

Foreword and Acknowledgement

Fiscal reports provide a regular review of trends in actual revenues and expenditures against budgeted amounts, and provide an opportunity to assess fiscal and macroeconomic performance. In particular, reports provide an opportunity for ordinary citizens to assess and evaluate the Government's fiscal performance and hold the Government accountable for their management of public funds.

I am pleased to present the Quarterly Fiscal Bulletin for the first quarter of fiscal year 1389. This edition of the bulletin highlights detailed assessments of recent fiscal and budgetary developments, including trends in domestic revenue and expenditure performance, and how the measured surplus / deficit is financed/saved. The expenditure chapter also provides a snapshot of the budget execution rates during the reporting period. Section five includes an interesting article on *"Economic implications of Afghanistan's Mining Potential"*.

Several improvements have been made to the Quarterly Fiscal Bulletin in 1389. These include:

- Easier to understand summary tables at the start of the summary, expenditure and revenue chapters that provide a snapshot of fiscal performance in the quarter.
- More detailed review of the implementation of the budget by the Afghanistan National Development Strategy (ANDS) sectors, and the execution rates of the ten largest ministries in each of the operating and development budgets.
- Inclusion of a program budgeting table in the Appendix for those Ministries that have implemented program budgeting in the 1389 fiscal year.

I would like to extend my appreciation to the Fiscal Policy Unit for drafting this bulletin. I would also like to extend my gratitude to the Budget Department, Revenue Department, Treasury Department, and other departments for their input and support. We would value your comments and queries to Mr. Zia-Ur-Rahman Haleemi, Head of Fiscal Policy Unit of the Ministry of Finance at ziahaleemi@yahoo.com.

I hope you will find this publication useful and interesting. It is available on the Budget Department's website (www.budgetmof.gov.af).

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Deputy Minister for Finance, Ministry of Finance

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The material in this publication may be freely quoted with acknowledgement
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Quarterly Fiscal Bulletin, Quarter 1, 1389

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1 SUMMARY OF FIRST QUARTER DEVELOPMENTS

Table 1.1 – Budget Summary

Code (In millions of Afghanis)	1388	1389	1389 Comparison to 1388 YTD		1389 Budget	1389 YTD as % of Targets/ Budget
	Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Change	% Increase	Revenue or Expenditure Target	
OPERATING BUDGET						
Revenues	19,481.8	28,873.4	9,391.7	48.2	119,625.8	24.1
Domestic Revenues (1)	14,456.8	17,547.7	3,090.8	21.4	71,120.0	24.7
Operating Grants	5,025.0	11,325.8	6,300.8	125.4	48,505.8	23.3
Expenditures	16,293.6	18,776.9	2,483.3	15.2	116,266.1	16.1
Budget Balance				N/A		
Including Grants	3,188.2	10,096.5	6,908.3	216.7	3,359.6	
Excluding Grants	-1,836.7	-1,229.2	607.5	-33.1	-45,146.1	
Fiscal sustainability indicator (%) (2)	88.7	93.5	4.7	5.3	61.2	
DEVELOPMENT BUDGET						
Grants (3)	4,739.2	4,015.0	-724.2	-15.3	90,342.3	N/A
Expenditures	3,110.2	2,860.3	-250.0	-8.0	99,229.7	2.9
Discretionary Budget	593.2	617.5	24.3	4.1	42,197.2	1.5
Non-discretionary Budget	2,517.0	2,242.7	-274.3	-10.9	57,032.5	3.9
Budget Balance (3)	1,629.0	1,154.7	-474.2	-29.1	-8,887.5	
INTEGRATED BUDGET						
Revenues (3)	24,221.0	32,888.4	8,667.5	35.8	209,968.0	N/A
Domestic Revenues	14,456.8	17,547.7	3,090.8	21.4	71,120.0	24.7
Grants (3)	9,764.2	15,340.8	5,576.6	57.1	138,848.0	N/A
Expenditures	19,403.8	21,637.2	2,233.4	11.5	215,495.8	10.0
Balances					0.0	
Excluding Grants	-4,947.0	-4,089.5	857.5	-17.3	-144,375.8	
Including Grants (3)	4,817.2	11,251.3	6,434.1	133.6	-5,527.8	
Financing						
Balance Including Grants	4,817.2	11,251.3	6,434.1	133.6		
Sale of Land and Buildings	7.6	70.1	62.5	820.2		
Sale of State Owned Enterprises	0.0	0.0	0.0			
Lending/Borrowing	4,824.8	11,321.4	6,496.5	134.6		

Source: FPU using AFMIS data downloaded on the 23 August 2010

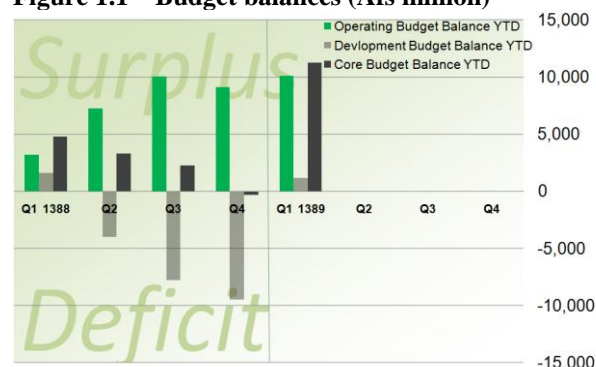
1. In the published budget document, Afs 3.47 billion in domestic revenues are allocated to the development budget in 1389. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.
2. Fiscal sustainability is measured as domestic revenues as a percentage of operating budget expenditures
3. Actual figures are not comparable to the development/integrated budget grants or balances shown in budget documentation, as grants/balance in budget documentation also includes loans. Loans are shown as a financing item in above table.

1.1 Overall Fiscal Position

The core budget was in surplus by around Afs 11.3 billion in Q1 1389. The operating budget surplus was Afs 10.1 billion, while the development budget surplus was Afs 1.2 billion.

Compared to the same time last year, the core budget surplus for Q1 was around Afs 6.4 billion higher than Q1 1388. The stronger surplus is mainly due to a large amount of operating grants receipts, strong collection of domestic revenues and slow execution of the development budget.

Figure 1.1 – Budget balances (Afs million)



1.2 Domestic Revenues and Grants

Domestic Revenues

Revenue performed well in Q1 1389. Total revenues of Afs 17.5 billion were collected, which was 7 percent above the quarterly target of Afs 16.4 billion. Compared to the same period last year, revenue collections have increased by 21 percent. The main contributors were tax revenues and custom duties, which were 17 per cent and 13 per cent above their quarterly targets respectively. However, non-tax revenues and social contributions were below their targets in Q1 1389.

Grants

Total grants to the core budget were Afs 15.3 billion in Q1 1389. This is Afs 5.6 billion or 57 percent higher than in the same quarter of 1388. Grants to the operating budget were Afs 11.3 billion (74 percent of the total grants) compared to Afs 5.0 billion in Q1 1388. Grants to the development budget were Afs 4.0 billion (26 percent of the total grants) compared to Afs 4.7 billion of Q1 1388. Compared to Q1 1388, grants to Afghanistan Reconstruction Trust Fund (ARTF), Law and Order Trust Fund Afghanistan (LOTFA), and Combined Security Transition Command – Afghanistan (CSTC-A) all increased in Q1 1389. ARTF (including ARTF incentive funding) increased from Afs 306 million in Q1 1388 to Afs 3.3 billion in Q1 1389, LOTFA increased from Afs 3.0 billion to Afs 5.4 billion, while CSTC-A increased from Afs 1.7 billion to Afs 2.6 billion. LOTFA and CSTC-A grants increased to support the increased security expenditures in fiscal year 1389.

1.3 Expenditures

The total core budget for the 1389 fiscal year is Afs 215.5 billion, of which the operating budget is Afs 116.3 billion while the remaining Afs 99.2 billion is for the development budget (excluding an expected small supplementary budget). In Q1 1389, total core budget expenditures were Afs 21.6 billion or 10 percent of the total annual core budget (Afs 215.5 billion). Total core budget expenditures were 11 percent higher compared to the Afs 19.4 billion spent in Q1 1388.

Operating Budget

The total operating budget for 1389 is Afs 116.3 billion. This is 33 per cent higher than actual operating budget expenditures of Afs 87.2 billion in 1388. Compared to the revised operating budget of Afs 97 billion for 1388,

Figure 1.2 – Total Domestic Revenues

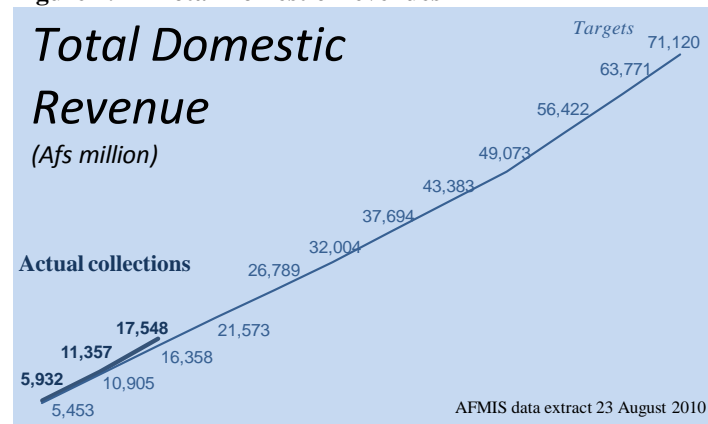
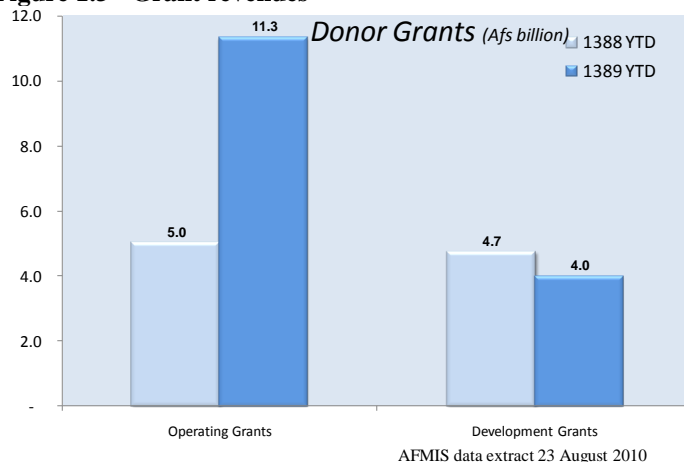


Figure 1.3 - Grant revenues



the operating budget increased by 20 percent in 1389. Total operating budget expenditures were Afs 18.8 billion in Q1 1389 compared to the quarterly budget target of Afs 29.1 billion (or 35 percent less than the quarterly target).

Development Budget

The total development budget (including the majority of carry-forward from 1388) for 1389 is Afs 99.2 billion, 16 per cent lower than the revised 1388 development budget of Afs 118.9 billion (however a small amount of carry forward is expected to be added to the 1389 development budget in the supplementary budget).

Total development expenditures were Afs 2.9 billion in Q1 1389 compared to the YTD budget target of Afs 24.8 billion. However, historically there has been low budget execution in the first quarter of each fiscal year. For example, development expenditures were only Afs 3.1 billion in Q1 1388. The development budget execution did not improve in Q1 1389, which is a concern for both donors and GoA.

Figure 1.4 – Operating Budget

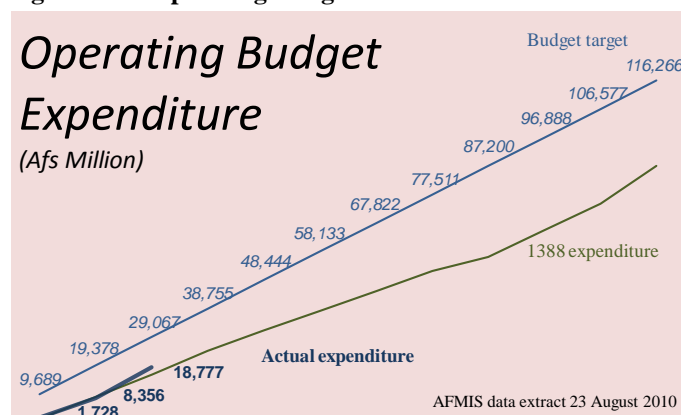
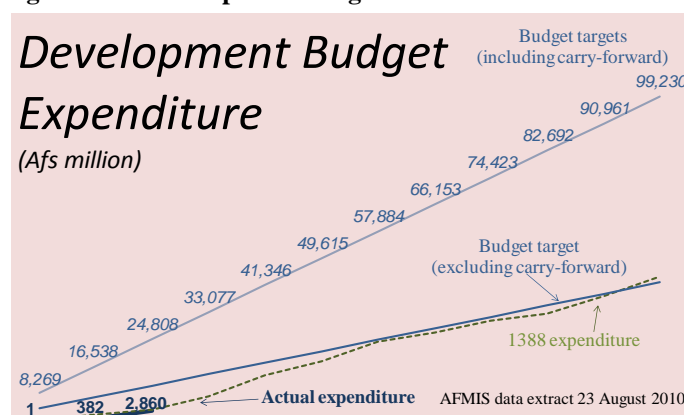


Figure 1.5 – Development Budget



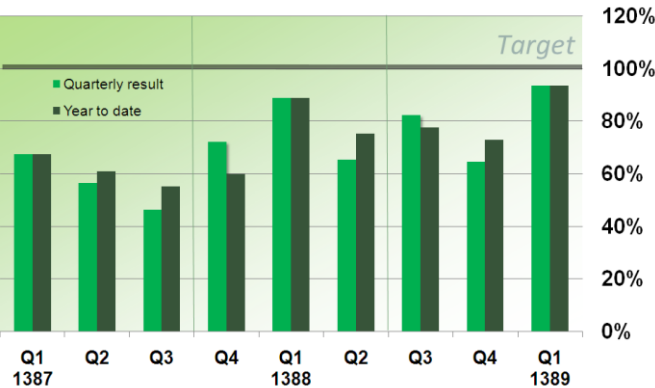
1.4 Fiscal Sustainability

In Afghanistan's context, fiscal sustainability is defined as total operating expenditures being covered/financed by total domestic revenues. Fiscal sustainability was a key objective under the IMF and World Bank's Poverty Reduction and Growth Facility (PRGF) program with Afghanistan. It has remained as one of the key objectives for Government finances under the GoA and IMF's proposed new economic program, the Extended Credit Facility.

In view of the recent and expected increases in the size of the ANP and ANA, and other emerging fiscal pressures (such as taking over responsibility for the external recurrent budget), achieving fiscal sustainability is likely to take longer than what has been previously expected. The target for the 1389 fiscal year is that domestic revenues will be able to finance 61 per cent of operating budget expenditures.

In Q1 1389, around 93 percent of operating budget expenditures were covered by domestic revenues. If we compare fiscal sustainability for Q1 1389 with Q1 1388 (89 per cent), there has been around four perpercentage points improvement in 1389. However, we should keep in mind that in the next quarters of 1389, the fiscal sustainability indicator is likely to decline as more spending from the operating budget is expected to occur per quarter than in the first quarter.

