

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 third 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 saved/financed. The expenditure chapter also provides a snapshot of the budget execution rates during the reporting period. Given the Government has committed to improving budget execution in the Public Financial Management Roadmap, section five includes an interesting article that looks closer at whether spending is increasing in the development budget for different sectors and Ministries. The article also presents data for the development budget execution for the largest development budget projects.

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@gmail.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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The material in this publication may be freely quoted with acknowledgement
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Quarterly Fiscal Bulletin, Quarter 3, 1389

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1 SUMMARY OF THIRD QUARTER DEVELOPMENTS

Table 1.1 – Budget Summary

Code (In millions of Afghanis)	1388	1388	1389	1389	1389	1389 Comparison to 1388 YTD		1389 Budget or MYR Revenue or Expenditure Target	1389 YTD as % of Targets/ Budget
	Qtr 3 Actual Qtr	Qtr 3 Actual YTD	Qtr 2 Prelim Qtr	Qtr 3 Prelim Qtr	Qtr 3 Prelim YTD	Change	% Increase		
OPERATING BUDGET									
Revenues	21,129.6	66,482.1	34,866.4	33,171.0	96,892.5	30,410.4	145.7	123,209.0	78.6
Domestic Revenues (1)	15,057.8	43,734.6	19,630.6	20,436.4	57,596.4	13,861.8	131.7	71,120.0	81.0
Operating Grants	6,071.9	22,747.6	15,235.7	12,734.6	39,296.1	16,548.5	172.7	52,089.0	75.4
Expenditures	18,330.1	56,408.6	27,502.8	26,105.5	72,385.4	15,976.8	128.3	119,849.4	60.4
Budget Balance									
Including Grants	2,799.5	10,073.6	7,363.6	7,065.5	24,507.2	14,433.6	243.3	3,359.6	
Excluding Grants	-3,272.4	-12,674.0	-7,872.2	-5,669.1	-14,788.9	-2,114.9	116.7	-48,729.4	
Fiscal sustainability indicator (%) (2)	82.1	77.5	71.4	78.3	79.6	2.0	102.6	59.3	
DEVELOPMENT BUDGET									
Grants (3)	8,644.8	22,593.9	8,512.6	6,888.8	19,675.8	-2,918.1	87.1	93,347.6	N/A
Expenditures	12,458.6	30,384.2	13,811.6	11,667.0	28,338.7	-2,045.5	93.3	111,900.2	25.3
Discretionary Budget	3,153.3	6,235.3	1,888.8	2,805.2	5,311.5	-923.8	85.2	25,714.3	20.7
Non-discretionary Budget	9,305.4	24,148.8	11,922.8	8,861.9	23,027.2	-1,121.7	95.4	86,185.9	26.7
Budget Balance (3)	-3,813.9	-7,790.2	-5,299.1	-4,778.3	-8,662.8	-872.6	111.2	-18,552.6	
INTEGRATED BUDGET									
Revenues (3)	29,774.4	89,076.1	43,378.9	40,059.8	116,568.4	27,492.3	130.9	216,556.6	N/A
Domestic Revenues	15,057.8	43,734.6	19,630.6	20,436.4	57,596.4	13,861.8	131.7	71,120.0	81.0
Grants (3)	14,716.6	45,341.5	23,748.3	19,623.4	58,971.9	13,630.5	130.1	145,436.6	N/A
Expenditures	30,788.8	86,792.7	41,314.4	37,772.5	100,724.0	13,931.3	116.1	231,749.6	43.5
Balances									
Excluding Grants	-15,731.0	-43,058.1	-21,683.8	-17,336.1	-43,127.6	-69.5	100.2	-160,629.6	
Including Grants (3)	-1,014.4	2,283.4	2,064.5	2,287.3	15,844.4	13,561.0	693.9	-15,192.9	
Financing									
Balance Including Grants	-1,014.4	2,283.4	2,064.5	2,287.3	15,844.4	13,561.0	693.9		
Sale of Land and Buildings	11.6	30.1	11.2	13.9	95.2	65.1	316.3		
Sale of State Owned Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	N/A		
Lending/Borrowing	-1,002.8	2,313.4	2,075.7	2,301.1	15,939.5	13,626.1	689.0		

Source: FPU using AFMIS data downloaded on the 5 February 2011

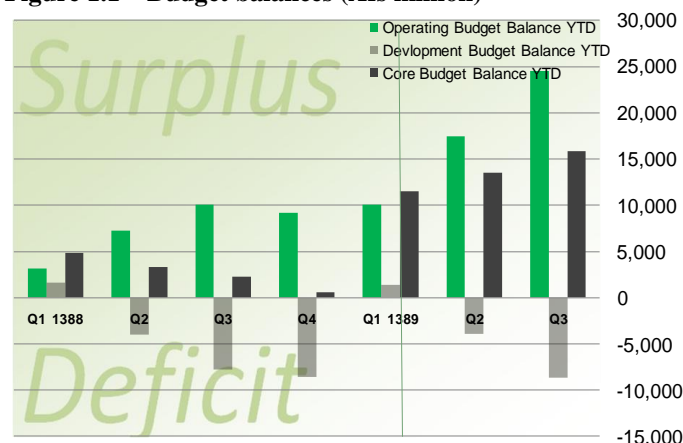
1. In the published budget document, Afs 3.47 billion in domestic revenues are allocated to the development budget in 1389. In order to ensure comparability with actuals, all domestic revenues shown under the development budget in the published budget document have been re-allocated to the operating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

1.1 Overall Fiscal Position

Due to strong revenue collection and large operating budget surplus (that not only offset the development budget deficit, but also exceeded it), the year to date (YTD) core budget was in surplus by around Afs 15.8 billion by the end of Q3 1389. The operating budget surplus was Afs 24.5 billion, while the development budget was in deficit by Afs 8.7 billion. Compared to YTD Q2 1389, the core budget surplus has increased by around Afs 2.3 billion. Compared to the same period in 1388, the core budget surplus increased by Afs 13.6 billion. This was due to operating budget revenues growing faster (by Afs 30.4 billion) than operating budget expenditure growth (Afs 16.0 billion). However, the lower execution of the development budget has also contributed to the higher surplus in 1389

(development budget execution is Afs 2.0 billion lower in 1389 compared to 1388).

Figure 1.1 – Budget balances (Afs million)



1.2 Domestic Revenues and Grants

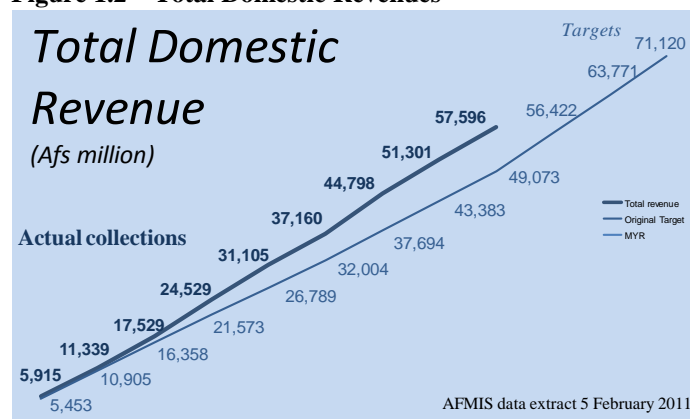
Domestic Revenue

Revenue continued its strong performance in the third quarter of 1389. Total domestic revenues of Afs 20.4 billion were collected in this quarter, which exceeded the quarterly target of Afs 17.1 billion by 19.5%. It is highly likely that annual revenues will exceed the budget target of Afs 71.1 billion given average quarterly collections are Afs 19.2 billion during 1389, and only another Afs 13.5 billion is required for the final quarter of 1389 to achieve the budget target.

Total YTD revenue collections for the 3rd quarter 1389 were Afs 57.6 billion, which was 32% above the same period collections of Afs 43.7 billion in 1388. The main contributors during this quarter were custom duties of Afs 7.3 billion and tax revenues of Afs 9.6 billion, which were 41% and 29% above Q2 1388 collections. While non-tax

revenues were 21% above collections at the same stage in 1388.

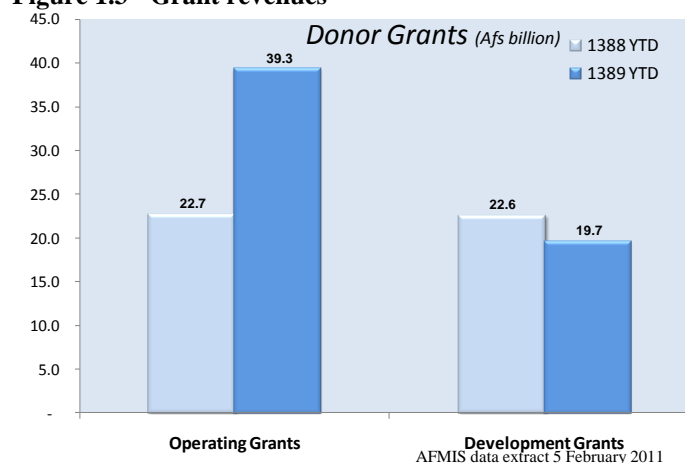
Figure 1.2 – Total Domestic Revenues



Grants

Total core budget grant receipts were Afs 19.6 billion in Q3 1389, which was 36% higher than the same quarter of 1388. Total YTD operating grants in Q3 1389 were Afs 39.3 billion compared to Afs 22.7 billion in YTD Q3 1388, while total YTD development grants in Q3 were Afs 19.7 billion compared to Afs 22.6 billion in YTD Q3 1388. Law and Order Trust Fund for Afghanistan (LOTFA) grants increased from about Afs 3.1 billion in Q3 1388 to Afs 8.0 billion in Q3 1389. Similarly, Combined Security Transition Command-Afghanistan (CSTC-A) grants increased from Afs 2.4 billion in Q3 1388 to about Afs 4.6 billion in Q3 1389. However, no grants were received from the Afghanistan Reconstruction Trust Fund (ARTF) in Q3 1389.

Figure 1.3 - Grant revenues



1.3 Expenditures

The revised total core budget for fiscal year 1389 is Afs 231.7 billion. The operating budget is Afs 119.8 billion whilst Afs 111.9 billion is budgeted to be spent on development projects (including the supplementary budget).

Total core budget expenditures up until the end of Q3 1389 were Afs 100.6 billion. Total expenditures in Q3 of Afs 37.7 billion were 9 percent less than Q2 1389. YTD expenditures in Q3 of 1389 are 43.5% of the total core budget. This is due to only 27% of the total development budget being spent for the YTD.

Operating Budget

The YTD operating expenditures were Afs 72.4 billion or nearly 60.4% of the total operating budget for 1389. Unless operating budget expenditures significantly increase in the third quarter, it is likely that the operating budget may not be fully spent.

These expenditures increased by around Afs 16.0 billion compared to YTD expenditures of 1388. This increase is mainly due to Afs 13.1 billion in increased wages expenditure in the security sector. In Q3 of 1389, operating expenditures were Afs 26.1 billion, which is around Afs 1.4 billion less than Q2 1389.

Development Budget

The total development budget has increased from Afs 99.2 billion in the original budget to Afs 111.9 billion due to the supplementary budget for 1389. This increase was for development projects that have carried over unspent funding from 1388.

The total development budget expenditures were Afs 11.7 billion or 10.4 % of the total development budget in Q3 1389. The YTD development expenditures were Afs 28.3 billion in Q3, around 7% lower compared to the development expenditures for YTD Q3 of 1388.

Figure 1.4 – Operating Budget

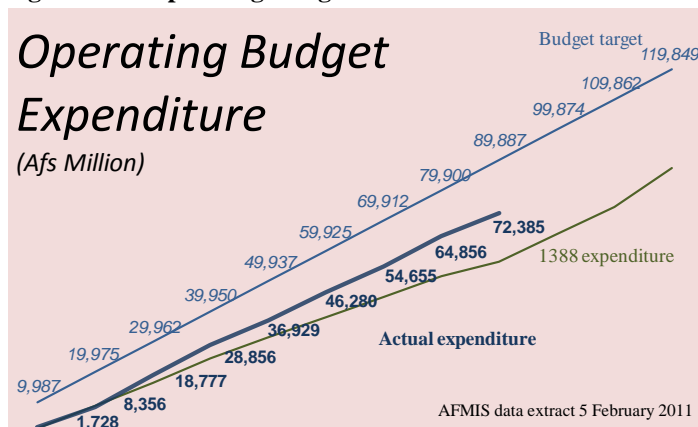
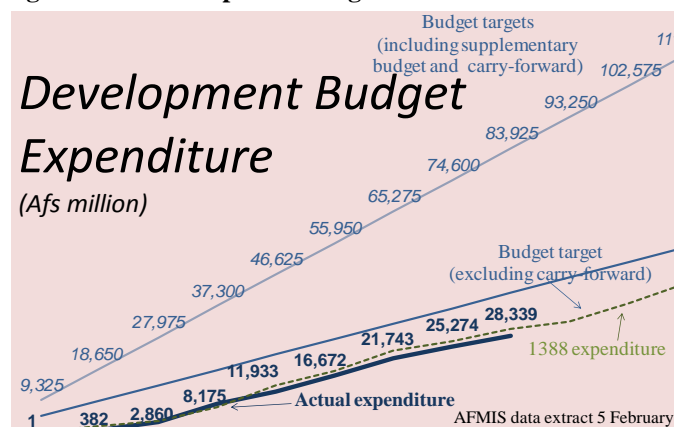


Figure 1.5 – Development Budget



1.4 Fiscal Sustainability

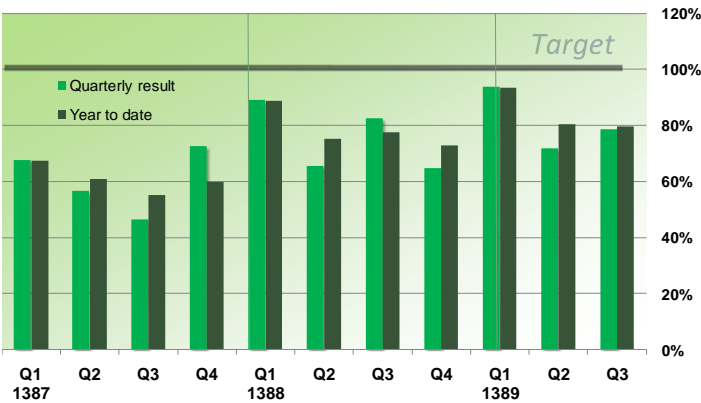
In Afghanistan's context, fiscal sustainability is defined as total operating expenditures being covered/financed by total domestic revenues. Fiscal sustainability was a key objective under the IMF and World Bank's Poverty Reduction and Growth Facility (PRGF) program with Afghanistan. It has remained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

The government plans to gradually take on the responsibility for the security in the future years. Over the transition period, these costs, particularly security spending will increase due to planned increases in the

size of the Afghan National Police (ANP) and Afghan National Army (ANA), and also other emerging fiscal pressures (such as taking over responsibility for the external recurrent budget). In the light of aforementioned rising expenditure, achieving fiscal sustainability is likely to take longer than what has been previously expected. However, it is also possible that fiscal sustainability may be able to be achieved sooner if the current trend for strong revenue performance continues, and the Government begins to collect more revenue from the mining sector in the near future. The target for the 1389 fiscal year is that domestic revenues will be able to finance 59 per cent of operating budget expenditures. So far, the YTD fiscal sustainability is about 80 percent. This is due to

domestic revenue collections being higher than expected and operating budget expenditures being lower than expected.

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



2 CORE BUDGET REVENUES

Table 2.1 – 1389 Q3 revenues

Code (In millions of Afghanis)	1388 Qtr 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD		YTD Target 1389 Qtr 3 YTD	Target - Actual % (+/-)	Annual Target (2)	% Annual Target
CORE BUDGET							Change	% Increase				
1 REVENUES including grants (1)	29,774.4	89,076.1	33,129.6	43,378.9	40,059.8	116,568.4	27,492.3	30.9				
1-19 REVENUES excluding grants	15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
DOMESTIC REVENUES (2) (3)	15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
11 Tax Revenues	7,189.4	20,646.1	8,567.2	9,361.3	9,612.5	27,541.0	6,894.9	33.4	21,989.6	25.2	31,869.0	86.4
111 Fixed Taxes	1,831.5	5,408.5	2,238.9	2,127.9	2,354.9	6,721.7	1,313.2	24.3	4,080.0	64.7	5,913.0	113.7
112 Income Taxes	1,929.2	5,191.7	2,126.3	2,631.6	2,397.9	7,155.7	1,964.1	37.8	4,956.7	44.4	7,183.6	99.6
113 Property Taxes	39.2	134.5	60.3	51.2	51.7	163.1	28.6	21.3	66.3	146.1	96.1	169.8
114 Sales Taxes	3,076.0	9,037.6	3,438.3	3,898.6	4,249.1	11,585.9	2,548.4	28.2	11,855.1	-2.3	17,181.3	67.4
116 Other Taxes	160.7	597.6	585.6	524.2	388.7	1,498.5	900.9	150.7	1,143.7	31.0	1,657.5	90.4
117 Tax Penalties and Fines	152.9	276.2	117.9	127.8	170.3	416.0	139.8	50.6	-112.0	-471.4	-162.3	-256.3
12 Customs Duty, Import Taxes	5,119.0	15,371.7	6,523.2	6,665.5	7,309.8	20,498.5	5,126.8	33.4	17,322.6	18.3	25,105.2	81.7
13 Non Tax Revenue	2,200.1	6,995.2	2,542.0	2,623.1	2,913.0	8,078.2	1,083.0	15.5	8,295.7	-2.6	12,022.7	67.2
131 Income from Capital Property	64.2	239.3	85.5	67.2	71.1	223.7	-15.7	-6.5	369.1	-39.4	534.9	41.8
132 Sales of Goods and Services	821.5	2,406.6	916.3	1,050.1	1,057.9	3,024.3	617.7	25.7	2,332.3	29.7	3,380.2	89.5
133 Administrative Fees	1,246.9	4,104.5	1,475.9	1,431.2	1,689.4	4,596.6	492.1	12.0	5,339.5	-13.9	7,738.4	59.4
134 Royalties	11.5	94.6	6.3	10.1	6.8	23.3	-71.2	-75.3	77.0	-69.7	111.5	20.9
135 Non Tax Fines and Penalties	56.0	150.2	58.0	64.4	87.9	210.3	60.1	40.0	177.9	18.3	257.8	81.6
14 Miscellaneous Revenue	337.8	101.5	-368.8	536.3	189.8	357.3	255.8	252.1	577.9	-38.2	837.5	42.7
17 Social Contributions	211.5	620.1	265.7	444.5	411.2	1,121.4	501.4	80.9	887.1	26.4	1,285.6	87.2
GRANTS (1)	14,716.6	45,341.5	15,600.3	23,748.3	19,623.4	58,971.9	13,630.5	30.1				
191 Foreign Governments	6,577.4	24,258.7	11,513.9	16,723.6	14,445.8	42,683.3	18,424.5	76.0				
192 International Organisation	8,139.2	20,484.1	3,813.7	6,981.4	5,177.6	15,972.8	-4,511.3	-22.0				
193 Other Government Units	0.0	598.7	272.7	43.3	0.0	315.9	-282.8	-47.2				
TOTAL OPERATING BUDGET REVENUE	21,129.6	66,482.1	28,855.1	34,866.4	33,171.0	96,892.5	30,410.4	45.7			123,209.0	78.6
Domestic Revenues	15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
as percentage of total	71.3	65.8	60.7	56.3	61.6	59.4	45.6					
External Grant Support	6,071.9	22,747.6	11,325.8	15,235.7	12,734.6	39,296.1	16,548.5	72.7			52,089.0	75.4
as percentage of total	28.7	34.2	39.3	43.7	38.4	40.6	54.4					

Source: FPU using AFMIS data downloaded on the 5 February 2011

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

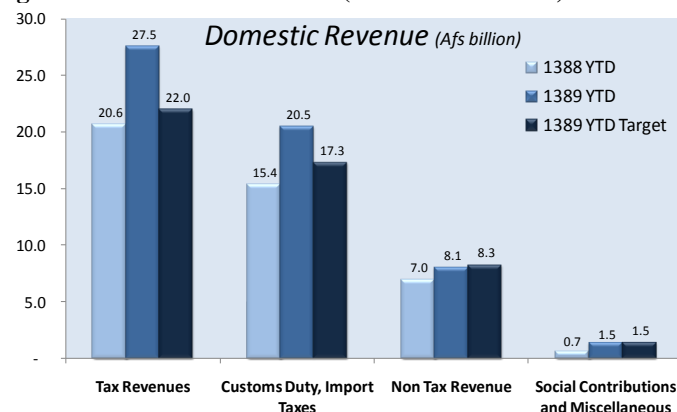
The revenue target for fiscal year 1389 is Afs 71.1 billion, which is about 12 percent higher compared to actual revenue collections of Afs 63.6 billion in 1388.

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 Q3 target of total revenues of Afs 20.4 billion accounts for 24% of the annual revenue target.

The total revenue collections for the third quarter of 1389 were Afs 20.4 billion, which is an increase of 35 percent compared to the same period last

year and around 19.3 percent higher than the target for the third quarter 1389 (Afs 17.1 billion).

