



**Da Afghanistan Bank**

**Monetary Policy Department**

**Monthly Report**

**April 2021**

## EXECUTIVE SUMMARY

The report provides a brief analysis, evaluation and progress of the current macroeconomic indicators during the month of April FY 2021. The report incorporates macro-data from Monetary Sector, External Sector, Real Sector, Fiscal sector, and financial data from Payments Department.

Reserve Money (RM) weekly actual amount stood at Af 319,148.54 million at the end of Hamal while it is recorded Af 352,255.99 million at the beginning of FY 1400 (2021) and showing 9.40 percent negative growth under the ceiling since the beginning of FY.

In addition, Da Afghanistan Bank could successfully manage the currency in circulation (CiC) and it stood at Af 286,463.25 million at the end of Hamal month, whereas the actual CiC recorded Af 293,341.38 million at the beginning of FY1400 (2021), and shows 2.34 percent negative growth under the ceiling.

Since the beginning of fiscal year of 1400 (2021) up to end of Hamal, DAB has auctioned a total amount of USD 661.68 million through open market operations, and has withdrawn Af 51.08 billion from the market. Besides, DAB sold 93 m USD to Da Afghanistan Brishna Shirkat (DABs) through commercial banks, and has withdrawn Af 7.16 billion from the market. These operations have fulfilled 29.29 percent of the total demand for currency (especially the US dollar) in the market.

Headline inflation decreased significantly in the month of April 2021 year over year basis. The year over year inflation decreased to -0.80 percent in April from 4.42 percent observed in the previous month. This decrease is caused by lower prices of both food and non-food items.

The current account deficit (including official transfers) expanded by 9% and reached at a value of USD 1,047.43 million in the first quarter of the FY 1400 from a value of USD 959.35 million recorded in the first quarter of the FY 1399. This development was attributed to lower earnings from merchandise export, lower receipts in the form of services and investment income as well higher out-payments of merchandise imports during the quarter under review.

Total actual revenue (domestic revenue plus external aids) for the month of April 2021 is AFN 21.85 billion, while in March it was AFN 22.11 billion which shows 1.27% or AFN 0.27 billion decrease in April. Total revenue from the start of FY-2021 till end of April reached to AFN 77.16 billion that is combination of AFN 25.58billion donor contributions and AFN 51.57 billion domestic revenues respectively.

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## 1. Monetary Sector

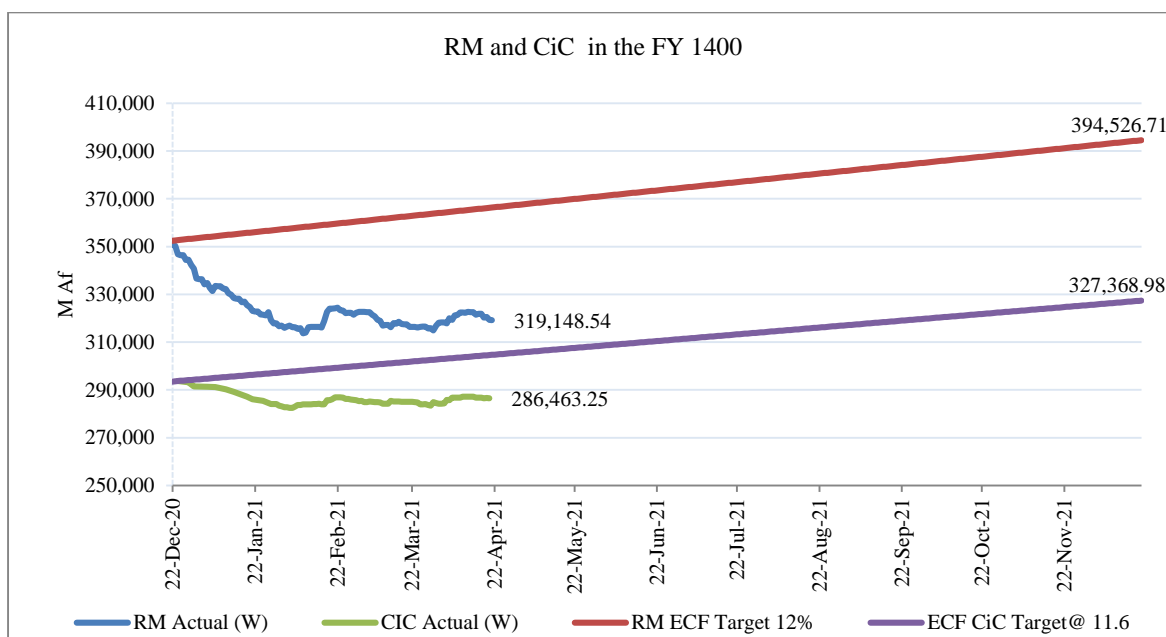
### 1.1 Reserve Money (RM) and Currency in Circulation (CiC) growth Report

Monetary Policy department develops monetary policies of Da Afghanistan Bank in consideration to the country's economic situation, through the main and effective channels of money demand, government's fiscal program (Revenue and expenditure), economic growth outlook, and price stability in the country.

Reserve Money (RM) weekly actual amount stood at Af 319,148.54 million at the end of Hamal while it is recorded Af 352,255.99 million at the beginning of FY 1400 (2021) and showing 9.40 percent negative growth under the ceiling since the beginning of FY.

In addition, Da Afghanistan Bank could successfully manage the currency in circulation (CiC) and it stood at Af 286,463.25 million at the end of Hamal month, whereas the actual CiC recorded Af 293,341.38 million at the beginning of FY1400 (2021), and shows 2.34 percent negative growth under the ceiling.

**Figure 1.1 shows the RM and CiC during FY 1400 (2021)**



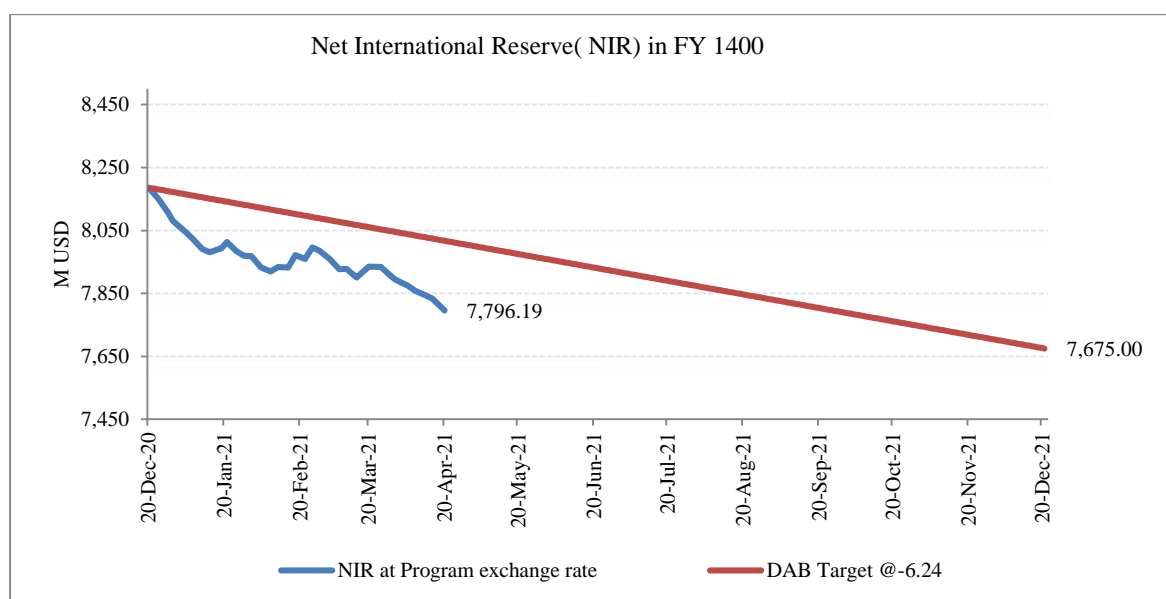
Source: Open Market Operations/Monetary Policy Departments

## 1.2 Net International Reserves

Accumulation of Net International Reserves (NIR), which is known as a main macroeconomic indicator of the national economy, is one of the biggest achievements in the country's financial system. NIR accumulation, without doubt, has significant direct impacts on better implementation of monetary policies as well as on managing macroeconomic indicators such as exchange rate, inflation and balance of payment stability.

At the beginning of FY1400 (2021), Afghanistan's NIR actual amount in program exchange rate was set USD 8,186.21 million, but actual amount reached to USD 7,796.19 million at the end of Hamal month, which shows USD 390.02 million de-accumulation.

**Figure 1.2 shows Net International Reserve (NIR) during FY 1400:**



Source: Open Market Operations/Monetary Policy Departments

## 1.3 Foreign Exchange and Capital Notes Auction

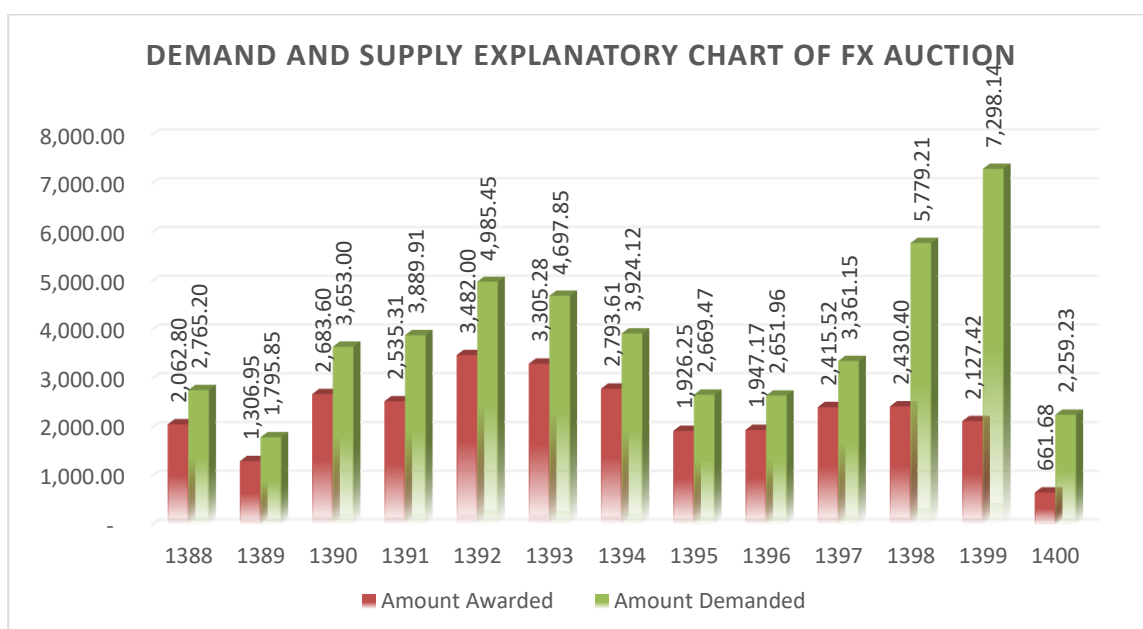
In order to control the liquidity, money supply and mitigate excessive Af exchange rate fluctuations in the economy, DAB manages reserve money growth close to its sited ceiling by conducting USD auctions three times in a week, and weekly capital notes auctions, which are the

two instruments used through open market operations. For detail each of instruments illustrates in the below.

- **Foreign Exchange Auction**

Since the beginning of fiscal year of 1400 (2021) up to end of Hamal, DAB has auctioned a total amount of USD 661.68 million through open market operations, and has withdrawn Af 51.08 billion from the market. Besides, DAB sold 93 m USD to Da Afghanistan Brishna Shirkat (DABs) through commercial banks, and has withdrawn Af 7.16 billion from the market. These operations have fulfilled 29.29 percent of the total demand for currency (especially the US dollar) in the market.

**Figure 1.3 illustrates the foreign exchange demand and supply during the last 13 years.**



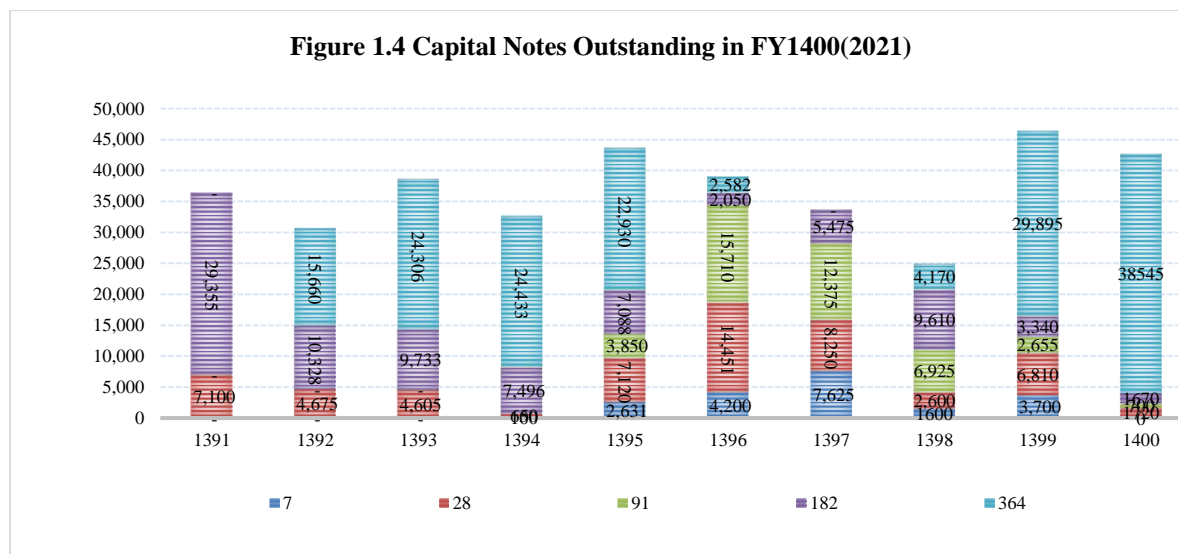
Source: Market Operations/Monetary Policy Departments

### Capital Notes Auction (Interest rate bidding)

DAB uses capital notes auction as its secondary tool to manage liquidity in the market and mop up the excess liquidity from the banking sectors, establish and vindicate secondary markets for securities, maintain price stability, diversify monetary policy instruments, and motivate commercial banks to attract Afghani denominated deposits.

From the beginning of fiscal year of 1400 (2021) up to end of Hamal, the total outstanding of capital notes reached Af 42.63 billion and meanwhile the total interest paid for the mentioned notes reached Af 63.05 million at the end of this month.

Figure 1.4 figure illustrates the Capital Notes Outstanding during 10 FYs till the end of Hoot month of FY 1400(2021).

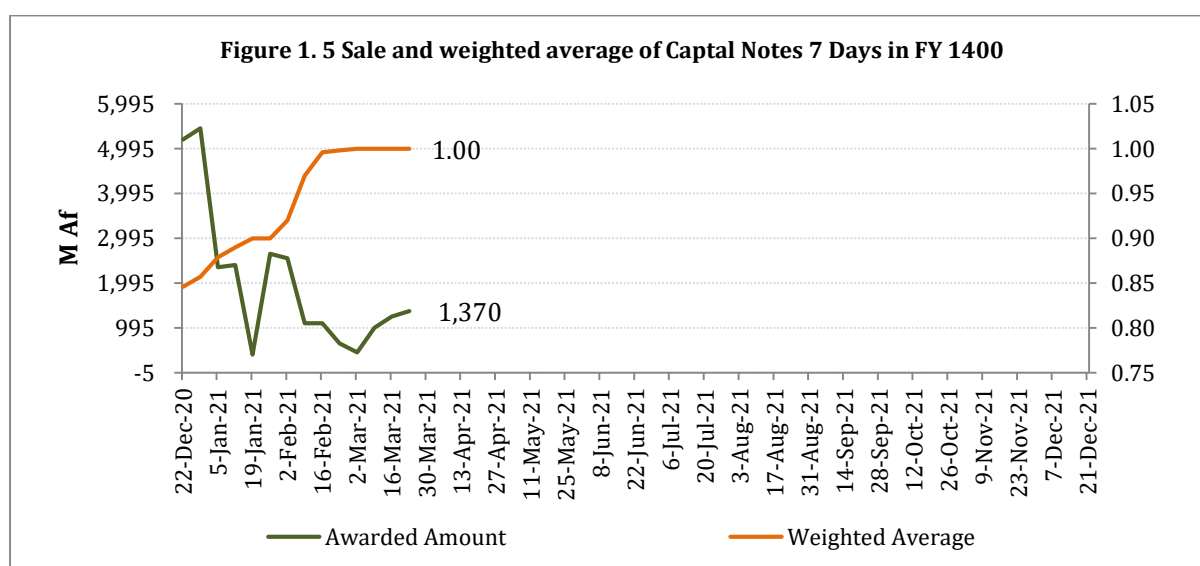


Source: Market Operations/Monetary Policy Departments

### (1) 7 days Capital Notes

The last awarded amount of 7 days' capital notes auction at the end of Hamal recorded Af 1.37 billion with average interest rate of 1.0 percent. The CNs outstanding of these notes stood at Af 1.37 billion for the mentioned period.

Figure 1. 5 Sale and weighted average of Capital Notes 7 Days in FY 1400

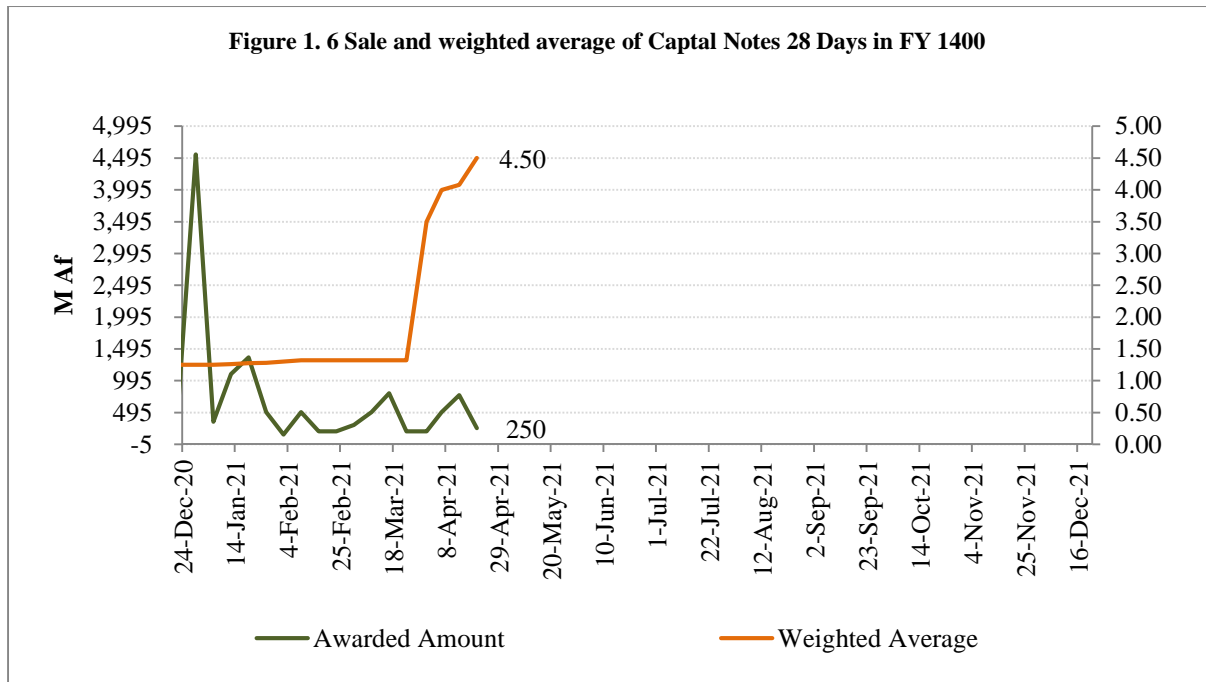


Source: Market Operations/Monetary Policy Departments

### (2) 28 days Capital Notes

During the reviewed period, last awarded amount of 28 days' capital notes auction at the end of Hamal is recorded Af 0.25 billion with average interest rate of 4.50 percent and total CNs outstanding amount of Af 1.72 billion.

**Figure 1. 6 Sale and weighted average of Capital Notes 28 Days in FY 1400**



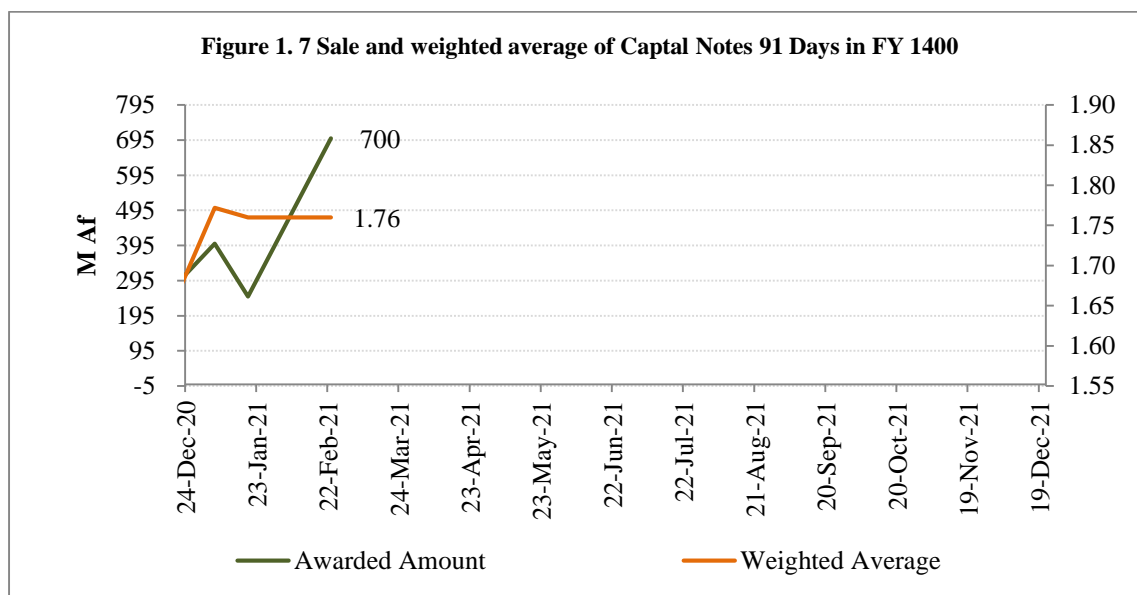
Source: Market Operations/Monetary Policy Departments

### (3) 91 days Capital Notes

During Hamal month, there is not 91 days' capital notes auction therefore the last awarded amount in previous month was recorded Af 0.70 billion with average interest rate of 1.76 percent and total CNs outstanding for Hamal month stood at Af 0.70 billion.



**Figure 1. 7 Sale and weighted average of Capital Notes 91 Days in FY 1400**

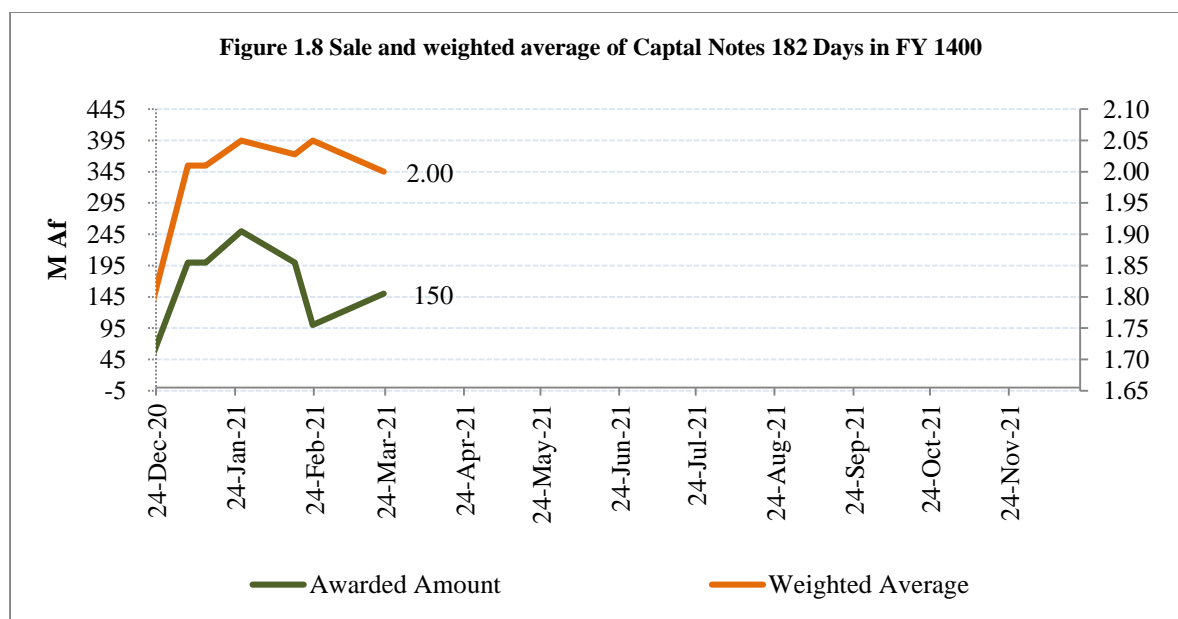


Source: Market Operations/Monetary Policy Departments

#### (4) 182 days Capital Notes

DAB's last 182 days' capital notes auction awarded amount during Hamal month stood at Af 0.15 billion with average interest rate of 2.00 percent and total CNs outstanding of Af 1.67 billion.