Figure 1.6 – Fiscal sustainability: Domestic revenues as a percentage of Operating Expenditures



2 CORE BUDGET REVENUES

Table 2.1 – 1389 Q1 revenues

Code (In millions of Afghanis)		1388 Qtr 1 Actual YTD	1389 Qtr 1 Prelim YTD	1389 Comparison to 1388 YTD		YTD Target 1389 Qtr 1 YTD	Target - Actual % (+/-)	Annual Target (2)	% Annual Target
				Change	% Increase				
INTEGRATED BUDGET									
1	REVENUES including grants (1)	24,221.0	32,888.4	8,667.5	35.8			138,848.0	23.7
1-19	REVENUES excluding grants	14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
DOMESTIC REVENUES (2) (3)									
11	Tax Revenues	7,212.8	8,559.6	1,346.8	18.7	7,329.9	16.8	31,869.0	26.9
111	Fixed Taxes	1,843.1	2,238.3	395.2	21.4	1,360.0	64.6	5,913.0	37.9
112	Income Taxes	1,829.0	2,120.4	291.3	15.9	1,652.2	28.3	7,183.6	29.5
113	Property Taxes	47.0	59.8	12.8	27.3	22.1	170.5	96.1	62.2
114	Sales Taxes	3,168.5	3,438.1	269.6	8.5	3,951.7	-13.0	17,181.3	20.0
116	Other Taxes	263.1	585.4	322.3	122.5	381.2	53.6	1,657.5	35.3
117	Tax Penalties and Fines	62.1	117.6	55.5	89.3	-37.3	-415.1	-162.3	-72.5
12	Customs Duty, Import Taxes	5,162.8	6,523.2	1,360.4	26.3	5,774.2	13.0	25,105.2	26.0
13	Non Tax Revenue	2,574.1	2,530.9	-43.2	-1.7	2,765.2	-8.5	12,022.7	21.1
131	Income from Capital Property	69.4	85.5	16.1	23.1	123.0	-30.5	534.9	16.0
132	Sales of Goods and Services	849.8	911.4	61.6	7.2	777.4	17.2	3,380.2	27.0
133	Administrative Fees	1,538.8	1,470.3	-68.5	-4.5	1,779.8	-17.4	7,738.4	19.0
134	Royalties	70.3	6.3	-63.9	-91.0	25.7	-75.3	111.5	5.7
135	Non Tax Fines and Penalties	45.8	57.4	11.6	25.3	59.3	-3.3	257.8	22.3
14	Miscellaneous Revenue	-670.9	-321.6	349.3	-52.1	192.6	-266.9	837.5	-38.4
17	Social Contributions	178.0	255.6	77.5	43.6	295.7	-13.6	1,285.6	19.9
GRANTS (1)									
191	Foreign Governments	5,854.8	11,409.6	5,554.8	94.9				
192	International Organisation	3,310.7	3,931.1	620.5	18.7				
193	Other Government Units	598.7	0.0	-598.7	-100.0				
TOTAL OPERATING BUDGET REVENUE									
	Domestic Revenues	14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
	<i>as percentage of total</i>	<i>74.2</i>	<i>90.1</i>	<i>15.9</i>					
	External Grant Support	5,025.0	11,325.8	6,300.8	125.4			48,505.8	23.3
	<i>as percentage of total</i>	<i>25.8</i>	<i>58.1</i>	<i>32.3</i>					

Source: FPU using AFMIS data downloaded on the 23 August 2010

1. Actual figures are not comparable to the development/ integrated budget grants or balances shown in budget documentation, as grants/ balance in budget documentation also includes loans. Loans are shown as a financing item in above table.

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

3. In the published budget document, Afs 3.47 billion in domestic revenues are allocated to the development budget in 1389. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.

2.1 Domestic Revenues

The revenue target for fiscal year 1389 is Afs 71.1 billion. This target was subsequently increased to Afs 75.3 billion in the IMF PRGF program. The budget revenue target of Afs 71.1 billion is 12 percent higher compared to actual revenue collections of Afs 63.5 billion in 1388, while the IMF target is 18 percent higher than 1388 actual collections.

The breakdown of the revenue target is shown in Table 2.1. Tax revenues are 45 percent of the total target, custom duties 35 percent and non-tax revenues are 17 percent. The quarterly breakdown of the total revenue target is based on the quarterly distribution of actual domestic revenues over recent years. It is assumed that 23%

of annual revenues will be collected in Q1, 22% in Q2, 24% in Q3 and 31% in Q4. This means that the first quarter target of total revenues of Afs 16.4 billion accounts for 22% of the annual revenue target.

In Q1 1389, actual revenue collections were Afs 17.6 billion, around 7 percent higher than the target (Afs 16.4 billion) for the first quarter. Revenue collections increased by 21.4 percent compared to the same period last year.

Figure 2.1 Domestic Revenues (1389 vs 1388 YTD)

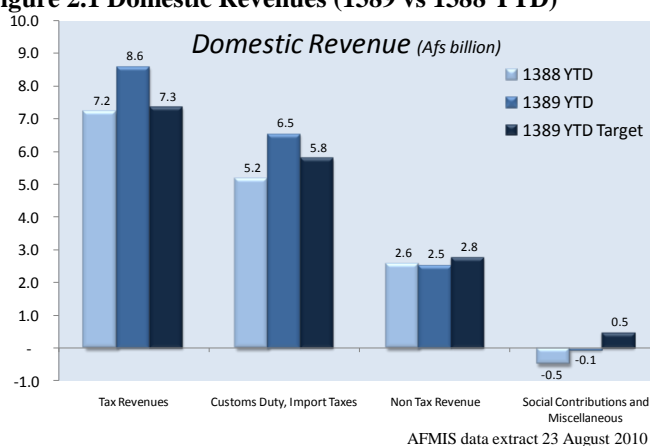
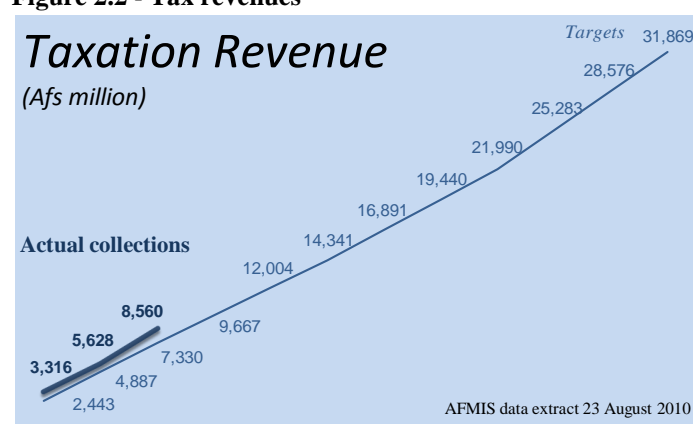


Figure 2.2 - Tax revenues



2.2 Tax Revenues

Tax revenue consists of fixed taxes, income taxes, property taxes, sales taxes, other taxes and tax penalties and fines. As a share of revenues collected in the year to date, tax revenues were 49 percent of total domestic revenues (Afs 8.6 billion of Afs 17.6 billion). This compares to 47% for the 1388 fiscal year. Tax revenues have increased by 19 percent compared to Q1 1388. In comparison to target, overall tax revenue collections are on track, and are 17 percent more than the target of Afs 7.3 billion. For the major categories of tax revenues:

- Fixed taxes were 21% (Afs 395 million) higher than the same period in 1388, and 65% higher than the Q1 target.
- Income taxes were 16% (Afs 291 million) higher than the same period in 1388, and 28% higher than the Q1 target.
- Sales taxes were 8% (Afs 270 million) higher than the same period in 1388, but 13% lower than the Q1 target.
- Tax fine and penalties were 89% (Afs 55 million) higher than the same period in 1388.

2.3 Custom Duties and Import Taxes

In 1388, revenues collected from custom duties and import taxes were 34 percent of the total revenue collected. In the first quarter of 1389 custom duties and import taxes represent a similar 35 percent of total revenue collections. Revenues from custom duties were Afs 6.5 billion in Q1 1389, a 26 percent increase on Q1 1388. In addition, revenues from custom duties and import taxes exceeded the quarterly target of Afs 5.8 billion by 13 percent in Q1 1389.

About 86 percent of custom revenues have been collected from the major customs offices in five provinces (Herat, Balkh, Nangahar, Kandahar and Nimroz) and the remaining 14 percent was collected by line ministries and other custom offices in the remaining provinces. As shown in Figure 2.4, in Q1 1389:

- Herat customs office collected Afs 1.7 billion, 11 percent higher than the target of Afs 1.5 billion, and 19 percent higher than the 1388 level of Afs 1.4 billion.
- Nangarhar customs office collected Afs 1.6 billion, 19 percent higher than the target of Afs 1.4 billion, and 31 percent higher than the 1388 level of Afs 1.3 billion.
- Balkh customs office collected Afs 1.5 billion, 5 percent higher than the target of Afs 1.4 billion, and 31 percent higher than the 1388 level of Afs 1.2 billion.
- Kandahar customs office collected Afs 380 million, 32 percent higher than the target of Afs 288 million, and 44 percent higher than the 1388 level of Afs 264 million.
- Nimroz customs office collected Afs 403 million, 12 percent higher than the target of Afs 359 million, and 36 percent higher than the 1388 level of Afs 264 million.

Figure 2.3 – Custom duties

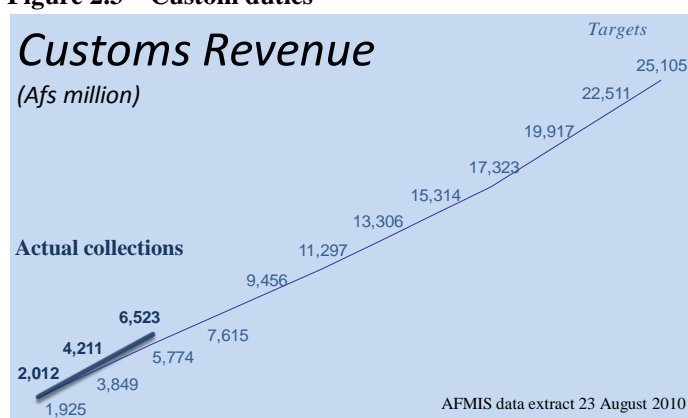
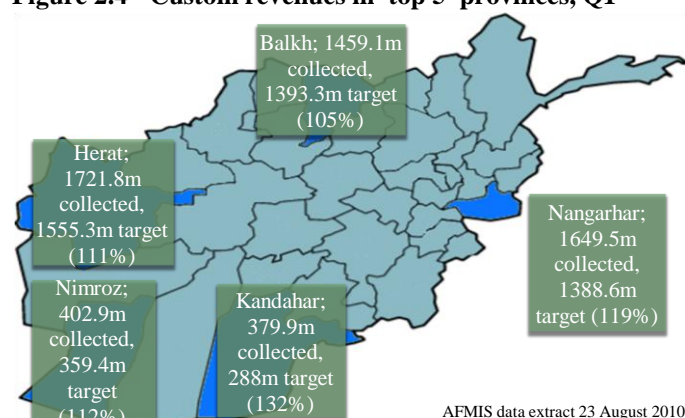


Figure 2.4 - Custom revenues in 'top 5' provinces, Q1



2.4 Non-Tax Revenues

Non-tax revenues consist of income from capital property, sales of goods and services, administrative fees, royalties and non-tax penalties and fines.

Non-tax revenue collections in the first quarter 1389 were Afs 2.5 billion, which is Afs 43 million or 2 percent lower than the same period last year. These revenues were 8 percent lower than the Afs 2.8 billion target for Q1 1389. The relatively poor performance was mainly due to poor performance in administrative fees and to a lesser extent, revenues from royalties.

- Administrative fees are a main contributor to non-tax revenues. About Afs 1,470 million was collected in Q1 1389, a decrease of Afs 68 million or 4 percent compared to Q1 1388. At the same time, collections were 17 percent lower than the Q1 1389 target of Afs 1,780 million. The main reason for the decrease was the reduction in overflight revenues, which decreased from Afs 482 million in Q1 1388 to Afs 405 million in Q1 1389.
- Revenue collected from the sales of goods and services is the other major revenue source in this category. Collections were Afs 911 million or about 7 percent higher than Q1 1388. In addition, collections surpassed the 1389 Q1 target of Afs 777 million by 17 percent.

Figure 2.5 – Non-tax revenues

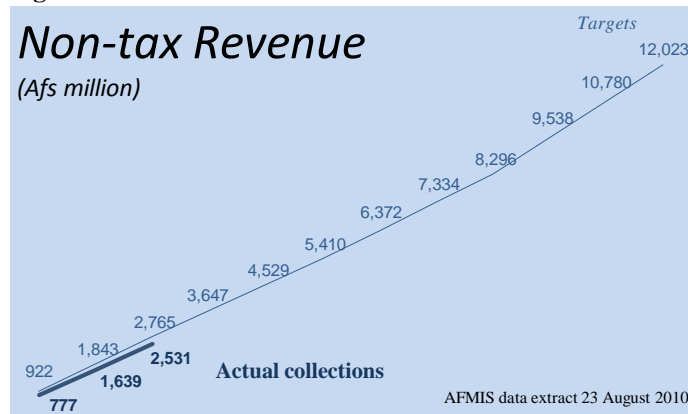
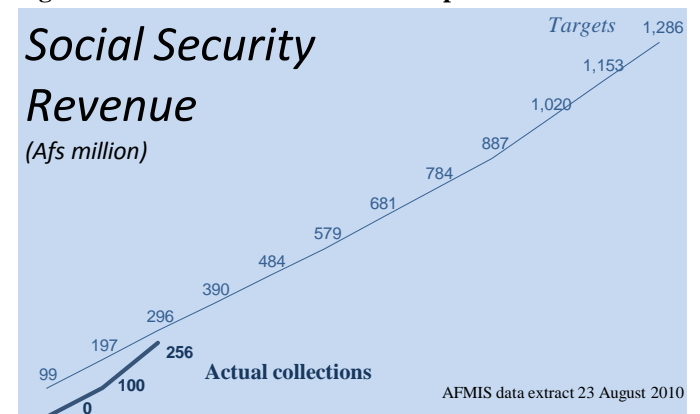


Figure 2.6 – Social Contribution receipts



2.5 Social Contributions

Social contributions include government employee contributions for retirement and pension purposes to fund the well being of retired employees in the future. Revenue collections from social contributions in Q1 1389 were Afs 256 million, an increase of about 44 percent on the Afs 178 million collected in Q1 1388. However, collections are 14 percent lower than the Q1 1389 target of Afs 296 million. It is hoped that social contribution collections will perform better in the next quarters.

2.6 Grants

Donor grants comprise a crucial part of the National Budget. Donor grants finance major expenditures items in the operating budget, especially security related expenditures and almost all the development budget is donor financed (a small proportion of the development budget is also financed by concessional loans).

Operating Grants

The Government's main fiscal objective is to attain fiscal sustainability. This means that the Government proposes to gradually takeover more responsibility for the operating budget from its domestic revenues, and rely less on donor grants.

Operating budget grants in 1389 are budgeted to be around Afs 48.5 billion or 39 percent of total operating budget expenditures. Operating budget grants receipts in Q1 1389 were Afs 11.3 billion. These consist of Afghanistan Reconstruction Trust Fund (ARTF) grants (Afs 3.3 billion), Law and Order Trust Fund Afghanistan (LOTFA) grants (Afs 5.4 billion), and Combined Security Transition Command – Afghanistan (CSTC-A) grants (Afs 2.6 billion). The total operating grants received in Q1 1389 have increased by around 125 percent compared to the Afs 5.0 billion in operating grants received in the same quarter of 1388. ARTF, LOTFA and CSTC-A grants increased by 989%, 79% and 55% respectively (mainly to support the expansion of the ANA and ANP).

Figure 2.7 - Operating grants revenue

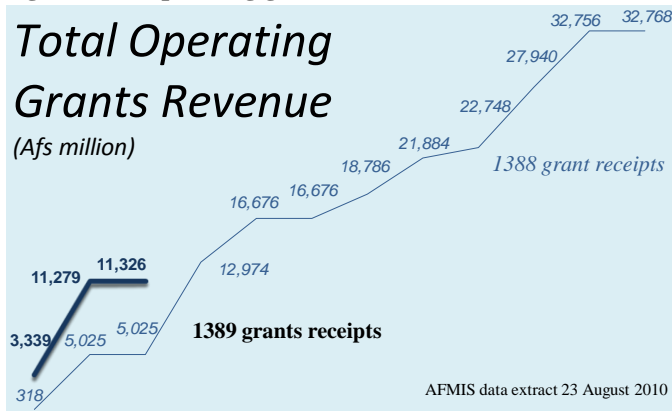


Table 2.2 - Operating grants, Afs millions

(Code)		1388 Qtr 1 Qtr	1388 Qtr 1 YTD	1388 % of Total	1388 Qtr 4 Qtr	1389 Qtr 1 Qtr	1389 Qtr 1 YTD	1389 % of Total
10001	Afghanistan Reconstruction Trust Fund (ARTF)	306	306	6%	3,795	3,331	3,331	29%
10002	Law & Order Trust Fund (LOTFA)	2,999	2,999	60%	5,178	5,355	5,355	47%
10004	Combined Security Transitional Command Afghanistan (CSTC-A)	1,707	1,707	34%	1,035	2,639	2,639	23%

AFMIS data extract 23 August 2010

Development Grants

Afs 4.0 billion of development budget grants were received in Q1 1389. However, in comparison to Q1 1388, development grants declined by 15 percent from Afs 4.7 billion in Q1 1388 to Afs 4.0 billion in Q1 1389.

Table 2.3 shows the ten largest development grants received in the first quarter 1389.

- The highest grants (Afs 557 million from ARTF and Afs 346 million from World Bank) were received for the Strength Health Active for the Rural Poor Project. This project provides strategic support for the health sector and it will contribute to improving the health and nutritional status of the people in Afghanistan through four main components: (i) Sustaining and Strengthening the Basic Package of Health Services; (ii) Strengthening the Delivery of the Essential Package of Hospital Services; (iii) Strengthening both the central MoPH and the Provincial Health Offices; and (iv) Piloting Innovations.
- The next highest (Afs 487 million) was for the District Development Program (European Commission).
- Afs 455 million was received for the GAVI and The Vaccine Fund. GAVI is a public-private partnership focused on increasing access to vaccines among children in poor countries. Partners include national governments, UNICEF, WHO, The World Bank, and the Bill & Melinda Gates Foundation, the vaccine industry, public health institutions and NGOs.

