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Capacity Building Strategy

For the International Comparison Program

Global Office

2nd Executive Board Meeting

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A Capacity Building Strategy for the International Comparison Program

1. Summary

This concept note sets out what will need to be done to prepare a capacity building strategy for the 2011 Round of the International Comparison Program. The strategy will be prepared and delivered using existing facilities and organizations and will be designed on a regional basis with support and advice being provided by the Global Office. An important consideration will be the need to integrate capacity building for the ICP with on-going initiatives and programs, especially national strategies for the development of statistics that have been prepared by most developing countries. It is anticipated that development of the strategy will take about six months and implementation will begin from July 2010 onwards.

2. Background

The 2011 round of the International Comparison Program (ICP) is expected to be the largest to date, covering some 170 countries in five geographic regions: Africa; Asia and the Pacific; the Commonwealth of Independent States; Latin America and the Caribbean; and Western Asia. The round will also be closely coordinated with the regular purchasing power parity (PPP) program managed by the Organization for Economic Cooperation and Development and the Statistical Office of the European Union. In line with previous rounds, a regional implementing agency will coordinate the project in each of the five regions, while the OECD and Eurostat will manage their regular program. The ICP Global Office will consolidate regional results and publish the final ICP Global Results by the end of 2013.

3. Justification – the Need for a Capacity Building Strategy

While the ICP is an international program, whose objective is to compile and publish international purchasing power parities for all the main economies in the world, an important by-product is to help improve the quality of price and national accounts statistics generally in participating countries. There is a close relationship between better international PPP data and better quality national statistics that is built upon the capacity of national statistical systems. The basic data that are used to generate the PPP numbers are, to a large extent, collected and compiled by national statistical systems. These data include a large number of prices for an agreed set of goods and services as well as national accounts data compiled according to international standards set out in the System of National Accounts (SNA). The quality of the PPP numbers depend upon the quality of the source data and this in turn is determined directly by the capacity of the participating national statistical systems.

A key justification for including capacity building within the scope of the 2011 ICP round, therefore, is that by investing in the capacity of participating national statistical agencies the quality of the resulting PPP data will be improved. At the same time though, investments in the capacity of countries to compile and disseminate better price and national accounts statistics will

have two other important pay-offs. First, strengthening the capacity of agencies to meet the needs of the ICP will also help to improve price statistics and national accounts data that are used for economic management and planning in countries. These data systems produce the source data for key economic indicators that are needed by governments and others to set economic policy and to promote growth and poverty reduction. It is likely that one of the main incentives for low-income countries to participate in the ICP will be the technical assistance and improvements in capacity that will be provided to participating countries. Second, by investing in the agencies, people and systems that generate the source data, the ICP will help to increase efficiency and reduce the cost of future rounds. It is clear that the ICP needs to be a continuing activity in the whole world and not just in OECD and EU member states. Over time this will require that a sustainable financing mechanism is established, which will provide for regular data collection rounds at least once every five years or so. If this is to be done it will be essential to ensure that every attempt is made to keep costs low and to manage the program effectively and efficiently. An important part of this process will be to build up the capacity of countries so that the ICP is carried out as a routine activity alongside regular price and other economic surveys. This will only be achievable as and when countries have established and are able to maintain the necessary capacity.

4. Objectives

The development objective of the ICP is to collect, compile and publish reliable and high quality purchasing power parity data to support the real comparison of economic statistics across countries and over time. Within the ICP, the objective of the capacity building strategy is to strengthen and to sustain the capacity of national statistical agencies to participate in the ICP and to collect and compile price statistics and national accounts. The main focus will be to strengthen the capacity of statistical systems in low income countries to design and implement price surveys and to compile national accounts in line with the United Nations' System of National Accounts. In this context, capacity here is taken to mean the technical skills, management systems and operating procedures that are consistent with the overall level of development of the country and the financial resources available to the statistical system. The focus of capacity building activities will be to invest in the people and the processes that in turn generate the products of the ICP.

5. Scope and Coverage

The ICP operates at three levels – global; regional; and in participating countries – with a defined management and reporting structure and the capacity building program will need to be developed within this framework. A key requirement will be to deliver improved capacity, through technical assistance, training and other activities, using existing structures and agencies. Ultimately the focus of attention should be on countries, with most inputs being provided to those with the greatest need. The development of capacity building programs and activities should be organized regionally, making use, as far as possible, of existing regional capacity. The focus of attention at the global level, therefore, will need to be on mobilizing regional resources,

providing support and assistance where required and monitoring progress through agreed indicators.