Figure 2.1 Domestic Revenues (1388 vs 1389 YTD)



AFMIS data extract 5 February 2011

2.2 Provincial Distribution of Revenues

Table 2.2 – 1389 Provincial Revenues

(In millions of Afghanis)	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1388	1389	% Increase	1388	1389	1388	1389	1388	1389	1388	1389
	Qtr 3	Qtr 3		Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3
	Actual	Prelim		Actual	Prelim	Actual	Prelim	Actual	Prelim	Actual	Prelim
	YTD	YTD		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
TOTAL REVENUE	43,734.6	57,596.4	31.7	20,646.1	27,541.0	15,371.7	20,498.5	6,995.2	8,078.2	721.6	1,478.8
Total Provinces	28,310.3	36,372.9	28.5	11,366.8	13,630.7	14,199.3	18,765.3	2,868.4	3,300.8	-124.3	676.1
Nangarhar	6,843.0	7,995.7	16.8	2,854.5	3,017.4	3,793.4	4,597.9	334.7	319.3	-139.6	61.0
Balkh	5,994.6	7,211.0	20.3	2,371.8	2,385.5	3,506.9	4,283.4	333.2	465.3	-217.3	76.9
Kandahar	1,941.5	2,523.4	30.0	941.3	1,119.5	756.5	1,064.4	247.8	279.3	-4.2	60.2
Herat	7,605.7	10,883.0	43.1	2,703.6	3,880.1	4,195.2	6,049.7	627.8	876.4	79.1	76.8
Nimroz	1,836.8	2,775.4	51.1	759.4	992.4	947.3	1,517.1	173.9	255.6	-43.8	10.3
Other Provinces	4,088.7	4,984.4	21.9	1,736.1	2,235.9	1,000.0	1,252.8	1,151.0	1,104.8	201.6	390.9
Central Ministries	15,424.3	21,223.5	37.6	9,279.3	13,910.3	1,172.4	1,733.2	4,126.7	4,777.4	845.9	802.7

Source: FPU using AFMIS data downloaded on the 5 February 2011

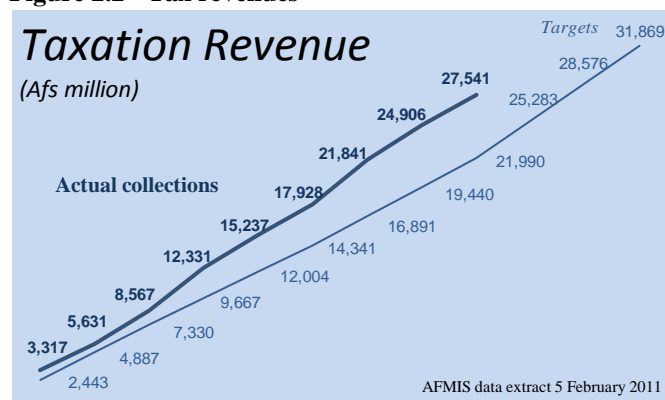
Table 2.2 shows revenue collections by category based on location classification (Provinces and Line Ministries). Central Ministries YTD collections accounted for Afs 21.2 billion by the third quarter of 1389 compared to Afs 15.4 billion by the same period last year. For provinces, YTD collections were Afs 36.4 billion by the third quarter 1389, which is an increase of 28.5 percent compared to YTD collections by the third quarter 1388 (Afs 28.3 billion).

- **Taxation Category:** for provinces, YTD collections for tax revenues by the third quarter 1389 increased by 19.3 percent compared to YTD collections for third quarter 1388. Similarly, YTD collections from central ministries increased by 49.9 percent compared to the same period in the previous year. Tax collections by the top five provinces were 41.4% of total revenues for Q3 YTD 1389 compared to 46.6% by the same period in 1388.
- **Non-Tax Revenues:** for the non-tax revenue collections YTD in third quarter 1389 from provinces were Afs 3.3 billion, whereas compared to third quarter 1388 revenue collections were only Afs 2.9 billion. For central ministries, Afs 4.8 billion was collected by YTD Q3 1389, compared to Afs 4.1 billion in YTD in Q3 1388. Among the major provinces, Herat and Balkh contributions to non-tax revenues increased by the most compared to 1388, and Afs 876.4 million & Afs 465.3 million was collected respectively. Information of **customs duties** collections by major provinces is contained in the next section.

2.3 Tax Revenue

Tax revenue consists of fixed taxes, income taxes, property taxes, sales taxes, other taxes and tax penalties and fines. Tax revenues increased by about 29 percent compared to the same quarter last year. Tax revenues were 26 percent higher than the Q3 target of Afs 7.6 billion. For the YTD, total tax revenues collections are Afs 27.5 billion, whereas they were only Afs 20.6 billion during the same period last year. Collections also exceeded the YTD target for 1389 by 25 percent (target of Afs 22.0 billion).

Figure 2.2 - Tax revenues



- YTD fixed taxes were Afs 1.3 billion higher (or 24 percent) compared to the same period in 1388. This improvement was mainly due good performance in imports by licensed business. For the YTD, Afs 891 million or 18.6 % extra was collected in contrast with third quarter 1388.
- YTD income taxes were Afs 2.0 billion higher (or 38 percent) compared to the same period in 1388. Of this increases, employees salaries & wages contributed Afs 1.1 billion more during third quarter 1389 compared to collections in third quarter 1388.
- YTD sales taxes were Afs 2.5 billion or 28 percent higher compared to the same period in 1388. Overall the sales tax collections were very good, particularly the 2% Business Receipts Tax on Imports, which increased from Afs 4.5 billion for the YTD in 1388 to Afs 5.8 billion in 1389.

Major increases in specific tax revenues				
	1388	1389	Difference	% Increase
	Nine months	Nine months		
	All Values in million Afghanis			
Imports by Licensed Business (Fixed Taxes)	4,627	5,517	891	19.2%
Employees Salaries & Wages (Income Taxes)	2,188	3,274	1,086	49.7%
2% BRT on Imports (Sales Taxes)	4,509	5,754	1,244	27.6%
BRT on Services 10 % (Sales Taxes)	2,429	12,271	9,843	405.3%

2.4 Custom Duties and Import Taxes

Total revenues for custom duties and import taxes for the year 1388 were Afs 21.8 billion, which covered 34 percent of total domestic revenues (Afs 63.6 billion). By Q3 YTD, revenue collections from custom duties and import taxes are already Afs 20.5 billion, which is nearly the total amount collected for all of 1388. This is a notable improvement. Total revenue collections were Afs 7.3 billion in the third quarter 1389, a strong increase of 43 percent compared to the third quarter for 1388 (Afs 5.1 billion).

For the third quarter, around 85% of custom duties revenues have been collected from the major customs offices in the top five provinces (Herat, Balkh, Nangarhar, Kandahar and Nimroz) and the remaining 15% was collected by other custom offices.

- Herat customs office collected the most custom duties of Afs 2,264 million during the third quarter 1389, which was 64% more than collected in Q3 1388.
- Nangarhar customs office performed well and collected Afs 1,631 million in the third quarter 1389, which was 29% more than collected in Q3 1388.
- Balkh customs office collected Afs 1,381 million in third quarter 1389, which was 11% more than collected in Q3 1388.
- Kandahar customs office collected Afs 348 million, which was 44% more than collected in Q3 1388.

Figure 2.3 – Custom duties

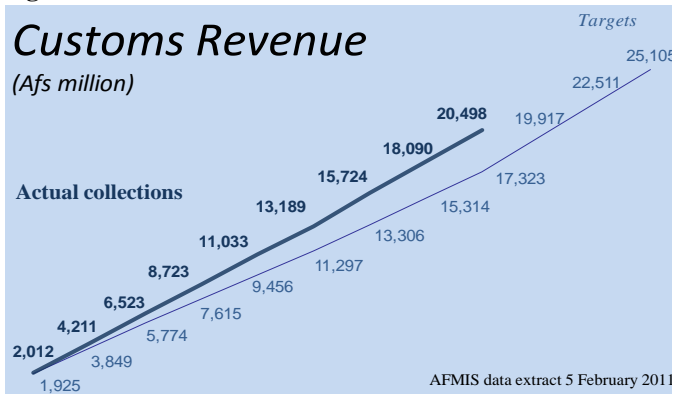


Figure 2.4 - Custom revenues in 'top 5' provinces, Q3

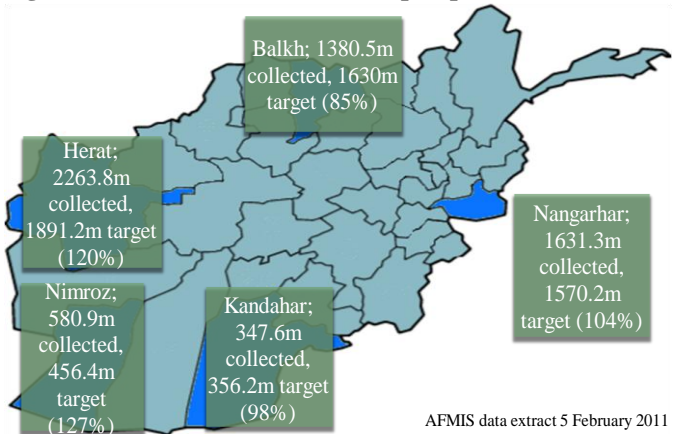


Figure 2.5 and 2.6 present the components of custom revenues by import type for YTD Q3 1388 and 1389, recorded by ASYCUDA and Eurotrace systems in the major provinces. As shown in the graphs, up until Q3 1389, major components of custom revenues were collected from the imports of motor vehicles (28% of the total duties in 1389 and 26% in 1388) and Mineral fuels and oil (24% in 1389 and 28% in 1388). Milling products were 5% of total duties in 1389 against 4% in 1388.

It should also be noted that motor vehicle and large vehicle tariffs increased just before the start of the last quarter of 1389. Tariffs for non-agricultural trucks increased from 2.5% to 10%. The tariff regime for cars also shifted to be only based on engine size. The new tariff rates to be applied to vehicles are 25% for vehicles above 2000cc and 40% for vehicles below 2000cc.

The previous tariff rates were 16% for vehicles under five years of age and 25% for vehicles over five years of age or with an engine size of over 2000cc. This increase in tariff rates may change the composition of custom items. On one hand, this will result in higher duties, but on the other hand an increase in the car tariff is likely to reduce demand for vehicles because of price increases. This impact will be monitored in future bulletins.

Figure 2.5 – Customs Revenue by Import types
Custom Duties, YTD Q3 1389

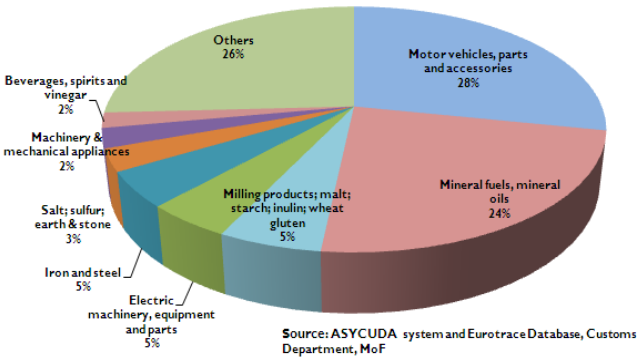
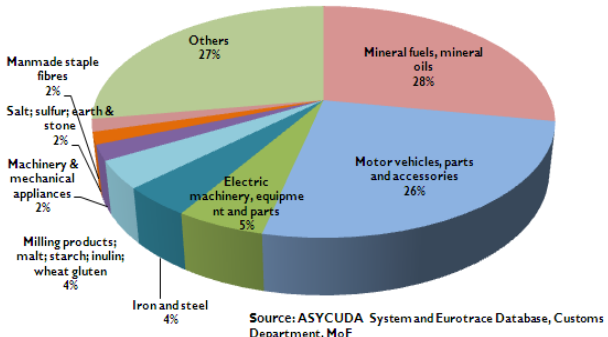


Figure 2.6 – Customs Revenue by Import types
Custom Duties, YTD Q3 1388



2.5 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. The YTD non-tax revenue collections were Afs 8.1 billion in the third quarter of 1389. This is an increase of 15.5 percent compared to the same period last year. However, compared to the YTD target non-tax revenues, collections were 2.6 percent less than target. Non-tax revenue collections in the third quarter 1389 were Afs 2.9 billion, an increase of 32 percent compared to the third quarter 1388.

- Administrative fees are the important item for non-tax revenue collections. In the third quarter of 1389 revenue collections were Afs 1.7 billion compared to Afs 1.2 billion in the same period last year, which shows an increase of 35 percent. This was partly due to good performance in the Vehicle Entry Fee at borders which increased by Afs 178 million in third quarter 1389 compared to the same quarter last year, this shows an increase of 40%. However, there was a decline of Afs 119 million in Overflight revenues during third quarter 1389 (a decrease of 10 percent).
- Sales of Goods & Services contributions to non-tax revenues are also vital. During the third quarter 1389, revenue collections from sales of goods & services increased to Afs 1.1 billion compared to Afs 822 million in Q3 1388, which shows an increase of almost 29 percent. Afs 340 million extra or 47% was collected from Mobile Telephone Services for YTD third quarter 1389 compared to the same period last year.

Figure 2.5 – Non-tax revenues

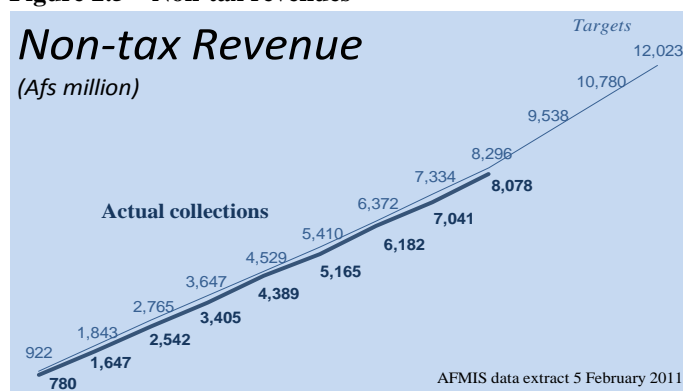
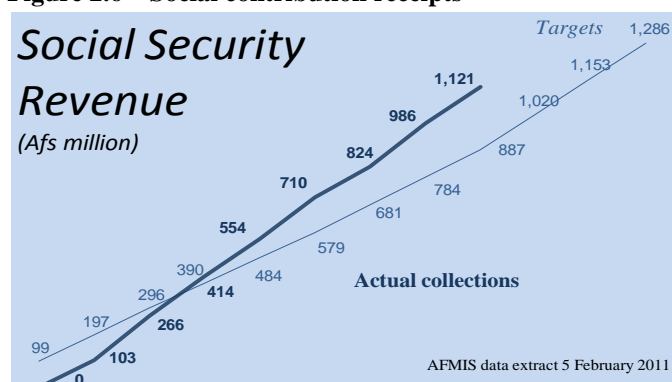


Figure 2.6 – Social contribution receipts



2.6 Social Contributions

Social contributions include government employee contributions for retirement and pension purposes to fund the social well being of retired employees in the future. In third quarter 1389, revenue collections from social contributions were Afs 411 million compared to Afs 212 million for the same period last year. Total YTD collections were Afs 1.1 million in the third quarter 1389 compared to the target of Afs 887 million, which shows an increase of 26 percent compared to YTD target, (Afs 887 million).

2.7 Domestic Revenues by Collection Agency

Table 2.3 – 1389 Revenues by Collection Agency

(In millions of Afghanis)											
	Total Revenues			Taxation Revenues		Customs Duties		Non Tax Revenues		Other Revenues	
	1388	1389	%	1388	1389	1388	1389	1388	1389	1388	1389
	Qtr 3	Qtr 3	Increase	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3
	Actual	Prelim		Actual	Prelim	Actual	Prelim	Actual	Prelim	Actual	Prelim
	YTD	YTD		YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
11 TOTAL REVENUE	43,734.6	57,596.4	31.7	20,646.1	27,541.0	15,371.7	20,498.5	6,995.2	8,078.2	721.6	1,478.8
Ministry of Finance	38,347.9	49,891.9	30.1	20,478.4	26,627.2	15,371.7	20,460.3	2,647.3	2,090.8	-149.5	713.6
Mustofiat (1)	4,482.9	4,036.4	-10.0	2,596.0	2,259.9	0.0	0.0	2,037.4	1,175.2	-150.5	601.3
Customs (1)	25,351.6	33,115.4	30.6	9,492.7	11,844.6	15,371.7	20,460.3	487.2	798.6	0.0	11.8
Large Taxpayer Office (LTO)	5,773.4	8,549.0	48.1	5,746.5	8,515.6	0.0	0.0	26.9	31.8	-0.0	1.6
Medium Taxpayer Office	2,738.9	4,058.1	48.2	2,643.2	4,006.4	0.0	0.0	95.7	51.6	-0.0	0.1
Small Taxpayer Office	0.0	0.6	0.0	0.0	0.6	0.0	0.0	0.0	0.0	0.0	-0.0
Other Ministry of Finance	1.1	132.4	12,465.9	0.0	0.0	0.0	0.0	0.1	33.5	1.0	98.8
Total taxation collections by ARD (2)				11,153.4	15,696.4						
Total LTO collections as % of total taxation collections by ARD				51.8	54.5						
Other Ministries	5,386.7	7,704.5	43.0	167.7	913.9	0.0	38.1	4,347.9	5,987.4	871.1	765.2
Ministry of Transport and Aviation	2,022.7	2,444.4	20.8	0.0	1.2	0.0	0.0	2,022.6	2,443.2	0.1	0.0
Ministry of Interior	1,059.2	1,971.3	86.1	153.2	968.7	0.0	0.0	501.3	990.0	404.7	12.7
Ministry of Communication	806.4	1,161.6	44.1	0.0	0.0	0.0	0.0	806.3	1,153.8	0.1	7.9
Ministry of Foreign Affairs	505.1	531.9	5.3	0.0	0.0	0.0	0.0	505.0	530.1	0.1	1.8
Ministry of Martyrs, Disabled and Social A	453.5	678.9	49.7	0.0	0.0	0.0	0.0	118.9	119.1	334.7	559.8
Other Budgetary Units	539.7	916.3	69.8	14.5	-56.0	0.0	38.1	393.8	751.1	131.4	183.1

Source: FPU using AFMIS data downloaded on the 5 February 2011

(1) All revenue collections for Object codes 11106,11107,11109,11110,11404,12000-12007,13331,13348 have been reallocated to the Customs office given these revenues are collected at the border, however in AFMIS these revenues are sometimes allocated under Mustofiat.

(2) Afghanistan Revenue Department taxation revenues (ARD) are measured as total taxation revenues minus Customs Office taxation revenues

Table 2.3 shows what revenue agencies have been responsible for the changes in revenue collections between Q3 1388 and Q3 1389. Of the overall increase of Afs 13.9 billion in revenues:

- The Customs Office has collected an additional Afs 7.8 billion in revenues (or 56% of the total increase). This is made up of an additional Afs 2.4 billion in taxation revenues (such as the 2% Business Receipts Tax on imports) and Afs 5.1 billion in custom duties.
- The Large Taxpayers Office (LTO) and Medium Taxpayers Office (MTO) have been responsible for collecting Afs 2.7 billion and Afs 1.3 billion in additional revenues respectively in 1389.
- Government Ministries collected an additional Afs 2.3 billion in revenues, made up of an additional Afs 0.9 billion from the Ministry of Interior and Afs 0.4 billion from the Ministry of Transport and Aviation. This is mainly made up of increases in non-tax revenues.

2.8 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).

Total YTD grants for third quarter 1389 are Afs 59.0 billion. This has increased by Afs 13.6 billion or by 30.1 percent compared to Afs 45.3 billion by YTD third quarter 1388. Grants are around 51 percent of total revenues and grants for the YTD.

Operating Grants

The Government's main goal is to attain fiscal sustainability. This means that the Government proposes to gradually takeover more responsibility for financing its operating budget through internal revenues, and depend less on donor grants.

Operating budget grants in 1389 are budgeted to be around Afs 52.1 billion. Operating budget grants receipts in third quarter 1389 were Afs 12.7 billion and Afs 39.3 billion for the YTD in Q3 1389. However, in the same period in 1388, grants were Afs 6.1 billion for the quarter and Afs 22.7 billion for the YTD, an increase of 110 percent and 73 percent respectively.

These grants consist of Afghanistan Reconstruction Trust Fund (ARTF) - Afs 10 billion, Law & Order Trust Fund (LOTFA) - Afs 19 billion and Combined Security Transitional Command for Afghanistan (CSTC-A)- Afs 10.3 billion. This is an increase of 41%, 108% and 76% respectively compared to YTD in third quarter 1388. The increase in LOTFA and CSTC-A grants is mainly caused by the increase in the number of ANA and ANP.

Figure 2.7 - Operating grants revenue

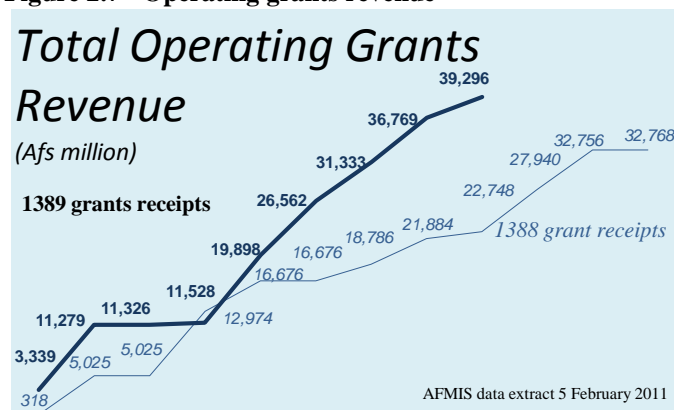


Table 2.4 - Operating grants, Afs millions

(Code)		1388 Qtr 3 Qtr	1388 Qtr 3 YTD	1388 % of Total	1389 Qtr 2 Qtr	1389 Qtr 3 Qtr	1389 Qtr 3 YTD	1389 % of Total
10001	Afghanistan Reconstruction Trust Fund (ARTF)	0	7,103	32%	6,664	0	9,994	25%
10002	Law & Order Trust Fund (LOTFA)	3,124	9,119	41%	5,579	8,042	18,976	48%
10004	Combined Security Transitional Command Afghanistan (CSTC-A)	2,366	5,839	26%	2,990	4,640	10,269	26%

AFMIS data extract 5 February 2011

Development Grants

Development grants have decreased in 1389 compared to 1388 due to the lower execution of the development budget. Total development budget grants receipts for the third quarter 1389 were Afs 6.9 million, whereas in third quarter 1388 development grants were Afs 8.6 billion. Similarly, YTD grants in 1389 were Afs 19.7 billion and Afs 22.6 billion in 1388.

Table 2.5 shows the largest development grants receipts in third quarter 1389.

- Asian Development Bank provided Afs 1.1 billion for the Hairatan to Mazar-i-Sharif railway project. This railway is expected to have a significant economic impact, as a large majority of Afghanistan's imports pass through Hairatan. In addition this will facilitate traders exporting and importing goods through the Uzbekistan border at lower cost. ADB also provided Afs 435 million to the North-South Corridor Project in order to support social development, provide access to road transport for the central mountain region and facilitate North-South transit traffic.

- The ARTF provided Afs 939 million for the Education Quality Improvement Project. The objective of this project is to provide equal opportunity for basic quality education for children, particularly for girls. In addition, the grant provides training for the teachers and for capacity building. An additional Afs 376 million was provided for the Afghanistan Emergency National Solidarity Project.
- The USA provided Afs 345 million for the Health Services Programme. This project will provide basic health services throughout the country up to district levels, comprehensive health centres, clinics and around 5000 health posts.

