferred to next year, 1389.

Figure 1 – Operating Budget Grants 1389 (Afs millions)



Development budget grants

Total 1389 development grants budgeted was Afs 90.3 billion of which Afs 33.3 billion were new grants and the rest were carry forward from previous year. Total donor grant receipts were about Afs 30.0 billion in 1389, which was Afs 5.4 billion lower than the Afs 35.4 billion receipts in 1388. Of this, Afs 10.1 billion of discretionary grants were disbursed, loan disbursements accounted for Afs 2.6 billion of receipts, and the remainder was non-discretionary grant disbursements.

Execution of core Development budget grants

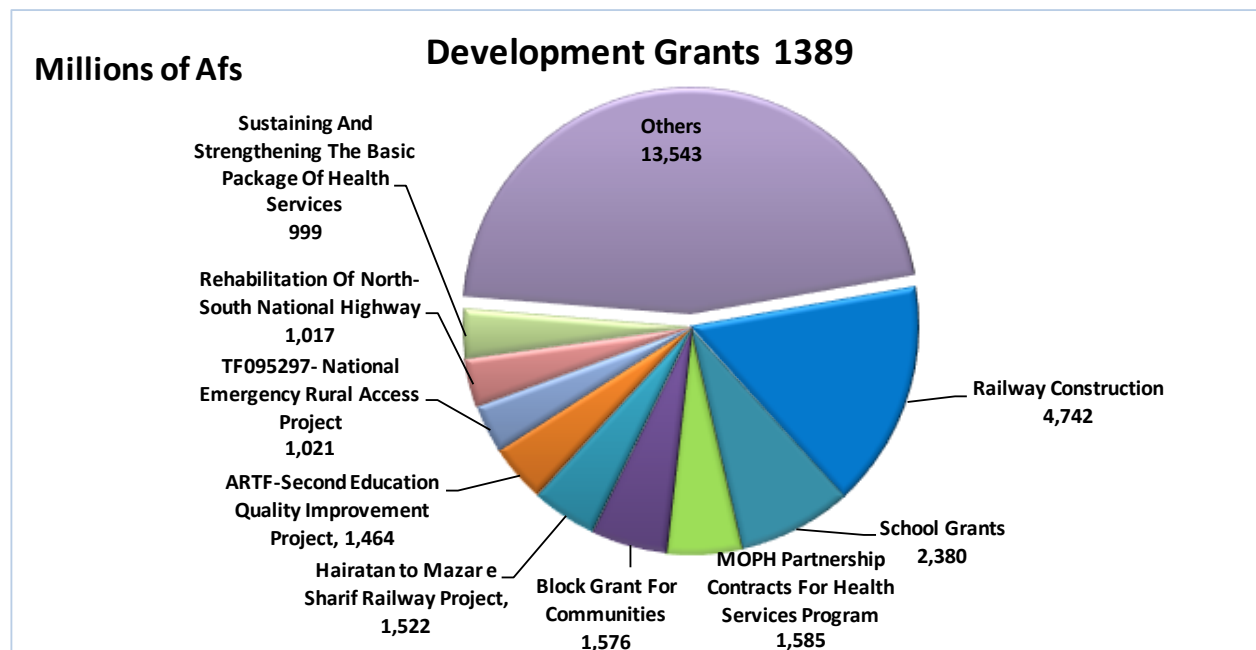
The 1389 Budget execution rate was 39 percent. This is a slight improvement over 1388's execution rate of 37 percent. However, the execution rates from 1385 to 1387 were all higher than in 1389.

The largest four development budget programs accounted for over 50 percent of total disbursements during 1389:

- **Railway Construction** which accounted for Afs 4.7 billion (16.0 percent) of total development grants.
- **School Grants** was second largest grants recipients that received Afs 2.4 billion.
- **MoPH Partnership Contract for Health Service Program** received Afs 1.6 billion
- **Block Grant for Communities** received Afs 1.6 billions

The remaining Afs 12.0 billion (47 percent of total disbursements) was distributed across other small development projects.

Figure 2 – Development Budget Grants by project 1389 (Afs millions)



Low execution rates are not only a problem for the budget management – low execution rates directly impact upon the livelihoods and welfare of the population.

Part of the reason for low execution is due to the large carry forwards from previous years. The proportion of new funding in the total Development budget increased in the last two years (see table below).

Including grants, the 1389 Development budget was Afs 111 billion and comprised of Afs 47 billion in new funding and Afs 64 billion from the unspent 1388 Development budget. The funds carried forward into 1389 represent 58 percent of the total 1389 Development budget.

For 1389, Development budget expenditure compared to the value of new funding each year (the Execution rate of new funding) was 92 percent, double the execution rate of the entire Development budget of 40 percent. Moreover, while the overall Development budget execution rate has been falling over the last four years, the execution rate on new funding has been increasing (see chart below). While encouraging, the Execution rate of new funding is still less than 100 percent. This means the Government is not able to spend the money it allocated to Development projects in that year, let alone start to reduce the large carry-forwards from previous years. As such, the carry-forward from 1389 to 1390 will be higher than the carry-forward from 1388 to 1389.

There are a number of high level causes for the low budget execution rate:

- line Ministries do not have appropriate processes and sufficient capacity to manage and spend development budget allocations;
- carryovers from previous years' undisbursed budgets result in lower execution rates even while execution expenditure may remain unchanged or even increase;
- unrealistic budget formulation and execution rates results in line Ministries with larger budgets than they can execute;
- donors are sometimes unable to commit to expenditure in future years, potentially resulting in up-front grants that have to spent over future years;
- un-developed projects – projects with little implementation possibility in the current period – are included in the budget; and
- Security constraints in particular regions of the country.

In addition, there are specific constraints that affect particular projects and Ministries. These are discussed in more detail below.

3. Expenditure

Budget

The **integrated core budget** of the Government is divided into an **operating budget** and a **development budget**. The operating budget covers day-to-day costs such as salaries, fuel, text books, and medicines. The development budget covers expenditures on development projects such as road building, irrigation systems, and the National Solidarity Program.

In addition to the distinction between the operating and development budget, expenditures can also be divided into **recurrent** and **capital** (see box below).

Recurrent expenditure – this covers: *the compensation of employees* (i.e. wages and salaries), *the use of goods and services* (e.g. fuel, text books, electricity, repairs and maintenance and the purchase of goods valued less than Afs 50,000), *interest payments* on loans, and *transfers* (e.g. pensions, social benefits, subsidies and grants to other governmental organisations)

Capital expenditure – also known as the acquisition of non-financial assets. In Afghanistan, this covers the purchase of any asset over the value of Afs 50,000, for example a photocopier, new building, mining equipment, land, etc.

Operating budget – covers the day-to-day operations of the government. In Afghanistan the operating budget contains about 99 percent recurrent spending, but also a small amount of capital spending. This is chiefly funded from domestic revenues, and some donor funds.

Development budget – covers capital and development projects, for example road building, civil service reform, school construction, irrigation projects etc. This is made up of about 1/3 recurrent spending, and 2/3 capital spending. This is almost

The 1389 core budget was Afs 231.8 billion, an increase of 7 percent from the 1388 Afs 215.9 billion budget. The majority of the increase is due to increased operating budget expenditures, including additional spending on Afghan National Army and Afghan National Police salaries and Pay and Grading and Pension reforms.

The original 1389 budget of Afs 215.5 billion was increased with the inclusion of supplementary projects from 1388. These supplementary projects increased the operating budget to Afs 119.9 billion from Afs 116.3 billion and increased the development budget to Afs 111.9 billion from Afs 99.2 billion.

Government operating revenue was Afs 134.9 billion in 1389, consisting of Afs 80.4 billion from domestic revenues and Afs 54.5 billion from the donor grants. Actual domestic revenues exceeded projected revenues by Afs 9.3 billion, due in part to improvements in tax administration and the tariff increase of motor vehicles.

Total Expenditure

Note: all the 1389 expenditure figures provided below are the preliminary unaudited figures.

Core budget expenditure for 1389 was Afs 153.9 billion (21.6 percent of GDP), a surplus of Afs 77.9 billion. The execution rate for the operating budget was 92.2 percent with expenditures of Afs 110.5 billion. The operating budget constitutes mainly the salaries, goods and services, pension and other operating expenditures. The execution rate for the developing budget was 39 percent with expenditures of Afs 43.4 billion. There is a slight improvement in the development budget over 1388's execution rate of 37 percent. The difference in execution rates is due to lower development budget allocations in 1389 relative to 1388.

Table 4 - Integrated Core Budget Expenditures 1388 – 1389

| Core | (In millions of Afghanis) | 1388 Actual | 1388 %GDP | 1389 Prelim. Actual | 1389 %GDP | 1389 Original Budget (5) | 1389 Revised Budget (5) | 1389 Final Budget (6) | 1389 Actual as % of Final Budget |
|------|---|------------------|--------------|---------------------------|--------------|--------------------------------|-------------------------------|-----------------------------|---|
| 2 | TOTAL GROSS EXPENDITURES | 131,233.9 | 21.4 | 153,834.6 | 21.6 | 215,495.8 | 231,749.6 | 231,749.6 | 66.4 |
| | Operating Budget | 87,242.8 | 14.2 | 110,452.8 | 15.5 | 116,266.1 | 119,849.4 | 119,849.4 | 92.2 |
| | Development Budget | 43,991.0 | 7.2 | 43,381.9 | 6.1 | 99,229.7 | 111,900.2 | 111,900.2 | 38.8 |
| 2 | TOTAL NET EXPENDITURES (1) | 131,018.8 | 21.3 | 153,727.1 | 21.5 | | | | |
| | Operating Budget | 87,027.7 | 14.2 | 110,345.2 | 15.5 | | | | |
| | Development Budget | 43,991.0 | 7.2 | 43,381.9 | 6.1 | | | | |
| 2-25 | RECURRENT EXPENDITURES (excludes 25) | 101,188.1 | 16.5 | 124,974.9 | 17.5 | 97,741.8 | 99,781.2 | 174,625.1 | 71.6 |
| | Operating Budget | 85,909.5 | 14.0 | 108,862.9 | 15.3 | 114,215.2 | 117,096.4 | 118,021.9 | 92.2 |
| | Development Budget | 15,278.5 | 2.5 | 16,112.0 | 2.3 | N/A | - | 56,603.2 | 28.5 |
| 21 | Compensation of Employees | 64,256.2 | 10.5 | 86,474.0 | 12.1 | 87,987.8 | 90,157.2 | 89,084.9 | 97.1 |
| | Operating Budget | 64,256.2 | 10.5 | 86,474.0 | 12.1 | 87,987.8 | 90,157.2 | 89,084.9 | 97.1 |
| | Development Budget | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - | - |
| 22 | Use of Goods and Services | 31,929.6 | 5.2 | 32,853.5 | 4.6 | N/A | N/A | 75,916.1 | 43.3 |
| | Operating Budget | 16,858.6 | 2.7 | 17,157.8 | 2.4 | 16,473.4 | 17,315.1 | 19,312.9 | 88.8 |
| | Development Budget | 15,071.0 | 2.5 | 15,695.6 | 2.2 | N/A | N/A | 56,603.2 | 27.7 |
| 23 | Interest (2) | 103.9 | 0.0 | 79.5 | 0.0 | 300.0 | 300.0 | 300.0 | 26.5 |
| | Operating Budget | 103.9 | 0.0 | 79.5 | 0.0 | 300.0 | 300.0 | 300.0 | 26.5 |
| | Development Budget | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - | - |
| 24 | Social Transfers (3) | 4,898.4 | 0.8 | 5,567.9 | 0.8 | 9,454.0 | 9,324.0 | 9,324.0 | 59.7 |
| | Operating Budget | 4,690.8 | 0.8 | 5,151.6 | 0.7 | 9,454.0 | 9,324.0 | 9,324.0 | 55.3 |
| | Development Budget | 207.6 | 0.0 | 416.3 | 0.1 | - | - | - | - |
| 25 | Gross Acquisition of Nonfinancial Assets | 30,045.8 | 4.9 | 28,859.8 | 4.0 | N/A | N/A | 55,136.0 | 52.3 |
| | Operating Budget | 1,333.3 | 0.2 | 1,589.9 | 0.2 | 2,050.9 | 2,753.0 | 1,929.9 | 82.4 |
| | Development Budget | 28,712.5 | 4.7 | 27,269.9 | 3.8 | N/A | N/A | 53,206.2 | 51.3 |
| 25 | Net Acquisition of Nonfinancial Assets (1) | 29,830.7 | 4.9 | 28,752.2 | 4.0 | | | | |
| | Operating Budget | 1,118.2 | 0.2 | 1,482.3 | 0.2 | | | | |
| | Development Budget | 28,712.5 | 4.7 | 27,269.9 | 3.8 | | | | |

Source: AFMIS Database as at 20 July 2011

1/ Proceeds from sale of fixed assets are net off from the total.

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

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

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

6/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories are also not finalized, and so total of each category does not add to total budget of Budget of Afs 231.7 billion.

Expenditure by Economic Category

Operating expenditures on Employee Compensation (spending on wages and salaries) has been growing at a very fast pace in recent years with an annual growth of around 35 percent in 1389. The annual growth of 35 percent is almost equivalent to the growth in Operating budget in 1389. This item accounts for around 78.4 percent of the total operating expenditures in 1389, compare to only 74 percent in 1388 and only 69 percent in 1387.

Operating expenditures on this category were Afs 86.5 billion in 1389, nearly 97 percent of the targeted budget (Afs 89 billion based on revised 1389 budget). Operating expenditures on this

category accounted for 12.1 percent of the GDP as opposed to only 10.5 percent in 1388. This expenditure grew by around 35 percent in 1389 compare to Afs 64.3 billion expended in 1388. The expansion in Afghan National Security Forces and implementation of Pay & Grading Reform continued to put pressure on wages and salaries and are thought of as main drivers for the growth in salaries expenditures in 1389.

