



NSS Project
Afghanistan



CENTRAL STATISTICS OFFICE

- CSO -

(NSS Unit)

&

MINISTRY OF RURAL REHABILITATION AND DEVELOPMENT

- MRRD -

(Vulnerability Analysis Unit – VAU)

National Risk and Vulnerability Assessment

NRVA 2005

District Market Prices

(VAU - in collaboration with FEWS NET)

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Submitted by:

The ICON-Consortium



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Landell Mills
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TABLE OF CONTENTS

1	Introduction.....	3
2	Local Wheat Grain	4
3	Imported Wheat Grain	5
4	Price Trend from 2003 to 2005: Cheapest Wheat Grain.....	6
5	Cheapest Wheat Grain Type	7
6	Local Wheat Flour	8
7	Imported Wheat Flour.....	9
8	Local Rice	10
9	Imported Rice.....	11
10	Male Sheep.....	12
11	Male Goat.....	13
12	Agriculture Labour Wage	14
13	Unskilled Labour Wage	16
14	Price Trend from 2003 to 2005: unskilled labour daily wage.....	17
15	Terms of Trade: Unskilled Labour Wage in Relation to Wheat Grain.....	18
16	Raw Opium (wet).....	20
17	Fertilizer: DAP.....	21
18	Fertilizer: Local Urea	22
19	Fertilizer: Imported Urea	23
20	Fuel.....	24
20.1	Diesel	24
20.2	Petrol	25
20.3	Kerosene.....	26
20.4	Liquid Gas.....	27

1 Introduction

The NRVA 2005 was conducted by the Vulnerability Analysis Unit (VAU) of the Ministry of Rural Rehabilitation and Development (MRRD) together with the Central Statistic Office (CSO). WFP/VAM unit contributed in a significant manner.

In this assessment all rural and urban areas in Afghanistan have been covered, based on representative sampling for provinces, the 10 largest urban areas and the migratory kuchi population.

The assessment started in June 2005 and finished in mid August 2005. In this period, after a good rainy season, farmers in most parts of the country were expecting a good harvest.

NRVA 2005 market data includes urban areas, but they couldn't be shown in the following maps. Even so, the results coming from these 10 urban areas will be presented and discussed within the following analysis.

In a second phase, the District Market Prices will be analysed regarding the data collected by the NRVA 2005 household and shura assessment.

This analysis in hand is the product of a cooperative work between the MRRD/ Vulnerability Analysis Unit (VAU) together with FEWS NET (USAID). FEWS NET contributed the analysis of the four fuel products as well as opium and local wheat.

The data analysis of the District Market Prices has been focused on such items significant for the nationwide provision of the population and the Afghan economy. Many of the collected market prices work to elaborate a household poverty calculation rather than understand a nationwide distribution of prices during the time of the NRVA 2005 survey.

The District Market Prices data as well as the narrative are available on VAU's website: www.mrrd.gov.af/vau.

Kabul/ Afghanistan, March 2006

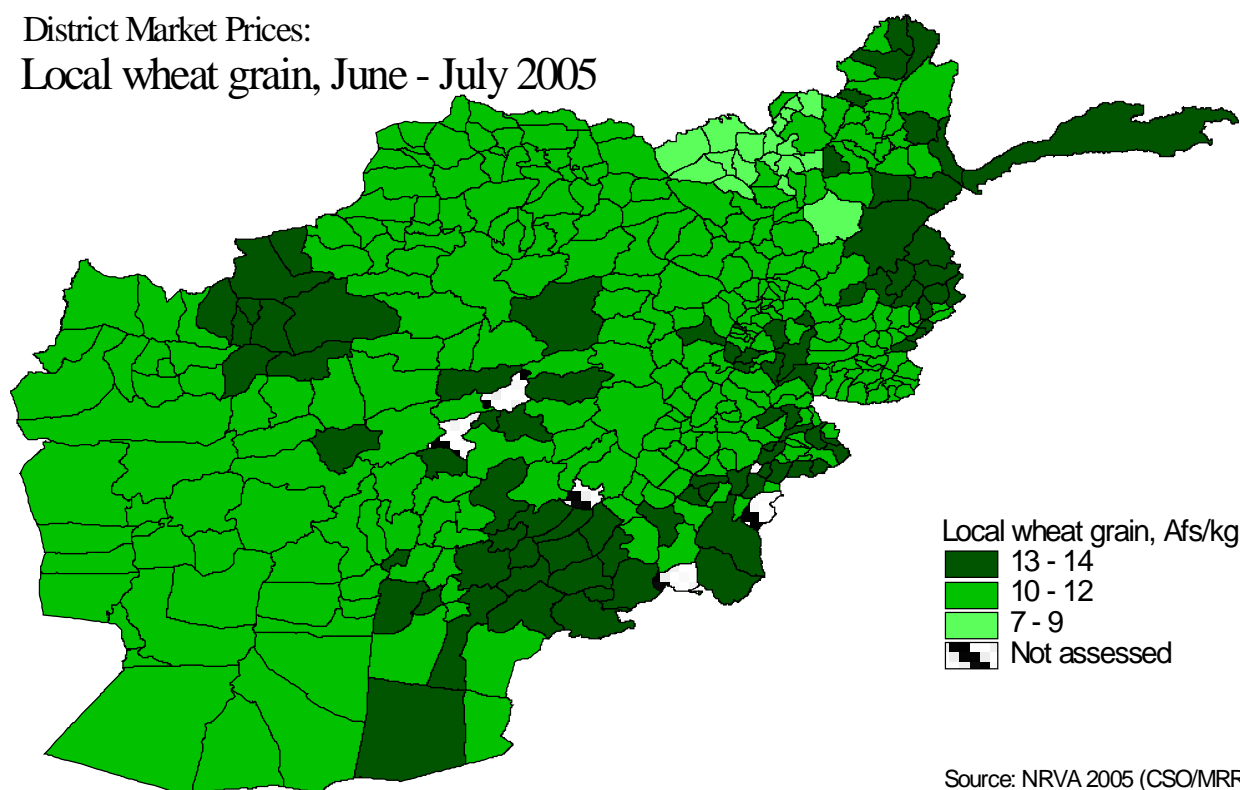
2 Local Wheat Grain

NRVA 2005 local wheat grain prices reveal a strong association with remoteness, bad road conditions, civil insecurity and wheat deficit areas. Local wheat grain prices ranged from 7 Afs/ kg throughout the country. Districts that are very remote, and have poor road access and a high level of insecurity have the highest prices: 13 to 14 Afs/ kg. These districts are located in Dai Kundi, Bamyan, Uruzgan, Badakhshan, Nuristan, Kunar, Paktika, Paktya, Zabul, Badghis and Nangarhar provinces. However, districts of Kabul and Kapisa provinces also have high prices: 13 Afs/ kg. This is likely to be the result of higher costs of living rather than above mentioned causes.

On the other hand, provinces that tend to be surplus and secure exhibited the lowest prices (7 to 9 Afs/ kg) for local wheat grain, e.g. Kunduz and Takhar province. The medium range of local wheat grain prices is 10 to 12 Afs/ kg.

District Market Prices:

Local wheat grain, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

The price analysis of FAAHM (Food Security, Agriculture and Animal Husbandry Information Management and Policy unit within the Ministry of Agriculture, Animal Husbandry and Food) during the whole year 2005 shows that the time of the lowest price for local wheat grain is the harvest time in June and July. During the rest of the year 2005, the price for local wheat grain was more or less stable. So, the markets had, following the harvest in summer, a good availability of local wheat grain. The main price in December continues to be around 11 Afs/ kg (comparable with the average of the prices during NRVA 2005 assessment). (see FAAHM, Jan. 2006).

3 Imported Wheat Grain

Generally, Afghanistan does not import wheat grain due to lack of milling capacity in the country, except for some border location. Therefore, most of importation is in the form of wheat flour. Distance from the importation point and transportation cost have a direct association with the price for imported wheat grain in Afghanistan.

The map below shows the prices of imported wheat grain. Some of the border districts around the country have the lowest prices, while those areas having access problems (mountain areas with high transportation costs) in the Northeast, South and within the Central Highland had the highest prices (14 to 15 Afs/ kg). Nevertheless, if there is importation of wheat grain, that is mostly improved seed for cultivation purpose or aid agencies' wheat grain importation.

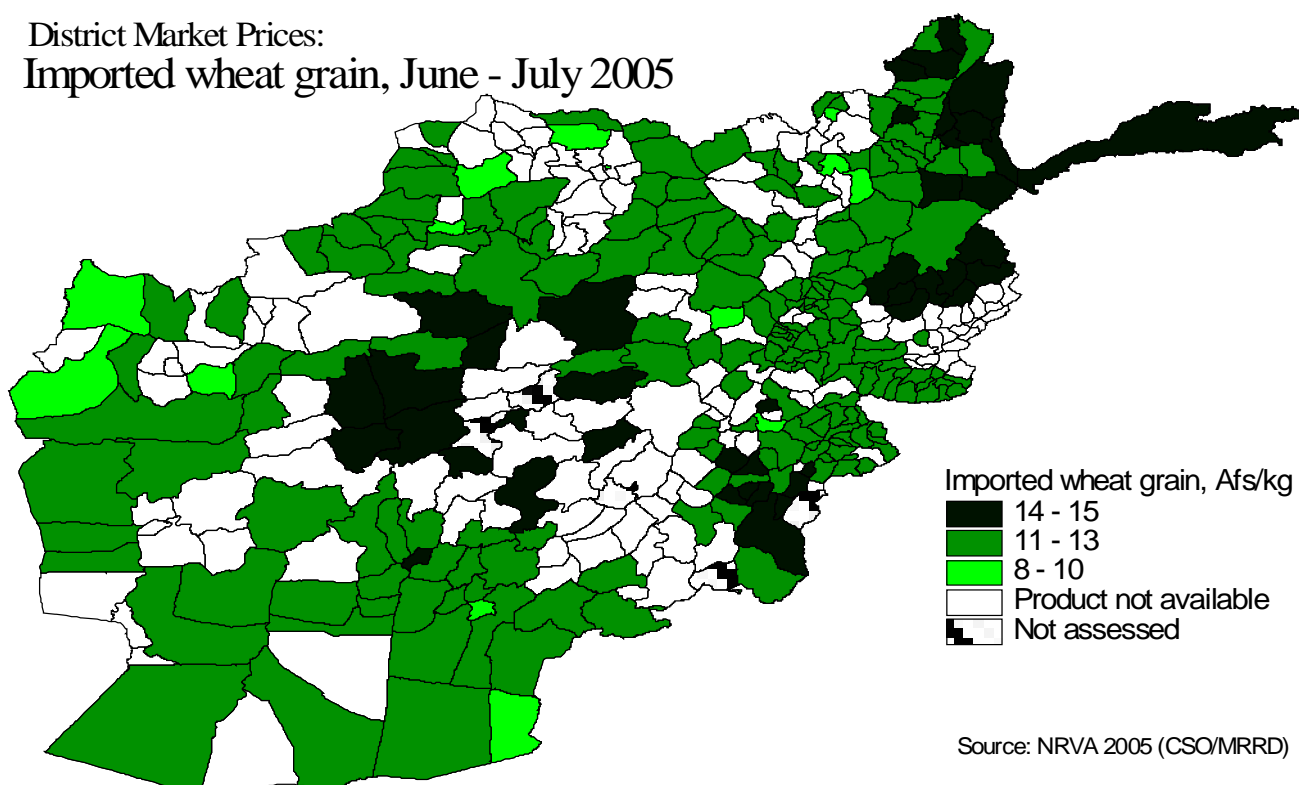
In addition to the remote character of the Paktika province, there is a problem with poor security which is responsible for the high price levels of this imported product.

The remaining provinces fell in the middle price category (11 to 13 Afs/ kg imported wheat grain) or didn't have imported wheat grain at the markets.

The following table identify the numbers of districts with highest as well as lowest prices at provincial level.

