

Implementation of COICOP 2018



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Transitioning from COICOP 1999 to COICOP 2018

Applying the new COICOP 2018 could be achieved by reorganizing the basket items in the new classification structure without adjusting the expenditure items that households have reported.




It is worth noting that, in this case, the countries would construct their HBS with the previous version of the COICOP.




However, implementing COICOP 2018 by reorganizing the basket items without adjusting the reported household expenditures may result in less accurate and less representative data due to potential discrepancies between the new COICOP structure and the old expenditure items.

Transitioning from COICOP 1999 to COICOP 2018 Cont.

To ensure a more effective transition, it is recommended to create a new Household Budget Survey (HBS) that defines a catalogue of household goods and services expenditures, in accordance with the updated COICOP 2018 classification.



This applies not only to reorganizing the expenditure items but also adjusting the expenditure items as defined in the latest version of COICOP.



This includes adding the new expenditure items to the household budget survey that households refer to.

Advantages of Implementing COICOP 2018 with a New HBS

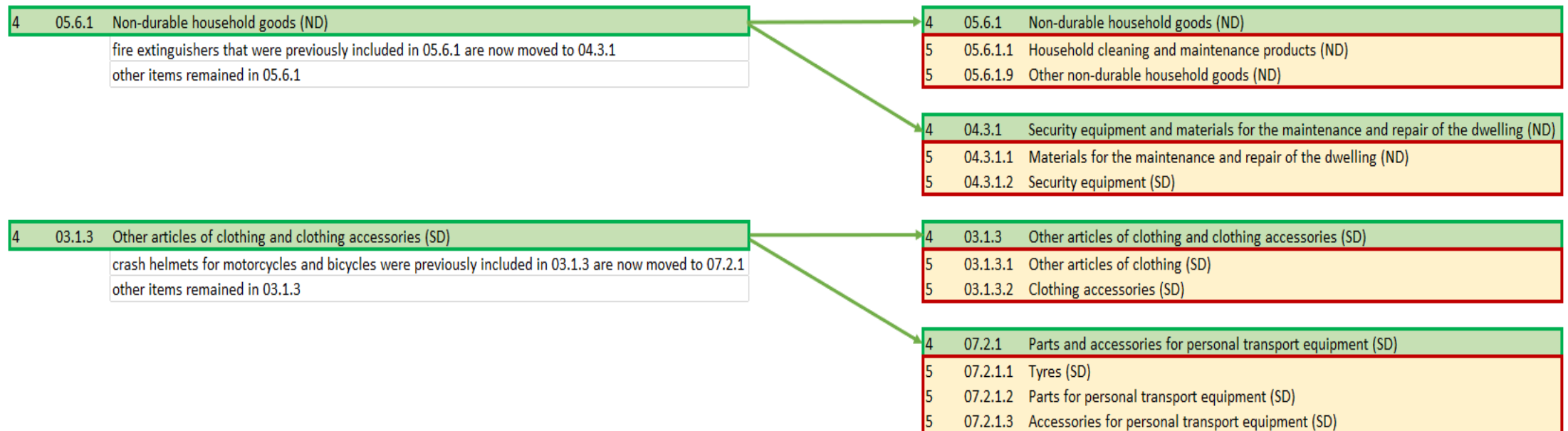
01. Enhancing Data Accuracy and Consistency: Conducting a new HBS with COICOP 2018 reduces the risk of data errors and misclassification, as it promotes data quality and consistency.

02. Incorporating New Goods and Services: As COICOP 2018 introduces new goods and services categories, conducting a new HBS enables the survey to encompass these elements and reduce the need for reclassification of expenditures, which offers a more comprehensive and consistent data.

Challenges of Moving from COICOP 1999 to COICOP 2018

1. Changes in Classification Structure: One of the primary challenges is harmonizing existing data collected under the COICOP 1999 classification with the new COICOP 2018 classification, which can be time-consuming and complex. This involves:

i. Mapping and reclassifying historical data to fit the updated structure



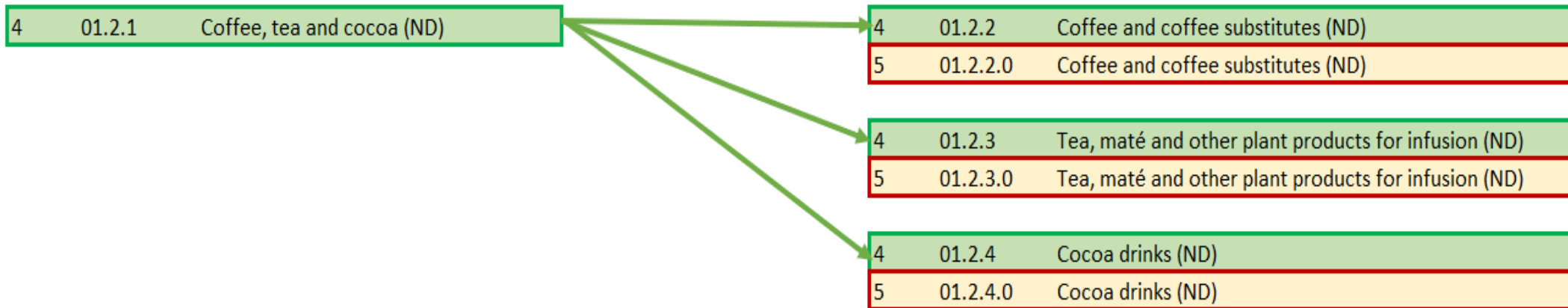
Challenges of Moving from COICOP 1999 to COICOP 2018 Cont.

ii. Introducing new categories

NEW GROUP	3	06.3	INPATIENT CARE SERVICES
NEW CLASS	4	06.3.1	Inpatient curative and rehabilitative services (S)
NEW SUBCLASS	5	06.3.1.0	Inpatient curative and rehabilitative services (S)
NEW CLASS	4	06.3.2	Inpatient long-term care services (S)
NEW SUBCLASS	5	06.3.2.0	Inpatient long-term care services (S)
NEW GROUP	3	06.4	OTHER HEALTH SERVICES
NEW CLASS	4	06.4.1	Diagnostic imaging services and medical laboratory services (S)
NEW SUBCLASS	5	06.4.1.0	Diagnostic imaging services and medical laboratory services (S)
NEW CLASS	4	06.4.2	Patient emergency transportation services and emergency rescue (S)
NEW SUBCLASS	5	06.4.2.0	Patient emergency transportation services and emergency rescue (S)
NEW GROUP	3	07.4	TRANSPORT SERVICES OF GOODS
NEW CLASS	4	07.4.1	Postal and courier services (S)
NEW SUBCLASS	5	07.4.1.1	Letter handling services (S)
NEW SUBCLASS	5	07.4.1.2	Courier and parcel delivery services (S)
NEW CLASS	4	07.4.9	Other transport of goods (S)
NEW SUBCLASS	5	07.4.9.1	Removal and storage services (S)
NEW SUBCLASS	5	07.4.9.2	Delivery of goods (S)

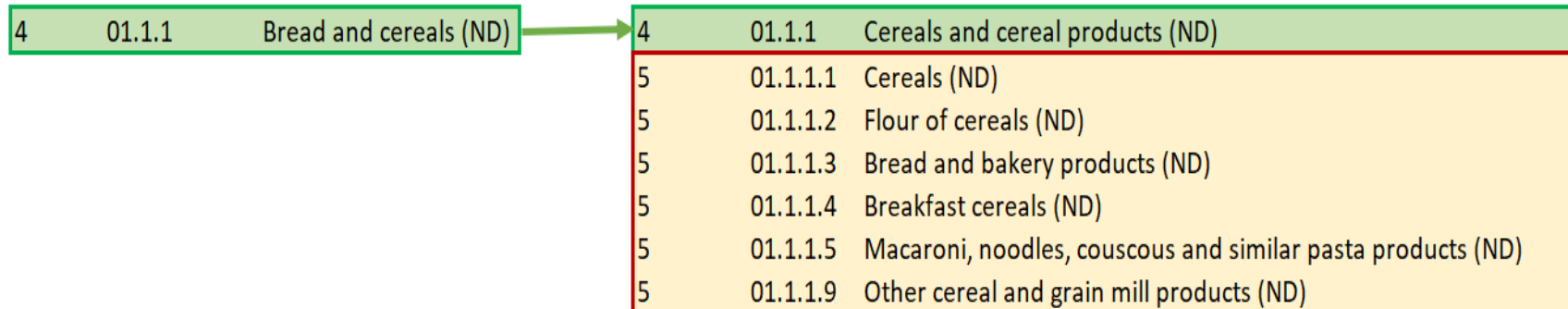
Challenges of Moving from COICOP 1999 to COICOP 2018 Cont.

iii. Merging or splitting existing categories



Challenges of Moving from COICOP 1999 to COICOP 2018 Cont.

iv. Redistributing weight given the introduction of a more detailed five-digit level



Challenges of Moving from COICOP 1999 to COICOP 2018 Cont.

2. Training and Capacity Building: Training in the new classification system is essential, covering an understanding of the changes in structure, category definitions, and codes related to COICOP classifications.

