

Monthly Update

30 September 2011 Issue 9

ICP at IARIW Conference

Inside this Issue

Regional Activities	1	IARIW	1
Internal Workshop	1	Learned in Bangkok	2
Machinery Update	1	Special Interview	3

Regional Activities

LAC

An Expert Group Meeting on National Accounts in the Caribbean was organized by ECLAC, CARTAC, and CARICOM Secretariat, and held in Port of Spain, Trinidad and Tobago over the period September 26-28, 2011. Participants from nineteen Caribbean islands attended the meeting, in addition to delegates from ECLAC, CARTAC, CARICOM, the Eastern Caribbean Central Bank (ECCB), and the ICP Global Office.

The meeting covered the National Accounts Framework, activities, and requirements for the ICP. This included the Model Report for Expenditure Statistics (MORES) and the approaches for splitting the GDP into expenditures on basic headings. The approach and requirements for comparison-resistant areas were also introduced.

The meeting discussed and assessed the national accounts practices in the Caribbean islands, and the capacity-building activities planned by ECLAC, CARTAC, ECCB, and CARICOM in the region. Round table sessions drew the timetable for the period 2011-2012 in the areas of national accounts for the ICP and comparison-resistant areas.

Georgia

The World Bank consultant undertook a third mission to the National Statistics Office of Georgia on September 17-22, 2011 to assess

the progress with regard to price collection, intra-country validation, inter-country validation and expenditure weights. It was reported that both Georgia and Armenia, a bridge country for Georgia, have collected and validated first two quarter data as anticipated, and no major delays for the upcoming collection were foreseen as of then. Inter-country validation for both quarters will be completed by the end of October 2011. Special surveys including Machinery and Equipment and Construction also have launched without any major slippage.

An Internal Workshop

The Global Office held training sessions on national accounts on September 8 and September 12, 2011 in which the Global Office staffs attended. The workshop aimed at training the team to be equipped with adequate national accounts knowledge required for the ICP activities. This covered specifics of the expenditure classification for the ICP, two mandatory questionnaires on GDP exhaustiveness and Quality Assurance Framework (QAF), completion of MOSES, and validation of national accounts data.

Machinery and Equipment

On August 30, 2011, the Global Office sent to the Regional Coordinators the updated materials for price collection of Machinery and Equipment Goods. In line with the survey guidelines, a new version of the product catalogue (with the data collection form) was provided where it was indicated that all prices, costs and fees should be submitted for one unit and the order quantity must be specified. The new version of the ICP Kit Machinery and Equipment Goods had been redesigned to reflect these requirements.

In partnership with the International Association of Research in Income and Wealth (IARIW), Statistics South Africa organized a conference on the theme of experiences and challenges in Measuring National Income, Wealth, Poverty and Inequality in African Countries. The conference took place in Cape Town, South Africa, from 28 September to 01 October 2011. The ICP dimension of the conference is to keep abreast of the statistical developments in various areas pertinent to the implementation of the 2011 round and to further understand the overall economic backdrop against which the final results for Africa will be analyzed.

Topics discussed include income levels, income growth, productivity, poverty, and inequality in Africa, from an empirical and measurement perspective. The conference featured sessions dealing with problems and issues in macro measurement issues such as national income and productivity. The International Comparison Program was devoted a specific session chaired by the ICP Global Manager. Three papers were presented: (i) "Making Use of Various Datasets to Meet the Needs of ICP-Africa 2011", authored by Mr. Xiaoning (Greg) Gong (African Centre for Statistics, United Nations Economic Commission for Africa) (ii) "Africa Price Level Indices for Selected Infrastructure Components based on International Comparison Program in Africa, 2005", prepared by three African Development Bank experts: Oliver Chinganya, Marc Kouakou, and Abdoulaye Adam and (iii) "Household Expenditure Shares for Africa in ICP 2005: Lessons for ICP 2011", developed by Derek Blades. Two other sessions relevant to the ICP related to: Improving National Accounts in Africa, and Inequality and Poverty Issues.



Expert group meeting on National Accounts in the Caribbean, September 26-28, 2011, Port of Spain, Trinidad and Tobago

Learned in Bangkok — A Global Office Report from Asia-Pacific

The Global Office was represented at the Third Technical Evaluation of Household Price Survey Results effectively organized by the Asian Development Bank (ADB) on 19-21 September 2011 to review intra- and inter-country price variations, to address sources of variations, and to assess the overall quality of the collected household price data. The Discussion of Non-Household Sectors was held from 22-24 September 2011 to discuss issues related to the non-households sectors. The following are selected lessons learned by the Global Office from the workshop.