Figure 2.8 - Development grants revenue

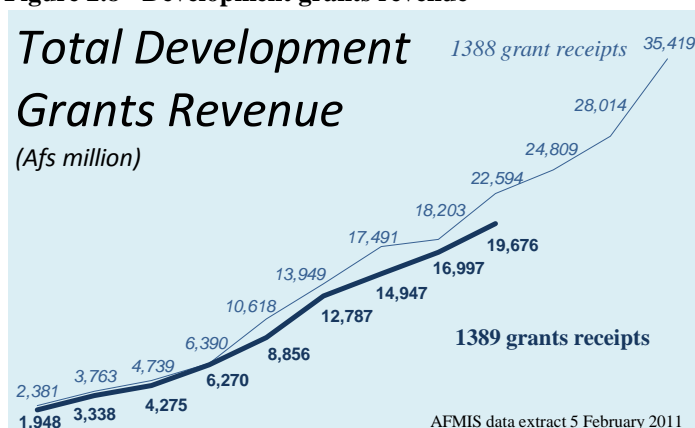


Table 2.5 - 10 largest development grant receipts in Q3 1389, Afs million

0161-Hairatan To Mazar E Sharif Railway Project	Asian Development Bank	1,118
93962-Second Education Quality Improvement Project	ARTF	939
Primary Education Program Support (Moe) - Denmark	Multi Donor Grants	723
0054-North - South Corridor Project	Asian Development Bank	435
Italian Support To Afghan Microfinance And Enterprises Project	Multi Donor Grants	389
90205-Afghanistan: Emergency National Solidarity Project II	ARTF	376
GAVI Health System Strengthening	Multi Donor Grants	360
MOPH Partnership Contracts For Health Services Program (SOAG 306-07-00 II#7)	US & USAID	345
TF095297- National Emergency Rural Access Project	ARTF	313
Donation Of Agricultural Commodities	US & USAID	162

AFMIS data extract 5 February 2011

3 CORE BUDGET EXPENDITURES

Table 3.1 – 1389 Q3 expenditures

Code (In millions of Afghani)		1388 Qtr 3 Actual	1388 Qtr 3 YTD	1389 Qtr 1 Prelim	1389 Qtr 2 Prelim	1389 Qtr 3 Prelim	1389 Qtr 3 YTD	Comparison to Budget			1389 Com 1388
								Revised Budget	Current Allocated Budget (4)	% Allocated Budget	Change
2	TOTAL GROSS EXPENDITURES	30,788.8	86,792.7	21,637.0	41,314.4	37,772.5	100,724.0	231,749.6	231,749.6	43.5	13,931.3
	Operating Budget	18,330.1	56,408.6	18,777.1	27,502.8	26,105.5	72,385.4	119,849.4	119,849.4	60.4	15,976.8
	Development Budget	12,458.6	30,384.2	2,860.0	13,811.6	11,667.0	28,338.7	111,900.2	111,900.2	25.3	-2,045.5
	Discretionary Budget	3,153.3	6,235.3	617.5	1,888.8	2,805.2	5,311.5	25,714.3	25,714.3	20.7	-923.8
	Non-discretionary Budget	9,305.4	24,148.8	2,242.5	11,922.8	8,861.9	23,027.2	86,185.9	86,185.9	26.7	-1,121.7
2*	TOTAL NET EXPENDITURES (2)	30,777.2	86,762.6	21,567.0	41,303.2	37,758.7	100,628.9				13,866.2
2-25	RECURRENT EXPENDITURES	22,360.7	64,964.6	20,260.0	32,408.7	30,250.8	82,919.5	N/A	173,659.4	47.7	17,954.9
21	Compensation of Employees	13,627.9	42,258.4	15,759.3	21,953.5	20,629.9	58,342.7	90,157.2	81,186.2	71.9	16,084.3
	Operating Budget	13,627.9	42,258.4	15,759.3	21,953.5	20,629.9	58,342.7	90,157.2	81,186.2	71.9	16,084.3
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0
22	Use of Goods and Services	7,156.5	18,753.5	3,122.8	8,429.2	8,102.4	19,654.4	N/A	82,849.2	23.7	901.0
	Operating Budget	3,439.3	9,618.5	1,575.0	3,681.7	3,681.0	8,937.6	17,315.1	16,405.3	54.5	-680.9
	Development Budget	3,717.2	9,134.9	1,547.8	4,747.5	4,421.4	10,716.8	N/A	66,443.9	16.1	1,581.9
23	Interest (1)	39.6	93.2	33.2	4.2	34.8	72.2	300.0	300.0	24.1	-21.0
	Operating Budget	39.6	93.2	33.2	4.2	34.8	72.2	300.0	300.0	24.1	-21.0
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0
24	Subsidies and Transfers	1,536.7	3,859.5	1,344.7	2,021.8	1,483.7	4,850.2	9,324.0	9,324.0	62.0	990.6
	Operating Budget	1,536.7	3,840.0	1,344.7	1,605.5	1,483.7	4,433.8	9,324.0	9,324.0	47.6	593.8
	Development Budget	0.0	19.5	0.0	416.3	0.0	416.3	0.0	0.0	N/A	396.8
25	ACQUISITION OF ASSETS										
25	Gross Acquisition of Nonfinancial Assets	8,428.0	21,828.1	1,377.0	8,905.7	7,521.8	17,804.5	N/A	47,040.4	37.8	-4,023.6
	Operating Budget	-313.4	598.4	64.8	258.0	276.2	599.0	2,753.0	1,631.6	36.7	0.6
	Development Budget	8,741.5	21,229.7	1,312.2	8,647.8	7,245.6	17,205.5	N/A	45,408.8	37.9	-4,024.2
25*	Net Acquisition of Nonfinancial Assets (2)	8,416.4	21,798.0	1,306.9	8,894.5	7,507.9	17,709.3			N/A	-4,088.7
	Operating Budget	-325.0	568.3	-5.2	246.7	262.3	503.8			N/A	-64.5
	Development Budget	8,741.5	21,229.7	1,312.2	8,647.8	7,245.6	17,205.5			N/A	-4,024.2

Source: FPU using AFMIS data downloaded on the 5 February 2011

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 Revised Budget 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/ Total allocated budget is the same as the Budget ceiling. However, 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 for interest (code 23) and subsidies and transfers (code 24).

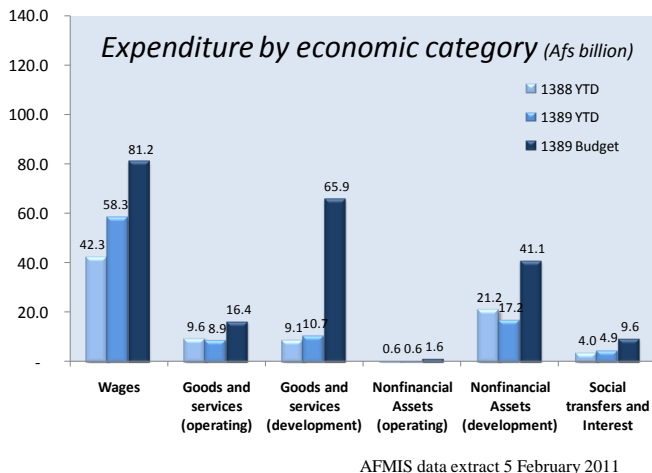
3.1 Overview of Core Budget and Expenditures

The total core budget consists of operating and development budgets. The total original operating and development budgets for the 1389 were Afs 116.2 billion and Afs 99.2 billion respectively. During 1389, the development budget has been increased to 111.9 billion, and the operating budget has been increased to Afs 119.9 billion.

The increase in the development budget was due to the inclusion of additional unspent funding from the 1388 fiscal year. The increase in the operating budget was mainly due to the further expansion in the Afghan National Police to 122,000 (from the 109,000 originally expected in the original 1389 Budget). This has added Afs 3.5 billion to the operating budget, of which Afs 2.4 billion was for wage-related spending, Afs 486 million was for goods and services and Afs 657 million was for capital.

The YTD Q3 core budget expenditures were Afs 100.7 billion of which Afs 72.4 billion were operating budget expenditures. In 1389 only 43.5% of the core budget has been spent so far. Comparing the core budget expenditures with YTD 1388, expenditures grew by around Afs 16.0 billion.

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



3.2 Operating Budget by Economic Category

The YTD Q3 1389 operating budget expenditures were Afs 72.4 billion or 60.4% of the total operating budget for the entire year. While the YTD operating budget expenditures as at the same quarter last year were Afs 56.4 billion. The increase of Afs 16.0 billion is entirely due to increased spending on wage expenditures.

It is likely that more than 90% of the operating budget will be spent by the end of the current fiscal year. Spending accelerates in the last quarter. For example, in 1388, 35% of total operating budget expenditures for the year were spent in the final quarter of 1388.

Compensation of Employees

Compensation of employees includes wages, salaries, food for employees, and advance payments. The budget has been increased by Afs 2.4 billion during 1389 due to the expansion of the Afghan National Police to 122,000 by the end of 1389. This increase has been totally funded by CSTC-A and LOTFA. There was also an increase of the Ministry of Justice budget of Afs 44 million, which was also funded by LOTFA.

YTD Q3 1389 expenditure on compensation of employees was Afs 58.3 billion. This is 72% of the current annual allocated budget of Afs 81.2 billion. The current allocated budget is less than the revised budget of Afs 90.2 billion (including contingency reserves) because it excludes contingency reserves which have not yet been transferred to the budgets of line ministries.

1389, Q3 YTD expenditures were Afs 16.1 billion more (or 38%) than expenditures in 1388. Increased spending on wages and salaries reflects the increases in the 1389 Budget for wages. This has been mainly due to the additional forces of ANP and ANA, the recruitment of additional teachers, and the implementation of Pay and Grading reform. Wages and salaries expenditure in the Ministry of Interior, Ministry of Defense and Ministry of Education increased by Afs 6.4 billion, Afs 6.6 billion, and Afs 1.8 billion respectively compared to 1388 YTD wages and salaries expenditures. Together, these accounted for 92% of the Afs 16.1 billion increase in wages expenditure.

Goods and Services

This category includes repairs and maintenance, utilities, fuel, communications and travel. The current allocated budget for this category is Afs 16.4 billion. So far 54.5% of the allocated budget has been spent. The year to date expenditures on Goods and Services for Q3 1389 were Afs 8.9 billion. It is Afs 681 million less than by the same quarter last year (1388). The total expenditures on Goods and Services in the third quarter were Afs 3.7 billion or 7% more than what was spent in the same quarter last year. Given the low budget execution, it is more than likely that the total budget target will not be spent by the end of the year.

The main reason for the decrease is less expenditure on repairs and maintenance (Afs 155 million less) and fuel (Afs 891million less). However, across Ministries there were some large changes in expenditure versus YTD Q3 1388. For example, expenditure decreased by Afs 808 million and Afs 216 million in the Ministry of Agriculture and Ministry of Rural Rehabilitation and Development respectively. On the other hand, expenditures increased by Afs 310 million and Afs 223 million in the Ministry of Defense and the Ministry of Education respectively.

Figure 3.2 - Compensation of employees

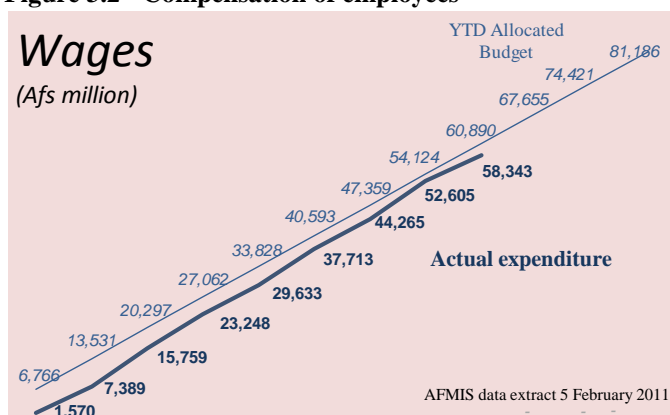
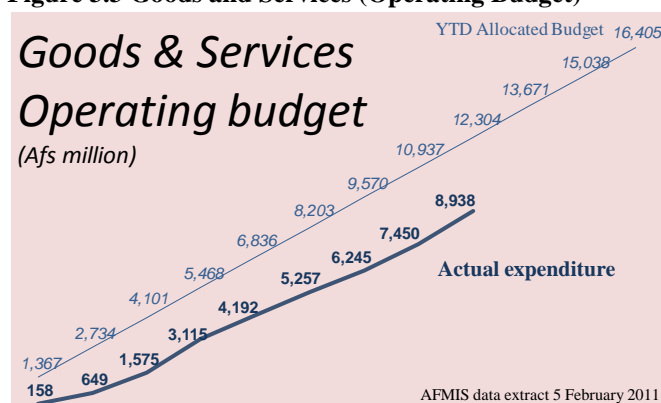


Figure 3.3 Goods and Services (Operating Budget)



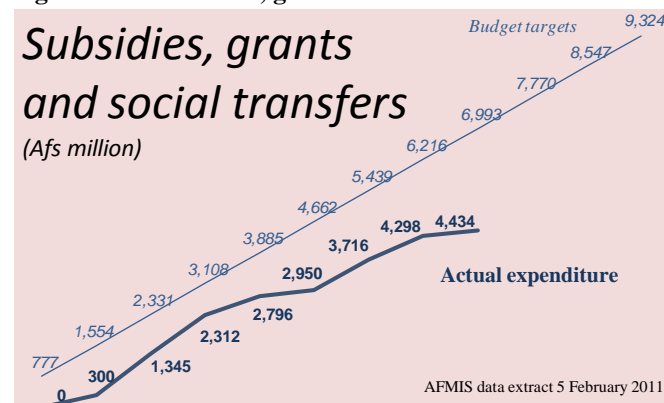
Subsidies, Grants, Social Transfers

This category includes Subsidies, Grants, Social Security and other Social Transfers. The estimated budget for this category is Afs 9.3 billion. The YTD Q3 expenditures on subsidies, grants and social transfers in 1389 were Afs 4.4 billion or 47.6% of its total allocated budget. The YTD expenditures by the same quarter last year were Afs 3.8 billion or 15.5% less than what was spent by Q3 of 1389.

This higher spending was due to an increase in social security expenditures of Afs 675.5 million, which was due to the increase in pensions paid to families of martyrs. Expenditures on pension for the disabled have also increased by around Afs 52 million. These increases are due to the increase in the budget for this category of Afs 1.1 billion in the 1389 Budget in

order to pay for the increase in these pension benefits for the families of martyrs and the disabled.

Figure 3.4 – Subsidies, grants and social transfers



Interest Payments

A small portion of the National Budget is financed by external loans. These loans are on highly concessional rates. Each year Government allocates a separate budget to pay interest on these concessional loans. For Q3 1389, YTD and quarterly expenditures on interest payments were Afs 34.8 million and Afs 72.2 million respectively, compared to Afs 39.6 million and 93.2 million for the same periods last year.

Acquisition of Non-Financial Assets

Expenditure of the Acquisition of Non- Financial Assets is mainly included in the development budget, and only a small amount is spent from the operating budget in this category. The YTD expenditures in Q3 1389 on Acquisition of Non-Financial Assets were Afs 599 million while YTD expenditures in same quarter last year were nearly the same (Afs 598 million).

3.3 Operating Budget by ANDS sector and Ministry

The Afghanistan National Development Strategy (ANDS) is the Government strategy for development to reduce poverty, accelerate economic growth and improve security and governance. The National Budget is aligned with ANDS priorities. It has eight sectors which cover all the ministries and budgetary units.

Figures 3.5 and 3.6 show the changes in expenditures by sector between 1388 and 1389 and Table 3.2 shows the changes in operating expenditures for the largest ten ministries. It can be seen that the ten largest Ministries have been responsible for 81% of YTD expenditures from the operating budget.

Figure 3.5 – Operating Budget Expenditure by ANDS category (1388 Q3 YTD, Afs millions)

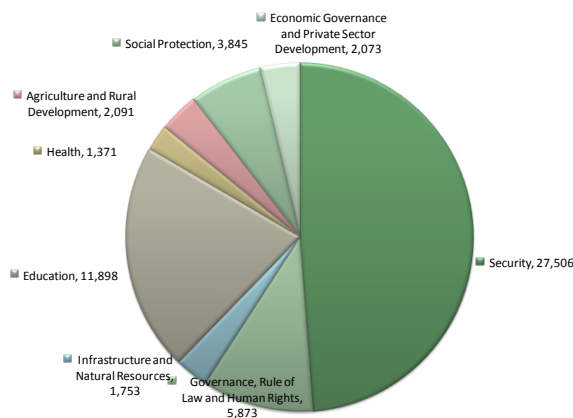


Figure 3.6 – Operating Budget Expenditure by ANDS category (1389 YTD, Afs millions)

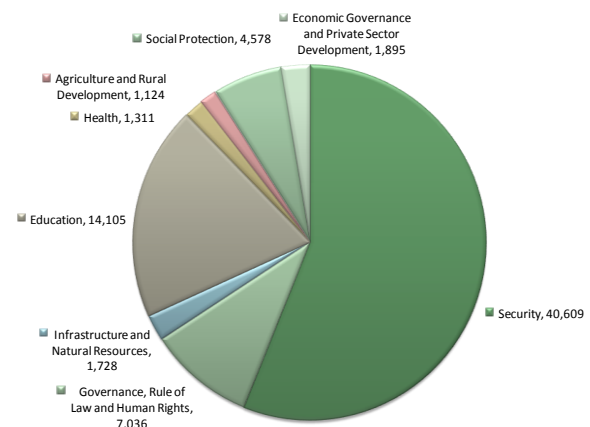


Table 3.2 – Operating Expenditures: Largest Ten Ministries (1388 and 1389 YTD)

(In millions of Afghanis)													
	Total Operating Expenditures					Compensation of Employees		Goods and Services		Gross Acquisition of Non-financial assets		Other Expenditures (1)	
	1388	1389	%	Current	Execution	1388	1389	1388	1389	1388	1389	1388	1389
	Qtr 3	Qtr 3	Increase	allocated	Rate	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3	Qtr 3
	Actual	Prelim		Budget	(1389	Actual	Prelim	Actual	Prelim	Actual	Prelim	Actual	Prelim
	YTD	YTD		1389	YTD %)	YTD	YTD	YTD	YTD	YTD	YTD	YTD	YTD
TOTAL	56,408.6	72,385.4	28.3	119,849.4	60.4	42,258.4	58,342.7	9,618.5	8,937.6	598.4	599.0	3,933.2	4,506.0
Ministry of Interior	11,868.4	18,046.7	52.1	25,901.3	69.7	10,852.0	17,249.5	955.0	708.4	61.3	88.8	0.0	0.0
Ministry of Education	10,095.2	12,161.3	20.5	19,070.6	63.8	9,339.6	11,169.7	736.9	959.4	18.7	32.3	0.0	-0.0
Ministry of Defence	11,872.8	18,766.7	58.1	24,282.0	77.3	11,087.9	17,735.1	626.8	936.9	158.1	94.7	-0.0	0.0
General Directorate of National Security	1,898.3	2,036.8	7.3	2,713.1	75.1	1,431.1	1,558.5	467.2	478.3	0.0	0.0	-0.0	0.0
Ministry of Foreign Affairs	1,319.7	1,097.4	-16.8	2,389.7	45.9	685.3	504.5	620.1	580.1	14.2	12.9	-0.0	0.0
Ministry of Higher Education	1,147.9	1,301.7	13.4	1,863.0	69.9	714.6	796.2	425.3	494.1	8.0	11.4	-0.0	0.0
Ministry of Public Health	1,370.6	1,311.4	-4.3	2,138.9	61.3	811.8	890.6	548.7	410.6	10.0	10.1	-0.0	-0.0
Independent Directorate of Local Governance	1,071.2	1,194.1	11.5	2,013.4	59.3	606.6	663.3	458.4	448.8	6.2	82.0	0.0	0.0
Ministry of Finance	1,512.9	1,457.5	-3.7	2,017.3	72.2	484.1	585.5	277.2	628.9	113.5	22.2	638.1	220.9
Presidents Office	806.4	918.6	13.9	1,349.7	68.1	523.2	606.0	268.8	291.6	14.5	21.0	0.0	-0.0
Other Ministries	13,445.3	14,093.1	4.8	36,110.3	39.0	5,722.2	6,583.8	4,234.2	3,000.5	193.8	223.7	3,295.2	4,285.1

Source: FPU using AFMIS data downloaded on the 5 February 2011

(1) Interest, and Subsidies and Transfers

Security

Security is the largest sector in the operating budget. The revised 1389 budget for this sector (including contingency funds) is Afs 64.0 billion, of which Afs 56.1 billion has currently been allocated to the budgets of line Ministries. The 1389 YTD Q3 operating expenditure of the sector for the year 1389 was Afs 40.6 billion or 72% of the total allocated budget. Compensation of employees in the security sector increased by Afs 13.1 billion for 1389 YTD Q3 compared to 1388 YTD Q3. The main reason for these increases is more salaries, wages and other operating expenditures for the increased size of ANA and ANP.

- **Ministry of Defense (MoD)** has the highest operating expenditure than any other ministry in 1389. The YTD Q3 1389 operating budget expenditure was Afs 18.8 billion or 58% more than the YTD operating expenditure of the same stage of 1388. It is mainly due to an increase in the size of ANA (from 109,000 in 1388 to 150,000 in 1389), and hence more wages and salaries have to be paid for the additional soldiers. Compensation of Employees constitute the largest portion of the total operating expenditure of the ministry which is Afs 17.7 billion or 95% of its total 1389 operating expenditures. This is because a large proportion of the equipment requirements of the Ministry of Defense, such as fuel and ammunition, are directly funded by donors. However, goods and services expenditures also increased by Afs 310.1 million.
- **Ministry of Interior** has the second largest operating expenditures (after MoD) in 1389. The YTD Q3 1389 operating budget expenditures were Afs 18.0 billion or 52% more than the YTD expenditures of 1388. This is due to an increase in the recruitment of Afghan National Police forces in 1389 (from 96,800 in 1388 to 122,000 in 1389). 96% of the operating budget was paid for the compensation of employees. Goods and services expenditure decreased by Afs 247 million.

Education

After Security, Education is the second largest sector in the operating budget for 1389. The current allocated budget of this sector (exclusive of contingencies) is Afs 21.7 billion and accounts for 18% of the total operating budget of the Government. The YTD Q3 operating expenditure of this sector was Afs 14.1 billion or 18.6% more than the YTD operating expenditure of 1388. These increases are due to an increase in total number of teachers and implementation of Pay and Grading Reform.

The Ministry of Education is the largest spending ministry with year to date expenditures of Afs 12.2 billion or 86 percent of the total YTD expenditures of that Sector. It is mainly due to increased wages and salaries paid to teachers from the rapid implementation of Pay and Grading Reforms in the Ministry of Education. Around 42,000 teachers entered the new system by the end of 1388, another 29,000 at the start of 1389, and another 54,000 are due to enter the new system throughout 1389.

Other Sectors:

The YTD Q3 1389 operating budget expenditures of **Governance, Rule of Law and Human Rights** sector was Afs 7.0 billion, while the YTD expenditures of same sector in 1388 were Afs 5.8 billion or 20.5 % less than what has been spent this year.

The YTD operating expenditures in the **Social Protection** sector were Afs 4.6 billion (20% increase on 1388), the **Economic Governance** sector spent only Afs 1.9 billion (8.6% decrease on 1388), the **Infrastructure & Natural Resources** sector spent only Afs 1.7 billion (1% decrease on 1388), and the **Health** sector spent Afs 1.3 billion (4% decrease on 1388).

The **Agriculture & Rural Development** sector spent Afs 1.1 billion, which is a 46% or Afs 967 million decrease on 1388 expenditures. This is mainly due to reduced goods and services expenditure in the Ministry of Agriculture, which was Afs 808 million less than the same stage of 1388.

3.4 Development Budget by economic category

The total development budget for the year 1389 was Afs 99.2 billion, which was increased to Afs 111.9 billion as a result of funds that were unspent from the 1388 budget. The final development budget has been reduced by around Afs 7 billion compared to the final development budget of last year (Afs 118 billion). One reason for the decrease was that it was felt necessary to ensure that the budget was set at a more realistic level to improve development budget execution rates.

Note that the published budget document does not include a breakdown of expenditure between the different economic categories of expenditure (goods and services, acquisition of assets etc). The overall budget ceiling is allocated to the different categories of expenditure during the fiscal year.

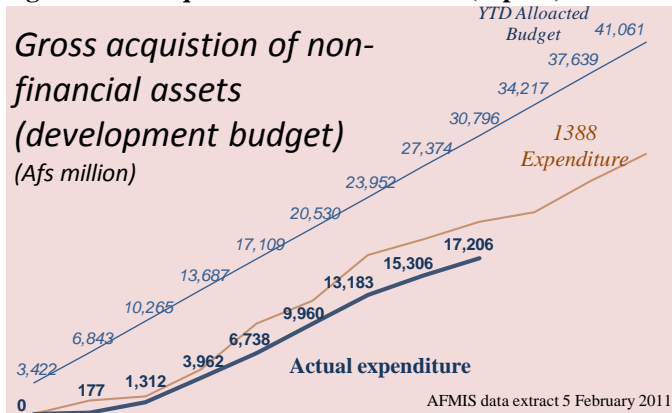
In this Bulletin, a more detailed review of development budget expenditure by sector, Ministry and project is contained in the following chapter. A summary of expenditure by economic category is provided below.

Acquisition of Non-financial Assets

A larger proportion of expenditure on the Acquisition of Non-Financial Assets is spent from the development budget, and a smaller proportion is spent from the operating budget. These expenditures are made up of construction of dwellings, roads, buildings, water supplies and other structures.

The YTD Q3 1389 expenditures in this category were Afs 17.2 billion or 42% of the current allocated budget. Comparing this with YTD expenditures of last year, expenditures are Afs 4 billion less.

Figure 3.7 – Acquisition of non-financial (capital) assets



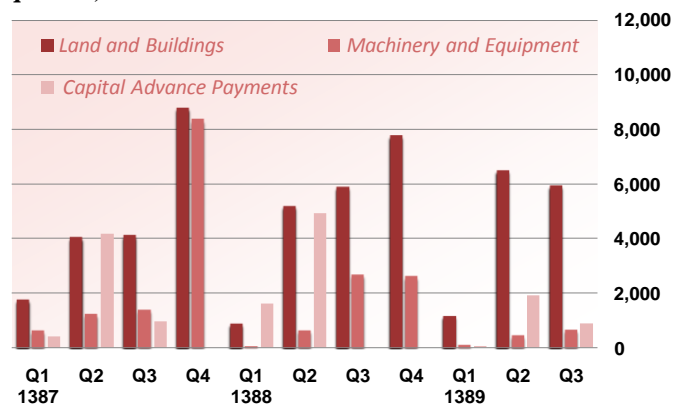
Goods and services

This category includes expenditures on fees for consulting firms, engineering and design services, services of non-government organizations, tools and materials for project implementation, project management services and some administrative fees for implementing development projects.

The YTD Q3 1389 expenditures on Goods and Services in the development budget were Afs 10.7 billion or 16% of its allocated budget. The YTD expenditures for the same quarter last year were Afs 9.1 billion (Afs 1.6 billion less than the current year).

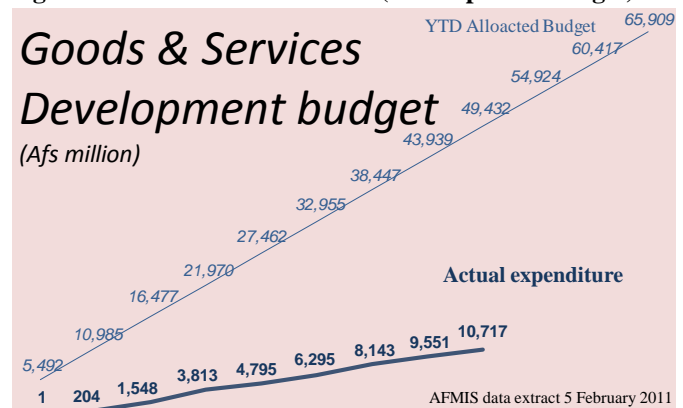
The expenditures on this category are relatively higher in the fourth quarter as most of the contractors are paid in fourth quarter for their services. In 1388, 39% of annual expenditures were paid in the fourth

Figure 3.8 - Acquisition of non-financial assets by quarter, Afs millions



quarter, compared to 26% for the acquisition of non-financial assets.

Figure 3.9 – Goods and Services (Development Budget)



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. In comparison, 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). If there are any net sales of non-financial assets, the public sector borrowing requirement will be higher than the core budget balance.

Figure 4.1 shows that government savings were Afs 2.3 billion in Q3 1389 compared to Afs 2.1 billion in Q2. One main reason for the improvement was due to the decline in expenditures because of lower execution in the development budget. In comparison, in Q3 1388 there was a deficit of Afs 1.0 billion. The savings have been allocated to the Government Treasury Single Account and other accounts which will be used for expenses in the upcoming quarters. Year to date Government savings are Afs 15.9 billion, compared to Afs 2.3 billion at the same stage last year.

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

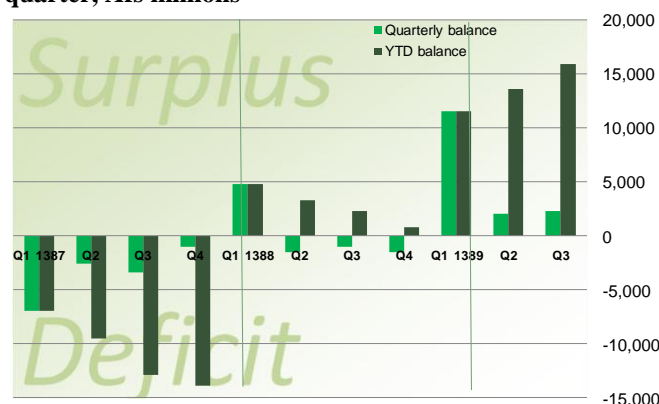
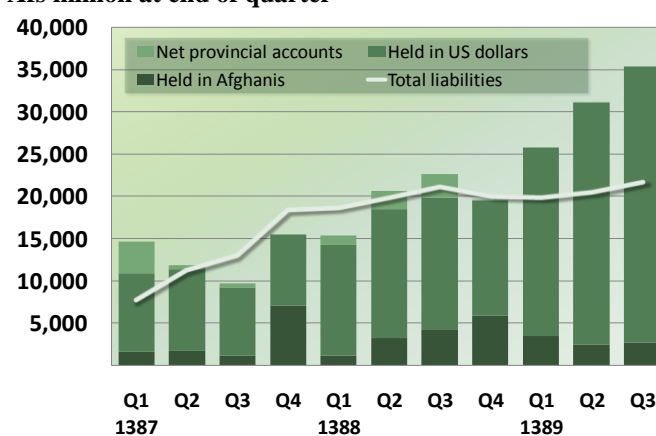


Figure 4.2 - Balance of Treasury Single Account, Afs million at end of quarter



4.2 Treasury Single Account (TSA)

Figure 4.2 represents the changes in the Treasury Single Account (TSA) between 1387 and 1389. It is likely that balances increase if there is a surplus and decrease if there is deficit. However, liabilities are also important for the movement in the TSA, where some of the funds may be used to pay outstanding loans and arrears. The Treasury Single Account for the Q3 1389 stood at Afs 35.9 billion, which shows an increase of Afs 4.4 billion compared to the second quarter of 1389. In addition, liabilities have increased by almost Afs 1.2 billion compared to the end of the second quarter 1389.

5 A Closer Look at the Development Budget Execution:

Improving development budget execution is one of the key areas of reform commitment the Government of the Islamic Republic of Afghanistan signed up to at the July 2010 Kabul International Conference on Afghanistan.

“Budget execution has increased by 10-20% annually over the medium-term (compared to the amount of executed budget for the previous year) through focused capacity development in planning and procurement practices at the provincial level and in line ministries.”

Source: GIROA PFM Roadmap July 2010

Improvements in development budget execution are critical for several reasons. Firstly, low development budget execution slows down economic activity in the economy as it directly reduces the flow of investment into the economy. Low budget execution discourages donors from channelling their development assistance through the core budget, whilst also weakening the Government's ownership of funds. It can thus lead to the risk of misalignment between donor funds and the Afghanistan National Development (ANDS) priorities. This in turn can negatively affect the pace of economic development in the country.

Before reviewing development budget execution in the main sectors and Ministries, it is also important to highlight that robust execution rates are not a sufficient condition for funding to be spent effectively. Funding may be spent in the wrong places or in the wrong way. Therefore, in conjunction with reform action to improve execution rates, the Government is introducing results based program budgeting. Program budgeting attempts to link public expenditure with the priorities of the ANDS. This will focus of budget implementation on the achievement of outputs/service delivery outcomes rather than the inputs based focus of the old Line Item based budgeting system.

1389 Budget

The original development budget approved for 1389 was Afs 99 billion. The subsequent supplementary budget and other revisions increased the final amount to Afs 111.9 billion. Development Budget execution data for the first three quarter shows that line ministries spent only Afs 28 billion of the total budget, making the development budget execution only 25% of the annual budget. This low rate is similar to the development budget execution rate of 26% at the end of the third quarter of 1388.

However, in absolute terms, the development budget execution in the first three quarters of 1389 is nearly Afs 2 billion lower than the Afs 30 billion executed at the same time in 1388. This contradicts the commitment of the Government under the PFM road map to improve development budget execution by at least 10% compared to what was spent on development projects in the previous year. At the moment the Government is spending less in absolute terms compared to what was spent on development projects last year. To improve development budget execution by at least 10% on the 1388 level (Afs 43 billion), expenditure would need to reach Afs 48 billion by the end of 1389. This means that development expenditure would need to increase by around Afs 20 billion in the final quarter. This is unlikely to occur.

Given the largest four ANDS sectors in the development budget (Infrastructure & Natural Resources, Agriculture & Rural Development, Education, and Economic Governance & Private Sector Development) constitute 83% of the total development budget (including supplementary budget) this article will focus on the performance of these sectors.

Table 5.1 highlights development budget execution in 1388 and 1389 (after 9 months) for every sector, and the Ministries with the largest budgets in these sectors.

Table 5.1: Development Budget Execution by Sector and largest Ministries

Sectors/ Ministry	1388				1389				
	Budget	Expenditure	Execution	% of Total	Budget	Expenditure	Execution	Unspent	% of Total
	Afs million	(9 months)	Rate	Unspent	Afs million	(9 months)	Rate	budget after	Unspent
			Percentage	Budget			Percentage	9 months	Budget
TOTAL DEVELOPMENT BUDGET	118,853.1	30,384.2	25.6%		111,900.2	28,338.7	25.3%	83,561.5	
Total Largest 50 Projects	N/A	N/A	N/A	N/A	73,529.8	20,913.3	28.4%	52,616.5	63.0%
Infrastructure	47,751.4	9,541.5	20.0%	43.2%	48,067.6	13,401.4	27.9%	34,666.2	41.5%
Ministry of Public Works	23,897.9	4,936.0	20.7%	21.4%	23,514.1	8,320.9	35.4%	15,193.2	18.2%
Ministry of Energy & Water	12,501.8	2,260.2	18.1%	11.6%	14,365.7	2,931.5	20.4%	11,434.2	13.7%
Ministry of Urban Development	3,732.5	648.3	17.4%	3.5%	3,095.9	720.6	23.3%	2,375.3	2.8%
Municipalities	2,882.7	665.3	23.1%	2.5%	2,149.2	430.4	20.0%	1,718.7	2.1%
Ministry of Communication	1,220.8	418.0	34.2%	0.9%	1,679.6	255.4	15.2%	1,424.2	1.7%
Ministry of Mines	1,543.6	302.2	19.6%	1.4%	1,696.3	361.9	21.3%	1,334.4	1.6%
Ministry of Transport and Aviation	1,838.0	278.3	15.1%	1.8%	1,486.3	373.0	25.1%	1,113.3	1.3%
Other Ministries	134.1	33.2	24.8%	0.1%	80.5	7.6	9.4%	73.0	0.1%
Agriculture and Rural Development	32,199.4	11,628.6	36.1%	23.3%	27,329.3	5,226.4	19.1%	22,102.9	26.5%
Ministry of Rural Rehabilitation & Development	27,042.0	10,835.5	40.1%	18.3%	21,139.0	3,991.2	18.9%	17,147.9	20.5%
Ministry of Agriculture	4,582.7	597.0	13.0%	4.5%	5,768.3	1,155.9	20.0%	4,612.4	5.5%
Other Ministries	574.8	196.1	34.1%	0.4%	422.0	79.4	18.8%	342.6	0.4%
Education	13,428.9	4,264.5	31.8%	10.4%	12,327.3	4,226.6	34.3%	8,100.7	9.7%
Ministry of Education	10,247.9	3,119.1	30.4%	8.1%	9,986.8	3,600.4	36.1%	6,386.5	7.6%
Other Ministries	3,181.0	1,145.4	36.0%	2.3%	2,340.4	626.2	26.8%	1,714.2	2.1%
Economic Governance and Private Sector Development	8,648.2	851.1	9.8%	8.8%	5,678.9	1,324.6	23.3%	4,354.3	5.2%
Ministry of Finance	6,191.3	562.5	9.1%	6.4%	3,997.0	1,056.9	26.4%	2,940.1	3.5%
Ministry of Commerce	1,188.7	19.3	1.6%	1.3%	286.7	40.0	13.9%	246.8	0.3%
Other Ministries	1,268.1	269.3	21.2%	1.1%	1,395.1	227.7	16.3%	1,167.4	1.4%
Health	7,738.4	2,021.6	26.1%	6.5%	7,316.0	2,702.7	36.9%	4,613.3	5.5%
Ministry of Health	7,738.4	2,021.6	26.1%	6.5%	7,316.0	2,702.7	36.9%	4,613.3	5.5%
Governance, Rule of Law and Human Rights	4,147.0	749.4	18.1%	3.8%	4,233.7	793.9	18.8%	3,439.8	4.1%
Independent Directorate of Local Governance	549.8	174.5	31.7%	0.4%	1,476.6	177.4	12.0%	1,299.2	1.6%
Other Ministries	3,597.2	574.9	16.0%	3.4%	2,757.1	616.5	22.4%	2,140.6	2.6%
Social Protection	1,343.6	376.9	28.1%	1.1%	1,110.2	264.6	23.8%	845.6	1.0%
Security	1,612.5	708.5	43.9%	1.0%	993.3	261.8	26.4%	731.5	0.9%
Unallocated Reserves, extrabudgetary units	1,983.7	242.0	12.2%	2.0%	4,843.9	136.7	2.8%	4,707.3	5.6%

Source: FPU using AFMIS data downloaded on the 5 February 2011

The above table also shows that while there are around 570 development projects in the development budget, a relatively small number of projects account for a large proportion of the development budget. The largest 50 development projects are responsible for 66% of the total development budget, and Afs 53 billion (or 63%) of the total unspent budget in 1389. Therefore, the following sections also present data on these projects.

Infrastructure & Natural Resources Sector

The *Infrastructure & Natural Resources sector* is the largest sector in the development budget accounting for around 43% of the total development budget in 1389. The total allocated development projects to different ministries in this sector amounted to Afs 48 billion in 1389 (around the same as the Afs 48 billion in 1387). The development budget execution in the first 9 months of 1389 is only 28% (Afs 13 billion). Compared to last year, both the actual expenditures and the execution rate have improved significantly. The YTD actual expenditures in 1389 (Afs 13 billion) are 41% higher than actual 9 months expenditures of 1388 (Afs 10 billion), and the execution rate has increased from 20% in 1388 to 28% in 1389.

Table 5.2 presents the development budget performance of the largest projects in this sector

Table 5.2: Infrastructure sector: largest development projects

Sectors/ Ministry	Project Code	Largest 50 Development Budget Projects	1389 Revised Budget	1389 Expenditure (9 months)	1389 Execution Rate	Unspent budget after 9 months	Percentage of Total Unspent Budget
			Afs million	Afs million	Percentage	Afs million	Percentage
Infrastructure			48,067.6	13,401.4	27.9%	34,666.2	41.5%
Ministry of Public Works			23,514.1	8,320.9	35.4%	15,193.2	18.2%
	AFG/420231	Hairatan - Mazar-e-Sharif Railway Project	5,399.2	2,484.2	46.0%	2,915.0	3.5%
	AFG/420106	National Rural Access Program (NRAP) (MoPW)	2,650.8	1,215.6	45.9%	1,435.2	1.7%
	AFG/420064	Construction of MazarSharif- Dar-e-Souf Road 140 Km	1,957.6	816.5	41.7%	1,141.1	1.4%
	AFG/420107	Design and Construction of Bala Morghab-Laman road (143 KM)	1,674.2	-	0.0%	1,674.2	2.0%
	AFG/420015	Asphalt of Andkhoy-Qaissar Road (210 kms)	1,162.1	680.5	58.6%	481.6	0.6%
	AFG/420022	Construction of Bamian - Kabul Road (140 kms)	993.5	518.0	52.1%	475.5	0.6%
	AFG/420109	Construction of Armalak - Laman Road (50Km)	970.0	-	0.0%	970.0	1.2%
	AFG/420242	Construction Road from Herat to Chekhcheran and Chekhcharan Gardandewal	970.0	-	0.0%	970.0	1.2%
	AFG/420169	Construction of Bamyam - Yakowlang Road 99Km	901.3	1,004.7	111.5%	(103.4)	-0.1%
	AFG/420213	Design and Construction of Sari Khuja to Charikar road second line	736.1	4.8	0.6%	731.3	0.9%
	AFG/420011	Rehabilitation - Asphalt of Doshi to Puli-khumri Road	641.8	7.6	1.2%	634.1	0.8%
	AFG/420194	Construction of Kabul-Soribi road with the length of 150 Km	579.3	347.6	60.0%	231.7	0.3%
	AFG/420164	Construction of Faizabad - Eshkashem Road 150 Km (Faizabad-Baharak 43 Km 1st Phase)	579.3	-	0.0%	579.3	0.7%
	AFG/420165	Construction of Jabul Saraj - Sorobi 101 Km	579.3	172.3	29.7%	406.9	0.5%
	AFG/420182	Construction of Gardiz City road, mazare-e-sharif-Aybak-Mimana and Frah	535.1	98.9	18.5%	436.2	0.5%
	AFG/420016	Super Corridor: Asphalt of Andkhoy - Aquina Road (36 kms)	508.7	157.9	31.0%	350.7	0.4%
Ministry of Energy & Water			14,365.7	2,931.5	20.4%	11,434.2	13.7%
	AFG/410283	Extension of distribution networks in Aybak, Pol-e-Khomr, Doshi, Khenjan, Charikar, Gulbahar and Jabul seraj and Rehabilitation of Naghlu and Mahipar substations	2,269.2	883.8	38.9%	1,385.4	1.7%
	AFG/410074	Rehabilitation of Nationwide Small, Medium and Large Traditional Irrigation Schemes.	1,107.7	362.8	32.7%	744.9	0.9%
	AFG/410038	Western Basin Integrated Water Resource Management	1,086.6	108.3	10.0%	978.3	1.2%
	AFG/410138	Extension of 220 kv transmission line from Tajikistan boarder to kundoz and pulikhumri including baghlan and kundoz substations	1,001.3	143.4	14.3%	858.0	1.0%
	AFG/410101	Power transmission and Distribution project(110kV Trans Line from Shirkhan Bandar to Himam Sahaib,220/20KV S/S Taliqan,110KV/20KV at Sari Pul,110KV Trans Line From Naghlu to East Jilalabad, Mihtherlam & Jilalabad	901.4	68.5	7.6%	832.8	1.0%
	AFG/410279	Rehabilitation and Expansion of Kabul power distribution network project	734.5	8.0	1.1%	726.4	0.9%
	AFG/410255	Kabul and Mazar-e-Sharif Distribution Network and Construction of Aybak Substation	676.5	-	0.0%	676.5	0.8%
	AFG/410285	Supervision and Construction of Power and Irrigation Dam of Shah wa Aros in Shakardara District (Capacity: 1,500 Hectares & 1.2 Mega Watt)	630.5	362.8	57.5%	267.7	0.3%
	AFG/410066	Kamal Khan Irrigation and Lashkari Flood Control Project	515.7	-	0.0%	515.7	0.6%
Ministry of Urban Development			3,095.9	720.6	23.3%	2,375.3	2.8%
	AFG/490098	Provincial Towns WSS (Water Supply System) - 14 towns	952.9	282.8	29.7%	670.1	0.8%
	AFG/490074	Provincial Towns WSS (Water Supply System) - 14 towns	626.5	113.4	18.1%	513.1	0.6%
Municipalities			2,149.2	430.4	20.0%	1,718.7	2.1%
	AFG/790005	Rehabilitation of Kabul City Roads.	692.3	158.5	22.9%	533.8	0.6%
Ministry of Communication			1,679.6	255.4	15.2%	1,424.2	1.7%
	AFG/340015	Development of ICT in Afghanistan (E-Governance)	735.7	-	0.0%	735.7	0.9%
	AFG/340006	National Fibre Optic Network	679.8	135.4	19.9%	544.4	0.7%
Ministry of Mines			1,696.3	361.9	21.3%	1,334.4	1.6%
	AFG/320085	Sustainable development of natural resources	699.1	217.2	31.1%	481.9	0.6%
Ministry of Transport and Aviation			1,486.3	373.0	25.1%	1,113.3	1.3%
	AFG/450034	Rehabilitation of Regional Airports (Faizabad, Bamyam, Cheghcheran, Maimana, Qala-e-Now, Trin Kot, Lashkarga, Zarang).	1,284.7	349.8	27.2%	934.9	1.1%

Source: FPU using AFMIS data downloaded on the 5 February 2011

Ministry of Public Works: The development projects of the *Ministry of Public Works* (MoPW) account for nearly 50% of the total development budget of the Infrastructure & Natural Resources sector, and 21% of the total development budget. The total development budget of the Ministry adds up to Afs 24 billion in 1389. Up until the end of Q3 1389, the Ministry spent Afs 8 billion or 35% of its total development budget. The development budget execution rate in the MoPW seems encouraging when compared to the only 22% development budget execution at the same time last year. The largest project of this ministry in 1389 is the “*Hairatan – Mazar-e-Sharif Railway Project*”, which is budgeted at Afs 5 billion. The execution rate of this project is 46%, and this is an important factor that contributed to increased development budget execution of the ministry. Similarly, the next project (in term size) is the “*Natural Rural Access Program*”, which has executed 46% of its budget (Afs 3 billion). These two projects account for Afs 8 billion (44%) of total expenditure in this Ministry, but only 34% of the total Ministry budget.