Figure 2.8 - Development grants revenue

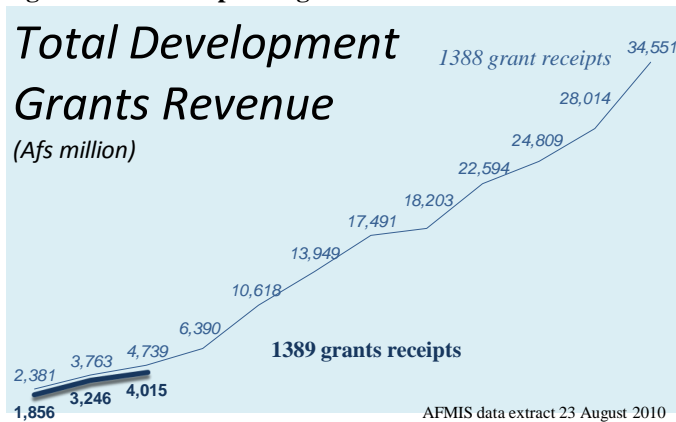


Table 2.3 - 10 largest development grant receipts in Q1 1389, Afs million

96362-Strength Health Active For The Rural Poor Project	ARTF	557
District Development Program	European Commission	487
GAVI And The Vaccine Fund	Multi Donor Grants	455
H4980-3rd Additional Financing Emergency Irrigation Rehabilitation Project	World Bank - Others	276
H469-Strength Health Active For The Rural Poor Project	World Bank - Others	246
The Civilian Technical Assistance Plan (CTAP)	US & USAID	212
H4760-Additional Financing For NSP II	World Bank - Others	187
90205-Afghanistan: Emergency National Solidarity Project II	ARTF	177
Counter Narcotics Trust Fund	Counter Narcotics Trust Fund	146
H3440 National Emergency Rural Access Project	World Bank - Others	127

AFMIS data extract 23 August 2010

3 CORE BUDGET EXPENDITURES

Table 3.1 – 1389 Q1 expenditures

Code	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to 1388 YTD	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	19,403.8	21,637.2	215,495.8	215,495.8	10.0	2,233.4	11.5
	Operating Budget	16,293.6	18,776.9	116,266.1	116,266.1	16.1	2,483.3	15.2
	Development Budget	3,110.2	2,860.3	99,229.7	99,229.7	2.9	-250.0	-8.0
2*	TOTAL NET EXPENDITURES (2)	19,396.2	21,567.1				2,170.9	11.2
2-25	RECURRENT EXPENDITURES	16,798.8	20,260.1	N/A	160,100.3	12.7	3,461.3	20.6
21	Compensation of Employees	12,345.7	15,757.3	87,987.8	70,562.6	22.3	3,411.6	27.6
	Operating Budget	12,345.7	15,757.3	87,987.8	70,562.6	22.3	3,411.6	27.6
	Development Budget	0.0	0.0	0.0	0.0	N/A	0.0	N/A
22	Use of Goods and Services	3,186.8	3,125.0	N/A	79,783.7	3.9	-61.8	-1.9
	Operating Budget	2,006.6	1,576.9	16,473.4	15,014.1	10.5	-429.7	-21.4
	Development Budget	1,180.2	1,548.1	N/A	64,769.6	2.4	367.9	31.2
23	Interest (1)	32.2	33.2	300.0	300.0	11.1	1.0	3.1
	Operating Budget	32.2	33.2	300.0	300.0	11.1	1.0	3.1
	Development Budget	0.0	0.0	0.0	0.0	N/A	0.0	N/A
24	Social Transfers	1,234.1	1,344.7	9,454.0	9,454.0	14.2	110.6	9.0
	Operating Budget	1,234.1	1,344.7	9,454.0	9,454.0	14.2	110.6	9.0
	Development Budget	0.0	0.0	0.0	0.0	N/A	0.0	N/A
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	2,604.9	1,377.0	N/A	32,949.8	4.2	-1,227.9	-47.1
	Operating Budget	674.9	64.9	2,050.9	1,282.9	5.1	-610.1	-90.4
	Development Budget	1,930.0	1,312.2	N/A	31,666.9	4.1	-617.8	-32.0
25*	Net Acquisition of Nonfinancial Assets (2)	2,597.3	1,306.9				-1,290.4	-49.7
	Operating Budget	667.3	-5.2				-672.5	-100.8
	Development Budget	1,930.0	1,312.2				-617.8	-32.0

Source: FPU using AFMIS data downloaded on the 4 July 2010

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR 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.

4/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

3.1 Overview of Core Budget and Expenditures

The total core budget for the 1389 fiscal year is Afs 215.5 billion, of which the operating budget is Afs 116.3 billion while the remaining Afs 99.2 billion is for the development budget (excluding an expected small supplementary budget). Over 40% of the core budget is for compensation of employees.

In Q1 1389, total core budget expenditures were Afs 21.6 billion or 10 percent of the total annual core budget (Afs 215.5 billion). Total core budget expenditures were 12 percent higher compared to the Afs 19.4 billion spent in Q1 1388.

Total operating budget expenditures for Q1 1389 were Afs 18.8 billion, an increase of 15 percent compared to Q1 1388 (Afs 16.3 billion). The main reason behind this increase is increased expenditures on wages and salaries of Afghan National Army and Afghan National Police (due to the expansion of ANA and ANP size). On the other hand development budget expenditures in Q1 1389 were Afs 250 million or 8 percent lower than at the same time in 1388.

Compensation of Employees spending accounted for 73% of total expenditures during Q1 and goods and services spending accounted for 14% of total expenditures. In light of the low execution of the development budget, capital expenditure only accounted for 6% of total expenditures.

Figure 3.2 shows expenditures by Afghanistan National Development Strategy (ANDS) sectors. It shows that in Q1 1389, the main increase in comparison to Q1 1388 was in the security sector. Security spending increased from 41% of total expenditures in Q1 1388 to 52% of total expenditures in Q1 1389, or by Afs 2.5 billion. This reflects the growth in the size of the ANA and ANP, and the accompanying increased wages expenditure. On the

other hand, agricultural sector expenditure has decreased by around Afs 650 million or 41%, and Economic Governance and Private Sector Development expenditure has decreased by around Afs 520 million or 47%.

Figure 3.1 – Total Expenditures by Economic category (1388 and 1389 YTD)

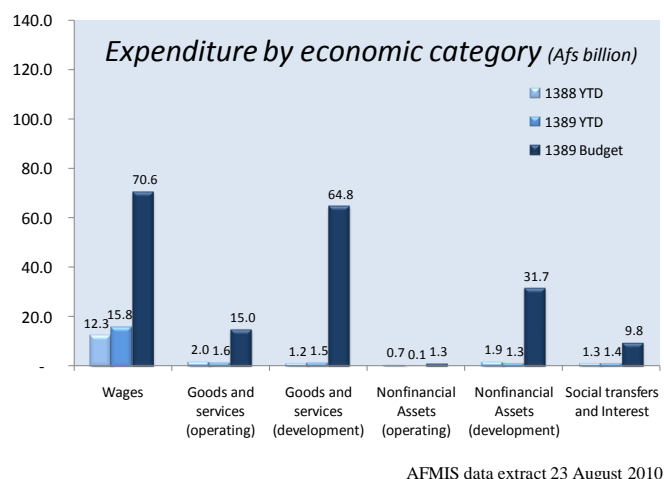
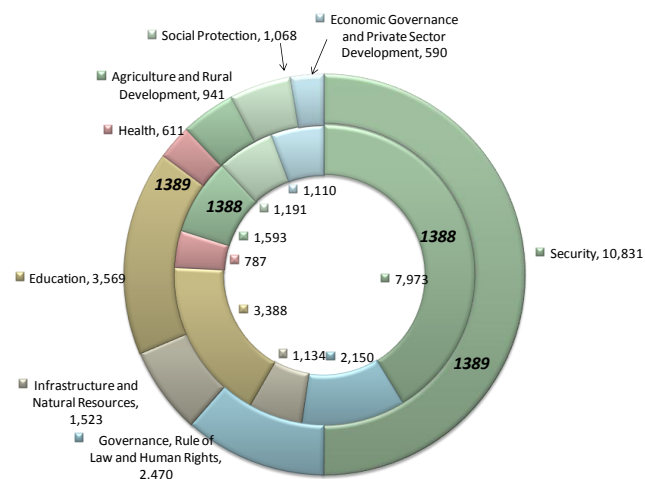


Figure 3.2 – Total Expenditures by Sector (1388 and 1389 YTD)



3.2 Operating Budget by Economic Category

Operating budget expenditures are increasing from year to year. The total operating budget for fiscal year 1389 (Afs 116.3 billion) is 33 percent higher than actual operating expenditures of Afs 87 billion in 1388.

Compensation of Employees

Compensation of employees includes wages and salaries, food for employees, transportation, advance payments and some minor social benefits.

Within the operating budget, the highest expenditures were under employees compensation category during the first quarter. Expenditures in Q1 1389 were Afs 15.8 billion, which is Afs 3.4 billion or 28 percent higher than Q1 1388 (Afs 13.3 billion). This increase is partially due to rapid implementation of Pay and Grading reform for the civil service, but mainly due to the additional recruitment of ANA & ANP. Wages expenditure in the Ministry of Interior increased from Afs 3.3 billion in Q1 1388 to Afs 4.5 billion in Q1 1389. Wages expenditure in the Ministry of Defence increased from Afs 3.1 billion in Q1 1388 to Afs 5.0 billion in Q1 1389.

The YTD expenditures of Afs 15.8 billion were slightly lower than the YTD target amount of Afs 17.6 million in 1389.

Goods and Services

This category includes travel, communication, contracted services, repairs and maintenance, utilities, and fuel. Expenditures on goods and services from the operating budget in Q1 1389 were Afs 1.6 million. This is a decline of 21% compared to Q1 1388. This shortfall was due to lower spending on fuel, travel, communication, and repairs and maintenance. Spending in Q1 1389 was also well short of the YTD target amount of Afs 3.8 billion.

Figure 3.3 - Compensation of employees

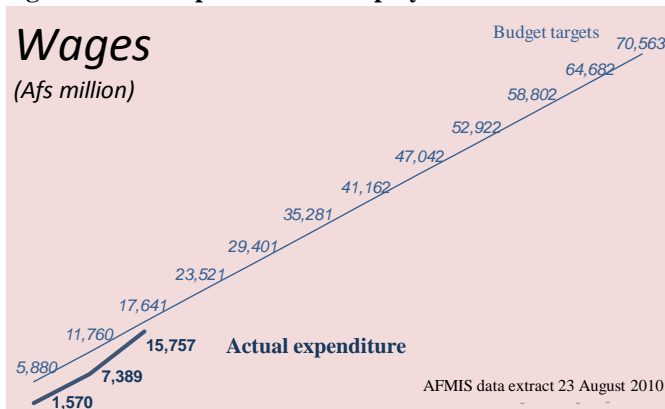
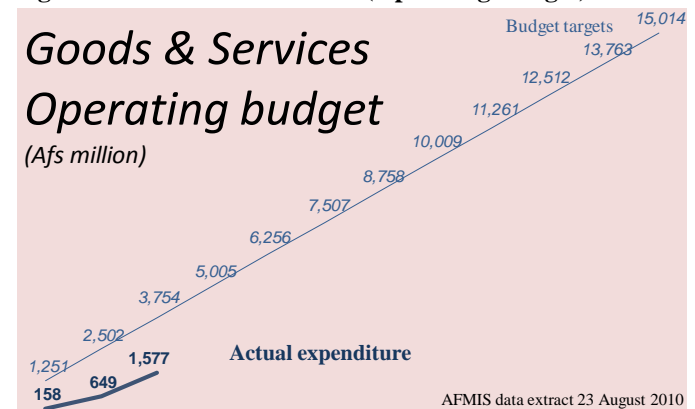


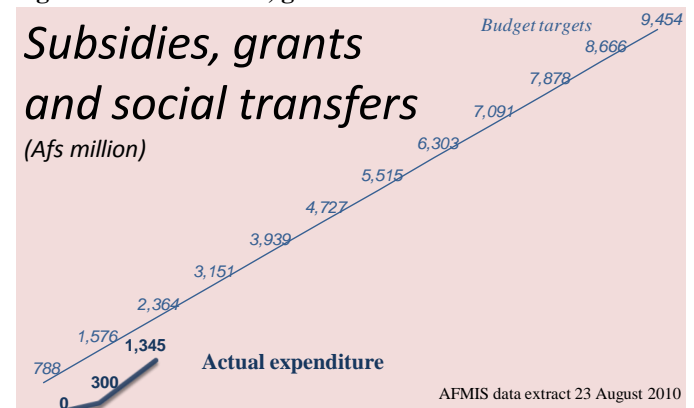
Figure 3.4 Goods and Services (Operating Budget)



Subsidies, Grants, Social Transfers

This category includes pension payments to retired civil servants and officers in the police and army, subsidies to state owned enterprises and capital transfers to municipalities. In Q1 of 1389, Afs 1.3 billion was spent on this category, which is Afs 110 million more than what was spent in Q1 1388.

Figure 3.5 – Subsidies, grants and social transfers



Interest Payments

Interest payments are only a small proportion of the total operating expenditure of the Government given that the Government has only a small amount of concessional loans. Such loans are mostly given to the Afghan Government on concessional basis to help it to finance its development projects. This spending excludes principal repayments. Q1 1389 expenditures were Afs 33 million. Interest payments for Q1 1389 were 3% more than what was paid in interest payments in Q1 1388.

Acquisition of Non-Financial Assets

Spending on the acquisition of non-financial assets occurs mainly from the development budget. However, there is also a small amount of expenditure on the acquisition of non-financial assets from the operating budget. In Q1 1389, the gross acquisition of non-financial assets from the operating budget was Afs 65 million. However, the net acquisition of non-financial assets was negative 5 million, meaning that sale of land and buildings exceeded the purchase of non-financial assets in the operating budget.

3.3 Operating Budget by ANDS sector and Ministry

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 has eight sectors (see figure 3.6) which cover all the budgetary units.

Figure 3.7 compares the operating budget expenditures to the allocated budget and spending at the same stage of 1388 and 1389 for the ten largest operating budget ministries. Importantly, it shows the execution rate of spending against budget for these ministries. Budget execution rates measure what percentage of the allocated Budget for each budgetary unit has been spent (and so this percentage will increase throughout the year). Execution rates provide a simple indication of the implementation of the National Budget.

Figure 3.6 – Operating Budget Expenditure by ANDS category (Afs millions)

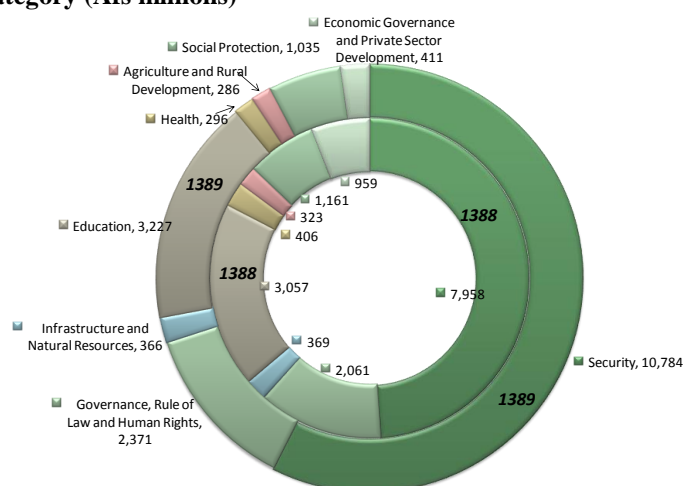
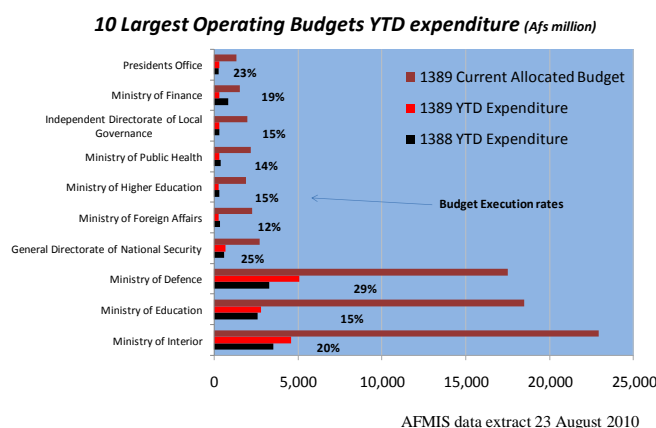


Figure 3.7 – Operating Expenditures: Largest Ten Ministries (1388 and 1389 YTD)



Security: In the 1389 Budget, the security sector has the highest proportion of the operating budget. The security sector operating expenditures (including security related contingencies) account for Afs 61.5 billion or 53% of the total operating budget of Afs 116.3 billion. In Q1 1389, the security sector recorded Afs 10.8 billion in spending, which is Afs 2.9 billion or 36 percent higher than the same period in 1388. This increase is mainly due to large increases in expenses on wages and salaries of the expanded security forces (Afghan National Army and Police). Increases in wages expenditure for Ministry of Defence and Ministry of Interior accounted for virtually all (Afs 1.8 billion of Afs 1.1 billion respectively) of the increased operating budget expenditures in the security sector. The execution rates for the largest Ministries within the security sector were satisfactory. The execution rate of the Ministry of Defence and Ministry of Interior were 29% and 20% respectively, while the General Directorate of National Security and Ministry of Foreign Affairs had 25% and 12% execution rates respectively.

