

Cost of Living Survey Report

City/Country: Kabul, Afghanistan
Type of Survey: Place-to-place
Date of Survey: January 2005

I. INTRODUCTION

1. A place-to-place cost-of-living survey was carried out by the Cost-of-living Division of the International Civil Service Commission's secretariat in Afghanistan in January 2005 for post adjustment purposes. The survey covered data collection and index calculations for a basket of goods and services including housing and domestic service costs.

2. As part of the exercise, a price collection was carried out in Kabul in January 2005. The international officials in grades P-1 through D-1, stationed in Afghanistan at that time, were requested to provide information on their household expenditures, as well as on housing and domestic service.

3. Price data collection for an all-inclusive basket of goods and services was carried out in June 2000 in New York, the base city for cost-of-living index comparisons. Expenditure data collection covering monthly and less frequent expenditures on food, beverages, clothing and footwear, housing, domestic service, transportation, communication, furniture and household equipment, health, recreation, education, miscellaneous goods and services and out-of-area commitments was undertaken in 2000 in the seven headquarters duty stations and Washington, D.C. The expenditure data excluding housing, pension contribution, medical insurance and out-of-area expenditures, for those eight duty stations, with minor adaptations, constituted the common weights that are used for post adjustment index calculations for all duty stations including Afghanistan.

II. DATA COLLECTION AND TREATMENT OF PRICES

4. The price collection was carried out by an independent pricing agent selected after consultation with the co-ordinator of the survey in Kabul. The price collection covered outlets located in Kabul. As a general rule, only prices of goods and services available in the outlets at the time of the visit by the pricing agent were collected.

5. The coordinator provided supplementary data on public transportation fares, utility, postal and telephone service rates and tuition fees.

Average prices

6. Average prices were calculated for each item as simple arithmetic averages.

Surveys

7. The data collection process for housing and domestic service costs and household expenditures in January 2005 involved the use of two questionnaires, which were distributed to staff members, stationed in Afghanistan. The survey response by type of questionnaire is presented in table 1 below.

Table 1. Survey response

Type of questionnaire	Number of Staff	Number of respondents	Response Rate %	Number of responses used	Responses used (%)
Housing & domestic service costs	66	66	100	1	1.5
Household expenditures	66	66	100	4	6.1

8. The number of responses presented above refers to returned questionnaires that were properly filled and used in the calculation. A number of questionnaires could not be used because they referred to non-eligible staff or were returned blank, incomplete or with inconsistent data.

9. Non-eligible respondents were staff members with less than 6 months for the household expenditure questionnaire; those living in hotels or boarding houses or sharing expenses of a common dwelling.

III. DERIVATION OF EXPENDITURE WEIGHTS

Weights - Common expenditures and other costs

10. The common expenditure shares, mentioned in paragraph 3, were combined with the housing costs in Kabul, pension contribution, medical insurance premiums and out-of-area expenditures to establish the weighting pattern for Kabul. The common weights were adapted to the specific situation of Afghanistan using the expenditures reported by staff members there in grades P-1 through D-1 who responded to the survey. The major adaptation involved the proportions of the in-area and out-of-area expenditures. The final weights were redistributed based on remuneration of a staff member in Afghanistan at the dependency rate of a P4 step VI.

Housing and domestic service costs

11. Information regarding housing and domestic service was derived from the questionnaire.

12. The following types of expenditures were included in the determination of monthly housing costs:

(a) Rental costs:

- Rents net of subsidies for renters.
- Utility costs, such as electricity, gas, water and heating.
- Amortized cost of repairs and repainting.
- Amortized cost of non-refundable key-money.

(b) Domestic service: The average monthly cost of a full time maid in Kabul was also added to housing costs for comparison with appropriate data for New York.

Pension

13. The actual amount of pension contribution of a staff member at the P4 step 6 level was included in the overall expenditure pattern.

Medical insurance

14. This referred to the actual premiums paid by the staff in Afghanistan for medical and dental insurance coverage.

Out-of-area expenditures

15. Dollar-driven: The following expenditures were considered as fixed-dollar amounts: remittances to maintain family members abroad; other out-of-area commitments; purchases of durable goods, such as, furniture, household appliances, glassware, tableware and utensils, sports, photographic, video and audio equipment; vacations and home leave.

16. Other: This category included other expenditures incurred outside of Afghanistan by the staff on items or groups of items such as clothing and footwear, education etc. In addition, when the out-of-area expenditure on any particular item or group amounted to 60 per cent or more of the total expenditure on that item or group, the total expenditure was treated as entirely an out-of-area expenditure.