The non-availability of committed funds (from donors) disbursed on time to fund projects is a major obstacle to development budget execution in this ministry. This is particularly true for the construction of roads projects (Bagrami-Sapary road, Jabulsaraj-Nijrab road, Armalik-Laman road and Muradbic-JabulSeraj road). The donors are not providing funds based on the agreed schedule of the implementation for these projects, which causes serious delays in implementation.

The lack of effective operational capacity of contractors to implement the projects is another major concern that has contributed to low development budget execution. The road rehabilitation project of ***“Doshi to Puli-Khumri road”*** was contracted at the very beginning of the fiscal year. However the execution rate of this project is only 1% in the first 9 months of the year. The construction of ***“Qaisar-Balamurghab road”*** and ***“Balamurghab-Laman road”*** are two projects that are included in the 1389 Budget. However, due to the worsening security, the Ministry has so far been unable to start the implementation of these projects.

Ministry of Energy & Water: This is the second large ministry in the Infrastructure sector. The development budget of this Ministry is Afs 14 billion or 30% of the total development budget of the Infrastructure sector in 1389. The Ministry has only spent Afs 3 billion or 20% of its development budget during the first 9 months of the year. Compared to the 9 months development expenditures in 1388, the execution rate has improved from 18% to 20%. Actual expenditures are also Afs 671 million higher than the Afs 2 billion spent from the development budget in the first three quarters of 1388. Despite these improvements, further improving development budget expenditure in this Ministry is very important as it accounts for around 14% of total unspent funds in 1389.

The execution rates of the largest two projects in this Ministry are relatively good at 39% and 33% respectively. However, the execution rate of an ADB funded project named ***“Western Basin Integrated Water Resource Management”*** is only 10% for the first three quarters of FY 1389. There are also some discretionary projects (projects funded from domestic revenues or from untied donor funding) included in the 1389 budget for this Ministry. The projects for the ***“Constructions of Dams (Almar, Pashdan and Kamal Khan)”*** are still under procurement with no actual work started (the budget of these projects totals nearly Afs 1 billion). This is mainly because the contract for Kamal Khan Dam is signed but the contractor is not ready to start the project due to security at Nimroz province. This resulted in a relatively low development budget execution rate of the Ministry of Energy & Water in 1389.

Ministry of Urban Development: The development budget for this ministry is Afs 3 billion in 1389. The Ministry only spent Afs 721 million until the end of Q3 or only 23% of its total development budget. The development budget execution in this ministry increased from 17% at the same stage in 1388 to 23% during the first three quarters of FY 1389.

The execution rate on the largest two development projects (***“Provincial Towns WSS (Water Supply Systems)”***) is around 30% for the first three quarters of 1389. These projects are funded by International Development Association – IDA and ARTF. The IDA funding (US\$ 5 million) was included in the budget. However, there was no funding commitment from the donor. Similarly, the discretionary development project on ***“Kabul New City”*** was included in the budget (Afs 250 million), however due to some technical problems within the Ministry of Urban Development on planning of this project, the ministry was unable to implement it on time, and only Afs 37 million has been spent during the first 9 months of FY 1389.

Agriculture and Rural Development Sector

The **Agriculture and Rural Development** sector is the second largest sector in the development budget, accounting for nearly 24% of the total development budget in 1389. The total development budget of this sector was Afs 27 billion. Only Afs 5 billion or 19 % the total development budget has been spent until the end of Q3. The 1389 execution rate and actual development expenditures in this sector are significantly lower compared to 1388 when the actual spending was Afs 12 billion, with a 36% execution rate.

Table 5.3: Agriculture and Rural Development sector: largest development projects

Sectors/ Ministry	Project Code	Largest 50 Development Budget Projects	1389 Revised Budget	1389 Expenditure (9 months)	1389 Execution Rate	Unspent budget after 9 months	Percentage of Total Unspent Budget
			Afs million	Afs million	Percentage	Afs million	Percentage
Agriculture and Rural Development			27,329.3	5,226.4	19.1%	22,102.9	26.5%
Ministry of Rural Rehabilitation & Development			21,139.0	3,991.2	18.9%	17,147.9	20.5%
	AFG/430017	National Solidarity Program	16,597.1	2,786.7	16.8%	13,810.3	16.5%
	AFG/430060	National Rural Access Programme (NRAP)/National Emergency Employment Programme (NEEP) (MRRD)	1,679.0	737.9	44.0%	941.1	1.1%
	AFG/430236	Afghanistan Rural Enterprise Development Program (AREDP)	526.8	84.7	16.1%	442.1	0.5%
	AFG/430063	National Rural water supply, Hygiene education and Sanitation Programme	460.6	119.3	25.9%	341.2	0.4%
Ministry of Agriculture			5,768.3	1,155.9	20.0%	4,612.4	5.5%
	AFG/390283	Emergency Project for Horticulture	534.6	221.7	41.5%	312.9	0.4%
	AFG/390244	Capacity building and Reconstruction of the Extension and Research Departments	530.0	100.6	19.0%	429.3	0.5%

Source: FPU using AFMIS data downloaded on the 5 February 2011

Ministry of Rural Rehabilitation & Development: This is the largest ministry in this sector. The allocated development budget to this ministry is Afs 21 billion or 78% of the total development budget in the sector. The execution rate of this ministry (19%) is similar to the overall execution rate of the sector as the development projects of this ministry dominate the whole sector. This Ministry accounts for 21% of unspent funds from the total development budget.

The project, “**National Solidarity Program (NSP)**” is the biggest project of this ministry with a 1389 budget of Afs 17 billion (79% of the total Ministry budget). It is also the largest development project in the whole development budget. The execution rate in the first 9 months of the year is only 17% for this project. Besides other common factors to many other development projects (insecurity, low capacity, procurement problems, changing leadership of the ministry etc), the project is at its new phase (phase III), which is a stage of design and survey, rather than actual operational work. This primarily led to delay the expenditures. This project accounts for 14 billion or 17% of total unspent funds from the development budget, and so improving execution for this project is very important. The second largest project in this Ministry is “**National Rural Access Program (NRAP)/ National Emergency Employment Program (NEEP)**” with a 1389 budget of Afs 1.7 billion. The execution rate on this project is encouraging, 44% for the first 9 months of the year.

Ministry of Agriculture: The development budget in this Ministry amounts to Afs 6 billion. Looking at the actual expenditures data for the first three quarters, the Ministry could spend only Afs 1.2 billion or 20% of its annual development budget.

Education Sector

The **Education sector** is the third largest sector in the development budget. The total development budget of this sector is Afs 12 billion or 11% of the total development budget in 1389. Up until the end of Q3, 1389, the actual development expenditures were Afs 4 billion or 34% the development budget for the sector. This sector comes second after health (37%) when it comes to development budget execution in 1389. Looking at the current expenditure trend in the sector, it seems that the sector will be able to spend beyond 50% of its development budget by the end of 1389.

Table 5.4: Education sector: largest development projects

Sectors/ Ministry	Project Code	Largest 50 Development Budget Projects	1389 Revised Budget	1389 Expenditure (9 months)	1389 Execution Rate	Unspent budget after 9 months	Percentage of Total Unspent Budget
			Afs million	Afs million	Percentage	Afs million	Percentage
Education			12,327.3	4,226.6	34.3%	8,100.7	9.7%
Ministry of Education			9,986.8	3,600.4	36.1%	6,386.5	7.6%
	AFG/270383	Education Infrastructure Development	3,086.1	1,145.1	37.1%	1,941.1	2.3%
	AFG/270385	Teacher Education	2,460.8	469.3	19.1%	1,991.5	2.4%
	AFG/270388	Curriculum Development and Learning Materials	948.0	899.3	94.9%	48.7	0.1%
	AFG/270386	Management and Capacity Building	874.3	295.8	33.8%	578.5	0.7%
	AFG/270387	General Education (Including EQUIP)	862.1	365.1	42.3%	497.0	0.6%
	AFG/270384	Technical and Vocational Education and Training	782.5	207.9	26.6%	574.6	0.7%

Source: FPU using AFMIS data downloaded on the 5 February 2011

Ministry of Education: This is the largest Ministry in this sector, accounting for 81% of the total sector budget. The largest project is for *“Education Infrastructure Development”*, and this project is performing relatively well given it has executed 37% of the annual budget for the project. The project named *“Teacher Education”* is budgeted at Afs 3 billion in 1389. The contract for this project is signed with an international company for three years, and the whole three-year budget of the project is included in the 1389 budget. Therefore, the execution rate is misleading. While the execution rate on this project in the first 9 months is 19%, the execution rate would be over 50% if only one year of the project funding was included in the 1389 budget.

Economic Governance and Private Sector Development Sector, and other Sectors

Table 5.5: Other sectors: largest development projects

Sectors/ Ministry	Project Code	Largest 50 Development Budget Projects	1389 Revised Budget	1389 Expenditure (9 months)	1389 Execution Rate	Unspent budget after 9 months	Percentage of Total Unspent Budget
			Afs million	Afs million	Percentage	Afs million	Percentage
Economic Governance and Private Sector Development			5,678.9	1,324.6	23.3%	4,354.3	5.2%
Ministry of Finance			3,997.0	1,056.9	26.4%	2,940.1	3.5%
	AFG/200010	Micro Finance Investment Support facility for Afghanistan (MISFA)	2,742.5	416.3	15.2%	2,326.2	2.8%
Ministry of Commerce			286.7	40.0	13.9%	246.8	0.3%
	AFG/250020	Industrial Parks (Belong to AISA)	455.8	136.7	30.0%	319.2	0.4%
Health			7,316.0	2,702.7	36.9%	4,613.3	5.5%
Ministry of Health			7,316.0	2,702.7	36.9%	4,613.3	5.5%
	AFG/370070	Basic Package of Health Services (BPHS).	3,041.8	1,481.6	48.7%	1,560.1	1.9%
	AFG/370135	Improving Quality of Hospital Services	928.5	518.4	55.8%	410.1	0.5%
	AFG/370321	Health System Strengthening.	516.6	193.5	37.4%	323.2	0.4%
Governance, Rule of Law and Human Rights			4,233.7	793.9	18.8%	3,439.8	4.1%
Independent Directorate of Local Governance			1,476.6	177.4	12.0%	1,299.2	1.6%
	AFG/590038	Supplying of services in districts levels.	1,070.5	29.9	2.8%	1,040.6	1.2%
Social Protection			1,110.2	264.6	23.8%	845.6	1.0%
Security			993.3	261.8	26.4%	731.5	0.9%
Unallocated Reserves, extrabudgetary units			4,843.9	136.7	2.8%	4,707.3	5.6%

Source: FPU using AFMIS data downloaded on the 5 February 2011

The fourth largest sector in the 1389 development budget is the *Economic Governance & Private Sector Development* budget, accounting for 5% of the total development budget. The total development budget of this sector is Afs 6 billion. The total development expenditure in the first 9 months of the year is Afs 1 billion or 23% of the total development budget. The execution rate has improved compared to the execution rate of the same time last year (10% in 1388 vs 23% in 1389).

Ministry of Finance (MoF): This is the largest ministry in the sector. The total development budget of the Ministry is Afs 4 billion in 1389. By end of Q3 1389, total development expenditures were Afs 1 billion or around Afs 500 million higher than at the same time last year. However, the execution rate is still relatively low at only 26%. The biggest project of the Ministry is *“Micro Finance Investment Support Facility for Afghanistan (MISFA)”*, budgeted at Afs 3 billion in 1389. The project had Afs 3 billion commitment at the start of the year. However, in August 2010, the MoF was informed that ARTF will not be disbursing Afs 1.7 billion in 1389. This means that the project was over budgeted which has worsened the Ministry’s execution rate.

Conclusion

The successful implementation of the PFM roadmap will require the Government to fulfil its commitments to increase development expenditures by 10% to 20% annually. This article has shown that it looks very unlikely that development budget execution will be higher than development budget expenditures in 1388.

The above discussion has highlighted several issues related to donor funding and development project implementation that are likely to have caused lower execution rates during the first 9 months of 1389. More generally, some of the important factors are:

- Low capacity of line Ministries to effectively spend funding in a timely manner. For example, this may be caused by a lack of technical expertise in project management planning and slow procurement processes.
- Weak and poor budget formulation processes and project planning on the part of Line Ministries.
- Weak project formulation capacity of donors, long procurement process and slowness or failure to disburse committed funds according to scheduled timeframe.
- The worsening security environment which is a hurdle to National Budget implementation.

The MoF is committed to provide its support to all line ministries and budgetary units to improve development budget execution. To this end, the MoF has taken numerous steps during 1389, including monitoring the execution of the top 50 development projects, holding workshops and visiting line ministries to solve issues in development budget execution.

The MoF also arranged a conference at the Minister and Deputy Minister level for the 14 line ministries that comprise 90 percent of the development budget in order to ensure the commitment of the relevant authorities to improve development project execution. Several other one day workshops were held in which all experts from finance, administration and the procurement departments from 14 ministries participated. The aim was to find problems and solutions related to development projects implementation at a technical level and recommend solutions. To follow-up on the above, the technical and human resource team of MoF (led by H.E Minister) had separate meetings with the management of all 14 ministries. In these meetings, the technical, procurement and budgetary problems of several large development projects were resolved.

One possible additional initiative to improve budget execution would be for the Cabinet to more actively oversee development budget execution. The MoF could provide regular execution reports to the Cabinet when needed. It will also be important that Cabinet reduce or do not approve further development projects of poor performing ministries.

It will be important for the MoF and other Ministries to continue to take steps to increase expenditures in the development budget. If this does not occur, development progress will be slower. Donors will also become more unlikely to provide funding through the Government's budget.

6 Tables

Table 6.1 - Core Budget Revenues

Code (In millions of Afghanis)		1388 Qtr 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD		YTD 1389 Qtr 3 YTD	Target Target- Actual % (+/-)	Annual Target (2)	% Annual Target
								Change	% Increase				
CORE BUDGET													
1	REVENUES including grants (1)	29,774.4	89,076.1	33,129.6	43,378.9	40,059.8	116,568.4	27,492.3	30.9				
1-19	REVENUES excluding grants	15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
DOMESTIC REVENUES (2) (3)		15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
11	Tax Revenues	7,189.4	20,646.1	8,567.2	9,361.3	9,612.5	27,541.0	6,894.9	33.4	21,989.6	25.2	31,869.0	86.4
111	Fixed Taxes	1,831.5	5,408.5	2,238.9	2,127.9	2,354.9	6,721.7	1,313.2	24.3	4,080.0	64.7	5,913.0	113.7
112	Income Taxes	1,929.2	5,191.7	2,126.3	2,631.6	2,397.9	7,155.7	1,964.1	37.8	4,956.7	44.4	7,183.6	99.6
113	Property Taxes	39.2	134.5	60.3	51.2	51.7	163.1	28.6	21.3	66.3	146.1	96.1	169.8
114	Sales Taxes	3,076.0	9,037.6	3,438.3	3,898.6	4,249.1	11,585.9	2,548.4	28.2	11,855.1	-2.3	17,181.3	67.4
116	Other Taxes	160.7	597.6	585.6	524.2	388.7	1,498.5	900.9	150.7	1,143.7	31.0	1,657.5	90.4
117	Tax Penalties and Fines	152.9	276.2	117.9	127.8	170.3	416.0	139.8	50.6	-112.0	-471.4	-162.3	-256.3
12	Customs Duty, Import Taxes	5,119.0	15,371.7	6,523.2	6,665.5	7,309.8	20,498.5	5,126.8	33.4	17,322.6	18.3	25,105.2	81.7
13	Non Tax Revenue	2,200.1	6,995.2	2,542.0	2,623.1	2,913.0	8,078.2	1,083.0	15.5	8,295.7	-2.6	12,022.7	67.2
131	Income from Capital Property	64.2	239.3	85.5	67.2	71.1	223.7	-15.7	-6.5	369.1	-39.4	534.9	41.8
132	Sales of Goods and Services	821.5	2,406.6	916.3	1,050.1	1,057.9	3,024.3	617.7	25.7	2,332.3	29.7	3,380.2	89.5
133	Administrative Fees	1,246.9	4,104.5	1,475.9	1,431.2	1,689.4	4,596.6	492.1	12.0	5,339.5	-13.9	7,738.4	59.4
134	Royalties	11.5	94.6	6.3	10.1	6.8	23.3	-71.2	-75.3	77.0	-69.7	111.5	20.9
135	Non Tax Fines and Penalties	56.0	150.2	58.0	64.4	87.9	210.3	60.1	40.0	177.9	18.3	257.8	81.6
14	Miscellaneous Revenue	337.8	101.5	-368.8	536.3	189.8	357.3	255.8	252.1	577.9	-38.2	837.5	42.7
17	Social Contributions	211.5	620.1	265.7	444.5	411.2	1,121.4	501.4	80.9	887.1	26.4	1,285.6	87.2
GRANTS (1)		14,716.6	45,341.5	15,600.3	23,748.3	19,623.4	58,971.9	13,630.5	30.1				
191	Foreign Governments	6,577.4	24,258.7	11,513.9	16,723.6	14,445.8	42,683.3	18,424.5	76.0				
192	International Organisation	8,139.2	20,484.1	3,813.7	6,981.4	5,177.6	15,972.8	-4,511.3	-22.0				
193	Other Government Units	0.0	598.7	272.7	43.3	0.0	315.9	-282.8	-47.2				
TOTAL OPERATING BUDGET REVENUE		21,129.6	66,482.1	28,855.1	34,866.4	33,171.0	96,892.5	30,410.4	45.7			123,209.0	78.6
Domestic Revenues		15,057.8	43,734.6	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
as percentage of total		71.3	65.8	60.7	56.3	61.6	59.4	45.6					
External Grant Support		6,071.9	22,747.6	11,325.8	15,235.7	12,734.6	39,296.1	16,548.5	72.7			52,089.0	75.4
as percentage of total		28.7	34.2	39.3	43.7	38.4	40.6	54.4					

Source: FPU using AFMIS data downloaded on the 5 February 2011

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 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD		YTD Target 1389 Qtr 3 YTD	Target - Actual % (+/-)	Annual Target	% Annual Target
								Change	% Increase				
1-19	REVENUES excluding grants	15,057.9	43,734.7	17,529.4	19,630.6	20,436.4	57,596.4	13,861.8	31.7	49,072.8	17.4	71,120.0	81.0
01	Kabul	412.8	1,399.2	296.9	516.2	421.7	1,234.8	-164.4	-11.7	3,741.4	-67.0	5,422.3	22.8
02	Kapisa	8.2	22.8	4.1	15.6	12.6	32.4	9.6	42.1	30.9	4.7	44.8	72.3
03	Parwan	13.8	48.9	5.1	29.5	29.1	63.7	14.8	30.3	68.4	-6.9	99.1	64.3
04	Wardak	11.1	30.1	8.4	17.4	14.1	39.9	9.8	32.4	35.7	11.7	51.8	77.1
05	Logar	7.4	28.6	7.5	17.3	11.6	36.4	7.8	27.3	38.2	-4.7	55.3	65.7
06	Nangarhar	2,347.1	6,843.0	2,882.2	2,322.2	2,791.2	7,995.7	1,152.7	16.8	7,646.1	4.6	11,081.3	72.2
07	Laghman	11.0	34.5	10.6	23.3	18.3	52.3	17.8	51.8	48.0	9.0	69.5	75.2
08	Pangsher	3.6	10.9	3.0	9.6	5.5	18.0	7.1	65.2	17.4	3.4	25.2	71.4
09	Baghlan	20.3	70.8	16.4	39.6	37.5	93.4	22.6	32.0	82.5	13.3	119.5	78.2
10	Bamyan	8.1	23.3	5.5	13.5	16.9	35.9	12.6	54.2	29.3	22.6	42.4	84.6
11	Ghazni	27.0	75.9	24.8	46.0	27.0	97.8	22.0	29.0	98.8	-1.0	143.3	68.3
12	Paktika	19.7	45.0	12.6	17.8	-76.0	-45.6	-90.6	-201.2	47.6	-195.8	69.0	-66.1
13	Paktiya	36.6	89.4	41.1	41.1	79.4	161.6	72.3	80.8	116.3	39.0	168.6	95.9
14	Khost	111.1	352.4	104.2	130.6	193.6	428.4	76.1	21.6	379.7	12.8	550.2	77.9
15	Kunar	9.1	21.5	6.8	15.4	15.6	37.8	16.3	75.8	36.0	5.0	52.2	72.4
16	Nuristan	10.1	11.0	0.0	6.2	5.2	11.4	0.3	3.1	16.3	-30.3	23.6	48.1
17	Badakhshan	19.6	44.2	7.4	28.7	29.8	65.9	21.7	49.0	64.6	2.0	93.7	70.4
18	Takhar	19.2	53.4	14.5	30.1	31.9	76.4	23.1	43.3	77.2	-0.9	111.8	68.3
19	Kunduz	188.5	560.6	154.5	219.6	268.9	643.0	82.4	14.7	565.6	13.7	819.7	78.4
20	Samangan	12.2	30.7	10.5	18.7	20.8	49.9	19.3	62.8	37.5	33.3	54.3	92.0
21	Balkh	2,132.4	5,994.6	2,491.4	2,414.1	2,305.6	7,211.0	1,216.4	20.3	7,029.8	2.6	10,188.1	70.8
22	Saripul	7.6	20.7	5.4	10.7	9.3	25.4	4.6	22.2	27.1	-6.5	39.3	64.5
23	Ghor	8.8	22.3	5.4	16.0	15.7	37.1	14.8	66.2	27.3	35.7	39.6	93.6
24	Dikondy	7.6	13.5	1.5	9.2	7.8	18.5	5.0	36.9	17.5	5.4	25.4	72.7
25	Uruzgan	4.0	7.9	2.0	5.9	7.2	15.1	7.2	91.5	12.8	17.5	18.6	81.1
26	Zabul	5.4	16.4	2.3	9.5	8.7	20.5	4.1	25.0	16.4	24.4	23.8	85.8
27	Kandahar	635.1	1,941.5	883.8	832.8	806.8	2,523.4	581.9	30.0	2,179.8	15.8	3,159.1	79.9
28	Jawzjan	20.8	50.4	15.8	28.9	37.9	82.6	32.2	64.0	66.9	23.4	97.0	85.2
29	Faryab	275.1	861.0	243.3	473.0	356.5	1,072.7	211.7	24.6	891.2	20.4	1,291.7	83.0
30	Helmand	24.5	68.1	46.7	87.2	80.7	214.5	146.4	215.2	92.1	133.0	133.4	160.8
31	Badghis	5.9	16.9	4.9	11.5	11.0	27.4	10.5	62.3	21.5	27.3	31.2	87.8
32	Herat	2,510.8	7,605.7	3,266.1	3,691.6	3,925.3	10,883.0	3,277.3	43.1	8,183.3	33.0	11,859.9	91.8
33	Farah	18.2	58.6	49.0	143.0	145.3	337.3	278.7	475.3	79.4	324.5	115.1	292.9
34	Nimroz	681.5	1,836.8	643.3	1,068.6	1,063.4	2,775.4	938.5	51.1	2,065.1	34.4	2,992.9	92.7
90	Central Ministries	5,423.7	15,424.3	6,252.3	7,270.5	7,700.8	21,223.5	5,799.2	37.6	15,184.9	39.8	22,007.1	96.4
95	Offshore Payments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A	0.0	N/A	0.0	N/A

