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### Regional Activities

### Governance Activities

#### 6<sup>th</sup> ICP Regional Coordinators Meeting

The 6<sup>th</sup> ICP Regional Coordinators Meeting was held on April 23-25, 2012 in Paris, France. The meeting reviewed and discussed the status of the Global and Regional programs, and reached agreements including: (i) Approach for gathering required metadata information; (ii) Deadlines for the Household Consumption and National Accounts data submission and validation; (iii) Action plan for the forthcoming Technical Advisory Group meeting, scheduled for September 2012, and the Executive Board meeting, scheduled for November 2012; and (iv) Timetable for upcoming activities.

#### New member to the Technical Advisory Group

The Executive Board agreed to invite Professor Yuri Ivanov to join the ICP 2011 Technical Advisory Group (TAG) as a member. Professor Ivanov is a well-known expert in the Systems of National Accounts (SNA) methodology and implementation and has authored several methodological works on National Accounts and international comparisons based on PPPs. As the Deputy Chairman of the CIS-Stat, Professor Ivanov was one of the experts that led the implementation of the SNA in the CIS countries in 1992-2011, and coordinated the 2005 Global ICP round in the CIS region. Professor Ivanov is currently serving as the Chair of Statistics at the Lomonosov Moscow State University. He remains the Head of methodological works and the Chairman of the CIS-Stat Methodological Board.

#### Africa

The 4th African ICP Regional Workshop was held on June 4-8, 2012 in Tunis, Tunisia. The purpose of the workshop was to validate Household Consumption price data submitted by 50 countries for the 4 quarters of 2011 as well as February and April 2012, and to discuss and prepare activities relating to the ICP Special Surveys and National Accounts. The workshop was attended by 120 delegates representing 50 countries, 5 sub-regional organizations, the World Bank, as well as the ICP Regional Coordinator for Western Asia.

The Workshop consisted of the following sessions related to price statistics and National Accounts: (i) review of the status of implementation of the Global, Regional and Country programs; (ii) validation of Household Consumption price data; (iii) review of National Accounts activities; (iv) review of Special Surveys activities; (v) presentation of the 2009 African PPP exercise results; and (vi) establishment of timetable for upcoming activities.

#### CIS

The 47th Meeting of the Council of Heads of Statistical Services of the CIS and the Meeting of the Coordinating Council of the CIS on the conduct of International Comparison Program were held in Moscow, Russia, on April 18-20, 2012. During this meeting the CIS-STAT proposal, whereby the Global Office would link the CIS ICP regional results to the global ones

directly on an experimental basis, was approved. The results of this proposal will be reviewed for the Council to determine whether any subsequent linking of the CIS results should be carried out by the Global Office. Other regional activities included an Expert Meeting on the Implementation of the SNA 2008 for ICP Purposes, which was held in Moscow on April 9, 2012, and a CIS Regional Experts Meeting on the Validation of Prices for Consumer Goods, which was held in Moscow on June 18-22, 2012.

#### LAC

A meeting on Government Services and Compensation of Employees was held on May 7-8, 2012, with the participation of 15 countries from South and Central America. The workshop discussed the approach and data requirements for the Compensation of Employees Survey, and the sources for compiling government expenditure data. The workshop also drew up the timetable of activities to be carried out by ECLAC and the countries.

The 4th Workshop on the Validation of Household Consumption Data was held in Santiago, Chile on June 18-22, 2012. The workshop: (i) validated the price data for Household Consumption submitted by the countries; (ii) validated the resulting National Annual Average prices and preliminary PPPs; and (iii) established the timetable for upcoming activities.



The fourth African ICP Regional Workshop, Tunis, Tunisia (June 4-8, 2012)

## Regional Activities (cont'd)

### Pacific Islands

The second workshop for the ICP in the Pacific Islands was held in Nadi, Fiji on March 26 – 30, 2012 with 19 of the 21 Pacific Islands participating. At the workshop, the ICP software was provided and training on data entry and intra-country data validation was delivered. The first round of inter-country data validation was also held with the Islands.

Other regional activities included a mission by the Regional Coordinator to the Solomon Islands in late May/early June to help with the data collection.

### Singleton Countries - Iran

A third series of joint meetings between the Central Bank of the Islamic Republic of Iran (CBI), Turkish Statistical Institute (Turkstat) and the Global Office (GO) were held in Ankara, Turkey, on April 26-29, 2012. The purpose of the meetings was to discuss and agree on various technical aspects related to linking Iran to the ICP 2011. As per the bilateral arrangement, Turkey serves as a bridge country for the linking of the household consumption component of the ICP.

During the trilateral meetings, the process for linking Iran was reviewed and a common item list for Food, Beverages and Tobacco was

established. Bilateral meetings between the CBI and GO covered the validation of the household consumption price data, and discussions implementing the ICP Special Surveys and National Accounts activities.

## Operational Materials

### Operational Guide

The Global Office prepared three additional Operational Guide chapters, covering the Water Tariff Survey, the Validation of Construction Survey, and the Validation of Importance Indicators. Additionally, updated versions of the chapters on Validation Tables and the Validation of Household Consumption Survey were released. These chapters are available on the ICP website.

### Operational Material

An improved version of the Collection Form of Water Tariff survey was released in June 2012 in four languages: Arabic, English, French, and Spanish.

The Global Office also prepared a Survey Framework Questionnaire, and an updated version of the ICP Quality Assurance Framework (QAF) Questionnaire. The Survey Framework Questionnaires are for countries to confirm and record information on the Main Price Survey framework. The requested information is essential as it has an effect on the exhaustiveness and reliability of collected

price data.

The updated version of the QAF questionnaire comes with an improved format so that it can be easily distributed and utilized by Regional Coordinators and National Coordinators.

These questionnaires are available in four languages: Arabic, English, French, and Spanish.

## Outreach Activities

### ICP Book: Measuring the Real Size of the World Economy

The Global Office has prepared a book titled “Measuring the Real Size of the World Economy” that provides a comprehensive review of the methodology available for international comparisons, the choices made for the 2005 ICP, the outcome of those choices, and steps to be taken to improve the quality of the results from the 2011 ICP. Currently all 24 Chapters of ICP book are available online at <http://go.worldbank.org/6VPHKOKHG0>. The final, completed e-Book will be published in early September 2012.

### ICP calendar

The Global Office developed a virtual calendar of activities that lists all the main global and regional ICP events. The ICP calendar was launched on July 6, 2012 and can be accessed via [http://icpcalendar.worldbank.org/ICP\\_Calendar.aspx](http://icpcalendar.worldbank.org/ICP_Calendar.aspx).



The fourth Workshop on the Validation of Household Consumption Data , Santiago, Chile (June 18-22, 2012)

## Mr. Giovanni Savio, ICP Regional Coordinator for Latin America and the Caribbean



**Q1. As the ICP regional coordinator for Latin America and the Caribbean (LAC) Region, you are in a position to deal with two different sub-regions. How do you address the**

**different aspects of these two sub-regions? Please also describe any uniqueness of the ICP activities in LAC Region.**

Broadly speaking, the two sub-regions, Latin America and Caribbean, are different in many respects. They have different languages, different historical and cultural backgrounds, and even more important in our context, different development of the respective national statistical systems. For example, let us have a look at the language, forgetting for a moment other reasons for structural differences. Language is for sure one of the main issue to be considered when organizing a meeting for a cluster or sub-set of countries. Some Caribbean countries (Cuba, the Dominican Republic and Haiti) have different languages from the rest of the sub-region, respectively Spanish and French, while some countries geographically located in Latin America, such as Suriname and Guyana, use Dutch or English as their main languages. The official language in Brazil is Portuguese. Summing up, this creates a big and complicated puzzle. The pragmatic solution we found was to divide the whole region into three separate clusters: (i) South America, excluding Suriname and Guyana; (ii) Central America, including Cuba, the Dominican Republic and Haiti; and (iii) Caribbean countries, including Suriname and Guyana. This is the way we have organized our meetings for data analysis and validation at the sub-regional level. As you can see, these clusters do not consider only geographical considerations. Of course, dealing with a number of countries, 38 so far in Latin America and the Caribbean, means that even with three clusters you cannot keep abreast of all differences in statistical development and structures at the national level, an issue I will tackle later on in the interview.

**Q2. Your role involves coordinating data collection and validation for LAC. In your opinion, what do countries find most difficult about the ICP process and what meas-**

**ures are being taken to overcome these difficulties?**

An effective participation in the program is highly demanding from a statistical viewpoint. We had at the beginning some problems in identifying a common list of household products. Products' specifications need to be checked in-the-field before being finally accepted and start the "true" data collection process. So, the first two quarters of price data collection had to face serious issues, and the quality of the data collected has been perhaps inferior to the one of the latest quarters, as some products' specifications needed to be changed in order for them to be closest to the

reality of the internal markets. Surely, conducting a validation workshop in each quarter of data collection in each sub-region has been a winning strategy. Another winning idea was to establish a clear link between each country and our team at ECLAC. In my office, each staff has full responsibility for a certain number of countries (generally three or four) and he/she is the ECLAC's focal points for all issues countries might have in the implementation of the program. This way, the dialogue with countries is easier and, let me say, more human and friendly. Another major challenge for countries consists in the number of special surveys that must be carried out at the national level: machinery and equipment, government services, construction, private education, just to cite the major ones. Here the solution we found – in part to reduce the burden for the National Statistical Offices – was to hire expert consultants for each of those areas, working closely with member countries in clarifying substantive issues and supporting them in collecting the needed statistical information. Again, we have organized regional seminars to discuss with countries the main problems, and found the appropriate and practicable solutions.

**Q3. You have unique eyes to understand ICP having been the ICP Regional Coordinator in Western Asia until recently. How did your previous experience help you to be successful in your current role? Please also share us any similarities and differences you found between the two regions.**

Experience always helps, no doubt about that. I was Regional Coordinator for Western Asia in the final part of the 2005 Round, and the first part of the current one. Then I moved to ECLAC and became Regional coordinator for this region. Years ago, when I was a Research

Director in the Italian National Accounts Department of Istat, I was on "the other side of the river," the national production side. At the regional level, many problems are the same, challenges are very close for all regions. Experiencing the same issues many times, but in different contexts, helps in identifying solutions and anticipating problems. However, there are regional differences that always create new obstacles and challenges. For example, one of the main issues we are facing now is how to treat particular national situations where there is a high segmentation of the internal markets, high degree of public intervention in fixing prices, and transaction that can be made at different exchange rates: a situation I never experienced before. Another important difference with other regions (perhaps excluding Africa) is that the ECLAC geographical space includes two hemispheres, with all the consequences one can easily imagine in terms of variety of products and seasonal effects on prices. Apart from these geographical differences, there are a number of issues also related to the variety of statistical institutional setups. In Latin America, it is quite common that most of the statistical activities – especially those related to national accounting – are carried out by the Central Banks instead of National Statistical Offices. This factor multiplies the number of agents involved in the process, and requires a greater coordination at the central level. Finally, the more member countries there are, the more the number of regional agencies potentially involved in the process, which further increases the need for mechanisms of coordination.