**Figure 1.8 Sale and weighted average of Capital Notes 182 Days in FY 1400**

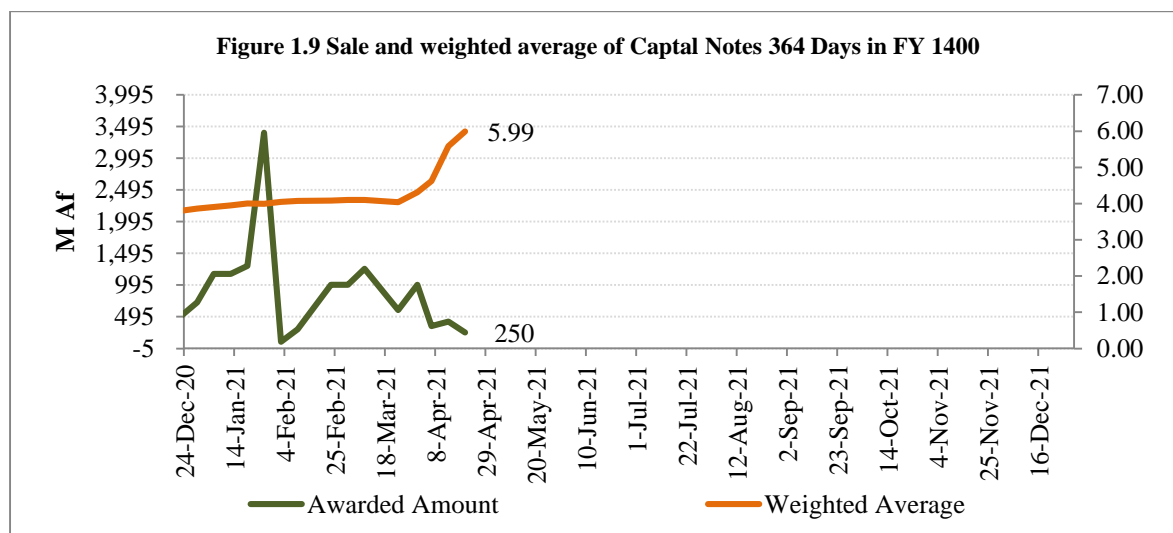


Source: Market Operations/Monetary Policy Departments

### 364 Days Capital Notes

DAB's last 364 days' capital notes auction awarded amount in Hamal month stood at Af 0.25 billion with average interest rate of 5.99 percent and total CNs outstanding of Af 38.54 billion.

**Figure 1.9 Sale and weighted average of Capital Notes 364 Days in FY 1400**

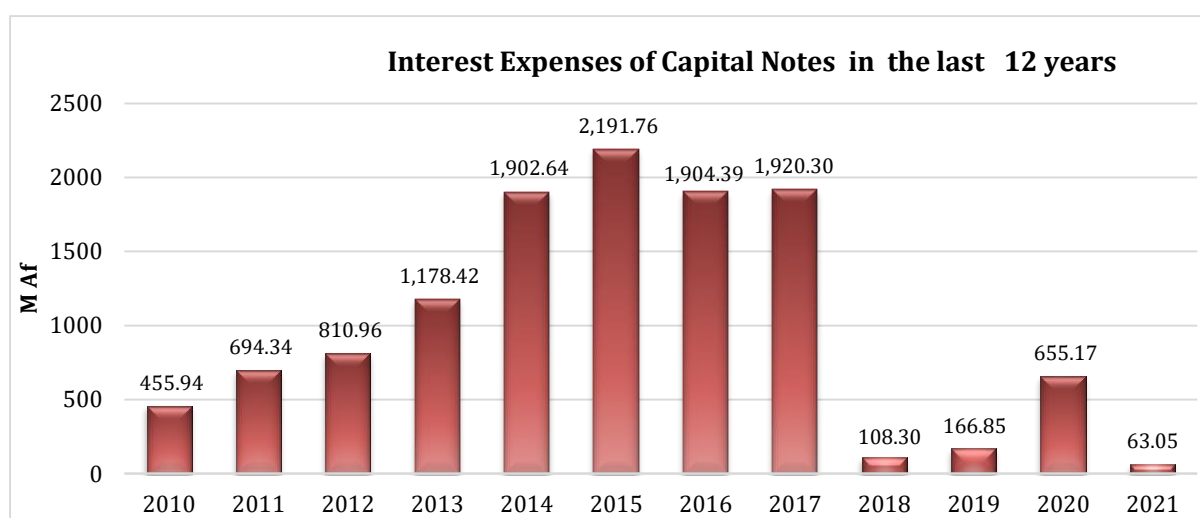


Source: Market Operations/Monetary Policy Departments

### 1.4 Interest Expenses

DAB interest paid for Capital Notes during of 12 fiscal years till the end of Hamal month FY 1400 (2021) which is illustrated in the figure of below.

**Figure 1.10 Interest Expenses of Capital Notes in the last 12 years**



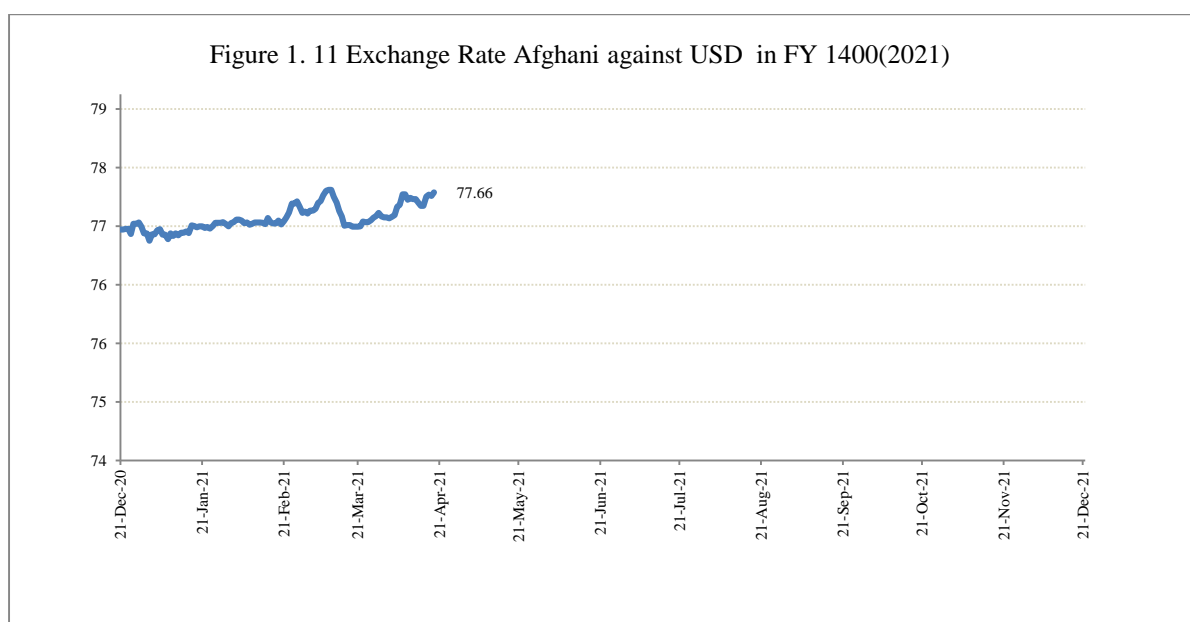
Source: Market Operations/Monetary Policy Departments

## 1.5 Exchange Rate

Central bank does not target the exchange rate in the market. However, considering its significant effects on other macroeconomic indicators, DAB closely monitors exchange rate behavior to prevent its severe fluctuations. Observing the data, the Afghani exchange rate has recorded some fluctuations against major currencies of the world.

From the beginning of FY1400 (2021) Afghani has depreciated by 0.71 percent, and has been exchanged at 77.30 per USD on average and recorded at Af 77.66 exchanged at the end of Hamal month.