Over 90 percent of the additional Afs 22 billion spent on employee compensation was expended by the large three ministries in operating budget. The Ministry of Defense spent additional Afs 8.8 billion to fund the salaries of 41,000 additional soldiers whilst the Ministry of Interior spent additional Afs 8.2 billion to fund salaries of additional 23,400 Police. Similarly the Ministry of Education spent additional Afs 3 billion on wages and salaries to the teacher who entered into Pay and Grading reform in 1388 together with additional new teachers recruited in 1389.

It is very likely that expenditures on Employee compensation will continue to grow in future years as additional solders; police and teachers are recruited together with the implementation of Pay and grading reform

Figure 3 - Operating Budget Expenditures by major codes, 1389 (Million Afs)

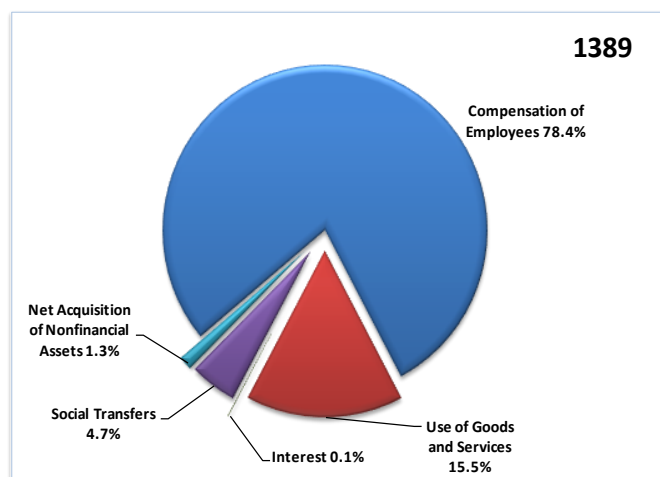
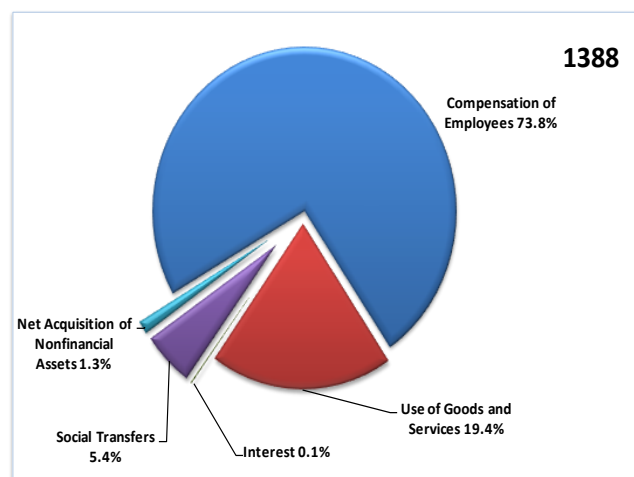


Figure 4 - Operating Budget Expenditures by major codes, 1388 (Million Afs)



Expenditures on **Good and services** as a total have not changed much except for a small increase of Afs 300 million. This item includes spending on communications, travel, fuel, utilities and maintenance etc. Operating expenditures on this category stood at Afs 17.2 billion or grew by nearly 2 percent annually in 1389. Expenditures on goods and services accounted for around 89 percent of the targeted revised budget (Afs 19.3 billion) or around 2.4 percent of GDP. Expenditures on goods and services in the operating budget accounted for 15.5 percent in 1389 compare to 19 percent in 1388.

Operating expenditures on goods and services increased by around Afs 300 million in absolute terms. The Ministry of Finance expended Afs 559 million extra in 1389 compare to only Afs 1.5 billion in 1388. However some ministries spent less on goods and services in 1389 compare to 1388. For example, the Ministry of Energy and Water spent Afs 223 million less in 1389 compare to Afs Afs 300 million in 1388.

Table 5 – Expenditures on Employee Compensation: Major Changes between 1388 and 1389

| (in millions of Afghanis) | 1388 Actual | 1389 Prelim. Actual | Increase | % Increase |
|------------------------------|-----------------|---------------------------|-----------------|---------------|
| Employee Compensation | | | | |
| Ministry of Interior | 17,640.1 | 25,860.0 | 8,219.8 | 46.6 |
| Ministry of Defence | 16,964.9 | 25,806.5 | 8,841.6 | 52.1 |
| Minstry of Education | 14,319.3 | 17,400.6 | 3,081.3 | 21.5 |
| Other Budgetary Units | 15,331.9 | 17,406.9 | 2,075.0 | 13.5 |
| Total | 64,256.2 | 86,474.0 | 22,217.8 | 34.6 |

Table 6 – Expenditures on Goods and Services: Major Changes between 1388 and 1389

| (in millions of Afghanis) | 1388 Actual | 1389 Prelim. Actual | Increase/ Decrease | % Increase/ Decrease |
|--|-----------------|---------------------------|-----------------------|----------------------------|
| Goods and Services | | | | |
| <i>Major Increases in expenditure</i> | | | | |
| Ministry of Finance | 1,508.3 | 2,068.0 | 559.7 | 37.1 |
| Ministry of Defence | 1,222.0 | 1,662.4 | 440.5 | 36.0 |
| Ministry of Foreign Affairs | 852.0 | 1,082.2 | 230.2 | 27.0 |
| Minstry of Education | 1,283.2 | 1,659.7 | 376.5 | 29.3 |
| <i>Major Decreases in expenditure</i> | | | | |
| Ministry of Agriculture | 1,660.0 | 201.1 | -1,459.0 | -87.9 |
| Ministry of Energy and Water | 300.1 | 76.9 | -223.2 | -74.4 |
| Ministry of Rural Rehabilitation and Development | 370.1 | 172.1 | -198.0 | -53.5 |
| Ministry of Transport and Aviation | 157.0 | 126.9 | -30.2 | -19.2 |
| Ministry of Interior | 2,106.2 | 1,983.0 | -123.2 | -5.9 |
| <i>Other Budgetary Units</i> | 7,399.6 | 8,125.6 | 726.0 | 9.8 |
| Total | 16,858.6 | 17,157.8 | 299.2 | 1.8 |

Interest payments account for around 0.1 percent of the GDP. This is because Afghanistan is heavily reliant on donor grants to finance its national budget and hence borrows internationally on highly concessional rates. In 1389, Afs 79 million was paid as interest, slightly less than Afs 103 million in 1388. The interest payments are expected to rise in future years as the grace period of the existing loans expires.

Operating expenditures on **Social Transfers** (subsidies, grants and pension) accounted for 4.7 percent of the total operating expenditures in 1389. Total expenditures on this category were Afs 5.2 billion or 0.7 percent of GDP in 1389. These expenditures were 55 percent of the targeted budget level of Afs 9.3 billion while accounting for 4.7 percent of the total operating expenditures in 1389. Compare to 1388, expenditures on Social Transfers increased by around 10 percent in 1389 primarily because of the growing number of retired civil servants and military officers that were entitled to receive pension benefits.

The **Gross Acquisition of Non-financial Assets** was budgeted at Afs 1.9 billion in 1389. The operating expenditures on this item were Afs 1.6 billion or 82 percent of the targeted budget. Operating expenditures on this category accounted for 1.3 percent of the total operating expenditures in 1389 which is similar to that of 1388 level.

These expenditures accounted for about 0.2 percent of the GDP, almost the same as in 1388. However comparing the actual expenditures, operating expenditures on this category grew by 19 percent in 1389. This is mainly because the expenditures on Machinery and equipments were higher in 1389 compare to 1388.

Expenditure by Afghanistan National Development Strategy (ANDS) Categories

The Afghanistan National Development Strategy (ANDS) is the Government strategy for development in order to reduce poverty, accelerate economic growth and improve security and governance. The ANDS was approved by H.E. Hamid Karzai and the Cabinet in April 2008. It has eight sectors which cover all the budgetary units.

Infrastructure and Natural Resource sector: Infrastructure and Natural Resource is the largest spending sector in the development budget expenditures. Expenditure in this sector is undertaken by the Ministry of Public Works, Ministry of Energy and Water and the Ministry of Communication.

The total expenditure for this sector in 1389 was Afs 23.7 billion, an increase of 30.2 percent over 1388 expenditure of Afs 18.2 billion. However, 1389 expenditure is only 43.2 percent of the allocated budget of Afs 51.5 billion.

The low execution rate is largely due to:

- Low Capacity in line ministries.
- Lack of security in rural and remote areas of the country
- Delay in the procurement.
- Contractors vs. Ministries conflicts.
- Improper follow up with the donors' procedures is another reason for low execution.
- Sometimes grant agreements are signed in the end of the year causing low execution.

Ministry of Public works is the largest spending ministry in that sector, with a spending of Afs 12.1 billion. This represents a budget execution rate of 51 percent. The reasons for low execution in these projects are,

- Delay in the procurement.
- Improper or no follow up with the donor procedures.
- Contractor vs. Ministries conflict, which was the case with Doshi Pulkhumri (Road construction).

Railway line from Hairatan to Mazar and ***National Rural Access Program*** are the largest spending projects in that ministry, with spending of Afs 5 billion out of its allocated budget of Afs 5.3 billion, and Afs 1.5 billion out of its allocated budget of Afs 2.6 billion respectively.

The ***Railway line from Hairatan to Mazar*** has good execution rate due to less government intervention and direct involvement of Asian Development Bank in the implementation and fund provision of that project.

The **Ministry of Energy and Water** is the second spending ministry in that sector. It has spent Afs 4 billion out of the total allocated budget of Afs 14.4 billion, an execution rate of 27.8 percent.

Two major projects by the Ministry with higher execution rates were the EIRP (Emergency Irrigation Rehabilitation Project) and the Traditional Irrigation projects (Small, Medium and Large) with total spending of Afs 268 million (budget Afs 423 million) and Afs 690 million (budget Afs 1.1 billion) respectively.

Both of these projects were procured, led and managed by the World Bank. As such, direct government involvement in the projects has been less than with other projects, resulting in a higher execution rate.

The **Ministry of Communication** has an allocated budget of Afs 1.7 billion while its spending is Afs 1.4 billion. It is the sole spending ministry that has the highest execution rate in development projects, with an execution rate of 84 percent.

Agriculture and Rural Development is the second largest sector in the development budget by expenditures. The 1389 budget was Afs 27.3 billion while its execution was Afs 9 billion (execution rate of 33.2 percent). This is Afs 5.2 billion less than what was spent last year.

Ministry of Rural Rehabilitation and Development constitutes almost 80 percent of expenditures in the sector, with expenditure of Afs 7.2 billion. The Ministry of Agriculture accounted for the remaining Afs 1.8 billion.

The largest project in the sector is the ***National Solidity Program*** (NSP) with a budget of Afs 752 million. Execution of the program has been relatively low, at Afs 268 million (execution rate of 36

percent). The low execution rate is due to NSP focusing on designing activities for future implementation rather than focusing entirely on execution.

The *National Rural Access program* is project in Ministry of Rural Rehabilitation and Development, has a budget of Afs 1.9 billion and expenditure of Afs 1.1 billion. The relatively high execution rate of 58 percent is due to realistic budgeting and implementation schedules at the point of project design and funding.

Other significant projects include the Agricultural Rural Enterprise Development Program (AREDP) and specific provincial projects undertaken in consultation with Parliament. These projects have budgets of Afs 508 million and Afs 705 million respectively. Expenditure against these projects has been relatively low at Afs 150 million (execution rate of 30 percent) and Afs 235 million (execution rate of 34 percent) respectively.

The low execution rate in the sector is due to security constraints in the provinces, management constraints in the implementing Ministries and poor financial planning of programs.

Education: is the third sector in the development expenditures, with a total spending of Afs 4.8 billion. The total spending of education sector in 1388 was Afs 5.4 billion, which was Afs 547 million more what was spent in fiscal year 1389.

The **Ministry of Education** is the largest ministry in the sector, with a budget of Afs 10 billion, 81 percent of the sector's budget. Expenditure by the Ministry in 1389 was Afs 4 billion, an execution rate of 41 percent.

Of the 58 projects in Education sector, 8 projects have an execution rate higher than 50 percent.

Low capacity in line ministries, security, poor financial planning, lack of accountability between contractors and line ministries are the reason for the low execution rate in this sector.

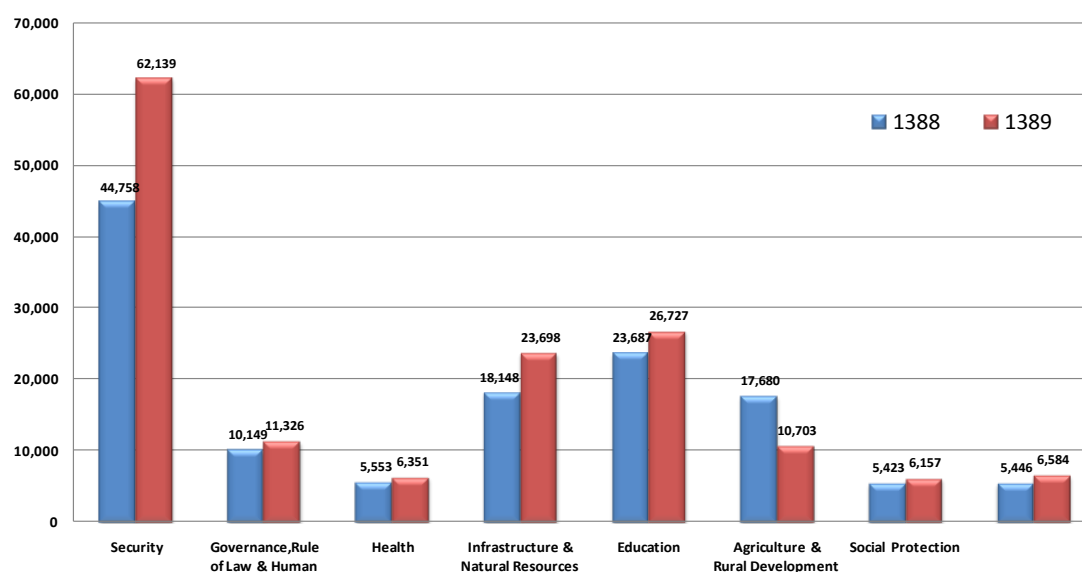
Health: The total development budget of **Health sector** in 1389 was Afs 7.3 billion, with expenditures of Afs 4.3 billion (59.2 percent execution rate). Expenditure was Afs 645 million more than in 1388.