Province Name	Number of districts within province showing the highest prices for imported wheat grain	Province Name	Number of districts within province showing the lowest prices for imported wheat grain
Badakhshan	12	Logar	1
Nuristan	8	Hirat	3
Paktika	8	Takhar	3
Ghor	5	Balkh	2
Bamyan	2	Jawzjan	2
Daikundy	2	Kandahar	2
Ghazni	2	Parwan	1
Hilmand	1		
Uruzgan	1		

District Market Prices:
Imported wheat grain, June - July 2005



4 Price Trend from 2003 to 2005: Cheapest Wheat Grain

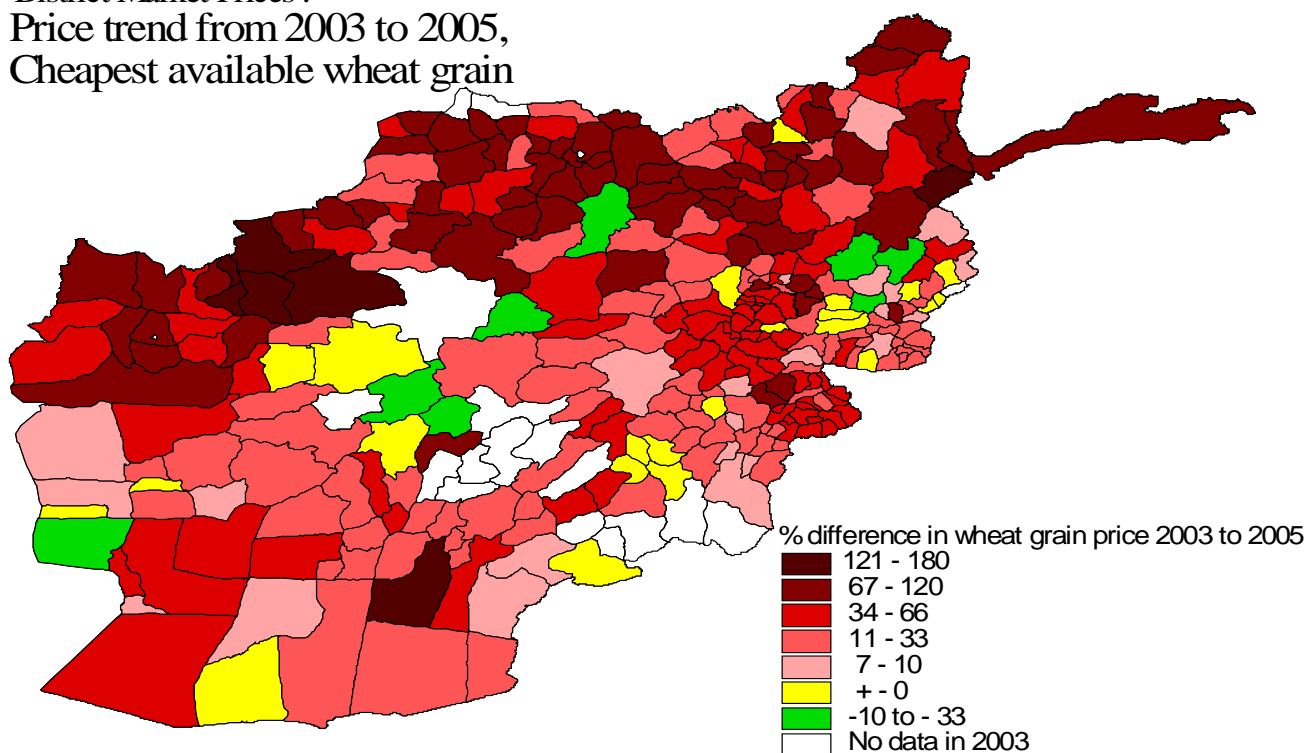
The comparison of the NRVA 2005 with the NRVA 2003 data shows that, generally, the prices across the country increased – with some exceptions. Dividing the country in two parts (using an imaginary line from the East-North-East to the West-South-West, following the alignment of the main mountain range) the northern part of Afghanistan shows the highest rise in wheat grain prices. Above all, the reason for this was an exceptional wheat harvest in the northern high production area in 2003. The market saturation with local wheat grain (aggravated by uncoordinated food aid deliveries) followed that same year a drop in wheat prices. The favourable rainfalls in 2003 occurred in the rainfed areas in the North more than the mostly irrigated zones in the southern parts of the country (see the agro-ecological zones of Afghanistan, NRVA 2003, page 19). At the same time, bad road conditions limited the transport of the product to other parts in the country.

The general increase of the wheat grain across the country is also linked with increase in living cost (inflation) which has an impact on all needed goods.

There are few areas where the prices have been decreased from 2003 to 2005, such as districts in Nuristan and in the Central Highland.

The white areas in the map are linked with no data available from NRVA 2003.

District Market Prices :
Price trend from 2003 to 2005,
Cheapest available wheat grain



Source : NRVA 2003 (WFP/MRRD), NRVA 2005 (CSO/MRRD)

All maps, showing price trends from 2003 to 2005 (Cheapest Wheat Grain as well as Unskilled Daily Labour Wage) reflect results based on a subdivision into 328 districts (this number reflects the district administrative status in 2003 as well as the administrative unit within the NRVA 2003 assessment).

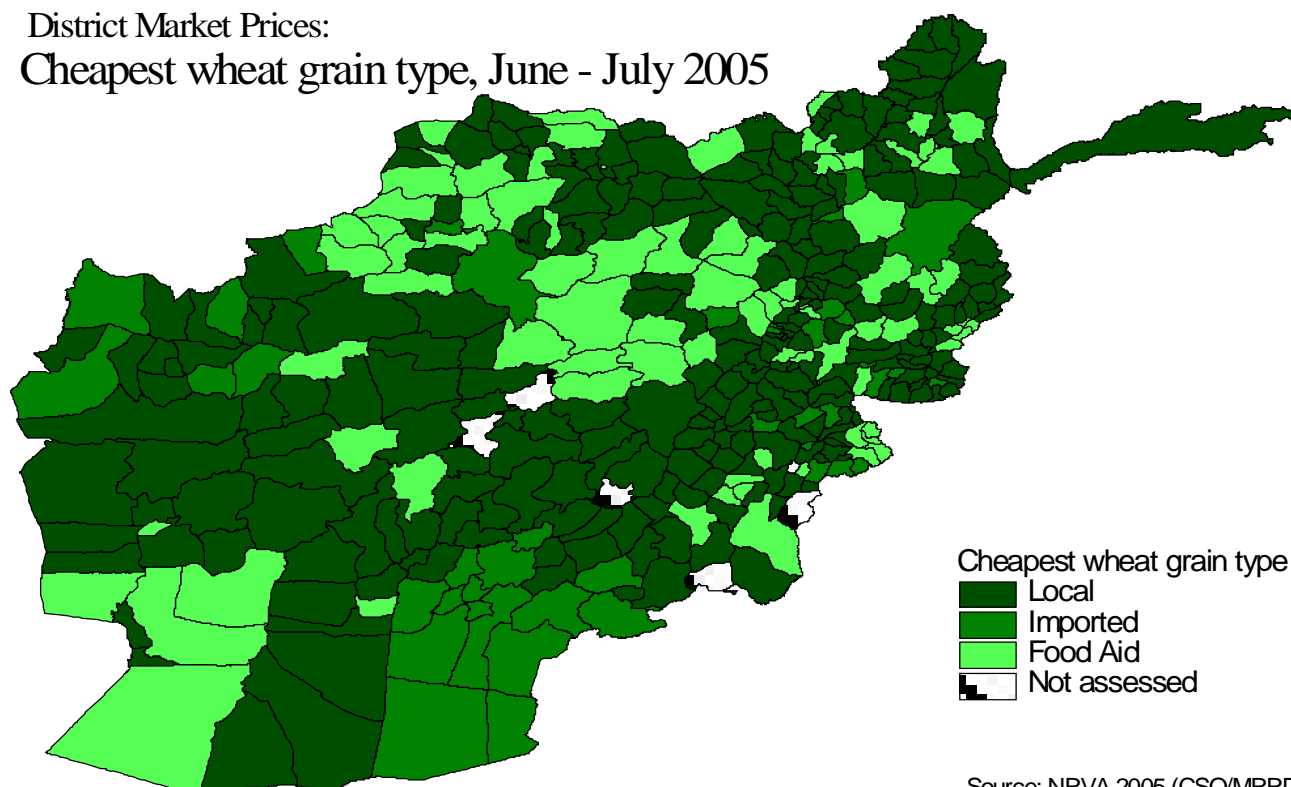
5 Cheapest Wheat Grain Type

The cheapest wheat grain type in the NRVA 2005 market data in most parts of the country was local wheat grain due to it being the harvest time for main cereals. Meanwhile those areas where food aid programmes have been implemented, the food aid wheat had been the cheapest. Generally speaking, in those areas where food aid wheat is available, it is cheapest of all the wheat grains been sold in that market. The map shows that this trend was apparent in the districts in the Central Highland as well as in the North, Northeast and Southwest of the country: Nimroz province, parts of Badakshan, Nuristan, parts of Baghlan, Faryab, Takhar, Kunduz, Balkh, Paktika and Khost.

Nearby the borders of Turkmenistan, Iran and Pakistan, there are several districts where the imported wheat grain was the cheapest on the markets. This trend concerns, above all, districts in the provinces of Kandahar in the Southeast, as well as Hirat in the western part of Afghanistan.

District Market Prices:

Cheapest wheat grain type, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

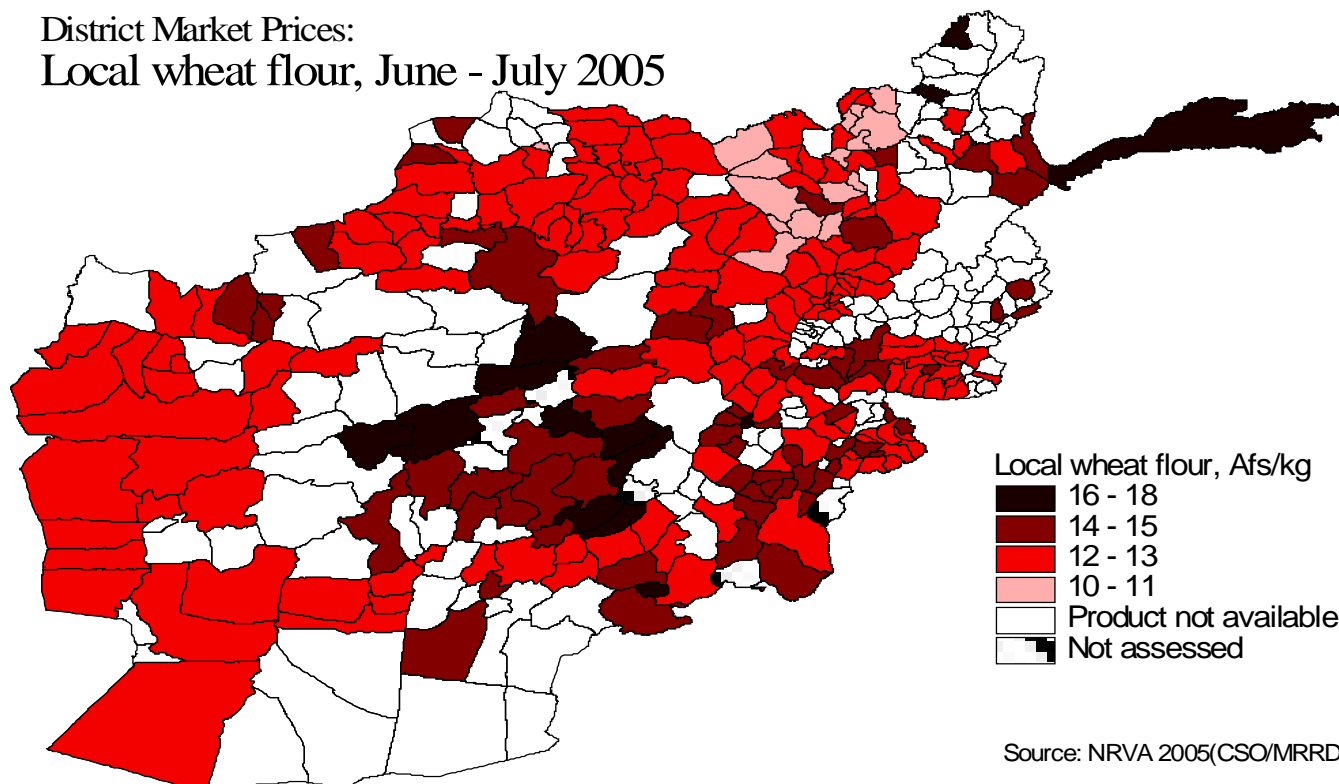
6 Local Wheat Flour

The map below shows that the prices of local wheat flour follow the same pattern as local wheat grain. Several districts of Takhar, Kunduz and Baghlan which are the more productive areas in terms of wheat production in Afghanistan show the lowest price (10 to 11 Afs/ kg), while parts of Badakhshan, Ghor, Daikundi and Zabul provinces show the highest prices (16 to 18 Afs/ kg). In the mountain areas, local wheat is hardly cultivated. The farming system is focused on livestock. Under these conditions, the prices for local wheat flour are the highest in the country, such as in several districts in Badakhshan and Ghor provinces. In some of the eastern zone, as well as in the Northeast, the Central Highlands and in southern provinces the product is not available. The fact, that local wheat flour is not available in a lot of districts doesn't mean that the farmers are not cultivating wheat. It is rather an indicator that many households in these districts are producing wheat flour for their own consumption rather than for sale – therefore, local wheat flour is scarly or not available at market.

The following two tables show the number of districts with the lowest prices (10 and 11 Afs/ kg) as well as the highest prices (16 to 18 Afs/ kg).

Province Name	Number of districts within province showing the lowest prices for local wheat flour	Province Name	Number of districts within province showing the highest prices for local wheat flour
Takhar	8	Ghor	4
Baghlan	5	Badakhshan	3
Kunduz	2	Ghazni	3
Jawzjan	1	Zabul	3
		Daikundi	2

District Market Prices:
Local wheat flour, June - July 2005



7 Imported Wheat Flour

Generally, Afghanistan wheat surplus areas in the locations of bordered areas with Iran, Pakistan and Turkmenistan have the lowest prices for imported wheat flour.

