

PRESS RELEASE

United Nations Development Programme

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On the Road to Transformation: Working towards sub-national budgeting



The budget preparation process in Afghanistan has been very centralized. Budget appropriations are made by Line Ministries, object code and project without taking into account provincial breakdown of the budget. Line ministries lack mechanisms to develop and also justify provincial allocation of their budget. Additionally,

most provincial departments are not involved in the budget preparation and remain unaware of the final budget allocation by provinces. In 1386, MoF initiated provincial budget reform in order to address these issues.

As a follow up to this crucial reform, the Provincial Budgeting Unit of MoF with support from the UNDP Making Budget and Aid Work Project (MBAWP), is conducting a series of Budget Circular No 1 (BC1) regional workshop for all 32 provinces of Afghanistan for five pilot provincial departments - Department of Education, Department of Public Health, Independent Directorate of Local Governance, Department of Agriculture Irrigation and Livestock, Department of Rural Rehabilitation and Mustofiat (financial departments in provinces.) The aim of these workshops is to build capacities of these departments to implement provincial budgeting. As a result, this will

help in decentralizing implementation authority to provinces and promote greater participation in provincial budget formulation and execution.

Amidst much anticipation, in July 2011 the opening workshops were inaugurated simultaneously in Bamyan and Jalalabad provinces. The workshops are provided at regional capitals such as in Bamyan, Herat, Kabul, Mazar-e-Sharif and Kandahar. Out of 34 provinces 32 were covered. From each of the five provincial departments 1 Director, altogether 3 finance and planning staff participated. From each Mustofyat 1 Financial Director and 1 Accounting Officer participated. The training sessions had group exercises, presentations and team oriented tasks.

Dr. Abdul Qayoum Pukhla, Director of Department of Public Health of Kandahar province shared, 'earlier we were unaware of budget formulation rules and regulations and lacked capacity and knowledge on budget integration. Thanks to this workshop we have now learnt how to develop budget proposals aligned with prioritization of project activities based on the Budget Circular No1 (BC1) guidelines. I am now confident that we can develop strong budget proposals!' In addition Mr. AlhajAzim Khan Ahmadzai, the finance director of the Kandahar, shared, 'the training sessions were very comprehensive and covered important topics related to budget preparation process and intergovernmental agreement on approach to provincial budgeting'.

The sessions focused on the following themes i) How to provide input in budget formulation process for 1391 national budget. ii) Budget formulation process and developing BC1 proposals through practical session iii) Brief



information about Afghanistan National Development Strategy in order to formulate the provincial budget based on the strategy and priorities.

Rolling out of the regional workshops is a significant achievement and a step forward in promoting implementation of provincial budgeting. By supporting the implementation of such crucial reforms, MBAWP is further reinforcing the message it plays a technical and policy role in helping the Government of Afghanistan achieve its national priorities.

The UNDP-Ministry of Finance 'Making Budget and Aid Work Project' aims to strengthen the National Budget processes as a comprehensive policy and decision making mechanism for the Government of Afghanistan so that Departments of the MoF and other related institutions are able to deliver the reforms and services required of them in an effective and accountable manner with strengthened administration support.