Source: FPU using AFMIS data downloaded on the 5 February 2011

Table 6.3a - Core Budget Expenditures

Core (In millions of Afghanis)		1388	1388	1389	1389	1389	1389	Comparison to Budget			1389	Comparison
		Qtr 3	Qtr 3	Qtr 1	Qtr 2	Qtr 3	Qtr 3	Budget or	Current	%	to 1388	
		Actual	Actual	Prelim	Prelim	Prelim	Prelim	MYR	Allocated	Allocate	Change	Increase
		Qtr	YTD	Qtr	Qtr	Qtr	YTD	Ceiling	Budget	d	YTD	%
2	TOTAL GROSS EXPENDITURES	30,788.8	86,792.7	21,637.0	41,314.4	37,772.5	100,724.0	231,750	231,750	43.5	13,931.3	16.1
	Operating Budget	18,330.1	56,408.6	18,777.1	27,502.8	26,105.5	72,385.4	119,849	119,849	60.4	15,976.8	28.3
	Development Budget	12,458.6	30,384.2	2,860.0	13,811.6	11,667.0	28,338.7	111,900	111,900	25.3	-2,045.5	-6.7
	Discretionary Budget	3,153.3	6,235.3	617.5	1,888.8	2,805.2	5,311.5	25,714	25,714	20.7	-923.8	-14.8
	Non-discretionary Budget	9,305.4	24,148.8	2,242.5	11,922.8	8,861.9	23,027.2	86,186	86,186	26.7	-1,121.7	-4.6
2*	TOTAL NET EXPENDITURES	30,777.2	86,762.6	21,567.0	41,303.2	37,758.7	100,628.9				13,866.2	16.0
2-25	RECURRENT EXPENDITURES	22,360.7	64,964.6	20,260.0	32,408.7	30,250.8	82,919.5	N/A	173,659	47.7	17,954.9	27.6
21	Compensation of Employees	13,627.9	42,258.4	15,759.3	21,953.5	20,629.9	58,342.7	90,157	81,186	71.9	16,084.3	38.1
	<i>of which operating budget</i>	13,627.9	42,258.4	15,759.3	21,953.5	20,629.9	58,342.7	90,157	81,186	71.9	16,084.3	38.1
211-3	Wages and Salaries	13,444.9	41,675.2	15,642.6	21,793.8	20,508.3	57,944.7				16,269.5	39.0
214-5	Social Benefits	183.1	583.2	116.8	159.7	121.6	398.0				-185.2	-31.8
22	Use of Goods and Services	7,156.5	18,753.5	3,122.8	8,429.2	8,102.4	19,654.4	N/A	82,849	23.7	901.0	4.8
	<i>of which operating budget</i>	3,439.3	9,618.5	1,575.0	3,681.7	3,681.0	8,937.6	17,315	16,405	54.5	-680.9	-7.1
221	Travel	348.9	898.3	220.7	284.2	329.0	834.0				-64.4	-7.2
222	Communications	161.4	423.5	81.3	168.7	194.7	444.7				21.2	5.0
223	Contracted Services	2,929.1	7,390.0	1,185.3	3,590.9	3,529.3	8,305.5				915.5	12.4
224	Repairs and Maintenance	459.3	1,397.3	215.7	384.8	477.0	1,077.6				-319.7	-22.9
225	Utilities	216.8	487.2	170.8	425.3	842.7	1,438.8				951.6	195.3
226	Fuel	804.5	1,806.6	198.2	379.7	354.4	932.3				-874.3	-48.4
227-9	Other Use of Goods and Services	2,236.6	6,350.6	1,050.8	3,195.7	2,375.2	6,621.7				271.1	4.3
23	Interest (1) - operating budget	39.6	93.2	33.2	4.2	34.8	72.2	300	300	24.1	-21.0	-22.6
24	Social Transfers - operating budget	1,536.7	3,859.5	1,344.7	2,021.8	1,483.7	4,850.2	9,324	9,324	52.0	990.6	25.7
242	Subsidies	0.0	0.3	0.0	18.0	0.0	18.0				17.7	5935.1
245	Grants	0.6	22.2	0.9	100.6	9.6	111.1				88.9	400.3
247	Social Security	1,014.2	2,935.3	816.7	1,468.9	1,325.2	3,610.8				675.5	23.0
248-9	Other Social Transfers	521.9	901.7	527.1	434.4	148.9	1,110.4				208.6	23.1
25	ACQUISITION OF ASSETS											
25	Gross Acquisition of Nonfinancial Assets	8,428.0	21,828.1	1,377.0	8,905.7	7,521.8	17,804.5	N/A	47,040	37.8	-4,023.6	-18.4
	<i>of which operating budget</i>	-313.4	598.4	64.8	258.0	276.2	599.0	2,753	1,632	36.7	0.6	0.1
25*	Net Acquisition of Nonfinancial Assets (2)	8,416.4	21,798.0	1,306.9	8,894.5	7,507.9	17,709.3				-4,088.7	-18.8
150	Sale of Land and Buildings	-11.6	-30.1	-70.1	-11.2	-13.9	-95.2				-65.1	216.3
251	Buildings and Structures	5,902.7	12,003.3	1,184.7	6,399.1	5,051.2	12,635.0				631.8	5.3
252	Machinery / Equipment (>50,000)	2,697.3	3,450.4	126.6	477.2	688.6	1,292.4				-2,158.1	-62.5
257	Valuables	2.3	3.0	2.0	0.7	2.0	4.7				1.7	57.9
258	Land	3.5	24.3	10.8	114.4	903.9	1,029.2				1,004.8	4126.6
259	Capital Advance Payments	-177.8	6,347.1	52.9	1,914.2	876.1	2,843.2				-3,503.9	-55.2

Source: FPU using AFMIS data downloaded on the 5 February 2011

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/ Total allocated budget is the same as the approved Budget ceiling. However, 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 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	Comparison to Budget Budget or Current MYR Ceiling Allocated Budget (3) Allocated Budget %			1389 Comparison to 1388 YTD	
											Change	% Increase
2	TOTAL GROSS EXPENDITURES	18,330.1	56,408.6	18,777.1	27,502.8	26,105.5	72,385.4	119,849.4	119,849.4	60.4	15,976.8	28.3
2*	TOTAL NET EXPENDITURES (2)	18,318.5	56,378.5	18,707.0	27,491.6	26,091.6	72,290.2				15,911.7	28.2
2-25	RECURRENT EXPENDITURES	18,643.6	55,810.2	18,712.2	27,244.9	25,829.3	71,786.4	117,096.4	107,215.5	67.0	15,976.2	28.6
21	Compensation of Employees	13,627.9	42,258.4	15,759.3	21,953.5	20,629.9	58,342.7	90,157.2	81,186.2	71.9	16,084.3	38.1
211-3	Wages and Salaries	13,444.9	41,675.2	15,642.6	21,793.8	20,508.3	57,944.7				16,269.5	39.0
214-5	Social Benefits	183.1	583.2	116.8	159.7	121.6	398.0				-185.2	-31.8
22	Use of Goods and Services	3,439.3	9,618.5	1,575.0	3,681.7	3,681.0	8,937.6	17,315.1	16,405.3	54.5	-680.9	-7.1
221	Travel	308.5	807.5	206.7	255.9	269.9	732.4				-75.1	-9.3
222	Communications	141.9	384.2	72.1	150.7	172.4	395.3				11.1	2.9
223	Contracted Services	60.5	385.3	39.3	63.9	131.2	234.3				-150.9	-39.2
224	Repairs and Maintenance	411.4	1,140.2	200.3	345.5	439.4	985.2				-155.0	-13.6
225	Utilities	213.5	482.6	170.8	423.4	842.4	1,436.6				953.9	197.6
226	Fuel	795.7	1,789.8	197.8	370.4	331.0	899.2				-890.6	-49.8
227-9	Other Use of Goods and Services	1,507.7	4,628.9	687.9	2,071.9	1,494.8	4,254.6				-374.3	-8.1
23	Interest (1)	39.6	93.2	33.2	4.2	34.8	72.2	300.0	300.0	24.1	-21.0	-22.6
24	Social Transfers	1,536.7	3,840.0	1,344.7	1,605.5	1,483.7	4,433.8	9,324.0	9,324.0	47.6	593.8	15.5
242	Subsidies	0.0	0.0	0.0	1.7	0.0	1.7				1.7	N/A
245	Grants	0.6	22.2	0.9	100.6	9.6	111.1				88.9	400.3
247	Social Security	1,014.2	2,935.3	816.7	1,468.9	1,325.2	3,610.8				675.5	23.0
248-9	Other Social Transfers	521.9	882.5	527.1	34.4	148.9	710.4				-172.1	-19.5
248	Social Assistance	21.9	361.3	361.3	34.4	148.9	544.6				183.3	50.7
249	Advance Subsidies, Grants	500.0	521.2	165.8	0.0	0.0	165.8				-355.4	-68.2
25	ACQUISITION OF ASSETS											
25	Gross Acquisition of Nonfinancial Assets	-313.4	598.4	64.8	258.0	276.2	599.0	2,753.0	1,631.6	36.7	0.6	0.1
25*	Net Acquisition of Nonfinancial Assets (2)	-325.0	568.3	-5.2	246.7	262.3	503.8				-64.5	-11.4
150	Sale of Land and Buildings	-11.6	-30.1	-70.1	-11.2	-13.9	-95.2				-65.1	216.3
251	Buildings and Structures	60.2	116.2	13.5	18.2	41.4	73.0				-43.2	-37.2
252	Machinery / Equipment (>50,000)	122.9	370.5	49.0	123.9	215.3	388.2				17.7	4.8
257	Valuables	1.0	1.0	0.0	0.0	0.0	0.0				-1.0	-97.6
258	Land	3.1	8.8	1.6	114.2	12.2	128.1				119.2	1,348.4
259	Capital Advance Payments	-500.6	101.8	0.6	1.7	7.3	9.6				-92.2	-90.5

Source: FPU using AFMIS data downloaded on the 5 February 2011, 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/ Total allocated budget is the same as the approved Budget ceiling. However, 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	1388	1389	1389	1389	1389	Comparison to Budget			1389 Comparison to	
		Qtr 3	Qtr 3	Qtr 1	Qtr 2	Qtr 3	Qtr 3	Budget or	Current	%	1388 YTD	
		Actual	Actual	Prelim	Prelim	Prelim	Prelim	MYR	Allocated	Allocated		
		Qtr	YTD	Qtr	Qtr	Qtr	YTD	Ceiling (3)	Budget (4)	Budget	Change	% Increase
2	TOTAL GROSS EXPENDITURES	12,458.6	30,384.2	2,860.0	13,811.6	11,667.0	28,338.7	111,900.2	111,900.2	25.3	-2,045.5	-6.7
	Discretionary Budget	3,153.3	6,235.3	617.5	1,888.8	2,805.2	5,311.5	23,078.2	23,078.2	23.0	-923.8	-14.8
	Non-discretionary Budget	9,305.4	24,148.8	2,242.5	11,922.8	8,861.9	23,027.2	76,151.5	76,151.5	30.2	-1,121.7	-4.6
2*	TOTAL NET EXPENDITURES (2)	12,458.6	30,384.2	2,860.0	13,811.6	11,667.0	28,338.7				-2,045.5	-6.7
2-25	RECURRENT EXPENDITURES	3,717.2	9,154.5	1,547.8	5,163.9	4,421.4	11,133.1	N/A	65,909.1	16.9	1,978.7	21.6
	Compensation of Employees	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	N/A
211-3	Wages and Salaries	0.0	0.0	0.0	0.0	0.0	0.0					
214-5	Social Benefits	0.0	0.0	0.0	0.0	0.0	0.0					
	Use of Goods and Services	3,717.2	9,134.9	1,547.8	4,747.5	4,421.4	10,716.8	N/A	65,909.1	16.3	1,581.9	17.3
221	Travel	40.3	90.8	14.0	28.4	59.2	101.5				10.7	11.8
222	Communications	19.5	39.3	9.2	17.9	22.3	49.4				10.1	25.6
223	Contracted Services	2,868.6	7,004.7	1,146.0	3,527.0	3,398.1	8,071.2				1,066.5	15.2
224	Repairs and Maintenance	47.9	257.0	15.4	39.3	37.7	92.4				-164.7	-64.1
225	Utilities	3.3	4.5	0.0	1.9	0.3	2.2				-2.3	-51.3
226	Fuel	8.8	16.8	0.3	9.3	23.5	33.1				16.3	96.7
227-9	Other Use of Goods and Services	728.8	1,721.7	362.8	1,123.8	880.5	2,367.1				645.4	37.5
23	Interest (1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-	0.0	N/A
24	Social Transfers	0.0	19.5	0.0	416.3	0.0	416.3	0.0	0.0	-	396.8	2031.3
242	Subsidies	0.0	0.3	0.0	16.3	0.0	16.3				16.0	5,381.1
245	Grants	0.0	0.0	0.0	0.0	0.0	0.0				0.0	N/A
247	Social Security	0.0	0.0	0.0	0.0	0.0	0.0				0.0	N/A
248-9	Other Social Transfers	0.0	19.2	0.0	400.0	0.0	400.0				380.8	1,979.4
25	ACQUISITION OF ASSETS											
	Gross Acquisition of Nonfinancial Assets	8,741.5	21,229.7	1,312.2	8,647.8	7,245.6	17,205.5	N/A	41,061.0	41.9	-4,024.2	-19.0
25*	Net Acquisition of Nonfinancial Assets (2)	8,741.5	21,229.7	1,312.2	8,647.8	7,245.6	17,205.5				-4,024.2	-19.0
150	Sale of Land and Buildings	0.0	0.0	0.0	0.0	0.0	0.0				0.0	N/A
251	Buildings and Structures	5,842.5	11,887.0	1,171.1	6,381.0	5,009.9	12,562.0				675.0	5.7
252	Machinery / Equipment (>50,000)	2,574.5	3,079.9	77.6	353.3	473.3	904.2				-2,175.8	-70.6
257	Valuables	1.3	2.0	2.0	0.7	2.0	4.7				2.7	138.2
258	Land	0.4	15.5	9.2	0.2	891.7	901.1				885.6	5,710.2
259	Capital Advance Payments	322.8	6,245.3	52.3	1,912.5	868.7	2,833.6				-3,411.7	-54.6

Source: FPU using AFMIS data downloaded on the 5 February 2011

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/ Total allocated budget is the same as the approved Budget ceiling. However, 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 6.4 – Total Core Budget Expenditures by Afghanistan National Development Strategy Pillar

(In millions of Afghanis)	1388 Qtr 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	Comparison to Budget Budget or MYR Ceiling	Current Allocated Budget (1)	% Allocated Budget
TOTAL GROSS EXPENDITURES	30,788.8	86,792.7	41,314.4	37,772.5	100,724.0	231,749.6	231,749.6	43.5
Operating Budget	18,330.1	56,408.6	27,502.8	26,105.5	72,385.4	119,849.4	119,849.4	60.4
Development Budget	12,458.6	30,384.2	13,811.6	11,667.0	28,338.7	111,900.2	111,900.2	25.3
Security	9,343.6	28,214.7	15,349.6	14,690.4	40,870.6	42,731.4	57,135.7	71.5
Operating Budget	9,270.6	27,506.2	15,198.1	14,626.5	40,608.8	41,738.1	56,142.4	72.3
Development Budget	73.0	708.5	151.4	63.9	261.8	993.3	993.3	26.4
Total Governance, Rule of Law and Human Rights	2,217.6	6,622.4	2,998.6	2,360.3	7,829.4	12,412.7	14,752.6	53.1
Operating Budget	1,918.7	5,873.0	2,643.3	2,021.2	7,035.5	8,179.0	10,518.9	66.9
Development Budget	298.8	749.4	355.3	339.1	793.9	4,233.7	4,233.7	18.8
Total Infrastructure and Natural Resources	5,249.0	11,294.0	6,835.2	6,770.5	15,129.2	50,237.2	51,060.9	29.6
Operating Budget	620.9	1,752.5	668.1	693.2	1,727.8	2,169.6	2,992.2	57.7
Development Budget	4,628.0	9,541.5	6,167.1	6,077.4	13,401.4	48,067.6	48,067.6	27.9
Total Education	5,541.0	16,162.2	7,889.6	6,873.0	18,331.9	32,927.0	34,196.1	53.6
Operating Budget	3,751.1	11,897.6	5,590.7	5,287.4	14,105.3	20,599.7	21,868.8	64.5
Development Budget	1,789.9	4,264.5	2,298.9	1,585.6	4,226.6	12,327.3	12,327.3	34.3
Total Health	1,216.5	3,392.2	1,767.4	1,635.5	4,014.1	9,362.3	9,454.9	42.5
Operating Budget	503.4	1,370.6	504.2	511.3	1,311.4	2,046.3	2,138.9	61.3
Development Budget	713.1	2,021.6	1,263.2	1,124.1	2,702.7	7,316.0	7,316.0	36.9
Total Agriculture and Rural Development	4,758.5	13,719.3	3,214.9	2,194.7	6,350.8	28,993.4	29,021.4	21.9
Operating Budget	378.3	2,090.7	400.1	438.1	1,124.4	1,664.1	1,692.1	66.4
Development Budget	4,380.2	11,628.6	2,814.8	1,756.6	5,226.4	27,329.3	27,329.3	19.1
Total Social Protection	1,573.4	4,221.7	1,964.3	1,809.3	4,842.2	2,816.7	7,978.8	60.7
Operating Budget	1,353.6	3,844.8	1,845.9	1,696.3	4,577.6	1,706.4	6,868.6	66.6
Development Budget	219.8	376.9	118.4	113.0	264.6	1,110.2	1,110.2	23.8
Total Economic Governance and Private Sector Development	877.1	2,924.2	1,291.6	1,337.7	3,219.2	7,775.4	8,834.3	36.4
Operating Budget	533.4	2,073.1	652.4	831.5	1,894.6	2,096.6	3,155.4	60.0
Development Budget	343.7	851.1	639.2	506.2	1,324.6	5,678.9	5,678.9	23.3
Total Unclassified	12.0	242.0	3.3	101.1	136.7	44,493.4	N/A	-
Operating Budget	0.0	0.0	0.0	0.0	0.0	39,649.5	N/A	-
Development Budget	12.0	242.0	3.3	101.1	136.7	4,843.9	N/A	-

Source: FPU using AFMIS data downloaded on the 5 February 2011

(1) For individual Ministries (not the total budget), allocated operating Budget may not equal the approved budget, as funds are allocated from contingency reserve during the year. Allocated budget for th is the same as the latest approved budget.

