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GEORGIA's and UKRAINE's participation in the ICP 2017 via Eurostat-OECD exercise



7th IACG meeting

15-18 April 2019

World Bank, Washington, DC

General Information

- **Eurostat project** within the **EU Eastern partnership Initiative** with the objective to include GEO and UKR in the ICP Global Comparison for 2017 via the Eurostat-OECD comparison => **Tender**
- Successful bidder - the **ICON-Institute** with a team of **David Roberts** (national accounts and related issues), **Sergey Sergeev** (price statistics and computations)
- **Eurostat funds technical assistance** by experts and the participation of GEO and UKR in PPP WS and WG.
- **GEO and UKR fund NSI staff** working on the project and the collection of prices and other data

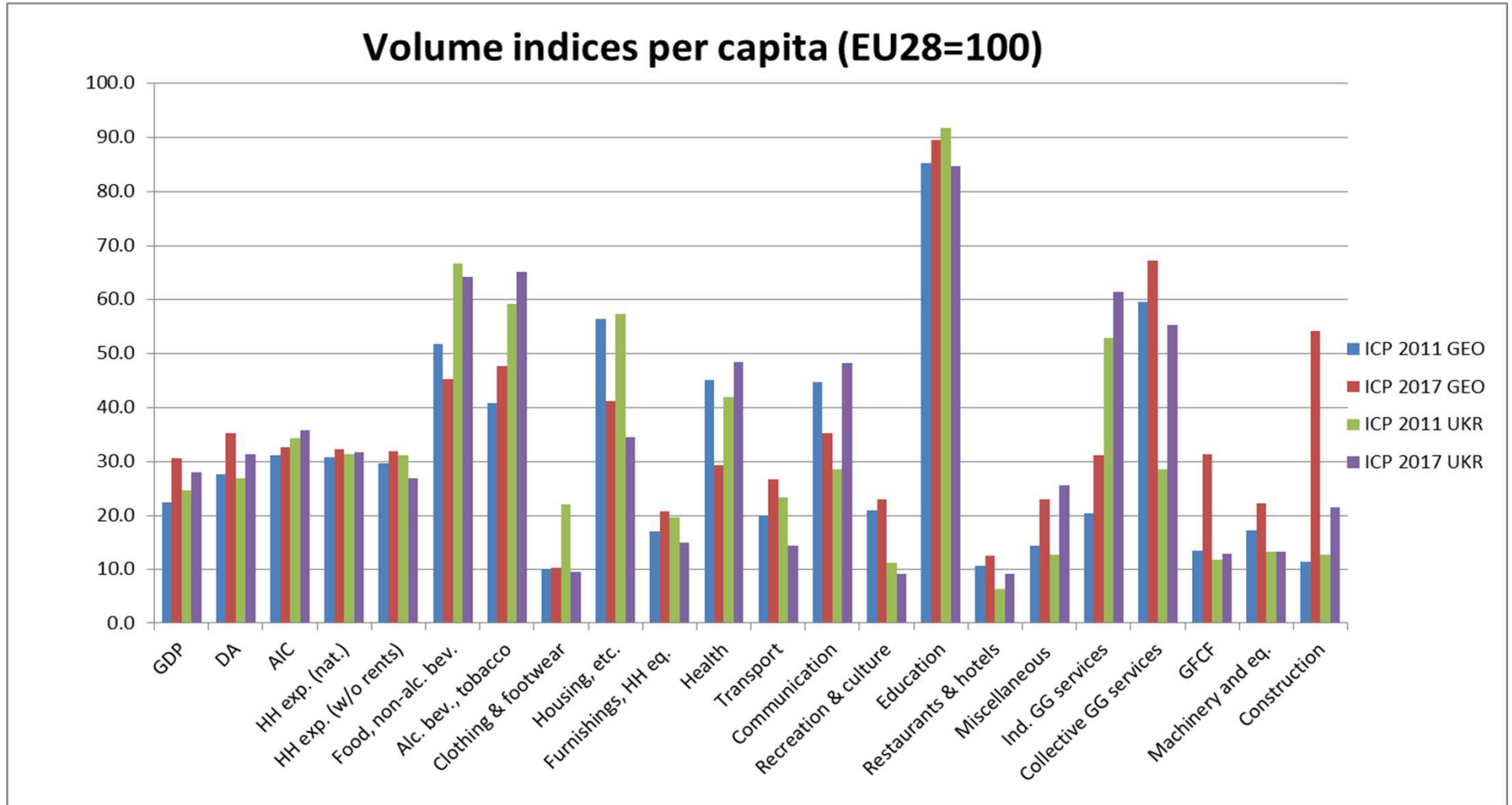
Works done in 2017-2018

- **4 missions:** Feb' and Oct' 2017; Apr' and Oct' 2018
- **Price collection** – mostly on the basis of Eurostat item lists:
 - **Consumer Surveys** (E15-1, E15-2, E16-1, E16-2, E17-1, E17-2)
(GEO – 4 Qs; UKR – 2 Qs => **SAF / TAFs = AnnNat 2017 prices**)
 - **Equipment goods:** Eurostat 2017 list
 - **Construction:** ICP Input Costs Approach (*Validation in progress*)
 - **GG-Salaries:** Eurostat set of occupations
(*GEO – Output approach for Hospital services and Education*)
- **Validation of GEO/UKR prices together with EUR37 data**
 - ❖ **Housing rents:** Quantity approach via (AT, FI, FR)
- **Collection of NA data** – finally Eurostat BH Classification
 - **UKR:** specific cases („HH serving GG“; subsidies to HH on Energy)
 - **GEO:** still SNA'93 (SNA2008 version should be available in Nov 2019)

