



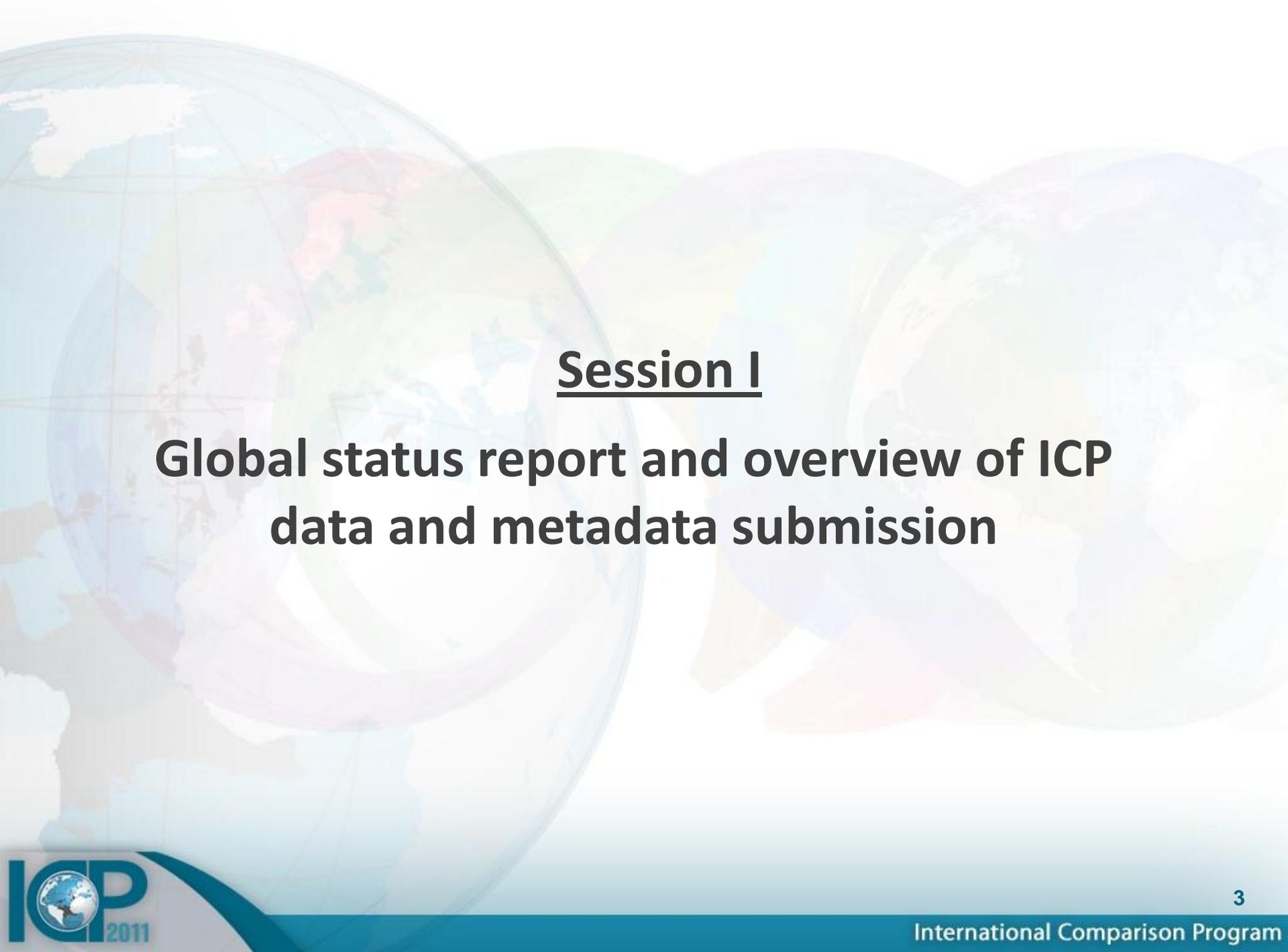
8TH ICP Regional Coordinators Meeting



February 22, 2013
New York, NY

Agenda Sessions

- Global status report and overview of ICP data and metadata submission**
- Regional Status Reports**
- Review of ICP notes/material prepared based on Executive Board decisions**
- Next steps to Spring 2013 meetings**



Session I

Global status report and overview of ICP data and metadata submission

Board Decisions and Actions Taken (1)

