

Implementation of the COICOP 2018” The case of Uganda

**A presentation at the meeting of group of experts on Consumer Price
Indices**

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INTRODUCTION

- The Consumer Price Index is designed to measure the change in prices over time for a fixed basket of consumption goods and services commonly purchased by the households.
- One period of time, referred to as a base, is always chosen. For any chosen reference period, a basket is fixed by selecting goods and services together with their relative importance within the basket.

INTRODUCTION Cont...

- Previously, classification of goods and services during the computation of weights in Uganda was done following the Country Product Classification (CPC), which later transitioned to Classification of Individual Consumption According to Purpose (COICOP) 1999 when Uganda rebased its CPI from Financial year(FY) 2005/06 to 2009/10.

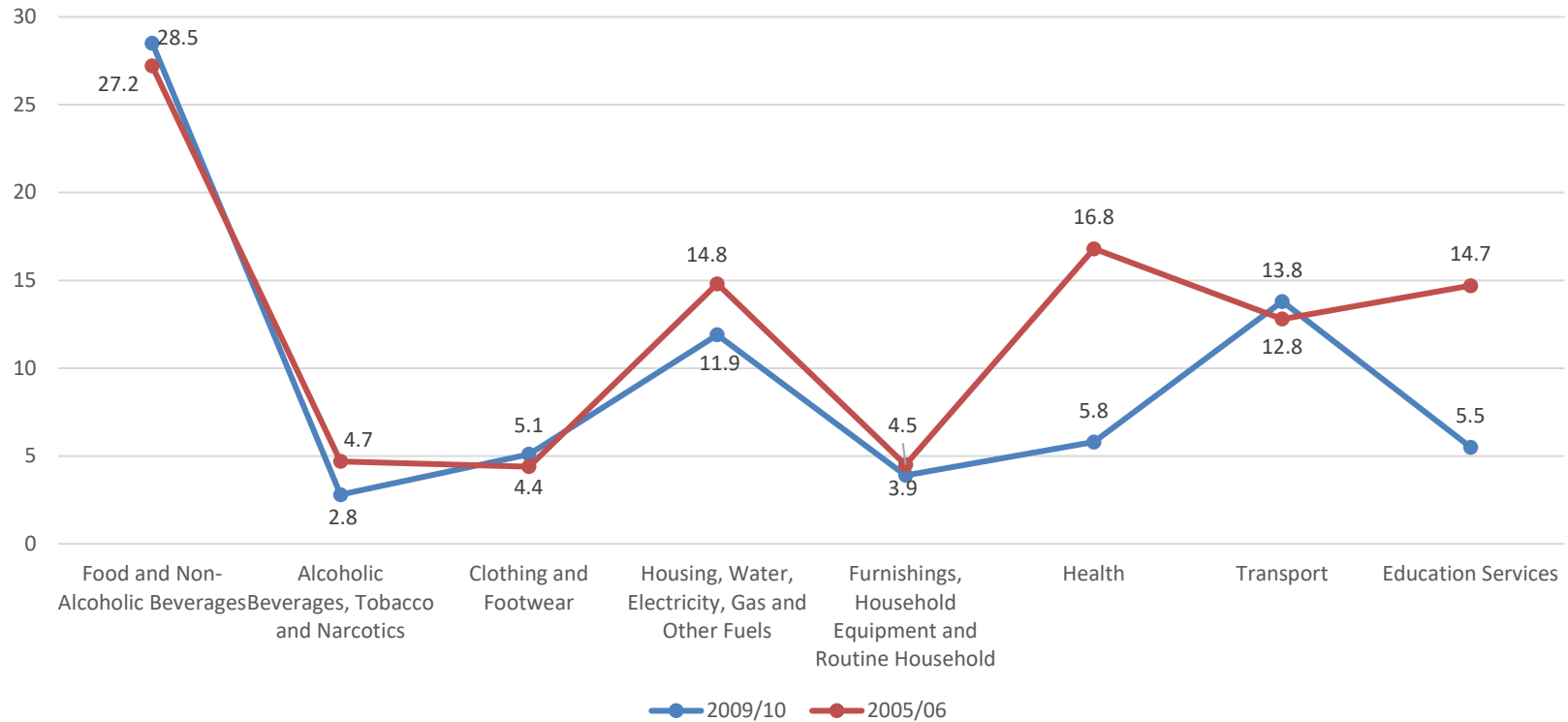
FINDINGS

As a result of the transition from CPC to COICOP,

- The weight for Education dropped to 5.5% for the rebased CPI compared to 14.7% as per the previous CPI.
- The weight for Health dropped to 5.8% compared to 16.8% for the previous CPI.

FINDINGS Cont...

A graph showing the comparison of weights from CPC to COICOP at division level;



APPLICATION OF COICOP 2018 IN UGANDA

- Uganda rebased the CPI from 2009/10 to 2016/17 base period and this involved revision of the classification structure from COICOP 1999 to COICOP 2018.
- In the rebasing, the expenditure weights for the new basket of goods and services were revised based on the national household budget survey 2016/17.
- Division 12 (Miscellaneous goods and services) of COICOP 1999 was too heterogeneous, and therefore sub divided into i) insurance & financial services and ii) Personal care, social protection & miscellaneous goods & services creating division 13 in COICOP 2018.

