

Quarterly Update

March 31, 2013 Issue 17

Special Interview 6

8th Executive Board Meeting

The 8th meeting of the ICP 2011 Executive Board took place on February 24, 2013 at the Millennium Hotel in New York to review the status of the 2011 Round at global and regional levels. As per the agenda, meeting discussions related to: (i) 2011 ICP progress report; (ii) high-level ICP missions; (iii) enhancing the comparability of the ICP 2005 and 2011 Results; and (iv) expected outcomes from the ICP session at the UNSC. In attendance were Board chair and members, observers, and ICP Global Office staff.

The Board reviewed the timetable and deadlines and stressed the critical need for timeliness. Additionally, the Board requested that the Global Office sends a bi-monthly status update of the progress of activities. Discussion led to the need for the Board to review the preliminary results ahead of the release date of December 2013 as well as the need for a general ICP revision policy and an ICP communication strategy to better appeal to policy-makers. It was agreed that high-level ICP missions will be conducted to economically large countries where inconsistencies in the data remain after the data validation process is concluded.



8th Regional Coordinators Meeting

The 8th Meeting of the 2011 ICP Regional Coordinators was held on February 22, 2013 at the United Nations in New York. The meeting was organized in four sessions: (i) Global status report and overview of ICP data and metadata submission; (ii) Regional Status Reports; (iii) Review of ICP notes/material prepared based on Executive Board decisions; and (iv) Next steps to Spring 2013 meetings.

The meeting reviewed the status of data submissions and quality, and a new timetable was decided upon as a feasible action plan towards the publication of the results in December 2013.



Inside this Issue

8h Executive Board Meeting	1
8th Regional Coordinators Meeting	1
44th Session of the UNSC	1
Materials and Tools	1
Special Interview 6	2
Regional Activities	3
Featured IMF Article	4
2013 Milestones and Activities	4

44th Session of the UNSC

The 44th session of the United Nations Statistical Commission was held at the United Nations Headquarters in New York from February 26 to March 1, 2013. On February 27 the Commission discussed the report from the ICP. The Commission reviewed the progress with respect to the implementation of the 2011 round and expressed its views on the work plan leading to the publication of the final results.

Materials and Tools

ICP Book

The ICP Book, “Measuring the Real Size of the World Economy”, brings together a presentation of the methodology available for international comparisons, the choices made for the 2005 ICP, the outcome of those choices, and steps to be taken to improve the quality of the data for the 2011 ICP. The purpose is to make these developments available to researchers, users of PPPs, and those involved in the implementation of the programs. The Book also provides a forward looking view of methodological developments that can improve future comparisons. The book was finalized and has an official release date of May 2013. It is also available online on the ICP website.

Wiki for Global Report

A Wiki page was created to aid in the preparation of the ICP 2011 Global Report. As they become available, the draft sections of the Global Report will be posted on the wiki page to enable the ICP Regional Coordinators and Technical Advisory Group members to provide their comments to the draft report.

Special Interview 6 Mr. Paul McCarthy, ICP Technical Advisory Group Chair and Mr. Fred Vogel, ICP Technical Advisory Group Deputy Chair



Paul McCarthy, TAG Chair

Q1. The role of the Technical Advisory Group (TAG) involves providing guidance to the Global Office and regional coordinators to resolve methodological problems inherent in the program regarding the estimation of PPPs. As Chair and Deputy Chair of the TAG for the 2011 ICP, what do you think about the objectives set forth for the TAG to achieve and do you believe those objectives were met? For those not yet met, what do you think the likeliness is of meeting those objectives and what remains in order to do so?

Paul: Broadly speaking, the TAG's role in the 2011 ICP was to provide advice and recommendations to the Global Office on ICP technical issues. One of the key issues the TAG examined was how to enhance the consistency between the prices underlying the values in the national accounts and the prices collected for calculating the PPPs. Associated with this issue was how to improve the consistency of the basic heading values across countries. The TAG was also asked to look into ways of upgrading the methods used to price some of the comparison-resistant components, such as construction, government final consumption expenditure (particularly on health and education), and imputed rents. The objectives were based on an assessment of the 2005 ICP, with the above components being identified as important.