In June and July 2005, the pattern in prices for imported wheat flour across the country was thought to be driven by two factors:

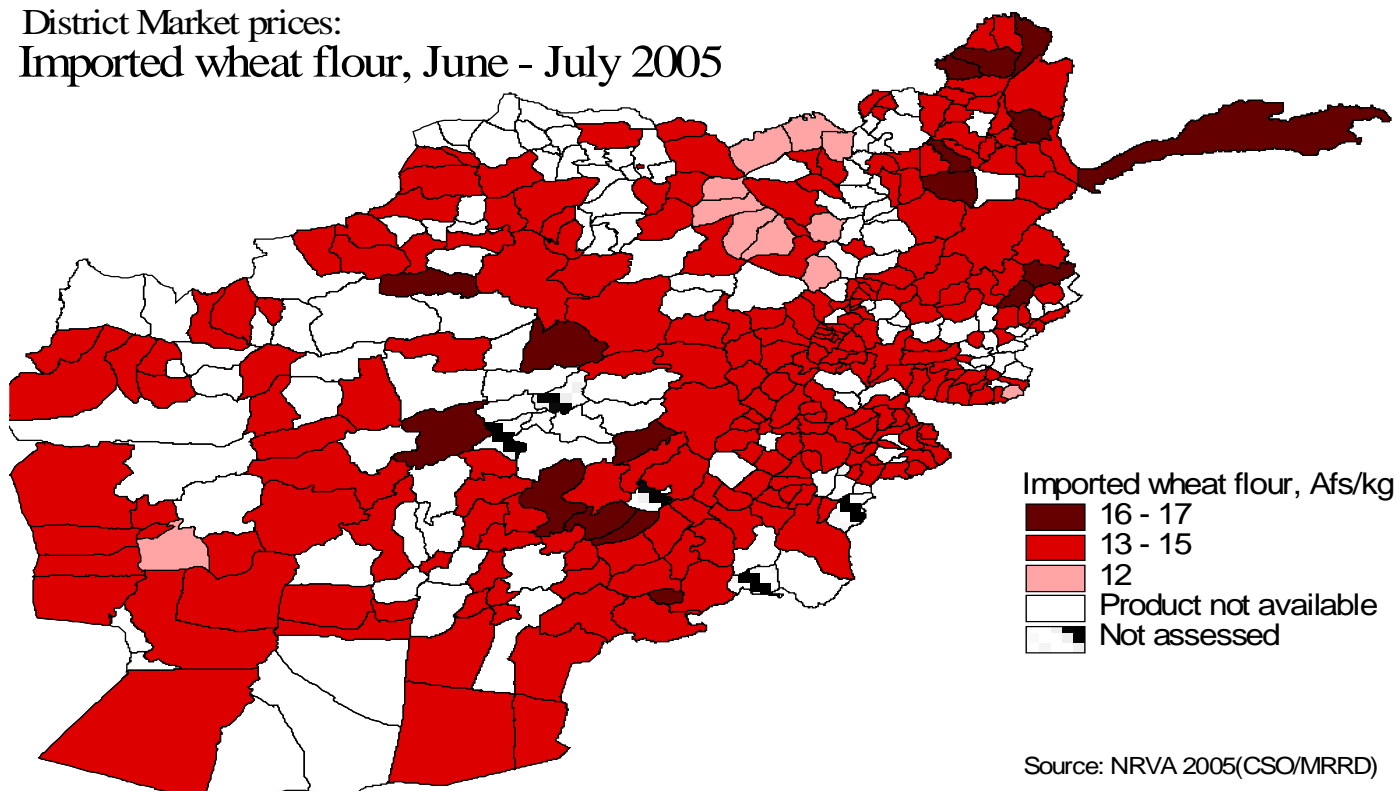
- the availability of local wheat in the market,
- cost of supplying the market with imported wheat.

Districts in the high wheat production area in the provinces of Kunduz and Baghlan in the North have the lowest prices. And those areas located near the borders with access to transit paths have also shown prices at a low level. By contrast, those areas that have accessibility problems (bad road conditions and remoteness) or that have a large distance from the main transit paths have the highest prices, such as the Central Highland (Ghor province with the districts of Pasaband and Lal Wa Sarjangel) as well as the Northeast of the country (Nuristan province with the districts of Waygal and Kamdesh, and Badakhshan province with Kishim, Wakhan et al. districts). For districts in the provinces of Zabul and Uruzgan, the insecure situation is an additional factor pushing up market prices.

The table below shows the number of districts per province having the lowest price for imported wheat flour (12 Afs/ kg).

Province Name	Number of districts with the lowest price for imported wheat flour
Baghlan	3
Kunduz	3
Samangan	3
Farah	1
Kandahar	1
Nangarhar	1

District Market prices:
Imported wheat flour, June - July 2005



8 Local Rice

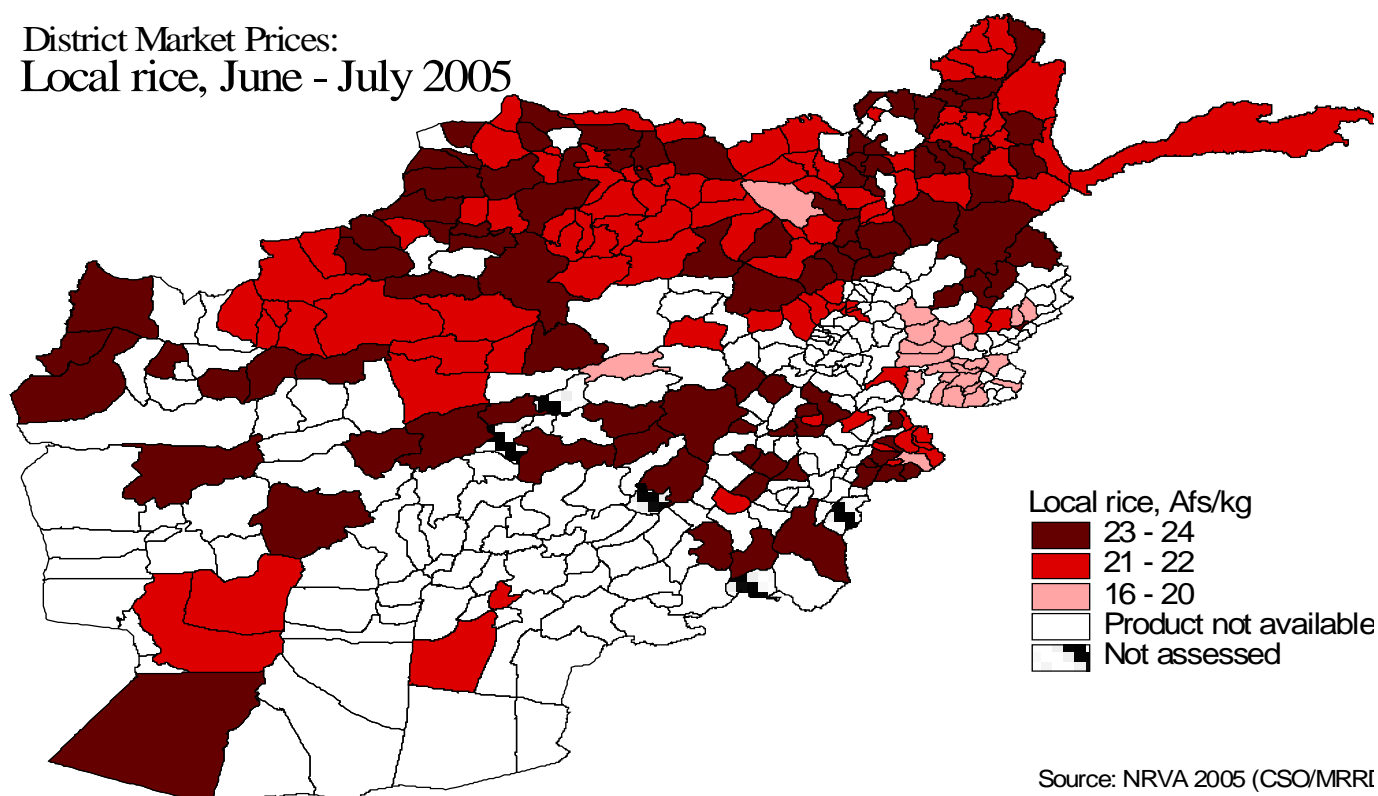
The price of local rice is totally different from that of imported rice. It should be mentioned that the data was collected close to seeding time for rice. The price changes considerably at the time of rice harvest. The districts of Laghman and Nangarhar provinces in the East and one district of Baghlan province had the lowest rice prices (16 to 20 Afs/ kg). These are actually the areas that have local rice production. However, in one district of Bamyan and one district of Khost the prices of local rice make also part of the lowest category. This could mean that in these two districts consumers show a preference to imported rice over local rice.

In most parts of the country local rice was not available at the time of data collection. Most of the Northern part of the country had the second price category (21 and 22 Afs/kg). The highest price had been found in some districts of Badakhshan, Ghazni , Hirat and Sar-i-Pul - most of them being remote areas.

The following two tables show the number of districts with the lowest prices (16 to 20 Afs/ kg) as well as the highest prices (23 and 24 Afs/ kg) for local rice.

Province Name	Number of districts with the lowest prices for Local Rice (16-20 Afs/ kg)	Province Name	Number of districts with the highest prices for Local Rice (23-24 Afs/ kg)
Nangarhar	14	Badakhshan	7
Laghman	5	Ghazni	2
Kunarha	2	Hirat	1
Baghlan	1	Sar-i-Pul	1
Bamyan	1		
Khost	1		

District Market Prices:
Local rice, June - July 2005



9 Imported Rice

In the past two and half decades, Afghanistan became widely dependent on Pakistan rice. Therefore, distance from the importation point, insecurity and road conditions play significant role in rice price determination.

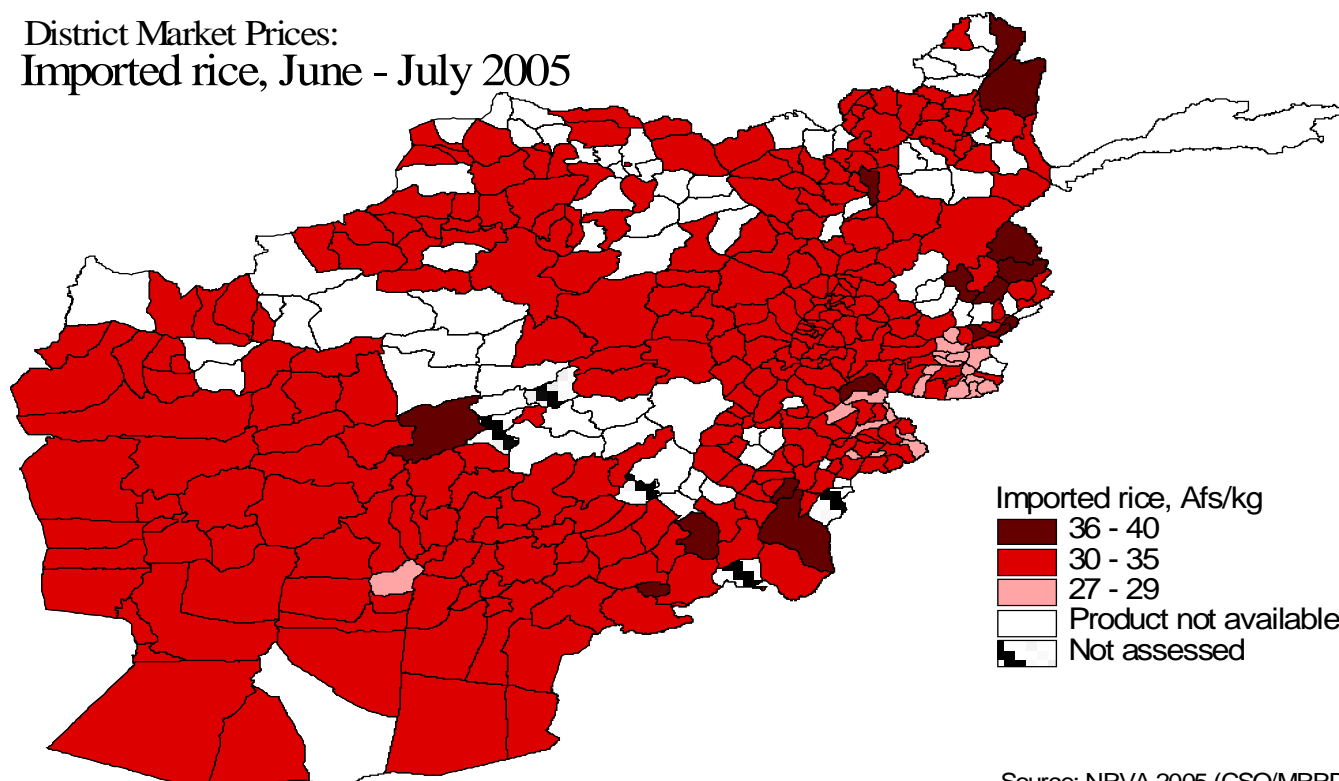
The prices for imported rice across the country show - as it is coming mostly from Pakistan through two different paths in the South and the East – slight variation due to the above mentioned transport costs. Nangarhar province is the most important trade route for this product, followed by Khost and Paktya. In addition, the price for imported rice in Nangarhar is under price competition from the local product. By contrast, the prices of imported rice are the highest in remote and mountain areas (taking into account the high transport costs), such as parts of Badakhshan, Nuristan, Kunar, Paktika, Ghazni, Zabul, Takhar, Logar and Ghor. Poor security conditions in Zabul and Paktika play a further key role for the high level of imported products.

Areas that don't have significant transport problems represent the price category from 30 to 35 Afs/kg imported rice. It should be mentioned that in Logar province there is only one district with the highest price – that is Azra.

The following two tables show the number of districts with the lowest prices (27 to 29 Afs/ kg) as well as the highest prices (36 to 40 Afs/ kg).

