

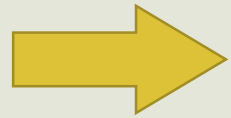
Section 2: Uses and Applications of PPPs

Module 2: Users and Main Uses of PPPs

Training Workshop on Price Statistics for the Production of Purchasing Power Parities and the Integration between CPI and PPPs in the Arab Region

07-08 June 2021

Objectives of Section 2: Uses and Applications of PPPs

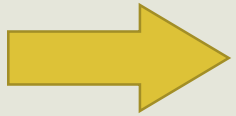


Users & Main Uses of PPPs

Global Applications of PPPs

National Applications of PPPs

Objectives of Module 2: Users and Main Uses of PPPs



How PPPs are used by *international organizations, policymakers, academia and the private sector*



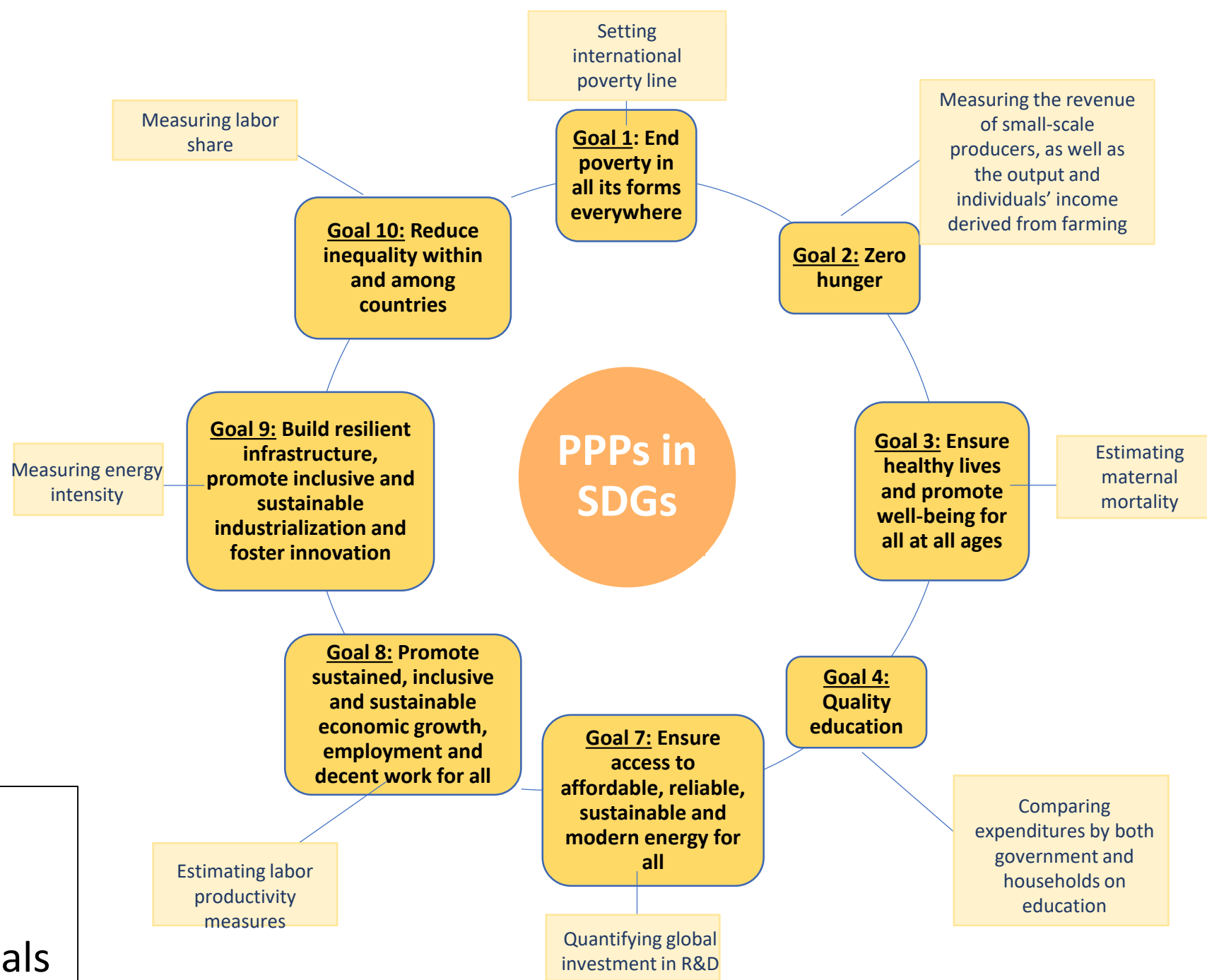
Who uses PPPs and how are they used?