The *BPHS (Basic Package of Health Services)*, *EPHS (Essential Package for Health Services)* and *EPA (Expended Program for ammonization)* are the sector's largest projects, with expenditure of Afs 2.4 billion (79 percent execution rate), Afs 685 million (76 percent execution rate) and Afs 85 million (80 percent execution rate) respectively.

The high execution rate is attributable to program management, effective program implementation by NGOs and counterparts, timely access to program funds and monitoring and evaluation systems to be able to assess implementation and respond to constraints as identified.

While the projects “*Campaign against propagation of bird Influenza*” and “*Rehabilitation of blood*

Figure 5 - Spending by ANDS pillars, 1388 – 1389, Million Afghanis



transfusion system” are the low spending projects with an execution rate of 8 percent and 32 percent respectively.

The low execution rate is attributed to delays in designing the projects.

Of the remaining sectors, the Economic Governance and Private Sector Development sector budget was Afs 5.7 billion, with expenditure of Afs 2.2 billion (execution rate of 39 percent). The Governance, Rule of Law and Human Rights sector budget was Afs 4.3 billion, with expenditures of 1.3 billion (execution rate of 30.6 percent). The Social Protection budget was Afs 1.1 billion, with expenditure of Afs 489 million (execution rate of 44 percent). The Security sector budget was Afs 993 million, with expenditures of 441 million (execution rate of 44.5 percent).

Table 5 - Integrated Core Budget Expenditures by ANDS Pillars 1388 - 1389

| Code (In millions of Afghanis) | 1388 Annual Actual | 1388 %of Total Spending | 1388 %GDP | 1389 Prelim. Annual Actual | 1389 %of Total Spending | 1389 %GDP | 1389 Original Budget | 1389 Revised Budget | 1389 Final Budget (1) | 1389 Actual as % of Final Budget |
|---|--------------------------|----------------------------------|--------------|-------------------------------------|----------------------------------|--------------|----------------------------|---------------------------|-----------------------------|---|
| Security | 44,758 | 34.1 | 7.3 | 62,139 | 40.4 | 10.1 | 42,442 | 42,731 | 64,739 | 96.0 |
| Operating Budget | 43,762 | 50.2 | 7.1 | 61,698 | 55.9 | 10.0 | 41,538 | 41,738 | 63,746 | 96.8 |
| Development Budget | 996 | 2.3 | 0.2 | 441 | 1.0 | 0.1 | 904 | 993 | 993 | 44.4 |
| Governance, Rule of Law & Human Rights | 10,149 | 7.7 | 1.7 | 11,326 | 7.4 | 1.8 | 11,931 | 12,413 | 15,287 | 74.1 |
| Operating Budget | 8,803 | 10.1 | 1.4 | 10,032 | 9.1 | 1.6 | 7,855 | 8,179 | 11,053 | 90.8 |
| Development Budget | 1,346 | 3.1 | 0.2 | 1,293 | 3.0 | 0.2 | 4,075 | 4,234 | 4,234 | 30.5 |
| Infrastructure & Natural Resources | 18,148 | 13.8 | 3.0 | 23,698 | 15.4 | 3.9 | 42,989 | 50,237 | 51,496 | 46.0 |
| Operating Budget | 2,772 | 3.2 | 0.5 | 3,065 | 2.8 | 0.5 | 2,104 | 2,170 | 3,428 | 89.4 |
| Development Budget | 15,376 | 35.0 | 2.5 | 20,633 | 47.6 | 3.4 | 40,885 | 48,068 | 48,068 | 42.9 |
| Education | 23,687 | 18.0 | 3.9 | 26,727 | 17.4 | 4.4 | 31,596 | 32,927 | 35,202 | 75.9 |
| Operating Budget | 18,249 | 20.9 | 3.0 | 21,934 | 19.9 | 3.6 | 20,250 | 20,600 | 22,875 | 95.9 |
| Development Budget | 5,438 | 12.4 | 0.9 | 4,793 | 11.0 | 0.8 | 11,346 | 12,327 | 12,327 | 38.9 |
| Health | 5,553 | 4.2 | 0.9 | 6,351 | 4.1 | 1.0 | 8,770 | 9,362 | 9,549 | 66.5 |
| Operating Budget | 1,865 | 2.1 | 0.3 | 2,067 | 1.9 | 0.3 | 1,995 | 2,046 | 2,233 | 92.6 |
| Development Budget | 3,689 | 8.4 | 0.6 | 4,283 | 9.9 | 0.7 | 6,775 | 7,316 | 7,316 | 58.5 |
| Agriculture & Rural Development | 17,680 | 13.5 | 2.9 | 10,703 | 7.0 | 1.7 | 26,922 | 28,993 | 29,050 | 36.8 |
| Operating Budget | 3,206 | 3.7 | 0.5 | 1,623 | 1.5 | 0.3 | 1,637 | 1,664 | 1,720 | 94.4 |
| Development Budget | 14,474 | 32.9 | 2.4 | 9,080 | 20.9 | 1.5 | 25,286 | 27,329 | 27,329 | 33.2 |
| Social Protection | 5,423 | 4.1 | 0.9 | 6,157 | 4.0 | 1.0 | 2,772 | 2,817 | 7,992 | 77.0 |
| Operating Budget | 4,807 | 5.5 | 0.8 | 5,668 | 5.1 | 0.9 | 1,702 | 1,706 | 6,882 | 82.4 |
| Development Budget | 615 | 1.4 | 0.1 | 489 | 1.1 | 0.1 | 1,070 | 1,110 | 1,110 | 44.1 |
| Economic Governance & Private Sector Development | 5,446 | 4.1 | 0.9 | 6,584 | 4.3 | 1.1 | 10,376 | 7,775 | 10,264 | 64.1 |
| Operating Budget | 3,779 | 4.3 | 0.6 | 4,366 | 4.0 | 0.7 | 2,045 | 2,097 | 4,585 | 95.2 |
| Development Budget | 1,667 | 3.8 | 0.3 | 2,218 | 5.1 | 0.4 | 8,331 | 5,679 | 5,679 | 39.1 |
| Extrabudgetary Activities | 391 | 1 | 0.1 | 150 | 0 | 0.0 | 0 | 3,198 | 3,198 | 4.7 |
| Operating Budget | 0 | 0 | - | 0 | 0 | - | 0 | 0 | 0 | N/A |
| Development Budget | 391 | 1 | 0.1 | 150 | 0 | 0.0 | 0 | 3,198 | 3,198 | 4.7 |
| Unallocated contingency reserves | 0 | 0 | 0 | 0 | 0 | 0 | 37,698 | 41,295 | N/A | N/A |
| Operating Budget | 0 | 0 | 0 | 0 | 0 | 0 | 37,140 | 39,650 | N/A | N/A |
| Development Budget | 0 | 0 | 0 | 0 | 0 | 0 | 558 | 1,646 | N/A | N/A |
| TOTAL (1) | 131,234 | 101 | 21 | 153,835 | 100 | 25 | 215,496 | 231,750 | 231,750 | 67.8 |
| Operating Budget | 87,243 | 100 | 14 | 110,453 | 100 | 18 | 116,266 | 119,849 | 119,849 | 94.8 |
| Development Budget | 43,991 | 100 | 7 | 43,382 | 100 | 7 | 99,230 | 111,900 | 111,900 | 39.3 |

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

Sectoral Analysis of Government Expenditures by COFOG Classification

The internationally recognized Classification of Functions of Government (COFOG) can also be used to classify expenditure by sector. The accompanying charts and tables provide a sectoral analysis of gross government expenditure in the core budget by COFOG sector.

The worldwide recognized classification of functions of government (COFOG) is used to classify expenditure by sector. The below charts and table provide a brief sectoral of gross government expenditures in the core budget by COFOG sector.

- Expenditure classified under the Economic Affairs sector makes up the largest proportion of expenditure. Expenditure increased slightly from Afs 33.8 billion in 1388 to Afs 34.8 billion in 1389. Nevertheless as share of total gross expenditure this fell by 3 percentage points (from 26 percent in 1388 to 23 percent in 1389).
- Expenditures on Public Order and Safety rose to Afs 32.3 billion in 1389 compared to Afs 23.8 billion in 1388 which shows an increase about Afs 8.5 billion or 36 percent.
- The Defense sector was the third largest sector, with expenditures of Afs 31.6 billion during 1389, an increase of 45.8 percent compared to 1388 expenditures of Afs 21.7 billion.
- The fourth largest sector by spending was Education in 1389 which accounts for Afs 26.1 billion compared to Afs 22.6 billion in 1388 an increase of 15.8 percent.
- Expenditure on General Public Services sector was Afs 13.8 billion, while spending in 1388 was Afs 15.2 billion, a decrease of 8.7 percent.
- Health sector spending was Afs 6.5 billion in 1389, a 17 percent increase compared to 1388.
- The remaining sectors, Social Protection, Recreation, Culture and Religion and Housing and Communal Amenities accounted for Afs 3.8, Afs 1.9 and Afs 1.8 billion respectively. Recreation, Culture and Religion and Housing and Communal Amenities expenditure in 1389 was higher than in 1388, while expenditure against Social Protection was lower.

Figure 14 – Expenditure breakdown by COFOG Classification, 1389

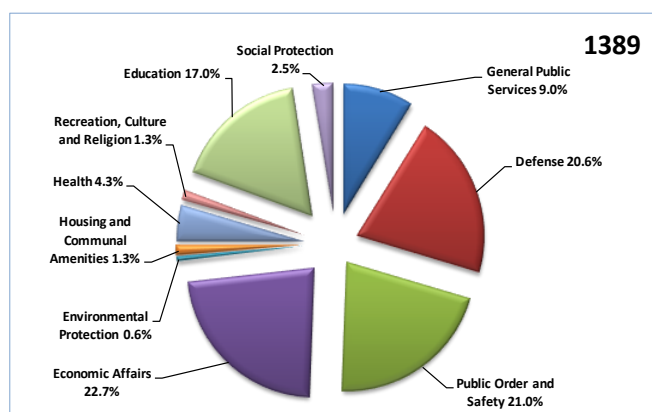


Figure 15 – Expenditure breakdown by COFOG Classification, 1388

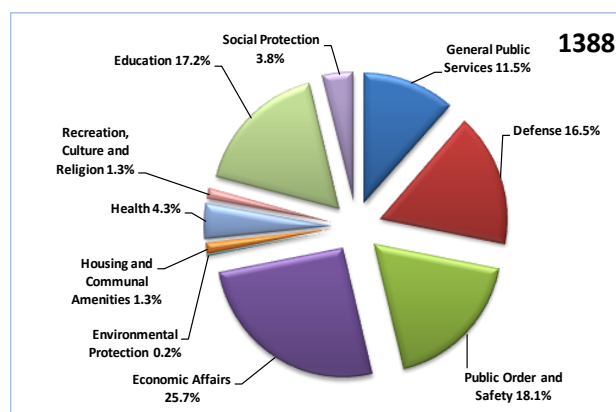


Table 6 - Integrated Core Budget Expenditures by COFOG Sector 1388 – 1389

| Code | (In millions of Afghanis) | 1388 Actual | Percent of total | 1389 Prelim. Actual | Percent of total |
|------------------|--|------------------|------------------|---------------------|------------------|
| 2 | TOTAL NET EXPENDITURE | 131,018.8 | | 153,727.1 | |
| 232 | Repayment of Foreign Loans - Principal | 0.0 | | 0.0 | |
| 150 | Sale of Land and Buildings | 215.1 | | 107.6 | |
| 2+232+150 | TOTAL GROSS EXPENDITURE | 131,233.9 | 100.0 | 153,834.6 | 100.0 |
| 701 | General Public Services | 15,152.221 | 11.5 | 13,836.8 | 9.0 |
| 702 | Defense | 21,703.1 | 16.5 | 31,652.0 | 20.6 |
| 703 | Public Order and Safety | 23,818.6 | 18.1 | 32,330.0 | 21.0 |
| 704 | Economic Affairs | 33,774.2 | 25.7 | 34,871.1 | 22.7 |
| 705 | Environmental Protection | 221.3 | 0.2 | 876.5 | 0.6 |
| 706 | Housing and Communal Amenities | 1,720.4 | 1.3 | 1,823.0 | 1.2 |
| 707 | Health | 5,599.7 | 4.3 | 6,546.7 | 4.3 |
| 708 | Recreation, Culture and Religion | 1,704.1 | 1.3 | 1,926.6 | 1.3 |
| 709 | Education | 22,559.3 | 17.2 | 26,125.3 | 17.0 |
| 710 | Social Protection | 4,980.9 | 3.8 | 3,846.6 | 2.5 |

Source: AFMIS Database as at 20 July 2011

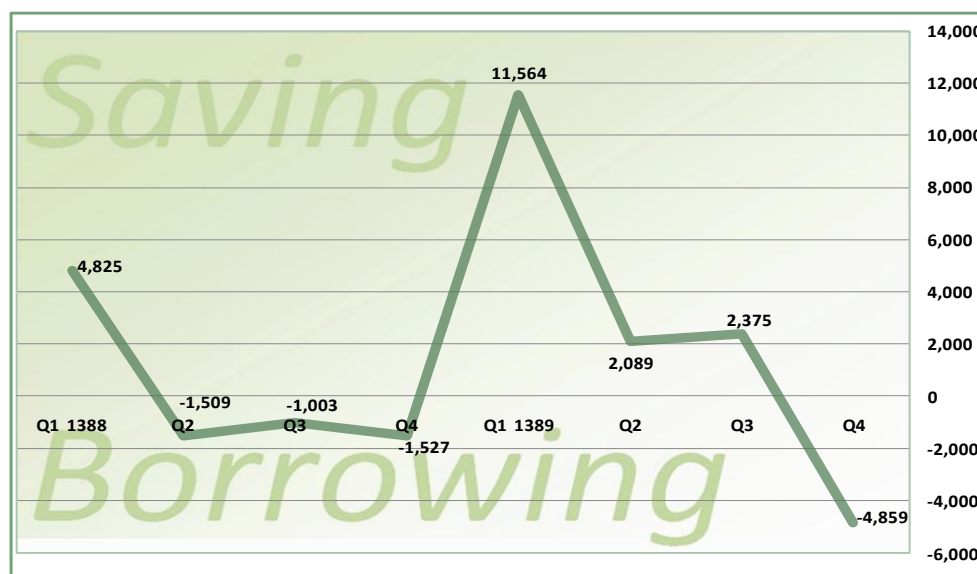
4. Public Sector Borrowing Requirement

Over the entire course of 1389, the Government ran a net surplus of Afs 11.2 billion. This compares to a surplus of Afs 0.8 billion in 1388 and deficit of Afs 13.8 billion in 1387. The surplus in 1389 is principally due to improved revenue collection and low execution rates by the line ministries. The surpluses in 1389 and 1388 led to net lending of Afs 11.2 billion and Afs 0.8 billion respectively. The deficit in 1387 required the Government to borrow Afs 13.8 billion.

