

8th Technical Advisory Group Meeting

The 8th Meeting of the 2011 ICP Technical Advisory Group (TAG) was held from May 20-21, 2013 at the World Bank in Washington, DC. The meeting was organized in seven sessions: i) Overview of preliminary results for household consumption (HHC); ii) Consistency between ICP 2005 and 2011 results; iii) GEKS weights and CPD weights; iv) Preliminary assessment of the quality and completeness of non-HHC data; v) Linking regions – outstanding items; vi) ICP revisions; and vii) Summary of recommendations and next steps. The TAG discussed the preliminary results for 2011 for HHC, compensation of government employees, construction and machinery and equipment. In addition, addressing gaps in national accounts data and various issues associated with linking were also considered. The most crucial output of the meeting was to examine the consistency of the global core prices and to discuss how best to handle outliers (products or, in some cases, countries).



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9th Regional Coordinators' Meeting

The 9th Meeting of the 2011 ICP Regional Coordinators (RCs) was held from May 22-24, 2013 at the World Bank in Washington, DC. The meeting was organized in seven sessions: i) Progress report and status of submission; ii) Overview of quality of HHC data; iii) Overview of quality of non-HHC data; iv) Overview of quality of national accounts data and metadata; v) Other metadata; vi) Learning from existing data to validate ICP prices; and vii) ICP timetable and activities. Focus was on data review and validation to highlight the issues and to improve the data. The meeting was guided by three main dimensions: i) Timeline and milestones until the publication of the 2011 results; ii) Completeness and quality of data and metadata; and iii) Recommendations of the 8th TAG meeting.



Special Interview 7 Mr. Grant Cameron, Cluster Manager, DECDG, World Bank

Q1. How is the ICP relevant to the World Bank corporate objectives and work program?

Over the last quarter century, more and better data have fundamentally changed the practice of economic development. To quote Angus Deaton, “No new data have been more important and more influential than those from the ICP program”. The continual improvement of purchasing power parities (PPPs) has led to a better understanding of the mechanics of economic growth and allows the Bank to estimate the number of poor in the world. Given the Bank has adopted targets to (all but) eliminate extreme poverty by 2030, PPPs have become central in determining how the Bank is performing against its corporate commitments.

Q2. What are the major improvements that the 2011 round of the ICP has introduced?

The success of the 2005 ICP provided a very strong base for the 2011 ICP. That being said, there are four areas where the 2011 round will bring marked improvements. First, an additional 40+ countries/economies are participating in this round so we will have estimates for 190+ countries/economies. Second, ICP 2011 put more effort into technical assistance to improve GDP-based expenditure estimates. Third, ICP has introduced methodological improvements (e.g. improvements to inter-regional comparisons). Finally, ICP 2011 is more transparent – an important feature as PPPs are widely used, but the way they are constructed is not always widely understood. In particular, the ICP Book - Measuring the Real Size of the World Economy: The Framework, Methodology, and Results of the International Comparison Program - provides a detailed description of the framework, governance, process, and methodologies that underpin the results. To further transparency, published estimates will undergo external validation. These software programs used to compute PPPs, along with the results, will be made available to users.

Q3. What lessons could be learned from the ongoing 2011 ICP in terms of governance structure and implementation mechanisms?

The governance structure has been a complete

success. Our Executive Board has provided expertise from a wide range of statistical producers to take decisions on the policies, processes, and methodologies underlying the estimates. Our Technical Advisory Group has provided terrific advice on how to come to terms with a host of methodological challenges. Our federated structure of providing technical support and data production allows countries to draw help that understands the local circumstances and ensures participating countries are responsible for the production of the underlying expenditure and price data. For this work, the regional coordinating agencies have been great.

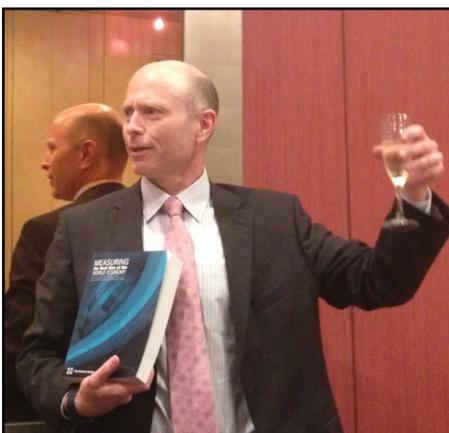
Q4. How do you see the future of the ICP?

Given the ICP’s centrality to monitoring progress on extreme poverty, global inequality, and the host of analytical and researches uses of these data, we expect the demand to launch future rounds will be strong. At this stage, it is difficult to predict when the next full round will begin. In the interim, the Bank will work with others to explore ways to: i) maintain the momentum of the technical advice this round has provided countries – especially for expenditure estimates, and ii) explore innovative approaches to data collection to see if interim PPP estimates can be improved.

Materials and Tools

ICP Book

On May 20, 2013, the World Bank announced the publication of “Measuring the Real Size of the World Economy: The Framework,



*ICP Book Launch, Grant Cameron
(May 20, 2013)*

Methodology, and Results of the International Comparison Program”. This book is the most comprehensive accounting ever presented by the International Comparison Program of the theory and methods underlying the estimation of PPPs. The full version may be found at:

<http://go.worldbank.org/6VPHKOKHG0>.