1. Validation of HHC Items

The Asia-Pacific tightened the requirements for most of the prescribed validation practices. They are using most of the proposed indicators (PLI, Currency Unit Prices, and Exchange rate prices) without generating proper Quaranta or Dikhanov tables. It is recommended that the Global Office should share these regional practices with the other regions.

2. Rental Specifications

The Global Office was requested to make a presentation on housing to address queries from countries. The addressed questions and answers will soon be available to other regions in an additional operational document.

3. Construction Survey

The Construction expert gave clarification on the descriptions provided for data collection at country level. It was also confirmed that wide bands in the current specification would not necessarily result in high variation of prices, at least in a particular country. Natural conditions, standards and regulation will count for a big part of variations expected within the countries. The workshop identified one item

that needs to be corrected. The stand-by generator has a modality on voltage that is in fact not relevant in identifying the item.

4. Machinery and Equipment Goods

During the workshop, the region has requested that the Global Office clarify what is meant by a Machinery and Equipment Goods item to be “specified” as opposed to “unspecified” on one hand, and “comparable”, “equivalent”, “identical”, “similar” to a “specified” item on the other hand. The Machinery expert suggested few insights on item and price comparability. These are: (i) some items have stable standard specification and price structure across the world. An example is Apple products, whether hardware or software; (ii) some items are tailor-made but they should meet international standards. Examples are fuel tank and health and security related items; (iii) comparability of some items requires meeting all the specifications while carefully selected specifications will be enough to identify comparable items in the region— usually, brand and model (even name) can contribute to identifying a specified item; (iv) equivalent items may have the same brand and different models or different brand but still similar specifications. Unspecified items must meet most of the main specifications before qualifying for comparability within the set of products it would be compared to; and (v) machinery goods serve specific purposes. Participants in the workshop required the Regional Coordinator and the Global Office to prepare a note on the use of each item in the list.

Regional strategy for data collection for M&E

The Regional Coordinator proposed to the

countries to go for exact matches as regards specified items, and to report quotations for comparable items under the unspecified item. It’s about “comparing like with like”. This approach lays more emphasis on matching items rather than capturing the full picture of the economy. Some measures taken by the region will mitigate this risk as the region has decided to expand the list to have for each item exact match, equivalent, comparable, and unspecified items. The Global Office could use this approach during data validation if the countries provide the relevant microdata.

The Global Office has reiterated the need for knowledgeable experts to conduct the survey under the supervision of the National Statistical Office (NSO) in order to maximize data quality and coverage of national/regional market. A workable regional strategy could be for the NSO to collect prices for part of the list and refer to national/regional experts for more specialized items. This strategy could work given that some items, especially shop items, are available in the same outlets where household consumption items are purchased. In this case data collectors must be aware of differences in reporting prices for these two fundamentally different surveys. These are but not limited to (i) type of prices to be reported, (ii) taxes to be applied (iii) the eventuality of delivery costs, and (iv) assessment of potential discount. Other regions may want to consider a similar strategy with clear guidance from the Global Office.

The Global Office wishes to commend the ADB and participating countries for such a productive workshop.



Third technical evaluation of household price survey results & discussion of non-household sectors, September 19-24, 2011, Bangkok, Thailand

Special Interview - Part II**Ms. Chellam Palanyandy, Regional Coordinator of the ICP for Asia-Pacific****Q3. What are some of the tools/methods you employ to meet deadlines when the success of your work depends on countries successfully completing their responsibilities?**

C.P.: During the Inception meeting, right at the start of the program, National Implementing Agencies (NIAs) were informed of the regional and global timelines to be followed. With NIA heads present at the meeting, the regional program was introduced along with the expected workload and timeframe of ICP activities. To some extent this information helped facilitate the design of the 2011 ICP “national” work plan.

Slippages, however, may arise due to the following two reasons:

(i) Regular national statistical activities may be in conflict with the ICP timelines. We are aware that at times of competing demands and priorities, national statistical activities take precedence over ICP activities, which require the necessary adjustments to be made on deliverables and deadlines. For example, some countries were recently unable to undertake ICP price surveys for the first and second quarters of 2011 due to the deployment of NIA staff to conduct the population census. There have also been instances when a release of national CPI data resulted in the deferment of the submission of ICP price data.