Province Name	Number of districts with the lowest Price for Imported Rice (27-29 Afs/ kg)	Province Name	Number of districts with the highest Price for Imported Rice (36-40 Afs/ kg)
Nangarhar	13	Nuristan	4
Khost	4	Kunarha	3
Paktya	4	Badakhshan	2
Hilmand	1	Ghazni	2
		Zabul	1
		Takhar	1
		Logar	1
		Ghor	1

District Market Prices:
Imported rice, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

10 Male Sheep

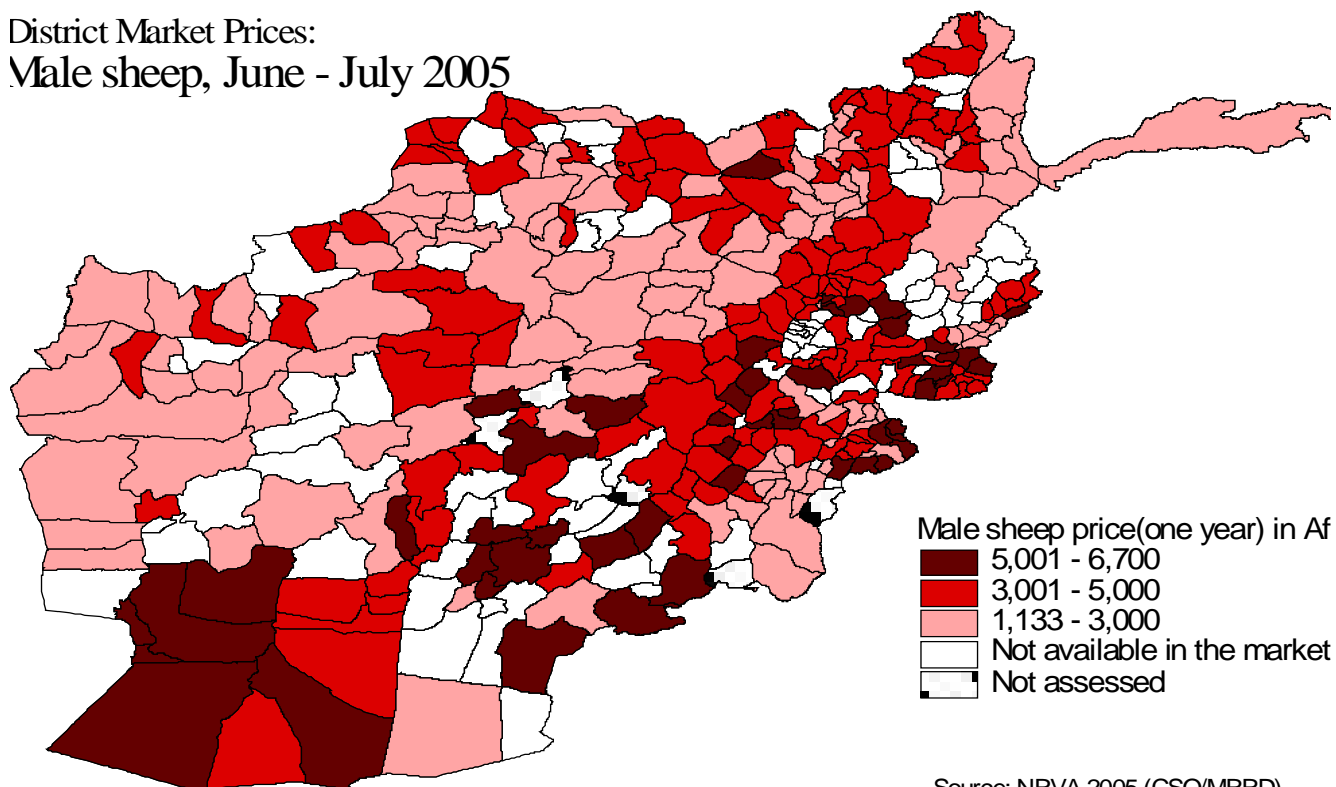
The map below represents the prices for male sheep (one-year-old) in Afghanistan. Dividing the country in two parts (using an imaginary line from the East-North-East to the West-South-West, following the alignment of the Hindi Kush mountain range) the northern part of Afghanistan shows the lowest prices for male sheep. These are the main areas where sheep production is a common business (traditionally livestock systems; see Badakhshan and Central Highland), while the southern provinces show the highest price. The data shows that among the districts of each province there is significant difference, which could indicate the difference in the size of the sheep. Sheep in the South – which are raised in warm climate conditions – are generally small. An additional reason for the higher level of sheep prices in the South and Southeast of the country is the export of the animals to Pakistan, a fact which leads to certain gaps in the markets.

Another explanation for the difference in the sheep prices between northern and southern areas could be seen in the different agro-ecological conditions. The rainfed areas in the North benefited more from the favourable rainy seasons in 2003 and 2005; in the following there was an increase in herd sizes. This effect is not so distinct for the more irrigated agriculture in the South.

Kuchi are the main sheep producers in the country. Their migration led by seasonal weather conditions, also have significant influence on sheep prices.

District Market Prices:

Male sheep, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

During the year 2005, the prices for a one-year-old sheep were more or less stable between June and December. But the prices were moderately higher from January to May of that same year (see FAAHM, Jan. 2006).

11 Male Goat

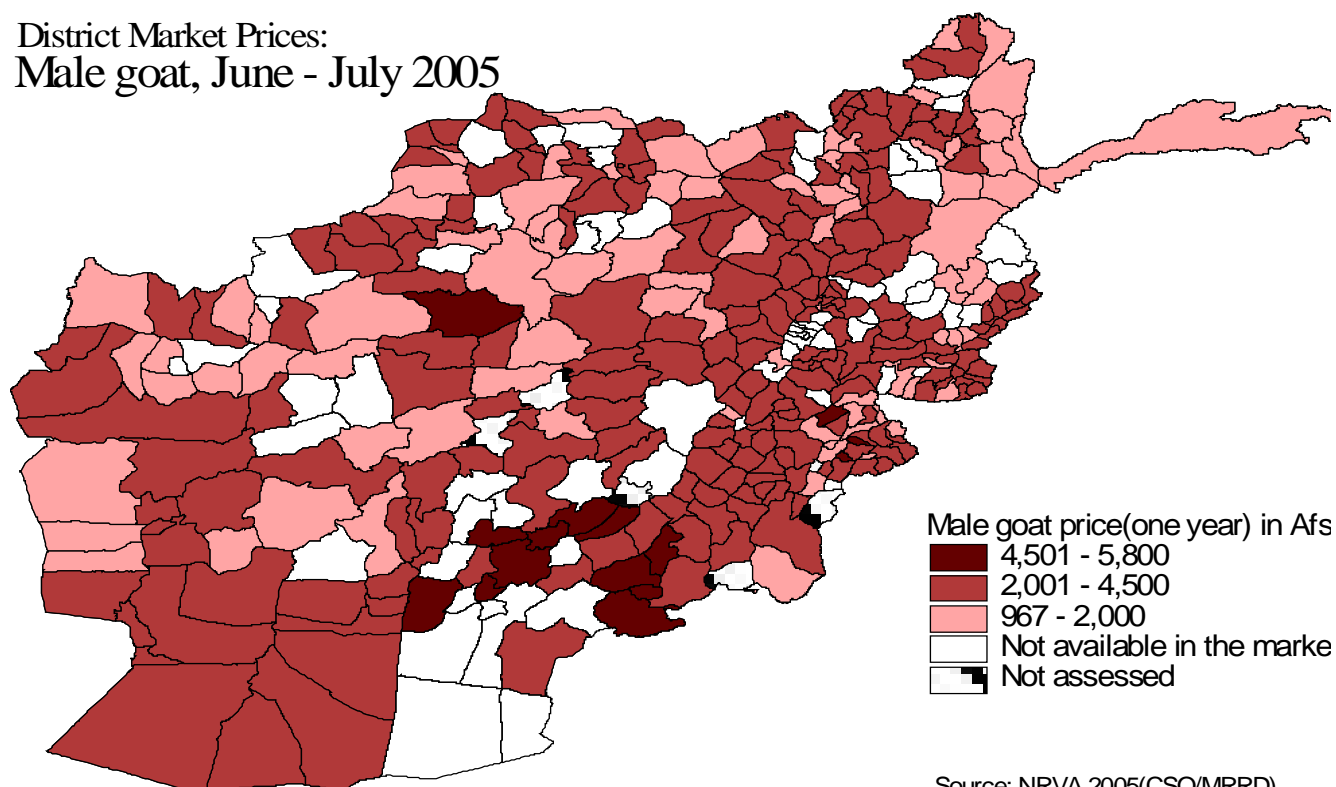
In comparison to the male sheep, the male goat doesn't play an important or significant role for the provision of meat of the population overall. But there is also a trend for dividing the country in two parts (using an imaginary line from the East-North-East to the West-South-West, following the alignment of the Hindi Kush mountain range). The northern part of Afghanistan shows lower prices for male goat than the southern.

The price of one-year-old male goat is the highest in some districts of Kandahar and Zabul. The main reason is the type (large breed) of goats in these areas. While the north eastern and eastern zones and some of the northern and western districts have the lowest prices.

The remainder of the districts fell into the middle prices range (2.001 to 4.500 Afs/ animal).

Further explanation of the variation observed is not possible.

District Market Prices:
Male goat, June - July 2005



Source: NRVA 2005(CSO/MRRD)

12 Agriculture Labour Wage

In June/ July 2005, the agriculture labour wages ranged from 60 to 275 Afs/ person/ day across the country. Agricultural labour wages depend essentially on the time of harvest, which varies in Afghanistan; beginning from the first half of June up to September. During harvest time, the wages are the highest, because of the highest demands for agricultural labour. The agricultural labour wage shows large variations across provinces and between the seasons (FAAHM, Jan. 2006). The second map below shows the harvesting calendar for Afghanistan.

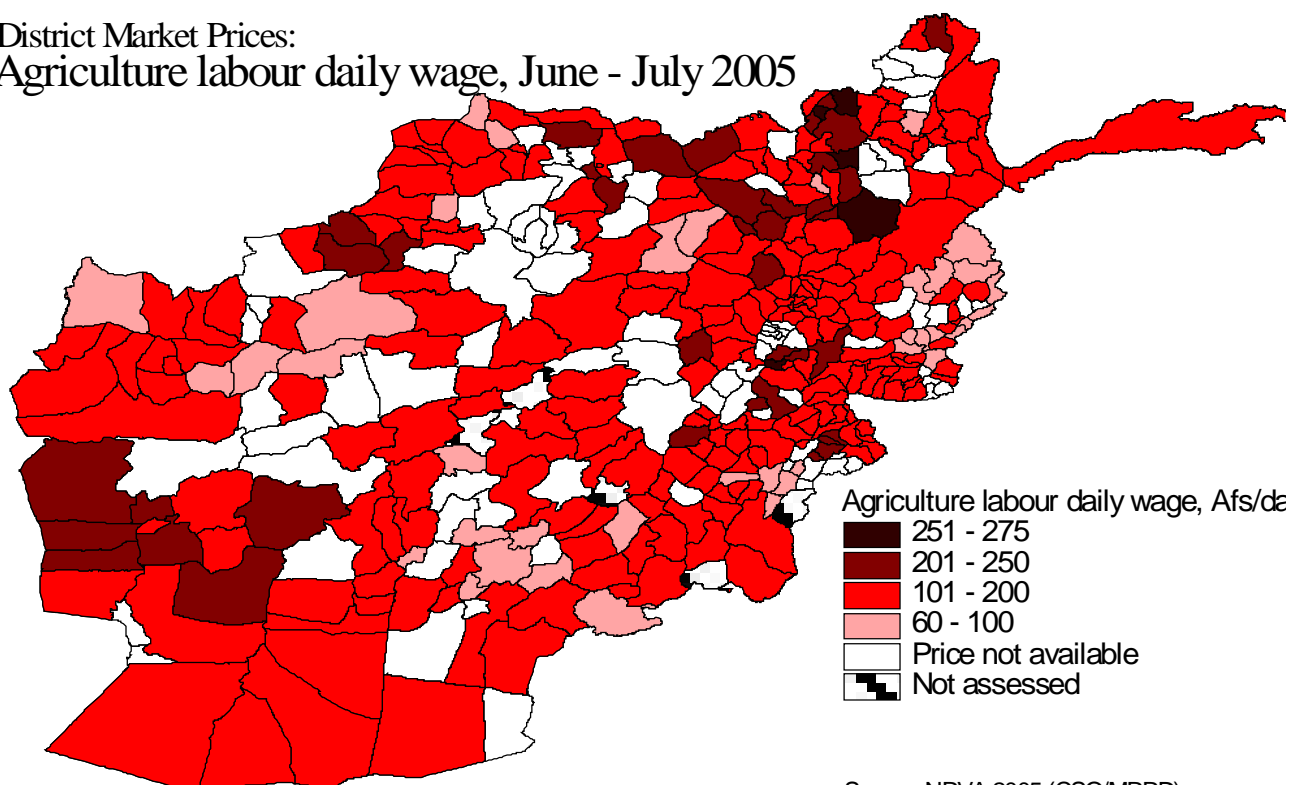
In some of the areas there is no specific rate in cash – it is difficult to calculate an average of the price, which depends on the volume and kind of work during harvesting time. And in some districts, workers are paid in kind (for example: 10% of the harvest).

Warsaj, Kalafgan, Khwaja and Bahawuddin districts of Takhar province as well as Chahar Asyab district of Kabul had the highest pay rate (251 to 275 Afs/ person/ day). These were the highest producing areas during the main harvest time of the NRVA survey. Takhar province has one of the most intensive poppy productions, which influences the rate for the daily wage in a significant manner. The high wages in the provinces of Hirat and Farah in the West can be connected with the high migration rate of workers to Iran.

On the other hand Gizab district of DaiKundi, Nur Gal district of Kunar province, Bargi Matal and Sarkani district of Kunar province, several districts of Nuristan province and some districts of Kandahar, Jawzjan, Hirat and Samangan provinces had the lowest wages (60 to 100 Afs/ person/ day). The low wages level for agricultural daily wages in Nuristan in the East of the country could be linked to the fact that a big part of the agriculture is managed by women. They have a very low land ownership and there is little demand for agricultural workers.

