Context of the manual

- Historically ICP and CPI not harmonised in many countries
- Move to continuous compilation of PPP
- Decision to mainstream PPP as part of ongoing activities of NSOs
- Budgetary support to NSOs no longer available for ICP
- Recommendation of review of 2011 ICP round
- World Bank ICP research agenda
  - Item 12. Harmonizing ICP and CPI activities
- New CPI manual being finalised
Aim of manual

- Identify areas of CPI process where ICP can be incorporated
- Identify areas of CPI process which can be improved through incorporation of ICP methods
- Capture practical experience of different countries
- Ambitions must be modest because of diverse character of national CPI arrangements
- Acknowledge CPI best practice is captured in the CPI manual
- Target audience is price statisticians in developing countries
Outline of sections

1. Survey of current practices

2. The statistical value chain is an organising framework
Outline of sections

1. Survey of current practices
2. The statistical value chain as an organising framework

3. Design:
   • Classification
   • Specifications
   • Forms
   • Sample

4. Price collection
   • Materials and training
   • Schedule and logistics

5. Process and edit
   • Capture
   • Validate and edit

6. Case studies
Key recommendation: COICOP classification and hierarchy should be consistent for ICP and CPI products

<table>
<thead>
<tr>
<th>COICOP*</th>
<th>CPI</th>
<th>ICP</th>
<th>Example 1</th>
<th>Example 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Division</td>
<td>Division</td>
<td>Division</td>
<td>Food and NAB</td>
<td>Clothing and footwear</td>
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<td>Clothing</td>
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<td>Class</td>
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<td>Class</td>
<td>Cereals and cereal products</td>
<td>Garments</td>
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<td>Subclass</td>
<td>Subclass</td>
<td>Subclass</td>
<td>Bread and bakery products</td>
<td>Garments for women</td>
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<td>Bread</td>
<td></td>
<td>[Women’s skirts and dresses]</td>
</tr>
<tr>
<td>Item</td>
<td>Item</td>
<td>Loaf brown bread</td>
<td></td>
<td>X brand in y outlet</td>
</tr>
<tr>
<td>Variety</td>
<td></td>
<td>X brand in y outlet</td>
<td></td>
<td>X brand in y outlet</td>
</tr>
</tbody>
</table>
**Key recommendation:** The specifications required for ICP product selection and pricing should be mainstreamed to the CPI.
Key recommendation: CPI and ICP data should be recorded on the same price collection forms which must contain all the specifications identified as necessary for both PPP and CPI compilation.
Sample design

Product (item) list/basket

**Key recommendation:** The CPI basket should be used as a basis of the ICP product sample with the aim to minimise the additional products needed for ICP.

A simplified process for selecting the regional basket could be:

- Countries submit CPI basket products along with detailed list of product characteristics that are mapped to the list included in the SPD of ICP items to ICP regional coordinator.

- Regional coordinators match products to determine the scope of commonality.

- A cut off point is identified whereby the regional list comprises products with a certain percentage of country commonality.

- The regional list must be compared against previous regional lists and the global list to ensure adequate coverage.

- Countries decide which of the regional list items they will include as additional ICP collection based on considerations of importance/representativity.
Sample design

Geographic sample

**Key recommendation:** CPI and ICP prices should be collected in the same geographic areas

“the areas of price collection should be as representative as possible”

Outlet sample

**Key recommendation:** The CPI outlet sample should include all outlets types where ICP products are available
Sample design

Sample of product varieties

**Key recommendation:** CPI sampling methods should include ICP requirements

- **Non CPI products** → **Follow ICP requirements**
- **ICP product = representative** → **Follow standard sampling rules**
  - Ensure characteristics properly recorded and identifiable as used in ICP
  - **Use product catalogue with ICP specifications**
- **Overlap products** → **ICP product = not representative**
Price Collection

Schedule and work allocation

**Key recommendation:** All price data should be collected according to the same schedule

Support materials and training

**Key recommendation:** All field staff should be trained on product specifications, variables and changes to collection forms.
Capture data

**Key recommendation:** Data required for the ICP should be stored in the same database as other price data

Validate and edit data

**Key recommendation:** CPI editing procedures could be extended to include analysis of average prices
Next steps

1. Edit and extend case studies
2. Improve and extend graphics
3. Extend coverage to services such as health, education…
4. Circulation stakeholders for comment