

Quarterly Update

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Special Interview Series 2

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Governance Meetings

6th Executive Board Meeting

The 6th Executive Board Meeting was held on February 27, 2012 in New York. The meeting produced several major policy decisions. In particular, the Board: (1) appealed for more punctuality in data submission so that the 2011 round can proceed according to the planned timeline, without sacrificing data quality; (2) discussed participation and fundraising issues; and (3) highlighted the need for a comprehensive communication strategy. The next Executive Board Meeting is scheduled to be held in November 2012 in Washington, DC.

Report to UNSC

The World Bank, on behalf of the Executive Board of the International Comparison Program, prepared and submitted to the forty-third session of the United Nations Statistical Commission (UNSC) in February 2012, a progress report providing comprehensive information on (1) governance, participation and financial status and (2) status of implementation of the 2011 round and work plan. The report was for information only.

Upcoming RC meeting and VEG activities

The 6th ICP Regional Coordinator's Meeting is scheduled to take place on April 23-25, 2012 at the OECD Conference Center in Paris, France. The participants are expected to review the current status and to discuss future steps for implementing the 2011 ICP. The meeting will cover the following items: (1) global status report; (2) regional status reports; (3) regional price data review; and (4) global validation of price and expenditure data. Immediately following the Regional Coordinators' meeting, a short meeting for the Validation Expert Group (VEG) will be held.

*The 6th Executive Board Meeting, New York
(February 27, 2012)*

Q1. As the ICP Regional Coordinator of Western Asia (WA) Region, your role requires you to deal with regional challenges. What are the toughest aspects of your role and how do you address these challenges?

The ICP is a global initiative that is not yet integrated within the regular work program of the regional office. Whereas the ICP requires full dedication of a regular team, given the considerable implications of its implementation, it is still being dealt with as a onetime project; and hence is not allocated sufficient human and financial resources under the regular budget. The same issue emerges at the national level, especially in countries where the human and financial resources of National Statistical Offices (NSOs) are limited. Since dedication is usually linked to sustainability, one of the main challenges we faced was persuading the countries with the long term benefits of the program to sustain their commitment throughout the round.

Moreover, political uprisings taking place all over the Arab World played a major role in slowing the progress of the project implementation in some countries. For example, the NSO of Bahrain was obstructed from performing price collections during 2011; riots in Yemen made it impossible to conduct price collections in the first quarter; and Syria, the most severely affected country, was not able to partake in 2011 ICP Round. However, the ICP WA regional office at ESCWA stood supportive and offered alternative solutions to address the situation and minimize the impact,

while ensuring the active participation of all countries.

Q2. Please describe any differences between 2005 ICP and 2011 ICP in WA, and highlight the importance of the ICP to the WA region. In addition to the global objectives, how can the 2011 ICP round better support countries in WA?

Western Asia region participated in ICP during the 2005 round, and the round was marked as a great success. When reflecting on this experience, WA has also adopted many changes and improvements in the 2011 round compared to the previous one.

While two ESCWA member countries could not participate in the 2011 Round due to unfortunate regional conflicts, the number of participating countries has still increased from 2005. It is viewed that successful implementation and reliability of the PPP estimates of 2005 Round and ICP's recognition around the world had also encouraged the participation of new countries in the present round.

On the national level, the 2011 ICP round teams were able to perform price collections and data entry much more efficiently, having more expertise. The regional product list for the 2011 round was developed by merging the 2005 regional product list with the global core list as a start while the 2005 round had to start with no reference. On linking the regional to global comparisons, while the 2005 round depended on the ring comparison methodology, the 2011 round conducts the global comparison by linking all of the participating



Special Interview Series 2 (cont'd)

countries via the global core list to assure a more solid and reliable methodology to reach international comparisons.

Most WA participating countries consider ICP as a capacity building exercise with various benefits. These include improving specifications of CPI products, offering additional guidance and experience in the areas of price statistics and national accounts, with extensive training in software tools.

Q3. Your role also involves coordinating and fine-tuning data collection and validation for WA. In your opinion, what do countries find most difficult about the ICP process and what measures are being taken to overcome the difficulties they face?

The most urging challenge facing the countries in Western Asia today is lack of both human and financial resources. Moreover, some countries lack expertise in certain areas during the implementation of special surveys such as machinery and equipment, construction and others. Whereas the process ran smoothly within some countries, others claimed that pricing and validation of these surveys require hiring experts and engineers. On national level, modest grants were allocated to few countries to compensate for support staff and price collectors. However, for other countries, the regional office had to establish formal correspondences with directors of NSOs to foster their increased support to the program and secure necessary funding.

Therefore the regional office remains devoted to cover for any lack of expertise through technical assistance via various channels including missions and workshops as well as phone communications and online correspondences such as email and Facebook. The regional office also provides operational material and additional guidance documents in both English and Arabic to assure knowledge and guidelines are well and fairly conveyed across the region.

Q4. ESCWA ICP team has introduced innovative outreach measures. In particular, ICP-Western Asia's Facebook page and Monthly Newsletter provide useful information to participating countries and to interested parties all over the world. Could you tell us more about your outreach strategy and its unique features?