District Market Prices:

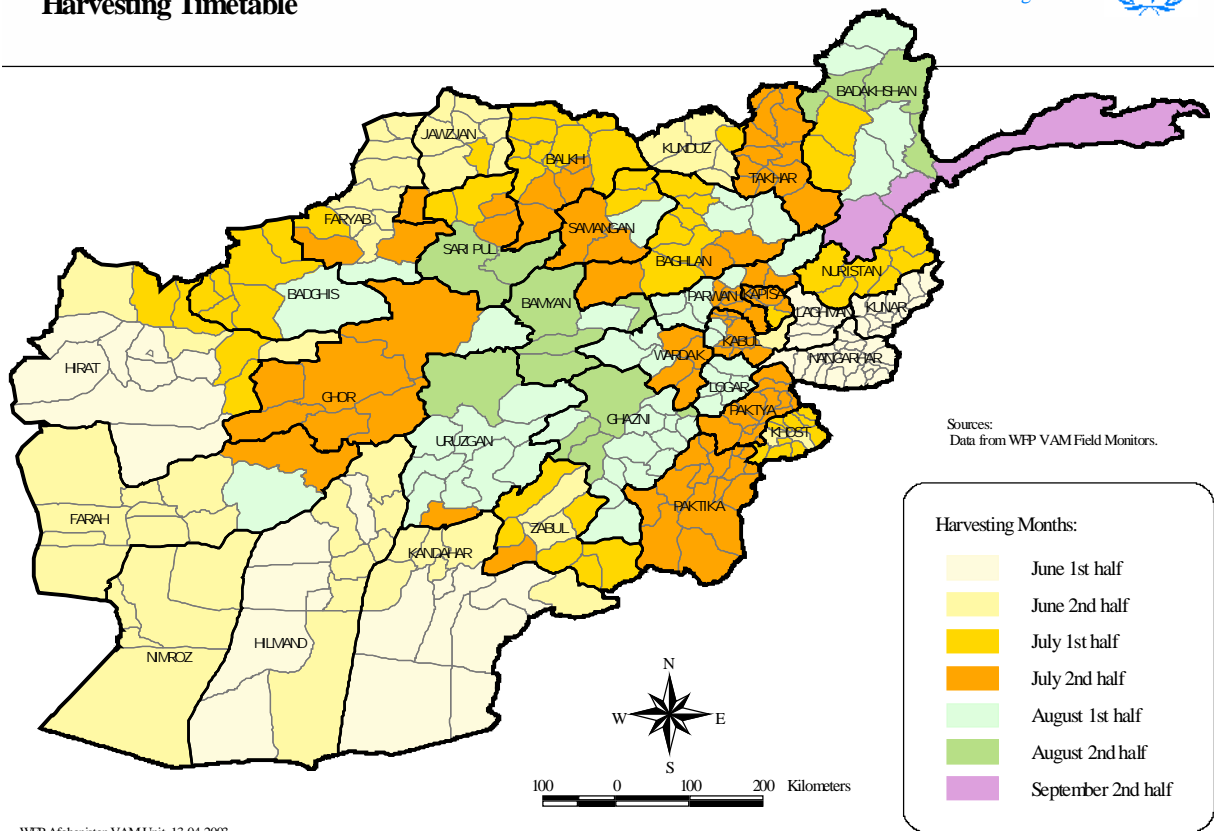
Agriculture labour daily wage, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

AFGHANISTAN

Harvesting Timetable



WFP Afghanistan VAM Unit, 13-04-2008

13 Unskilled Labour Wage

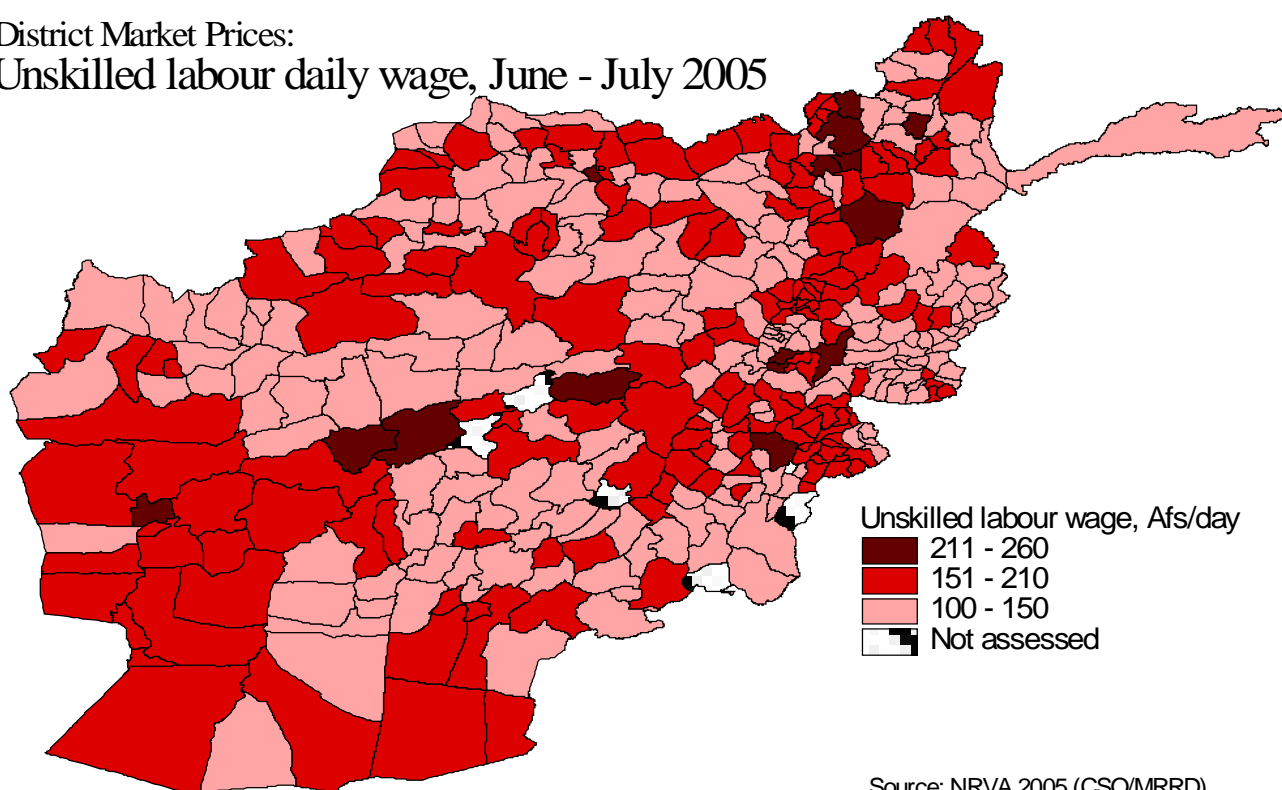
The term “unskilled labour” mostly applies to construction works. The Kalafgan district of Takhar, the Tawara district of Ghor, the centre of Badakhshan, the Khake Safed district of Farah and the Dehdadi district of Balkh had the highest unskilled labour wage (250 to 260 Afs/ person/ day). It could be concluded that the high rate of unskilled labour wage correlated with the opium harvesting (as well as the main harvest time for other agricultural products). A consequence of this is that in the concerned regions there was a competition for unskilled labour in agriculture sector.

On the other hand Wama, Kamdesh and the centre of Nuristan province, Nurgal district of Kunar province, Kuz Kunar district of Nangarhar, Ghorak district of Kandahar as well as the Balkhab district of Sari Pul province had the lowest rate: not more than 100 Afs/ person/ day. The reason is clear that these areas are too remote and the demand for unskilled labour is scarce.

During the year 2005, there was little seasonal variation for unskilled labour wages across the whole country (see FAAHM, Jan. 2006).

District Market Prices:

Unskilled labour daily wage, June - July 2005



Source: NRVA 2005 (CSO/MRRD)

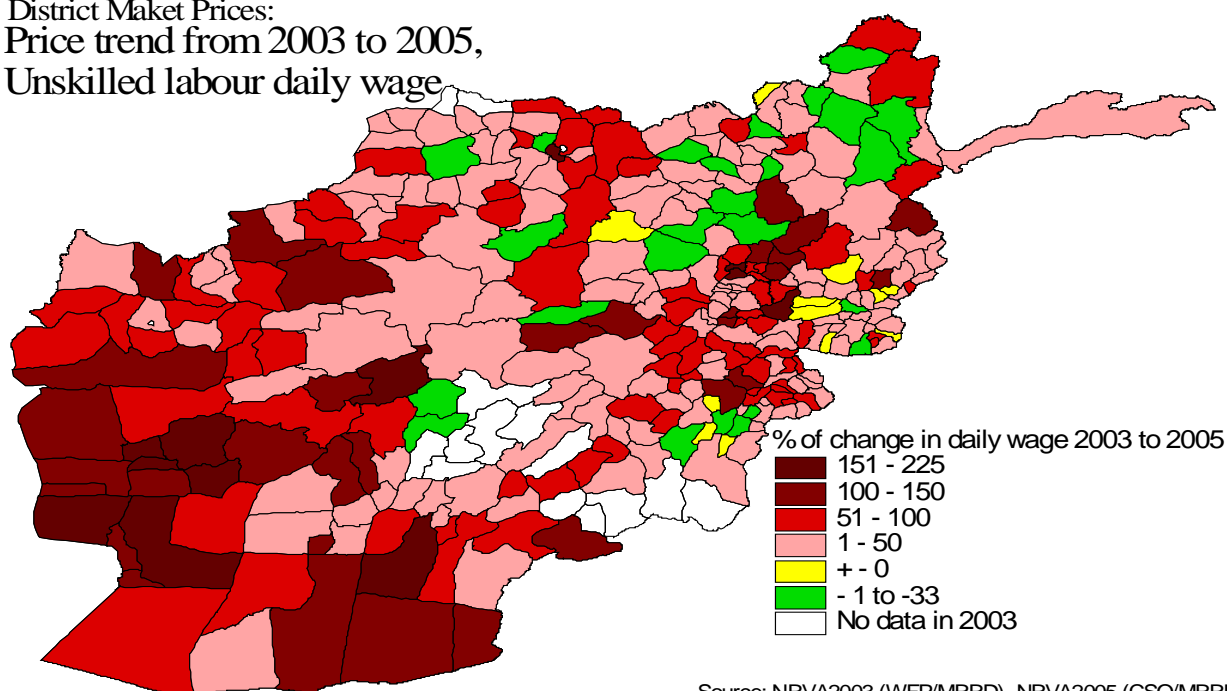
14 Price Trend from 2003 to 2005: unskilled labour daily wage

The map below shows the percentage of change in unskilled labour wages from 2003 to 2005 across the country. It shows that in most parts of the country wages increased. The highest increase occurred in both the Southwest and the western parts of the country as well as near to the urban areas of Mazar-i-Sharif in the North and Kabul in the central East. Having close access to the border - Iran is an important migration destination for Afghan unskilled workers - and the poor security in the South West also could be reasons of the identified increase in the pay rate of unskilled labour wage. There are a few districts with no change in the labour wage. See table below.

In some of the districts the pay rate of unskilled labour decreased from 2003 to 2005. The highest decrease seems to be in Shahed Hassas district or Uruzgan province (45%). Security and lack of demand for unskilled labour in construction could be the main reasons for this decrease. The rest of the districts showed decrease in the range of 2 to 32%. In the North and north eastern areas where the exceptional cereal harvest of 2003 caused a dramatic increase in wages that was not sustained in following years.

The pay rate trend for unskilled labour wage shows certain parallels to the changes in the main production areas for poppy in the same period. It is possible to speculate that the shifting of the main poppy cultivation area from 2003 to 2005 from the North to the South led to the following development: too many workers in the North in 2005 and lack of workers in the South/ Southwest with the consequence of price decrease in the “old” poppy domain and price increase in the “new” poppy areas.

District Market Prices:
Price trend from 2003 to 2005,
Unskilled labour daily wage



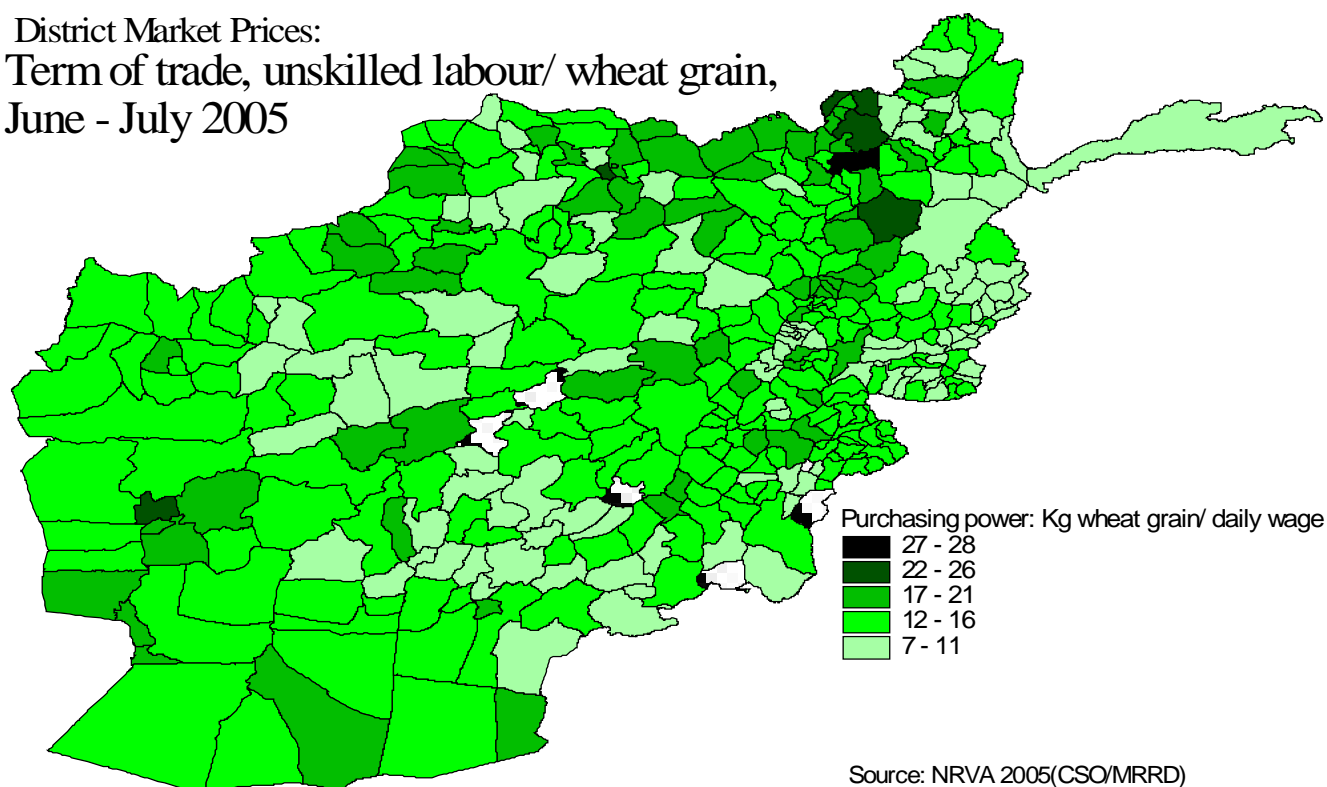
Source: NRVA2003 (WFP/MRRD), NRVA2005 (CSO/MRRI)

15 Terms of Trade: Unskilled Labour Wage in Relation to Wheat Grain

The maps below reflect the relation between “Unskilled Labour Daily Wage” and the average of the three prices for Wheat Grain (local, imported, food aid). The Terms of Trade, or the purchasing power, gives information about the question: How many kg of wheat grain could be bought by the daily pay rate for unskilled labour in the concerned district.