Education: The second largest sector in the operating budget is the Education sector. The original 1389 operating budget for this sector was Afs 20.2 billion, and the current allocated budget for this sector is Afs 21.2 billion (increase is due to the allocation of contingency funds to this sector). Expenditures in this sector were Afs 3.2 billion in Q1 1389 (Afs 0.2 billion higher than the same period of 1388). The main reason behind this increase could be the implementation of new Pay and Grading scheme in the ministries related to this sector (particularly teachers) and the increase in number of teachers in the Ministry of Education. In this regard, wages expenditure in the Ministry of Education increased by Afs 261 million between Q1 1388 and Q1 1389. The

execution rates for the largest Ministries within this sector were less than the security sector. The execution rate of the Ministry of Education and Ministry of Higher Education were both 15%. Execution rates will need to improve in the next quarters if the total operating budget for the sector is to be spent.

Governance, Rule of Law and Human Rights: The third largest sector in the Operating Budget is Governance, Rule of Law and Human Rights. The original budget for this sector was Afs 7.9 billion, but the allocated budget has now been increased to Afs 9.7 billion. This has mainly been due to increases in the budgets of Administrative Affairs (increase of Afs 865 million), Ministry of Justice (increase of Afs 334m) and the Ministry of Haj and Religious Affairs (increase of Afs 296 million). This sector recorded Afs 2.4 billion of expenditure in Q1 1389, which is Afs 0.3 billion higher than Q1 1388. This increase mainly occurred in Administrative Affairs (increase of Afs 103 million), Ministry of Justice (Afs 83 million), Presidents Office (Afs 40 million) and Mesharno Jirga (Afs 40 million). The largest Ministries in this sector by the operating budget are the Independent Directorate of Local Governance and Presidents Office, with execution rates of 15% and 23% respectively.

However, some sectors recorded decreases in their operating budget expenditures compared to Q1 1388.

- The largest decrease was observed in the Economic Governance and Private Sector Development sector. This sector recorded expenditure of Afs 411 million (Afs 0.5 billion or 57 percent lower than Q1 1388). This is mainly due to a decrease in expenditure of the Ministry of Finance (Afs 537 million decrease). The Q1 1389 execution rate of this Ministry is 19%
- Other sectors which recorded a decrease in their operating expenditures included the Health sector (27 percent decrease), Agriculture and Rural Development sector, Social Protection sector (11 percent each), and Infrastructure and Natural Resources sector (1 percent). The execution rate for the Ministry of Public Health was only 14% of the allocated budget in Q1 1389.

3.4 Development Budget by economic category

The 1389 development budget (excluding a small expected supplementary budget) is Afs 99 billion or 16 percent lower than the 1388 development budget (Afs 118 billion). The development budget includes Afs 42 billion for new projects and Afs 67 billion are initial projections for the development projects carry forward. One reason for the reduction in the 1389 budget is the low execution of development budget projects in the last few years. Development budget expenditures were Afs 44 billion in 1388, and so the 1389 development budget is still over 120 percent higher than actual 1388 development expenditure.

Development budget expenditures of only Afs 2.9 billion were recorded during Q1 1388. This is only 3 percent execution of the total development budget. In first quarter, spending is usually very slow – with the standard explanation being that new projects are in their ‘start-up’ phase. However for ongoing projects this doesn’t provide a good explanation, especially given that Afs 67 billion of the development budget is carried over funding from 1388.

Acquisition of Non-financial Assets

The acquisition of non-financial assets is usually known as “Capital Expenditure”. It typically includes the purchase of land, the construction or refurbishment of buildings and purchases of machinery and equipment valued above Afs 50,000. The current allocated budget available for this category in 1389 is Afs 31.7 billion.

Figure 3.8 illustrates the expenditures from this category in Q1 1389. The total expenditures under this category were Afs 1.3 billion, which is Afs 0.7 billion or 32 percent lower than the same period of 1388. Figure 3.9 shows the split of the spending under this category. The largest expenditures occurred on Land and Buildings, which are

Afs 1.2 billion, or Afs 304 million higher than the same period of 1388. Spending on Machinery and Equipment was Afs 78 million, which is Afs 33 million higher than the same period in 1388.

Figure 3.8 – Acquisition of non-financial (capital) assets

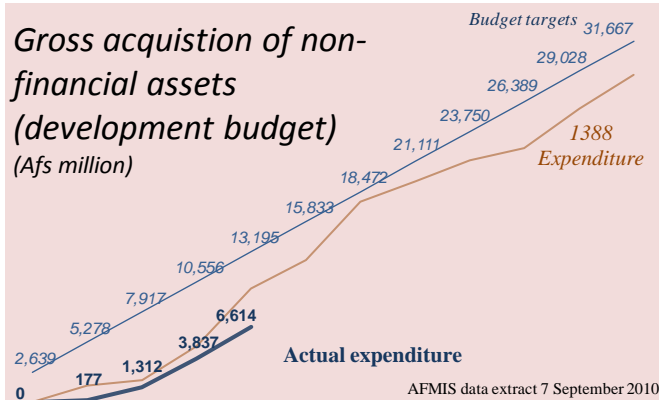
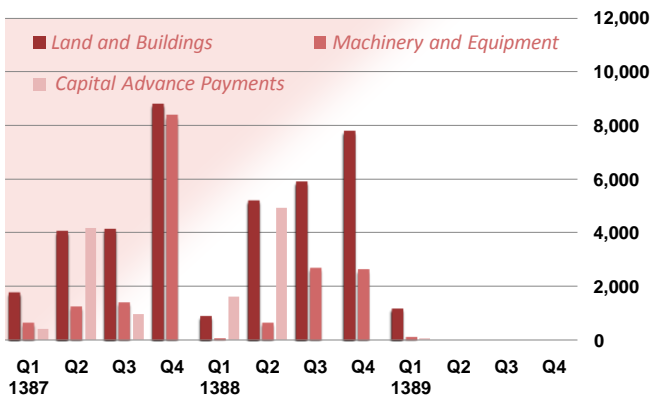


Figure 3.9 - Acquisition of non-financial assets by quarter, Afs millions

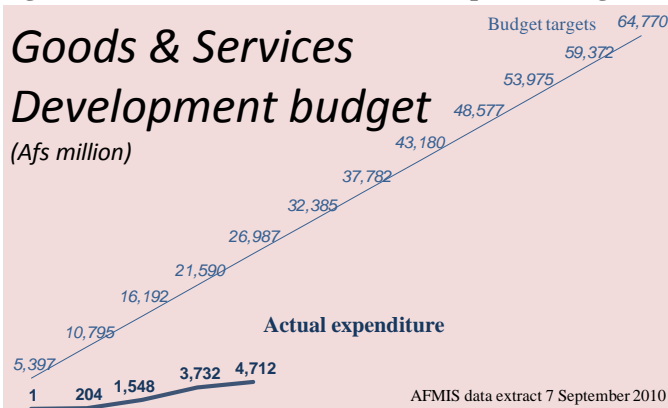


Goods and services

The total allocated budget available for goods and services in the development budget is Afs 64.8 billion for 1389.

Expenditures on this category during Q1 1389 were Afs 1.5 billion, which is a 2.4 percent execution rate of the total funds allocated to this category. This mirrors the 4.1 percent execution rate for capital expenditure from the development budget, given most projects will include both capital and non-capital requirements.

Figure 3.10 – Goods and Services (Development Budget)



3.5 Development Budget by ANDS Sector and Ministry

Figure 3.11 shows development budget spending by ANDS sector, while Figure 3.12 shows the execution rate of spending against the allocated budget for the ten largest ministries (as ranked by their original development budget).

Figure 3.11 – Development Budget Expenditures by ANDS category (Afs millions)

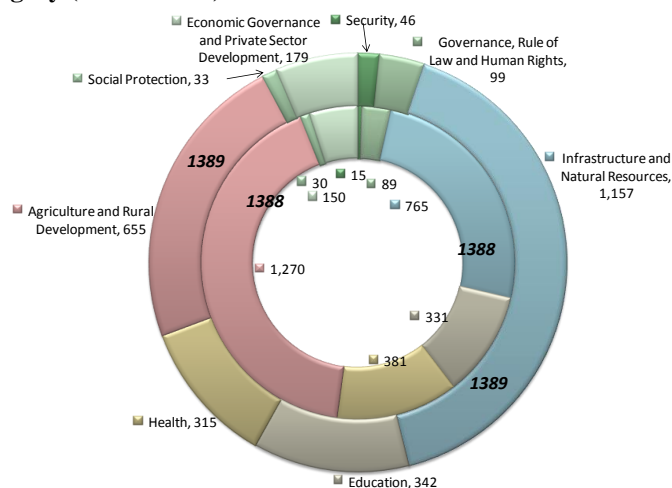
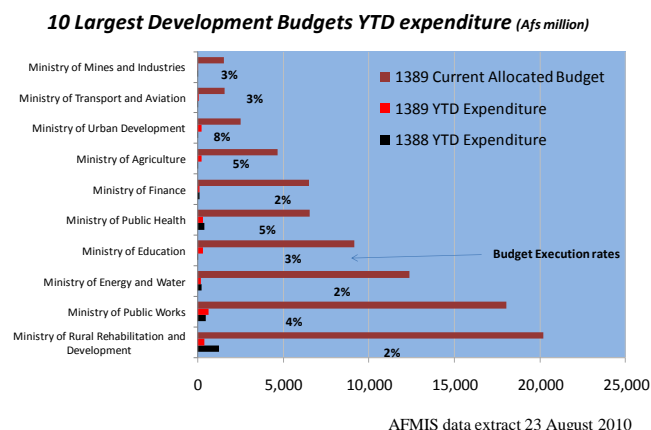


Figure 3.12 –Development Expenditures: Largest Ten Ministries (1388 and 1389 YTD)



The **Infrastructure & Natural Resources** sector has the largest budget in the development budget. Its 1389 original budget was Afs 40.9 billion, or 41% of the total development budget. Five of the ten largest Ministries in the development budget are in this sector. During Q1 1389, Afs 1.2 billion was spent under this sector, which is 51 percent higher than the same period of 1388. Within this sector, the three largest spending ministries in Q1 1389 were the Ministry of Public Works (expenditures of Afs 0.6 billion, and an execution rate of 4%), Ministry of Urban Development (208 million, and an execution rate of 8%) and Ministry of Energy and Water (Afs 204 billion, and an execution rate of 2%). The Ministry of Transport and Aviation, and the Ministry of Mines and Industries also had execution rates of below 5%. Spending will have to improve markedly in all these Ministries for execution rates to improve in the following quarters.

The **Agriculture and Rural Development** sector is the second largest sector in the development budget. Its original budget for 1389 was Afs 25.3 billion. However, in Q1 1389, only Afs 0.7 billion or 2.6% of the allocated budget was spent. This is around 48 percent lower compared to the same period in 1388. However, while overall spending decreased, spending from the Ministry of Agriculture increased by Afs 189 million (5% execution rate for Q1 1389), and the spending in the Ministry of Rural Rehabilitation and Development decreased by Afs 825 million (2% execution rate for Q1 1389).

Expenditures in the **Education** sector were Afs 0.3 billion in Q1 1389, which is 3.5 percent higher than the same period of 1388. However, the execution rate from the overall annual budget of Afs 11.3 billion was still only 3%. For the largest Ministries in this sector, expenditure in the Ministry of Education increased by Afs 303 million (execution rate of 3%), and expenditure in the Ministry of Higher Education decreased by Afs 293 million (execution rate of 2%).

The **Health** sector (which is only the Ministry of Public Health) recorded expenditure of Afs 0.3 billion during the quarter which is 17 percent lower than Q1 1388. The execution rate was 5% of the allocated budget.

Of the remaining sectors, Afs 179 million was spent in **Economic Governance and Private Sector**, Afs 99 million in the **Governance, Rule of Law and Human Rights** sector, Afs 46 million in the **Security** sector, and Afs 33 million in the **Social Protection** sector. In these sectors, the Ministry of Finance is the only Ministry that has one of the ten largest development budgets. This Ministry had only executed 2% of its annual budget in Q1 1388.

4 FINANCING OF THE CORE BUDGET

4.1 Public Sector Borrowing Requirement

The public sector borrowing requirement is the core budget balance. However, it also adds any revenues from the sale of non-financial assets to obtain a true picture of the budget financing requirement. While the core budget balance presented in chapter one only considers the gross acquisition of non-financial assets. Unless there is major asset sale, the public sector financing requirement will be very similar to the core budget balance (including grants).

Figure 4.1 shows that Government saving during Q1 1389 amounted to Afs 11.3 billion. This was due to good performance in the collection of revenues during Q1 1389, higher donor grants, and low execution of the development budget. There was an Afs 6.5 billion improvement in saving in Q1 1389 compared to Q1 1388. This saving was predominantly allocated to the Government's Treasury Single Account (TSA) and provincial accounts, and will be used for expenditure in forthcoming quarters.

Figure 4.1 – Public Sector Borrowing Requirement by quarter, Afs millions

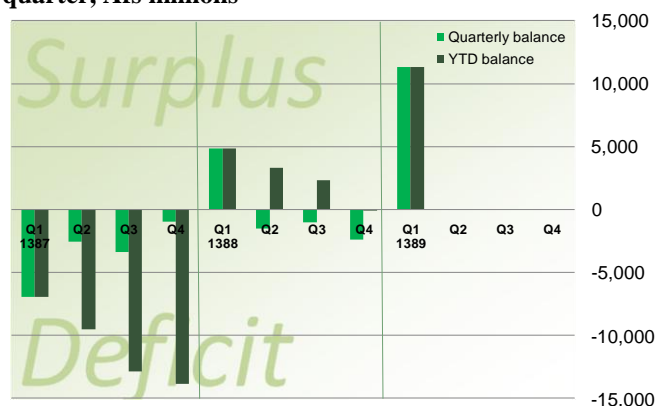
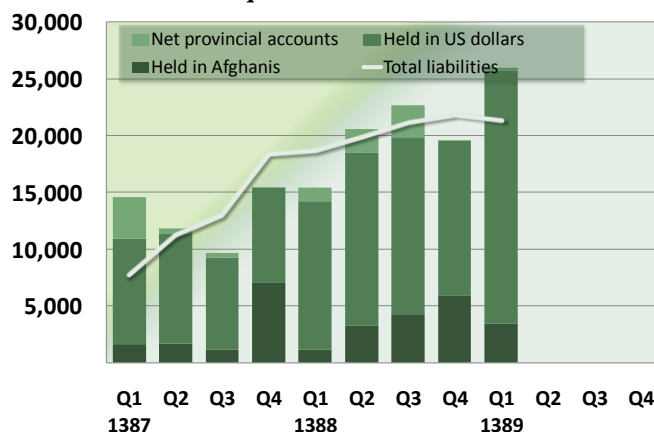


Figure 4.2 - Balance of Treasury Single Account, Afs million at end of quarter



4.2 Treasury Single Account (TSA)

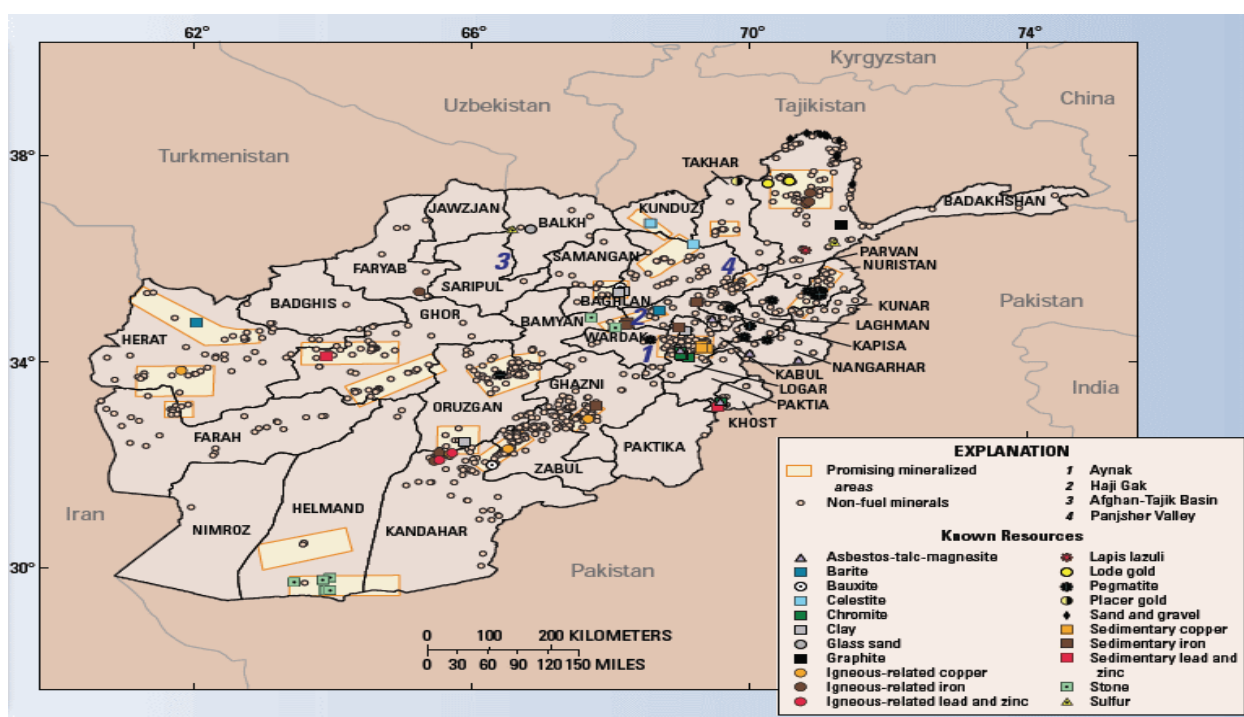
Figure 4.2 presents the change in the TSA between Q4 1388 and Q1 1389. It is likely that balances increase if there is a surplus, and decrease if there is a deficit. However, liabilities are also important in determining movements in the TSA, given some of the funds in the TSA may be also used to pay off outstanding loans and arrears.