Research into these problem areas identified ways to improve the ICP estimates (e.g. construction, rents, productivity adjustments for government final consumption expenditure) but some of them were not able to be implemented because of the lack of data in many

countries (e.g. health and education, for which output measures are ideally required). The important point to emerge, though, was that countries now know the areas in which they need to improve their national accounts and prices statistics and the types of methods that are potentially available. Any such improvements will not only impact on their ability to participate better in any future ICP rounds but will also play a role in improving their time series national accounts and prices statistics.

It is difficult to assess the likelihood of countries being able to improve their data in these comparison-resistant areas because the situation of individual countries differs so much. However, they at least have an indication of where the additional work is needed and the types of details required.

Fred: I would like to add that the use of the 2005 research data set containing PPPs and expenditures for 129 basic headings and 146 countries for analysis by TAG members contributed significantly to the TAG discussions.

Q2. Are you pleased with the composition of the TAG in regards to the skills, regional backgrounds, and technical diversity represented in the group? For example, when dealing with prices of National Accounts, is the balance of price experts and National Accounts experts sufficient?

Paul: The 2011 TAG is much larger than that in the 2005 round. The main reasons were to introduce a larger share of national accountants and broader regional representation. Overall, I think these objectives were met. The nature of the ICP is that the results are very dependent on the quality of both the national accounts and the prices underlying the PPPs. However, the key issues facing the TAG tend to relate to prices and so a higher proportion of prices statisticians than national accountants is reasonable.

Fred: There is more than one way to categorize TAG membership. For example, the TAG also included data users, most importantly those using the PPPs to provide the measures of poverty so important to international efforts to improve the living standards of the poor. The TAG also included people from National Statistical Offices, International statistical agencies, and academia; each with their view of the ICP world.

Q3. In terms of the ICP governance bodies,

is there anything that could be improved going forward? Would you recommend bringing in people from more economies or do you believe a certain expertise is needed?

Paul: My view is that the governance structure is appropriate. It is identical to that used so successfully in the 2005 ICP round, although the composition of some of the governance bodies has been broadened (e.g. TAG and the Executive Board) and the number of members increased. One innovation in the 2011 round was to establish two sub-groups within the TAG (Validation Expert Group (VEG) and the PPP Computation Task Force (CoTaF)) to assist the TAG with some aspects of its charter.

I think that the current governance structure should not be changed but that some tweaking of the membership could be useful in the next ICP round.

Membership of the TAG is on an individual basis, based on each person's expertise, rather than country or region. I see no problems in expanding the regional representation on the TAG, provided that the person(s) concerned have the technical expertise required and that the membership is expressly for a specific individual rather than a representative from a particular agency or region.

Fred: I would only add that some of the most significant changes in methodology were the result of in-depth analysis of the 2005 results done by some of the TAG members. We need to make sure the future TAG includes more of those doing research and analysis.



Fred Vogel, TAG Deputy Chair

Special Interview 6 cont'd

Q4. Were enough meetings organized for the TAG over the ICP 2011 round? Please elaborate on the frequency, number of meetings, quality, and context.

Paul: The TAG has met seven times since October 2009, which is twice a year on average. The meetings were timed to meet the ICP requirements for technical advice so, following the inaugural meeting in October 2009, three more meetings were held in 2010 because of the broad range of issues involved in developing the data requirements for the 2011 collection. The TAG met twice in 2011 (April and October) and then only once during 2012 (in September) because less input was required during the data collection and compilation phases. Two TAG meetings are currently scheduled for 2013 – in May and around September/October – to check preliminary results and to ensure that the TAG recommendations on issues such as aggregation have led to the expected improvements in data quality.

Fred: TAG members were also very generous of their time between meetings via numerous emails with supporting analysis on issues not brought to closure during the TAG meetings themselves. Given the short timetable remaining before publication, I suggest a subset of the TAG be identified to work virtually to provide the Global Office guidance on assessing the quality of the data as first results become available.

Q5. Reflecting back on the objectives of the TAG, what has been improved by meeting those in respect to technical, theoretical, and methodological aspects of the ICP?

