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# *1387 Budget*

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Mustafa Mastoor, Director General Budget, MoF

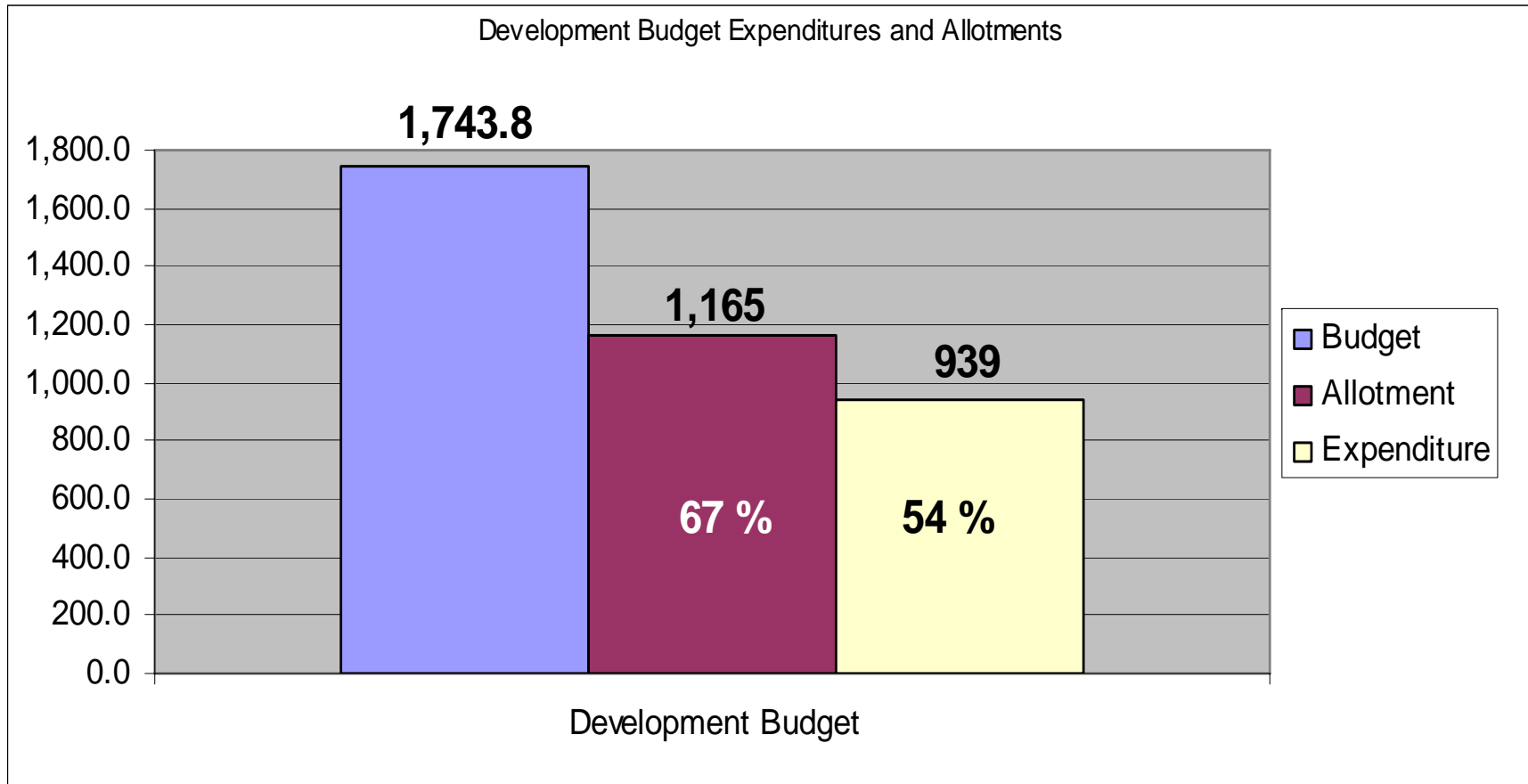
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# *Outline*



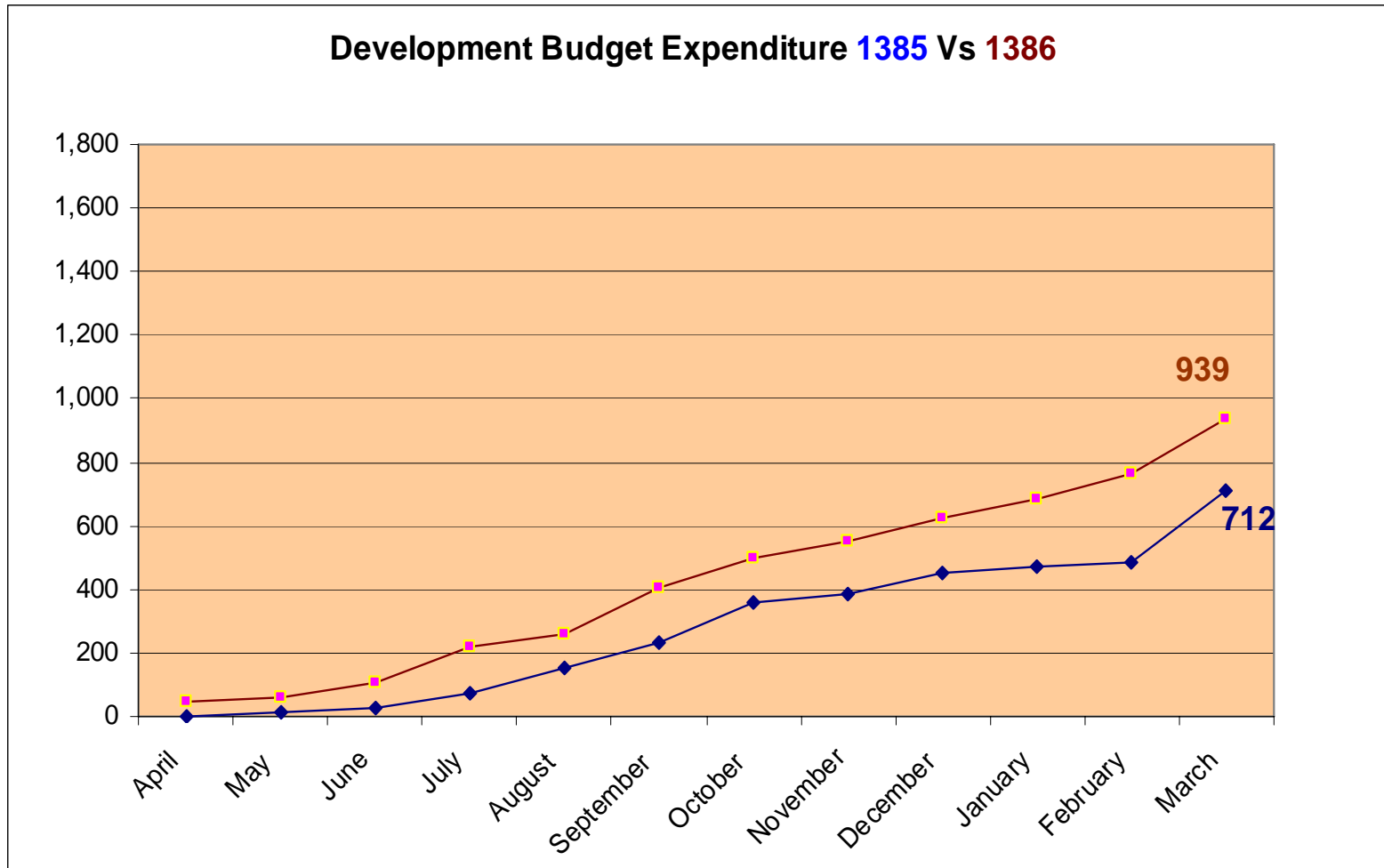
- 1386 Budget Execution
  - 1387 budget Process
  - Main features of 1387 budget
  - ARTF contribution in 1387
  - Plans for 1388
  - Challenges
  - Way forwarded
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# 1386 Core Development Budget Execution