The TSA stood at Afs 25.9 billion at the end of Q1 1389, which is an Afs 6.4 billion improvement on Q4 1388. Liabilities also slightly decreased by Afs 498 million at the end of Q1 1389 compared to the end of Q4 1388, indicating a decline in the accumulation of outstanding loans and arrears. The repayment of these liabilities would have contributed to a decrease in the TSA.

5 A Closer Look at the Economic Implications of Afghanistan's Mining Potential

Although Afghanistan is one of the world's poorest countries, it has significant mining production potential in natural resources. Afghanistan's mineral deposits are largely untapped and are estimated to be worth around US\$ 1 trillion according to a recent 2007 survey by the United States Geological Survey (USGS). Most of these deposits include significant reserves of copper, cobalt, gold and industrial production metals such as lithium. These deposits are large enough to make Afghanistan a major global producer in these minerals. Studies also suggest that Afghanistan has large deposits of niobium, a soft metal (used in superconducting steel production), rare earth elements and large deposits of gold in southern Afghanistan. The USGS also estimates that there are around 700 billion cubic meters of gas and 300 million tons of oil across several Northern provinces whilst surveys conducted during Soviet times estimate there are more than two billion tons of iron reserves.

Figure 1: Map of Afghanistan's Mineral Deposits



Source: United States Geological Survey (2007)

Afghanistan's mining potential has already attracted significant foreign direct investment flows. In May 2008, the Government signed a \$3.3 billion deal with the MCC Company of China to explore and process Aynak copper deposits situated in Logar province. The MCC is still undertaking the pre-production feasibility study which is likely to be completed by early 2011. The Aynak copper mine is expected to generate around US\$ 400 million annually for the Government in fees and taxes, on top of an US\$ 800 million down payment from the developer (MCC). According to the Ministry of Mines (MOM), the Aynak mine will also provide direct employment opportunities for around 6,000 people and indirect employment to thousands more. The project will also contain sub projects such as the construction of a railway line from north Afghanistan to Torkham border with Pakistan and exploration of phosphorus which is used to produce mineral fertilizer (a key component in commercial agriculture production). The project will also utilize coal mines to generate estimated 400 mega watts electricity, of which 200 mega watts will be used to run the mine whilst the remaining will be handed over to the Ministry of Energy and Water (MOEW) for general distribution on the national electricity grid. The Ministry of Mines (MoM) has also indicated that commercial negotiations are ongoing over the

Hajigak iron ore, the Kashkari oil block, the Shibarghan Gas Fields, exploitation and process of Chromites around the Kabul and the Jabaluseraj Cement Plant. The MOM has recently completed an update to the mining law and also plans to complete the draft policy for gemstones and semi-precious stones, marbles, constructive materials, oil and gas and rarity metals.

Economic implications of Afghanistan's mining revenues

Commercial mining sector activity can deliver the following economic impacts in Afghanistan:

- *Significant revenue flows:* The Government currently receives US\$20-25 million annually in mining revenues. According to IMF projections, the mining sector is expected to contribute an average of \$11 billion annum over the five years between 2014/15 to 2019/20 and is expected to rise to a projected average of \$17 billion per annum in the 10 years between 2020/21 to 2029/20. If managed well, the net foreign exchange and tax revenue windfall generated by mining sector growth can be used to power overall economic growth and as a source of financing for social service delivery (such as health and education) and poverty reduction programs.
- *Local economic development:* Large mining operations can invest substantially in local provincial economic development, through the provision of training, public services such as education and health, and public goods, such as clean water, transport, energy, and infrastructure.
- *Source of energy:* Mining sector projects can be an important source of energy such as the 400MW power plant linked to the Aynak copper mining project which will provide excess power to Kabul city over the life of the project.

However, improper management of the mining sector can also generate negative impacts that adversely affect the conditions of poor and vulnerable groups. Possible negative impacts of a poorly managed mining sector can include:

- *Environmental Damage:* Water pollution, water quantity, noise, dust, and land disturbance/erosion are issues that can adversely affect the health and livelihood of poor and vulnerable groups.
- *Health Impacts:* Harsh living conditions for miners and work-related injuries and health risks due to industrial neglect by mining companies can reduce the miners' life expectancy and often put families in particularly precarious situations with regards to social welfare.
- *Macroeconomic Impact:* The mining sector can contribute to wage inflation and exchange rate appreciation (otherwise known as Dutch Disease) which in turn can prevent other export orientated sectors, for example, agriculture, industry and services from being internationally competitive and thus from realizing the opportunity for export-driven growth.

The Government can ensure that it reaps maximum socio-economic benefits from the mining sector by taking the following necessary steps:

- *Ensure sound macro-economic management and policies:* Sound macroeconomic policies should be ideally be employed to maximize the economic return from expected revenue windfalls from the mining sector. The Government can use additional mining revenues to build up foreign exchange reserves (for example in a sovereign wealth fund). This will ensure that the revenues are not all spent at once, can be invested in diverse income bearing assets and the benefits spread over the generations. The revenues can also be used to upgrade the productive capacity of the economy (in particular exporters), for example key production infrastructure such as power generation, roads and irrigation.
- *Collection of data on the mining industry and its fiscal, economic, social, and environmental impacts.* This should include collection/organization of accurate data (ideally by the Ministries of Mining and Finance) on commercial-scale mining. Data could include size of mine, location, production, revenues, investments,

employment, exports, imports, sources of local supplies, and financial performance. Better information will enable the Government to effectively monitor developments in the sector and plan and take necessary fiscal (and other) policy measures to manage the expected social, economic and environmental impacts of mining activity.

- *Establish a sound regulatory regime and fiscal regime for commercial-scale mining.* This should involve creating "a level playing field," with ease of entry and responsible exit and a sound fiscal regime (in terms of clear tax and royalties policy) through appropriate laws and regulations. Questions of ownership of land and water use, socio environmental standards should also be clarified and appropriately implemented and monitored.

6 Tables

Table 6.1 - Core Budget Revenues

Code (In millions of Afghanis)		1388 Qtr 1 Actual YTD	1389 Qtr 1 Prelim YTD	1389 Comparison to 1388 YTD		YTD Target 1389 Qtr 1 YTD	Target - Actual % (+/-)	Annual Target (2)	% Annual Target
CORE BUDGET				Change	% Increase				
1	REVENUES including grants (1)	24,221.0	32,888.4	8,667.5	35.8			138,848.0	23.7
1-19	REVENUES excluding grants	14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
DOMESTIC REVENUES (2) (3)		14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
11	Tax Revenues	7,212.8	8,559.6	1,346.8	18.7	7,329.9	16.8	31,869.0	26.9
111	Fixed Taxes	1,843.1	2,238.3	395.2	21.4	1,360.0	64.6	5,913.0	37.9
112	Income Taxes	1,829.0	2,120.4	291.3	15.9	1,652.2	28.3	7,183.6	29.5
113	Property Taxes	47.0	59.8	12.8	27.3	22.1	170.5	96.1	62.2
114	Sales Taxes	3,168.5	3,438.1	269.6	8.5	3,951.7	-13.0	17,181.3	20.0
116	Other Taxes	263.1	585.4	322.3	122.5	381.2	53.6	1,657.5	35.3
117	Tax Penalties and Fines	62.1	117.6	55.5	89.3	-37.3	-415.1	-162.3	-72.5
12	Customs Duty, Import Taxes	5,162.8	6,523.2	1,360.4	26.3	5,774.2	13.0	25,105.2	26.0
13	Non Tax Revenue	2,574.1	2,530.9	-43.2	-1.7	2,765.2	-8.5	12,022.7	21.1
131	Income from Capital Property	69.4	85.5	16.1	23.1	123.0	-30.5	534.9	16.0
132	Sales of Goods and Services	849.8	911.4	61.6	7.2	777.4	17.2	3,380.2	27.0
133	Administrative Fees	1,538.8	1,470.3	-68.5	-4.5	1,779.8	-17.4	7,738.4	19.0
134	Royalties	70.3	6.3	-63.9	-91.0	25.7	-75.3	111.5	5.7
135	Non Tax Fines and Penalties	45.8	57.4	11.6	25.3	59.3	-3.3	257.8	22.3
14	Miscellaneous Revenue	-670.9	-321.6	349.3	-52.1	192.6	-266.9	837.5	-38.4
17	Social Contributions	178.0	255.6	77.5	43.6	295.7	-13.6	1,285.6	19.9
GRANTS (1)		9,764.2	15,340.8	5,576.6	57.1				
191	Foreign Governments	5,854.8	11,409.6	5,554.8	94.9				
192	International Organisation	3,310.7	3,931.1	620.5	18.7				
193	Other Government Units	598.7	0.0	-598.7	-100.0				
TOTAL OPERATING BUDGET REVENUE		19,481.8	28,873.4	9,391.7	48.2			119,625.8	24.1
Domestic Revenues		14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
as percentage of total		74.2	90.1	15.9					
External Grant Support		5,025.0	11,325.8	6,300.8	125.4			48,505.8	23.3
as percentage of total		25.8	58.1	32.3					

Source: FPU using AFMIS data downloaded on the 23 August 2010

1. Actual figures are not comparable to the development/ integrated budget grants or balances shown in budget documentation, as grants/ balance in budget documentation also includes loans. Loans are shown as a financing item in above table.

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

3. In the published budget document, Afs 3.47 billion in domestic revenues are allocated to the development budget in 1389. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating budget in the above table.

Table 6.2 - Core Budget Domestic Revenues by Province

Code	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1389 Qtr 1 Prelim Qtr	1389 Comparison to 1388 YTD		YTD Target 1389 Qtr 1 YTD	Target - Actual % (+/-)	Annual Target	% Annual Target
				Change	% Increase				
1-19	REVENUES excluding grants	14,456.8	17,547.7	3,090.8	21.4	16,357.6	7.3	71,120.0	24.7
01	Kabul	378.1	296.9	-81.3	-21.5	1,247.1	-76.2	5,422.3	5.5
02	Kapisa	5.9	5.6	-0.2	-3.9	10.3	-45.3	44.8	12.6
03	Parwan	12.3	5.1	-7.2	-58.1	22.8	-77.4	99.1	5.2
04	Wardak	6.7	8.4	1.7	25.5	11.9	-29.2	51.8	16.3
05	Logar	9.7	7.5	-2.2	-22.6	12.7	-41.0	55.3	13.6
06	Nangarhar	2,171.4	2,882.2	710.9	32.7	2,548.7	13.1	11,081.3	26.0
07	Laghman	11.6	10.6	-1.0	-8.3	16.0	-33.6	69.5	15.3
08	Pangsher	2.5	3.0	0.5	18.6	5.8	-48.9	25.2	11.7
09	Baghlan	14.4	16.4	1.9	13.4	27.5	-40.5	119.5	13.7
10	Bamyan	8.5	5.5	-3.0	-34.9	9.8	-43.4	42.4	13.0
11	Ghazni	18.2	24.8	6.7	36.8	32.9	-24.6	143.3	17.3
12	Paktika	11.8	10.0	-1.8	-14.9	15.9	-37.0	69.0	14.5
13	Paktiya	20.6	43.7	23.1	112.4	38.8	12.8	168.6	25.9
14	Khost	128.7	104.2	-24.5	-19.0	126.6	-17.7	550.2	18.9
15	Kunar	4.7	6.8	2.1	44.7	12.0	-43.0	52.2	13.1
16	Nuristan	0.1	0.0	-0.1	-100.0	5.4	-100.0	23.6	0.0
17	Badakhshan	4.3	7.4	3.1	73.2	21.5	-65.5	93.7	7.9
18	Takhar	7.6	14.5	6.8	89.4	25.7	-43.8	111.8	12.9
19	Kunduz	127.4	154.5	27.1	21.3	188.5	-18.1	819.7	18.8
20	Samangan	8.4	9.0	0.6	7.4	12.5	-28.1	54.3	16.5
21	Balkh	1,962.1	2,491.4	529.3	27.0	2,343.3	6.3	10,188.1	24.5
22	Saripul	4.1	7.6	3.5	85.1	9.0	-16.3	39.3	19.2
23	Ghor	4.1	5.4	1.2	29.5	9.1	-41.0	39.6	13.6
24	Dikondy	0.6	1.5	0.9	149.7	5.8	-74.0	25.4	6.0
25	Uruzgan	1.3	18.5	17.1	1,287.7	4.3	332.2	18.6	99.4
26	Zabul	6.5	2.3	-4.3	-65.1	5.5	-58.3	23.8	9.6
27	Kandahar	638.7	883.8	245.1	38.4	726.6	21.6	3,159.1	28.0
28	Jawzjan	10.4	15.8	5.4	52.3	22.3	-29.3	97.0	16.3
29	Faryab	258.5	243.3	-15.2	-5.9	297.1	-18.1	1,291.7	18.8
30	Helmand	18.0	46.7	28.6	158.7	30.7	52.0	133.4	35.0
31	Badghis	4.0	4.9	0.9	22.6	7.2	-31.2	31.2	15.8
32	Herat	2,639.1	3,266.1	627.0	23.8	2,727.8	19.7	11,859.9	27.5
33	Farah	17.8	49.0	31.2	174.9	26.5	85.2	115.1	42.6
34	Nimroz	508.2	643.3	135.2	26.6	688.4	-6.5	2,992.9	21.5
90	Central Ministries	5,430.6	6,251.8	821.3	15.1	5,061.6	23.5	22,007.1	28.4
95	Offshore Payments	0.0	0.0	0.0	N/A	0.0	-	0.0	N/A

Source: FPU using AFMIS data downloaded on the 23 August 2010

Table 6.3a - Core Budget Expenditures

Core	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	19,403.8	21,637.2	215,496	215,496	10.0	2,233.4	11.5
	Operating Budget	16,293.6	18,776.9	116,266	116,266	16.1	2,483.3	15.2
	Development Budget	3,110.2	2,860.3	99,230	99,230	2.9	-250.0	-8.0
2*	TOTAL NET EXPENDITURES	19,396.2	21,567.1				2,170.9	11.2
2-25	RECURRENT EXPENDITURES	16,798.8	20,260.1	N/A	160,100	12.7	3,461.3	20.6
21	Compensation of Employees	12,345.7	15,757.3	87,988	70,563	22.3	3,411.6	27.6
	<i>of which operating budget</i>	12,345.7	15,757.3	87,987.8	70,563	22.3	3,411.6	27.6
211-3	Wages and Salaries	12,118.7	15,658.6				3,539.8	29.2
214-5	Social Benefits	227.0	98.7				-128.3	-56.5
22	Use of Goods and Services	3,186.8	3,125.0	N/A	79,784	3.9	-61.8	-1.9
	<i>of which operating budget</i>	2,006.6	1,576.9	16,473.4	15,014	10.5	-429.7	-21.4
221	Travel	244.7	222.7				-22.0	-9.0
222	Communications	113.9	78.1				-35.9	-31.5
223	Contracted Services	1,010.1	1,182.1				172.0	17.0
224	Repairs and Maintenance	294.0	202.0				-91.9	-31.3
225	Utilities	126.1	167.4				41.4	32.8
226	Fuel	310.9	194.5				-116.4	-37.4
227-9	Other Use of Goods and Services	1,087.1	1,078.1				-9.0	-0.8
23	Interest (1) - operating budget	32.2	33.2	300.0	300	11.1	1.0	3.1
24	Social Transfers - operating budget	1,234.1	1,344.7	9,454.0	9,454	14.2	110.6	9.0
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.0	0.9				0.9	N/A
247	Social Security	910.8	816.7				-94.1	-10.3
248-9	Other Social Transfers	323.3	527.1				203.8	63.0
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	2,604.9	1,377.0	N/A	32,950	4.2	-1,227.9	-47.1
	<i>of which operating budget</i>	674.9	64.9	2,050.9	1,283	5.1	-610.1	-90.4
25*	Net Acquisition of Nonfinancial Assets (2)	2,597.3	1,306.9				-1,290.4	-49.7
150	Sale of Land and Buildings	-7.6	-70.1				-62.5	820.2
251	Buildings and Structures	892.4	1,184.7				292.3	32.8
252	Machinery / Equipment (>50,000)	89.6	123.8				34.2	38.1
257	Valuables	0.0	2.0				2.0	N/A
258	Land	17.6	10.8				-6.8	-38.6
259	Capital Advance Payments	1,605.4	55.8				-1,549.6	-96.5

Source: FPU using AFMIS data downloaded on the 23 August 2010

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR 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.