**Figure 1. 11 Exchange Rate Afghani against USD in FY 1400(2021)**

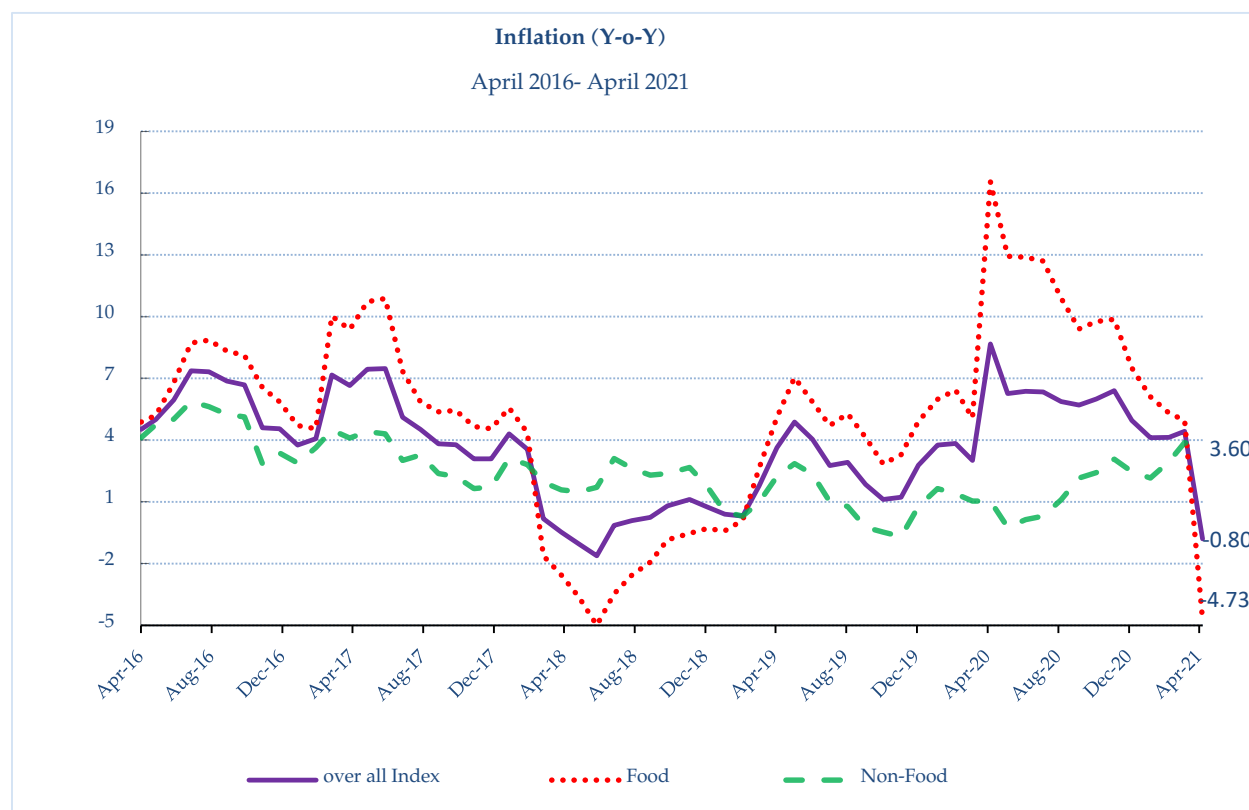


Source: Market Operations/Monetary Policy Departments

**Table: Monetary Indicators**

items	۱۳۹۹ FY						۱۴۰۰ FY		
	Dalwa	Hoot	Hamal	Jawza	Sunbula	Qaws	Dalwa	Hoot	Hamal
Reserve Money Target (%)	12						11.8		
Actual Reserve Money (%)	-8.25	-8	-5	0.42	1.82	9.68	-8.03	-10.19	-9.4
RM Actual	295096.97	295224.52	305563.69	322978.27	327473.80	352755.78	323986.67	316348.29	319148.54
RM Target	328079.19	331039.94	334529.39	340873.85	350707.77	360867.72	359088.79	362505.19	366230.74
CiC Actual	258845.87	259302.12	270012.03	279989.89	283438.22	293341.38	286934.59	285003.02	286463.25
CiC Target	265617.01	266938.63	271884.04	274868.34	282798.06	297474.43	298163.43	300574.46	304590.94
Actual NIR	7860.80	7711.85	7670.82	8128.78	8334.40	8398.11	8184.34	8147.68	7796.19
NIR Target	7964.51	7846.07	7935.51	7919.41	7919.41	7819.00	8251.95	8178.33	8017.21
Outstanding Amount	30670	30455	28060	34495	39590	46400	44975	44635	42635
Required Reserve (Afs)	6027.53	5928.75	5934.85	6271.67	6914.36	7314.98	8260.64	8056.05	7394.30

## 2. Real Sector



Consumer Price Index (CPI) in Afghanistan is divided into two main groups: Food Items, accounting for 47.8 percent of total CPI and Non-Food Item making up the remaining 52.2 percent. The most important components in food item, which may put significant impacts on the overall inflation, are: bread and cereals (14.6 percent), meat (7.5 percent), milk, cheese and eggs (4.7percent), Fresh and dried fruits (5.0), and oil and fats (4.6 percent). The non-food item is mainly composed of: housing (19.1 percent), clothing (4.6 percent), household goods (11.9 percent), transportation (4.3 percent), and health (6.2 percent).

### (1) HEADLINE INFLATION

Headline inflation decreased significantly in the month of April 2021 year over year basis. The year over year inflation decreased to -0.80 percent in April from 4.42 percent observed in the previous month. This decrease is caused by lower prices of both food and non-food items.

**Table 1. Headline Inflation (March 21-April 21)**

	Y-o-Y				M-to-M	
	March	April	May Forecast	June Forecast	March	April
<b>National CPI</b>						
<b>Headline</b>	4.42	-0.8	0.36	1.55	0.48	1.29
<i>Food</i>	4.96	-4.73	-3.05	0.31	0.29	2.06
<i>Non-Food</i>	3.88	3.6	4.11	5.52	0.68	0.51
<i>CPI ex. B&amp;C, O&amp;F, and T</i>	3.05	-1.46	0.46	1.97	0.23	1.47
<i>Trimmed Mean</i>	3.78	2.26	2.3	3.00		
<b>Kabul CPI</b>						
<b>Headline</b>	4.98	-0.4			1.06	1.53
<i>Food</i>	3.96	-7.4			1.28	3.3
<i>Non-Food</i>	5.66	4.9			0.93	0.37

## **(2) FOOD INFLATION**

Decreased in month of April 2021. Food and beverages items are weighted for 47.8 percent of the overall index. When measure on year over year basis, food inflation decreased to -4.73 percent in the month of April from 4.96 percent calculated in previous month. This decrease comes from lower prices of bread and cereals, meat, oils and fats, Milk, cheese and eggs, fresh and dried fruits, sugar and sweets, vegetables, and spices.

On month to month basis, food inflation is recorded at 2.06 percent in April 2021 as compared to 0.29 percent in the previous month.

**(a) price index of bread and cereals** which accounts for about 15 percent of the consumer price index significantly decreased to -2.04 percent in the month of April 2021 compared to 8.96 percent in previous month (year over year). on the other hand, when measured on the month-to-month basis, this sub-indexes are decreased to -0.31 percent from 0.30 percent.

Main contribution behind decrease of this index are, ease of Covid -19 lockdown, as Afghanistan is import oriented country, during April 20 due to covid-19 restrictions and border closure price of this index increased throughout the country with ease of restriction and measurement prices are back to normal price level. another reason is rice price in international market decreased by 12.2 percent compared to the same month of previous year. In addition, the corn harvest during year 2021 has increased throughout the country especially in Laghman province.

**(b) Price index of sugar and sweets** decreased year over year basis. This index which comprises around 2.7 percent of the consumer price index decreased to 3.69 percent (year over year) in the month of April from 7.08 percent recorded in the previous month. When measured month to month basis, this index increased to 0.38 in the month of April from 0.12 percent in previews month.

Reasons behind decrease in the price of this index are increase in production of sugar in India, Afghanistan during the first quarter of 2021, imported most of its sugar from India and sugar production in India has increased almost by 15.89 percent since October 2020. At the same time honey production and bee keeping industry in country especially in provinces of Khust, Paktia and Ningarhar has increased, during the year, 2500 tons of honey produced in country which has decreased price this index during the period.

Items	Weight	Y-o-Y		M-to-M	
		MARCH	APRIL	MARCH	APRIL
<b>Food and Non-alcoholic Beverages</b>	47.8	4.96	-4.73	0.29	2.06
<i>Bread and Cereals</i>	14.6	8.96	-2.04	0.30	-0.31
<i>Meat</i>	7.5	9.17	7.48	0.32	1.85
<i>Milk, cheese and eggs</i>	4.7	3.51	0.69	-0.48	0.58
<i>Oils and fats</i>	4.6	18.78	15.87	1.79	3.19
<i>Fresh and dried fruits</i>	5.0	-0.27	-8.87	3.18	8.73
<i>Vegetables</i>	6.0	-9.69	-30.91	-2.37	4.76
<i>Sugar and sweets</i>	2.7	7.08	3.69	0.12	0.38
<i>Spices</i>	1.3	-9.10	-21.35	-1.15	-0.22
<i>Non-alcoholic beverages</i>	1.4	2.14	2.36	0.08	0.15

Source :Da Afghanistan Bank /NSIA

## **(2) NON-FOOD INFLATION**

inflation in non-food items exhibited downwards trend in the month of April 2021. On year over year basis, non-food inflation decreased to 3.60 percent in the month of April from 3.88 percent observed in the previous month. This decrease comes from lower prices tobacco, furnishing and households goods, health, communication, information and culture, restaurants and hotels and miscellaneous.

Non-food inflation on month-to-month basis exhibited lower rate in the month of April from its previous month's value. Observing the data, it decreased to 0.51 percent in the month of April from 0.68 percent recorded in previews month.

**(a) Restaurants and Hotels price index**, decreased in the month of April 2021. This index which comprises 1.1 percent of the overall CPI decreased to -0.06 percent in the month of April from 0.30 percent recorded in the previews month (year over year), when measured on the month to month

basis, this index is also decreased in the month of April to -0.32 percent from 0.24 percent observed in the previous month. Main reason behind decrease of this index are decrease in price of food items especially decrease in prices of, bread and cereal, meat, milk, cheese and eggs, oil and fats, vegetables, and sugar and sweets.

**(b) Price index of Health** decreased in the month of April 2021. Health index which comprises more than 6 percent of the overall CPI decreased to 4.14 percent in the month of April from 5.35 percent recorded in previous month (year over year). when measured on the month to month basis, also decreased in the month of April to -0.28 percent from 0.18 percent observed in the previous month. Reason behind decrease in the prices of this index is illegal imports of medicines, Afghanistan supplies 90 percent of its needed medicine through imports from foreign countries, and 70 percent of these medicines enters to market illegally and without tax payments.