Paul: I have already mentioned a number of individual components that the TAG considered and recommended ways of improving the estimates. Probably the most important change from the 2005 round was the emphasis placed on the national accounts. In particular, the TAG asked the Global Office to encourage countries to improve their GDP estimates by ensuring complete coverage of everything within the theoretical “boundary of production”. The methodological documents for the national accounts were expanded and two of the four regions coordinated by the Global Office collected basic heading expenditures for 2009 as a preliminary to the 2011 collection.

Fred: There are many different ways that PPPs can be estimated. Chapters 4-6 in the ICP Book examine the statistical properties of each method both in theory and by providing

numerical examples. These chapters evolved from papers on the various topics prepared for the TAG by TAG members. The changes being implemented in ICP 2011 are based on sound research and analysis of data.

The full interview with Paul and Fred can be found at:

<http://go.worldbank.org/QR01HG4V40>.

Regional Activities

Africa

The Africa Price Data Validation Workshop was held in Abidjan, Cote d’Ivoire from March 11-16. A thorough review of the price data collected in 2011 and 2012 was conducted and included the following: regional validation of average prices of household consumption items; regional validation of the matrices of availability and importance; the method of determining prices of electricity and water products; and metadata needed for each country to compute national annual average prices.

The Special Surveys and National Accounts Validation Workshop for COMESA, ECO-WAS and SADC countries took place from March 25-29 in Lusaka, Zambia. The purpose of the meeting was to validate ICP Special Surveys data, review National Accounts expenditure data and metadata, and discuss upcoming activities. A similar Validation Workshop for AFRISTAT and UMA countries will be held in April in Tunis.

Follow up missions, especially on the equipment and construction surveys will be undertaken in April, May and part of June to problematic countries. Global Office staff will also assist the countries with the MORES and National Accounts metadata questionnaires as part of the suggested missions.

Western Asia

The Western Asia ICP Price Validation Workshop, organized by the United Nations Economic and Social Commission for Western Asia (ESCWA) took place in Istanbul, Turkey from January 21- 27, 2013. The objective of the workshop was to validate price and metadata from Western Asia countries for the following ICP surveys: Household Consumption; Machinery and Equipment, Construction and Civil Engineering; Housing; Compensation of Government Employees; Private Education; and Water Tariff. The workshop was preceded by a Bilateral Meeting between ESCWA and the Global Office to discuss data quality based on the findings from the Global Office analyses and develop a validation strategy for the workshop.

ESCWA is organizing a workshop on ICP National Accounts activities on April 29-May 3 in Istanbul, Turkey.

Asia and the Pacific

The Technical Evaluation of 2011 ICP Data took place March 14-26 in Kuala Lumpur, Malaysia. The regional workshop organized by the Asian Development Bank aimed to review prices related to surveys on household and non-household goods and services, validate productivity parameters and national accounts data. The workshop was followed by an expert meeting, where experts met to address technical issues arising from the validation processes and advise the Asia-Pacific Regional Coordinator on the way forward.

Commonwealth of Independent States

CIS submitted validated annual averages for household consumption, construction materials and compensation of employees in February 2013. Disaggregated GDP expenditure data is expected by April 2013.

The CIS ICP Coordination Council met



Western Asia ICP Price Validation Workshop, Istanbul, Turkey (January 21-27, 2013)

Regional Activities cont'd

March 28-29, 2013 in Moscow, Russia on the issues of 2011 CIS ICP. The CIS ICP experts will meet April 17-18, 2013 on the GDP disaggregation issues.

As advocacy for the ICP, CIS continues to translate the ICP Book into Russian. Some chapters of this book are already translated and posted at the CIS-Stat website: http://icp.cisstat.com/materials/vsemirnogo_banka/.

Eurostat-OECD

Preliminary PPPs are being computed for 2011 and revised data is to be submitted by November 2013. Construction data for some OECD countries is expected by Spring 2013.

Latin America and the Caribbean

A workshop with the Institute of Statistics was held in Belize from January 28-31. Activities included: validation of HHC data for the four quarters collected in Belize; uploading the validated data into the ICP software; technical assistance on using the software; validation of the Rents and Education survey data; and providing assistance with the Machinery and Equipment, Construction and Government Surveys.