During 1389, there were surpluses of Afs 11.6 billion, Afs 2.1 billion and Afs 2.4 billion The surplus in the first, second and third quarters respectively. The deficit in the final quarter was Afs 4.9 billion (see figure 16). The relatively high first quarter surplus was due to a relatively low operating budget execution rate of 16 percent. The deficit in the final quarter was due to the expected increase in budget execution to 32 percent.

In 1389 the net acquisition of financial assets was Afs 16.3 billion, distributed between an increase of Afs 15.5 billion in the Treasury Single Account an Afs 1.6 billion increase in the value of other deposit account, and a decrease of Afs 0.6 billion in donor accounts. In the same period, the net acquisition of financial liabilities was Afs 5.1 billion.

Figure 16 - Public Sector Borrowing Requirement (In Million Afs)



Treasury Single Account (TSA)

There was a considerable increase in the balance of Treasury Single Account from Afs 4.1 billion in 1388 to Afs 15.5 billion in 1389, an increase of Afs 11.4 billion.

Figure 17 shows the net level of reserve in the government account (TSA). This is the difference between cash in the TSA and outstanding liabilities. In 1389, total liabilities increased from Afs 8 billion in 1388 to Afs 10.4 billion in 1389, an increase of Afs 2.4 billion (30 percent increase). Comparing the surplus and liabilities, the surplus increased by Afs 11.2 billion while liabilities increased by Afs 2.4 billion in 1389. This is principally due to increased in revenue collection and a low budget execution rate.

Figure 17 - Reserve in the Treasury Single Account

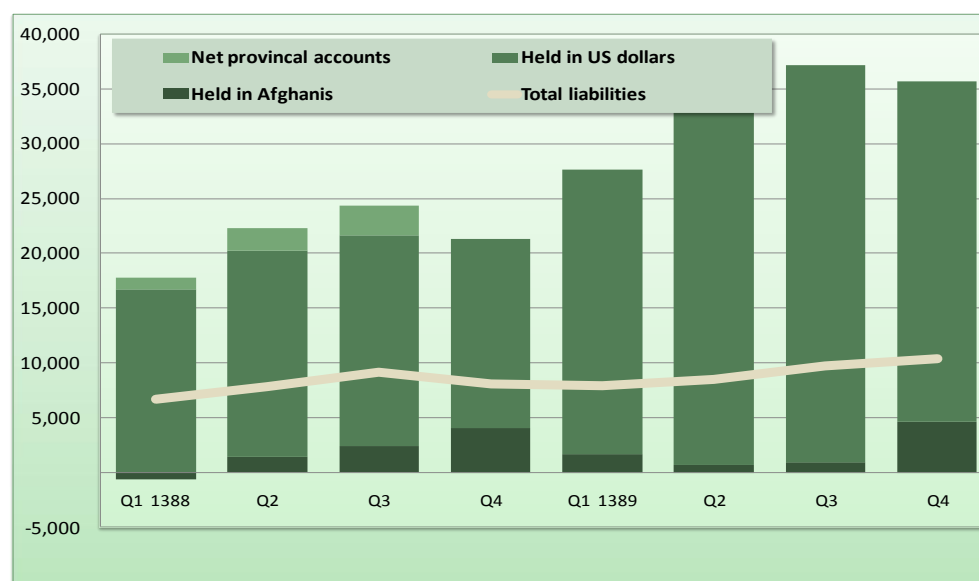


Table 7 - Budgetary Balance, Financial Source/Requirement and Net Financing Activities

| Code (In millions of Afghanis) | | 1388 Prelim | 1388 %GDP | 1389 Prelim | 1389 %GDP |
|---|--|-----------------|--------------|------------------|--------------|
| TRANSACTIONS AFFECTING NET WORTH | | | | | |
| 1 | Revenues including Grants | 131,805.0 | 21.5 | 164,896.1 | 23.1 |
| 2-25 | Expenditures (Recurrent) | 101,188.1 | 16.5 | 124,974.9 | 17.5 |
| 23 | Interest | 103.9 | 0.0 | 79.5 | 0.0 |
| | Net Operating Balance (1-2-25) | 30,616.9 | 5.0 | 39,921.2 | 5.6 |
| | Primary Operating Balance (1-2-25+23) | 30,720.8 | 5.0 | 40,000.7 | 5.6 |
| TRANSACTIONS IN NONFINANCIAL ASSETS | | | | | |
| 25 | Net Acquisition of Nonfinancial Assets | 29,830.7 | 4.9 | 28,752.2 | 4.0 |
| | Net Lending-Borrowing (1-2) | 786.2 | 0.1 | 11,169.0 | 1.6 |
| | Financing (3+4+5) | -786.2 | -0.1 | -11,169.0 | -1.6 |
| TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES | | | | | |
| 3 | Net Acquisition of Financial Assets | -7,099.4 | -1.2 | -16,317.5 | -2.3 |
| 4 | Net Acquisition of Financial Liabilities | 6,270.2 | 1.0 | 5,148.4 | 0.7 |
| 5 | RETAINED EARNINGS | 42.9 | 0.0 | 0.0 | 0.0 |
| | Discrepancies (Financing-3-4-5) | 0.0 | | 0.0 | |

Source: AFMIS Database as at 20 July 2011

5. Government Debt

Public debt at the end of 1389 was Afs 104.6 billion. This compares to debt levels of Afs 110.3 billion at the end of 1388 and Afs 111.3 billion at the end of 1387. This reduction in the overall debt level is due to the loan forgiveness by the creditors.

Public debt was 14.7 percent of nominal GDP in 1389. This compares to 18.0 percent in 1388 and 21.4 percent in 1387.

The majority of the Government's debt is in the form of concessional loans with zero or very low interest rates and with longer grace periods and maturity. These concessional loans are given by various multinational creditors.

Afghanistan's largest creditor in order at the end of 1389 is the Russian Federation, with Afghanistan having debts of Afs 45.4 billion. Afghanistan owes the Asian Development Bank Afs 28.4 billion and the International Development Association (World Bank) Afs 18.9 billion. The remaining Afs 11.9 billion is owed to smaller creditors.

Afghanistan is categorized as a Highly Indebted Poor Country (HIPC), with a high level of poverty and debt. This classification provides the country with special assistance from the IMF and World Bank through debt relief and low interest loans.

Table 8 - Outstanding Debt Stock at the end of each period during Fiscal Years, 1387 and 1389

| (In millions of Afghanis) | 1387 4th Qtr Actual | 1388 1st Qtr Actual | 1388 2nd Qtr Actual | 1388 3rd Qtr Actual | 1388 4th Qtr Actual | 1389 1st Qtr Actual | 1389 2nd Qtr Actual | 1389 3rd Qtr Actual | 1389 4th Qtr Actual |
|---|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Stocks at end of period | | | | | | | | | |
| IDA | 22,748 | 22,667 | 23,228 | 22,725 | 22,262 | 17,494 | 18,184 | 19,927 | 18,895 |
| ADB | 24,968 | 24,402 | 25,872 | 25,973 | 26,025 | 24,467 | 26,642 | 27,326 | 28,404 |
| IsDB | 67 | 83 | 92 | 94 | 525 | 485 | 503 | 505 | 527 |
| Saudi Fund | 2,431 | 2,360 | 2,334 | 2,286 | 2,277 | 2,180 | 2,121 | 2,137 | 2,139 |
| Russian Fed | 45,189 | 43,178 | 43,444 | 43,058 | 43,365 | 45,729 | 45,138 | 45,264 | 45,358 |
| US | 6,124 | 5,961 | 5,750 | 5,762 | 5,264 | 5,563 | 5,430 | - | - |
| Germany | 869 | 842 | 846 | 839 | 834 | 814 | 813 | 833 | - |
| OPEC Fund | 103 | 99 | 91 | 90 | 89 | 85 | 83 | 81 | 90 |
| IMF | 4,596 | 5,383 | 5,479 | 5,479 | 5,594 | 5,137 | 5,248 | 5,234 | 5,382 |
| Total (Current Loans) | 107,094 | 104,974 | 107,136 | 106,307 | 106,235 | 101,954 | 104,163 | 101,306 | 100,795 |
| Bulgaria | 2,634 | 2,566 | 2,550 | 2,539 | 2,545 | 2,471 | 2,363 | 2,358 | 2,372 |
| Croatia | - | - | - | - | - | - | - | - | - |
| Iraq | - | - | - | - | - | - | - | - | - |
| Kuwait Fund | 1,065 | 1,049 | 1,054 | 1,031 | 1,010 | 985 | 992 | 996 | 1,018 |
| OPEC Fund | - | - | - | - | - | - | - | - | - |
| Iran | 526 | 526 | 510 | 495 | 493 | 470 | 459 | 460 | 461 |
| Total (Non-Current Loans) | 4,226 | 4,141 | 4,114 | 4,066 | 4,048 | 3,926 | 3,814 | 3,815 | 3,851 |
| Total Debt (Current+Non Current) | 111,320 | 109,116 | 111,250 | 110,373 | 110,283 | 105,880 | 107,977 | 105,121 | 104,645 |
| Growth over period | 0.0% | -2.0% | 2.0% | -0.8% | -0.1% | -4.0% | 2.0% | -2.6% | -0.5% |

6. Conclusion and way forward

The fiscal year of 1389 presented the Government with a range of development challenges.

The security situation continued to pose serious challenges for the government programs and development budget implementation. In addition, the Government was presented with the Kabul Bank crisis.

Growth in real and fiscal sectors continued to be strong, with a real GDP growth rate of 8.2 percent and inflation at 6.9 percent. The exchange rate was stable over the year. The reduction in real GDP growth from the previous year is attributed to a agricultural production being affected by adverse weather. The services sector continued to grow and helped push Afghanistan forward.

In the fiscal sector and government financing, growth in revenue collection remained strong. Customs and tax revenues were higher than in previous years and exceeded their 1389 revenue targets.

Further, the Government successfully hosted the Kabul International Conference in Asad 1389. The conference presented the Government's prioritized national agenda and priority programs and reform initiatives and demonstrated the commitment of Afghanistan to rebuilding itself and leading the development process.

The execution rate of the development budget increased slightly from 1388. However, while execution expenditure of the development budget remained comparable, actual expenditure against the development budget was slightly lower than in 1388.

Expenditure against the operating budget increased largely due to increased security sector spending and pay and grading reforms.

The Government faces a number of future financing challenges. Future expenditures are expected to increase in line with Pay and Grading reforms, the expansion of the security forces and the introduction of pension reforms. Further, the Government will need to focus on responding to the challenges of the Transition, with direct international military and development support to the country reducing. The Government is continuing to focus on improving the execution of development projects and increasing tax revenues to ensure fiscal sustainability.

Future Government revenues are expected to increase as GDP increases and tax efficiency improves. This will help offset some of the fiscal pressures. However, continued progress on improving tax efficiency and increasing and maintaining economic growth is critical to success. The Government is striving to meet these challenges and, in close collaboration with the international community, meet the development needs of Afghanistan.

Table 9 - Operating Budget Expenditures 1388 – 1389

| (In millions of Afghanis) | 1388 Prelim. Actual | 1388 %GDP | 1389 Prelim. Actual | 1389 %GDP | 1389 Original Budget | 1389 Revised Budget | 1389 Final Budget (4) | 1389 Actual as % of Final Budget (4) |
|---|---------------------------|--------------|---------------------------|--------------|----------------------------|---------------------------|-----------------------------|---|
| TOTAL GROSS EXPENDITURES | 87,242.8 | 14.2 | 110,452.8 | 15.5 | 116,266.1 | 119,849.4 | 119,849.4 | 92.2 |
| TOTAL NET EXPENDITURES (1) | 87,027.7 | 14.2 | 110,345.2 | 15.5 | | | | |
| RECURRENT EXPENDITURES (excludes 25) | 85,909.5 | 14.0 | 108,862.9 | 15.3 | | | | |
| Compensation of Employees | 64,256.2 | 10.5 | 86,474.0 | 12.1 | 87,987.8 | 90,157.2 | 89,084.9 | 97.1 |
| Wages and Salaries | 63,431.4 | 10.3 | 85,860.2 | 12.0 | | | | |
| Social Benefits | 824.8 | 0.1 | 613.8 | 0.1 | | | | |
| Use of Goods and Services | 16,858.6 | 2.7 | 17,157.8 | 2.4 | 16,473.4 | 17,315.1 | 19,312.9 | 88.8 |
| Travel | 1,131.2 | 0.2 | 1,142.8 | 0.2 | | | | |
| Communications | 584.2 | 0.1 | 614.7 | 0.1 | | | | |
| Contracted Services | 500.2 | 0.1 | 770.3 | 0.1 | | | | |
| Repairs and Maintenance | 2,033.7 | 0.3 | 2,039.5 | 0.3 | | | | |
| Utilities | 831.5 | 0.1 | 2,715.0 | 0.4 | | | | |
| Fuel | 3,847.0 | 0.6 | 1,512.9 | 0.2 | | | | |
| Other Use of Goods and Services | 7,930.7 | 1.3 | 8,362.7 | 1.2 | | | | |
| Interest (2) | 103.9 | 0.0 | 79.5 | 0.0 | 300.0 | 300.0 | 300.0 | 26.5 |
| Social Transfers (3) | 4,690.8 | 0.8 | 5,151.6 | 0.7 | 9,454.0 | 9,324.0 | 9,324.0 | 55.3 |
| Subsidies | 0.0 | 0.0 | 1.7 | 0.0 | | | | |
| Grants | 38.2 | 0.0 | 167.2 | 0.0 | | | | |
| Social Security | 3,490.7 | 0.6 | 4,732.0 | 0.7 | | | | |
| Other Social Transfers | 1,161.9 | 0.2 | 250.8 | 0.0 | | | | |
| Social Assistance | 477.4 | 0.1 | 622.8 | 0.1 | | | | |
| Advance Subsidies, Grants | 684.4 | 0.1 | -372.1 | -0.1 | | | | |
| Gross Acquisition of Nonfinancial Assets | 1,333.3 | 0.2 | 1,589.9 | 0.2 | 2,050.9 | 2,753.0 | 1,929.9 | 82.4 |
| Net Acquisition of Nonfinancial Assets (1) | 1,118.2 | 0.2 | 1,482.3 | 0.2 | | | | |
| Sale of Land and Buildings | -215.1 | 0.0 | -107.6 | 0.0 | | | | |
| Buildings and Structures | 343.6 | 0.1 | 459.0 | 0.1 | | | | |
| Machinery and Equipment (>50,000) | 715.9 | 0.1 | 857.4 | 0.1 | | | | |
| Valuables | 1.0 | 0.0 | 1.2 | 0.0 | | | | |
| Land | 158.8 | 0.0 | 260.7 | 0.0 | | | | |
| Capital Advance Payments | 114.0 | 0.0 | 11.6 | 0.0 | | | | |