**Q4. Based on your extensive experience, what advice and recommendations do you have for other regional coordinators facing similar challenges and responsibilities?**

There is not much advice for other regional coordinators I can give. We know each other very well, and coordinators of the other regions are all highly professional statisticians. The regional coordinators' meetings – organized by the Global Office of the World Bank – have formed the basis for an excellent work environment among us, an example of team work spirit in statistics at the international level. These bi-annual events are the proper forum where we discuss common issues and share practices and experiences we face daily at the regional level. Being in the middle of the production process, we all have a delicate role to play. Based on my experience, and in

## Special Interview 3 (cont'd)

view of the forthcoming Rounds of the program, we all need to strengthen our efforts in the preparatory phase of the program, the phase where we should insist on advocacy and give proper messages to member countries on the national benefits coming from an effective participation in the program. The program should become, in the future, a regular activity of the current work plans of the National Statistical Institutes worldwide and be included in their regular statistics budget. ■

## Upcoming Milestones for 2012

June 30	August 10	September	November
Submission of : - HHC four quarters' average price data - Preliminary HHC National Annual Average Data - Preliminary Regional PPPs - National Accounts Expenditure Data for the Latest Year	Final deadline for submission of any updated data	Meetings of the: - Technical Advisory Group - Regional Coordinators - Validation Expert Group - PPP Computation Task Force	Executive Board Meeting

## How Important is "Importance" for ICP 2011?

### What is Importance?

While Importance is defined by reference to the expenditure share of the item within a basic heading, the official method for the 2011 ICP round Basic Heading PPP computation within a region is weighted CPD, in which item weights reflect the expenditure share of the item within the Basic Heading. As expenditure shares below the basic heading level are not available by definition, participating countries are required to classify all available items as either "Important" or "less important" and these indicators are used to assign quasi expenditure weights in the calculation of BH level PPPs. If an item is not available in the country, the notion of Importance is not applicable to the item. For more information, please refer to Operational Guide Chapters 3. Approach and Data Requirements - 3.1 Household Consumption

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/ICPEXT/0,,contentMDK:22988026~pagePK:60002244~piPK:62002388~theSitePK:270065,00.html>

### Importance Vs Representativity

A "representative" product was defined as one whose price was deemed to be representative of the price level of the products in a Basic Heading. The countries participating in the OECD-Eurostat and CIS groups have been identifying representative products for the last several years, but countries in other regions had difficulties in making the distinction in the 2005 round of ICP. All countries tried to do so but it was apparent that they were using different criteria. As a result, "representativity" was not taken into account in calculating PPPs in other regions for ICP

2005. An important product is one that has a large expenditure share within the Basic Heading to which it belongs. This concept is easier to implement referring to sources such as CPI product basket, statistician's judgment/ common knowledge, or market expert's view.

### How to validate Importance indicators?

The Global Office recommends importance indicators to be validated in a broader context in which the importance of a product has to be reviewed while ensuring that prices are available for the product and recognizing the difference between products belonging to the Global Core List and those that are exclusively of regional nature. The validation process will be carried out at three levels: country, region, global. At country level, it is expected that each country will review their own importance indicators to ensure that amongst the items it has priced under a homogeneous basic heading or under a homogeneous cluster or group of items within the basic heading, at least one has been declared important. At least one of the important items in a basic heading should be a global core item. The country will also check whether the importance of an item is associated with a higher number of price quotations as well as the availability of that item throughout the year, even though this may justifiably not be the case for some important products. The country may also check if there is any specific pattern of price relatives between important and un-important items within a truly homogeneous cluster of comparable items.

The basic checks above will also be conducted at regional level, in addition to which it will be confirmed that each item declared important by a country is also priced in at

least one other country in the region and that, if for a particular country, a basic heading was reduced to the country's important items only, the resulting price level index (PLI) would be as close as possible to the PLI that includes all the items (both important and less important) priced by the country.

The Global Office will implement all country-level and regional checks for global core items. It will also verify the availability of global core items prices across the regions with a view to calculating linking factors and thus generating global PPPs.

Detailed explanations of the above are provided in an Operational Guide Chapter on the validation of Importance Indicators recently released by the Global Office and which can be downloaded from:

<http://web.worldbank.org/WBSITE/EXTERNAL/DATASTATISTICS/ICPEXT/0,,contentMDK:22988026~pagePK:60002244~piPK:62002388~theSitePK:270065,00.html>

### International Comparison Program (ICP)

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