

International Comparison Programme  
Latin America Region  
Progress Report  
(February 2005)

Introduction

In November 2003 Statistics Canada (STC) and ECLAC made a first assessment of the state of preparedness of the 10 participating countries to conduct price collection in 2004. They stated that, at best the region could attempt to conduct a pilot test in the last quarter of 2004 covering only a portion of the consumer basket of goods and services. This statement was regarded by the World Bank as an overly pessimistic assessment as other regions were expected to start pricing in the second and third quarters of 2004.

During 2004, the ECLAC/STC team visited all 10 countries to help create common specifications for the consumer basket of goods and services. Three regional meetings were held to harmonize specifications and establish an operational strategy for the future price collection. It was also decided that the 10 participating countries would use mostly the data collected as part of their CPI programme supplemented with some additional pricing for goods and services not necessarily representative of their consumption but required for regional comparisons. It was decided that countries would send their micro data to STC for processing and aggregation.

In July 2004, at the regional meetings in Buenos Aires and Santiago it was decided to conduct a real field test where all participating countries would collect prices for a portion of the basket of goods and services and would forward micro data to STC constrained by a very strict deadline. The exercise took place in October 2004 and was reviewed at the regional meetings held in Rio de Janeiro in early December.

The lessons derived from this exercise and the related preparatory work were summarised in a note sent by the regional coordinators for Latin America. The two main points made in the report were:

- *We have workable data on prices from all countries taking part in the programme in our region. The data in question cover not entirely but a large slice of household consumption. Indeed, this suggests that we have used effectively the last quarter of 2004 to prove that the countries in our region can collect, edit and report prices on time and in the right form. The conclusion is that operationally and organizationally the ten Latin American countries are ready for the first quarter of 2005; and*
- *Tool Pack has been used albeit in different ways because countries' circumstances differ. But the myth of its ineffectiveness has been dispelled at least in our region.*

*We can now say with confidence that the data we have collected so far and more importantly, the data we are about to collect are incomparably superior in terms of timeliness and reliability to what was collected in earlier rounds of the ICP.*

The report states that regardless of the success of the October price collection, the programme continues to run risks as there are many issues and problems that need to be resolved and corrected.

### Issues and problems

Although participants have spent more than a year getting prepared for the October price collection, there still many serious problems. Here is a brief outline of the problems encountered:

- Resources: Some countries are much better prepared and have more capacities than others. The lack of financial and human resources is the main constraint for many of them. Apart from Chile, Colombia and Uruguay, all the other countries have to rely on their existing infrastructures and resources to comply with ICP requirements. In the case of Chile and Argentina, that is not a major problem, as their CPI is sufficiently robust and covers a wide variety of products and services (the additional resources to the Chilean statistical office allowed the extension of geographical coverage). This is not the case of the other 8 countries. Even a country like Brazil may need additional resources to extend its price collection outside of the CPI framework, to ensure comparability with the other Latin American partners. Some countries are facing severe difficulties in terms of their capacity to accomplish the tasks required by the program. Ecuador, Venezuela, Bolivia and Paraguay have gone through budget and staff reductions which put the program at risk. The ECLAC/STC team continues to assist these countries the best they can and an evaluation will take place after each quarter to review the needs of each country and the assistance that the regional team can provide in terms of priority. More financial resources are needed in the region for the price collection to achieve a high level of quality.
- Preparedness of countries: This is in great part a consequence of the previous point. Some countries had difficulties getting the specification prepared and establishing the operations organized. In some case there were errors in :
  - the implementation of the specifications (wrong unit of measurement, wrong additives or simply wrong specification (chair instead of dining table), etc.);
  - the price collection (wrong quantity and packaging: 2 liters instead of 1 liter, in glass bottle instead of plastic); and
  - too few prices collected in too few outlets.

- Tool Pack: The regional coordinators have documented extensively the problems with Tool Pack and its consequences on the late start of the World ICP. It is in great part because Uruguay decided to use the Tool Pack for its collection that the PCM works today. It is thanks to the determination of Marina Fantin and the help of Nada Hamadeh, that this module can be used for price collection. ECLAC/STC have also spent disproportionate resources in attempting to get the software to work. It is only in the last week that the DPM has been functioning without any bugs and that STC can envisage using the Tool Pack to calculate the Quaranta tables.
- Other specifications: The specifications for the other sector of the GDP are to be provided by the WB. For various reasons, the specifications for construction were provided to the regional coordinator very late, which will delay our operations in 2004 and will affect 2005. As far as we know, the specifications for machinery and equipment, government, health and education have not been officially vetted by the TAG. If we are to respect the timetable for the 2005 reference period, we shall not be able to wait any further and will have to implement contingency plans.
- Ring comparison: A brief report was sent to the Global Office with respect to the Ring comparison. In a nutshell, the region is not in a position to conduct any price collection for the Ring comparison for 2005. We recommend that it be postponed to 2006.
- Central America and the Caribbean: The World Bank and ECLAC have secured some funding from the European Community to do a parallel exercise in some country of Central America and the Caribbean. The ICP regional coordination for Latin America welcome the initiative, but given the actual human resources available from the regional team to help the 10 South American countries, it appears impossible to start the exercise in Central America before 2006. Trying to do both regions in 2005 would spread the limited resources and put the whole exercise at risk.

### Best practices

The regional coordinator December report suggested a number of good practices that were key in achieving a successful first price collection.

- Dress rehearsal: Before conducting their first real price collection, a region should plan for a dress rehearsal ahead of time. It is the only way to find what the problems are and put in place solutions to correct them.
- Establishment and monitoring of a realistic timetable: The establishment of a strict timetable and its monitoring are both imperative. Given the size and complexity of the ICP and the very tight deadlines for the world comparison, the

regional and national coordinators cannot tolerate any deviation from the agreed timetable.

- Assistance to National offices: The capabilities in our region are not evenly spread. Some statistical offices need more help than others. The regional ECLAC/STC team assisted the national offices in many ways (defining specification, choosing outlets, reviewing methods, collecting data in the field, controlling for quality, inputting data, etc.). The dress rehearsal was determinant in detecting those that needed assistance. As stated in the December report: *By failing to detect those that require hand holding and ensuring that help is on its way we can wreck the best planned of efforts.*
- Quality control: There is no substitute for very intensive quality control. No matter how careful national statistical agencies are, the programme is new, unfamiliar, and the people to be trained are large in numbers and in many instances short on previous experience. That quality control must also come from the regional coordinators' offices for exclusive reliance on national offices in a programme as large and as complex as the ICP is simply not enough. In Latin America, the quality control was done: a) before the price collection, while defining the specification and choosing the outlet b) during price collection in the field and c) at the processing and aggregation stage at Statistics Canada. For example in the first quarter of 2005, the ECLAC/STC is assisting Bolivia, Ecuador, Paraguay and Venezuela directly in their price collection operations. The regional coordinators have established a schedule for visiting and assisting countries over the four quarter, insuring the widest geographical coverage within the limited resources.
- Post-Mortem meeting: A frank post-mortem involving the participation of all the national coordinators is essential to the soundness of the collection programme. As a matter of top priority such a session must be held at the end of each quarter. Moreover, it must be timely, face to face, and involve all parties concerned.
- Frequency of collection: It is important to have as many as four rather than one single collection in 2005, as it will allow time to improve the operations in the field. Given the novelty of this program for many participants and the sheer volume of data, there are too many mistakes done to have them all corrected in the same quarter.

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