(ii) Technical issues such as item identification, survey implementation, software usage and interpretation of results of intra- and inter-country validation are often encountered. Challenges related these matters are anticipated and minimized through the provision of documents, guidelines, and instructions which clearly outline the objectives and expected outputs. In the event that such issues arise, they are addressed via e-mail exchanges, telephone calls as well as live chats over Skype. Occasionally, some require conducting country missions or holding a country mission at the Asian Development Bank (ADB) when all else fails.

Q4. As the region successfully updated ICP 2009 results, what do you suggest the Global Office or other regions should do to make the ICP exercise more frequent and sustainable?

C.P.: The 2009 update was not a full-scale program like the 2005 or 2011 ICP. It was an experimental model, using a reduced product list and a limited geographic coverage. Though cost effective, it required a considerable number of technical issues to be resolved. This included establishing “scaling factors” to adjust core to full list and from capital city to national. Replacing outmoded technology products with recent products while simultaneously trying not to be too far removed from the 2005 list (as this is an update of the 2005 PPP) proved to be a challenging task. Given that it was the first time the method was explored, both regional/global weaknesses were identified. The litmus test on the accuracy of this methodology will probably be when we can do an Update with the 2011 ICP data, albeit to the extent that overlaps can be established between the 2005 and 2011 lists.

Despite evident technical issues, reduced geographic and product coverage, the method significantly lowers resource requirements and can therefore contribute to the sustainability of regional PPP compilation. In addition, an updating exercise provides an opportunity to sustain the technical capacity gained in the regular ICP rounds. The 2009 PPP Update we conducted helped pave the way for the somewhat “easier” introduction of the 2011 ICP in the region.

However, in my opinion a more important facet of PPPs was the introduction of sub-national PPPs – perhaps this was perceived as having more national relevance than the regional/global PPPs. This aspect of the PPPs seemed to stir national interests on both the ICP methods and concepts. As a result, continued advocacy on sub-national PPPs may encourage countries to integrate ICP surveys in their regular national statistical programs, more so than an Update.

However, it is important to recognize that until the ICP becomes a mandatory requirement, where countries have a legal obligation and a vested interest to participate, ICP fatigue may set in and countries may choose to opt out of future benchmark activities.

Q5. Based on your extensive experience, what advice and recommendations do you have for**other regional coordinators facing similar challenges and responsibilities?**

C.P.: Establishing rapport with participating countries is very important in ensuring the program’s smooth implementation. NIAs must be given a sense of ownership in the program as it eliminates the feeling that the program is being “imposed” on them. We have to involve them in all decision making processes and be seen as the facilitator whose role is to bring countries together on a project owned by the countries themselves. It is important for NIAs to understand and appreciate how their involvement in the program affects not only the implementation of the exercise, but also the entire program’s outcome. It is therefore critical that Regional Coordinators (RCs) exert all efforts to convey the relevant technical aspects of the program to the NIAs. In addition to a competent RC, an able, committed, and motivated technical staff is needed to accomplish all that is required.

Countries must feel that there is a sincere desire on the part of the RC to help all participating countries, whether implementing the ICP or carrying out capacity building activities. This can only be achieved if the RCs and the ICP team themselves are committed and passionate. Examples of such commitment include responding to queries from countries in the shortest time possible through emails, telephone calls, or via Skype, providing sufficient and timely support to NIAs as it is a critical element in expressing the RC’s dedication and knowledge of any country issues, and facilitating country requirements and simplifying information flow through worksheets/tables that can be easily understood and complemented by countries. For example, we provide NIAs with standardized presentation templates and outlines and always strive to give countries a sufficient amount time for deliverables by following up with reminders.

I believe in the axiom – “Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.” By this I mean that we provide countries with the tools and guidance to solve their problems rather than fixing them ourselves or via consultants. This approach has worked well for both the 2009 PPP Update and in our Supply and Use Table project. Remember that the ICP is not yet a national priority!

Table 1. List of ICP Meetings in October

	Date	Venue
Global Meetings		
6 th ICP Technical Advisory Group Meeting	3-4	Washington DC, USA
5 th ICP Regional Coordinators Meeting	5-6	Washington DC, USA
1 st Validation Expert Group Meeting	7	Washington DC, USA
5 th ICP Executive Board Meeting	25	Washington DC, USA
Regional Meetings		
ICP Workshop in Western Asia	17-21	Beirut, Lebanon
ICP Workshop in the Caribbean	15	Port of Spain, Trinidad and Tobago
LAC Annual Seminar on National Accounts	18-20	Santiago, Chile
Iran/Turkey Workshop	24-26	Ankara, Turkey

International Comparison Program (ICP)

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