Source: AFMIS Database as at 20 July 2011

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

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

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

Table 10 – Development Budget Expenditures 1388 – 1389

| (In millions of Afghanis) | 1388 Prelim | 1388 %GDP | 1389 Prelim | 1389 %GDP | 1389 Original Budget (5) | 1389 Mid Year Review Budget (5) | 1389 Final Budget (6) | 1389 Actual as % of Final Budget (4) |
|---|-----------------|--------------|-----------------|--------------|-----------------------------------|--|-----------------------------|---|
| TOTAL GROSS EXPENDITURES | 43,991.0 | 7.2 | 43,381.9 | 6.1 | 99,229.7 | 111,900.2 | 111,900.2 | 38.8 |
| TOTAL NET EXPENDITURES (1) | 43,991.0 | 7.2 | 43,381.9 | 6.1 | | | | |
| RECURRENT EXPENDITURES (excludes 25) | 15,278.5 | 2.5 | 16,112.0 | 2.3 | | | | |
| Compensation of Employees | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - | - |
| Wages and Salaries | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Social Benefits | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Use of Goods and Services | 15,071.0 | 2.5 | 15,695.6 | 2.2 | N/A | N/A | 56,603.2 | 27.7 |
| Travel | 196.7 | 0.0 | 174.6 | 0.0 | | | | |
| Communications | 72.7 | 0.0 | 95.5 | 0.0 | | | | |
| Contracted Services | 11,320.5 | 1.8 | 12,865.9 | 1.8 | | | | |
| Repairs and Maintenance | 396.7 | 0.1 | 191.4 | 0.0 | | | | |
| Utilities | 10.2 | 0.0 | 4.4 | 0.0 | | | | |
| Fuel | 37.9 | 0.0 | 59.8 | 0.0 | | | | |
| Other Use of Goods and Services | 3,036.3 | 0.5 | 2,304.0 | 0.3 | | | | |
| Interest (2) | 0.0 | 0.0 | 0.0 | 0.0 | - | - | - | - |
| Social Transfers (3) | 207.6 | 0.0 | 416.3 | 0.1 | - | - | - | - |
| Subsidies | 19.8 | 0.0 | 416.3 | 0.1 | | | | |
| Grants | 38.8 | 0.0 | 0.0 | 0.0 | | | | |
| Social Security | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Other Social Transfers | 148.9 | 0.0 | 0.0 | 0.0 | | | | |
| Social Assistance | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Advance Subsidies, Grants | 148.9 | 0.0 | 0.0 | 0.0 | | | | |
| Gross Acquisition of Nonfinancial Assets | 28,712.5 | 4.7 | 27,269.9 | 3.8 | N/A | N/A | 53,206.2 | 51.3 |
| Net Acquisition of Nonfinancial Assets (1) | 28,712.5 | 4.7 | 27,269.9 | 3.8 | | | | |
| Sale of Land and Buildings | 0.0 | 0.0 | 0.0 | 0.0 | | | | |
| Buildings and Structures | 19,263.4 | 3.1 | 19,448.7 | 2.7 | | | | |
| Machinery and Equipment (>50,000) | 5,364.5 | 0.9 | 3,306.9 | 0.5 | | | | |
| Valuables | 3.9 | 0.0 | 0.7 | 0.0 | | | | |
| Land | 43.8 | 0.0 | 9.0 | 0.0 | | | | |
| Capital Advance Payments | 4,036.8 | 0.7 | 4,504.5 | 0.6 | | | | |

Source: AFMIS Database as at 20 July 2011

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

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

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

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

5/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs 111.9 billion.

Table 11 - Integrated Core Budget Expenditures, 1388 – 1389

| Core | (In millions of Afghanis) | 1388 Actual | 1388 %GDP | 1389 Prelim. Actual | 1389 %GDP | 1389 Original Budget (4) | 1389 Revised Budget (4) | 1389 Final Budget (5) | 1389 Actual as % of Final Budget (5) |
|-------------|---|------------------|--------------|---------------------------|--------------|--------------------------------|-------------------------------|-----------------------------|---|
| 2 | TOTAL GROSS EXPENDITURES | 131,233.9 | 21.4 | 153,834.6 | 21.6 | 215,495.8 | 231,749.6 | 231,749.6 | 66.4 |
| 2 | TOTAL NET EXPENDITURES (1) | 131,018.8 | 21.3 | 153,727.1 | 21.5 | | | | |
| 2-25 | RECURRENT EXPENDITURES (excludes 25) | 101,188.1 | 16.5 | 124,974.9 | 17.5 | | | | |
| 21 | Compensation of Employees | 64,256.2 | 10.5 | 86,474.0 | 12.1 | 87,987.8 | 90,157.2 | 89,084.9 | 97.1 |
| 211-3 | Wages and Salaries | 63,431.4 | 10.3 | 85,860.2 | 12.0 | | | | |
| 214-5 | Social Benefits | 824.8 | 0.1 | 613.8 | 0.1 | | | | |
| 22 | Use of Goods and Services | 31,929.6 | 5.2 | 32,853.5 | 4.6 | N/A | N/A | 75,916.1 | 43.3 |
| 221 | Travel | 1,327.9 | 0.2 | 1,317.4 | 0.2 | | | | |
| 222 | Communications | 656.9 | 0.1 | 710.2 | 0.1 | | | | |
| 223 | Contracted Services | 11,820.7 | 1.9 | 13,636.2 | 1.9 | | | | |
| 224 | Repairs and Maintenance | 2,430.4 | 0.4 | 2,230.9 | 0.3 | | | | |
| 225 | Utilities | 841.7 | 0.1 | 2,719.4 | 0.4 | | | | |
| 226 | Fuel | 3,884.9 | 0.6 | 1,572.7 | 0.2 | | | | |
| 227-9 | Other Use of Goods and Services | 10,967.0 | 1.8 | 10,666.7 | 1.5 | | | | |
| 23 | Interest (2) | 103.9 | 0.0 | 79.5 | 0.0 | 300.0 | 300.0 | 300.0 | 26.5 |
| 24 | Social Transfers (3) | 4,898.4 | 0.8 | 5,567.9 | 0.8 | 9,454.0 | 9,324.0 | 9,324.0 | 59.7 |
| 242 | Subsidies | 19.8 | 0.0 | 418.0 | 0.1 | | | | |
| 245 | Grants | 77.0 | 0.0 | 167.2 | 0.0 | | | | |
| 247 | Social Security | 3,490.7 | 0.6 | 4,732.0 | 0.7 | | | | |
| 248-9 | Other Social Transfers | 1,310.8 | 0.2 | 250.8 | 0.0 | | | | |
| 248 | Social Assistance | 477.4 | 0.1 | 622.8 | 0.1 | | | | |
| 249 | Advance Subsidies, Grants | 833.4 | 0.1 | -372.1 | -0.1 | | | | |
| 25 | Gross Acquisition of Nonfinancial Assets | 30,045.8 | 4.9 | 28,859.8 | 4.0 | N/A | N/A | 55,136.0 | 52.3 |
| 25 | Net Acquisition of Nonfinancial Assets (1) | 29,830.7 | 4.9 | 28,752.2 | 4.0 | | | | |
| 150 | Sale of Land and Buildings | -215.1 | 0.0 | -107.6 | 0.0 | | | | |
| 251 | Buildings and Structures | 19,607.0 | 3.2 | 19,907.7 | 2.8 | | | | |
| 252 | Machinery and Equipment (>50,000) | 6,080.4 | 1.0 | 4,164.3 | 0.6 | | | | |
| 257 | Valuables | 4.9 | 0.0 | 1.9 | 0.0 | | | | |
| 258 | Land | 202.6 | 0.0 | 269.7 | 0.0 | | | | |
| 259 | Capital Advance Payments | 4,150.8 | 0.7 | 4,516.1 | 0.6 | | | | |

Source: AFMIS Database as at 20 July 2011

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

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

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

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

5/ Final Budget figures available from AFMIS, except for interest (code 23) and subsidies and transfers (code 24), as AFMIS data includes contingency reserves in these categories. Reconciliation of budget figures between categories is also not finalized, and so total of each category does not add to total budget of Budget of Afs 231.8 billion.

Table 14 – Integrated Core Budget Expenditures by COFOG sectors, 1388 – 1389

| Code | (In millions of Afghanis) | Percent of total | 1388 Prelim. Actual | Percent of total | 1389 Prelim. Actual | Percent of total |
|--------------|---|---------------------|---------------------------|---------------------|---------------------------|---------------------|
| 2 | TOTAL NET EXPENDITURE | | 131,018.8 | | 153,727.1 | |
| 150 | Sale of Land and Buildings | | 215.1 | | 107.6 | |
| 2+150 | TOTAL GROSS EXPENDITURE | 100.0 | 131,233.9 | 100.0 | 153,834.6 | 100.0 |
| | RECURRENT EXPENDITURE | 72.6 | 101,188.1 | 77.1 | 124,974.9 | 81.2 |
| | CAPITAL EXPENDITURE | 27.4 | 30,045.8 | 22.9 | 28,859.8 | 18.8 |
| 701 | General Public Services | 9.5 | 15,152.2 | 11.5 | 13,836.8 | 9.0 |
| | Recurrent Expenditure | 8.5 | 11,839.5 | 9.0 | 12,467.2 | 8.1 |
| | Capital Expenditure | 1.1 | 3,312.7 | 2.5 | 1,369.6 | 0.9 |
| 702 | Defence | 14.8 | 21,703.1 | 16.5 | 31,652.0 | 20.6 |
| | Recurrent Expenditure | 14.5 | 21,247.4 | 16.2 | 31,362.4 | 20.4 |
| | Capital Expenditure | 0.2 | 455.6 | 0.3 | 289.6 | 0.2 |
| 703 | Public Order and Safety | 14.5 | 23,818.6 | 18.1 | 32,330.0 | 21.0 |
| | Recurrent Expenditure | 14.1 | 23,125.4 | 17.6 | 31,491.3 | 20.5 |
| | Capital Expenditure | 0.4 | 693.2 | 0.5 | 838.7 | 0.5 |
| 704 | Economic Affairs | 34.1 | 33,774.2 | 25.7 | 34,871.1 | 22.7 |
| | Recurrent Expenditure | 12.0 | 12,743.8 | 9.7 | 13,204.4 | 8.6 |
| | Capital Expenditure | 22.1 | 21,030.5 | 16.0 | 21,666.6 | 14.1 |
| 705 | Environmental Protection | 0.1 | 221.3 | 0.2 | 876.5 | 0.6 |
| | Recurrent Expenditure | 0.1 | 109.6 | 0.1 | 114.1 | 0.1 |
| | Capital Expenditure | 0.0 | 111.7 | 0.1 | 762.3 | 0.5 |
| 706 | Housing and Communal Amenities | 1.3 | 1,720.4 | 1.3 | 1,823.0 | 1.2 |
| | Recurrent Expenditure | 0.4 | 413.9 | 0.3 | 529.6 | 0.3 |
| | Capital Expenditure | 0.9 | 1,306.5 | 1.0 | 1,293.3 | 0.8 |
| 707 | Health | 4.4 | 5,599.7 | 4.3 | 6,546.7 | 4.3 |
| | Recurrent Expenditure | 3.9 | 5,281.0 | 4.0 | 6,133.8 | 4.0 |
| | Capital Expenditure | 0.5 | 318.7 | 0.2 | 412.9 | 0.3 |
| 708 | Recreation, Culture and Religion | 1.5 | 1,704.1 | 1.3 | 1,926.6 | 1.3 |
| | Recurrent Expenditure | 1.3 | 1,436.9 | 1.1 | 1,547.4 | 1.0 |
| | Capital Expenditure | 0.2 | 267.2 | 0.2 | 379.2 | 0.2 |
| 709 | Education | 16.3 | 22,559.3 | 17.2 | 26,125.3 | 17.0 |
| | Recurrent Expenditure | 14.6 | 20,047.7 | 15.3 | 24,440.7 | 15.9 |
| | Capital Expenditure | 1.6 | 2,511.6 | 1.9 | 1,684.6 | 1.1 |
| 710 | Social Protection | 3.6 | 4,980.9 | 3.8 | 3,846.6 | 2.5 |
| | Recurrent Expenditure | 3.4 | 4,942.9 | 3.8 | 3,683.9 | 2.4 |
| | Capital Expenditure | 0.2 | 38.0 | 0.0 | 162.7 | 0.1 |

Source: AFMIS Database as at 20 July 2011

1/ Recurrent expenditure in the General Public Services sector excludes interest payments on loans.