The comparison of the “Unskilled Labour Wage” map and the map below mentions stronger correlation to high unskilled labour wage rather than the low prices of wheat. This applies to districts in the Northeast (in the provinces of Takhar and Badakhshan) as well as Dehdadi district in Balkh province and Khaki Safed district of Farah province. High values for daily rates had positive terms of trade for the consumer (22 to 37 kg wheat/ daily wage). But in the districts near by Kabul as well as in the Central Highland, high daily rates for unskilled labour (211 to 260 Afs/ day) were confronted with high prices for wheat grain (13 to 14 Afs/ kg). All districts showing the lowest category for the terms of trade (7 to 11 kg wheat grain/ one daily wage) belong to the lowest daily wage (100 to 150 Afs/ day).

District Market Prices:
Term of trade, unskilled labour/ wheat grain,
June - July 2005

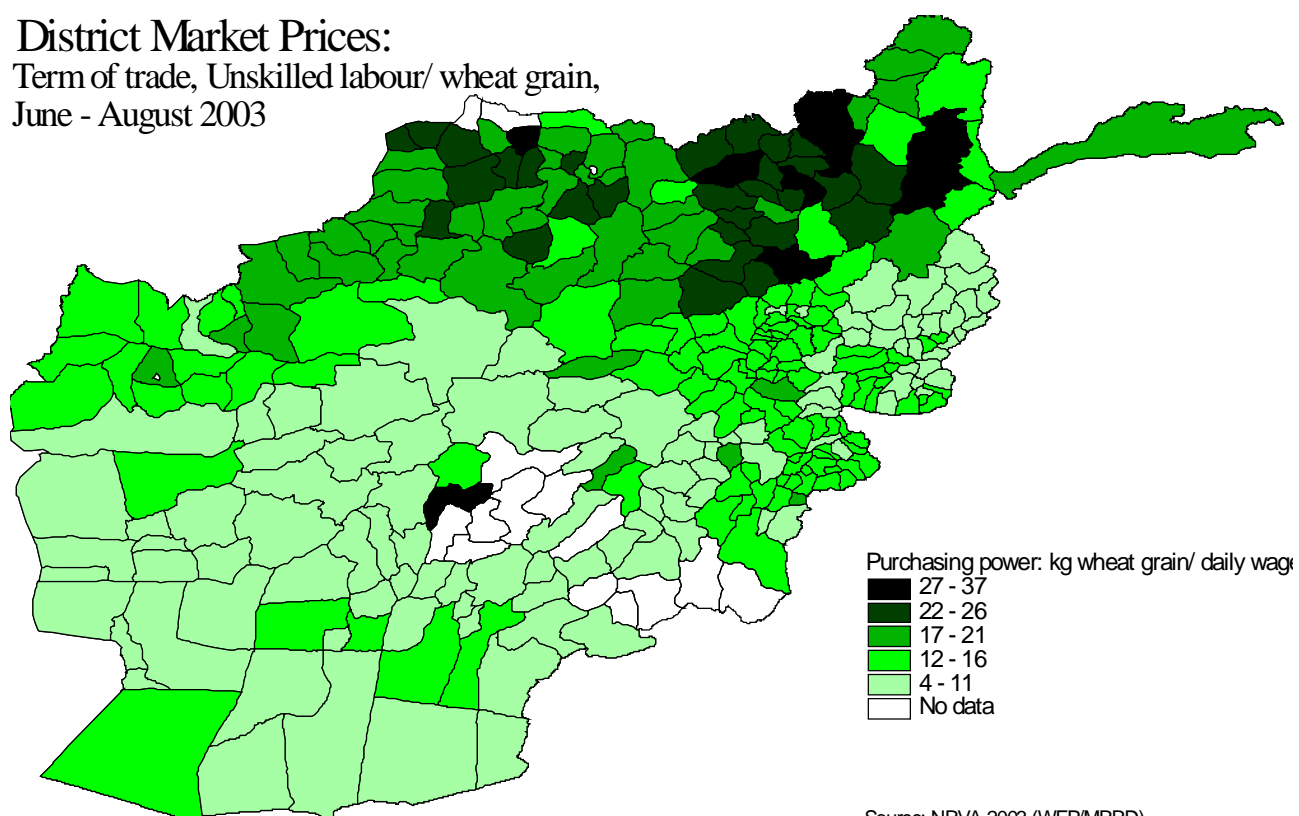


In summer 2003, the northern and north eastern region of Afghanistan showed the most positive terms of trade for the consumer (but the most negative for the wheat farmers at the same time). This was linked with following factors:

- the exceptional cereal harvest dropped wheat prices,
- the high demand for agriculture labour wage and its competition with the unskilled labour wage
- the high rate of unskilled labour daily wage in the main poppy areas of 2003, the Northeast of Afghanistan.

District Market Prices:

Term of trade, Unskilled labour/ wheat grain,
June - August 2003



16 Raw Opium (wet)

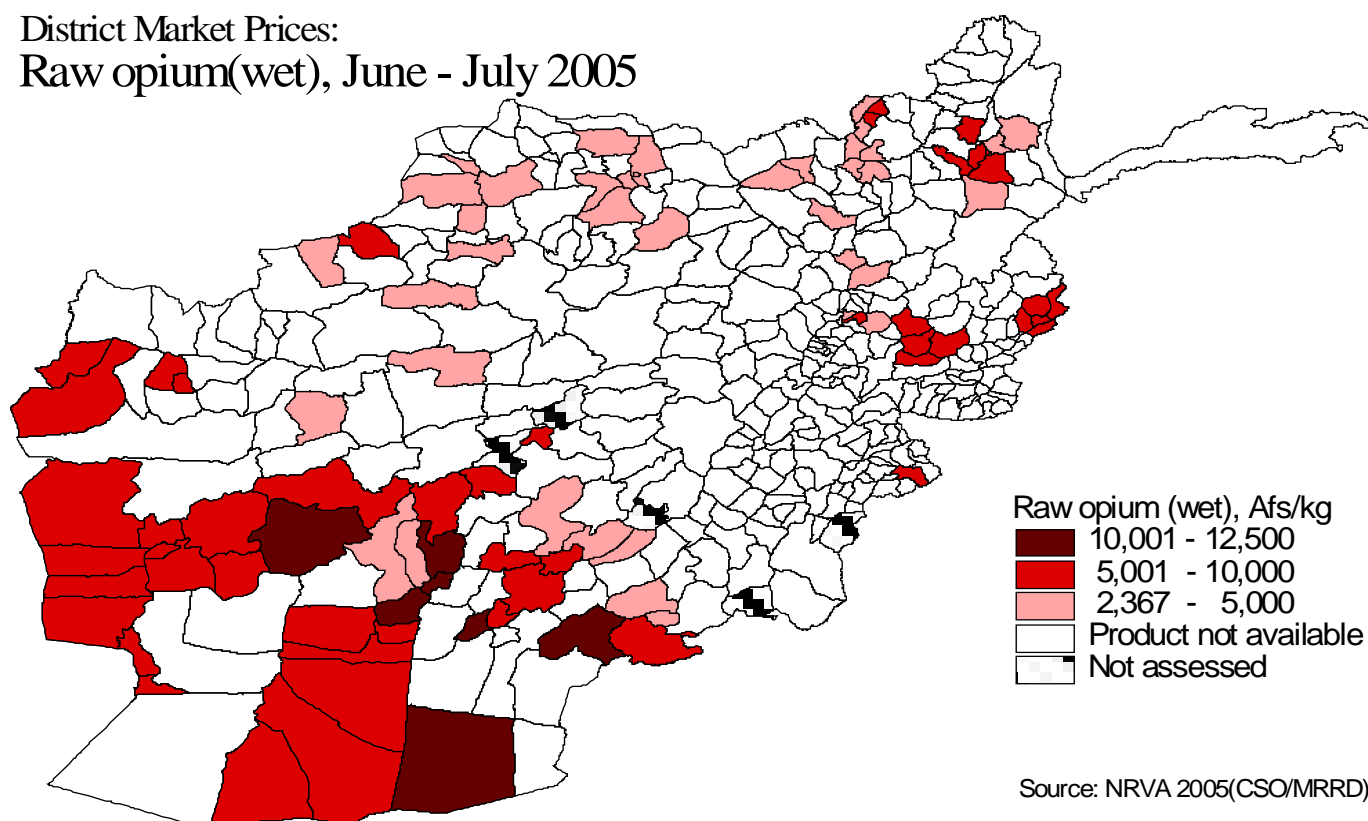
NRVA 2005 market price data indicates that generally Central West, North and Northeast of Afghanistan have the lowest price range (2,367 to 5,000 Afs/ kg) for raw opium with the exception of some districts that have comparatively easier transportation access such as Faizabad and Jurm districts of Badakhshan province, Yangi Qala district of Takhar province and Ghormach district of Badghis province. These districts have medium ranged price between 5,001 and 10,000 Afs/ kg. Taking into account the current political climate, it is expected that the prices of poppy in the North, Northeast and Northwest will further decrease, which will provide a certain opportunity for alternative livelihood projects to replace poppy cultivation with some other profitable crop.

Generally, the Southwest of Afghanistan has the highest prices for raw opium, ranging from 10,001 to 12,500 Afs/ kg. The Central East, Southeast, some eastern parts and some districts in the western parts of Afghanistan have median ranged prices from 5,001 to 10,000 Afs/ kg.

In comparison to the year 2000, the pattern of opium smuggling has shifted from the Northeast to the Southwest which is shown as a sharp decline in opium prices in the North of the country. Change in the pattern of opium smuggling is likely due to the effective government anti-drug trafficking measures taken by Afghanistan, other Central Asian countries and Russia. In response to these measures, the drug mafia has changed their opium smuggling route and now exits through the Southwest where there is political insecurity and the government has less effective control. Therefore, one could argue that opium has strong association with insecurity in Afghanistan - taking advantage of more conducive transport conditions.

District Market Prices:

Raw opium(wet), June - July 2005



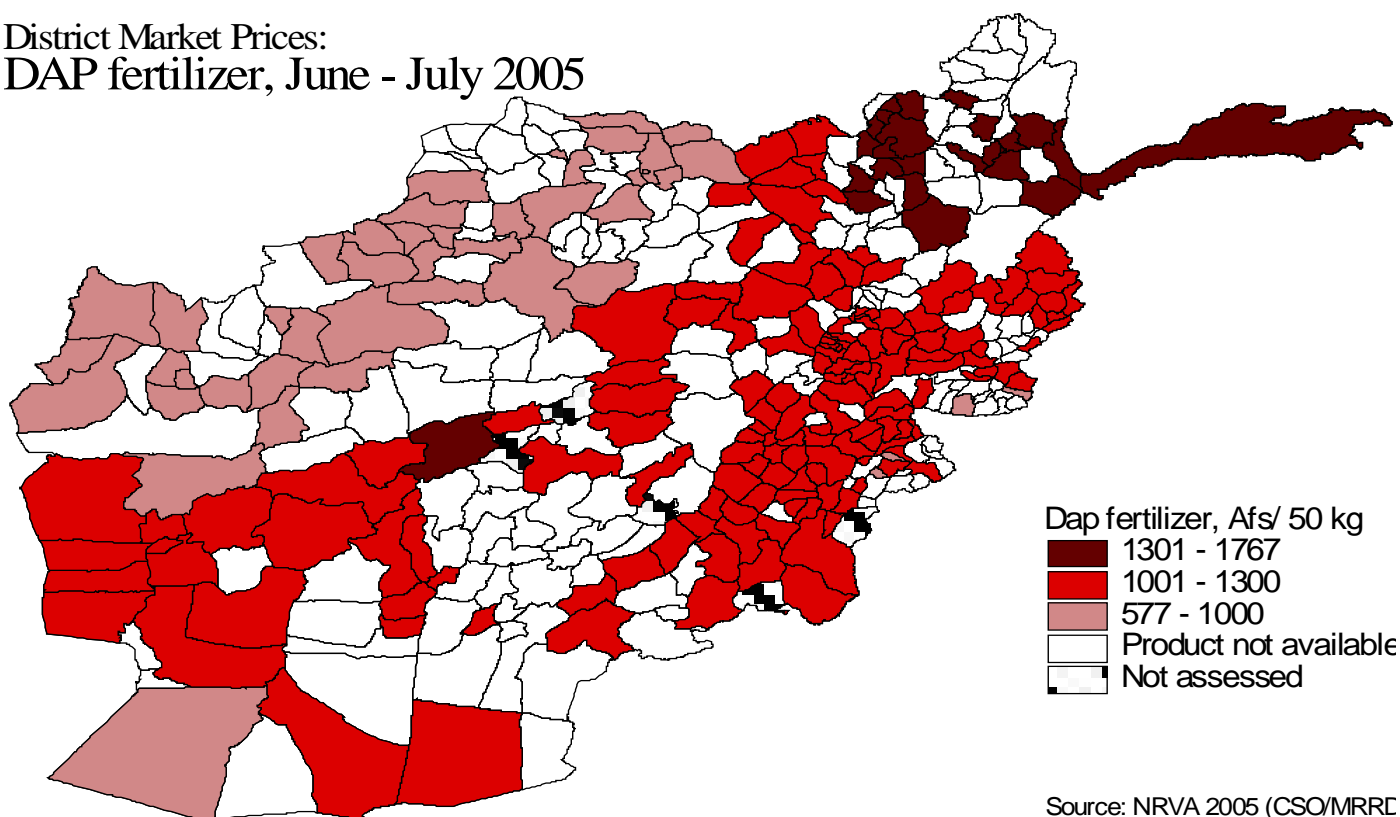
17 Fertilizer: DAP

The NRVA 2005 market data shows that the northern and western districts had the lowest price for DAP, whilst the Wakhan district of Badakshan province and the eastern parts of Takhar (as well as one district in Central Highland, Pasaband in Ghor province) had the highest price due to high cost of transportation for getting the product to the market.

