FOC ICP
Evaluation of the ICP 2011 and proposals for the future ICP

Statistics Austria as Co-Chair of the FOC ICP

3rd Regional Coordinating Agencies meeting
October 28-30, 2015
Washington, DC
Reasons for a special evaluation of the ICP 2011

- The ICP 2011 round leveraged the successful implementation of the 2005 round
- One of the biggest challenges => the scope of the program which was enlarged to ~200 countries
- Another biggest challenge => Two ICP rounds => From a one-time “snapshot” into a time series => Time consistency of ICP indicators is crucial
- ICP is an intensive and expensive exercise => To start a new ICP Round, the former experience and needs for future methodological and organizational developments should be evaluated very carefully
ICP EB and UNSC decisions

- ICP Executive Board (October 2013) =>
  Preferred modality for the evaluation of the ICP 2011 is round the Friends of the Chair group (FOC)

- 45th Session, the UNSC established the FOC group (the findings should be reviewed at the 46th & 47th Session of the UNSC, 2015 and 2016)

- The 45th session => The need for more frequent ICP activities in the future on a more regular basis, taking into consideration lessons learned from the ICP 2011
FOC ICP: Purpose, Objective and Scope

- **The purpose** - to highlight what was achieved
- **The objective** - to provide intrinsic feedback to foster future more regular ICP work.
- **The scope** - a thorough review the following:
  - Governance framework;
  - Role of the national and capacity-building aspects of the ICP;
  - Technical aspects and methodological improvements;
  - Quality of data and metadata;
  - Timeliness of targets and publication of results;
  - Meeting user’s needs;
  - Composition and allocation of the ICP budget
  - Challenges, achievements, lessons learned for the future of the ICP
FOC-Members (15 countries)

Co-Chair, Statistics Austria
Co-Chair, India’s Ministry of Statistics & Programme Implementation
Chile National Statistical Institute (INE)
United States Bureau of Labor Statistics
Statistics Norway
Russia Federal State Statistics Service (ROSSTAT)
Madagascar National Statistical Office
Morocco Direction de la Statistique, Haut Commissariat au Plan
Uganda Bureau of Statistics (UBOS)
Jordan Department of Statistics
Indonesia Statistics Indonesia (BPS)
Papua New Guinea National Statistical Office
Suriname General Bureau of Statistics
Uruguay Instituto Nacional de Estadística
Colombia DANE
Timetable 2014

- Setting up the FOC by the UNSC => March 2014
- Meeting of Co-Chairs with the WB and UNSD => Jun 2014
- Finalizing the membership of the FOC => Jun 2014
- Preparation of tools to collect information => Jul 2014
- Reviewing existing information sources, conducting limited surveys and interviews, analysis of the information collected => Jul-Sept 2014
- Sharing the preliminary findings and recommendations with FOC, UNSD and the WB => End of Oct 2014
- Finalizing the preliminary report of findings and recommendations => End of Nov 2014
- Submission of preliminary report to the UNSC => Dec 2014
### Timetable 2015 - 2016

- Presentation of preliminary report at the 46th session of the UNSC => March 2015
- Meeting of the FOC group around the 46th session of the UNSC => March 2015
- Reviewing additional information sources, conducting additional surveys and interviews and analysis of the information collected => Jan-Jul 2015
- Sharing the final report of findings and recommendations with FOC members, UNSD and the WB => Sept 2015
- Final report of findings and recommendations => Oct 2015
- Submission of final report to the UNSC => Nov 2015
- Presentation of final report at the 47th UNSC => Mar 2016
Decisions of the UNSC (1):

(a) Expressed appreciation of the work undertaken by the GO, the EB and the TAG in the ICP 2011 round;
(b) Welcomed the FOC report’s initial findings of the ICP 2011:
   ▪ an increased country participation,
   ▪ improvements in PPP methodology,
   ▪ increased transparency and documentation,
   ▪ streamlined quality assessment processes,
   ▪ improved outreach to increase the uses of PPP
(c) Supported the way forward by the FOC group => final FOC report to be presented to the 47th session of the Commission in 2016
Decisions of the UNSC (2):

(d) Encouraged countries, regional and international organizations envisage a next ICP round by 2017
(e) ICP should be a permanent element of the global statistical programme (ICP be held on a more frequent basis)
(f) Welcomed the initiatives of the WB:
   - to support regional partners with financial and technical assistance to ensure the country and regional capacity built during the ICP 2011 are not lost
   - to maintain the ICP team at the Bank in order to preserve the institutional memory and ensure continuity for the prospective implementation of the 2017 round
UNSC (March‘15) main outcomes

The threefold main outcomes of the discussion at the 46th UNSC:

- To shorten considerably the interval of ICP worldwide comparisons with the intention to setup a permanent PPP process in all regions
- To have the next benchmark as soon as possible (preferably in 2017)
- To integrate the ICP into the regular regional and national statistical work programme
FOC (March‘15) recommendations

The FOC Group (the meeting on 5th March) =>
to set up a parallel process:

- To finalise the Evaluation Report with final
  conclusions and recommendations

- To investigate the possibilities for a “quick and
  light” next round of comparison (incl. financial and
  methodological implications)
FOC proposals for the next ICP round (1)

FOC Co-Chairs paper (July 2015) =>
Concrete proposals concerning the ICP future:

- General organisational scheme should be kept but optimised
- The next round of ICP should take place as soon as possible preferably with the target 2017 as the next benchmark year
- The next benchmark comparison should at the same time be the starting point for more frequent, if not annual, comparisons
FOC proposals for the next ICP round (2)

- A global rolling benchmark concept (*prototype as applied in the Eurostat/OECD region – a combination with extrapolation / retrapolation of survey results*) is a cost-effective way to gain frequent results.