ICP Toolkit

Version 5 of the ICP Kit was released on June 6, 2013 introducing various enhancements to the system such as the ability to use any regional country as a base, which allows for the detection of outliers for all participating countries. The new version also introduces the 360 approach to PPP computation that allows users to select as many regional countries as needed to be used as base. This approach uses each of the selected countries as base and derives regional validation parameters independently of any of them. This technique overcomes the indeterminateness of PPPs when the base country does not provide prices for a given basic heading.

Regional Activities

Asia and the Pacific

The Asian Development Bank organized meetings in Bangkok, Thailand which covered methodology and preliminary regional results. The Asian ICP Expert Group meeting took place from May 6-9, 2013 followed by the 2011 ICP Asia Pacific Regional Advisory Board (RAB) meeting from May 13-14, 2013.

The ICP Expert Group meeting aimed to: i) deliberate on decisions taken at the last meeting; ii) finalize the approaches to PPP calculations for actual and imputed rents for housing and productivity adjustments for government compensation; iii) analyze the 2011 ICP price and national accounts data; and iv) firm-up the methods for estimating the 2011 PPP and per capita relatives of GDP and its major aggregates. The RAB was organized to discuss and seek endorsement on the outcomes of the Expert Group meeting.

Commonwealth of Independent States

A meeting of CIS experts to discuss preliminary results of the CIS ICP 2011 took place from June 19-20, 2013 in Moscow, Russia.

Eurostat-OECD

Eurostat-OECD submitted newly validated HHC and other special survey prices. Rental data were submitted in June for experimental purposes.

Regional Activities cont'd

Africa

An ICP regional workshop organized by the African Development Bank (AfDB) was held from April 22-26, 2013 in Tunis, Tunisia. The workshop brought together delegates from about 25 French-speaking countries from Africa to review non-HHC prices and national accounts.

From April 21-26, 2013 AfDB organized an ICP regional workshop in Pretoria, South Africa to validate 2011 ICP data and improve the consistency of 2011 and 2005 ICP data for the base country of the African comparison (South Africa). Issues regarding Machinery and Equipment and Construction surveys were also discussed.

A sub-regional workshop on CPI and ICP for countries belonging to the Central Africa region took place in Brazzaville, Congo from May 25-June 5, 2013. The workshop aimed to design a process to better integrate CPI and ICP in the region.

Latin America and the Caribbean

A meeting to analyze, validate and finalize data for the Caribbean took place in Curacao from May 28-30, 2013.

From June 17-28, 2013 a retreat of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC) on the validation of 2011 ICP regional results took place in Santiago, Chile. The ICP Global Office joined ECLAC staff and consultants to finalize the validation of national accounts expenditure data and prices related to HHC and other GDP components submitted by the countries in the region.

For both Latin America and the Caribbean, the ICP Kit was used for the computation of preliminary results and to ensure that input data are shared in a timely fashion with members of the PPP Computation Task Force who will be requested to compute the preliminary results in parallel.

Pacific Islands

The 4th data validation workshop was organized by the Australian Bureau of Statistics (ABS) in Brisbane, Australia from June 10-14, 2013 to finalize the validation of price data. The workshop reviewed basic heading expenditure data and produced a first cut of importance indicators for each product.

The IMF's Pacific Financial Technical Assistance Centre based in Fiji held a workshop on National Accounts in the Pacific in Suva from



ICP-Western Asia National Accounts Meeting, Istanbul, Turkey (April 29-May 3, 2013)

June 17-21, 2013. The Pacific regional coordinator from ABS was invited to make a presentation on the ICP in the workshop.

Western Asia

An ICP meeting, organized by the Economic and Social Commission for Western Asia (ESCWA), took place from April 29-May 3, 2013 in Istanbul, Turkey on the compilation of national accounts expenditure data for the ICP using the MORES template.

The 7th regional ICP workshop on non-HHC validation with discussion of preliminary results of HHC was held June 10-14 in Cairo, Egypt. The workshop achieved its objectives through validation sessions, presentation of technical material and methodologies, and efforts of participating countries to improve their data.

The regional coordinator is planning a technical assistance mission to Kuwait to review their data in the beginning of July.

Singleton Countries - Georgia

The 7th mission made in connection with the bilateral comparison between Armenia and Georgia for ICP 2011 was undertaken by consultants of the Global Office. The meeting was hosted by Armstat in Yerevan, Armenia from April 8-12, 2013. Three price statisticians from Geostat participated in the consultation to review the progress on the Georgia-Armenia comparison for ICP 2011. A final meeting will be held from July 16-19, 2013 in Tbilisi, Georgia.

Singleton Countries - Iran

Iran plans to hold its final meeting from July 1-5, 2013 in Istanbul, Turkey. The meeting aims to finalize HHC data, validate special surveys, and discuss the 2005 national accounts revisions and MORES for 2011.

2013-2014 Major Milestones

August	Progress report to the Executive Board Preliminary results for Household Consumption confidentially circulated to the Executive Board
September	9 th Technical Advisory Group and 10 th Regional Coordinators meetings
October	Progress report to the Executive Board 9 th Executive Board meeting Potential revision of final 2011 data and metadata, in response to comments by the Technical Advisory Group and Regional Coordinators
November	Preliminary results for GDP confidentially circulated to the Executive Board 10 th Executive Board meeting (if needed) Report to the 45 th session of the UNSC
December	Release of 2011 ICP Global Results
March	Publication of 2011 ICP Final Report

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