Most of the DAP imports to Afghanistan come from Pakistan, while in the northern and western parts of Afghanistan a Chinese origin DAP is in the markets (the import route is not clear) which could be the reason for low price in these areas.

In general, the prices for DAP in Afghanistan are highly variable. The reasons concern the quality differences of products available on markets as well as the different transportation costs. Normally, the DAP prices in the North are more consistent with the international price level (see FAAHM, Jan. 2006).

District Market Prices: DAP fertilizer, June - July 2005



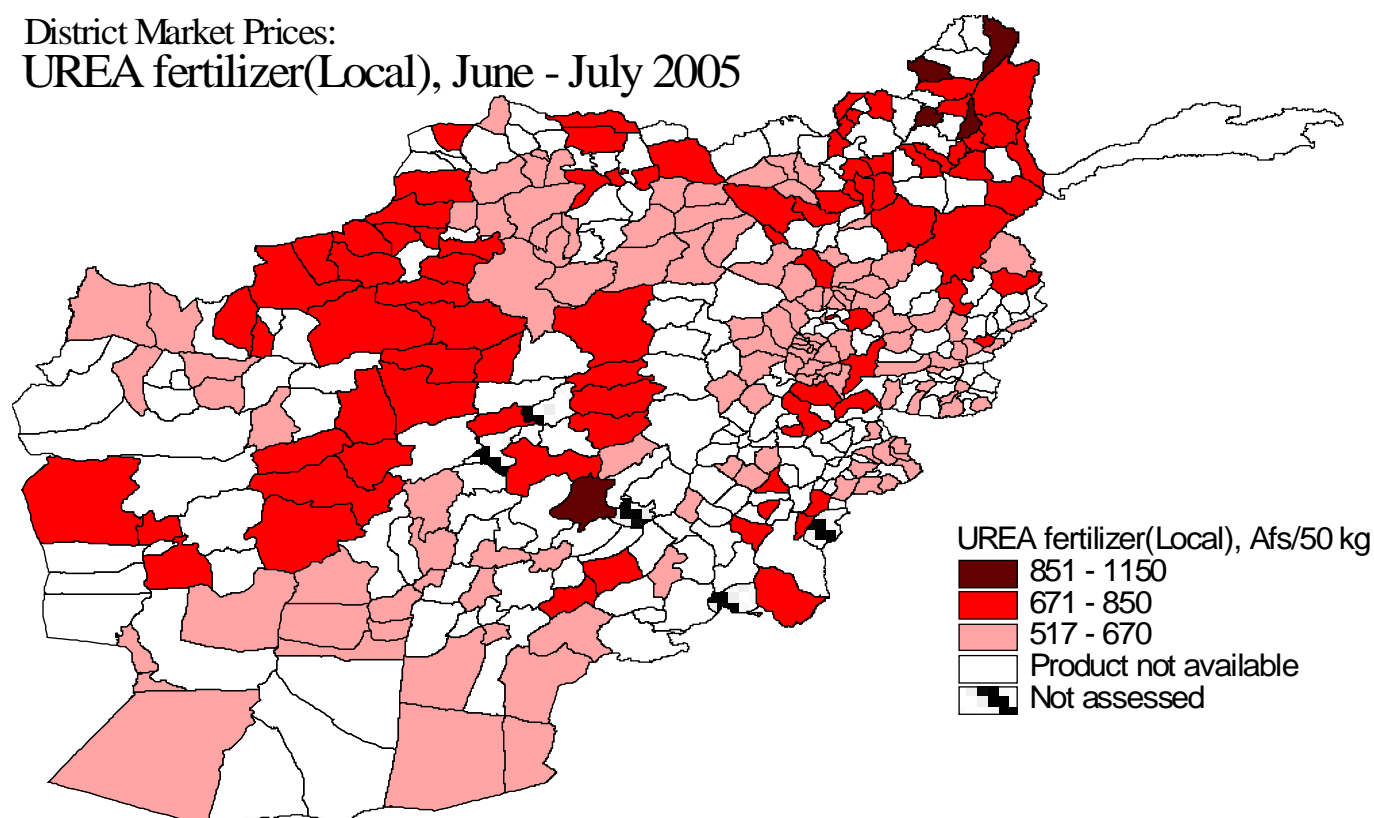
Source: NRVA 2005 (CSO/MRRC)

18 Fertilizer: Local Urea

In June/ July 2005, the highest price for local urea was found in several districts of Badakhsan province (Khwahan, Arghanj Khwah, Darwaz Bala, Yaftal Payin) and in the Khas Uruzgan district of Uruzgan province respectively. The remoteness of these areas makes transportation cost high. Other districts in Badakhsan, some districts of Farah province and Ab Kamary district of Badghis province also show the second highest price across the country, which again are far from the production point incurring high transportation costs. While the other districts of the country fell into three categories (“no data”, lowest (517 to 670 Afs/ 50kg) and middle (671 to 850 Afs/ 50kg). The range for the local urea price across the country was 517 to 1150 Afs/ 50kg-bag.

District Market Prices:

UREA fertilizer(Local), June - July 2005



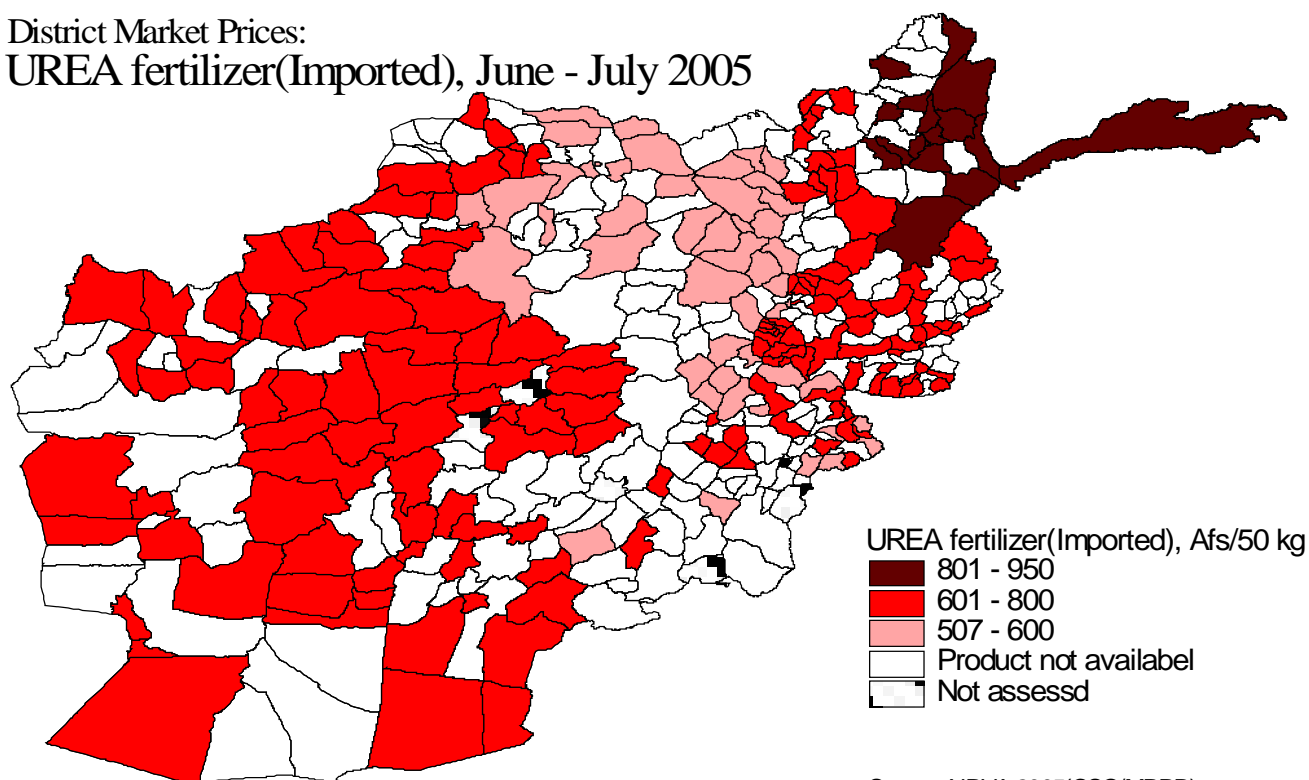
Source: NRVA 2005(CSO/MRRD)

19 Fertilizer: Imported Urea

In the province of Badakshan, 16 districts have the highest price for imported urea (801 to 950 Afs/ 50 kg) because of the long distances that need to be covered in delivery of the product resulting in high transportation costs. Ghor, Ghazni, Faryab, Farah, Panjsher, Badghis and some districts of Khost had the middle price category (601 to 800 Afs/ 50 kg), the reason for that second price bracket is also the distance and remoteness. The northern provinces and the districts of the Logar province had the lowest price due to ease in accessibility. Most of imported urea is coming from Pakistan through eastern transit path.

District Market Prices:

UREA fertilizer(Imported), June - July 2005



Source: NRVA 2005(CSO/MRRD)

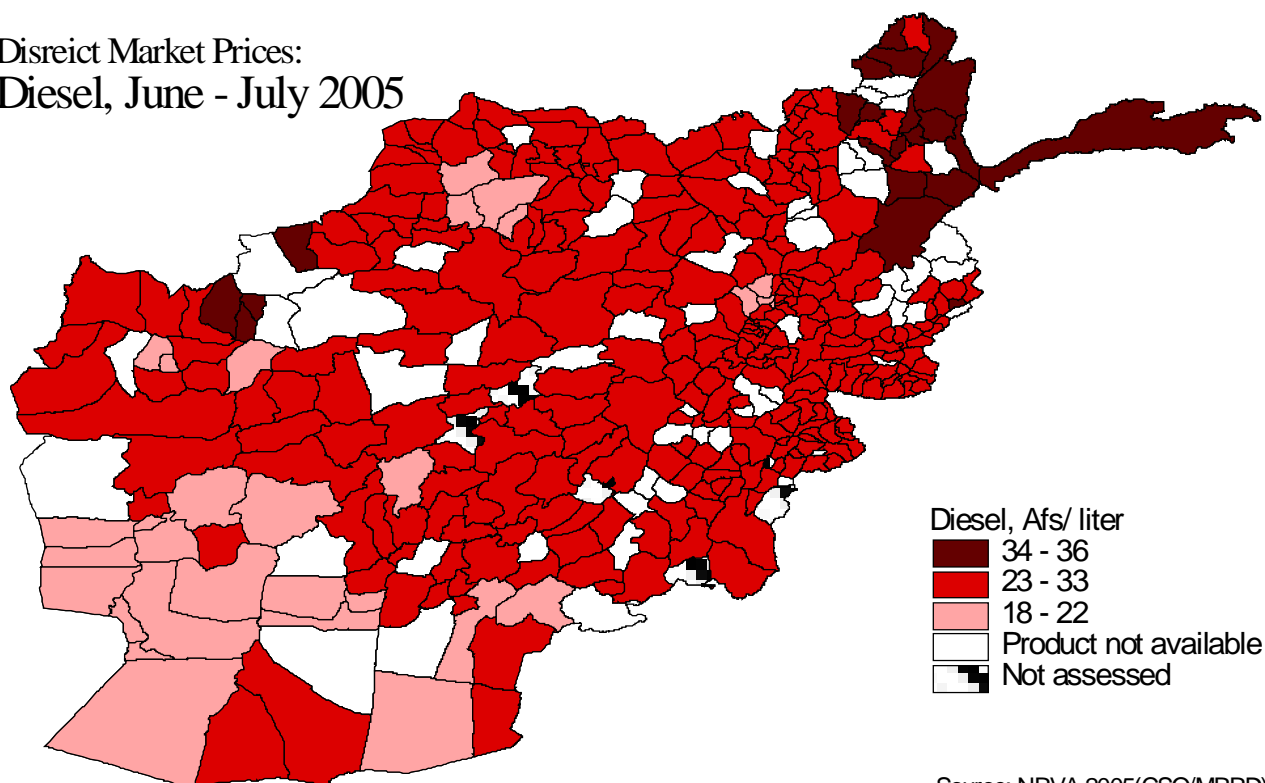
20 Fuel

Price for fuel products in Afghanistan are associated with the global market price and particularly with the distance from the port of importation or the transportation cost from the port of entry. In addition, local demands and local oil resources play a role in fuel price determination. Districts that are located either close to a port of entry or have local oil resources of their own have the lowest prices for Diesel, Petrol and Kerosene.