Table 12 - Integrated Core Budget Expenditures by Ministries, 1388 – 1389

| Code (In millions of Afghanis) | 1388 Annual Actual | 1388 %of Total Spending | 1388 %GDP | 1389 Prelim. Annual Actual | 1389 %of Total Spending | 1389 %GDP | 1389 Original Budget | 1389 Revised Budget | 1389 Final Budget (1) | 1389 Actual as %of Final Budget |
|--|--------------------------|----------------------------------|--------------|-------------------------------------|----------------------------------|--------------|----------------------------|---------------------------|-----------------------------|--|
| 26 Ministry of Interior | 20,109 | 15.3 | 3.3 | 28,465 | 18.5 | 4.6 | 22,213 | 22,215 | 29,944 | 95.1 |
| Operating Budget | 19,915 | 22.8 | 3.2 | 28,230 | 25.6 | 4.6 | 21,846 | 21,846 | 29,575 | 95.5 |
| Development Budget | 194 | 0.4 | 0.0 | 235 | 0.5 | 0.0 | 367 | 369 | 369 | 63.8 |
| 22 Ministry of Defence | 18,566 | 14.1 | 3.0 | 27,672 | 18.0 | 4.5 | 14,126 | 14,125 | 27,868 | 99.3 |
| Operating Budget | 18,507 | 21.2 | 3.0 | 27,623 | 25.0 | 4.5 | 14,062 | 14,062 | 27,806 | 99.3 |
| Development Budget | 59 | 0.1 | 0.0 | 49 | 0.1 | 0.0 | 63 | 62 | 62 | 78.9 |
| 23 Ministry of Foreign Affairs | 2,534 | 1.9 | 0.4 | 2,135 | 1.4 | 0.3 | 2,587 | 2,638 | 2,970 | 71.9 |
| Operating Budget | 1,823 | 2.1 | 0.3 | 2,045 | 1.9 | 0.3 | 2,225 | 2,225 | 2,557 | 80.0 |
| Development Budget | 711 | 1.6 | 0.1 | 90 | 0.2 | 0.0 | 363 | 413 | 413 | 21.7 |
| 15 Presidential Protective Service | 791 | 0.6 | 0.1 | 909 | 0.6 | 0.1 | 738 | 777 | 983 | 92.5 |
| Operating Budget | 791 | 0.9 | 0.1 | 887 | 0.8 | 0.1 | 689 | 689 | 895 | 99.0 |
| Development Budget | 0 | 0.0 | 0.0 | 22 | 0.1 | 0.0 | 49 | 88 | 88 | 25.1 |
| 64 General Directorate of National Security | 2,758 | 2.1 | 0.4 | 2,958 | 1.9 | 0.5 | 2,779 | 2,978 | 2,975 | 99.4 |
| Operating Budget | 2,726 | 3.1 | 0.4 | 2,913 | 2.6 | 0.5 | 2,716 | 2,916 | 2,913 | 100.0 |
| Development Budget | 32 | 0.1 | 0.0 | 45 | 0.1 | 0.0 | 63 | 62 | 62 | 73.1 |
| Security | 44,758 | 34.1 | 7.3 | 62,139 | 40.4 | 10.1 | 42,442 | 42,731 | 64,739 | 96.0 |
| Operating Budget | 43,762 | 50.2 | 7.1 | 61,698 | 55.9 | 10.0 | 41,538 | 41,738 | 63,746 | 96.8 |
| Development Budget | 996 | 2.3 | 0.2 | 441 | 1.0 | 0.1 | 904 | 993 | 993 | 44.4 |
| 10 Presidents Office | 1,239 | 0.9 | 0.2 | 1,390 | 0.9 | 0.2 | 1,566 | 1,636 | 1,709 | 81.3 |
| Operating Budget | 1,141 | 1.3 | 0.2 | 1,270 | 1.2 | 0.2 | 1,296 | 1,324 | 1,397 | 90.9 |
| Development Budget | 98 | 0.2 | 0.0 | 120 | 0.3 | 0.0 | 270 | 312 | 312 | 38.3 |
| 11 National Assembly Meshanro Jirga | 284 | 0.2 | 0.0 | 337 | 0.2 | 0.1 | 356 | 355 | 392 | 86.1 |
| Operating Budget | 273 | 0.3 | 0.0 | 314 | 0.3 | 0.1 | 293 | 293 | 330 | 95.4 |
| Development Budget | 11 | 0.0 | 0.0 | 23 | 0.1 | 0.0 | 62 | 62 | 62 | 36.6 |
| 12 National Assembly Wolesi Jirga | 807 | 0.6 | 0.1 | 701 | 0.5 | 0.1 | 819 | 859 | 861 | 81.5 |
| Operating Budget | 741 | 0.8 | 0.1 | 690 | 0.6 | 0.1 | 726 | 767 | 769 | 89.8 |
| Development Budget | 66 | 0.2 | 0.0 | 11 | 0.0 | 0.0 | 93 | 92 | 92 | 11.8 |
| 14 Supreme Court | 792 | 0.6 | 0.1 | 1,173 | 0.8 | 0.2 | 1,248 | 1,253 | 1,553 | 75.5 |
| Operating Budget | 690 | 0.8 | 0.1 | 1,095 | 1.0 | 0.2 | 854 | 854 | 1,154 | 94.9 |
| Development Budget | 102 | 0.2 | 0.0 | 78 | 0.2 | 0.0 | 394 | 399 | 399 | 19.6 |
| 50 Ministry of Justice | 1,483 | 1.1 | 0.2 | 1,899 | 1.2 | 0.3 | 1,615 | 1,702 | 2,317 | 82.0 |
| Operating Budget | 1,394 | 1.6 | 0.2 | 1,739 | 1.6 | 0.3 | 1,187 | 1,241 | 1,855 | 93.7 |
| Development Budget | 89 | 0.2 | 0.0 | 160 | 0.4 | 0.0 | 429 | 461 | 461 | 34.8 |
| 13 Administrative Affairs | 1,635 | 1.2 | 0.3 | 1,639 | 1.1 | 0.3 | 464 | 505 | 1,723 | 95.1 |
| Operating Budget | 1,635 | 1.9 | 0.3 | 1,592 | 1.4 | 0.3 | 362 | 400 | 1,618 | 98.4 |
| Development Budget | 0 | 0.0 | 0.0 | 47 | 0.1 | 0.0 | 102 | 105 | 105 | 44.5 |
| 21 Ministry of State and Parliament Affairs | 45 | 0.0 | 0.0 | 52 | 0.0 | 0.0 | 29 | 41 | 56 | 92.4 |
| Operating Budget | 45 | 0.1 | 0.0 | 52 | 0.0 | 0.0 | 29 | 41 | 56 | 92.4 |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0 | 0 | N/A |
| 24 Ministry of Haj and Religious Affairs | 495 | 0.4 | 0.1 | 521 | 0.3 | 0.1 | 587 | 597 | 967 | 53.9 |
| Operating Budget | 379 | 0.4 | 0.1 | 453 | 0.4 | 0.1 | 381 | 388 | 758 | 59.8 |
| Development Budget | 116 | 0.3 | 0.0 | 68 | 0.2 | 0.0 | 206 | 209 | 209 | 32.5 |
| 51 Attorney General | 568 | 0.4 | 0.1 | 625 | 0.4 | 0.1 | 965 | 1,050 | 1,077 | 58.1 |
| Operating Budget | 481 | 0.6 | 0.1 | 576 | 0.5 | 0.1 | 497 | 592 | 619 | 93.1 |
| Development Budget | 87 | 0.2 | 0.0 | 49 | 0.1 | 0.0 | 468 | 458 | 458 | 10.7 |
| 72 Election Commission | 92 | 0.1 | 0.0 | 91 | 0.1 | 0.0 | 125 | 128 | 129 | 70.7 |
| Operating Budget | 92 | 0.1 | 0.0 | 83 | 0.1 | 0.0 | 101 | 104 | 105 | 79.1 |
| Development Budget | 0 | 0.0 | 0.0 | 8 | 0.0 | 0.0 | 24 | 24 | 24 | 33.9 |
| 62 IARCSC | 781 | 0.6 | 0.1 | 603 | 0.4 | 0.1 | 657 | 774 | 798 | 75.6 |
| Operating Budget | 236 | 0.3 | 0.0 | 222 | 0.2 | 0.0 | 213 | 213 | 236 | 93.8 |
| Development Budget | 545 | 1.2 | 0.1 | 382 | 0.9 | 0.1 | 444 | 562 | 562 | 68.0 |
| 69 Anti-Corruption Commission | 0 | - | 0.0 | 0 | - | 0.0 | 119 | 0 | 0 | N/A |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 65 | 0 | 0 | N/A |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 54 | 0 | 0 | N/A |
| The High office of Oversight and Anti | | | | | | | | | | |
| 67 Corruption | 43 | 0.0 | 0.0 | 86 | 0.1 | 0.0 | 0 | 138 | 153 | 56.0 |
| Operating Budget | 42 | 0.0 | 0.0 | 69 | 0.1 | 0.0 | 0 | 65 | 80 | 86.7 |
| Development Budget | 1 | 0.0 | 0.0 | 16 | 0.0 | 0.0 | 0 | 73 | 73 | 22.3 |
| Independent Directorate of Local | | | | | | | | | | |
| 59 Governance | 1,881 | 1.4 | 0.3 | 2,200 | 1.4 | 0.4 | 3,368 | 3,360 | 3,541 | 62.1 |
| Operating Budget | 1,651 | 1.9 | 0.3 | 1,869 | 1.7 | 0.3 | 1,840 | 1,884 | 2,064 | 90.5 |
| Development Budget | 231 | 0.5 | 0.0 | 331 | 0.8 | 0.1 | 1,528 | 1,477 | 1,477 | 22.4 |
| 74 Legal Training Center | 3 | 0.0 | 0.0 | 8 | 0.0 | 0.0 | 13 | 13 | 13 | 63.6 |
| Operating Budget | 3 | 0.0 | 0.0 | 8 | 0.0 | 0.0 | 13 | 13 | 13 | 63.6 |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0 | 0 | N/A |
| Governance, Rule of Law & Human Rights | 10,149 | 7.7 | 1.7 | 11,326 | 7.4 | 1.8 | 11,931 | 12,413 | 15,287 | 74.1 |
| Operating Budget | 8,803 | 10.1 | 1.4 | 10,032 | 9.1 | 1.6 | 7,855 | 8,179 | 11,053 | 90.8 |
| Development Budget | 1,346 | 3.1 | 0.2 | 1,293 | 3.0 | 0.2 | 4,075 | 4,234 | 4,234 | 30.5 |

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

Table 14 - Integrated Core Budget Expenditures by Ministries (Continued, 1388 – 1389)