	Decisions	Actions
1	High-level missions should be conducted jointly by the WB/GO and the regional coordinating agencies concerned to any major economy/country that exhibits unexplainable variations between 2005 and 2011 with a view to resolving the inconsistencies or confirming any underlying justifications. The GO will prepare a note to clarify details on high-level missions.	A note on high-level ICP missions was prepared and circulated to the EB.
2	Countries that are identified as outliers based on statistical analysis should be included in the global results on the basis of their regional estimates but they should be excluded from the global linking process so that they have no effect on the inter-regional PPPs.	A flowchart of the validation steps was prepared and will be circulated to the TAG and RCs.
3	Singleton countries and the Pacific Islands will be included in the global comparison; they will not be included in the global linking process so their PPPs will have no effect on the multilateral comparison PPPs for all other countries in the global comparison.	A note on Linking Steps was prepared by the GO to reflect this EB decision and will be circulated to the TAG and RCs.

Board Decisions and Actions Taken (2)

Decisions

Actions

4

In light of the large number of products priced by the countries, RCs and/or GO should reserve the right to exclude outlier average prices, as a last resort, through a transparent validation process. A flowchart of the validation steps would be prepared to ensure clarity.

A flowchart of the validation steps was prepared and will be circulated to the TAG and RCs.

5

A technical note on the criticality of “importance” indicators and the findings of the sensitivity testing of several weighting ratios will be prepared by the GO, in consultation with the TAG, and submitted to the EB to allow for an informed decision on the best way of applying them.

A technical note on the criticality of “importance” indicators and the findings of the sensitivity testing of several “importance” weights was prepared and will be circulated to the TAG and RCs for their review and input.

Board Decisions and Actions Taken (3)

Decisions

Actions

6

A light revision of the ICP 2005 results should be carried out in line with the revisions of GDP estimates and provided together with the 2005-2011 comparative analysis when the 2011 results are released. The GO will prepare in consultation with the TAG a note on possible light technical options and submit it to the EB at the February 2013 meeting.

A note on enhancing the comparability of the ICP 2005 and 2011 results was prepared and circulated for the EB's attention.

7

The GO will prepare, in consultation with the TAG, a draft revision policy to be submitted to the EB at the February 2013 meeting. The policy document will include the justification of PPP revision, the approach, the scope, and any other relevant aspect.

A draft ICP revision policy will be prepared and circulated once consultations with the TAG at its May meeting are completed.

8

The EB adopted the 2011 ICP Data Access and Archiving Policy, with the changes noted by EB members.

The 2011 ICP Data Access and Archiving Policy was finalized and is available on the ICP website.

ICP Report to the 44th Session of the UNSC

The Global Office submitted a report to the Forty-Forth Session of the United Nations Statistical Commission (UNSC) scheduled for February 26, 2013

The Commission is requested to:

- Review the progress with respect to the implementation of the 2011 round**
- Express its views on the work plan leading to the publication of the final results**
- Establish the ICP Friends of the Chair group to carry out the evaluation of the 2011 Round of the ICP**

HHC Main Survey and Special Survey Data Submission

Region	HHC Survey	Special Surveys							
	National Annual Averages	Housing - Rental	Housing - Quantity	Water	Private Education	Comp. of Gov. Empl.	Machinery & Equip.	Const.	Particip.
Africa	50	Jun'13	Jun'13	Jun'13	Jun'13	Jun'13	Jun'13	Jun'13	50
Asia-Pacific	23	Apr'13	Apr'13	n/a	n/a	Apr'13	Apr'13	Apr'13	23
CIS	9	n/a	9	n/a	9	Feb'13	9	Feb'13	9
Latin America	17	13	Feb'13	n/a	16	16	17	14	17
Western Asia	12	12	12	12	12	12	12	12	12
Caribbean	18	7	8	11	8	2	1	2	21
Pacific Islands	Oct'13	n/a	n/a	n/a	n/a	n/a	n/a	n/a	21
Iran	1	1	1	1	1	Mar'13	1	1	1
Georgia	Feb'13	n/a	Feb'13	n/a	n/a	Feb'13	Feb'13	Feb'13	1
ICP Regions	130	33	30	24	46	30	40	29	155
EUROSTAT-OECD	47	n/a	30	n/a	n/a	47	47	5	47
(Dual Participation)	(3)	-	(1)	-	-	-	(1)	-	(4)
Grand Total	174	33	59	24	46	77	86	34	198

NA Data Submission

	Number of Countries	MORES/ Breakdown to 155 ICP Basic Headings for Latest Available Year	Aggregate Level for 2011	MORES/ Breakdown to 155 ICP Basic Headings for 2011
Africa	50	50		
Asia Pacific	23	20		
CIS	9	8	8	Apr'13
Latin America	17	17		
Western Asia	12	12		
Caribbean	21	8		
Pacific Islands	21	n/a		
Iran	1	1	1	Jun'13
Georgia	1	1	1	Feb'13
Eurostat- OECD	47	47	47	47
(Dual Participation)	(4)	(3)	(3)	-
Total	198	161	54	47

Risk Assessment (1)

Risks

Preventive Measures

Data quality risks

Despite noticeable improvements, data for some regions require further inter-country validation.