4/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

Table 6.3b - Operating Budget Expenditures

Core	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1389 Qtr 1 Prelim Qtr	Comparison to Budget			1389 Comparison to 1388 YTD	
				Original Budget Ceiling	Current Allocated Budget (3)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	16,293.6	18,776.9	116,266.1	116,266.1	16.1	2,483.3	15.2
2*	TOTAL NET EXPENDITURES (2)	16,285.9	18,706.8					
2-25	RECURRENT EXPENDITURES	15,618.6	18,712.0	114,215.2	95,330.7	19.6	3,093.4	19.8
21	Compensation of Employees	12,345.7	15,757.3	87,987.8	70,562.6	22.3	3,411.6	27.6
211-3	Wages and Salaries	12,118.7	15,658.6					
214-5	Social Benefits	227.0	98.7					
22	Use of Goods and Services	2,006.6	1,576.9	16,473.4	15,014.1	10.5	-429.7	-21.4
221	Travel	237.4	208.7				-28.7	-12.1
222	Communications	107.0	68.9				-38.2	-35.7
223	Contracted Services	108.5	36.1				-72.4	-66.7
224	Repairs and Maintenance	274.7	186.6				-88.1	-32.1
225	Utilities	125.8	167.4				41.6	33.1
226	Fuel	310.3	194.2				-116.1	-37.4
227-9	Other Use of Goods and Services	842.8	715.0				-127.9	-15.2
23	Interest (1)	32.2	33.2	300.0	300.0	11.1	1.0	3.1
24	Social Transfers	1,234.1	1,344.7	9,454.0	9,454.0	14.2	110.6	9.0
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.0	0.9				0.9	N/A
247	Social Security	910.8	816.7				-94.1	-10.3
248-9	Other Social Transfers	323.3	527.1				203.8	63.0
248	Social Assistance	302.2	227.1				-75.1	-24.8
249	Advance Subsidies, Grants	21.2	300.0				278.8	1,318.4
25	ACQUISITION OF ASSETS							
25	Gross Acquisition of Nonfinancial Assets	674.9	64.9	2,050.9	1,282.9	5.1	-610.1	-90.4
25*	Net Acquisition of Nonfinancial Assets (2)	667.3	-5.2				-672.5	-100.8
150	Sale of Land and Buildings	-7.6	-70.1				-62.5	820.2
251	Buildings and Structures	25.6	13.5				-12.1	-47.1
252	Machinery / Equipment (>50,000)	44.8	46.2				1.4	3.2
257	Valuables	0.0	0.0				0.0	N/A
258	Land	2.5	1.6				-0.8	-33.9
259	Capital Advance Payments	602.1	3.5				-598.6	-99.4

Source: FPU using AFMIS data downloaded on the 23 August 2010, and Central Statistical Office for GDP data.

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units. Published budget figures are used for interest (code 23) and subsidies and transfers (code 24).

Table 6.3c - Development Budget Expenditures

Core	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling (3)	Current Allocated Budget (4)	% Allocated Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	3,110.2	2,860.3	99,229.7	99,229.7	2.9	-250.0	-8.0
2*	TOTAL NET EXPENDITURES	3,110.2	2,860.3					
2-25	RECURRENT EXPENDITURES	1,180.2	1,548.1	N/A	64,769.6	2.4	367.9	31.2
	Compensation of Employees	0.0	0.0	0.0	0.0	-	0.0	N/A
211-3	Wages and Salaries	0.0	0.0					
214-5	Social Benefits	0.0	0.0					
	Use of Goods and Services	1,180.2	1,548.1	N/A	64,769.6	2.4	367.9	31.2
221	Travel	7.3	14.0				6.7	92.7
222	Communications	6.9	9.2				2.3	33.1
223	Contracted Services	901.6	1,146.0				244.4	27.1
224	Repairs and Maintenance	19.3	15.4				-3.9	-20.0
225	Utilities	0.3	0.0				-0.3	-100.0
226	Fuel	0.6	0.3				-0.3	-48.1
227-9	Other Use of Goods and Services	244.2	363.1					
23	Interest	0.0	0.0	0.0	0.0	-	0.0	N/A
24	Social Transfers	0.0	0.0	0.0	0.0	-	0.0	N/A
242	Subsidies	0.0	0.0				0.0	N/A
245	Grants	0.0	0.0				0.0	N/A
247	Social Security	0.0	0.0				0.0	N/A
248-9	Other Social Transfers	0.0	0.0				0.0	N/A
25	ACQUISITION OF ASSETS							
	Gross Acquisition of Nonfinancial Assets	1,930.0	1,312.2	N/A	31,666.9	4.1	-617.8	-32.0
25*	Net Acquisition of Nonfinancial Assets	1,930.0	1,312.2				-617.8	-32.0
150	Sale of Land and Buildings	0.0	0.0				0.0	N/A
251	Buildings and Structures	866.8	1,171.1				304.4	35.1
252	Machinery / Equipment (>50,000)	44.8	77.6				32.7	73.0
257	Valuables	0.0	2.0				2.0	N/A
258	Land	15.1	9.2				-5.9	-39.3
259	Capital Advance Payments	1,003.3	52.3				-951.0	-94.8

Source: FPU using AFMIS data downloaded on the 23 August 2010

1/ Interest Only. Does not include loan principal payments

2/ Proceeds from sale of fixed assets are netted off from the total

3/ Budget and MYR 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.

4/ Individual items for current allocated Budget do not add up to total published budget as they do not include contingency reserves not yet transferred to budgetary units.

Table 6.4 – Total Core Budget Expenditures by Afghanistan National Development Strategy Pillar

(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to	
	Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	1388 YTD Change	% Increase
TOTAL GROSS EXPENDITURES	19,403.8	21,637.2	215,495.8	215,495.8	10.0	2,233.4	11.5
Operating Budget	16,293.6	18,776.9	116,266.1	116,266.1	16.1	2,483.3	15.2
Development Budget	3,110.2	2,860.3	99,229.7	99,229.7	2.9	-250.0	-8.0
Security	7,973.1	10,830.6	42,442.4	47,097.6	23.0	2,857.6	35.8
Operating Budget	7,958.0	10,784.2	41,538.1	46,192.8	23.3	2,826.2	35.5
Development Budget	15.1	46.5	904.3	904.8	5.1	31.4	207.8
Total Governance, Rule of Law and Human Rights	2,150.0	2,470.4	11,930.6	13,726.4	18.0	320.5	14.9
Operating Budget	2,060.7	2,371.0	7,855.4	9,696.0	24.5	310.3	15.1
Development Budget	89.3	99.4	4,075.2	4,030.4	2.5	10.2	11.4
Total Infrastructure and Natural Resources	1,134.1	1,523.4	42,988.9	42,378.0	3.6	389.4	34.3
Operating Budget	369.4	366.5	2,103.5	2,642.4	13.9	-2.9	-0.8
Development Budget	764.6	1,156.9	40,885.4	39,735.5	2.9	392.3	51.3
Total Education	3,387.6	3,569.3	31,595.8	32,549.9	11.0	181.6	5.4
Operating Budget	3,057.1	3,227.2	20,249.7	21,238.5	15.2	170.1	5.6
Development Budget	330.5	342.0	11,346.1	11,311.4	3.0	11.5	3.5
Total Health	787.1	611.2	8,769.7	8,702.8	7.0	-175.9	-22.3
Operating Budget	405.7	295.8	1,994.8	2,170.7	13.6	-109.8	-27.1
Development Budget	381.4	315.4	6,774.9	6,532.1	4.8	-66.0	-17.3
Total Agriculture and Rural Development	1,592.9	941.5	26,922.4	26,948.0	3.5	-651.4	-40.9
Operating Budget	322.7	286.2	1,636.6	1,654.2	17.3	-36.5	-11.3
Development Budget	1,270.3	655.3	25,285.8	25,293.8	2.6	-614.9	-48.4
Total Social Protection	1,191.0	1,068.5	2,771.9	5,223.0	20.5	-122.5	-10.3
Operating Budget	1,160.8	1,035.3	1,702.3	4,283.7	24.2	-125.5	-10.8
Development Budget	30.2	33.2	1,069.6	939.3	3.5	3.0	9.8
Total Economic Governance and Private Sector Development	1,109.5	589.8	10,376.0	10,087.4	5.8	-519.7	-46.8
Operating Budget	959.2	410.7	2,045.4	2,237.8	18.4	-548.6	-57.2
Development Budget	150.3	179.2	8,330.6	7,849.7	2.3	28.9	19.2
Total Unclassified	78.5	32.3	37,698.1	456.5	7.1	-46.2	-58.8
Operating Budget	0.0	0.0	37,140.3	0.0	-	0.0	N/A
Development Budget	78.5	32.3	557.8	456.5	7.1	-46.2	-58.8

Source: FPU using AFMIS data downloaded on the 4 July 2010

(1) For individual Ministries (not the total expenditure), allocated Budget may not equal that published in Budget Book as funds are allocated from contingency reserve during the year.

Table 6.5a – Total Core Budget Gross Expenditures by Ministry

Code	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	Change	% Increase
25	TOTAL GROSS EXPENDITURES	19,403.8	21,637.2	215,495.8	215,495.8	10.0	2,233.4	11.5
	Operating Budget	16,293.6	18,776.9	116,266.1	116,266.1	16.1	2,483.3	15.2
	Development Budget	3,110.2	2,860.3	99,229.7	99,229.7	2.9	-250.0	-8.0
26	Ministry of Interior	3,547.4	4,605.1	22,212.9	23,300.0	19.8	1,057.7	29.8
	Operating Budget	3,547.4	4,583.4	21,845.9	22,932.5	20.0	1,036.0	29.2
	Development Budget	0.0	21.7	367.0	367.5	5.9	21.7	N/A
22	Ministry of Defence	3,285.6	5,060.5	14,126.0	17,583.2	28.8	1,774.9	54.0
	Operating Budget	3,285.6	5,060.5	14,062.5	17,519.7	28.9	1,774.9	54.0
	Development Budget	0.0	0.0	63.5	63.5	0.0	0.0	N/A
23	Ministry of Foreign Affairs	368.5	269.9	2,587.5	2,611.2	10.3	-98.6	-26.8
	Operating Budget	353.4	269.9	2,224.9	2,248.6	12.0	-83.5	-23.6
	Development Budget	15.1	0.0	362.6	362.6	0.0	-15.1	-100.0
15	Presidential Protective Service	166.4	191.5	737.5	824.7	23.2	25.1	15.1
	Operating Budget	166.4	191.5	689.0	776.2	24.7	25.1	15.1
	Development Budget	0.0	0.0	48.5	48.5	0.0	0.0	N/A
64	General Directorate of National Security	605.3	703.7	2,778.5	2,778.5	25.3	98.5	16.3
	Operating Budget	605.3	678.9	2,715.8	2,715.8	25.0	73.7	12.2
	Development Budget	0.0	24.8	62.8	62.8	39.5	24.8	N/A
	Total Security	7,973.1	10,830.6	42,442.4	47,097.6	23.0	2,857.6	35.8
	Operating Budget	7,958.0	10,784.2	41,538.1	46,192.8	23.3	2,826.2	35.5
	Development Budget	15.1	46.5	904.3	904.8	5.1	31.4	207.8
10	Presidents Office	263.4	303.6	1,566.0	1,640.2	18.5	40.2	15.3
	Operating Budget	263.4	303.6	1,296.1	1,335.5	22.7	40.2	15.3
	Development Budget	0.0	0.0	269.9	304.7	0.0	0.0	N/A
11	National Assembly Meshanro Jirga	79.9	120.4	355.6	389.6	30.9	40.5	50.6
	Operating Budget	79.9	120.4	293.2	327.3	36.8	40.5	50.6
	Development Budget	0.0	0.0	62.4	62.4	0.0	0.0	N/A
12	National Assembly Wolesi Jirga	193.0	196.8	819.1	813.8	24.2	3.8	2.0
	Operating Budget	193.0	194.9	725.6	726.1	26.8	1.9	1.0
	Development Budget	0.0	1.9	93.4	87.7	2.2	1.9	N/A
14	Supreme Court	135.3	172.4	1,247.7	1,348.7	12.8	37.1	27.4
	Operating Budget	131.6	167.3	854.0	952.8	17.6	35.7	27.1
	Development Budget	3.7	5.1	393.8	395.9	1.3	1.4	37.7
50	Ministry of Justice	216.9	310.4	1,615.2	1,949.4	15.9	93.4	43.1
	Operating Budget	216.9	300.0	1,186.5	1,520.4	19.7	83.0	38.3
	Development Budget	0.0	10.4	428.6	429.0	2.4	10.4	N/A
13	Administrative Affairs	641.4	744.1	464.2	1,329.3	56.0	102.7	16.0
	Operating Budget	641.4	744.1	362.0	1,227.2	60.6	102.7	16.0
	Development Budget	0.0	0.0	102.2	102.1	0.0	0.0	N/A
21	Ministry of State and Parliament Affairs	6.1	5.3	28.9	38.2	13.8	-0.9	-14.0
	Operating Budget	6.1	5.3	28.9	38.2	13.8	-0.9	-14.0
	Development Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
24	Ministry of Haj and Religious Affairs	72.4	67.3	586.7	888.2	7.6	-5.0	-7.0
	Operating Budget	72.4	67.3	381.0	676.6	9.9	-5.0	-7.0
	Development Budget	0.0	0.0	205.7	211.6	0.0	0.0	N/A
51	Attorney General	86.6	106.7	965.0	973.0	11.0	20.1	23.2
	Operating Budget	86.6	106.2	497.3	504.1	21.1	19.6	22.6
	Development Budget	0.0	0.5	467.8	469.0	0.1	0.5	N/A
72	Election Commission	18.5	16.9	124.9	124.9	13.6	-1.6	-8.6
	Operating Budget	18.5	16.9	100.6	100.6	16.8	-1.6	-8.6
	Development Budget	0.0	0.0	24.3	24.3	0.0	0.0	N/A
62	IARCSC	134.8	107.3	657.2	660.2	16.3	-27.5	-20.4
	Operating Budget	49.3	45.8	212.8	215.9	21.2	-3.5	-7.0
	Development Budget	85.6	61.5	444.3	444.3	13.9	-24.0	-28.1
67	The High office of Oversight and Anti Corruption	5.0	10.3	119.5	146.3	7.0	5.2	103.6
	Operating Budget	5.0	9.6	65.1	74.0	13.0	4.6	91.5
	Development Budget	0.0	0.6	54.4	72.3	0.8	0.6	N/A
59	Independent Directorate of Local Governance	296.4	308.4	3,368.1	3,411.9	9.0	11.9	4.0
	Operating Budget	296.4	289.0	1,839.6	1,984.7	14.6	-7.4	-2.5
	Development Budget	0.0	19.4	1,528.4	1,427.2	1.4	19.4	N/A
74	Legal Training Center	0.0	0.5	12.7	12.7	4.0	0.5	N/A
	Operating Budget	0.0	0.5	12.7	12.7	4.0	0.5	N/A
	Development Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Total Governance, Rule of Law and Human Rights	2,150.0	2,470.4	11,930.6	13,726.4	18.0	320.5	14.9
	Operating Budget	2,060.7	2,371.0	7,855.4	9,696.0	24.5	310.3	15.1
	Development Budget	89.3	99.4	4,075.2	4,030.4	2.5	10.2	11.4

