



**ICP Asia-Pacific 2005
Poverty-Specific PPPs**

Poverty Data Review Workshop

Kathmandu, Nepal

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Prasada Dodlai Rao

Poverty PPP Project - Background

- ◆ Main objective is to provide PPPs for the use of \$1/day and \$2/day international poverty lines.
- ◆ The current World Bank methodology utilises the Consumption PPPs from ICP.
- ◆ Improvements in the methodology include the use of poverty-specific weights as well as to use prices for goods and services typically consumed by the poor.



Compilation of Poverty-PPPs – Basic Approach

- ◆ **Compute Basic Heading PPPs for Consumption items using ICP data collected during 2005.**
- ◆ **Aggregate these BH Parities using expenditure share weights of the “poor”.**
- ◆ **“Poor” population for purposes of this work is taken as the population under \$1/day poverty line.**
- ◆ **Choose one of the “ring” countries to express regional poverty-PPPs – this will help linking to the US dollar.**



Status of Poverty PPP Work

- ◆ **Source of price data for the baseline poverty-PPPs: ICP-Asia: 2005. Consumption basic heading (BH) PPPs for the region (16 countries)**
- ◆ Expenditure shares will be compiled from the household expenditure survey data:
 - ◆ World Bank is providing assistance
 - ◆ Latest household expenditure survey data are being used
 - ◆ Mapping of HES product list to ICP Basic headings
 - ◆ Compile expenditure share weights for the poor



Countries in Poverty-PPP work

- **16 Countries divided into 3 subregions**
 - **South Asia Region:**
 - Bangladesh; Bhutan; Maldives; Nepal; Sri Lanka; India; Pakistan; Fiji
 - **Mekong Region:**
 - Cambodia; Lao PDR; Vietnam; Thailand
 - **Others:**
 - Indonesia; Malaysia; Philippines; China; Mongolia



Progress Report

- ◆ **Price Survey data submitted by 16 countries**
- ◆ **Preliminary checks on data sets – countries advised of problems**
- ◆ **Revised data sets received from 14 countries**
- ◆ **Mapping household expenditure product lists to ICP basic headings – completed for 12 countries. This work is being undertaken at the Global Office**
- ◆ **Preliminary estimates of poverty-PPPs using different methods are being generated**



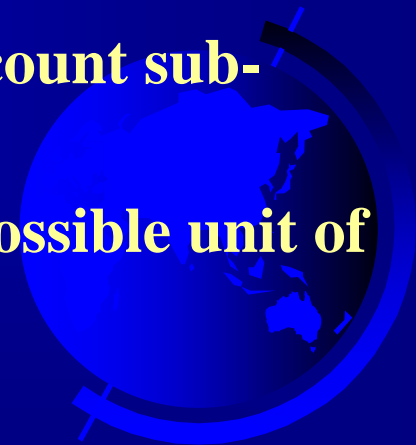
Workshop objectives

- ◆ **Review of data from Poverty Price Surveys**
 - ◆ BH level analysis; XR-converted prices; Poverty versus ICP prices; and Quaranta tables
- ◆ **Poverty PPPs at the basic heading level**
- ◆ **Expenditure weights of the poor – comparison with national income weights**
- ◆ **Preliminary estimates of poverty-PPPs**
 - ◆ Alternative estimates
 - ◆ A comparative assessment



Data Review - Procedures

- ◆ **BH level – no. of products priced, cv etc.**
 - ◆ Identify BHs that need additional pricing
 - ◆ Focus on BHs with limited number of products
 - ◆ Countries where large number of BHs are unpriced
- ◆ **Analysis of XR-converted prices**
 - ◆ Use national average prices converted using exchange rates
 - ◆ Check for outliers using c.v. – take into account sub-regional variations in prices
 - ◆ Check for unusually high or low prices – possible unit of measurement problems



Data Review - Procedures

- ◆ Comparison of poverty prices with ICP prices for comparable products
 - ◆ **Prices for poverty items are expected to be lower than ICP prices for corresponding items – note:**
 - ◆ Small size purchase quantities
 - ◆ Other differences in product specification
 - ◆ Poverty price surveys conducted in 2007
- ◆ **Analysis of Quaranta tables**
 - ◆ CUP prices and CUP price Ratios
 - ◆ C.V. in CUP price ratios within the basic heading