RCs are validating data in workshops to address their data quality issues. GO provides technical assistance.

Data exhibits inconsistencies with the times series of ancillary data (such as the CPI), and a participating country could choose not to revise their data at the conclusion of a high-level mission.

RCs and GO will conduct missions to identify issues and find solutions. They reserve the right to document these inconsistencies in footnotes to the data tables in their 2011 ICP final regional and global reports.

Importance indicators have not been received from all countries and the quality of the importance indicators received to-date remains weak.

A technical note on the criticality of “importance” indicators and the findings of the sensitivity testing of several “importance” ratios was prepared and circulated to the RCs for discussion in their Feb. 22 meeting.

Risk Assessment (2)

Risks

Preventive Measures

Metadata completeness and quality

Ensuring the quality and completeness of metadata is a crucial issue for this round of the ICP.

GO prepared mandatory metadata questionnaires. Survey Framework Questionnaire due by March 2013 and QAF Checklists by June 2013.

Timeline risks

The timetable to publication is very tight with only 10 months left. Any schedule slippage in any region will have an adverse effect on the publication of global and regional PPPs. In some regions, the delay in implementing special surveys is a serious risk.

GO is working closely with the RCs to ensure all activities are implemented according to the timetable. A possible contingency plan would be to include countries that did not collect Special Survey data in the Global results for the HHC component only.

Funding risks

Some regional programs required additional funding in FY13.

In FY13, the ICP Multi-Donor Trust Fund provided three new grants to ESCWA, ECLAC, and CIS-STAT for completing the 2011 ICP in their regions and preparing and publishing final regional results.

Capacity Building and Outreach Material

ICP Book

- ICP Book finalized and advance copies were printed
- Electronic version is available on the ICP website
- Official launch in March 2013

Operational Guide

- All 27 chapters from the ICP Operational Guide were prepared and are being edited.
- Complete edited electronic version will be available on the ICP website in April 2013

Global Report

- A wiki page was created to enable RC & TAG members to edit and review the work-in-progress sections of the Global Report

Special Survey Format

- ICP Special Surveys data submissions can be effected using any of the three format options made available in December 2012

ICP Software

- The Price Spread Visualization tool was created to analyze average prices received by all participating countries in the ICP 2011
- Tableau, a new interactive data visualization software, was introduced to the GO

ICP Updates

- Quarterly Updates are released and available on the ICP website

2011 ICP Global Report

Outline

- Preparations for the 2011 ICP Global Report have been ongoing since July 2012
- The outline of the Report has been drafted and RCs have had the opportunity to comment on it via the wiki page

Work-in-Progress

- David Roberts, in close collaboration with the GO, is preparing each chapter
- The chapters that have been finalized are posted on the ICP Wiki page
- All TAG and RC members are invited to provide their comments and suggestions