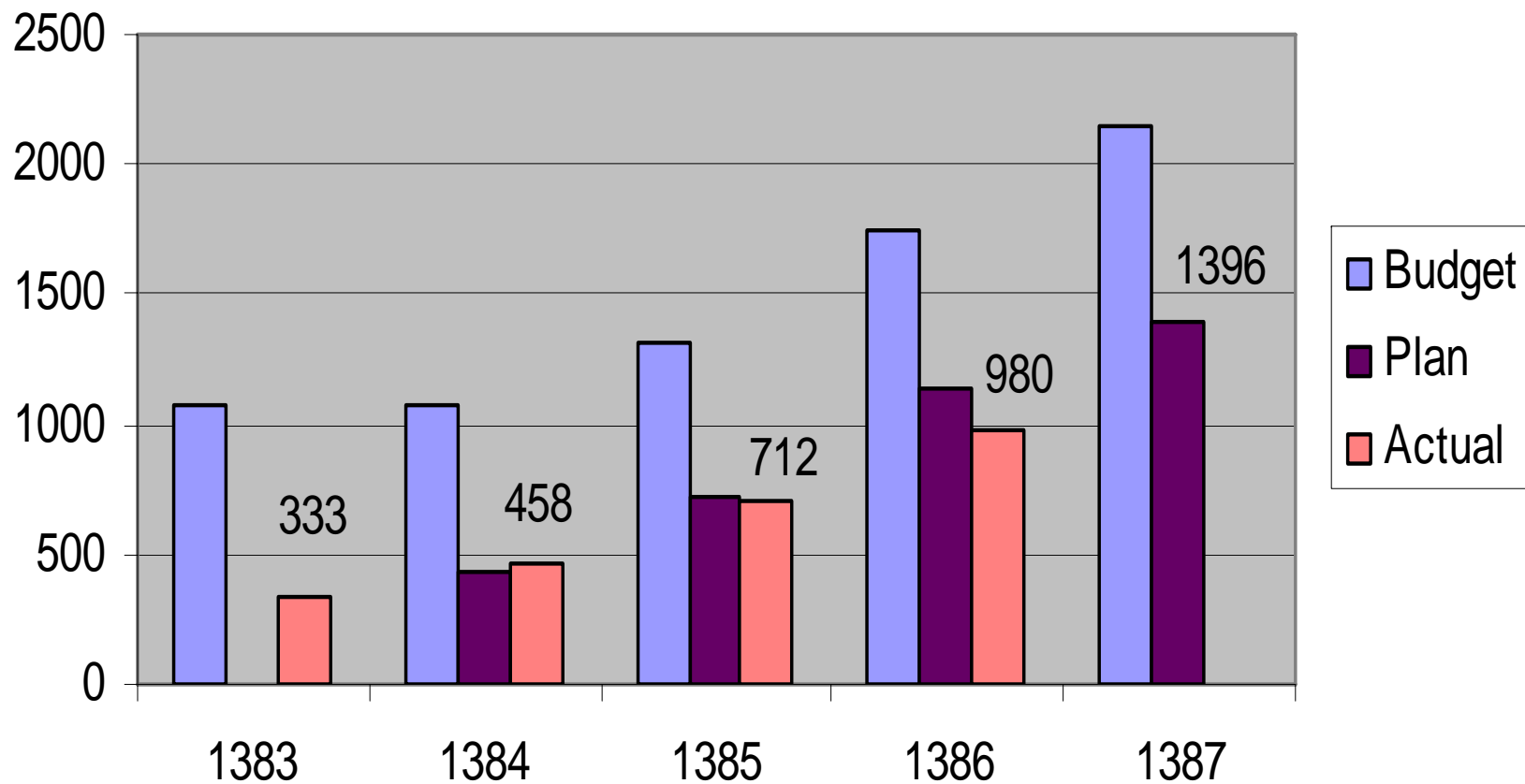


Note: More reports and Bank confirmations are expected

# 1386 Core Development Budget Execution



## Expenditure trend in Core Development Budget



## *1386 Core Development Budget Execution*

- Final disbursement expected around USD 980 Million Vs USD 712 Million in 1385
- Allotment is the main success measure (USD 1,165 Million Vs USD 871 Million in FY 1385)
- Inclusion of immature projects, late approval by parliament, unrealistic time and cost estimation, late or unavailability of fund by donors were the main problems