PPPs are used for analysis and measurements in many areas by a wide variety of users, ranging from international organizations to policymakers, academia and the private sector.

One of the most prominent uses of PPPs is in the Sustainable Development Goals (SDGs). The UN monitors the progress towards achieving the SDGs, which is a commitment to achieve 17 aspirational global development goals by 2030.



PPP Uses in SDGs



Main Outcome of

ICP

feeding into 8

Sustainable Development Goals



Who uses PPPs?

- Additionally, subsidiary UN bodies utilize PPPs in the computation of indices and other measures:



- **United Nations Development Program**
 - Human Development Index
 - Inequality-adjusted Human Development Index
 - Gender Development Index



- **United Nations Educational, Scientific and Cultural Organization**
 - The relative value of funding provided annually for education



- **United Nations International Children's Emergency Fund**
 - The number of children living in poverty



Who uses PPPs?

- The World Bank also uses PPPs in several indicators:



WORLD BANK GROUP

- Size of the economy
- Poverty rates and international poverty line
- Shared prosperity
- Health systems
- Energy dependency, efficiency and carbon dioxide emissions
- Price levels

→ Who uses PPPs?

■ PPPs in International Organizations:



- The International Monetary Fund (IMF) uses **PPPs** to weigh estimations of output and growth of composite groups of economies in its bi-annual World Economic Outlook reports and databases.
- The IMF also uses **PPPs** in its Quota subscription allocation, to determine each member country's financial obligation, voting power, and access to IMF financing.



- The allocation of European Union Structural Funds, targeting investment for growth and jobs, is **influenced by the PPP-deflated intra- economy regional GDP per capita**.
- The Cohesion Fund is also allocated based on Gross National Income per capita which is **measured in PPP terms**.



- The Organization for Economic Cooperation and Development (OECD) uses **PPPs** extensively to aggregate real GDP and its components for its regions and in research and policy analysis by comparing cross-country macroeconomic aggregates.

➔ Who uses PPPs?

- **Policymakers, academia and think-tanks** use PPPs in a wide variety of topics that involve bilateral, regional and global comparisons.

Output and Productivity

- Relative size and structure of the economy
- Overall productivity

Standards of Living and Material Well-Being

- GDP per capita
- Actual individual household consumption per capita

Global Poverty

- Identification of the poor and viability of global poverty goals

Health

- Health care costs and expenditures comparisons across countries

Cost of Living

- Price levels
- Price structures

Income Inequality

- Distribution of income and economic inequality within and across countries

Education

- Education costs and expenditures comparison across countries

Wages

- Wage pressures and competitiveness across countries



Who uses PPPs?

- **The private sector** increasingly uses PPPs for evaluating cross-country investment costs:

Competitiveness

- Competitiveness and efficiency of industrial production

Trade

- Trade barriers and price levels

Energy

- Energy efficiency and intensity

Environment

- Environmental impact of energy uses

Cross-country Investment Costs

- Labor and material costs comparisons
- Possible investment barriers
- Possible investment opportunities

The background is a dark green chalkboard with various white chalk sketches. On the left, there is a globe showing continents. Above it are a pair of scissors and a ruler. In the top right, there is a stack of books. On the right side, there is a detailed drawing of a microscope. At the bottom, there are several arrows pointing in different directions and other faint sketches.

Thank You