Capacity building will, in general be delivered through a number of different channels, including: technical assistance and on-the job training; regional and sub-regional workshops on different topics; and formal short-course training programs prepared and delivered by existing training centers. It is proposed that the global strategy for capacity building will be developed from separate strategies for each of the five regions; OECD and Eurostat will continue with their on-going development program separately. Each regional implementing agency will be asked to prepare a strategy based on consultation with participating states and these will be reviewed and discussed by the ICP Board. The Global Office will then prepare and publish an overall summary, which will also indicate what support will be provided globally.

To support the preparation of the regional capacity building strategies the Global Office will prepare an initial paper, which will include a discussion of the main issues and a draft template for the regional strategies. In particular the initial paper will set out the framework for capacity building for ICP, will identify how this will be coordinated with and build on existing capacity strengthening activities in statistics, especially national strategies for the development of statistics (NSDS) and any existing regional initiatives. Following discussions with the regional implementing agencies and the preparation of regional strategies a final proposal will then be prepared for review and approval by the ICP Board.

Issues that will be considered in the preparation of the strategy are expected to include the following.

- An assessment of the main capacity constraints facing countries participating in the ICP, focusing on the main elements of the Program, especially the data quality assurance framework.
- A strategy for strengthening statistical capacity of countries on a region by region basis in order to address the main constraints.
- A discussion of how capacity building for the ICP will be coordinated with build on other initiatives, especially the preparation and implementation of national strategies for the development of statistics.
- The identification of targets and progress indicators to monitor changes in the capacity of countries to participate effectively in ICP.
- The identification of regional and sub-regional training agencies and other organizations that are expected to be involved in the implementation of the capacity strengthening program and what additional support they may need.
- The different roles of the regional implementing agencies and the Global Office and the resources they will need to carry these out.

6. Coordination with Other Capacity Building Initiatives

A key requirement of the ICP capacity building program will be to ensure that it is coordinated with other capacity strengthening initiatives in statistics. The most important concern will be to integrate efforts to build capacity in price statistics and national accounts within the framework of national strategies for the development of statistics. With support from a number of agencies and coordination by PARIS21, a majority of developing countries have been assisted to prepare NSDSs and a number are already implementing capacity strengthening programs. In principle, NSDSs deal with all the main components of the national statistical system, including technical issues facing price statistics and national accounts as well as institutional and coordination problems. At the same time many countries are also participants in the IMF's data standards initiatives, participating in the General Data Dissemination System (GDDS), or, in a more limited number of cases, subscribing to the Special Data Dissemination Standard (SDDS). Both the GDDS and SDDS cover both price statistics and national accounts and for SDDS countries, subscription requires them to meet agreed standards in respect of compilation, adherence to international frameworks and dissemination. Both GDDS and SDDS countries have also prepared and published specific plans for improvements in these two statistical areas.

For most countries participating in the ICP, therefore, there will already be some assessment of statistical capacity and some plans to improve both data quality and statistical practices generally. In some cases, programs to invest in capacity, including hiring technical assistance, improving the quality of source data and training staff will already be in progress. It will be important, therefore, to ensure that the capacity building initiatives carried out under the auspices of the ICP is well coordinated and integrated with what is already in place. It will be important to ensure that the initial paper sets out a clear mechanism to help countries identify their needs in the light of these other capacity building programs. In the few countries where little or no progress has yet been made, or where, for example, the NSDS does not adequately address the concerns of the ICP more intensive support may be needed.

7. Work Program and Budget

The work program to develop and implement a capacity building strategy for the 2011 ICP Round will, therefore, be as follows.

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| February 2010 | ICP Executive Board considers and approves the concept note |
| March - April 2010 | The Global Office prepares the initial paper on capacity building and this is circulated to the regional implementing agencies by April 30, 2010 |
| May - June 2010 | Regional implementing agencies prepare regional capacity building strategies and these are submitted to the Global Office by June 30, 2010 |

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| July - September 2010 | The Global Office prepares a summary ICP capacity building program with a proposed budget, for approval by the ICP Executive Board in October 2010 |
| October 2010 onwards | The capacity building program is put into effect and progress is monitored every six months, progress is summarized in ICP annual reports and is monitored by the ICP Executive Board |

At present, it is not possible to identify a budget for capacity building and most activities will take place at the regional level. Globally however, there will be some call on ICP resources to support regional programs and to provide assistance in areas such as training of trainers, the preparation of material and its translation into different languages and the sharing of experiences between regions. It is expected that this will involve an annual expenditure of the order of US\$100,000 to US\$150,000 per year.