2011 ICP Global Report – Timetable (1)

Sections

Final version

Acronyms and abbreviations

31-Aug-13

Acknowledgments

31-Aug-13

Foreword

31-Aug-13

Part I. General Background

I.1. Purpose of ICP

31-Aug-13

I.2. Users and uses of PPPs

31-Aug-13

1.3. Differences between 2005 and 2011 rounds

31-Aug-13

Part II. Presentation and Analysis of the 2011 Results

II.1. Presentation of results

15-Dec-13

II.2. The tables

15-Dec-13

II.3. Analysis of the Results

15-Dec-13

II.4. Limitations of the ICP data

15-Dec-13

Part III. Methodologies & Implementation

III.1. Conceptual framework

1-Nov-13

III.2. Surveys and Data Collection

1-Nov-13

III.3. National Accounts

1-Nov-13

III.4. Data Validation

1-Nov-13

III.5. PPP Computation at the Regional Level

1-Nov-13

III.6. Linking at global level

1-Nov-13

III.7. PPP imputation and time series

1-Nov-13

2011 ICP Global Report – Timetable (2)

Sections

Final version

Appendices

A. History of the ICP *	01-Aug-13
B. Governance of the ICP 2011 *	01-Aug-13
C. Analysis of quality of 2011	31-Aug-13
D. Updating the 2005 results	31-Aug-13
E. Eurostat-OECD PPP Programme *	01-Aug-13
F. Quality assurance framework (QAF) *	31-Aug-13
G. Productivity adjustment	31-Aug-13
H. ICP classification of basic headings *	01-Aug-13
I. Global Core Approach	31-Aug-13
J. Model report on expenditure statistics (MORES)	31-Aug-13
K. ICP documentation	31-Aug-13
L. ICP software	31-Aug-13
Glossary *	01-Aug-13
Bibliography	31-Aug-13

* Draft versions have been posted on the ICP Wiki page.



Session II
Regional Status Reports

Regional Status & Activities (1)

Africa