20.1 Diesel

In June/ July 2005, Diesel prices in Afghanistan ranged from 16 to 36 Afs per liter. Nimroz province is the point of importation for Iranian oil; therefore, it has the lowest prices, 16 to 19 Afs per liter. Sozma Qala, Sari Pul, and Sayyad districts of Sari Pul province also have the lowest prices. These districts have their own oil resources from which Diesel is extracted with simple technology. On the other extreme, the remote districts of the Northeast, the Southeast, West and central regions have the highest prices of Diesel, between 30 and 36 Afs per liter.

Disreict Market Prices:
Diesel, June - July 2005

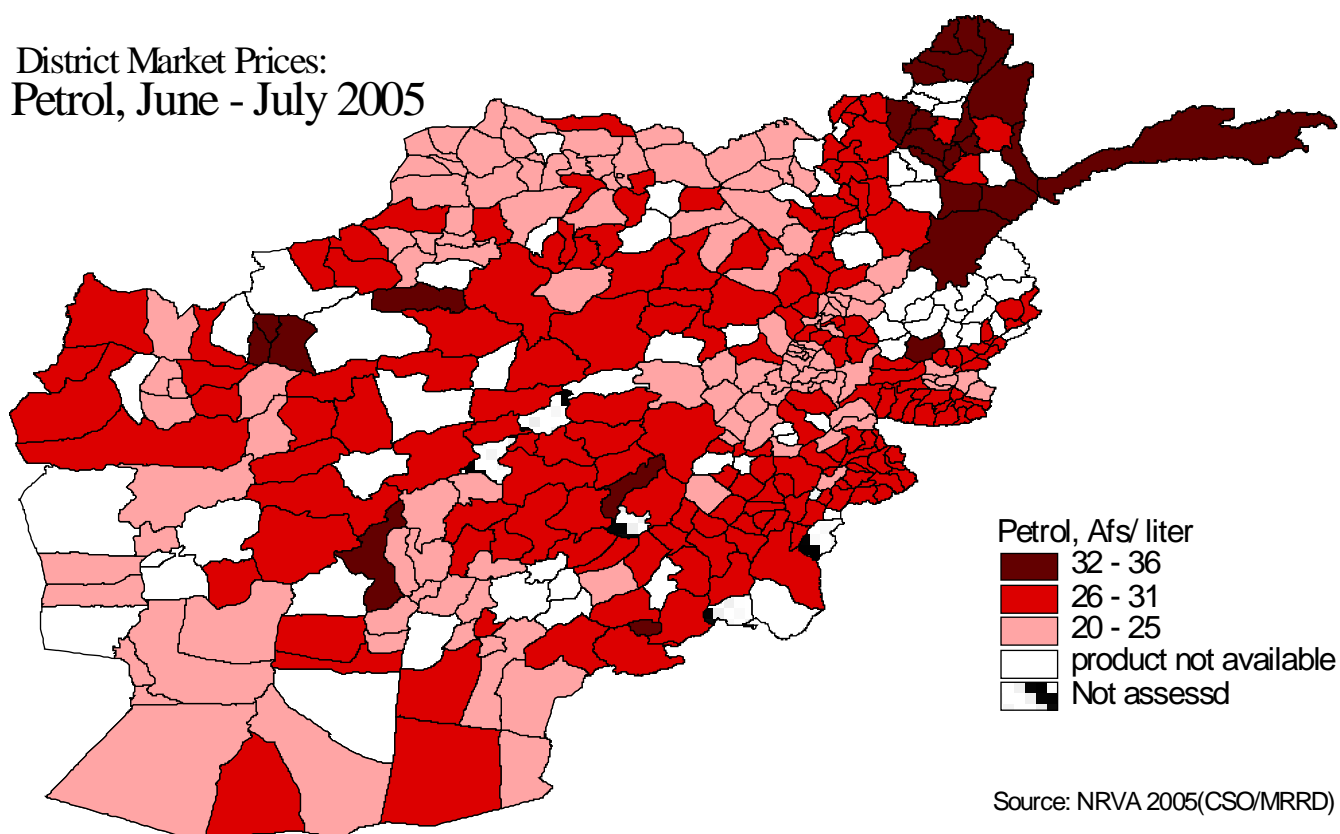


Source: NRVA 2005(CSO/MRRD)

20.2 Petrol

NRVA 2005 Petrol price data does not reveal a consistent association between prices and key underlying factors, with prices vary widely across the districts. One of the important factors the skew market prices either negatively or positively is the inventory date of petrol – the price at which the merchant bought the petrol. In many cases, the inventory date is quite old, and, the shopkeepers sell according to the price associated with inventory date even though the market price may change completely. This case applies to those items that are not used widely in a particular area such as Petrol in rural Afghanistan, where people prefer Diesel engine cars because of the lower operating cost. In 2005, the diesel price nearly reached to the “old” petrol price – before the rise in prices for these products (September 2005). Petrol prices ranged from 20 to 36 Afs/ liter. Districts of Badakhshan, Zabul, Farah, Badghis, Ghor and Samangan provinces had the highest petrol prices, 30 to 36 Afs/ liter.

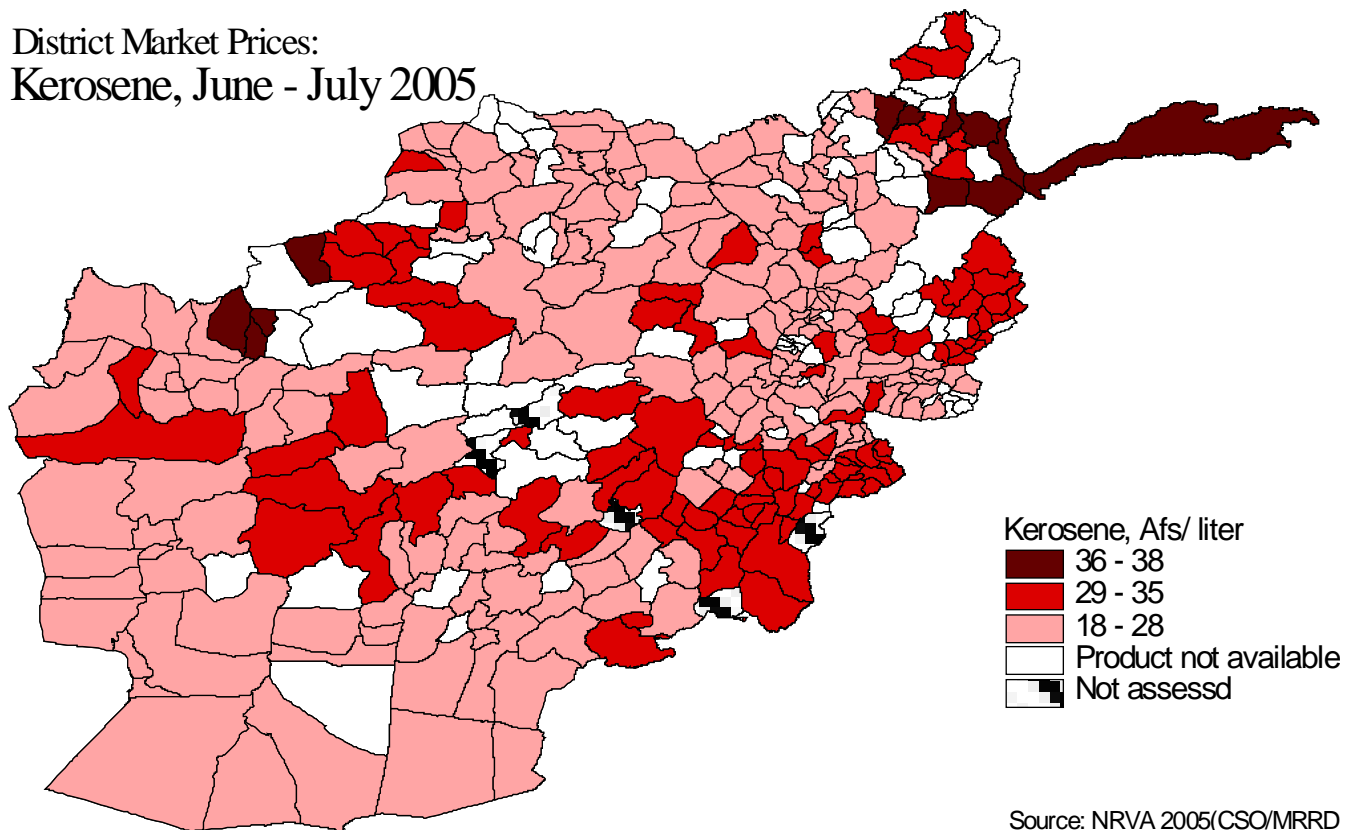
District Market Prices:
Petrol, June - July 2005



20.3 Kerosene

In Afghan households, kerosene is widely used as a source of lighting. Nimroz province, Garmser and Musa Qala districts of Hilmand province, and Sari Pul district of Sari Pul province have the lowest prices for Kerosene, 13 to 19 Afs/ liter. On the other exterme, districts of Badakhshan, Nuristan, Kunar, Khust, Paktya Bamyán, Farah, Badghis and Hirat provinces have the highest prices for Kerosene, from 30 to 37 Afs per liter.

District Market Prices:
Kerosene, June - July 2005

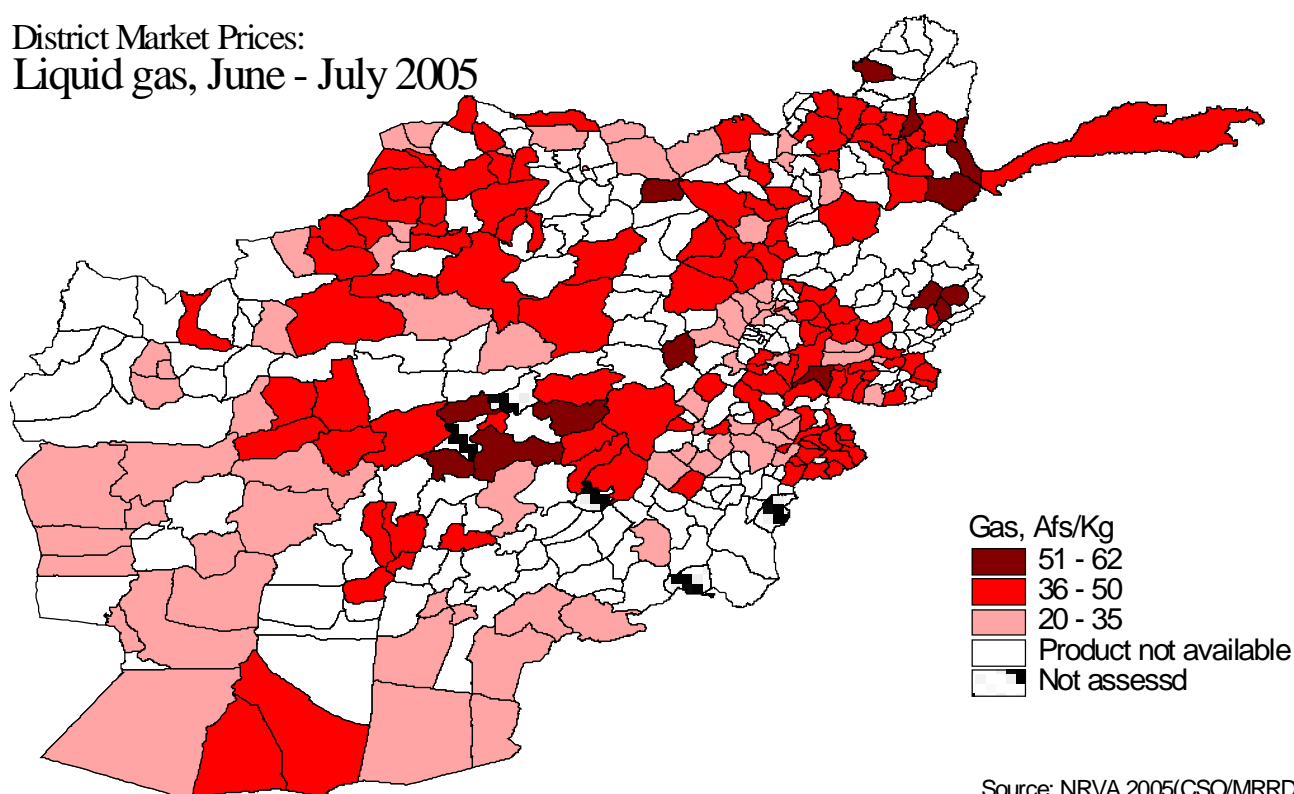


Source: NRVA 2005(CSO/MRRD)

20.4 Liquid Gas

In Afghan households, liquid gas is widely used for cooking and heating energy. The main supplier of liquid gas for Afghanistan is Iran. Therefore, the provinces of Nimroz, Farah and Hirat - all bordering Iran - have the lowest prices for Liquid gas, 20 to 29 Afs/ kg. In addition, the districts of Nawa and Andar of Ghazni province, Shinwari and Salang districts of Parwan province and Khawahan district of Badakhshan have the lowest range of prices as well, but in this case, the price likely reflects older inventory dates. On the other hand, Zebak district of Badakhshan, the provinces of Kunar Province and Day Kundi as wells as Hazratsultan district of Samangan province have the highest prices for Liquid gas, from 52 up to 60 Afs/ kg. This outcome is once again a reflection of the importance of transportation costs in price determination. The medium prices of Liquid gas ranges from 30 up to 51 Afs/ kg.

District Market Prices:
Liquid gas, June - July 2005



Source: NRVA 2005(CSO/MRRD)