Table 6.5a – Total Core Budget Gross Expenditures by Ministry

Code	(In millions of Afghanis)	1388	1388	1389	1389	1389	Comparison to Budget		
		Qtr 3 Actual Qtr	Qtr 3 Actual YTD	Qtr 2 Prelim Qtr	Qtr 3 Prelim Qtr	Qtr 3 Prelim YTD	Budget or MYR Ceiling	Current Allocated Budget (1)	% Allocated Budget
25	TOTAL GROSS EXPENDITURES	30,788.8	86,792.7	41,314.4	37,772.5	100,724.0	231,749.6	231,749.6	43.5
	Operating Budget	18,330.1	56,408.6	27,502.8	26,105.5	72,385.4	119,849.4	119,849.4	60.4
	Development Budget	12,458.6	30,384.2	13,811.6	11,667.0	28,338.7	111,900.2	111,900.2	25.3
26	Ministry of Interior	3,871.1	11,952.4	6,972.1	6,652.2	18,229.4	22,214.7	26,270.1	69.4
	Operating Budget	3,834.1	11,868.4	6,828.3	6,634.9	18,046.7	21,845.9	25,901.3	69.7
	Development Budget	37.0	84.0	143.7	17.3	182.7	368.8	368.8	49.5
22	Ministry of Defence	4,096.0	11,872.8	7,041.0	6,665.2	18,766.7	14,124.5	24,344.0	77.1
	Operating Budget	4,096.0	11,872.8	7,041.0	6,665.2	18,766.7	14,062.5	24,282.0	77.3
	Development Budget	0.0	0.0	0.0	0.0	0.0	62.0	62.0	0.0
23	Ministry of Foreign Affairs	572.1	1,933.3	420.4	413.4	1,103.7	2,637.8	2,802.6	39.4
	Operating Budget	539.1	1,319.7	414.9	412.6	1,097.4	2,224.9	2,389.7	45.9
	Development Budget	33.0	613.6	5.4	0.8	6.2	412.9	412.9	1.5
15	Presidential Protective Service	188.7	547.1	234.9	262.0	688.3	776.6	943.8	72.9
	Operating Budget	188.7	547.1	234.9	234.8	661.1	689.0	856.2	77.2
	Development Budget	0.0	0.0	0.0	27.2	27.2	87.6	87.6	31.1
64	General Directorate of National Security	615.8	1,909.2	681.2	697.5	2,082.5	2,977.7	2,775.1	75.0
	Operating Budget	612.8	1,898.3	678.9	678.9	2,036.8	2,915.8	2,713.1	75.1
	Development Budget	3.1	10.9	2.3	18.6	45.7	61.9	61.9	73.7
	Total Security	9,343.6	28,214.7	15,349.6	14,690.4	40,870.6	42,731.4	57,135.7	71.5
	Operating Budget	9,270.6	27,506.2	15,198.1	14,626.5	40,608.8	41,738.1	56,142.4	72.3
	Development Budget	73.0	708.5	151.4	63.9	261.8	993.3	993.3	26.4
10	Presidents Office	272.7	839.1	382.5	298.7	984.9	1,636.4	1,661.8	59.3
	Operating Budget	261.6	806.4	335.4	279.5	918.6	1,324.2	1,349.7	68.1
	Development Budget	11.1	32.7	47.1	19.2	66.3	312.2	312.2	21.2
11	National Assembly Meshanro Jirga	69.4	203.4	66.8	94.9	282.2	355.1	390.4	72.3
	Operating Budget	69.4	203.4	53.7	89.3	263.4	293.2	328.4	80.2
	Development Budget	0.0	0.0	13.2	5.6	18.8	61.9	61.9	30.3
12	National Assembly Wolesi Jirga	230.0	590.4	147.9	137.3	482.1	859.2	818.6	58.9
	Operating Budget	214.2	546.1	147.9	132.5	475.3	767.3	726.7	65.4
	Development Budget	15.8	44.3	0.0	4.8	6.8	91.9	91.9	7.4
14	Supreme Court	153.1	493.7	311.9	298.7	783.0	1,252.9	1,533.1	51.1
	Operating Budget	142.3	473.0	283.1	293.0	743.5	854.0	1,134.1	65.6
	Development Budget	10.8	20.7	28.8	5.7	39.5	398.9	398.9	9.9
50	Ministry of Justice	318.5	876.1	477.7	531.4	1,319.5	1,702.0	2,298.8	57.4
	Operating Budget	275.4	808.1	458.5	438.3	1,196.8	1,240.7	1,837.5	65.1
	Development Budget	43.1	67.9	19.3	93.1	122.7	461.3	461.3	26.6
13	Administrative Affairs	269.1	1,100.8	224.2	351.5	1,319.8	505.2	1,564.1	84.4
	Operating Budget	269.1	1,100.8	224.2	326.8	1,295.1	400.2	1,459.1	88.8
	Development Budget	0.0	0.0	0.0	24.7	24.7	105.0	105.0	23.5
21	Ministry of State and Parliament Affairs	8.7	27.8	13.7	12.2	31.1	41.4	41.8	74.5
	Operating Budget	8.7	27.8	13.7	12.2	31.1	41.4	41.8	74.5
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
24	Ministry of Haj and Religious Affairs	149.8	337.2	418.1	-193.1	292.2	597.1	899.4	32.5
	Operating Budget	94.1	267.3	389.9	-196.8	260.4	388.0	690.3	37.7
	Development Budget	55.7	69.9	28.1	3.7	31.8	209.1	209.1	15.2
51	Attorney General	150.0	345.4	148.4	163.4	418.5	1,050.2	971.6	43.1
	Operating Budget	119.3	313.9	144.9	151.2	402.3	592.1	513.5	78.3
	Development Budget	30.7	31.5	3.5	12.2	16.3	458.1	458.1	3.6
72	Election Commission	25.4	64.8	22.0	19.2	58.1	127.9	126.3	46.0
	Operating Budget	25.4	64.8	22.0	19.2	58.1	103.6	102.1	56.9
	Development Budget	0.0	0.0	0.0	0.0	0.0	24.3	24.3	0.0
62	IARCSC	161.2	473.6	182.8	142.8	433.0	774.4	795.9	54.4
	Operating Budget	59.4	165.7	53.6	53.4	152.8	212.8	234.3	65.2
	Development Budget	101.8	308.0	129.2	89.4	280.2	561.6	561.6	49.9
67	The High office of Oversight and Anti Corruption	8.0	24.2	19.3	20.9	50.5	137.9	148.1	34.1
	Operating Budget	8.0	24.2	13.1	18.2	41.0	65.1	75.3	54.5
	Development Budget	0.0	0.0	6.2	2.7	9.5	72.9	72.9	13.0
59	Independent Directorate of Local Governance	401.4	1,245.7	582.1	481.0	1,371.5	3,360.4	3,490.0	39.3
	Operating Budget	371.5	1,071.2	502.1	403.0	1,194.1	1,883.8	2,013.4	59.3
	Development Budget	29.9	174.5	80.0	78.0	177.4	1,476.6	1,476.6	12.0
74	Legal Training Center	0.2	0.2	1.1	1.3	3.0	12.7	12.7	23.3
	Operating Budget	0.2	0.2	1.1	1.3	3.0	12.7	12.7	23.3
	Development Budget	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
	Total Governance, Rule of Law and Human Rights	2,217.6	6,622.4	2,998.6	2,360.3	7,829.4	12,412.7	14,752.6	53.1
	Operating Budget	1,918.7	5,873.0	2,643.3	2,021.2	7,035.5	8,179.0	10,518.9	66.9
	Development Budget	298.8	749.4	355.3	339.1	793.9	4,233.7	4,233.7	18.8

Source: FPU using AFMIS data downloaded on the 5 February 2011

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

Code	(In millions of Afghanis)	1388	1388	1389	1389	1389	Comparison to Budget		
		Qtr 3	Qtr 3	Qtr 2	Qtr 3	Qtr 3	Budget or	Current	%
		Actual	Actual	Prelim	Prelim	Prelim	MYR	Allocated	Allocated
		Qtr	YTD	Qtr	Qtr	YTD	Ceiling	Budget (1)	Budget
42 Ministry of Public Works		2,303.3	5,379.4	4,702.5	3,444.7	8,845.7	24,031.6	24,765.7	35.7
Operating Budget		197.9	443.5	195.0	264.8	524.8	517.5	1,251.6	41.9
Development Budget		2,105.4	4,936.0	4,507.5	3,179.9	8,320.9	23,514.1	23,514.1	35.4
45 Ministry of Transport and Aviation		162.0	497.3	291.0	207.4	601.1	1,803.2	1,793.1	33.5
Operating Budget		72.8	219.0	89.4	85.6	228.0	316.9	306.7	74.3
Development Budget		89.3	278.3	201.6	121.7	373.0	1,486.3	1,486.3	25.1
34 Ministry of Communication		488.9	726.5	329.6	110.7	547.0	2,119.3	2,126.4	25.7
Operating Budget		106.1	308.5	104.3	102.7	291.6	439.7	446.8	65.3
Development Budget		382.8	418.0	225.3	8.0	255.4	1,679.6	1,679.6	15.2
41 Ministry of Energy and Water		1,472.8	2,633.9	727.2	2,158.6	3,143.0	14,642.3	14,672.4	21.4
Operating Budget		99.3	373.7	78.8	79.2	211.5	276.6	306.7	69.0
Development Budget		1,373.5	2,260.2	648.4	2,079.4	2,931.5	14,365.7	14,365.7	20.4
49 Ministry of Urban Development		284.1	716.4	347.4	232.1	808.1	3,196.6	3,232.3	25.0
Operating Budget		26.1	68.2	42.9	23.5	87.4	100.7	136.4	64.1
Development Budget		258.0	648.3	304.5	208.6	720.6	3,095.9	3,095.9	23.3
32 Ministry of Mines and Industries		173.2	483.8	218.1	264.6	572.9	1,966.5	1,980.1	28.9
Operating Budget		65.8	181.6	93.1	68.0	211.0	270.2	283.8	74.3
Development Budget		107.4	302.2	125.0	196.6	361.9	1,696.3	1,696.3	21.3
65 Geodesy and Cartography Office		39.3	97.1	30.3	32.6	86.2	144.1	146.3	58.9
Operating Budget		29.7	84.9	29.4	29.6	82.3	115.6	117.9	69.9
Development Budget		9.5	12.2	0.9	3.0	3.9	28.5	28.5	13.7
60 Directorate of Environment		34.6	91.2	31.4	38.4	85.2	158.7	168.6	50.5
Operating Budget		21.8	70.2	31.4	34.7	81.5	111.5	121.4	67.1
Development Budget		12.8	21.0	0.0	3.7	3.7	47.2	47.2	7.8
75 Afghanistan High Atomic Energy Commission		1.4	3.0	3.8	5.0	9.7	25.8	26.9	36.1
Operating Budget		1.4	3.0	3.8	5.0	9.7	21.0	21.0	46.3
Development Budget		0.0	0.0	0.0	0.0	0.0	4.9	4.9	0.0
79 Municipalities		289.5	665.3	153.9	276.5	430.4	2,149.2	2,149.2	20.0
Operating Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Development Budget		289.5	665.3	153.9	276.5	430.4	2,149.2	2,149.2	20.0
Total Infrastructure and Natural Resources		5,249.0	11,294.0	6,835.2	6,770.5	15,129.2	50,237.2	51,060.9	29.6
Operating Budget		620.9	1,752.5	668.1	693.2	1,727.8	2,169.6	2,992.2	57.7
Development Budget		4,628.0	9,541.5	6,167.1	6,077.4	13,401.4	48,067.6	48,067.6	27.9
27 Ministry of Education		4,625.5	13,214.3	6,833.3	5,828.6	15,761.7	27,821.2	29,057.4	54.2
Operating Budget		3,126.7	10,095.2	4,868.7	4,506.4	12,161.3	17,834.3	19,070.6	63.8
Development Budget		1,498.8	3,119.1	1,964.6	1,322.2	3,600.4	9,986.8	9,986.8	36.1
28 Ministry of Higher Education		654.8	2,228.5	711.9	676.0	1,700.6	3,317.3	3,304.0	51.5
Operating Budget		379.8	1,147.9	514.9	500.7	1,301.7	1,876.3	1,863.0	69.9
Development Budget		275.1	1,080.6	197.1	175.3	398.9	1,441.0	1,441.0	27.7
36 Ministry of Information and Culture		168.5	451.6	171.0	189.0	469.7	998.0	1,044.5	45.0
Operating Budget		160.5	429.3	136.0	167.1	410.8	567.9	614.4	66.9
Development Budget		8.0	22.3	35.0	22.0	58.9	430.1	430.1	13.7
61 Science Academy		35.8	106.6	36.0	62.3	128.7	202.5	203.8	63.1
Operating Budget		34.5	104.2	27.2	39.2	96.8	131.2	132.5	73.1
Development Budget		1.3	2.5	8.8	23.1	31.9	71.3	71.3	44.7
63 National Olympic Committee		56.5	161.1	137.4	117.1	271.2	588.0	586.3	46.3
Operating Budget		49.7	121.0	43.9	74.1	134.6	190.1	188.3	71.5
Development Budget		6.8	40.0	93.5	43.0	136.5	398.0	398.0	34.3
Total Education		5,541.0	16,162.2	7,889.6	6,873.0	18,331.9	32,927.0	34,196.1	53.6
Operating Budget		3,751.1	11,897.6	5,590.7	5,287.4	14,105.3	20,599.7	21,868.8	64.5
Development Budget		1,789.9	4,264.5	2,298.9	1,585.6	4,226.6	12,327.3	12,327.3	34.3
37 Ministry of Public Health		1,216.5	3,392.2	1,767.4	1,635.5	4,014.1	9,362.3	9,454.9	42.5
Operating Budget		503.4	1,370.6	504.2	511.3	1,311.4	2,046.3	2,138.9	61.3
Development Budget		713.1	2,021.6	1,263.2	1,124.1	2,702.7	7,316.0	7,316.0	36.9
Total Health		1,216.5	3,392.2	1,767.4	1,635.5	4,014.1	9,362.3	9,454.9	42.5
Operating Budget		503.4	1,370.6	504.2	511.3	1,311.4	2,046.3	2,138.9	61.3
Development Budget		713.1	2,021.6	1,263.2	1,124.1	2,702.7	7,316.0	7,316.0	36.9

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

Code	(In millions of Afghanis)	1388	1388	1389	1389	1389	Comparison to Budget		
		Qtr 3	Qtr 3	Qtr 2	Qtr 3	Qtr 3	Budget or	Current	%
		Actual	Actual	Prelim	Prelim	Prelim	MYR	Allocated	Allocated
		Qtr	YTD	Qtr	Qtr	YTD	Ceiling	Budget (1)	Budget
39 Ministry of Agriculture		482.4	2,097.5	745.2	731.8	1,892.7	6,850.7	6,901.3	27.4
Operating Budget		249.1	1,500.4	259.0	288.8	736.8	1,082.4	1,133.0	65.0
Development Budget		233.3	597.0	486.2	443.0	1,155.9	5,768.3	5,768.3	20.0
48 Ministry of Counter Narcotics		74.5	249.7	62.6	36.7	133.3	508.8	503.7	26.5
Operating Budget		18.7	53.6	17.8	23.2	53.9	86.8	81.7	66.0
Development Budget		55.8	196.1	44.8	13.5	79.4	422.0	422.0	18.8
43 Ministry of Rural Rehabilitation and Development		4,201.6	11,372.1	2,407.1	1,426.2	4,324.8	21,634.0	21,616.4	20.0
Operating Budget		110.5	536.7	123.3	126.0	333.6	495.0	477.4	69.9
Development Budget		4,091.1	10,835.5	2,283.7	1,300.1	3,991.2	21,139.0	21,139.0	18.9
Total Agriculture and Rural Development		4,758.5	13,719.3	3,214.9	2,194.7	6,350.8	28,993.4	29,021.4	21.9
Operating Budget		378.3	2,090.7	400.1	438.1	1,124.4	1,664.1	1,692.1	66.4
Development Budget		4,380.2	11,628.6	2,814.8	1,756.6	5,226.4	27,329.3	27,329.3	19.1
46 Ministry of Frontiers and Tribal Affairs		122.6	250.7	81.2	86.1	223.6	394.3	400.1	55.9
Operating Budget		72.2	196.7	80.5	85.2	222.1	321.0	326.8	67.9
Development Budget		50.4	54.0	0.7	0.9	1.6	73.3	73.3	2.2
47 Ministry of Martyrs, Disabled and Social Affairs		1,323.8	3,671.7	1,754.0	1,564.5	4,266.5	1,595.8	6,737.4	63.3
Operating Budget		1,183.0	3,400.4	1,669.5	1,498.7	4,083.0	948.5	6,090.1	67.0
Development Budget		140.8	271.3	84.5	65.8	183.5	647.3	647.3	28.3
29 Ministry of Refugees and Repatriates		50.4	109.4	53.1	63.6	139.5	379.2	391.4	35.6
Operating Budget		41.5	94.0	36.0	48.2	107.1	147.1	159.3	67.2
Development Budget		8.9	15.4	17.1	15.3	32.4	232.1	232.1	14.0
38 Ministry of Women Affairs		45.0	117.9	43.7	53.5	121.7	272.5	274.0	44.4
Operating Budget		31.3	89.9	34.2	35.2	94.0	156.7	158.2	59.4
Development Budget		13.7	28.0	9.5	18.3	27.7	115.8	115.8	23.9
68 Office of Disaster Preparedness		12.9	34.5	15.3	19.3	45.4	85.6	86.3	52.6
Operating Budget		12.9	34.5	15.3	19.3	45.4	85.6	86.3	52.6
Development Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
76 Directorate of Kochis		18.7	37.5	17.0	22.4	45.5	89.2	89.6	50.7
Operating Budget		12.7	29.3	10.3	9.7	26.1	47.5	47.8	54.5
Development Budget		6.0	8.2	6.7	12.7	19.4	41.7	41.7	46.5
Total Social Protection		1,573.4	4,221.7	1,964.3	1,809.3	4,842.2	2,816.7	7,978.8	60.7
Operating Budget		1,353.6	3,844.8	1,845.9	1,696.3	4,577.6	1,706.4	6,868.6	66.6
Development Budget		219.8	376.9	118.4	113.0	264.6	1,110.2	1,110.2	23.8
20 Ministry of Finance		537.5	2,075.3	1,039.7	1,052.6	2,514.4	5,402.9	6,014.3	41.8
Operating Budget		311.8	1,512.9	503.6	654.6	1,457.5	1,405.9	2,017.3	72.2
Development Budget		225.7	562.5	536.1	398.0	1,056.9	3,997.0	3,997.0	26.4
25 Ministry of Commerce		135.5	327.9	78.6	69.3	187.6	516.7	938.8	20.0
Operating Budget		125.9	308.6	57.1	52.3	147.6	230.0	652.1	22.6
Development Budget		9.6	19.3	21.5	17.0	40.0	286.7	286.7	13.9
35 Ministry of Economy		100.0	240.9	65.7	80.5	194.4	843.2	846.7	23.0
Operating Budget		43.8	102.6	36.0	50.1	118.1	220.6	224.1	52.7
Development Budget		56.2	138.3	29.7	30.4	76.3	622.6	622.6	12.3
66 Control and Audit Office		54.5	118.9	69.5	67.7	190.3	521.8	524.6	36.3
Operating Budget		16.9	50.3	17.6	23.1	55.1	71.4	74.2	74.2
Development Budget		37.5	68.6	51.9	44.6	135.3	450.4	450.4	30.0
73 Central Statistics Office		26.3	77.4	31.5	57.6	110.4	227.8	244.5	45.1
Operating Budget		26.3	77.4	31.5	41.4	94.2	122.6	139.3	67.6
Development Budget		0.0	0.0	0.0	16.1	16.1	105.2	105.2	15.4
58 Afghanistan National Standard Authority		23.3	83.8	6.6	10.0	22.1	263.0	265.2	8.3
Operating Budget		8.7	21.4	6.6	10.0	22.1	46.1	48.3	45.7
Development Budget		14.7	62.4	0.0	0.0	0.0	216.9	216.9	0.0
Total Economic Governance and Private Sector Development		877.1	2,924.2	1,291.6	1,337.7	3,219.2	7,775.4	8,834.3	36.4
Operating Budget		533.4	2,073.1	652.4	831.5	1,894.6	2,096.6	3,155.4	60.0
Development Budget		343.7	851.1	639.2	506.2	1,324.6	5,678.9	5,678.9	23.3
78 Transfers to Municipalities		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Operating Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Development Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
80 Extrabudgetary Agencies		12.0	242.0	3.3	101.1	136.7	3,198.3	456.5	29.9
Operating Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Development Budget		12.0	242.0	3.3	101.1	136.7	3,198.3	456.5	29.9
90 Unallocated Reserves		0.0	0.0	0.0	0.0	0.0	41,295.1	N/A	-
Operating Budget		0.0	0.0	0.0	0.0	0.0	39,649.5	N/A	-
Development Budget		0.0	0.0	0.0	0.0	0.0	1,645.6	N/A	-
99 Unspecified		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Operating Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Development Budget		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-
Total Unclassified		12.0	242.0	3.3	101.1	136.7	44,493.4	N/A	-
Operating Budget		0.0	0.0	0.0	0.0	0.0	39,649.5	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 Qtr 3 Prelim YTD	Comparison to Budget Current Allocated Budget (1)	% Allocated Budget	1389 Qtr 3 Prelim YTD	Comparison to Budget Current Allocated Budget	% Allocated Budget	1389 Qtr 3 Prelim YTD	Comparison to Budget Current Allocated Budget	% Allocated Budget
27 Ministry of Education		12,161.3	19,070.6	63.8	3,600.4	12,646.2	28.5	15,761.7	31,716.8	49.7
271 General Islamic Education		10,521.3	16,210.9	64.9	420.0	1,079.0	38.9	10,941.3	17,289.9	63.3
272 Curriculum Development & Teacher Education		440.9	766.9	57.5	1,368.6	3,441.8	39.8	1,809.5	4,208.8	43.0
273 Technical & Vocational Education & Training		408.5	625.3	65.3	207.9	781.3	26.6	616.4	1,406.6	43.8
274 Literacy		212.3	338.9	62.6	106.7	254.3	42.0	319.0	593.2	53.8
275 Education Management		603.8	1,128.5	53.5	1,497.2	7,089.8	21.1	2,100.9	8,218.3	25.6
999 Expenditure returns		-25.5	0.0	N/A	0.0	0.0	N/A	-25.5	0.0	N/A
39 Ministry of Agriculture, Irrigation and Livestock		736.8	1,133.0	65.0	1,155.9	5,110.6	22.6	1,892.7	6,243.6	30.3
391 Natural Resources Management		159.5	244.7	65.2	105.1	207.7	50.6	264.6	452.4	58.5
392 Agriculture Production & Productivity		240.5	382.0	62.9	603.5	2,988.5	20.2	844.0	3,370.5	25.0
393 Economic Regeneration		138.4	207.2	66.8	268.4	1,433.4	18.7	406.8	1,640.7	24.8
394 Change Management Process		199.4	299.0	66.7	178.8	481.0	37.2	378.2	780.0	48.5
999 Expenditure returns		-1.0	0.0	N/A	0.0	0.0	N/A	-1.0	0.0	N/A
43 Ministry of Rural Rehabilitation and Development		333.6	477.4	69.9	3,991.2	20,942.7	19.1	4,324.8	21,420.0	20.2
431 Local Governance		0.6	0.6	100.0	2,793.5	16,919.8	16.5	2,794.1	16,920.4	16.5
432 Rural Infrastructure		0.0	0.0	N/A	1,113.0	3,535.2	31.5	1,113.0	3,535.2	31.5
433 Economic Regeneration		0.0	0.0	N/A	84.7	423.7	20.0	84.7	423.7	20.0
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		333.3	476.7	69.9	0.0	0.0	N/A	333.3	476.7	69.9
999 Expenditure returns		-0.3	0.0	N/A	0.0	0.0	N/A	-0.3	0.0	N/A
41 Ministry of Energy & Water		211.5	306.7	69.0	2,931.5	12,179.7	24.1	3,143.0	12,486.4	25.2
411 Availability of Competitively Priced Electricity for community li		15.0	26.3	57.0	1,512.0	5,464.6	27.7	1,527.0	5,490.9	27.8
412 Availability of and accessibility to water for community livelihood		69.4	129.7	53.5	1,400.0	6,603.3	21.2	1,469.4	6,733.0	21.8
413 General Administration		127.7	150.7	84.7	19.5	111.9	17.4	147.2	262.6	56.1
999 Expenditure returns		-0.6	0.0	N/A	0.0	0.0	N/A	-0.6	0.0	N/A
20 Ministry of Finance		1,471.7	2,017.3	73.0	1,056.9	6,550.8	16.1	2,528.6	8,568.1	29.5
201 Public Finance Management		385.5	519.1	74.3	455.0	962.9	47.3	840.5	1,481.9	56.7
202 Revenue Management		236.9	375.6	63.1	86.8	791.2	11.0	323.6	1,166.8	27.7
203 Institutional Development		812.9	1,056.4	76.9	498.7	4,631.4	10.8	1,311.6	5,687.9	23.1
204 Governance		48.9	66.2	73.8	16.5	165.2	10.0	65.3	231.4	28.2
999 Expenditure returns		-12.5	0.0	N/A	0.0	0.0	N/A	-12.5	0.0	N/A
42 Ministry of Public Works		524.8	1,251.6	41.9	8,320.9	23,602.3	35.3	8,845.7	24,853.9	35.6
421 Infrastructure		12.6	47.8	26.4	8,320.9	23,602.3	35.3	8,333.5	23,650.0	35.2
422 Maintenance		440.1	1,018.8	43.2	0.0	0.0	N/A	440.1	1,018.8	43.2
423 General Administration & Finance		72.6	185.1	39.2	0.0	0.0	N/A	72.6	185.1	39.2
999 Expenditure returns		-0.6	0.0	N/A	0.0	0.0	N/A	-0.6	0.0	N/A
37 Ministry of Public Health		1,311.4	2,138.9	61.3	2,702.7	6,893.1	39.2	4,014.1	9,032.0	44.4
371 Institutional Development & Assessment		26.0	81.9	31.7	239.0	1,004.6	23.8	265.0	1,086.5	24.4
372 Health Service Provision		536.1	926.5	57.9	2,463.7	5,695.3	43.3	2,999.9	6,621.7	45.3
373 Administrative Support		755.7	1,130.5	66.8	0.0	193.3	0.0	755.7	1,323.8	57.1
999 Expenditure returns		-6.4	0.0	N/A	0.0	0.0	N/A	-6.4	0.0	N/A
59 Independent Directorate of Local Governance		1,194.1	2,013.4	59.3	177.4	1,446.0	12.3	1,371.5	3,459.4	39.6
591 Policy Service		3.9	14.0	27.9	0.0	0.0	N/A	3.9	14.0	27.9
592 Institutional Development Services		3.2	21.2	14.9	177.4	1,446.0	12.3	180.5	1,467.2	12.3
593 Broader Governance Services		1,034.9	1,636.7	63.2	0.0	0.0	N/A	1,034.9	1,636.7	63.2
594 Options & Management Services		152.7	341.4	44.7	0.0	0.0	N/A	152.7	341.4	44.7
999 Expenditure returns		-0.6	0.0	N/A	0.0	0.0	N/A	-0.6	0.0	N/A
49 Ministry of Urban Development		87.4	136.4	64.1	720.6	2,675.4	26.9	808.1	2,811.7	28.7
491 Urban Governance & Planning		13.1	17.4	75.1	137.3	794.5	17.3	150.4	812.0	18.5
492 Urban Development & Housing Policy		2.1	2.9	72.5	160.0	394.7	40.5	162.1	397.6	40.8
493 Urban Infrastructure & Services		13.3	17.6	75.7	423.4	1,486.1	28.5	436.7	1,503.8	29.0
494 Management & Options		60.0	98.4	61.0	0.0	0.0	N/A	60.0	98.4	61.0
999 Expenditure returns		-1.1	0.0	N/A	0.0	0.0	N/A	-1.1	0.0	N/A