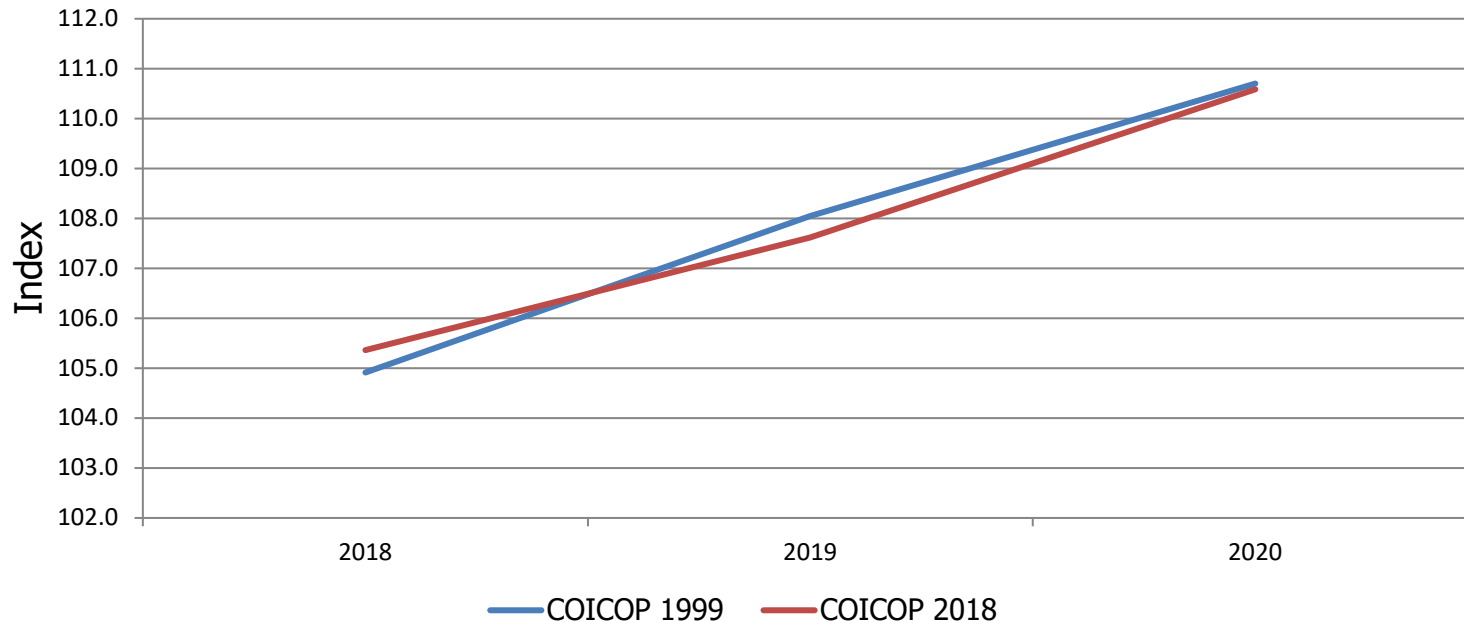
Application of COICOP 2018 Cont.....

- While implementing COICOP 2018 from the COICOP 1999, We noticed the following changes;

CPI (2009/2010=100)	CPI (2016/2017=100)
Weights derived from the results of the 2009/2010 UNHS	Weights derived from the results of the 2016/2017 UNHS
Goods and Services Classified following the COICOP 1999 (12 Divisions)	Goods and Services Classified following the COICOP 2018 (13 Divisions)
National CPI Elementary Aggregates (EAs) used 220 EAs	National CPI Elementary Aggregates (EAs) used 346 EAs
National CPI Subclasses used 194 subclasses	National CPI Subclasses used 299 subclasses
National CPI Class used 112 classes	National CPI Class used 142 classes
National CPI Group used 45 groups	National CPI Group used 52 groups

APPLICATION OF COICOP 2018 CONT....

- Despite these revisions, the CPI all items Index for both COICOP 1999 and COICOP 2018 show similar trends.
- However, the reliability and precision of the indices improved as shown in the graph;



APPLICATION OF COICOP 2018 CONT....

The weights comparison were plotted and are shown in the graph below;



COICOP 2018 Limitations

- Compiling the index for individual consumption expenditure by NPISH and General Government on monthly basis is difficult because the data is not available in real time.
- Currently, the index is compiled for the 13 divisions covering the individual consumption expenditure made by households. However, from the results, price change reported in education and health can easily breed contestation.
- Education in Uganda is considered to comprise of; Meals while at school, boarding fees, uniform, tuition, examination fees, registration fees etc. But as for COICOP, education only considers tuition, examination fee, registration fee, extra class fees.
- Thus the classification of Education following COICOP 2018 depicts that Education in Uganda is very cheap yet not necessarily true.

Conclusion

- The purpose for which goods and services ancillary to education are consumed is neglected hence undermining the weight of education in determining the country's inflation.
- In the Ugandan context, Goods and Services Ancillary to Education and health are some of the drivers of price change and therefore isolating them undermines the purpose for which they are consumed.

THANK YOU