- ❑ Experienced delays in conducting the special surveys for the ICP
- ❑ Three price validation workshops were organized by AfDB in Fall 2012
- ❑ Organizing various sub-regional and regional workshops in March –April 2013, and are expected to submit the final data for special surveys by June 2013

Asia

- ❑ Organizing regional validation workshops for main HH survey, special surveys, and NA in March 2013
- ❑ Expects to finalize and submit data in early April

Pacific

- ❑ 20 countries submitted data for the first three quarters of 2012 to the Australian Bureau of Statistics, who is conducting spatial and temporal validation
- ❑ The data requires further validation at intra-country and inter-country levels; final data validation workshop is scheduled for June 2013, and the final data will be sent to the GO in October 2013

CIS

- ❑ CIS-STAT will submit validated NA data for construction and compensation of employees for non-market services by the end of Feb. 2013 and disaggregated GDP data by April 2013

Regional Status & Activities (2)

Latin America

- Expert Group Meeting on Price Statistics was held December 2012
- Submitted quarterly average prices for all 17 countries; expected to submit the final data for HHC by March 2013
- Organizing a National Accounts meeting for March 2013

Carib.

- 19 out of 21 islands submitted HHC prices to ECLAC; GO received quarterly data for 18
- Final NA data and quarterly data will be submitted to the GO after validation in the March 2013 meeting

WA

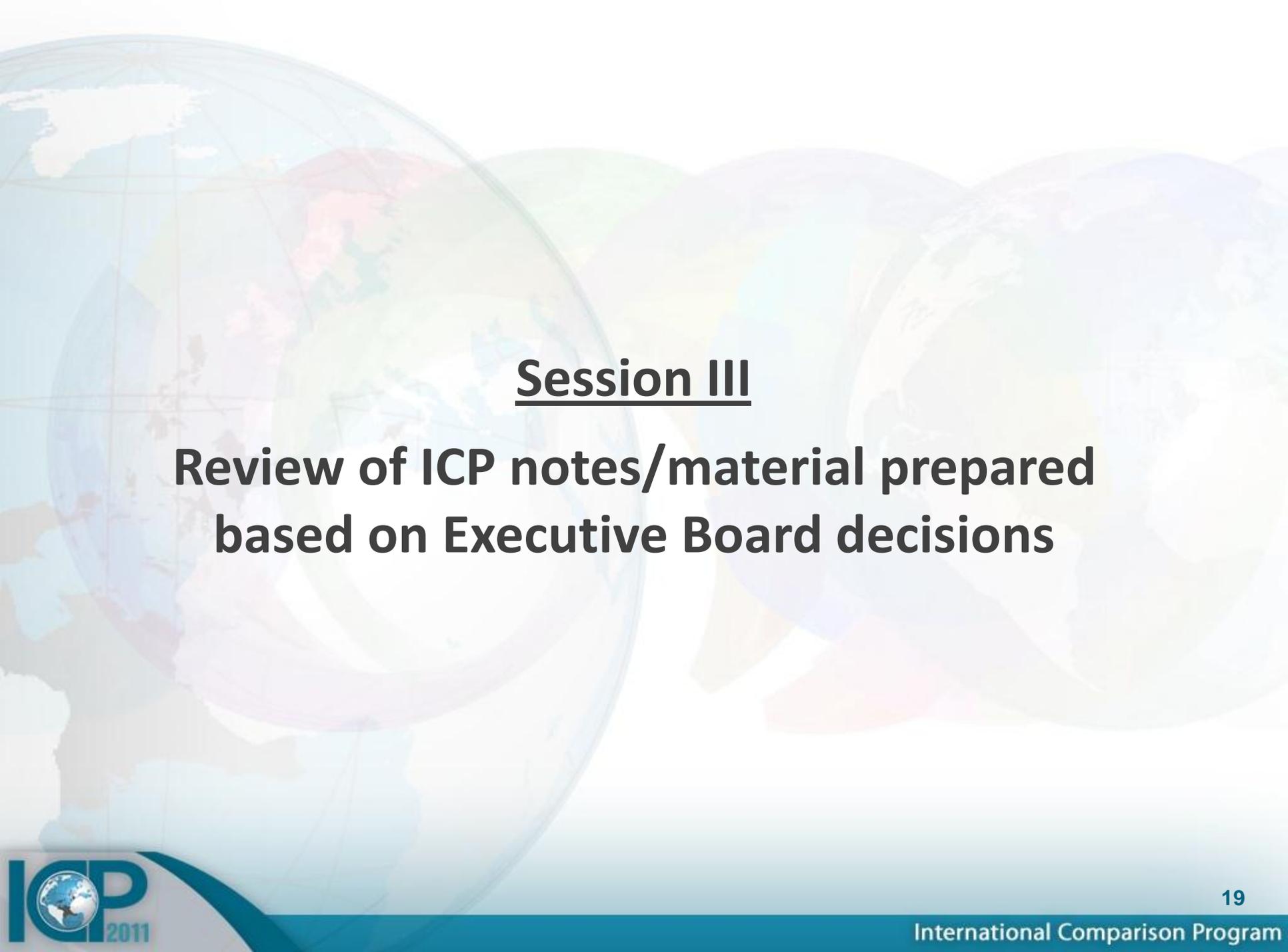
- Submitted data to the GO for all surveys
- Updated data expected after validation workshop held in January 2013