The Expert Group Meeting on Price Statistics jointly organized by the United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC), the Caribbean Regional Technical Assistance Centre (CARTAC), Caribbean Community and Common Market (CARICOM) and Eastern Caribbean Central Bank (ECCB) took place in Jamaica from March 13-15, 2013. The purpose of the workshop was to validate data collected by participating countries in the Caribbean between October 2011 and December 2012. The workshop covered Prices as well as National Accounts and ICP Specific Surveys.

Pacific Islands

Spatial and temporal validation is being conducted by the Australian Bureau of Statistics for the 20 countries that submitted data for the first three quarters of 2012. The data requires further validation at intra-country and inter-country levels. A final data validation workshop is scheduled for June 2013, and the final data will be sent to the Global Office in October 2013.

Singleton Countries - Georgia

Household Consumption data, Special Surveys data, expenditure data in the MORES

format, QAF checklists, and survey framework questionnaire have been submitted. The next mission is scheduled for April 2013 and final data can be expected by the end of June from Georgia and Armenia. The upcoming mission will include a visit to the Armenian Statistics Office to review the progress on the Georgia-Armenia comparison for ICP 2011.

Singleton Countries - Iran

The 5th workshop for Iran is scheduled to take place on April 26-28, 2013 in Turkey. The main objectives of the meeting are to: (i) finalize price data for the Household Consumption Survey; (ii) discuss and agree on the strategy for the calculation of national annual average prices; (iii) validate price data for the Special Surveys; and (iv) validate National Accounts Expenditure data.

Featured Article

IMF Statistics Department: Making Big Strides in Price Statistics and National Accounts in Asia

The views expressed herein are those of the author and should not be attributed to the IMF, its Executive Board, or its management.

In January 2011, the IMF Statistics Department (STA) launched a three-year project on the Implementation of the System of National Accounts (SNA) and the International Comparison Program (ICP). The Government of Japan is providing the funding for this project.

The overall objective of the project is to build statistical capacity by improving the accuracy of price statistics and national accounts estimates in participating Asian and Pacific countries. The project complements the on-going ICP effort managed by the World Bank and coordinated within the region by the Asian Development Bank (ADB). Countries participating in the project include Bhutan, Cambodia, Fiji, Indonesia, Lao PDR, Maldives, Mongolia, Myanmar, Nepal, the Philippines, Sri Lanka, Thailand, and Vietnam. IMF staff and experts work with those agencies responsible for compiling the national accounts and

price statistics to build capacity and implement sustainable improvements.

In order to promote sustainable capacity building, country commitment and ownership were central to the planning phase. The focus of the technical assistance on national accounts and price statistics varies by country and is driven by the individual needs of participating countries. Overall, excellent progress has been made by the participating countries to achieve their defined technical assistance objectives and needs. For a more information on the project and a detailed account of country successes and achievements, please visit <http://go.worldbank.org/QR01HG4V40>

The generous support of Japan has facilitated significant progress to not only build statistical capacity in Asia, but also to enhance the quality of key macroeconomic indicators required for more effective economic planning and policymaking.

2013 Milestones and Activities

April	Progress report to the Executive Board
May	8th Technical Advisory Group and 9th Regional Coordinators meetings
June	Progress report the Executive Board Submission of final data and metadata for all regions
August	Progress report to the Executive Board Preliminary results for Household Consumption confidentially circulated to the Executive Board
September	9th Technical Advisory Group and 10th Regional Coordinators meetings 9th Executive Board meeting
October	Potential revision of final 2011 data and metadata, in response to comments by the Technical Advisory Group and Regional Coordinators
November	Report to the 45th session of the UNSC Preliminary results for GDP confidentially circulated to the Executive Board 10th Executive Board meeting (if needed)
December	Release of 2011 Global PPPs and results

International Comparison Program (ICP)

Development Economics Data Group (DECDG)
The World Bank, 1818 H Street, NW
Washington, D.C. 20433 USA

Phone: 1 800 590 1906
(from inside the US)
+1 202 473 3930
(from outside the US)

Email: ICP@worldbank.org

Web: www.worldbank.org/data/icp



Workshop in Bangkok (December 2012)