Source: FPU using AFMIS data downloaded on the 23 August 2010

Table 6.5b – Total Core Budget Gross Expenditures by Ministry (continued)

Code	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	Change	% Increase
42	Ministry of Public Works	522.7	698.6	19,677.8	18,974.9	3.7	175.9	33.6
	Operating Budget	61.6	65.0	489.8	943.0	6.9	3.5	5.6
	Development Budget	461.2	633.6	19,188.0	18,031.9	3.5	172.4	37.4
45	Ministry of Transport and Aviation	77.6	102.7	1,859.4	1,861.4	5.5	25.1	32.3
	Operating Budget	66.8	53.0	296.9	298.8	17.7	-13.9	-20.7
	Development Budget	10.8	49.7	1,562.5	1,562.6	3.2	39.0	362.0
34	Ministry of Communication	88.1	106.7	1,910.9	1,925.5	5.5	18.6	21.1
	Operating Budget	84.3	84.5	439.7	453.8	18.6	0.2	0.2
	Development Budget	3.8	22.2	1,471.3	1,471.6	1.5	18.4	478.9
41	Ministry of Energy and Water	266.3	257.2	12,729.0	12,665.8	2.0	-9.1	-3.4
	Operating Budget	45.9	53.5	276.6	299.6	17.9	7.6	16.6
	Development Budget	220.4	203.7	12,452.4	12,366.3	1.6	-16.7	-7.6
49	Ministry of Urban Development	34.2	228.5	2,526.8	2,640.9	8.7	194.3	568.9
	Operating Budget	17.8	21.0	95.7	112.7	18.6	3.2	17.7
	Development Budget	16.3	207.5	2,431.1	2,528.2	8.2	191.2	1,170.8
32	Ministry of Mines and Industries	71.4	90.2	1,804.8	1,828.3	4.9	18.8	26.3
	Operating Budget	53.8	49.9	258.8	282.4	17.7	-3.9	-7.2
	Development Budget	17.6	40.3	1,546.0	1,545.9	2.6	22.7	128.8
65	Geodesy and Cartography Office	21.0	23.3	139.6	141.9	16.4	2.3	10.8
	Operating Budget	21.0	23.3	113.6	115.8	20.1	2.3	10.8
	Development Budget	0.0	0.0	26.0	26.0	0.0	0.0	N/A
60	Directorate of Environment	18.2	15.4	156.7	160.6	9.6	-2.8	-15.2
	Operating Budget	18.2	15.4	111.5	115.4	13.4	-2.8	-15.2
	Development Budget	0.0	0.0	45.3	45.3	0.0	0.0	-100.0
75	Afghanistan High Atomic Energy Commission	0.0	0.9	25.8	21.0	4.2	0.9	5,595.9
	Operating Budget	0.0	0.9	21.0	21.0	4.2	0.9	5,595.9
	Development Budget	0.0	0.0	4.9	0.0	-	0.0	N/A
79	Municipalities	34.5	0.0	2,157.9	2,157.8	0.0	-34.5	-100.0
	Operating Budget	0.0	0.0	0.0	0.0	-	0.0	N/A
	Development Budget	34.5	0.0	2,157.9	2,157.8	0.0	-34.5	-100.0
Total Infrastructure and Natural Resources		1,134.1	1,523.4	42,988.9	42,378.0	3.6	389.4	34.3
	Operating Budget	369.4	366.5	2,103.5	2,642.4	13.9	-2.9	-0.8
	Development Budget	764.6	1,156.9	40,885.4	39,735.5	2.9	392.3	51.3
27	Ministry of Education	2,592.2	3,099.8	26,686.0	27,639.4	11.2	507.6	19.6
	Operating Budget	2,581.3	2,786.3	17,484.3	18,467.7	15.1	205.0	7.9
	Development Budget	10.9	313.5	9,201.7	9,171.7	3.4	302.6	2,766.4
28	Ministry of Higher Education	641.2	312.7	3,228.7	3,231.5	9.7	-328.5	-51.2
	Operating Budget	321.6	286.1	1,876.3	1,879.0	15.2	-35.5	-11.0
	Development Budget	319.6	26.5	1,352.4	1,352.5	2.0	-293.1	-91.7
36	Ministry of Information and Culture	105.5	109.7	896.0	893.0	12.3	4.2	4.0
	Operating Budget	105.5	107.7	567.9	569.7	18.9	2.2	2.1
	Development Budget	0.0	2.0	328.1	323.3	0.6	2.0	N/A
61	Science Academy	33.9	30.4	195.5	196.3	15.5	-3.5	-10.2
	Operating Budget	33.9	30.4	131.2	132.0	23.0	-3.5	-10.2
	Development Budget	0.0	0.0	64.3	64.3	0.0	0.0	N/A
63	National Olympic Committee	14.9	16.7	589.6	589.6	2.8	1.8	12.0
	Operating Budget	14.9	16.7	190.1	190.1	8.8	1.8	12.0
	Development Budget	0.0	0.0	399.6	399.5	0.0	0.0	N/A
Total Education		3,387.6	3,569.3	31,595.8	32,549.9	11.0	181.6	5.4
	Operating Budget	3,057.1	3,227.2	20,249.7	21,238.5	15.2	170.1	5.6
	Development Budget	330.5	342.0	11,346.1	11,311.4	3.0	11.5	3.5
37	Ministry of Public Health	787.1	611.2	8,769.7	8,702.8	7.0	-175.9	-22.3
	Operating Budget	405.7	295.8	1,994.8	2,170.7	13.6	-109.8	-27.1
	Development Budget	381.4	315.4	6,774.9	6,532.1	4.8	-66.0	-17.3
Total Health		787.1	611.2	8,769.7	8,702.8	7.0	-175.9	-22.3
	Operating Budget	405.7	295.8	1,994.8	2,170.7	13.6	-109.8	-27.1
	Development Budget	381.4	315.4	6,774.9	6,532.1	4.8	-66.0	-17.3

Table 6.5c - Total Core Budget Gross Expenditures by Ministry (continued)

Code	(In millions of Afghanis)	1388	1389	Comparison to Budget			1389 Comparison to	
		Qtr 1 Actual Qtr	Qtr 1 Prelim Qtr	Original Budget Ceiling	Current Allocated Budget (1)	% Allocated Budget	Change	% Increase
39 Ministry of Agriculture		191.9	415.9	5,762.8	5,778.2	7.2	224.0	116.7
Operating Budget		153.8	189.0	1,082.4	1,096.5	17.2	35.1	22.8
Development Budget		38.1	226.9	4,680.5	4,681.8	4.8	188.8	495.6
48 Ministry of Counter Narcotics		16.2	34.0	481.9	483.6	7.0	17.8	109.9
Operating Budget		16.2	12.9	79.3	81.0	16.0	-3.3	-20.2
Development Budget		0.0	21.1	402.6	402.6	5.2	21.1	N/A
43 Ministry of Rural Rehabilitation and Development		1,384.8	491.6	20,677.7	20,686.2	2.4	-893.2	-64.5
Operating Budget		152.6	84.3	475.0	476.8	17.7	-68.3	-44.8
Development Budget		1,232.1	407.3	20,202.7	20,209.4	2.0	-824.8	-66.9
Total Agriculture and Rural Development		1,592.9	941.5	26,922.4	26,948.0	3.5	-651.4	-40.9
Operating Budget		322.7	286.2	1,636.6	1,654.2	17.3	-36.5	-11.3
Development Budget		1,270.3	655.3	25,285.8	25,293.8	2.6	-614.9	-48.4
46 Ministry of Frontiers and Tribal Affairs		54.1	56.3	378.6	383.8	14.7	2.2	4.1
Operating Budget		54.1	56.3	318.1	323.2	17.4	2.2	4.1
Development Budget		0.0	0.0	60.5	60.5	0.0	0.0	N/A
47 Ministry of Martyrs, Disabled and Social Affairs		1,069.9	947.9	1,578.5	4,122.2	23.0	-122.0	-11.4
Operating Budget		1,039.7	914.7	948.5	3,517.8	26.0	-125.0	-12.0
Development Budget		30.2	33.2	629.9	604.4	5.5	3.0	9.8
29 Ministry of Refugees and Repatriates		24.8	22.9	365.5	372.1	6.1	-1.9	-7.7
Operating Budget		24.8	22.9	145.9	152.5	15.0	-1.9	-7.7
Development Budget		0.0	0.0	219.6	219.6	0.0	0.0	N/A
38 Ministry of Women Affairs		27.3	24.6	273.6	211.8	11.6	-2.8	-10.1
Operating Budget		27.3	24.6	156.7	157.1	15.6	-2.8	-10.1
Development Budget		0.0	0.0	116.9	54.8	0.0	0.0	N/A
68 Office of Disaster Preparedness		9.4	10.7	85.6	85.6	12.5	1.3	14.1
Operating Budget		9.4	10.7	85.6	85.6	12.5	1.3	14.1
Development Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
76 Directorate of Kochis		5.5	6.1	90.2	47.5	12.8	0.6	10.8
Operating Budget		5.5	6.1	47.5	47.5	12.8	0.6	10.8
Development Budget		0.0	0.0	42.7	0.0	-	0.0	N/A
Total Social Protection		1,191.0	1,068.5	2,771.9	5,223.0	20.5	-122.5	-10.3
Operating Budget		1,160.8	1,035.3	1,702.3	4,283.7	24.2	-125.5	-10.8
Development Budget		30.2	33.2	1,069.6	939.3	3.5	3.0	9.8
20 Ministry of Finance		942.4	422.1	7,858.9	8,046.8	5.2	-520.3	-55.2
Operating Budget		836.3	299.3	1,357.7	1,545.7	19.4	-537.0	-64.2
Development Budget		106.1	122.8	6,501.3	6,501.1	1.9	16.7	15.8
25 Ministry of Commerce		51.3	39.7	971.8	516.0	7.7	-11.6	-22.7
Operating Budget		51.3	38.3	230.0	230.7	16.6	-13.1	-25.5
Development Budget		0.0	1.4	741.8	285.2	0.5	1.4	N/A
35 Ministry of Economy		66.5	48.2	832.7	832.9	5.8	-18.3	-27.5
Operating Budget		27.6	32.0	217.6	217.9	14.7	4.4	16.0
Development Budget		38.9	16.2	615.1	615.0	2.6	-22.7	-58.3
66 Control and Audit Office		19.8	53.1	273.0	273.1	19.4	33.3	167.7
Operating Budget		14.5	14.3	71.4	71.4	20.0	-0.2	-1.3
Development Budget		5.3	38.8	201.7	201.7	19.2	33.4	627.1
73 Central Statistics Office		24.2	21.3	179.3	157.7	13.5	-2.8	-11.7
Operating Budget		24.2	21.3	122.6	125.2	17.0	-2.8	-11.7
Development Budget		0.0	0.0	56.7	32.4	0.0	0.0	N/A
58 Afghanistan National Standard Authority		5.4	5.4	260.3	261.0	2.1	0.1	1.5
Operating Budget		5.4	5.4	46.1	46.8	11.6	0.1	1.5
Development Budget		0.0	0.0	214.2	214.2	0.0	0.0	N/A
Total Economic Governance and Private Sector Development		1,109.5	589.8	10,376.0	10,087.4	5.8	-519.7	-46.8
Operating Budget		959.2	410.7	2,045.4	2,237.8	18.4	-548.6	-57.2
Development Budget		150.3	179.2	8,330.6	7,849.7	2.3	28.9	19.2
78 Transfers to Municipalities		0.0	0.0	0.0	0.0	-	0.0	N/A
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
80 Extrabudgetary Agencies		78.5	32.3	0.0	456.5	7.1	-46.2	-58.8
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		78.5	32.3	0.0	456.5	7.1	-46.2	-58.8
90 Unallocated Reserves		0.0	0.0	37,698.1	0.0	-	0.0	N/A
Operating Budget		0.0	0.0	37,140.3	0.0	-	0.0	N/A
Development Budget		0.0	0.0	557.8	0.0	-	0.0	N/A
99 Unspecified		0.0	0.0	0.0	0.0	-	0.0	N/A
Operating Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Development Budget		0.0	0.0	0.0	0.0	-	0.0	N/A
Total Unclassified		78.5	32.3	37,698.1	456.5	7.1	-46.2	-58.8
Operating Budget		0.0	0.0	37,140.3	0.0	-	0.0	N/A

Table 6.6a – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1389)

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1389	Comparison to Budget		1389	Comparison to Budget		1389	Comparison to Budget	
		Qtr 1	Current	%	Qtr 1	Current	%	Qtr 1	Current	%
		Prelim	Allocated	Allocated	Prelim	Allocated	Allocated	Prelim	Allocated	Allocated
		YTD	Budget (1)	Budget	YTD	Budget (1)	Budget	YTD	Budget (1)	Budget
27 Ministry of Education		2,786.3	18,467.7	15.1	313.5	9,171.7	3.4	3,099.8	27,639.4	11.2
271 General Islamic Education		2,487.3	15,688.7	15.9	50.6	961.2	5.3	2,537.9	16,649.9	15.2
272 Curriculum Development & Teacher Education		69.9	737.1	9.5	96.8	3,209.4	3.0	166.6	3,946.5	4.2
273 Technical & Vocational Education & Training		82.9	601.8	13.8	17.0	777.7	2.2	99.9	1,379.5	7.2
274 Literacy		50.3	323.4	15.5	54.3	219.3	24.8	104.6	542.8	19.3
275 Education Management		100.1	1,116.7	9.0	94.9	4,004.1	2.4	195.0	5,120.8	3.8
999 Expenditure returns		-4.2	0.0	N/A	0.0	0.0	N/A	-4.2	0.0	N/A
39 Ministry of Agriculture, Irrigation and Livestock		189.0	1,096.5	17.2	226.9	4,681.8	4.8	415.9	5,778.2	7.2
391 Natural Resources Management		44.6	247.9	18.0	6.1	182.4	3.4	50.7	430.3	11.8
392 Agriculture Production & Productivity		64.3	381.4	16.9	157.6	2,633.1	6.0	222.0	3,014.5	7.4
393 Economic Regeneration		25.5	167.7	15.2	42.4	1,390.0	3.0	67.9	1,557.7	4.4
394 Change Management Process		55.1	299.5	18.4	20.8	476.3	4.4	75.8	775.8	9.8
999 Expenditure returns		-0.4	0.0	N/A	0.0	0.0	N/A	-0.4	0.0	N/A
43 Ministry of Rural Rehabilitation and Development		84.3	476.8	17.7	407.3	20,209.4	2.0	491.6	20,686.2	2.4
431 Local Governance		0.6	0.6	100.0	190.1	17,018.1	1.1	190.7	17,018.7	1.1
432 Rural Infrastructure		0.0	0.0	N/A	195.9	2,724.3	7.2	195.9	2,724.3	7.2
433 Economic Regeneration		0.0	0.0	N/A	21.3	403.0	5.3	21.3	403.0	5.3
434 Social Protection		0.0	0.0	N/A	0.0	64.0	0.0	0.0	64.0	0.0
435 Institutional Support Program		83.7	476.1	17.6	0.0	0.0	N/A	83.7	476.1	17.6
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
41 Ministry of Energy & Water		53.5	299.6	17.9	203.7	12,366.3	1.6	257.2	12,665.8	2.0
411 Availability of Competitively Priced Electricity for community li		4.5	25.7	17.3	66.9	5,733.3	1.2	71.4	5,759.1	1.2
412 Availability of and accessibility to water for community livelihc		16.5	128.3	12.9	132.4	6,527.0	2.0	148.9	6,655.3	2.2
413 General Administration		32.5	145.5	22.3	4.4	105.9	4.1	36.9	251.5	14.7
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
20 Ministry of Finance		299.3	1,545.7	19.4	122.8	6,501.1	1.9	422.1	8,046.8	5.2
201 Public Finance Management		118.4	460.2	25.7	84.2	952.8	8.8	202.6	1,413.0	14.3
202 Revenue Management		60.7	364.5	16.7	20.2	776.6	2.6	80.9	1,141.1	7.1
203 Institutional Development		108.6	656.1	16.5	13.8	4,574.4	0.3	122.3	5,230.4	2.3
204 Governance		12.6	65.0	19.4	4.6	197.4	2.3	17.2	262.4	6.6
999 Expenditure returns		-1.0	0.0	N/A	0.0	0.0	N/A	-1.0	0.0	N/A
42 Ministry of Public Works		65.0	943.0	6.9	633.6	18,031.9	3.5	698.6	18,974.9	3.7
421 Infrastructure		3.5	47.8	7.3	633.6	18,031.9	3.5	637.0	18,079.7	3.5
422 Maintenance		45.8	715.0	6.4	0.0	0.0	N/A	45.8	715.0	6.4
423 General Administration & Finance		15.8	180.2	8.7	0.0	0.0	N/A	15.8	180.2	8.7
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
37 Ministry of Public Health		295.8	2,170.7	13.6	315.4	6,532.1	4.8	611.2	8,702.8	7.0
371 Institutional Development & Assessment		18.5	81.9	22.6	11.1	930.3	1.2	29.6	1,012.2	2.9
372 Health Service Provision		113.1	912.1	12.4	304.3	5,410.0	5.6	417.4	6,322.1	6.6
373 Administrative Support		165.8	1,176.7	14.1	0.0	191.9	0.0	165.8	1,368.6	12.1
999 Expenditure returns		-1.6	0.0	N/A	0.0	0.0	N/A	-1.6	0.0	N/A
59 Independent Directorate of Local Governance		289.0	1,984.7	14.6	19.4	1,427.2	1.4	308.4	3,411.9	9.0
591 Policy Service		0.9	15.0	6.1	0.0	0.0	N/A	0.9	15.0	6.1
592 Institutional Development Services		0.7	21.7	3.2	19.4	1,427.2	1.4	20.0	1,448.9	1.4
593 Broader Governance Services		230.7	1,454.8	15.9	0.0	0.0	N/A	230.7	1,454.8	15.9
594 Options & Management Services		56.8	493.2	11.5	0.0	0.0	N/A	56.8	493.2	11.5
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
49 Ministry of Urban Development		21.0	109.6	19.2	207.5	2,528.2	8.2	228.5	2,637.8	8.7
491 Urban Governance & Planning		3.6	17.3	21.1	17.3	814.8	2.1	20.9	832.0	2.5
492 Urban Development & Housing Policy		0.6	2.9	19.8	69.1	307.1	22.5	69.7	310.0	22.5
493 Urban Infrastructure & Services		3.0	17.4	17.5	121.1	1,406.3	8.6	124.2	1,423.8	8.7
494 Management & Options		13.8	72.1	19.1	0.0	0.0	N/A	13.8	72.1	19.1
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A