Also another reason behind decrease of this index is ease of covid-19 lock down, as Afghanistan is imported based economy and during April 20 due to covid-19 restriction and border closure price of this index inclined inside the country and in current month price of this index is returned to pre-pandemic level.

<b>Table 2.3. Non-Food Inflation (January 21- February 21)</b>					
	Weight	Y-on-Y		M-to-M	
		March	April	March	April
<b>Non-Food</b>	<b>52.2</b>	3.88	3.60	0.68	0.51
<i>Tobacco</i>	<b>0.3</b>	5.50	4.73	0.91	0.43
<i>Clothing</i>	<b>4.6</b>	6.16	6.72	-0.08	1.17
<i>Housing,</i>	<b>4.6</b>	6.16	6.72	-0.08	1.17
<i>Furnishing and household goods</i>	<b>11.9</b>	6.62	6.13	1.43	-0.03
<i>Health</i>	<b>6.2</b>	5.35	4.14	0.18	-0.28
<i>Transportation</i>	<b>4.3</b>	-2.42	-2.07	4.78	1.71
<i>Communication</i>	<b>1.7</b>	0.76	0.54	0.43	-0.27
<i>Information and Culture</i>	<b>1.1</b>	1.90	0.78	0.02	-0.97
<i>Education</i>	<b>0.4</b>	5.02	6.13	0.05	1.18
<i>Restaurants and Hotels</i>	<b>1.1</b>	0.30	-0.06	0.24	-0.32
<i>Miscellaneous</i>	<b>1.4</b>	6.35	4.14	-0.58	-0.42

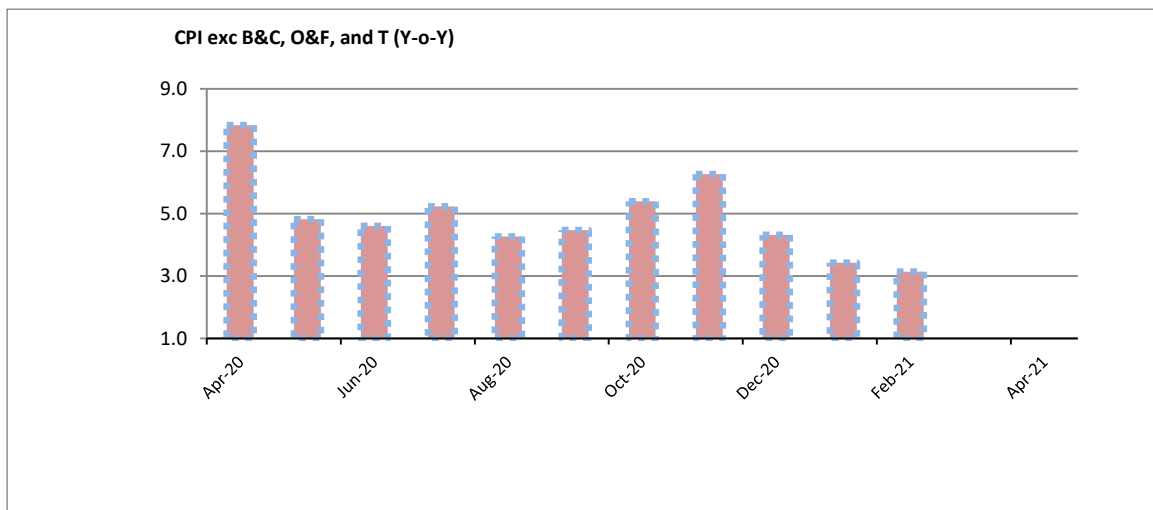
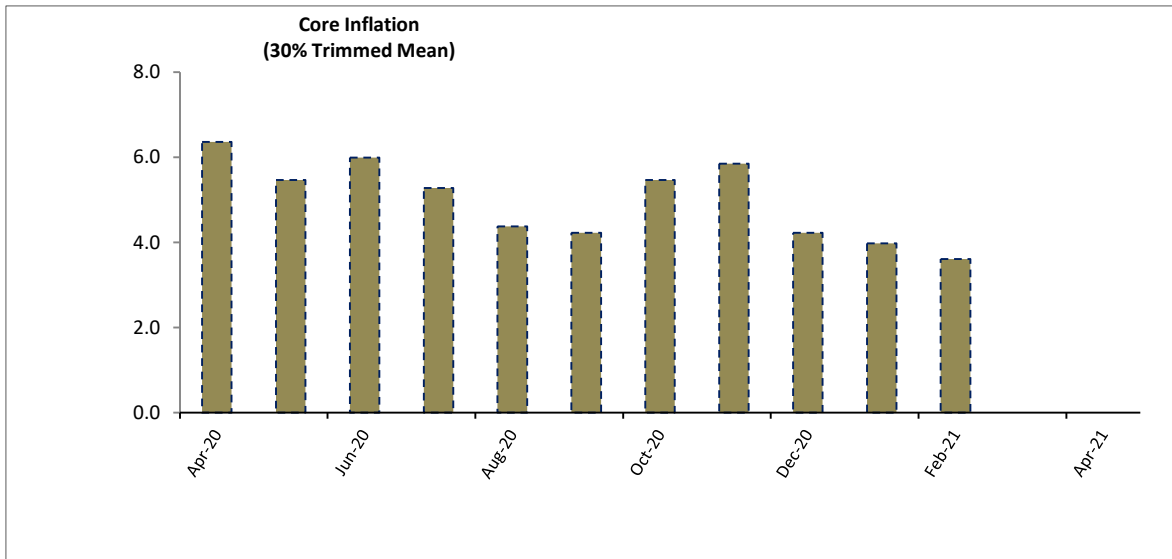


### (3) CORE INFLATION

Core measure of inflation gives a more specific view of price changes. This method is used to analyze the inflationary developments cutting off the effects of eccentric factors, which may be seasonal or other specific cases. In this method, those components, which show abnormal changes in their price level, are ignored to put down their effects from the CPI.

One of the most common methods of core inflation is **trimmed mean**. This measure is defined for a particular part of the CPI, and is calculated by taking the simple average of the index after excluding the targeted components. During April 2021, trimmed mean (30 % of CPI) decreased to 2.26 percent (year over year) from 3.78 percent observed in the previous month.

Another core measure of inflation is the CPI excluding **bread and cereals, oils and fats, and transportation**, which decreased to -1.46 percent compared to 3.05 percent recorded in the previous month. Inflation by this measure increased on month to month basis to 1.47 percent in the month of April from 0.23 percent recorded in previous month.



<b>Core Measures</b>				
	<b>Y-on-Y</b>		<b>M-to-M</b>	
	<b>March</b>	<b>April</b>	<b>March</b>	<b>April</b>
<i>30 % trimmed mean</i>	3.78	2.26		
<i>CPI ex B&amp;C, O&amp; F and T</i>	3.05	-1.46	0.23	1.47

Source: Da Afghanistan Bank/NSIA

### 3.External sector

#### 3.1. CURRENT ACCOUNT BALANCE

The current account deficit (including official transfers) expanded by 9% and reached at a value of USD 1,047.43 million in the first quarter of the FY 1400 from a value of USD 959.35 million recorded in the first quarter of the FY 1399. This development was attributed to lower earnings from merchandise export, lower receipts in the form of services and investment income as well higher out-payments of merchandise imports during the quarter under review.

##### 3.1.1 GOODS ACCOUNT

the deficit of goods sub-account on BoP basis raised slightly by 3% and stood at a value of USD 1,213.43 million in the first quarter of the FY 1400 compared with a value of USD 1175.43 million recorded in the first quarter of the FY 1399.

Aggregate merchandise exports declined slightly by 2% and reached at a value of USD 200.10 million in the first quarter of the FY 1400 compared with a value of USD 203.64 million recorded in the similar quarter of the FY 1399 mainly on account of medical seeds components during the first quarter of the FY 1400

While, Aggregate merchandise imports (fob) grew by 3% and reached at a value of USD 1,413.62 million in the first quarter of the FY 1400 above the level USD 1,379.07 million recorded in the preceding and corresponding quarter in FY 1399. The rise was accounted for imports of consumer goods components.

##### 3.1.2 SERVICES ACCOUNT

In the first quarter of the FY 1400, the deficit of services account increased significantly by 90% and reached at a value of USD 141.74 million from a record of USD 74.46 million in the first quarter of the FY 1399.

In general, the deficit of trade account (goods and services), expanded by about 8%, mainly due to a remarkable decrease in total receipts on respect of services account and a normal increase in out-payments goods during the quarter under review.

##### 3.1.3 PRIMARY INCOME ACCOUNT

Considering the statistics, the surplus of the primary income account which reflected USD 63.23 million in the first quarter of the FY 1399, reached at a value of USD 24.39 million with sign of 61% decline in the first quarter of the FY 1400 largely due to contraction in investment income inflows associated with foreign investment.