- The ICP / PPP work should be *(fully)* integrated into regional and NSIs work program => **synergies** with CPI surveys, regular compilation of expenditure-based GDPs, ...

- The ICP should improve the capacity building within the NSIs and to utilize the capacity gained from the 2011 round to build a permanent program.
Future ICP – Organizational overview (1)

New (2017 ?) Global Round:

- ~200 countries
- UN StatCom / ICP Global Office (World Bank)
- Final results: Autumn 2019 (?)

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Future ICP – Organisational overview (2)

General scheme of the ICP 2011 can be kept
Future ICP – FOC proposals (1)

- **Full update approach** (to extrapolate PPPs for all elements of GDP from 2011 to 2017) is **not recommendable**:
  - Long period of extrapolation
  - Lack of good quality deflators in all regions

- **Preferable solution** (a proxy for “quicker and lighter” ICP)
  - a mix of survey data 2017 and extrapolated / retrapolated data

- Is realistic and achievable? => **Seems to be “Yes”**
Future ICP – FOC proposals (2)

- The introduction of “rolling benchmark” approach for ICP 2017 => different surveys are distributed across three years (2016, 2017 and 2018)
- Results for 2017:
  - using actual 2017 price data
  - extrapolation / retrapolation of 2016 & 2018 data
- To start with the “relatively easy parts” in 2016 and to gain time for the update of product specifications for the 2017 and 2018 surveys as well as for methodological clarifications in other parts
ICP Input data

- **Surveys for main NA aggregates**
  - Households Final Cons. Exp. (COICOP)
  - Machinery and Equipment (CPA)
  - Construction (CPA)
  - Housing Rents (Rentals / Dwelling stock data)
  - GG (Individual / Collective) - Salaries (COFOG)
  - Output approach (Hospitals, Education)

- **GDP weights** (ICP Classification – SNA 2008 / ESA 2010 ?)

- **Auxiliary indicators** (POP, CPI, Deflators, XRs, ...)

Comparison - resistance
## General scheme of rolling benchmark approach for Consumer surveys

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<thead>
<tr>
<th></th>
<th>ICP 2017</th>
<th>ICP 2018</th>
<th>ICP 2019</th>
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<td>Survey &quot;Food, beverages, tobacco&quot;</td>
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<td>Survey &quot;Clothing and footwear&quot;</td>
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<td>Machinery and Equipment</td>
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<td>Construction</td>
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<td>Non-Market services (Salaries)</td>
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<td>CPI</td>
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<td>GDP</td>
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This approach needs extrapolation / retrapolation for only one year => the comparability of CPI data should be less problematic even for statistically less advanced regions.
Other NA aggregates and auxiliary data (1)

- Capital goods survey – 2017 (updated item specifications reflecting market developments)
- Non-market services and GG Salaries survey – 2017 (existing item specifications with necessary adjustments)
- Housing survey – 2017 (existing item specifications with necessary adjustments)

- GDP expenditure data 2017:
  - first estimates at the level of main GDP aggregates - at the mid of 2019
  - detailed BH data – at the end of 2019
Other NA aggregates and auxiliary data (2)

- **Surveys for capital goods** => to be conducted each year or every 2-3 years depending on the availability and quality of indicators (PPI, Construction Price Indices, NA deflators)
- **Surveys for Non-market services (GG Salaries, Output data)** => to be conducted every year
- **Housing survey** in principle to be conducted each or every 2-3 years depending on the availability and quality of indicators (CPI sub-indices, micro-census data)
- **GDP expenditure** data to be estimated annually
Rolling benchmark approach and 2017 results

- Year 2016 =>
  - the discussion on methodological improvements in the field of housing, construction, general government, education, health, etc.
  - the optimisation of questionnaires, the GDP Classification (expenditure breakdown)
  - The review of the list of specifications

- First (very provisional) results for benchmark 2017 => early 2019
- Preliminary results => 2nd quarter of 2019
- Final results => at the end of 2019 or in early 2020
First reactions on the FOC Co-Chairs proposals

- First reactions are mainly positive
- The difficulties were underlined but it was clear in advance that **the realization of the FOC proposals will need substantial efforts and strong cooperation between GO, RC and NSI**

**Open points:**
- Membership of the EB ("Governing Board")
- Membership of TAG ("Technical Task Force")
- Financing of Regional and Global comparisons (own resources, donors, ...)