The ESCWA ICP team believes that its foremost important role extends to help improve the quality of the regular work of participating national statistical offices, as well as to raise awareness and promote the ICP activities in

the region. In that context, communicating with the public through channels like Facebook is more transparent and direct, and it also gives us an opportunity to emphasize the benefit of PPPs and the final ICP estimates to a larger audience. Our objective of outreach strategy is to stimulate the curiosity and interest of users regardless of their background, and raise awareness and knowledge on the use and benefit of our end product.

With the start of its first issue in October 2011, Western Asia Regional Team became the first to produce its own regional monthly Newsletter. The Newsletter updates status of the program and also provides information and educational material on ICP, PPPs and other technical areas. A section on country reflection also gives participants another opportunity to develop their ownership by sharing experiences and knowledge. In addition, let us not forget the exciting comics which communicate the ICP and highlight basic concepts in a rather entertaining manner.

Q5. On a related note, your team was the first to offer an online PPP Currency Converter. How did the birth of this atypical tool happen and who would use it?

The latest addition to the WA Regional Office's innovations was the Real currency converter, the first converter that uses PPP rather than exchange rates to conduct currency conversions. The Converter offers conversions on different aggregate levels, followed by a detailed user's guide and definitions of aggregate levels. This somewhat unorthodox tool encourages general public to also understand and use PPPs in everyday lives. For example, Students wishing to pursue their education abroad, professionals considering a career in a foreign country, or tourists temporarily visiting countries can use this converter to get a more accurate idea of the price level and the cost of living before visiting.

This tool provides an - easy to use - online interface, which makes it possible for everyone to get real estimates of the power of their national currencies, based on the results of the 2005 ICP round.

Q6. Based on your experience, what advice and recommendations do you have for other Regional Coordinators facing similar challenges and responsibilities?

Foremost, it is recommended for RCs to provide a more customized approach in order to accurately address problems and identify potential obstacles earlier in the process. This can be done by considering various factors such as capacity, resources and challenges to



conduct more comprehensive assessments of each country. WA region has an advantage using this approach because of the smaller number of participating countries; however, the principle idea can be applied to other larger regions by grouping countries with similar challenges. In other words, the capacity building process can be tailored to better suit the distinctiveness of national ICP offices in the region. This will definitely ensure a more uniform and coherent level of progress across participating countries within the same region. Promoting a more dynamic and proactive environment during regional meetings and workshops is another innovative practice that I would highly recommend. For example, at the last WA regional workshop, countries were invited to share the RC in moderating the price validation sessions of the Household Consumption price data. The active participation of country representatives nurtured the sense of workshop ownership and belonging to the ICP, and further helped the participants in gaining hands-on training on methodologies that are useful to validate their national data.

Constant follow up with countries has also been very effective for the WA Regional Office since problems are being addressed instantaneously before they become more serious, to avoid any unfavorable delays of the program. Lastly, based on our experience, training and providing guidance to countries should not restrict to merely assisting on technical issues; our trainings extend to help in developing national coordinators' management and leadership skills to better set milestones and manage the use of time and resources more efficiently. ■

The WA Region's Facebook page; Monthly newsletter and The online PPP Currency Converter can be found: www.facebook.com/ICP2011.WA ; www.escwa.un.org/divisions/

Regional Activities

Africa

The ICP Global Office and the African Development Bank (AfDB) held a bilateral validation meeting on March 5-9, 2012, in Tunis, Tunisia. The purpose of the meeting was to: (1) discuss the ICP Global Office comments on the submitted Africa's price data sets prior the Regional Coordinators Meeting in April 2012; (2) review the validated average prices as well as the importance indicators and Quanta Tables; (3) explore possible approaches to improve the computation of national annual averages; and (4) learn about AfDB future strategy and timetable on data submissions and validation.

Asia and the Pacific

From March 19-30, 2012, the culturally rich city of Siem Reap, gateway to Angkor region in northwestern Cambodia was the inspiring venue of a regional workshop on the ICP data organized by the Asian Development Bank and attended by ICP experts from the Asia-Pacific region. The main objective of the successful and three-pronged workshop was to review country data related to GDP expenditures, household consumption prices and non-household surveys. Ms Chellam Palanyandy and her assistant Eileen Capilit led the workshop sessions some of which benefited from the facilitation of the ICP Global Manager and Yuri Dikhanov, both from the World Bank, as well as specific area experts: Derek Blades (National Accounts), Eric Bruggeman (Machinery and Equipment) and Jim Meikle (Construction and Civil Engineering).

From March 19-21, ICP national coordinators and national accounts experts reaffirmed their

adherence to the National Accounts Framework in their estimation of detailed GDP expenditures and discussed conceptual and methodological issues such as GDP and its main aggregates, GDP measures, ICP requirements, FISIM, and the ICP Expenditure Classification and Valuation methods. They also exchanged their respective experiences on major data sources used for the estimation of expenditures, learned about the approaches to splitting GDP expenditures as well as the reporting of relevant metadata using appropriate templates such as the MORES, and reviewed the national accounts data for 2009.