Euro-OECD

- The 2012 edition of the Eurostat-OECD PPP Manual was released in November 2012
- Will submit PPPs for all 155 Basic Headings plus the data and metadata needed for linking their program to the ICP

Singl.

- Georgia's NA data are being validated and will be submitted to the GO by the end of February 2013
- Upcoming workshops for Iran and Georgia in March/April 2013



Session III

**Review of ICP notes/material prepared
based on Executive Board decisions**



Session III.a

Note on High-Level Missions

High-Level Missions

Triggers

- Significant differences between the ICP-implied price changes and those from the CPI
- Unexplainable subnational price ratios
- Inconsistent movement of prices/indices for the same CPI aggregates

Objective

- Support the discussion of data issues identified in the validation process with the higher authorities in the statistical offices of the countries/economies concerned
- Find possible resolutions to these issues
- Draw a roadmap for the next steps

High-Level Missions

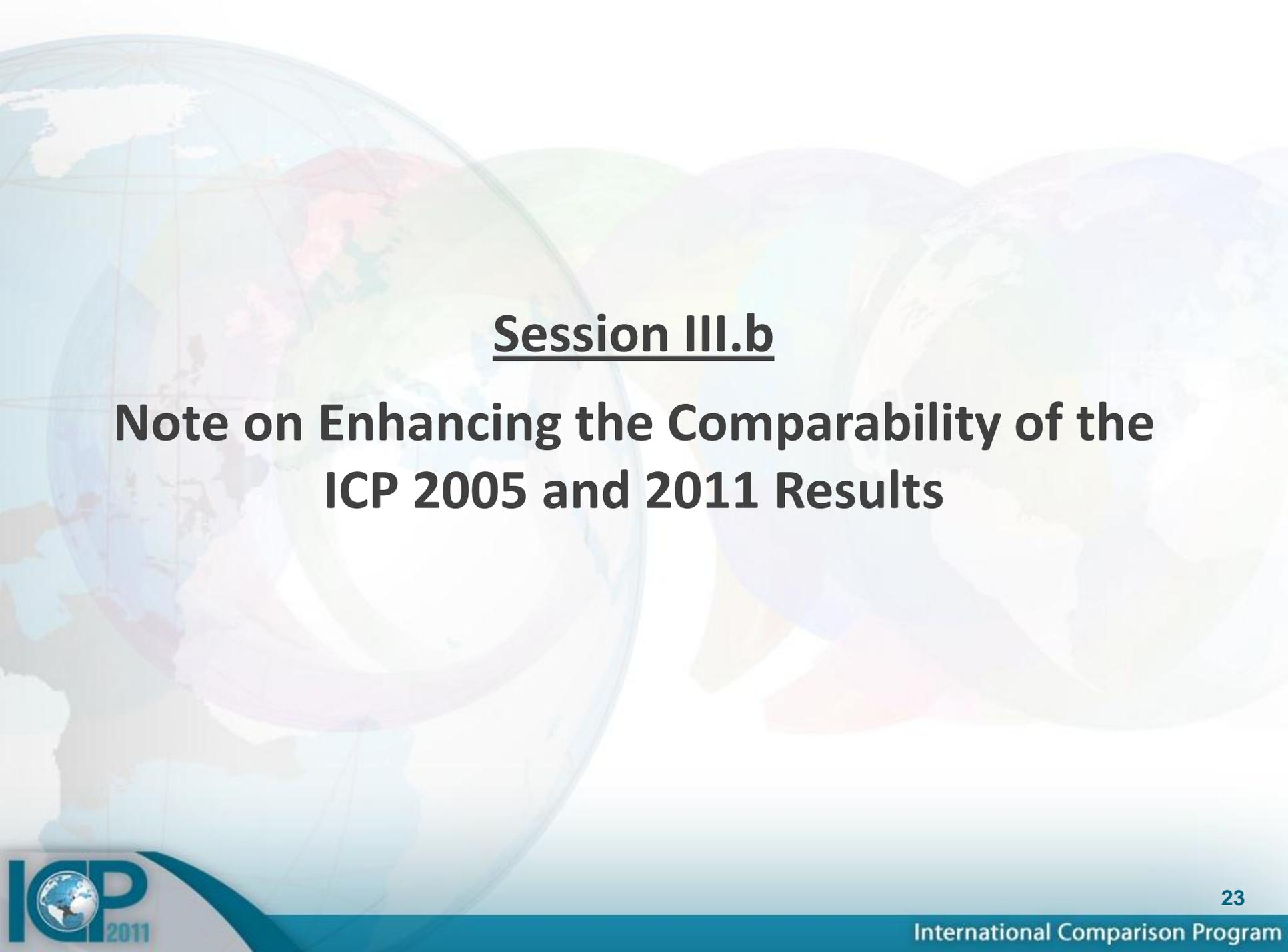
Mission Statement

- ❑ Overview of the status of participation of the country in the 2011 ICP
- ❑ Data issues and findings identified in the data validation process
- ❑ Proposal by the relevant regional coordinating agency and the Global Office to address these data issues

Mission Organization

- ❑ The mission is initiated with a letter addressed to the Head of the NSO.
- ❑ The mission delegation will be composed of high-level officials from the regional coordinating agency, the World Bank DECDG, and the Global Office. EB members may also be invited to participate.
- ❑ The mission head will prepare a confidential mission report upon the completion of the mission, to be shared with the EB.

If a country chooses not to revise data at the conclusion of the high-level mission, the RC and the GO reserve the right to document these inconsistencies in footnotes in their 2011 ICP final regional and global reports.



Session III.b

Note on Enhancing the Comparability of the ICP 2005 and 2011 Results

Justification for Revisions

Changes to 2005 Input Data

- ❑ **Numerous countries made significant revisions to their 2005 GDP expenditures and population data**
 - TAG recommended that 2005 results should be revised to reflect National Accounts and population revisions
 - GO agreed to prepare and circulate a note to explain how this can be best achieved given various constraints

2005 vs. 2011 Methodologies

- ❑ **Methodological changes in the 2011 round vs. 2005 round**
 - Core vs. ring linking method; CAR method for aggregation; productivity adjustment for non-market services; dwellings; construction; etc
 - GO agreed to provide data users a comparative analysis of the impact of methodological changes

The approach would rely solely with the Global office and would not require efforts on the part of the RCs or countries

Data Revisions to Enhance Comparability

Objective: To enable users to directly compare the 2005 and 2011 ICP results based on consistent time series estimates of GDP

Principles

1. **Fixity**: Revised 2005 estimates will ensure the fixity of the within region results
2. **Transparency**: The revision process will be documented and made available to all users
3. **Time of Publication**: Revised results for 2005 as well as an analysis of the effects of changes in methodology will be published simultaneously with 2011 results

Steps

1. The nominal expenditures matrix at all levels from BH to GDP would be revised to reflect NA revisions from countries
2. Existing Global PPPs matrix at all levels from BHs to GDP would be applied to revised nominal expenditures matrix. The result is a new Global matrix of real expenditures (volumes).

Assumption: changes in expenditures would not significantly affect the PPPs

Effects of Changes in Methodology

Objective: To enable users to assess the impact of major changes in methodology between the 2005 and 2011 ICP rounds.