Adapted common weights

17. As a result of the above, the common expenditure weights adapted for Kabul together with those for housing, medical insurance, pension contribution are shown in table 2 below:

Table 2. Kabul expenditure weights
(In U.S. Dollars)

Expenditure category	Weight
Total in-area	3,073.30
Total in-area excluding housing	1,789.77
Food and non-alcoholic beverages	366.93
Alcoholic beverages and tobacco	196.72
Clothing and footwear	-
Housing, water, electricity, gas and fuels	1,283.53
Furniture, household equipment and routine maintenance of the house	-
Health	-
Transport	-
Communication	634.31
Recreation and culture	-
Education	-
Restaurants and hotels	330.14
Miscellaneous goods and services	261.66
Pension contribution	866.74
Medical insurance provided by UN organization	254.98
Out-of-area	4,195.02

IV. INDEX CALCULATION

Calculation of price ratios, cost-of-living comparison index and post adjustment index.

Price ratios

18. In comparing average prices for individual items in Kabul and New York, every effort was made to ensure comparability of items between the two cities. Before comparing average prices, those for Kabul were converted to U.S. dollar equivalents at the exchange rate of 48.21 Afghanis (AFS) to the U.S. dollar.

Housing

19. The housing costs index was calculated on the basis of data provided by the staff for commercially-rented dwellings identified by type, i.e., house or apartment, which were further classified by number of bedrooms for both cities.

20. Included in the housing costs comparison were the average monthly gross rent, and where applicable, pro-rated cost for key-money, amortized cost for repairs and repainting, average monthly costs for electricity, gas, water, heating as well as the average monthly cost of a full-time maid.

21. The average housing costs by number of bedrooms for the commercially-rented house in Kabul was compared with similar average costs for commercial housing in New York to obtain cost ratios. The housing costs index was calculated using standardized weights for field duty stations and then used for the major group "Housing costs". Details of the calculation are given below.

Table 3. Housing costs

Kabul, January 2005
(In U.S. Dollars)

Type of dwelling	Number of bedrooms	Rent	Utilities	Facilities	Other	Domestic Service	Security	Average housing cost
House	3	1,000.00	230.06	-	22.22	31.25	-	1,283.53

Table 4. Housing costs index

Kabul, January 2005/New York, June 2000
(In U.S. Dollars)

Type of dwelling	Number of bedrooms	Number of Renters	New York total	Kabul total	Index Kabul/New York
House	3	1	2,273.83	1,283.53	56.45
Total		1			56.45

Out-of-area expenditures

22. The index for out-of-area expenditures, including dollar-driven, was based on the application of a special index recommended for use by Advisory Board on Post Adjustment Questions.

Medical insurance

23. The index for medical insurance was a comparison of the average premium paid by the staff in Afghanistan with that paid by those at the same level in New York.

V. SURVEY RESULTS

24. A summary of the relationship between the cost-of-living in Kabul in January 2005 and that in New York in June 2000 is shown below. Details of indices and weights are shown in the annex.

**Table 5. Summary results of comparison of living costs in Kabul
in January 2005 and in New York in June 2000**
(Exchange rate: AFS 48.21 = US \$1.00)

Expenditure category	US \$ weight	% Weight	Index
Total	8,390.05	100.00	103.48
Total Excluding housing	7,106.51	84.70	111.97
Total in-area	3,073.30	36.63	67.97
Total in-area excluding housing	1,789.77	21.33	76.22
Food and non-alcoholic beverages	366.93	4.37	114.50
Alcoholic beverages and tobacco	196.72	2.34	53.52
Clothing and footwear	-	-	-
Housing, water, electricity, gas and fuels	1,283.53	15.30	56.45
Rental for housing	1,000.00	11.92	
Other housing costs	22.22	0.26	
Utilities	230.06	2.74	
Facilities	-	-	
Domestic Service	31.25	0.37	
Furniture, household equipment and routine maintenance of the house	-	-	-
Health	-	-	-
Transport	-	-	-
Communication	634.31	7.56	81.14
Recreation and culture	-	-	-
Education	-	-	-
Restaurants and hotels	330.14	3.93	85.19
Miscellaneous goods and services	261.66	3.12	41.98
Pension contribution	866.74	10.33	124.01
Medical Insurance	254.98	3.04	60.62
Out of Area	4,195.02	50.00	127.86
PAI			136.16

25. The results of the comparison showed that the cost-of-living index for Kabul in January 2005 was 103.5 on the base New York, June 2000 = 100 at the exchange rate of AFS 48.21 to the U.S. dollar. When that index was rebased to the base, New York August 1992 = 100, it resulted in a post adjustment index of 136.2. Further updating using the latest exchange rate of AFS 49.47 per U.S. dollar resulted in an index of 139.0.

Implementation

26. As a result of the place-to-place survey in January 2005 and the other adjustments mentioned above, the existing post adjustment classification of multiplier 0.0 was changed to multiplier 39.0 effective 1 May 2005 on the base New York August 1992 = 100.