Source: FPU using AFMIS data downloaded on the 23 August 2010

Table 6.6b – Core Budget Gross Expenditures by Program (Ministries implementing Program Budgeting in 1389) – continued

Code	(In millions of Afghanis)	OPERATING BUDGET			DEVELOPMENT BUDGET			TOTAL BUDGET		
		1389	Comparison to Budget	% Allocated	1389	Comparison to Budget	% Allocated	1389	Comparison to Budget	% Allocated
		Qtr 1 Prelim YTD	Current Allocated Budget (1)		Qtr 1 Prelim YTD	Current Allocated Budget (1)		Qtr 1 Prelim YTD	Current Allocated Budget (1)	
45 Ministry of Transport & Civil Aviation		53.0	298.8	17.7	49.7	1,562.6	3.2	102.7	1,861.4	5.5
451 Air Transport Services		29.0	141.2	20.5	49.0	1,538.0	3.2	77.9	1,679.3	4.6
452 Land Transport Services		8.9	72.3	12.3	0.8	24.5	3.1	9.6	96.8	10.0
453 Management & Optional Services		15.2	85.3	17.8	0.0	0.0	N/A	15.2	85.3	17.8
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
34 Ministry of Communication and Information Technolo		84.5	453.8	18.6	22.2	1,471.6	1.5	106.7	1,925.5	5.5
341 E-Afghanistan		15.6	97.1	16.0	22.2	1,471.6	1.5	37.7	1,568.7	2.4
342 ICT Literacy		3.3	20.8	16.0	0.0	0.0	N/A	3.3	20.8	16.0
343 General Administration & Management		65.7	335.9	19.6	0.0	0.0	N/A	65.7	335.9	19.6
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
25 Ministry of Commerce and Industry		38.3	230.7	16.6	1.4	285.2	0.5	39.7	516.0	7.7
251 Private Sector Development		6.7	33.7	19.9	0.0	216.7	0.0	6.7	250.5	2.7
252 Trade Policy & Transit		18.6	105.1	17.7	0.0	0.0	N/A	18.6	105.1	17.7
253 Admin & Regulatory Service		13.0	91.9	14.1	1.4	68.5	2.1	14.4	160.4	9.0
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
47 Ministry of Labour, Social Affairs, Martyrs and Disab		914.7	3,517.8	26.0	33.2	604.4	5.5	947.9	4,122.2	23.0
471 Labor Affairs		858.4	2,641.5	32.5	27.4	545.8	5.0	885.8	3,187.3	27.8
472 Social Protection		20.9	294.0	7.1	0.0	0.0	N/A	20.9	294.0	7.1
473 Martyrs & Disable		1.7	15.1	10.9	0.0	0.0	N/A	1.7	15.1	10.9
474 General Administration		33.8	567.2	6.0	5.8	58.6	9.9	39.6	625.8	6.3
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
22 Ministry of Defence		5,060.5	17,519.7	28.9	0.0	63.5	0.0	5,060.5	17,583.2	28.8
221 Provide Combat Forces		3,126.9	10,772.2	29.0	0.0	63.5	0.0	3,126.9	10,835.6	28.9
222 Provide Management & Support		1,936.6	6,747.5	28.7	0.0	0.0	N/A	1,936.6	6,747.5	28.7
999 Expenditure returns		-3.0	0.0	N/A	0.0	0.0	N/A	-3.0	0.0	N/A
38 Ministry of Women's Affairs		24.6	157.1	15.6	0.0	54.8	0.0	24.6	211.8	11.6
381 Governance & Rule of Law		10.0	27.7	36.2	0.0	1.5	0.0	10.0	29.1	34.4
382 Women Economical and Social Development		2.5	23.1	10.7	0.0	2.4	0.0	2.5	25.4	9.7
383 General Administration		12.1	106.3	11.4	0.0	50.9	0.0	12.1	157.2	7.7
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A
35 Ministry of Economy		32.0	217.9	14.7	16.2	615.0	2.6	48.2	832.9	5.8
351 Economic Policy, Strategy, Monitoring & Evaluation		18.9	121.2	15.6	15.7	292.1	5.4	34.6	413.3	8.4
352 Administration & Management Services		13.2	96.7	13.7	0.5	322.9	0.1	13.7	419.6	3.3
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
10 President's Office		303.6	1,335.5	22.7	-	304.7	-	303.6	1,640.2	18.5
101 Policies Coordination & Program Management		303.8	1,335.5	22.8	0.0	304.7	0.0	303.8	1,640.2	18.5
999 Expenditure returns		-0.2	0.0	N/A	0.0	0.0	N/A	-0.2	0.0	N/A
28 Ministry of Higher Education		286.1	1,879.0	15.2	26.5	1,352.5	2.0	312.7	3,231.5	9.7
281 Educate & Train Skilled Graduates		107.8	170.5	63.3	26.5	1,352.5	2.0	134.4	1,523.0	8.8
282 Lead & Manage System of Higher Education		178.7	1,708.5	10.5	0.0	0.0	N/A	178.7	1,708.5	10.5
999 Expenditure returns		-0.4	0.0	N/A	0.0	0.0	N/A	-0.4	0.0	N/A
62 Civil Service Commisoin		45.8	215.9	21.2	61.5	444.3	13.9	107.3	660.2	16.3
621 Appointments and Appeals		13.0	36.4	35.7	0.0	0.0	N/A	13.0	36.4	35.7
622 Administrative Reforms		5.3	28.2	18.8	19.7	161.3	12.2	25.0	189.4	13.2
623 Capacity Development		3.4	23.1	14.9	41.9	283.0	14.8	45.3	306.1	14.8
624 Management and Operations		24.1	128.3	18.8	0.0	0.0	N/A	24.1	128.3	18.8
999 Expenditure returns		0.0	0.0	N/A	0.0	0.0	N/A	0.0	0.0	N/A

Source: FPU using AFMIS data downloaded on the 23 August 2010

Table 6.7 – Total Core Budget Expenditures by COFOG Sector

Code	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1388 Percent of Total	1389 Qtr 1 Prelim Qtr	1389 Percent of Total	1389 Comparison to 1388 YTD Change % Increase
2	TOTAL NET EXPENDITURE	19,396.2		21,567.1		2,170.9 11.2
150	Sale of Land and Buildings	7.6		70.1		62.5 820.2
2+150	TOTAL GROSS EXPENDITURE	19,403.8	100.0	21,637.2	100.0	2,233.4 11.5
	RECURRENT EXPENDITURE	16,798.8	86.6	20,260.1	93.6	3,461.3 20.6
	CAPITAL EXPENDITURE	2,604.9	13.4	1,377.0	6.4	-1,227.9 -47.1
701	General Public Services ^{1/}	3,081.0	15.9	3,021.7	14.0	-59.3 -1.9
	Recurrent Expenditure	2,415.1	12.4	2,935.6	13.6	520.5 21.5
	Capital Expenditure	665.9	3.4	86.1	0.4	-579.8 -87.1
702	Defence	3,924.7	20.2	6,123.3	28.3	2,198.6 56.0
	Recurrent Expenditure	3,901.7	20.1	6,069.7	28.1	2,168.0 55.6
	Capital Expenditure	23.0	0.1	53.6	0.2	30.6 133.3
703	Public Order and Safety	4,153.2	21.4	4,622.6	21.4	469.3 11.3
	Recurrent Expenditure	4,149.4	21.4	4,600.9	21.3	451.4 10.9
	Capital Expenditure	3.8	0.0	21.7	0.1	17.9 467.6
704	Economic Affairs	2,918.6	15.0	2,363.5	10.9	-555.1 -19.0
	Recurrent Expenditure	1,254.3	6.5	1,630.6	7.5	376.4 30.0
	Capital Expenditure	1,664.3	8.6	732.9	3.4	-931.5 -56.0
705	Environmental Protection	18.3	0.1	15.5	0.1	-2.8 -15.4
	Recurrent Expenditure	17.6	0.1	15.5	0.1	-2.1 -12.2
	Capital Expenditure	0.7	0.0	0.0	0.0	-0.7 -100.0
706	Housing and Communal Amenities	34.0	0.2	488.9	2.3	454.8 1336.0
	Recurrent Expenditure	23.5	0.1	128.6	0.6	105.2 448.3
	Capital Expenditure	10.6	0.1	360.2	1.7	349.7 3303.0
707	Health	787.9	4.1	612.8	2.8	-175.0 -22.2
	Recurrent Expenditure	787.7	4.1	609.9	2.8	-177.9 -22.6
	Capital Expenditure	0.1	0.0	3.0	0.0	2.8 1935.6
708	Recreation, Culture and Religion	246.9	1.3	193.8	0.9	-53.1 -21.5
	Recurrent Expenditure	242.9	1.3	190.2	0.9	-52.6 -21.7
	Capital Expenditure	4.1	0.0	3.6	0.0	-0.5 -11.9
709	Education	3,169.2	16.3	3,449.7	15.9	280.5 8.9
	Recurrent Expenditure	2,936.8	15.1	3,333.8	15.4	397.0 13.5
	Capital Expenditure	232.4	1.2	115.9	0.5	-116.5 -50.1
710	Social Protection	1,069.9	5.5	745.4	3.4	-324.5 -30.3
	Recurrent Expenditure	1,069.9	5.5	745.4	3.4	-324.5 -30.3
	Capital Expenditure	0.0	0.0	0.0	0.0	0.0 N/A

Source: FPU using AFMIS data downloaded on the 23 August 2010

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

Table 6.8 - Transactions in Nonfinancial Assets in the Core Budget

Code	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1389 Qtr 1 Prelim Qtr	1389 Comparison to 1388 YTD	
				Change	% Increase
25	NET ACQUISITION OF NONFINANCIAL ASSETS	2,597.3	1,306.9	-1,290.4	-49.7
	Land and Buildings	902.3	1,125.4	223.1	24.7
251/8	Purchase of Land and Buildings	909.9	1,195.5	285.5	31.4
150	Sale of Land and Buildings	-7.6	-70.1	-62.5	820.2
151	Sale of State-Owned Enterprises	0.0	0.0	0.0	N/A
252	Machinery and Equipment (>50,000)	89.6	123.8	34.2	38.1
257	Valuables	0.0	2.0	2.0	N/A
259	Other Acquisitions	1,605.4	55.8	-1,549.6	-96.5

Source: FPU using AFMIS data downloaded on the 23 August 2010

Table 6.9 - Transactions in Financial Assets and Liabilities in the Core Budget

Code	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1389 Qtr 1 Prelim Qtr	1389 Comparison to 1388 YTD	
				Change	% Increase
3+4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	-4,824.8	-11,321.4	-6,496.5	134.6
3	NET ACQUISITION OF FINANCIAL ASSETS	-5,490.3	-11,163.4	-5,673.1	103.3
	Domestic	-5,490.3	-11,163.4	-5,673.1	103.3
	Currency and Deposits	-4,315.2	-7,889.5	-3,574.3	82.8
311	Treasury Single Account	97.5	-6,365.7	-6,463.2	-6,631.2
313	Donor Accounts	-4,412.7	-1,523.8	2,888.8	-65.5
314/90	Other Deposit Accounts (1)	0.0	0.0	0.0	-4.5
317	Loans	-518.6	256.3	774.9	-149.4
319	Other Accounts Receivable	-5,980.2	12.5	5,992.7	-100.2
	Other Assets	5,323.7	-3,542.7	-8,866.4	-166.5
	Foreign	0.0	0.0	0.0	N/A
4	NET ACQUISITION OF LIABILITIES	665.5	-157.9	-823.4	-123.7
	Domestic	-539.1	-498.5	40.6	-7.5
411	Accounts Payable	39.9	59.3	19.3	48.4
413	Pension Liabilities	0.0	2.7	2.7	N/A
423	Other Payables	0.0	0.0	0.0	N/A
451	Other Liabilities (1)	-579.0	-560.5	18.6	-3.2
	Foreign	1,204.6	340.6	-864.0	-71.7
431	Foreign Currency	-5.1	1.1	6.2	-120.5
181-2	Loans	1,209.7	339.5	-870.2	-71.9

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.

Table 6.10 – Alternative Measures of Deficit/Surplus and Financing in the Core Budget

Code	(In millions of Afghanis)	1388 Qtr 1 Actual Qtr	1389 Qtr 1 Prelim Qtr	1389 Comparison to 1388 YTD Change % Increase
TRANSACTIONS AFFECTING NET WORTH				
1	Revenues including Grants	24,221.0	32,888.4	8,667.5 26.4
2-25	Expenditures (Recurrent)	16,798.8	20,260.1	3,461.3 17.1
23	Interest	32.2	33.2	1.0 3.1
	Net Operating Balance (1-2-25)	7,422.1	12,628.3	5,206.2 41.2
	Primary Balance (1-2-25+23)	7,454.3	12,661.5	5,207.2 41.1
TRANSACTIONS IN NONFINANCIAL ASSETS				
25	Net Acquisition of Nonfinancial Assets	2,597.3	1,306.9	-1,290.4 -98.7
	Net Lending-Borrowing (1-2)	4,824.8	11,321.4	6,496.5 57.4
	Financing (3+4+5)	-4,824.8	-11,321.4	-6,496.5 57.4
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES				
3	Net Acquisition of Financial Assets	-5,490.3	-11,163.4	-5,673.1 50.8
4	Net Acquisition of Financial Liabilities	665.5	-157.9	-823.4 521.4
5	RETAINED EARNINGS	0.0	0.0	
	Discrepancies (Financing-3-4-5)	0.0	0.0	

Source: FPU using AFMIS data downloaded on the 23 August 2010

7 Glossary

Budget	An itemised 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 channelling 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 Afs 50,000
Subsidies	Payments made to State Owned Enterprises to help them cover their costs
Transfers	Payments to a person or organisation 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 6.10)	Revenues (including donor grants) minus recurrent expenditures. It measures the change in net worth resulting from transactions (excluding capital expenditure)
Primary operating balance (Table 6.10)	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 organisation 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% 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.