	<u>1383</u>	<u>1384</u>	<u>1385</u>	<u>1386</u>
Disbursement each year	333	458	712	980
% increase over previous year		38%	55%	38%
% increase over two years			114%	114%

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## *1387 Budget Process*

- Budget preparation started in May 07
  - Budget submission to Parliament earlier than PEFM Law requirement
  - Budget Approval by parliament before start of the fiscal year
  - No Major changes proposed by parliament
  - President endorsed it by a decree on March 23rd
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## *Main features of 1387 budget*

- Projected Domestic Revenue is 24% higher than 1386
  - Operating Budget is 19% higher than 1386
  - Domestic Revenue is covering only 68 % of Operating Budget vs 65% in 1386 and 61% in 1385
  - 47% (almost half of the Operating Budget) is allocated for Security Sector
  - 17% of the Operating Budget is allocated to Education
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## *Main features of 1387 budget*

- Increase of 22,000 in ANA
  - Increase of 8,800 in ANP
  - Increase of 12500 teachers
  - USD 46 million to start Pay and Grading
  - USD 40 million for Fuel Subsidy to Thermal Generators in four cities
  - Three costed sectors included
  - The approved budget does not have the unspent part of 1386 yet
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# 1387 Budget

Figures in USD Million

	<b><u>1386</u></b>	<b><u>1387</u></b>
Domestic Revenue	715	887
Operating Budget	1,096	1,307
Core Development Budget	1,743	*1,388
Total Core Budget	2,892	2,695
Total Deficit Before Financing	(2,178)	(1,738)
Total Deficit After Financing		(69.9)
Operating Budget		(38.4)
Development Budget		(31.5)
Operating Budget	2,795	4,859

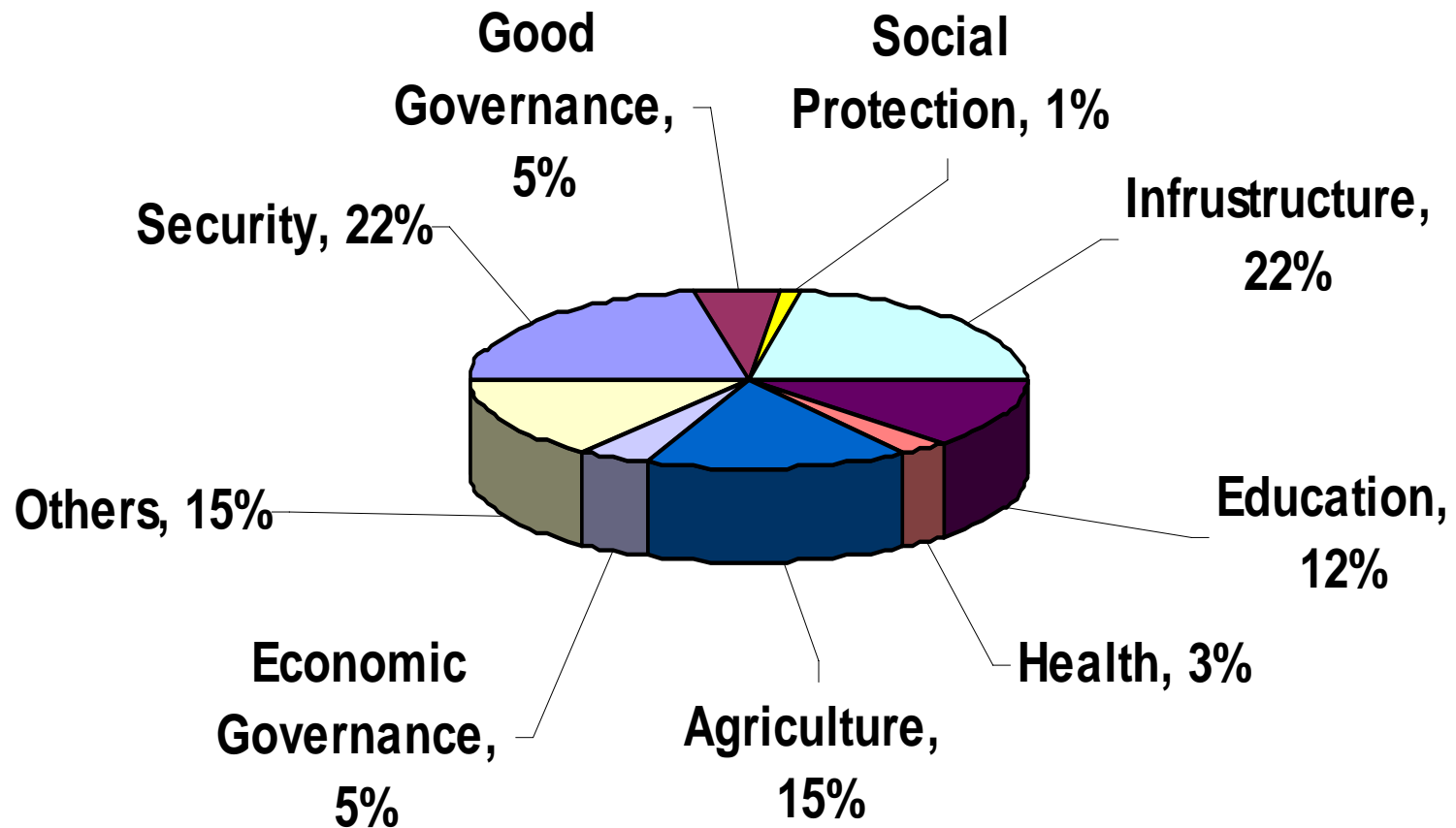
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Carry forward of 1386 is not included yet. USD 750 million is expected to be carried forward