Source: FPU using AFMIS data downloaded on the 5 February 2011

(1) Official data on the revised development budget by program are not available. Figures on allocated budget for the development budget are taken from budget allocations shown in AFMIS data, which differs from published data shown in Tables 6.5.

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		1389	Comparison to Budget		1389	Comparison to Budget	
		Qtr 3	Current	%	Qtr 3	Current	%	Qtr 3	Current	%
		Prelim	Allocated	Allocated	Prelim	Allocated	Allocated	Prelim	Allocated	Allocated
		YTD	Budget (1)	Budget	YTD	Budget (1)	Budget	YTD	Budget (1)	Budget
45 Ministry of Transport & Civil Aviation		228.0	306.7	74.3	373.0	1,412.5	26.4	601.1	1,719.2	35.0
451 Air Transport Services		112.6	143.7	78.4	118.5	1,388.0	8.5	478.6	1,531.7	31.2
452 Land Transport Services		46.2	73.5	62.8	3.2	24.5	13.3	53.2	97.9	54.4
453 Management & Optional Services		69.8	89.6	78.0	0.0	0.0	N/A	69.8	89.6	78.0
999 Expenditure returns		-0.6	0.0	N/A	0.0	0.0	N/A	-0.6	0.0	N/A
34 Ministry of Communication and Information Technolo		8,714.3	446.8	1,950.5	8.0	1,691.1	0.5	547.0	2,137.9	25.6
341 E-Afghanistan		5,916.7	98.9	5,985.0	8.0	1,691.1	0.5	311.6	1,790.0	17.4
342 ICT Literacy		155.8	20.9	744.5	0.0	0.0	N/A	12.6	20.9	60.1
343 General Administration & Management		2,642.0	327.0	808.0	0.0	0.0	N/A	223.0	327.0	68.2
999 Expenditure returns		-0.3	0.0	N/A	0.0	0.0	N/A	-0.3	0.0	N/A
25 Ministry of Commerce and Industry		147.6	652.1	22.6	17.0	284.1	6.0	187.6	936.1	20.0
251 Private Sector Development		24.2	36.4	66.6	7.8	214.3	3.6	36.8	250.7	14.7
252 Trade Policy & Transit		61.7	104.7	58.9	0.0	0.0	N/A	61.7	104.7	58.9
253 Admin & Regulatory Service		61.8	511.0	12.1	9.3	69.7	13.3	89.2	580.7	15.4
999 Expenditure returns		-0.1	0.0	N/A	0.0	0.0	N/A	-0.1	0.0	N/A
47 Ministry of Labour, Social Affairs, Martyrs and Disab		4,083.0	6,090.1	67.0	65.8	648.7	10.1	4,266.5	6,738.8	63.3
471 Labor Affairs		3,638.4	5,213.5	69.8	60.0	587.8	10.2	3,805.0	5,801.2	65.6
472 Social Protection		150.3	297.0	50.6	0.0	0.0	N/A	150.3	297.0	50.6
473 Martyrs & Disable		11.2	16.8	66.6	0.0	0.0	N/A	11.2	16.8	66.6
474 General Administration		283.6	562.8	50.4	5.8	60.9	9.5	300.6	623.7	48.2
999 Expenditure returns		-0.5	0.0	N/A	0.0	0.0	N/A	-0.5	0.0	N/A
22 Ministry of Defence		18,766.7	24,282.0	77.3	0.0	62.0	0.0	18,766.7	24,344.0	77.1
221 Provide Combat Forces		11,567.7	15,204.9	76.1	0.0	62.0	0.0	11,567.7	15,266.9	75.8
222 Provide Management & Support		7,232.7	9,077.1	79.7	0.0	0.0	N/A	7,232.7	9,077.1	79.7
999 Expenditure returns		-33.7	0.0	N/A	0.0	0.0	N/A	-33.7	0.0	N/A
38 Ministry of Women's Affairs		94.0	158.2	59.4	18.3	114.5	15.9	121.7	272.7	44.6
381 Governance & Rule of Law		18.6	27.7	67.2	0.0	0.9	0.0	18.6	28.6	65.0
382 Women Economical and Social Development		10.4	23.1	45.2	0.0	1.9	0.0	10.4	25.0	41.8
383 General Administration		64.9	107.4	60.5	18.3	111.7	16.4	92.7	219.1	42.3
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		118.1	224.1	52.7	30.4	570.4	5.3	194.4	794.6	24.5
351 Economic Policy, Strategy, Monitoring & Evaluation		59.5	124.6	47.7	29.7	248.1	12.0	134.3	372.7	36.0
352 Administration & Management Services		58.7	99.5	59.0	0.7	322.3	0.2	60.2	421.8	14.3
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		918.6	1,349.7	68.1	19.2	307.1	6.2	984.9	1,656.8	59.4
101 Policies Coordination & Program Management		919.7	1,349.7	68.1	19.2	307.1	6.2	986.0	1,656.8	59.5
999 Expenditure returns		-1.1	0.0	N/A	0.0	0.0	N/A	-1.1	0.0	N/A
28 Ministry of Higher Education		1,301.7	1,863.0	69.9	175.3	1,265.2	13.9	1,700.6	3,128.3	54.4
281 Educate & Train Skilled Graduates		152.1	171.0	89.0	175.3	1,265.2	13.9	551.1	1,436.3	38.4
282 Lead & Manage System of Higher Education		1,151.4	1,692.0	68.1	0.0	0.0	N/A	1,151.4	1,692.0	68.1
999 Expenditure returns		-1.9	0.0	N/A	0.0	0.0	N/A	-1.9	0.0	N/A
62 Civil Service Commissoin		152.8	234.3	65.2	89.4	592.8	15.1	433.0	827.2	52.3
621 Appointments and Appeals		27.6	38.8	71.0	0.0	0.0	N/A	27.6	38.8	71.0
622 Administrative Reforms		19.0	31.7	60.1	32.8	238.5	13.7	153.0	270.2	56.6
623 Capacity Development		13.5	25.7	52.7	56.6	354.3	16.0	159.7	380.0	42.0
624 Management and Operations		93.0	138.1	67.3	0.0	0.0	N/A	93.0	138.1	67.3
999 Expenditure returns		-0.3	0.0	N/A	0.0	0.0	N/A	-0.3	0.0	N/A

Source: FPU using AFMIS data downloaded on the 5 February 2011

(1) Official data on the revised development budget by program are not available. Figures on allocated budget for the development budget are taken from budget allocations shown in AFMIS data, which differs from published data shown in Tables 6.5.

Table 6.7 – Total Core Budget Expenditures by COFOG Sector

Code	(In millions of Afghanis)	1388 Qtr 3 Actual	1388 Qtr 3 Actual YTD	1388 Percent of Total	1389 Qtr 1 Prelim	1389 Qtr 2 Prelim	1389 Qtr 3 Prelim	1389 Qtr 3 Prelim YTD	1389 Percent of Total	1389 Comparison to 1388 YTD Change % Increase
2	TOTAL NET EXPENDITURE	30,777.2	86,762.6		21,567.0	41,303.2	37,758.7	100,628.9		13,866.2 16.0
150	Sale of Land and Buildings	11.6	30.1		70.1	11.2	13.9	95.2		65.1 216.3
2+150	TOTAL GROSS EXPENDITURE	30,788.8	86,792.7	100.0	21,637.0	41,314.4	37,772.5	100,724.0	100.0	13,931.3 16.1
	RECURRENT EXPENDITURE	22,360.7	64,964.6	74.9	20,260.0	32,408.7	30,250.8	82,919.5	82.3	17,954.9 27.6
	CAPITAL EXPENDITURE	8,428.0	21,828.1	25.1	1,377.0	8,905.7	7,521.8	17,804.5	17.7	-4,023.6 -18.4
701	General Public Services (1)	2,739.9	9,043.0	10.4	3,022.0	4,010.6	3,656.6	10,689.1	10.6	1,646.1 18.2
	Recurrent Expenditure	2,992.3	7,793.1	9.0	2,935.9	3,693.3	3,240.4	9,869.5	9.8	2,076.4 26.6
	Capital Expenditure	-252.5	1,249.9	1.4	86.1	317.3	416.2	819.6	0.8	-430.3 -34.4
702	Defence	4,808.4	14,054.1	16.2	6,123.3	8,157.1	7,827.5	22,107.9	21.9	8,053.8 57.3
	Recurrent Expenditure	4,727.3	13,851.8	16.0	6,069.7	8,115.9	7,745.8	21,931.4	21.8	8,079.5 58.3
	Capital Expenditure	81.1	202.2	0.2	53.6	41.2	81.7	176.5	0.2	-25.7 -12.7
703	Public Order and Safety	4,693.1	14,230.0	16.4	4,622.5	6,987.8	6,679.5	18,289.9	18.2	4,059.9 28.5
	Recurrent Expenditure	4,560.6	13,934.6	16.1	4,600.8	6,826.8	6,591.0	18,018.6	17.9	4,084.0 29.3
	Capital Expenditure	132.5	295.4	0.3	21.7	161.0	88.6	271.3	0.3	-24.1 -8.2
704	Economic Affairs	9,895.1	24,719.8	28.5	2,363.3	9,854.3	8,527.5	20,745.1	20.6	-3,974.7 -16.1
	Recurrent Expenditure	2,475.0	7,949.3	9.2	1,630.4	3,377.4	3,547.4	8,555.2	8.5	606.0 7.6
	Capital Expenditure	7,420.2	16,770.5	19.3	732.9	6,476.9	4,980.1	12,189.8	12.1	-4,580.7 -27.3
705	Environmental Protection	51.7	129.3	0.1	15.4	31.4	38.4	85.2	0.1	-44.1 -34.1
	Recurrent Expenditure	26.0	78.2	0.1	15.4	30.5	28.6	74.6	0.1	-3.6 -4.6
	Capital Expenditure	25.7	51.1	0.1	0.0	0.9	9.8	10.7	0.0	-40.4 -79.1
706	Housing and Communal Amenities	423.9	1,117.1	1.3	488.9	1,077.9	1,449.5	3,016.3	3.0	1,899.2 170.0
	Recurrent Expenditure	122.5	296.1	0.3	128.6	376.6	259.0	764.2	0.8	468.1 158.1
	Capital Expenditure	301.4	821.0	0.9	360.2	701.3	1,190.5	2,252.1	2.2	1,431.1 174.3
707	Health	1,223.1	3,449.5	4.0	612.8	1,769.9	1,637.8	4,020.5	4.0	571.0 16.6
	Recurrent Expenditure	1,164.0	3,269.9	3.8	609.9	1,655.3	1,578.3	3,843.4	3.8	573.5 17.5
	Capital Expenditure	59.0	179.6	0.2	3.0	114.6	59.5	177.1	0.2	-2.5 -1.4
708	Recreation, Culture and Religion	455.5	1,168.6	1.3	193.8	727.1	407.1	1,328.0	1.3	159.4 13.6
	Recurrent Expenditure	377.1	1,010.7	1.2	190.2	570.4	329.3	1,089.9	1.1	79.1 7.8
	Capital Expenditure	78.4	157.9	0.2	3.6	156.7	77.8	238.1	0.2	80.3 50.8
709	Education	5,254.0	15,338.5	17.7	3,449.7	7,598.9	6,581.5	17,630.1	17.5	2,291.6 14.9
	Recurrent Expenditure	4,677.2	13,248.6	15.3	3,333.7	6,671.5	5,980.1	15,985.3	15.9	2,736.7 20.7
	Capital Expenditure	576.8	2,089.9	2.4	115.9	927.4	601.4	1,644.8	1.6	-445.1 -21.3
710	Social Protection	1,244.1	3,542.9	4.1	745.4	1,099.3	967.3	2,812.0	2.8	-730.9 -20.6
	Recurrent Expenditure	1,238.7	3,532.3	4.1	745.4	1,091.0	951.0	2,787.4	2.8	-744.9 -21.1
	Capital Expenditure	5.4	10.6	0.0	0.0	8.3	16.3	24.6	0.0	14.0 132.1

Source: FPU using AFMIS data downloaded on the 5 February 2011

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 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD	
								Change	% Increase
25	NET ACQUISITION OF NONFINANCIAL ASSETS	8,416.4	21,798.0	1,306.9	8,894.5	7,507.9	17,709.3	-4,088.7	-18.8
	Land and Buildings	5,894.6	11,997.5	1,125.4	6,502.4	5,941.3	13,569.0	1,571.5	13.1
251/8	Purchase of Land and Buildings	5,906.2	12,027.6	1,195.5	6,513.6	5,955.1	13,664.2	1,636.6	13.6
150	Sale of Land and Buildings	-11.6	-30.1	-70.1	-11.2	-13.9	-95.2	-65.1	216.3
151	Sale of State-Owned Enterprises	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
252	Machinery and Equipment (>50,000)	2,697.3	3,450.4	126.6	477.2	688.6	1,292.4	-2,158.1	-62.5
257	Valuables	2.3	3.0	2.0	0.7	2.0	4.7	1.7	57.9
259	Other Acquisitions	-177.8	6,347.1	52.9	1,914.2	876.1	2,843.2	-3,503.9	-55.2

Source: FPU using AFMIS data downloaded on the 5 February 2011

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

Code	(In millions of Afghanis)	1388 Qtr 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD	
								Change	% Increase
3+4	TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES	1,002.8	-2,313.4	-11,565.8	-1,847.6	-2,529.4	-15,942.8	-13,629.3	589.1
3	NET ACQUISITION OF FINANCIAL ASSETS	-1,401.8	-7,862.4	-11,741.3	-3,527.2	-4,345.2	-19,613.7	-11,751.3	149.5
	Domestic	-1,401.8	-7,862.4	-11,741.3	-3,527.2	-4,345.2	-19,613.7	-11,751.3	149.5
	Currency and Deposits	-1,600.9	-8,412.0	-8,318.4	-3,222.8	-5,298.9	-16,840.1	-8,428.1	100.2
311	Treasury Single Account	-2,073.6	-7,184.4	-6,200.7	-5,321.3	-4,231.6	-15,753.6	-8,569.2	119.3
313	Donor Accounts	1,456.0	-158.3	-2,117.7	2,303.2	-721.0	-535.5	-377.2	238.3
314/90	Other Deposit Accounts (1)	-983.3	-1,069.3	0.0	-204.7	-346.3	-551.0	518.3	-48.5
317	Loans	317.9	-210.5	256.5	31.2	-37.0	250.7	461.2	-219.1
319	Other Accounts Receivable	-8,308.3	-21,044.5	31.2	-551.1	1,133.2	613.3	21,657.8	-102.9
	Other Assets	8,189.5	21,804.5	-3,710.6	215.4	-142.5	-3,637.7	-25,442.2	-116.7
	Foreign	0.0	0.0	0.0	0.0	0.0	0.0	0.0	N/A
4	NET ACQUISITION OF LIABILITIES	2,404.6	5,548.9	175.5	1,679.6	1,815.8	3,670.9	-1,878.0	-33.8
	Domestic	1,305.8	1,939.5	-164.7	610.5	1,230.4	1,676.2	-263.3	-13.6
411	Accounts Payable	-46.0	3.5	59.9	-53.7	-33.9	-27.6	-31.1	-901.0
413	Pension Liabilities	0.0	0.0	2.7	2.5	7.0	0.0	0.0	N/A
423	Other Payables	983.3	1,115.1	0.0	432.5	1,001.1	1,433.6	318.5	28.6
451	Other Liabilities (1)	368.5	820.9	-227.4	229.2	256.2	258.0	-562.9	-68.6
	Foreign	1,098.8	3,609.5	340.2	1,069.1	585.4	1,994.7	-1,614.8	-44.7
431	Foreign Currency	4.1	1.0	1.1	15.1	-10.6	5.6	4.6	468.9
181-2	Loans	1,094.7	3,608.5	339.2	1,053.9	596.0	1,989.1	-1,619.4	-44.9

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 3 Actual Qtr	1388 Qtr 3 Actual YTD	1389 Qtr 1 Prelim Qtr	1389 Qtr 2 Prelim Qtr	1389 Qtr 3 Prelim Qtr	1389 Qtr 3 Prelim YTD	1389 Comparison to 1388 YTD	
								Change	% Increase
TRANSACTIONS AFFECTING NET WORTH									
1	Revenues including Grants	29,774.4	89,076.1	33,129.6	43,378.9	40,059.8	116,568.4	27,492.3	30.9
2-25	Expenditures (Recurrent)	22,360.7	64,964.6	20,260.0	32,408.7	30,250.8	82,919.5	17,954.9	27.6
23	Interest	39.6	93.2	33.2	4.2	34.8	72.2	-21.0	-22.6
	Net Balance (1-2-25)	7,413.7	24,111.5	12,869.6	10,970.2	9,809.0	33,648.9	9,537.4	39.6
	Primary Balance (1-2-25+23)	7,453.2	24,204.7	12,902.8	10,974.4	9,843.8	33,721.1	9,516.4	39.3
TRANSACTIONS IN NONFINANCIAL ASSETS									
25	Net Acquisition of Nonfinancial Assets	8,416.4	21,798.0	1,306.9	8,894.5	7,507.9	17,709.3	-4,088.7	-18.8
	Net Lending-Borrowing (1-2)	-1,002.8	2,313.4	11,562.7	2,075.7	2,301.1	15,939.5	13,626.1	589.0
	Financing (3+4+5)	1,002.8	-2,313.4	-11,562.7	-2,075.7	-2,301.1	-15,939.5	-13,626.1	589.0
TRANSACTIONS IN FINANCIAL ASSETS AND LIABILITIES									
3	Net Acquisition of Financial Assets	-1,401.8	-7,862.4	-11,741.3	-3,527.2	-4,345.2	-19,613.7	-11,751.3	149.5
4	Net Acquisition of Financial Liabilities	2,404.6	5,548.9	175.5	1,679.6	1,815.8	3,670.9	-1,878.0	-33.8
5	RETAINED EARNINGS	0.0	0.0	3.1	-228.1	228.3	3.3		
	Discrepancies (Financing-3-4-5)	0.0	0.0	0.0	0.0	0.0	0.0		

Source: FPU using AFMIS data downloaded on the 5 February 2011

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 rose 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.