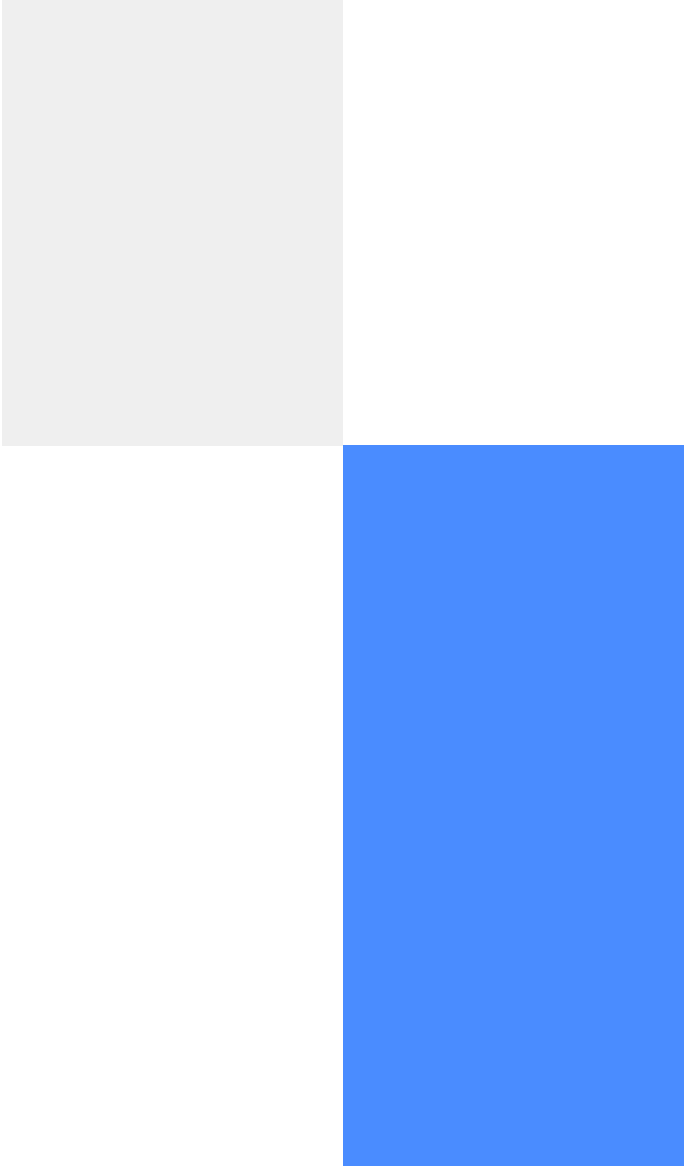
3. Systems Update: Organizations that use specialized databases and expenditure structures may need to update and reorganize their systems to accommodate the COICOP 2018 version.

Challenges of Moving from COICOP 1999 to COICOP 2018 Cont.

4. International Reporting and Comparisons: If COICOP 2018 is not adopted uniformly across countries, it can create challenges when conducting international comparisons and harmonizing data for global economic analysis.

5. Resource Constraints: Implementing changes to classification systems and data management processes may require additional resources, including financial, technical, and human resources. Smaller organizations or countries with limited resources may face particular challenges.

COICOP 2018 Status Across Regions



Status of Latin America & the Caribbean

In the LAC region, there are at least eight countries that are implementing the use of the new version of COICOP 2018, either by using a reclassification of the CPI basket or by expanding the list of household expenses that are provided within the Household Budget Survey.

This duality in applying the new COICOP 2018 has led to caution in the comparability of aggregate CPIs between the different countries, those that have updated and those that have not.

Status of the East African Community

Three out of the seven (7) Partner States are already using COICOP-2018 in their national CPI baskets.

It is expected that a fourth Partner State will be using COICOP-2018 by December 2023 after carrying out the general rebasing of its national CPI.


Work is still in progress in the remaining three (3) Partner States, and they are, therefore, in transition to COICOP-2018.

Status of the Arab Region

In the Arab region, COICOP 2018 has been implemented by only Palestine and Oman, while other countries are yet to adopt it*.



Palestine initially adopted COICOP 2018 through the reorganization of the basket items in the new classification structure. Currently, the country is performing a new household budget survey.



In the case of Oman, the country implemented the new version of COICOP by conducting a new household budget survey.

*Based on a survey sent in June

Conclusion

When it comes to implementing COICOP 2018 effectively - Conducting a New Household Budget Survey (HBS) - stands out as the recommended best practice. This method ensures the most accurate and comprehensive alignment with the new classification structure.

The transition from COICOP 1999 to COICOP 2018 involves several challenges related to data management, analysis, comparability, and resource allocation. Careful planning, communication, and training are essential to address these challenges effectively and ensure a smooth and accurate transition to the updated classification system.

ESCWA will assist beneficiary countries under the DA project with their transition from COICOP 1999 to COICOP 2018.

Thank You!



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