Provisional VIpc (EU28=100) for the main Analytical categories (figures)

| Volume indices per capita (EU28=100) | | | | |
|---------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| | ICP 2011 | ICP 2017 | ICP 2011 | ICP 2017 |
| | GEO | GEO | UKR | UKR |
| GDP | 22.5 | 30.5 | 24.7 | 27.9 |
| DA | 27.6 | 35.2 | 26.8 | 31.3 |
| AIC | 31.2 | 32.7 | 34.3 | 35.7 |
| HH exp. (nat.) | 30.8 | 32.3 | 31.3 | 31.7 |
| HH exp. (w/o rents) | 29.6 | 31.8 | 31.2 | 26.9 |
| Food, non-alc. bev. | 51.7 | 45.3 | 66.7 | 64.2 |
| Alc. bev., tobacco | 40.7 | 47.6 | 59.1 | 65.0 |
| Clothing & footwear | 10.1 | 10.2 | 22.0 | 9.4 |
| Housing, etc. | 56.4 | 41.2 | 57.3 | 34.4 |
| Furnishings, HH eq. | 17.0 | 20.8 | 19.7 | 14.9 |
| Health | 45.0 | 29.2 | 42.0 | 48.4 |
| Transport | 20.1 | 26.7 | 23.3 | 14.2 |
| Communication | 44.6 | 35.3 | 28.5 | 48.2 |
| Recreation & culture | 21.0 | 23.0 | 11.1 | 9.0 |
| Education | 85.2 | 89.5 | 91.8 | 84.7 |
| Restaurants & hotels | 10.5 | 12.5 | 6.4 | 9.1 |
| Miscellaneous | 14.2 | 22.9 | 12.7 | 25.6 |
| Ind. GG services | 20.3 | 31.2 | 52.8 | 61.3 |
| Collective GG services | 59.5 | 67.2 | 28.6 | 55.2 |
| GFCF | 13.3 | 31.3 | 11.6 | 12.7 |
| Machinery and eq. | 17.3 | 22.3 | 13.2 | 13.1 |
| Construction | 11.3 | 54.1 | 12.6 | 21.5 |

Provisional VIpc (EU28=100) for the main Analytical categories (graphic)



Evaluation of provisional ICP 2017 results

| | GDP by current PPPs | | |
|------|----------------------|----------------------|----------------------|
| | WDI 2017 (in USD) | WDI 2017 EU28=100 | ICP 2017 EU28=100 |
| GEO | 10 683 | 25.3 | 30.5 |
| UKR | 8 867 | 21.0 | 24.7 |
| EU28 | 42 221 | 100.0 | 100.0 |

Taking into account that:

- the time-lag (6 years)
- big economic and political changes in the meantime (esp.UKR)
- different linking of GEO and UKR to the Global comparison
ICP 2011 Global results - via only one country => Russia in the OECD comparison (UKR - CIS 2011; GEO via "ARM - RUS") **The ICP 2017 results via 37 EUR countries should be more robust *)**
- different approaches for several areas (ICP 2017 vs ICP 2011)

the present results are quite appropriate

GEO and UKR GDPpc 2017 are in line with GDPpc for AL, BA, MK, RS

Official inclusion of GEO and UKR in the Global ICP 2017

Several possibilities but **the most logical way:**

- **To obtain GEO & UKR results within EUR39 with fixity for (EU28-EUR37) at the BH as well as at the Aggregated levels**
- **These results can be included in the EU-O as well as in the Global ICP 2017 as the following (something like Caribbean countries in the ICP 2011 via LA Region):**
 - ❖ $\text{GEO_UKR} / \text{EU-O} = \text{GEO} / \text{EUR37} * \text{EUR37} / \text{EU-O}$
 - ❖ $\text{GEO_UKR} / \text{Global} = \text{GEO} / \text{EUR37} * \text{EUR37} / \text{Global}$

(If one proposes a better way then all calculations can be done)
- **Average prices of GEO & UKR (at least, for for GCL items) can / should be supplied to the WB ICP GIU but price data of GEO & UKR, as singleton countries, should not participate in the calculations of inter-regional linking factors**

Next steps

- Next missions are planned for May-June and October 2019
- Finalization of price data for Construction (together with EUO10)
- Finalising 2017 expenditure on GDP by basic heading (SNA`2008) – November 2019
- Final check of the consistency of all data sets (prices, NA, dwelling stock, population), incl. territorial coverage (especially for UKR) – November 2019
- Aggregation calculations for 2017 together with EUR37 = EUR39 with two levels of fixity (EU28 – EUR37) in early December`19 (using recent EUR37 data)
- **GEO and UKR in the ICP 2020?** Support from Eurostat?



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Thank you!