### 3.1.4 SECONDARY INCOME ACCOUNT

Inflows to the secondary income account expanded by 5% and reached at a value of USD 345.70 million in the first quarter of the FY 1400 from a value of USD 327.87 million recorded in the first quarter of the FY 1399.

The main impact is related to the net official transfer to the government sector which is increased by 14% and stood at USD 187.7 million in the first quarter of the FY 1400 from a value of USD 164.38 million in the similar quarter of the last year.

Total inflows in the form of personal transfers dropped by 3% and reached at a value of USD 158 million in the first quarter of the FY 1400 from a value of USD 163.50 million recorded in the same quarter of the last year.

### 3.2 CAPITAL ACCOUNT BALANCE

Inflows in the form of capital transfers was USD 38.49 million in the first quarter of the FY 1400 which shows 4% reduction from the level USD 40.30 million recorded in the same quarter of the last year, as a result of lower net capital transfers for the account of “general government”, While those in the financial and non-financial corporations, household and non-profit institution serving household were nil during the first quarter of the FY 1400.

### 3.3 FINANCIAL ACCOUNT BALANCE

Under financial account of the Balance of Payments (BOPs), foreign investment is an important component which consisted of foreign direct investment (FDI), foreign portfolio investment (FPI) and Other Investments.

**Direct investment:** Considering the date, the record shows that USD 2.55 million reported as net assets during the first quarter of the FY 1400, while this figure was recorded USD 2.91 in the similar quarter of the last year.

Foreign Direct Investment (FDI) abroad increased by 26% and reached to a value of USD 7.70 million in the first quarter of the FY 1400, compared with a value of USD 6.10 million recorded in the level a year ago.

While FDI in the country reached at a value of USD 5.15 million in the first quarter of the FY 1400 from a value of USD 3.19 million recorded in the first quarter of the FY 1399.

**Portfolio Investment:** Outward portfolio investment swung from a value of USD -18.20 million in the first quarter of the FY 1400, when compared with a value of USD -28.98 million recorded in the

similar quarter of the last year. On the other hands other aggregated financial assets abroad increased at a value of USD 104.31 million in the first quarter of the FY 1400 from a value of USD 38.22 million recorded in the first quarter of the FY 1399. While Other aggregated financial liabilities, followed downward trend and stood at a value of USD 9.60 million in the first quarter of the FY 1400 from a value of USD -15.67 million recorded in the first quarter of the previews year.

#### AFGHANISTAN'S BALANCE OF PAYMENTS (in million USD)

Items / Years	Q1 - 1399	Q2 - 1399	Q3 - 1399	Q4 - 1399	Q1 - 1400	% change
<b>Current Account</b>	<b>-959.35</b>	<b>-426.87</b>	<b>-903.72</b>	<b>-846.80</b>	<b>-1047.43</b>	<b>9%</b>
Credit	802.61	844.63	1253.03	1336.20	706.22	-12%
Debit	1761.96	1271.50	2156.75	2183.00	1753.66	0%
<b>Goods and Services Account</b>	<b>-1249.89</b>	<b>-1041.77</b>	<b>-1661.17</b>	<b>-1553.71</b>	<b>-1355.17</b>	<b>8%</b>
Credit	399.69	146.45	383.20	546.97	322.02	-19%
Debit	1649.58	1188.22	2044.38	2100.67	1677.19	2%
<b>Goods Account</b>	<b>-1175.43</b>	<b>-960.89</b>	<b>-1533.00</b>	<b>-1431.58</b>	<b>-1213.43</b>	<b>3%</b>
Credit	203.64	32.00	198.42	342.67	200.18	-2%
Debit	1379.07	992.89	1731.42	1774.26	1413.62	3%
<b>Services Account</b>	<b>-74.46</b>	<b>-80.88</b>	<b>-128.17</b>	<b>-122.12</b>	<b>-141.74</b>	<b>90%</b>
Credit	196.05	114.45	184.78	204.29	121.83	-38%
Debit	270.51	195.33	312.96	326.41	263.57	-3%
<b>Primary Income Account</b>	<b>63.23</b>	<b>30.22</b>	<b>51.77</b>	<b>44.01</b>	<b>24.39</b>	<b>-61%</b>
Credit	75.05	42.14	65.58	57.63	38.51	-49%
Debit	11.82	11.92	13.81	13.63	14.11	19%
<b>Secondary Income Account</b>	<b>227.31</b>	<b>584.68</b>	<b>705.69</b>	<b>662.90</b>	<b>283.34</b>	<b>25%</b>
Credit	327.87	656.05	804.25	731.60	345.70	5%
Debit	100.57	71.36	98.56	68.70	62.36	-38%
<b>Current transfers</b>	<b>164.4</b>	<b>500.8</b>	<b>573.7</b>	<b>558.7</b>	<b>187.7</b>	<b>14%</b>
Credit	164.38	500.76	573.7	558.7	187.7	14%
Debit	0.00	0.00	0.0	0.0	0.0	
<b>Personal transfers</b>	<b>95.91</b>	<b>108.25</b>	<b>176.93</b>	<b>150.36</b>	<b>131.68</b>	<b>37%</b>
Credit	163.50	155.29	230.57	172.87	158.00	-3%
Debit	67.59	47.04	53.64	22.51	26.32	-61%
<b>Capital account</b>	<b>40.30</b>	<b>99.60</b>	<b>102.23</b>	<b>510.99</b>	<b>38.49</b>	<b>-4%</b>
Credit	40.30	99.60	102.23	510.99	38.49	-4%

<i>Debit</i>	0.00	0.00	0.00	0.00	0.00	
<b>Capital transfers</b>	<b>40.30</b>	<b>99.60</b>	<b>102.23</b>	<b>510.99</b>	<b>38.49</b>	<b>-4%</b>
<i>Credit</i>	40.30	99.60	102.23	510.99	38.49	-4%
<i>Debit</i>	0.00	0.00	0.00	0.00	0.00	
<b>Financial account</b>	<b>-147.5</b>	<b>347.0</b>	<b>78.3</b>	<b>338.79</b>	<b>-305.48</b>	<b>107%</b>
<b>Direct investment</b>	<b>2.91</b>	<b>-0.43</b>	<b>5.34</b>	<b>16.44</b>	<b>2.55</b>	<b>-12%</b>
Net acquisition of financial assets	6.10	2.59	10.12	18.42	7.70	26%
Net incurrence of liabilities	3.19	3.02	4.78	1.98	5.15	61%
<b>Portfolio investment</b>	<b>-18.20</b>	<b>41.19</b>	<b>76.72</b>	<b>-36.46</b>	<b>-28.98</b>	<b>59%</b>
Net acquisition of financial assets	-18.20	41.19	76.72	-36.46	-28.98	59%
<i>Net incurrence of liabilities</i>	0.00	0.00	0.00	0.00	0.00	
<b>Other investment</b>	<b>-22.54</b>	<b>-290.93</b>	<b>-48.50</b>	<b>60.82</b>	<b>-94.71</b>	<b>320%</b>
<i>Assets</i>	-38.22	-74.09	-46.03	158.45	-104.31	173%
<i>Liabilities</i>	-15.67	216.84	2.48	97.63	-9.60	-39%
<b>Reserve Assets</b>	<b>-109.67</b>	<b>597.16</b>	<b>44.74</b>	<b>297.99</b>	<b>-184.33</b>	<b>68%</b>
Net errors and omissions	772	674	880	675	703	-9%

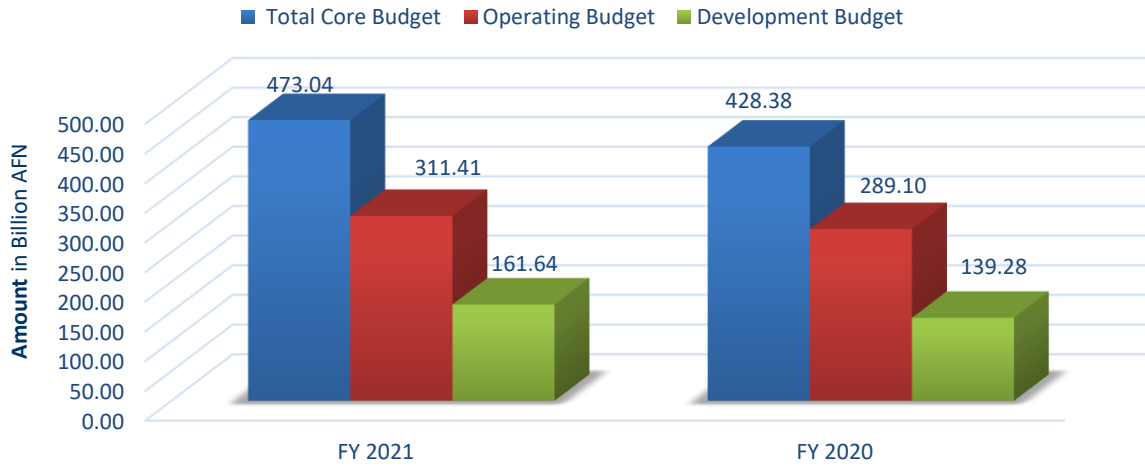
#### 4. Fiscal Sector

The key objective in the fiscal area is to achieve sustained increase in revenue collection to permit gradual takeover of externally financed operating & development spending to ensure an expenditure allocation consistent with Afghanistan National Peace and Development Framework (ANPDF). Furthermore, other goals include improvements in public expenditure management, fiscal policy formulation and reformation, efficiency in public enterprises, tax and customs administration.

