Session: Ethical Financing of Community Engagement Abroad

Segment: What to Pay Local People: Purchasing Power Parity (PPP) as a Method for Fair Pay Abroad
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PPP Long Method

Step 1: Determine how much person would be paid in the United States

Step 2: Look up the PPP conversion factor on the website of the United Nations Statistics Division, using the following path: unstats.un.org > Millennium Development Goals > Data > Country Level Data > Goal 1 (folder icon) > Target 1.A (folder icon) > Purchasing power parities conversion factor, local currency unit to int'l dollar (clipboard icon). Then highlight "All" under "Countries" and click "View Data."

Step 3: Multiply the figures from Steps 1 and 2.

Step 4: Find market exchange rate from end of same year as conversion factor, using the historical charts on a recognized exchange rate website. One option is Oanda.com.

Step 5: Divide figure from Step 3 by figure from Step 4.

PPP Short Method

Step 1: Determine how much person would be paid in the United States

Step 2: Look up the National Price Level ratio (PPP conversion factor to market exchange rate) at http://wdi.worldbank.org/table/4.16.

Step 3: Multiply the figures from Steps 1 and 2

Further reading:


