Module 2: Expenditure Data Compilation

Regional Training Workshop on the Compilation of Price Expenditure Weights and Guidelines for the Compilation of National Accounts Expenditure Data During the Pandemic Period

21-22 June 2021

Objectives of the Training

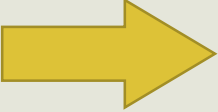National Accounts Framework and Classification

Expenditure Data Compilation

Compilation of Expenditure Data during the Pandemic

Expenditure Data Validation

Objectives of **Module 2:** Expenditure Data Compilation

➡️ **Approaches in Compiling Expenditure Data for PPP Computation**

➡️ **Sources and Drivers of Expenditure Data**

Approaches in Compiling Expenditure Data for PPP Computation

- When conditions permit, Basic Heading values are estimated directly, allowing for GDP expenditures to be compiled from the bottom up.

- However, directly estimating Basic Headings is subject to challenges that makes direct estimation difficult:
  - Several Basic Headings are Heterogeneous
  - Different data sources between countries
  - Different statistical capacity between countries

  It is recommended to group driving elements of extrapolation into several subgroups of indicators, such as demography, supply, health, inflation, GDP, and government finance statistics.

Approaches in Compiling Expenditure Data for PPP Computation (cont'd)

✓ **To address these challenges, 5 Compilation Approaches are proposed:**

Direct Estimation	The preferred approach - taken when data sources exist
Extrapolation	Update an earlier expenditure breakdown using assumptions on population growth, price changes, and so forth
Borrowing Per Capita Value/Volume*	Multiply the per capita quantity or volume by the population of the "borrowing economy" and the price level index between the two economies.
Borrowing Structure*	Adjust the "borrowed" structure by a vector of the price level indices between the two economies
Using Expert Opinion	Consult retailers, manufacturers, marketing experts, chambers of commerce, and other sources.

* Require identifying an economy or a group of economies with a similar economic structure for each basic heading or group of basic headings

Sources and Drivers of Expenditure Data

- To maximize the consistency in the national accounts compilation, it is important to make the most of existing sources.

- The adjacent list shows potential data sources and potential indicators for extrapolation.

Potential Data Sources	
Agriculture census/survey	☐
Balance of payments	☐
Capital expenditure survey	☐
Consumer Price Index weights	☐
Credit card transactions	☐
Customs/Trade statistics	☐
Excise tax	☐
Food balances	☐
General economic census/survey	☐
Government finance statistics	☐
Household expenditure survey	☐
Income tax (personal or business)	☐
Perpetual inventory method	☐
Population	☐
Producer price index weights	☐
Product tax (e.g. Value-Added Tax)	☐
Regulatory agencies	☐
Rental equivalence	☐
Retail census/survey	☐
Services industries census/survey	☐
Surveys of international travelers	☐
Utility or transport company records	☐

Potential Indicators for Extrapolation	
Demographic Indicators	
• Total population	☐
• School population	☐
• Adult population	☐
• Number of households	☐
• Civil service population	☐
Supply indicators	
• Production	☐
• Imports	☐
• Slaughtered livestock	☐
Health indicators	
• Hospital beds	☐
• Number of doctors per inhabitant	☐
Inflation indicators	
• Price changes via Consumer Price Index	☐
Macroeconomic indicators	
• GDP growth	
Government Finance indicators	
• Government budget	

Potential Data Source	Individual consumption expenditure by households	Individual consumption expenditure by NPISHs	Individual consumption expenditure by government	Collective consumption expenditure by government	Gross capital formation	Balance of exports and imports
Household expenditure survey	✓		✓			
Retail census/survey	✓					
Agriculture census/survey	✓				✓	
Food balances (FAO)	✓					
Services industries census/survey	✓		✓			
General economic census/survey	✓				✓	
Capital expenditure survey					✓	
Product tax (such as value added tax, VAT)	✓		✓			
Income tax (personal or business)					✓	
Government finance statistics			✓	✓		
Population (census or labor force survey)	✓					
Credit card transactions	✓		✓			
Scanner data	✓					
Excise tax	✓					
Regulatory agencies	✓					
Other administration	✓	✓				
Utility or transport company records	✓				✓	
PIM (perpetual inventory method)					✓	
Rental equivalence	✓					
User cost	✓					
Customs/trade statistics					✓	✓
Surveys of international travelers						✓
Balance of payments						✓
Consumer price index weights	✓		✓			
Producer price index weights					✓	

Quiz Time

Put the following classifications in order according to the ICP classification:

Pharmaceutical Products

Health

Individual Consumption Expenditure by Government

Health Benefits and Reimbursements

Medical products, Appliances and Equipment

1. Main Category:

2. Category:

3. Group:

4. Class:

5. Basic Heading :

Thank You