

Afghanistan

A: Identification

Title of the CPI: National Consumer price Index

Organisation responsible: Central Statistics Office

Periodicity: Monthly

Index reference period: March 2004 = 100

Main uses of CPI: Indexation of wages, pensions and/or social security payment, indexation of rents, contracts and/or other payments, main inflation indicator used for monetary policy , macroeconomic modelling and other analytic uses.

B: CPI Coverage

Geographical Coverage

Weights: Nation-wide

Price collection: Nation-wide

Population coverage: Resident households of nationals.

C: Concepts, definitions, classifications and weights

Definition of the CPI and its objectives: The CPI is an average of change in prices of goods and services of the commodity basket.

Classification: COICOP (Classification of individual consumption by purpose) up to a five-digit level.

Weights include value of consumption from own production: No

Sources of weights: Household expenditure surveys.

Frequency of weight updates: Above 5 years

Weights for different population groups or regions: City weights are computed. The city weights are the population totals for each city including surrounding provinces. With some modifications, the Kabul consumer basket with its commodity composition and weights has been used in the other cities for the aggregation of items to expenditure groups and the overall index.

D: Sample design

Sampling methods:

Outlets: Judgmental sampling

Products: Judgmental sampling

Criteria used for determining the optimal sample sizes and the coverage of localities, outlets, items and variety samples: Outlet selection: For most items, three outlets are visited for each city. They are usually located in the central market or close to that area. The outlet types available in the major cities of Afghanistan are shops and street vendors located in markets as well as stores and service establishments located along shopping streets. For each item, a representative mix of outlets is selected reflecting the consumers' preferences for them. The outlets selected are two market shops and one street shop. And the shops selected are those that are heavily frequented by shoppers. The final selection of an outlet also depends on the results of the interview to be conducted with the shopkeeper. If the shopkeeper is cooperative and confirms that the outlet will not be closed down in the near future, and also offers a good selection of products, the outlet should be selected for regular monthly visits. However, if the shopkeeper becomes uncooperative over time, the field agent feels free to replace the shop with a similar one that has a friendlier shopkeeper.

Selection of varieties to be priced: With the help of the shopkeeper, the field agent looks for the specific variety of items that a) is a volume seller, b) is expected to be continuously available, and c) is easily recognizable for future pricing. Preference is given to a popular brand, quality, size and model.

E: Data Collection

Approximate number of localities, outlets and price observations: Price observations: 3,000

Frequency with which prices are collected: Prices are collected monthly.

Reference period for data collection: Prices are collected from markets and shops in the middle and low income areas between the 20th and 30th days of the solar month (10th-20th of the month).

Methods of Price Collection

- Personal data collection
- Official tariffs

Treatment of:

Discounts and sales prices: Sales prices and discounted prices are recorded, but only when they are available to all consumers.

Missing or faulty prices: If the item is temporarily missing (up to maximum one month for non-seasonal items and eight months for seasonal items), the space for the price will be left blank except for the entering of the C code. The price will then be imputed at the office on the basis of changes in the prices of available items of the same product group and it will appear in the form for the coming month as data for the previous month. This will allow for self-correction when the item reappears.

Period for allowing imputed missing prices: One month

Disappearance of a given type or quality from the market: If the item has been discontinued (or has not reappeared after one month), a substitute is found with the help of the shopkeeper. It should be as similar as possible to the previously used item with respect to

brand, origin, quality and price. The proposed item and price should be flagged with a D. With the approval of the supervisor, the new item will be introduced in CPI calculations.

Quality differences: If a change in the item priced has occurred, the agent determines whether this difference affects the price or not. If the change has affected the price, obviously a new variety has appeared and the field agent tries to obtain the price of this variety for both the current and the base period. These prices then are entered in the file and used to calculate the price change from the base period. This solution is not ideal, but is easier to apply than to try to separate the quality difference from the price change for these two varieties.

Appearance of new items: If a new variety has appeared then the field agent tries to obtain the price of this variety for both the current and the base period. These prices then are entered in the file and used to calculate the price change from the base period.

Treatment of seasonal items and seasonality

Treatment of housing

Types of dwellings covered by the rent data: Information on rent is collected on a monthly basis from three real-estate agents in the city and covers six types of housing units.

F: Computation

Formula used for calculation of elementary indices: The ratio of arithmetic mean prices (Dutot index) (Direct form)

Formula to aggregate elementary indices to higher level indices: Elementary indices are aggregated to several levels using the modified Laspeyre's formula and the fixed-weights proportional to consumption expenditures. The formula is give as

$$\text{Price index} = \frac{\sum \frac{P_1}{P_0} \times W}{\sum W} \times 100.$$

where

P_1 = Current period prices

P_0 = Base period prices

W = Weight

Formula of aggregating regional/population group indices into national index: The national CPI is a weighted aggregate of the CPIs for Kabul, Herat, and Kandahar, Jalalabad, Mazar-e-Sharif and Khost cities. The city weights are the population totals for each city including surrounding provinces.

G: Editing and validation procedures

Control procedures used to ensure the quality of data collected: When collected prices seem not to reflect the actual economic situation, a supervisor from the CSO visits outlets to cross-check the prices.

Control procedures used to ensure the quality of data processed: When there are large price differences between cities and shops, these prices are investigated.

H: Documentation and dissemination

Timeliness of dissemination of the CPI data: Kabul CPI is published about 10 days after reference month. The national CPI is published in 2 weeks after the reference month. The annual CPI for both Kabul and national is also published with 1 month lag of the reference year.

Level of detailed CPI published

Paper publication: All items CPI, Division-level (12 Divisions)

Online: All items CPI, Division-level (12 Divisions)

Documentation

Publications and websites where indices can be found: Kabul CPI and National CPI monthly publications, in English and Dari; CPI Statistical Yearbook and Afghanistan Statistical Yearbook in English and Dari; Internet website: <http://www.cso.gov.af/>

Publications and websites where methodological information can be found: <http://www.cso.gov.af/>

I: Other Information

Completed by ILO in 2013.