Steps

- 1. Re-estimate the 2005 inter-regional linking factors, at each level, using the CAR method**
- 2. Re-compute a new Global PPPs matrix using regional fixity and CAR linking factors (by multiplying one by another)**
- 3. Deflate revised nominal expenditures matrix by the recomputed Global PPPs matrix**
- 4. The GO's best assessment of the effects of the methodological changes in main aggregates, such as Construction will be indicated in the 2011 global publication**



Session III.c
Note on Importance

Background

Executive Board requested that a technical note on the criticality of importance indicators and the findings of the sensitivity testing of several weighting ratios need to be submitted to the Board to allow for an informed decision on the best way of applying them.

GO requested Sergey Sergeev to conduct sensitivity test and analyzes of the various importance weighting schemes. Due to the delay in submitting updated importance indicators, GO had no choice but to proceed with the previous submission as of September 2012.

Importance Sensitivity Test and Analyses

- Comparison of the number of priced GCL items and important items between regions
- Evaluation of general variability of price level indices at the product level
- Results of BH-PPP calculations by the following methods:
 - CPRD
 - CPD (1:1)
 - CPD-W (2:1)
 - CPD-W (3:1)
 - CPD-W (4:1)
 - CPD-W (5:1)
 - CPD-W (10:1)
 - EKS
 - EKS*

Findings

Table A: Regional average of priced and important items per country and regional shares

	Priced Items Regional Average	Important Items Regional Average	Percentage of Important items
AFRICA	585	337	57.6
ASIA	419	255	60.9
CIS	448	331	73.9
EU-OECD	387	331	85.5
LAC	490	142	29.0
WA	617	116	18.8
Average	491	252	48.0

Table B: Differences between different weighted CPD, CPRD, EKS results compared by the differences in the PLI: Percentage differences in Max, Min and Max – Min

	MAX-BH	MIN-BH	MAX-MIN
CPD-W 3:1 vs. CPRD	33.0	-19.5	52.6
CPD vs. EKS	23.9	-16.3	36.7
CPD-W 2:1 vs. CPD-W 1:1	12.4	-13.9	21.4
CPD-W 3:1 vs. CPD-W 1:1	19.8	-19.5	33.0
CPD-W 5:1 vs. CPD-W 3:1	8.3	-11.7	18.1
CPD-W 5:1 vs. CPD-W 4:1	3.7	-5.4	8.2
CPD-W 10:1 vs. CPD-W 5:1	12.0	-16.2	24.6

Conclusions and Recommendations

Conclusions:

Allocation criteria of importance indicators still differ across regions

CPD-Weighted method would be a better solution compared to other methods

3:1 is practicable as weight for BH PPPs

The effects of difference in methods are moderate for aggregate levels

Recommendations:

- Timely submission of reliable importance indicators is crucial.
- These indicators must be carefully reviewed through intra- and inter-country validation processes.
- This would allow this assessment to be repeated with more reliable importance indicators.



Session III.d
Validation Flowchart

ICP Data Validation Process

❑ ICP data is validated in three stages:

- ❑ **Intra-country** validation by National Coordinating Agencies (NCAs)
- ❑ **Inter-Country** validation by Regional Coordinating Agencies (RCAs) and NCAs
- ❑ **Global Validation** across regions by the Global Office (GO), RCAs and NCAs



❑ The validation process is iterative:

- ❑ Each validation stage is repeated until the benefits of further validation activities are deemed marginal and thus not worth pursuing

A. Intra-country Validation (NCAs)

Initial Data Validation

A1
Prices and metadata are checked for errors and discrepancies



A2
Average prices are checked to be sub-nationally plausible



A3
Average prices are checked to be temporally plausible



A4
Classification of important items is checked



Validation Using Statistical Tests

A5
Average prices are checked for extreme values using Min/Max-Price-ratio test



A6
Average prices are checked for extreme values using Variation Coefficient test



A7
Price observations are checked for extreme values using deviation test



A8
Price observations are checked for extreme values using t-value test



Data Submission to RCAs

B. Inter-country Validation (RCAs and NCAs)

Initial Data Validation

B1
Initial validation tables are checked for extreme XR-Ratios

Validation of Metadata

B2
Metadata are checked for large deviations between requested and priced products

B3
Metadata are checked to assure that survey frames are comparable across the countries

Validation at BH and Item Level

B4
Plausibility of BH Price Level Indices (PLIs) is checked

B5
BH tables are checked for high average variation coefficients (CVs)