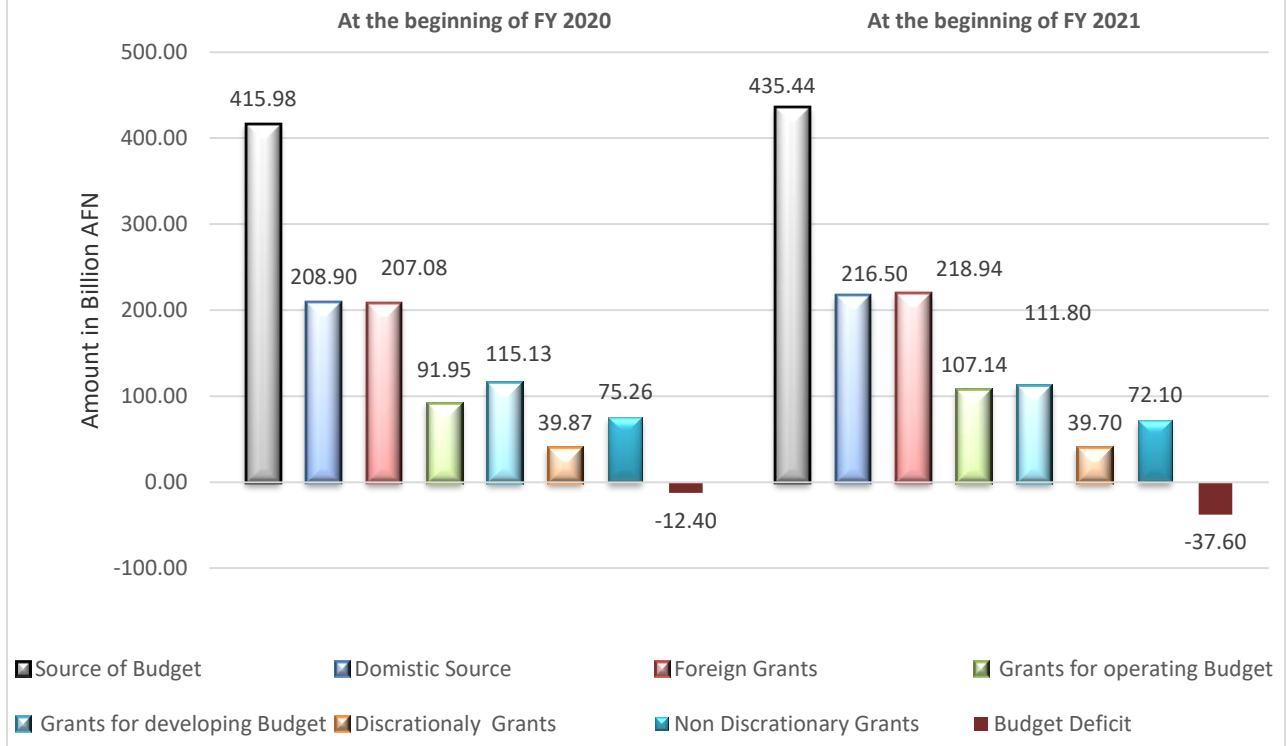
In addition, like other emerging and under developing economies around the world, Afghanistan faces budget imbalance (Budget Deficit), where total core expenditures exceed total revenue (excluding grants).

At the start of fiscal year 2021 total core budget has been estimated AFN 473.04 billion from AFN 428.38 billion in FY 2020, showing 10.43% or AFN 44.66 billion increase in annual budget. From the total of AFN 473.04 billion, operating and development budgets are estimated each AFN 311.41 billion and AFN 161.64 billion respectively.

## Budget Comparison Between FY 2020 and FY 2021



## Source of National Budget for FY 2020 and FY 2021



At the start of Fiscal year 2021 total revenue has been estimated AF435.44 billion from AF 415.98 billion in FY 2020, showing 4.68% or AF19.46 billion increase in projected revenue.

From the total of AF435.44 billion domestic revenue and foreign grants are estimated each AF216.50 billion and AF208.90 billion respectively. Total estimated domestic revenue at the start of FY 2021 is 216.50 billion, while at start of FY 2021, it was 208.90 billion, which shows 3.64%, or AF 7.60 increase in FY2021, same as total projected grants at start of FY2021 is AF 218.94 billion. total estimated grants at the beginning of FY2020 was 207.08 billion which indicates 5.73% or AF11.86 billion increase in FY 2021.

Foreign estimated grants are the combination of operating grants and developing grants, at the start of FY 2021 total estimated operating budget grants is AF107.14 billion while total estimated grants at the beginning of FY2020 was AF 91.95 billion which shows 16.52% or 15.19 billion increase in FY2021.

Discretionary grants and non-discretionary grants are decreased by 0.43% and 4.20% each respectively in the FY2021 as a result, total estimated grants for developing budget is decreased to AF111.80 billion in the FY2021 from AF115.13 billion in the FY2020 which shows a decrease of 2.90% or AF3.33 billion in FY2021. Total core estimated expenditures exceed total revenue, which shows 12.40 billion and 37 billion budget deficit in FY 2020 and FY 2021 respectively.

Total actual revenue (domestic revenue plus external aids) for the month of April 2021 is AFN 21.85 billion, while in March it was AFN 22.11 billion which shows 1.27% or AFN 0.27 billion decrease in April. Total revenue from the start of FY-2021 till end of April reached to AFN 77.16 billion that is combination of AFN 25.58billion donor contributions and AFN 51.57 billion domestic revenues respectively.

Likewise, domestic Revenue for the month April is AFN 13.48 billion while it was amount AFN 14.30 billion in the month of March, showing a decrease of AFN 0.82 billion 5.72% in the month of April. On the other hand, donor contributions (including loans) amounted to AFN 8.37 billion in April, where donor contributions in March was AFN 7.82 billion, which indicates AFN 0.55 billion 7.04% increase in donor contributions for the month of April.

Additionally, total Expenditure at the end of April 2021 reached to AFN 75.51 billion, from which operating expenditures and development expenditures were individually, AFN 64.35 billion and AFN 11.16 billion. Likewise, operating expenditures for the month of April is AFN 30.71 billion, where in March it was AFN 17.41 billion. This signifies that, there is AFN 13.30 billion or 76.36 % increase in operating expenditures in the month of April FY 2021. On the other hand, development expenditures



for the month of March was AFN 1.99 billion, while in April decrease by AFN 5.18 billion or 260.86% resulted total expenditure for the month of April FY 2021 amount AFN 7.17 billion.

Description	FY, March	FY, April	From Jan to April	Difference	Monthly Growth (%)
	2021	2021	FY 2021	Between January and April	
Amount in Billion AFN					
<b>Total Revenue</b>	22.11	21.85	77.16	(0.27)	-1.21%
Domestic Revenue	14.30	13.48	51.57	(0.82)	-5.72%
Donor Contribution	7.82	8.37	25.58	0.55	7.04%
<b>Total Expenditures</b>	19.40	37.88	75.51	18.48	95.25%
Operating Expenditure	17.41	30.71	64.35	13.30	76.36%
Developing Expenditure	1.99	7.168	11.161	5.18	260.86%

Source: MOF Financial Reports/MPD Staffs Calculations

## 5. Swift

Report of( Outward) Transactions from 3/1/ 1400 to 31/01/1400						
Categories	Remitter Parties	Message Type	USD	EUR	AED	CHF
<b>A</b>	<b>Ministries</b>	<b>MT 103 ,700 &amp; 910</b>	18,876,246.36	1,980,156.00	416,134.00	
<b>B</b>	<b>Commercial Banks</b>	<b>202</b>	17,830,933.00	0	0	0
<b>C</b>	<b>Da Afghanistan Bank</b>	<b>200</b>	60,000,000.00	0	0	0

### Report of( Inward )Transactions from 3/1/ 1400 to 31/01/1400

Categories	Beneficiary Parties	Message Type	USD	EUR	AED	GBP
<b>A</b>	<b>Ministries</b>	<b>MT 103 ,700 &amp; 910</b>	79,988,885.60	1,477,465.73	4,217,655.84	0
<b>B</b>	<b>Commercial Banks</b>	<b>202</b>	3,391,171.27	0	0	0

In addition, two World Bank-related exchange transactions worth \$ 190,021.48 have been processed.