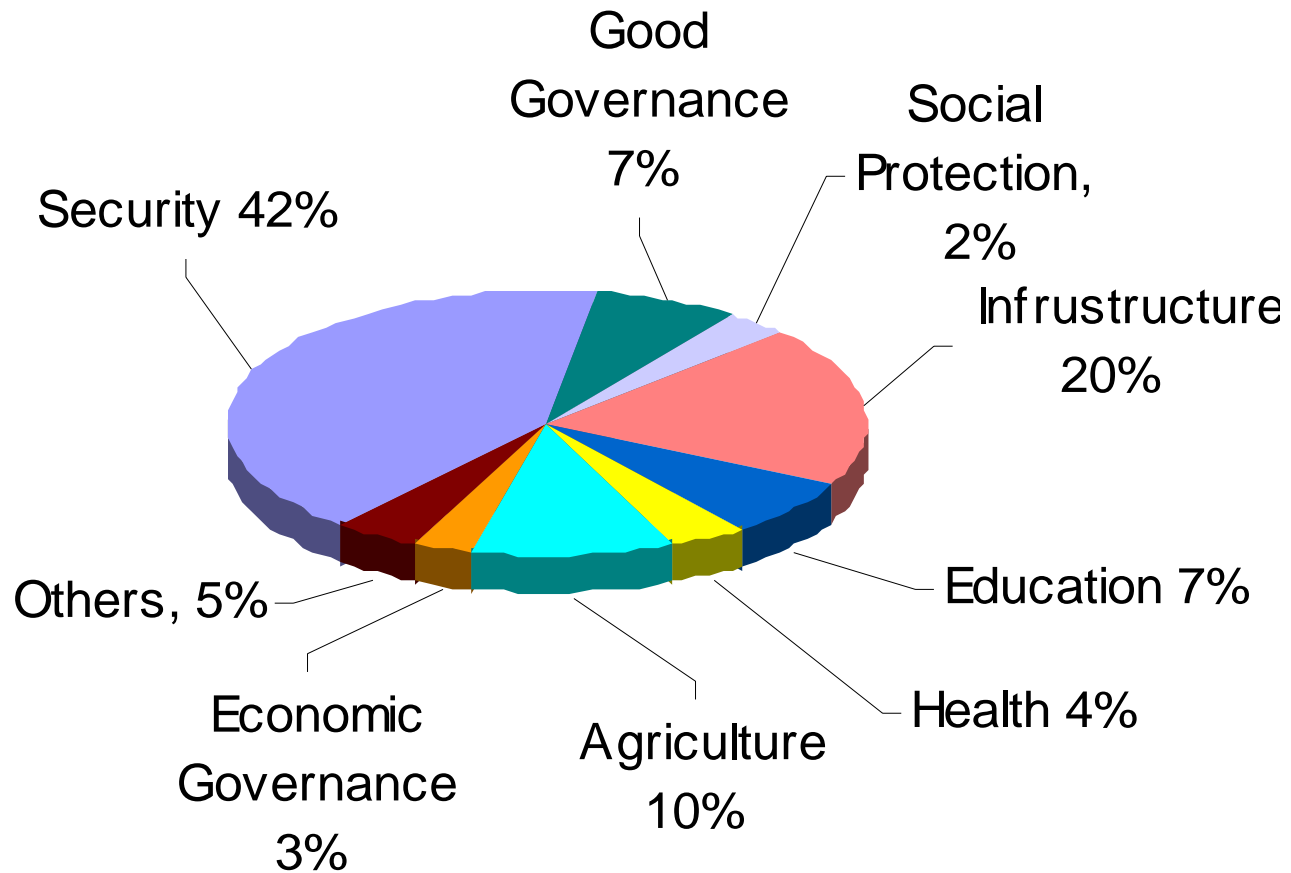
## *Top six Ministries in 1387 budget*

Operating		%	Core Development		%	External		%
MoI	246.270	18.8%	MRRD	349.0	25.1%	MoD	1,720.0	35.4%
MoD	281.090	21.5%	MoEW	247.3	17.8%	MoI	784.1	16.1%
MoE	184.306	14.1%	MoPW	216.3	15.6%	MoEW	417.0	8.6%
National Security	39.052	3.0%	MoF	81.3	5.9%	MRRD	328.9	6.8%
MoFA	38.802	3.0%	MoE	75.0	5.4%	MoAg	243.1	5.0%
MoPH	27.569	2.1%	MoPH	57.3	4.1%	MoPH	217.7	4.5%

## Core Budget in 1387



## Total 1387 budget composition



## *1387 Budget in comparison to ceilings*

<b>Total Budget in Percent</b>		
	<b>Approved Budget</b>	<b>Prioritization</b>
	<b>1387</b>	<b>1387</b>
Security	41.5	40.7
Infrastructure & Natural Resources	19.8	22.5
Agriculture and Rural Development	10.4	10.5
Education	6.7	9.4
Good governance and rule of law	7.2	4.7
Health	4.0	4.1
Economic Governance & PSD	2.7	3.0
Social Protection	2.3	2.4
<b>Others</b>	<b>5.5</b>	<b>2.6</b>
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