| Code (In millions of Afghanis) | 1388 Annual Actual | 1388 %of Total Spending | 1388 %GDP | 1389 Prelim. Annual Actual | 1389 %of Total Spending | 1389 %GDP | 1389 Original Budget | 1389 Revised Budget | 1389 Final Budget (1) | 1389 Actual as % of Final Budget |
|---|--------------------------|----------------------------------|--------------|-------------------------------------|----------------------------------|--------------|----------------------------|---------------------------|-----------------------------|---|
| 42 Ministry of Public Works | 9,134 | 7.0 | 1.5 | 13,137 | 8.5 | 2.1 | 19,678 | 24,032 | 24,994 | 52.6 |
| Operating Budget | 857 | 1.0 | 0.1 | 1,179 | 1.1 | 0.2 | 490 | 517 | 1,480 | 79.6 |
| Development Budget | 8,277 | 18.8 | 1.3 | 11,959 | 27.6 | 1.9 | 19,188 | 23,514 | 23,514 | 50.9 |
| 45 Ministry of Transport and Aviation | 802 | 0.6 | 0.1 | 858 | 0.6 | 0.1 | 1,859 | 1,803 | 1,863 | 46.1 |
| Operating Budget | 372 | 0.4 | 0.1 | 362 | 0.3 | 0.1 | 297 | 317 | 376 | 96.3 |
| Development Budget | 430 | 1.0 | 0.1 | 495 | 1.1 | 0.1 | 1,563 | 1,486 | 1,486 | 33.3 |
| 34 Ministry of Communication | 1,063 | 0.8 | 0.2 | 1,842 | 1.2 | 0.3 | 1,911 | 2,119 | 2,128 | 86.5 |
| Operating Budget | 427 | 0.5 | 0.1 | 429 | 0.4 | 0.1 | 440 | 440 | 448 | 95.8 |
| Development Budget | 636 | 1.4 | 0.1 | 1,412 | 3.3 | 0.2 | 1,471 | 1,680 | 1,680 | 84.1 |
| 41 Ministry of Energy and Water | 4,136 | 3.2 | 0.7 | 4,263 | 2.8 | 0.7 | 12,729 | 14,642 | 14,674 | 29.1 |
| Operating Budget | 503 | 0.6 | 0.1 | 301 | 0.3 | 0.0 | 277 | 277 | 308 | 97.6 |
| Development Budget | 3,633 | 8.3 | 0.6 | 3,962 | 9.1 | 0.6 | 12,452 | 14,366 | 14,366 | 27.6 |
| 49 Ministry of Urban Development | 1,124 | 0.9 | 0.2 | 1,543 | 1.0 | 0.3 | 2,527 | 3,197 | 3,343 | 46.2 |
| Operating Budget | 136 | 0.2 | 0.0 | 239 | 0.2 | 0.0 | 96 | 101 | 247 | 96.7 |
| Development Budget | 987 | 2.2 | 0.2 | 1,304 | 3.0 | 0.2 | 2,431 | 3,096 | 3,096 | 42.1 |
| 32 Ministry of Mines and Industries | 698 | 0.5 | 0.1 | 1,012 | 0.7 | 0.2 | 1,805 | 1,966 | 1,997 | 50.7 |
| Operating Budget | 251 | 0.3 | 0.0 | 298 | 0.3 | 0.0 | 259 | 270 | 301 | 98.9 |
| Development Budget | 447 | 1.0 | 0.1 | 715 | 1.6 | 0.1 | 1,546 | 1,696 | 1,696 | 42.1 |
| 65 Geodesy and Cartography Office | 141 | 0.1 | 0.0 | 144 | 0.1 | 0.0 | 140 | 144 | 148 | 97.2 |
| Operating Budget | 118 | 0.1 | 0.0 | 118 | 0.1 | 0.0 | 114 | 116 | 120 | 98.3 |
| Development Budget | 23 | 0.1 | 0.0 | 26 | 0.1 | 0.0 | 26 | 28 | 28 | 92.6 |
| 60 Directorate of Environment | 130 | 0.1 | 0.0 | 150 | 0.1 | 0.0 | 157 | 159 | 172 | 86.9 |
| Operating Budget | 103 | 0.1 | 0.0 | 119 | 0.1 | 0.0 | 111 | 111 | 125 | 95.6 |
| Development Budget | 27 | 0.1 | 0.0 | 30 | 0.1 | 0.0 | 45 | 47 | 47 | 63.9 |
| Afghanistan High Atomic Energy | | | | | | | | | | |
| 75 Commission | 5 | 0.0 | 0.0 | 21 | 0.0 | 0.0 | 26 | 26 | 27 | 79.6 |
| Operating Budget | 5 | 0.0 | 0.0 | 19 | 0.0 | 0.0 | 21 | 21 | 22 | 85.6 |
| Development Budget | 0 | 0.0 | 0.0 | 3 | 0.0 | 0.0 | 5 | 5 | 5 | 52.1 |
| 79 Municipalities | 915 | 0.7 | 0.1 | 727 | 0.5 | 0.1 | 2,158 | 2,149 | 2,149 | 33.8 |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 0 | 0 | 0 N/A | |
| Development Budget | 915 | 2.1 | 0.1 | 727 | 1.7 | 0.1 | 2,158 | 2,149 | 2,149 | 33.8 |
| Infrastructure & Natural Resources | 18,148 | 13.8 | 3.0 | 23,698 | 15.4 | 3.9 | 42,989 | 50,237 | 51,496 | 46.0 |
| Operating Budget | 2,772 | 3.2 | 0.5 | 3,065 | 2.8 | 0.5 | 2,104 | 2,170 | 3,428 | 89.4 |
| Development Budget | 15,376 | 35.0 | 2.5 | 20,633 | 47.6 | 3.4 | 40,885 | 48,068 | 48,068 | 42.9 |
| 27 Ministry of Education | 19,508 | 14.9 | 3.2 | 23,113 | 15.0 | 3.8 | 26,686 | 27,821 | 30,007 | 77.0 |
| Operating Budget | 15,641 | 17.9 | 2.5 | 19,115 | 17.3 | 3.1 | 17,484 | 17,834 | 20,020 | 95.5 |
| Development Budget | 3,867 | 8.8 | 0.6 | 3,999 | 9.2 | 0.7 | 9,202 | 9,987 | 9,987 | 40.0 |
| 28 Ministry of Higher Education | 3,116 | 2.4 | 0.5 | 2,309 | 1.5 | 0.4 | 3,229 | 3,317 | 3,308 | 69.8 |
| Operating Budget | 1,676 | 1.9 | 0.3 | 1,850 | 1.7 | 0.3 | 1,876 | 1,876 | 1,867 | 99.1 |
| Development Budget | 1,439 | 3.3 | 0.2 | 459 | 1.1 | 0.1 | 1,352 | 1,441 | 1,441 | 31.8 |
| 36 Ministry of Information and Culture | 652 | 0.5 | 0.1 | 726 | 0.5 | 0.1 | 896 | 998 | 1,072 | 67.8 |
| Operating Budget | 613 | 0.7 | 0.1 | 627 | 0.6 | 0.1 | 568 | 568 | 642 | 97.7 |
| Development Budget | 39 | 0.1 | 0.0 | 100 | 0.2 | 0.0 | 328 | 430 | 430 | 23.2 |
| 61 Science Academy | 153 | 0.1 | 0.0 | 193 | 0.1 | 0.0 | 195 | 203 | 213 | 90.6 |
| Operating Budget | 143 | 0.2 | 0.0 | 141 | 0.1 | 0.0 | 131 | 131 | 142 | 99.4 |
| Development Budget | 9 | 0.0 | 0.0 | 52 | 0.1 | 0.0 | 64 | 71 | 71 | 73.2 |
| 63 National Olympic Committee | 259 | 0.2 | 0.0 | 385 | 0.3 | 0.1 | 590 | 588 | 602 | 64.0 |
| Operating Budget | 175 | 0.2 | 0.0 | 201 | 0.2 | 0.0 | 190 | 190 | 204 | 98.8 |
| Development Budget | 83 | 0.2 | 0.0 | 184 | 0.4 | 0.0 | 400 | 398 | 398 | 46.2 |
| Education | 23,687 | 18.0 | 3.9 | 26,727 | 17.4 | 4.4 | 31,596 | 32,927 | 35,202 | 75.9 |
| Operating Budget | 18,249 | 20.9 | 3.0 | 21,934 | 19.9 | 3.6 | 20,250 | 20,600 | 22,875 | 95.9 |
| Development Budget | 5,438 | 12.4 | 0.9 | 4,793 | 11.0 | 0.8 | 11,346 | 12,327 | 12,327 | 38.9 |
| 37 Ministry of Public Health | 5,553 | 4.2 | 0.9 | 6,351 | 4.1 | 1.0 | 8,770 | 9,362 | 9,549 | 66.5 |
| Operating Budget | 1,865 | 2.1 | 0.3 | 2,067 | 1.9 | 0.3 | 1,995 | 2,046 | 2,233 | 92.6 |
| Development Budget | 3,689 | 8.4 | 0.6 | 4,283 | 9.9 | 0.7 | 6,775 | 7,316 | 7,316 | 58.5 |
| Health | 5,553 | 4.2 | 0.9 | 6,351 | 4.1 | 1.0 | 8,770 | 9,362 | 9,549 | 66.5 |
| Operating Budget | 1,865 | 2.1 | 0.3 | 2,067 | 1.9 | 0.3 | 1,995 | 2,046 | 2,233 | 92.6 |
| Development Budget | 3,689 | 8.4 | 0.6 | 4,283 | 9.9 | 0.7 | 6,775 | 7,316 | 7,316 | 58.5 |
| 39 Ministry of Agriculture | 4,169 | 3.2 | 0.7 | 2,858 | 1.9 | 0.5 | 5,763 | 6,851 | 6,901 | 41.4 |
| Operating Budget | 2,466 | 2.8 | 0.4 | 1,061 | 1.0 | 0.2 | 1,082 | 1,082 | 1,133 | 93.7 |
| Development Budget | 1,702 | 3.9 | 0.3 | 1,797 | 4.1 | 0.3 | 4,680 | 5,768 | 5,768 | 31.2 |
| 48 Ministry of Counter Narcotics | 297 | 0.2 | 0.0 | 185 | 0.1 | 0.0 | 482 | 509 | 512 | 36.1 |
| Operating Budget | 77 | 0.1 | 0.0 | 82 | 0.1 | 0.0 | 79 | 87 | 90 | 91.2 |
| Development Budget | 220 | 0.5 | 0.0 | 103 | 0.2 | 0.0 | 403 | 422 | 422 | 24.3 |
| Ministry of Rural Rehabilitation and | | | | | | | | | | |
| 43 Development | 13,215 | 10.1 | 2.2 | 7,660 | 5.0 | 1.2 | 20,678 | 21,634 | 21,637 | 35.4 |
| Operating Budget | 663 | 0.8 | 0.1 | 480 | 0.4 | 0.1 | 475 | 495 | 498 | 96.4 |
| Development Budget | 12,552 | 28.5 | 2.0 | 7,180 | 16.6 | 1.2 | 20,203 | 21,139 | 21,139 | 34.0 |
| Agriculture & Rural Development | 17,680 | 13.5 | 2.9 | 10,703 | 7.0 | 1.7 | 26,922 | 28,993 | 29,050 | 36.8 |
| Operating Budget | 3,206 | 3.7 | 0.5 | 1,623 | 1.5 | 0.3 | 1,637 | 1,664 | 1,720 | 94.4 |
| Development Budget | 14,474 | 32.9 | 2.4 | 9,080 | 20.9 | 1.5 | 25,286 | 27,329 | 27,329 | 33.2 |

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

Table 15 - Integrated Core Budget Expenditures by Ministries (Continued, 1388 – 1389)

| Code (In millions of Afghanis) | 1388 Prelim. Annual Actual | 1388 %of Total Spending | 1388 %GDP | 1389 Prelim. Annual Actual | 1389 %of Total Spending | 1389 %GDP | 1389 Original Budget | 1389 Revised Budget | 1389 Final Budget (1) | 1389 Actual as %of Final Budget |
|---|-------------------------------------|----------------------------------|--------------|-------------------------------------|----------------------------------|--------------|----------------------------|---------------------------|-----------------------------|--|
| 46 Ministry of Frontiers and Tribal Affairs | 337 | 0.3 | 0.1 | 344 | 0.2 | 0.1 | 379 | 394 | 404 | 85.3 |
| Operating Budget | 276 | 0.3 | 0.0 | 324 | 0.3 | 0.1 | 318 | 321 | 330 | 98.1 |
| Development Budget | 61 | 0.1 | 0.0 | 20 | 0.0 | 0.0 | 61 | 73 | 73 | 27.4 |
| Ministry of Martyrs, Disabled and Social Affairs | 4,586 | 3.5 | 0.7 | 5,219 | 3.4 | 0.8 | 1,578 | 1,596 | 6,744 | 77.4 |
| Operating Budget | 4,148 | 4.8 | 0.7 | 4,926 | 4.5 | 0.8 | 949 | 949 | 6,097 | 80.8 |
| Development Budget | 438 | 1.0 | 0.1 | 293 | 0.7 | 0.0 | 630 | 647 | 647 | 45.3 |
| 29 Ministry of Refugees and Repatriates | 177 | 0.1 | 0.0 | 246 | 0.2 | 0.0 | 366 | 379 | 394 | 62.4 |
| Operating Budget | 136 | 0.2 | 0.0 | 158 | 0.1 | 0.0 | 146 | 147 | 162 | 97.9 |
| Development Budget | 41 | 0.1 | 0.0 | 87 | 0.2 | 0.0 | 220 | 232 | 232 | 37.7 |
| 38 Ministry of Women Affairs | 184 | 0.1 | 0.0 | 202 | 0.1 | 0.0 | 274 | 273 | 274 | 73.7 |
| Operating Budget | 139 | 0.2 | 0.0 | 142 | 0.1 | 0.0 | 157 | 157 | 159 | 89.2 |
| Development Budget | 45 | 0.1 | 0.0 | 61 | 0.1 | 0.0 | 117 | 116 | 116 | 52.5 |
| 68 Office of Disaster Preparedness | 67 | 0.1 | 0.0 | 76 | 0.0 | 0.0 | 86 | 86 | 86 | 87.7 |
| Operating Budget | 67 | 0.1 | 0.0 | 76 | 0.1 | 0.0 | 86 | 86 | 86 | 87.7 |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0 | 0 | 0 | N/A |
| 76 Directorate of Kochis | 72 | 0.1 | 0.0 | 70 | 0.0 | 0.0 | 90 | 89 | 90 | 77.7 |
| Operating Budget | 42 | 0.0 | 0.0 | 42 | 0.0 | 0.0 | 47 | 47 | 48 | 88.0 |
| Development Budget | 30 | 0.1 | 0.0 | 27 | 0.1 | 0.0 | 43 | 42 | 42 | 65.9 |
| Social Protection | 5,423 | 4.1 | 0.9 | 6,157 | 4.0 | 1.0 | 2,772 | 2,817 | 7,992 | 77.0 |
| Operating Budget | 4,807 | 5.5 | 0.8 | 5,668 | 5.1 | 0.9 | 1,702 | 1,706 | 6,882 | 82.4 |
| Development Budget | 615 | 1.4 | 0.1 | 489 | 1.1 | 0.1 | 1,070 | 1,110 | 1,110 | 44.1 |
| 20 Ministry of Finance | 4,291 | 3.3 | 0.7 | 5,120 | 3.3 | 0.8 | 7,859 | 5,403 | 7,411 | 69.1 |
| Operating Budget | 3,045 | 3.5 | 0.5 | 3,290 | 3.0 | 0.5 | 1,358 | 1,406 | 3,414 | 96.4 |
| Development Budget | 1,246 | 2.8 | 0.2 | 1,830 | 4.2 | 0.3 | 6,501 | 3,997 | 3,997 | 45.8 |
| 25 Ministry of Commerce | 412 | 0.3 | 0.1 | 692 | 0.5 | 0.1 | 972 | 517 | 941 | 73.6 |
| Operating Budget | 383 | 0.4 | 0.1 | 637 | 0.6 | 0.1 | 230 | 230 | 654 | 97.3 |
| Development Budget | 29 | 0.1 | 0.0 | 56 | 0.1 | 0.0 | 742 | 287 | 287 | 19.4 |
| 35 Ministry of Economy | 337 | 0.3 | 0.1 | 306 | 0.2 | 0.0 | 833 | 843 | 851 | 36.0 |
| Operating Budget | 139 | 0.2 | 0.0 | 173 | 0.2 | 0.0 | 218 | 221 | 228 | 75.8 |
| Development Budget | 198 | 0.5 | 0.0 | 133 | 0.3 | 0.0 | 615 | 623 | 623 | 21.4 |
| 66 Control and Audit Office | 200 | 0.2 | 0.0 | 249 | 0.2 | 0.0 | 273 | 522 | 525 | 47.5 |
| Operating Budget | 68 | 0.1 | 0.0 | 74 | 0.1 | 0.0 | 71 | 71 | 74 | 99.2 |
| Development Budget | 132 | 0.3 | 0.0 | 175 | 0.4 | 0.0 | 202 | 450 | 450 | 38.9 |
| 73 Central Statistics Office | 114 | 0.1 | 0.0 | 183 | 0.1 | 0.0 | 179 | 228 | 271 | 67.4 |
| Operating Budget | 114 | 0.1 | 0.0 | 158 | 0.1 | 0.0 | 123 | 123 | 166 | 95.3 |
| Development Budget | 0 | 0.0 | 0.0 | 25 | 0.1 | 0.0 | 57 | 105 | 105 | 23.3 |
| 58 Afghanistan National Standard Authority | 92 | 0.1 | 0.0 | 34 | 0.0 | 0.0 | 260 | 263 | 265 | 12.8 |
| Operating Budget | 30 | 0.0 | 0.0 | 34 | 0.0 | 0.0 | 46 | 46 | 49 | 69.8 |
| Development Budget | 62 | 0.1 | 0.0 | 0 | 0.0 | 0.0 | 214 | 217 | 217 | 0.0 |
| Economic Governance & Private Sector Development | 5,446 | 4.1 | 0.9 | 6,584 | 4.3 | 1.1 | 10,376 | 7,775 | 10,264 | 64.1 |
| Operating Budget | 3,779 | 4.3 | 0.6 | 4,366 | 4.0 | 0.7 | 2,045 | 2,097 | 4,585 | 95.2 |
| Development Budget | 1,667 | 3.8 | 0.3 | 2,218 | 5.1 | 0.4 | 8,331 | 5,679 | 5,679 | 39.1 |
| 80 Extrabudgetary Agencies | 391 | 0.3 | 0.1 | 150 | 0.1 | 0.0 | 0.0 | 3,198.3 | 3,198 | 4.7 |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 0.0 | 0.0 | 0 | N/A |
| Development Budget | 391 | 0.9 | 0.1 | 150 | 0.3 | 0.0 | 0.0 | 3,198.3 | 3,198 | 4.7 |
| TOTAL (1) | 131,234 | | 21.4 | 153,835 | | 25.0 | 177,798 | 190,454 | 226,776 | 67.8 |
| Operating Budget | 87,243 | | 14.2 | 110,453 | | 18.0 | 79,126 | 80,200 | 116,522 | 94.8 |
| Development Budget | 43,991 | | 7.2 | 43,382 | | 7.1 | 98,672 | 110,255 | 110,255 | 39.3 |
| 78 Transfers to Municipalities | 0 | - | 0.0 | 0 | - | 0.0 | 0.0 | 0.0 | 0 | |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 0.0 | 0.0 | 0 | |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | |
| 90 Unallocated Reserves | 0 | - | 0.0 | 0 | - | 0.0 | 37,698.1 | 41,295.1 | N/A | |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 37,140.3 | 39,649.5 | N/A | |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 557.8 | 1,645.6 | N/A | |
| 99 Unspecified | 0 | - | 0.0 | 0 | - | 0.0 | 0.0 | 0.0 | 0 | |
| Operating Budget | 0 | - | 0.0 | 0 | - | 0.0 | 0.0 | 0.0 | 0 | |
| Development Budget | 0 | 0.0 | 0.0 | 0 | 0.0 | 0.0 | 0.0 | 0.0 | 0 | |
| Total Unallocated (contingency reserve) | - | - | - | - | - | - | 37,698.1 | 41,295.1 | N/A | |
| Operating Budget | - | - | - | - | - | - | 37,140.3 | 39,649.5 | N/A | |
| Development Budget | 391.3 | 0.9 | 0.1 | 150.5 | 0.3 | 0.0 | 557.8 | 4,843.9 | N/A | |
| TOTAL (including unclassified) | 131,233.9 | 100.0 | 21.4 | 153,834.6 | 100.0 | 25.0 | 215,495.8 | 231,749.6 | 231,749.6 | 66.4 |
| Operating Budget | 87,242.8 | 100.0 | 14.2 | 110,452.8 | 100.0 | 18.0 | 116,266.1 | 119,849.4 | 119,849.4 | 92.2 |
| Development Budget | 43,991.0 | 100.0 | 7.2 | 43,381.9 | 100.0 | 7.1 | 99,229.7 | 111,900.2 | 111,900.2 | 38.8 |