B6
BH tables are checked for high country CVs

B7
Classification of important items is checked

B8
Item tables are checked for high item CVs

B9
Item tables are checked for high or low XR-Ratios

B10
Item tables are checked for high or low PPP-Ratios or CPD residuals

B11
Item tables are checked for high price observation CVs

Validation at Aggregated Levels

B12
Steps from B4 to B11 are repeated at aggregated levels (Class, Group, Category, Aggregate, GDP)

Temporal Validation

B13
Average prices, PLIs and PPPs are checked for large temporal fluctuations

Last Resort

B14
Extreme outliers not cleared during previous validation steps are deleted by RCAs in consultation with NCAs

Data Submission to Global Office

C. Global Validation (Global Office, RCAs and NCAs)

Analysis of Regional Validation Tables

C1

Steps from B4 to B13 are repeated at Global Level in order to ensure similar approach to data validation across the regions

Validation of Global Core List (GCL) Items

C2

GCL items are validated within the regions

C3

GCL items are validated across the regions

Validation of Global PPPs

C4

Paasche-Laspeyres Spreads (PLS) are checked at each level of aggregation (BH, Class, Group, Category, Aggregate, GDP)

C5

Direct and indirect PPPs are checked at each level of aggregation (BH, Class, Group, Category, Aggregate, GDP)

C6

Validity and plausibility of Reference PPPs are checked

Last Resort

C7

Extreme outliers not cleared during previous validation steps are deleted by the Global Office in consultation with RCAs

Finalization of the 2011 ICP round PPPs

Further information

- ❑ Full description of the ICP data validation process is given in the following 2011 ICP Operational Guide chapters:
 - ❑ 4.1 Validation Tables
 - ❑ 4.2 Household Consumption
- ❑ The chapters are available at:
 - ❑ <http://go.worldbank.org/YIR7WSNL40>



Session IV

Next steps to Spring 2013 meetings

2013 Major Milestones & Governance Meetings

February	8 th Executive Board and 8 th Regional Coordinators meetings
March	Submission of semi-final price data for all regions (Household Consumption and Special Surveys) Submission of preliminary 2011/ revised 2005 National Accounts data
May	8 th Technical Advisory Group and 9 th Regional Coordinators meetings
June	Submission of final data for all regions (Household Consumption, Special Surveys and National Accounts) Preparation of the Interim Report to the Executive Board
September	9 th Technical Advisory Group and 10 th Regional Coordinators meetings
October	Submission of final 2011 price data and metadata, final National Accounts data and metadata, and final Regional PPPs
November	9 th Executive Board meeting Preparation of the Report to the 45 th session of the UNSC
December	Release of 2011 Global PPPs and results

Metadata Questionnaires

Increased focus by donors and main users on metadata completeness and quality assessment of data. At the World Bank, all datasets used for corporate targeting are now required to be accompanied by a QAF-style assessment.

Survey Framework Questionnaire

- Available online in 4 languages
- To be completed by Mar. 2013

Quality Assurance Checklist

- Country Checklist to be completed by Jun. 2013 (available in 4 languages)
- Region Checklist to be completed by Dec. 2013
- GO Checklist to be completed by Mar. 2014

NA metadata questionnaires

- Available online in 4 languages
- To be submitted along with NA data

Preparations for TAG/RC May meetings (1)

2011 preliminary results for HHC

- ❑ Revised HHC data and preliminary 2011 National Accounts data needed from all regions by end of March 2013.
- ❑ VEG/CoTaF to validate data and compute preliminary results for HHC by the end of April 2013.
- ❑ TAG/RCs to discuss findings and preliminary results in their meetings in May 2013.

Assessment of the effect importance weights

- ❑ Revised importance matrices needed from all regions by end of March 2013.
- ❑ VEG/CoTaF to assess the effect of using various importance weights on the 2011 results for HHC.
- ❑ TAG/RCs to discuss findings and make recommendations.

Preparations for TAG/RC May meetings (2)

Assessment of Special Survey status and data

- ❑ Preliminary 2011 Special Survey data needed from all regions by end of March 2013.
- ❑ GO/Experts to validate data and assess quality.
- ❑ TAG/RCs to discuss findings, next steps, and contingency plans.

2005 revisions

- ❑ Revised 2005 National Accounts data needed from all regions by end of March 2013.
- ❑ GO/CoTaF to conduct a first attempt at revising 2005 data, and assessing the effect of methodological changes by the end of April 2013.
- ❑ TAG/RCs to discuss findings and preliminary results in their meetings in May 2013.



Thank you