The Household price data validation ran from 22-27 March 2012, with the participation of national coordinators and price experts. The process involved the review of intra-country and inter-country validation indicators (spatial and temporal) at product and basic heading levels. Participants also discussed problematic product specifications and agreed on the splitting of some of them.

The technical evaluation of non-household price surveys span from 28-30 March 2012, covering machinery and equipment products as well as construction and civil engineering. As regards machinery and equipment, participants discussed the validation guidelines, further addressed the distinction between specified and unspecified items, reviewed their price quotations from a multilateral perspective, and decided to split some items to strengthen the regional comparability. The session on construction and civil engineering was held in the same way, with emphasis being laid on the description of materials, labor inputs and equipment hiring, as well as the resource mixes.

Caribbean

UNSC side meeting

A short ICP side meeting was held around the 43rd session of the UNSC, on February 29, 2012, to review the status of ICP 2011 Round in the Caribbean. In attendance were country and regional representatives and World Bank staff. The main issues discussed include (1) coordination concerns that may delay the ICP price data collection in the Caribbean; and (2) importance of upcoming Expert Group Meeting (EGM).

EGM on Price Statistics & National Accounts

An EGM on Price Statistics and National Accounts was organized by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Caribbean Community Secretariat (CARICOM), the Caribbean Regional Technical Assistance Center (CARTAC) and the East Caribbean Central Bank (ECCB) in St. Kitts in the ECCB's premises, over the period March 26-30, 2012. The purpose of the meeting was to prepare the Caribbean islands participating in the ICP 2011 for data collection and validation. The meeting trained the participating countries on the use of ICP-Kit and on price data validation. The meeting also discussed national accounts activities and requirements, and the operational aspects of the ICP special surveys. The meeting concluded by drawing a timetable of upcoming activities in the region.

Western Asia

5th Western Asia Regional ICP Workshop

The 5th Western Asia ICP Regional Workshop was organized by the United Nations ESCWA on March 12-15, 2012, in Dead Sea,



The fifth technical evaluation of the ICP for Asia and the Pacific, Siem Reap, Cambodia (March 19-30, 2012)

Regional Activities (cont'd)

Jordan. The Regional Coordinating team and the participating countries worked together in the workshop to review the status of the ICP implementation in each country, as well as to thoroughly validate the third quarter Household Consumption price data. In addition, the ICP Special Surveys and the National Accounts activities, including Model Report on Expenditure Statistics (MORES) for the ICP, were discussed in detail.

Western Asia Executive Board Meeting

The Executive Board Meeting of Western Asia was held on February 27, 2012 in New York, following the 6th Executive Meeting. The purpose of the meeting is to inform the Members of the Board about the (1) progress made in the 2011 round of the ICP, (2) budgetary situation and (3) plans and initiatives.

ESCWA – Global Office Bilateral Meeting

After the Regional Workshop, the ICP Global Office and ESCWA had a bilateral meeting on March 16-17, 2012. The purpose of the meeting was to discuss the Global Office comments on the first and second quarter datasets, in preparation for the upcoming Regional Coordinators meeting in April 2012, and to present and discuss the recent ICP-Kit module, with focus on the new functionalities and PPP calculation at aggregated levels. In addition, various issues raised at the preceding ESCWA Workshop were further discussed.

Georgia

The fifth mission of the bilateral comparison between Armenia and Georgia for ICP 2011 was held on February 20-23, 2012 in Tbilisi, Georgia. World Bank consultants and price statisticians from National Statistics Service of Armenia visited National Statistics Office of Georgia to review progress, participate in their inter-country validation, and review the price metadata and the national accounts materials including MORES.



Expert Group Meeting on Price Statistics and National Accounts, St. Kitts
(March 26-30, 2012)

Materials and Tools

Operational Guide

The Global Office has prepared two Operational Guide chapters: one on validating ICP 2011 machinery and equipment goods was released on January 30, 2012, and another on computation of national annual average prices was released on February 27, 2012. They are also available on the ICP website under the Operational Guide section.

ICP-Kit

The upgraded version of ICP-Kit was released in March 2012, with specific enhancements being made to the Regional and Country Modules. The new ICP Regional Module features the creation of an overall regional PLI table on the first page of Quaranta Tables as well as the option to generate individual country diagnostics reports for validation purposes.

The fifth Western Asia ICP Regional Workshop, Dead Sea, Jordan (March 12-15, 2012)

Survey Form Update

The Collection Form of Water Tariff was updated and circulated to the Regional Coordinators in January 2012, expecting another major revision in April. The form will assist the Global Office to understand the formation of water tariffs in the countries by collecting important structural information such as tariff structure type per block of consumption volumes for water and sewage, price for a typical monthly variable and fixed costs, consumption patterns and public/private status of water management company. This form is meant for indirect pricing as opposed to direct pricing of the Global Core List items. (The basic heading 1104411 Water Supply covers three items.)

The purpose of update is to remove or simplify items that are not easy to collect in the field for practical reasons. Along with the questionnaire update, the Operational Guide chapter for “Water Supply: Approach and Data Requirements” is revised and will again be sent to the Regional Coordinators before the meeting in Paris. The questionnaire and the collection form are available on the ICP website under the Operational Materials section.

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