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

Table 16 - Transactions in Nonfinancial Assets in the Integrated Core Budget, 1388 – 1389

| Code | (In millions of Afghanis) | 1388 | 1388 | 1389 | 1389 | 1389 Comparison to | |
|-----------|---|------------------|------------|------------------|------------|--------------------|-------------|
| | | Annual Actual | %GDP | Annual Prelim | %GDP | 1388 | |
| | | | | | | Change | %Increase |
| 25 | NET ACQUISITION OF NONFINANCIAL ASSETS | 29,830.7 | 4.9 | 28,752.2 | 4.0 | -1,078.5 | -3.6 |
| | Land and Buildings | 19,594.5 | 3.2 | 20,069.8 | 2.8 | 475.3 | 2.4 |
| 251/8 | Purchase of Land and Buildings | 19,809.7 | 3.2 | 20,177.4 | 2.8 | 367.7 | 1.9 |
| 150 | Sale of Land and Buildings | -215.1 | 0.0 | -107.6 | 0.0 | 107.5 | -50.0 |
| 151 | Sale of State-Owned Enterprises | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/A |
| 252 | Machinery and Equipment (>50,000) | 6,080.4 | 1.0 | 4,164.3 | 0.6 | -1,916.2 | -31.5 |
| 257 | Valuables | 4.9 | 0.0 | 1.9 | 0.0 | -3.0 | -60.6 |
| 259 | Other Acquisitions | 4,150.8 | 0.7 | 4,516.1 | 0.6 | 365.4 | 8.8 |

Source: FPU using AFMIS data downloaded on the 20 July 2011

Table 17 - Transactions in Financial Assets and Liabilities in the Integrated Core Budget 1388 - 1389

| Code | (In millions of Afghanis) | 1388 Annual Actual | 1388 %GDP | 1389 Annual Prelim | 1389 %GDP | 1389 Comparison to 1388 | |
|------------|---|--------------------------|--------------|--------------------------|--------------|----------------------------|---------------|
| | | | | | | Change | %Increase |
| 3+4 | TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES | -829.1 | -0.1 | -11,169.1 | -1.6 | -10,339.9 | 1247.1 |
| 3 | NET ACQUISITION OF FINANCIAL ASSETS | -7,099.4 | -1.2 | -16,317.5 | -2.3 | -9,218.1 | 129.8 |
| | Domestic | -7,099.4 | -1.2 | -16,317.5 | -2.3 | -9,218.1 | 129.8 |
| | Currency and Deposits | -7,429.7 | -1.2 | -16,823.9 | -2.4 | -9,394.2 | 126.4 |
| 311 | Treasury Single Account | -4,094.2 | -0.7 | -15,512.2 | -2.2 | -11,418.1 | 278.9 |
| 313 | Donor Accounts | -2,065.1 | -0.3 | 313.7 | 0.0 | 2,378.9 | -115.2 |
| 314/ 90 | Other Deposit Accounts (1) | -1,270.4 | -0.2 | -1,625.4 | -0.2 | -355.0 | 27.9 |
| 317 | Loans | -200.0 | 0.0 | 246.2 | 0.0 | 446.2 | -223.2 |
| 319 | Other Accounts Receivable | 577.9 | 0.1 | 260.2 | 0.0 | -317.7 | -55.0 |
| | Other Assets | -47.6 | 0.0 | 0.0 | 0.0 | 47.6 | -100.0 |
| | Foreign | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/ A |
| 4 | NET ACQUISITION OF LIABILITIES | 6,270.2 | 1.0 | 5,148.4 | 0.7 | -1,121.8 | -17.9 |
| | Domestic | 1,298.6 | 0.2 | 3,683.3 | 0.5 | 2,384.7 | 183.6 |
| 411 | Accounts Payable | 1.6 | 0.0 | -15.4 | 0.0 | -17.1 | -1,037.8 |
| 413 | Pension Liabilities | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | N/ A |
| 423 | Other Payables | -552.5 | -0.1 | 1,077.6 | 0.0 | 1,630.1 | -295.1 |
| 451 | Other Liabilities (1) | 1,849.4 | 0.3 | 2,621.1 | 0.4 | 771.6 | 41.7 |
| | Foreign | 4,971.6 | 0.8 | 1,465.1 | 0.2 | -3,506.5 | -70.5 |
| 431 | Foreign Currency | -890.4 | 0.0 | -1,313.9 | 0.0 | -423.4 | 47.6 |
| 181-2 | Loans | 5,862.1 | 1.0 | 2,779.0 | 0.4 | -3,083.1 | -52.6 |

Source: FPU using AFMIS data downloaded on the 20 July 2011

1. Deposits on Letter of Credits (321) are netted out with Letter of Credit Commitment Accounts (451). The net amount is included under either 'Other Deposit Accounts' or 'Other Liabilities' depending on the direction of net transactions during the period.

Glossary

| | |
|-----------------------------|--|
| Budget | An itemized summary of estimated intended expenditures for a given period along with proposals for financing them. |
| Operating Budget | The budget for operating budget expenditures. These are mainly recurrent expenditures, and include wages and salaries for all public servants, running costs for Ministries, schools, barracks etc. A small amount of capital expenditure is also included in the Operating Budget in Afghanistan. The Operating Budget is sometimes referred to as the Recurrent Budget in other countries. |
| Development Budget | The Government budget for development projects implemented by Government agencies. It contains recurrent and capital expenditure in Afghanistan. These projects are mainly donor funded. The Development Budget is sometimes referred to as the Capital Budget in other countries. |
| Core Budget | The operating budget plus the development budget |
| External Budget | The budget for all donor activities that are funded directly by donors, rather than channeling the funding through the Government |
| Integrated Budget | The core budget plus the external budget |
| Expenditure/Expense | The purchase of goods, services, assets. It also includes interest payments, and subsidies and transfers. |
| Recurrent spending | Expenditure that is ongoing rather than one off, and does not result in the acquisition of a fixed asset. For example payments for electricity or fuel, the payment for salaries etc. Often equated with the operating budget, however development budget spending contains recurrent items and vice versa |
| Capital spending | Spending on a capital asset, for example a tractor or irrigation pump. |
| Compensation of Employees | The total remuneration, in cash or kind, payable to an employee for work done during the accounting period. It consists of wages, salaries, and social contributions made on behalf of employees to social insurance schemes. Excluded are amounts paid to contractors, self-employed outworkers, and other workers who are not employees. |
| Goods and Services (use of) | Expenditure items such as electricity costs, maintenance and repair, consultancy services and items with a purchase value below Af\$ 50,000 |
| Subsidies | Payments made to State Owned Enterprises to help them cover their costs |
| Transfers | Payments to a person or organization for which no service is received, for which pension payments and subsidies. |
| Interest payments | The interest paid on outstanding loans |
| Contingency Funds | Items listed in the operating and development budgets that may require funding. Throughout the year, funding from contingency reserve items may be allocated to the budgets of budgetary units during the year (increasing their original budget). |
| Assets | An entity over which ownership rights are enforced, and from which economic benefits may be derived by its owners by holding it or using it over a period of time. |
| Non-financial assets | Physical assets such as real estate and machinery |

| | |
|---|---|
| Financial assets | A financial claim on an asset that is usually documented by some type of legal representative. Examples include bonds and shares of stock, but not tangible assets such as real estate or gold. These are included below the line as financing items. |
| Revenues | Domestically raised revenues and donor grants (excludes loans). |
| Domestic Revenues | Revenues raised by the Government of Afghanistan (excludes donor grants). These are mainly revenues raised by the Afghanistan Revenue Department (taxes, customs duties etc.), and revenues raised by other Government agencies (fees and fines etc.) |
| Grants | Funds received from donors. Often the money can only be spent on a certain project or activities, but sometimes can be spent at the discretion of the recipient Government |
| Balances | The difference between revenues and expenditures |
| Operating Budget Balance (excluding grants) | Domestic revenues (excluding donor grants to the operating budget) minus operating budget expenditures |
| Operating Budget Balance (including grants) | Domestic revenues plus donor grants to the operating budget, minus operating budget expenditures |
| Development Budget Balance | Donor Grants to development budget minus development budget expenditures |
| Core Budget balances | |
| Balance (excluding and including grants) | Total revenues (excluding and including grants) minus total expenditures |
| Net operating balance (Table 9) | Revenues (including donor grants) minus recurrent expenditures. It measures the change in net worth resulting from transactions (excluding capital expenditure) |
| Primary operating balance (Table 9) | Net operating balance plus interest expenditures |
| Surplus | A positive balance (revenues are greater than expenditures) |
| Deficit | A negative balance (revenues are less than expenditures) |
| Financing | How the government funds its deficit (or invests its surplus). For example drawing down on foreign loans or withdrawing funds from the Central Bank. More generally, it describes transactions in financial assets. |
| Above the line | Refers to 'real' expenditure and revenue activities, for example the paying of salaries, the purchase of school books, the building of a dam etc. |
| Below the line | Refers to financing transactions, and transactions in financial assets, for example loan disbursements and repayments, transactions on the Treasury Single Account |
| Loans | Loans of money from foreign Governments, international organization and development banks. Afghanistan's debt strategy allows only concessional loans to be taken out. |
| Concessional loans | Loans that are offered at below market rates (e.g. a low interest rate and with a long grace period). |
| Principal repayment | Repayment of the principal of a loan (as distinct from an interest payment) |

| | |
|-------------------------------|--|
| Gross Domestic Product | The value of all the goods and services produced by a country in one year. This excludes the opium economy for Afghanistan |
| Budget target | The level of revenue or expenditure expected over a quarter or during the year. For expenditures we assume that the budget target for the quarter is 25 percent of the annual budget |
| Budget variance | The difference between the actual outcome and the budget target |
| Treasury Single Account (TSA) | The main bank account of the Government. In Afghanistan, the TSA consists of the Afghani account, the US dollar account, provincial revenue and expenditure accounts, and ARTF and LOTFA accounts. |
| AFMIS | Afghanistan Financial Management Information System. The central database that records every transaction made by Government |
| Eurotrace | The computer database system for recording and classifying customs transactions. |