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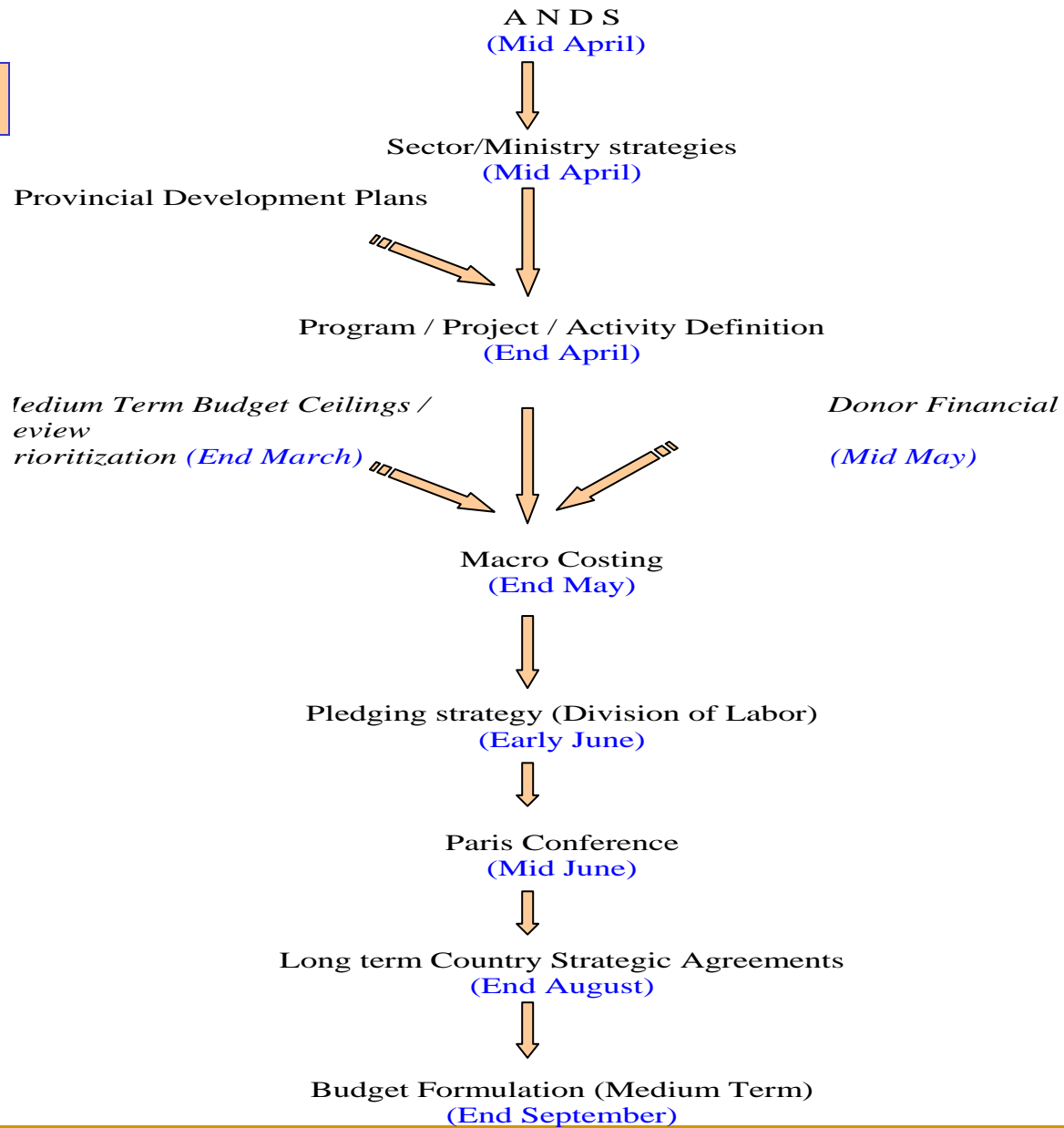
## *ARTF and 1387 Budget*

- Thanks to ARTF donors and administrator to make 1387 contribution the highest (USD \$ 696.8 Million) compare to USD 499.5 Million in 1386
  - Operating Window USD 276.4 Million
  - Investment Window USD 420.4 Million
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## *Plans for 1388*

- Further improve/extend Budget formulation process
  - Initial budget hearings for the Development budget during MYR (Sept Vs December)
  - Presentation of the projects to donors during second Donor financial Review in October
  - Implementation of *Budget Planning and Monitoring mechanism* to further improve execution
  - Program Budgeting and Provincial Budget expansion
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## *Challenges for 1388 budget formulation*

- Significant reduction in resource for program  
Budgeting and Costing exercises
  - Late provision of information by Donors
  - Uncertainty in financing
  - ARTF's Long approval process for non preferred projects
  - Hesitation in provision of Provincial Allocation of the External budget
  - Parallel structures for sub national budgeting
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## *More help needed*

- In order to reasonably finance the mutually agreed programs MoF requests detailed consultation before ARTF donors making their preferences
  - For on time payments to agreed projects/programs your disbursements earlier in the year is requested.
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*Thank you very much for your attention*

English version of 1387 budget document can be accessed in

<http://www.budgetmof.gov.af/html/budget/formulation/Policy/index.html>

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