

Minutes
Regional Coordinators meeting
The World Bank, Washington D.C.
27 Sept- 1 Oct 2004

1. Overview of TAG recommendations:

- Ring Comparison: The Global Office presented an analysis of the available Regional Ring list to the TAG members in the meeting held on 23-25 Sept, 2004. The TAG is convinced that the multilateral approach should be used.
- Pricing for ring comparison: The TAG does not want to burden the countries further with wide spread nation-wide pricing of the ring list. The countries will be experienced enough by that stage to know how to simulate nation-wide pricing in selected areas and achieve the same results. Prices need only be collected from capital cities, if previously collected information allows extrapolation to national prices.
- Housing, machinery, equipment and construction: methodology a major concern for TAG.
- Linking Ring Countries: Ring countries to be linked at Basic Heading levels. CPRD (R for representativity) method to be used. This method is compatible with any form of aggregation in the regions at the Basic Heading level.
- How to price owner-occupied housing when rental market is highly specialized or too small. The quantity approach will be used when rental markets are not representative of the rest of housing.
- Government: The TAG discussed obtaining estimates of capital services to capture productivity differentials. It was agreed this issue will remain a research item.
- Equipment: The SNA concepts should be followed -- used equipment is not included in NA if domestically produced; used imported equipment is included in NA.

2. Walsh and Sawney presentation on Construction:

Alan Heston made the presentation on behalf of Walsh and Sawney. The authors suggest that there is a great deal of commonality in construction in all countries. They have come up with a components model. SPDs and PSs will be prepared and distributed to the regions along with guidance on weights required.

All prices collected should be minus VAT. Estimates of non-deductible VAT (for National Accounts) will have to be added at the time of calculation.

3. Regional Office reports and issues:

A review of ICP activities in the regions (since May 2004) followed in alphabetical order.

Africa:

- The African Development Fund approved on September 8, 2004 to provide grant resources of about US \$ 21.41 million to support the implementation of ICP-Africa activities over the next 3-year period, 2004-2007.
- The focus for Africa is not just on generating PPPs but on taking advantage of ICP activities to help improve the quality of African National Accounts, price statistics, etc.
- The region is making use of sub-regional organizations as a conduit for efficiently channeling funds to countries. Instead of signing Protocols of Agreements with 51 countries, they are signing agreements with 4 organizations which make for a more efficient way of working.

- How much money is to be sent to countries is dependent on the following criteria:
 - area
 - population
 - GDP per capita
 - size of urban population as percentage of total population
 - level of ICP participation (at the GDP level or at consumption level)
 - statistical capacity.
- The complete list for consumption goods and services has been finalized, translated into French and uploaded directly into the Tool Pack for distribution to member countries. The African product list has also been transferred into the SPD software to facilitate preparation of the Ring Product List.
- 12 Consultants/National ICP staff and 4 AfDB staff has participated in "train-the-trainers" workshops. Sub-regional and national ICP staff are to undergo training in October/November.
- The participating countries are scheduled to receive the money by 15 November.
- African countries are beginning pilot price collection in November. Actual data collection is expected to begin in January 2005.

Asia:

- The product list for household consumption (Phase 1 and 2) has been finalized and completed. There are 650 products in the list altogether.
- Preparation for ICP price surveys have started.
- Training has taken place in 12 countries (4/5 more next week). The training has focused on 3 things: price survey methodology, Tool Pack and ICP concepts.
- ADB have received comments from countries on survey framework and designs.
- Asian countries will provide regions with individual prices, except when only 1 or 2 quotations are available.
- Manual of price collection to go out to countries by end of this week.
- Weights: The regional office is organizing a meeting in December. Some Asian countries will be providing data based on 1968 SNA (not for all basic headings). The weight generated from 1968 SNA will be mapped on 1993 SNA classification.
- Advocacy: Advocacy issues were discussed in the Regional Advisory Meeting. ESCAP will be doing advocacy work for ICP in 1Q 2005.
- ICP software: India, PRC, the Philippines, Bhutan, Bangladesh, Nepal and Vietnam have already received training on how to use the Tool Pack. Cambodia, Fiji, Lao PDR and the Maldives are scheduled to receive training in Sept/Oct. The Regional Coordinator will be sending out computers (CPUs only) to 17 countries. The latest version of the Tool Pack will be installed in the machines before they are sent. ADB received the computers on 22 September. A number of countries are in the process of translating product lists into their national languages.
- All countries have been able to install the Tool Pack. Two countries were unable to install the Tool Pack in some computers although they could install them in others.
- Price collectors will input the data manually on paper price collection forms. Data validation should be done at the end of each month.
- Most of the Asian countries plan to do monthly price collection for food and quarterly price collection for clothing and footwear. 17 of the 23 participating countries have submitted their sampling plans for the price surveys including frequency of price surveys (covering only food, clothing and footwear items). These sampling plans are currently being reviewed. Reminders have been sent to the other six countries.
- The Regional Coordinator has requested national accounts experts in the participating countries to send 2003 GDP expenditure weights by October 2004.
- Asian countries have been requested to comment on the pharmaceutical products list provided by the Global Office. 7 countries have sent their comments on other types of pharmaceutical products available in their countries and dosages as well as

products not available (Vietnam can price only 16 out of the 30). Artesunate, Indinavir and Nevirapine were among those commonly unavailable in the countries that have sent their comments. Medicines are distributed free of charge by the government of Bhutan and they would, therefore, find it difficult to give transaction prices of pharmaceutical products as required by ICP.

- Pilot price collection will begin in the last quarter of 2004. Real price collection will begin January 2005.

CIS:

The work relating to ICP was carried out in the CIS region in accordance with the schedule approved by the Council of the Heads of Statistical Services of the CIS Countries at its meeting convened at the end of the last year.

- Consumer goods Product Specifications were prepared and a common list of representative items was created after discussion with national coordinators.
- CIS countries started collecting prices for consumer goods items in July this year. The data is expected to be submitted to regional coordinators in the first half of 2005.. The work on formation of a list of representative investment goods is also underway.
- Preparatory work for the comparison of construction items is in progress;
- Some methodological materials have been prepared to improve the accuracy and international comparability of GDP in CIS countries. ICP Regional coordinators have also prepared some methodological materials in order to assist countries in the selection of representative items, collection of prices and obtaining average national prices registered in national accounts;
- The Bureau of Economic Analysis Foundation, Russia has translated ICP Tool Pack messages and strings into Russian. In this context, the regional office noted differences in terminology used in comparisons of ICP and the OECD/Eurostat PPP Program.
- The specifications of food, clothing, footwear, cars, motorcycles and bicycles have been translated from Russian into English and dispatched to the Global Office. A number of chapters of the ICP Manual have been translated into Russian and put on the internet for use by statistical offices in CIS countries.
- The CIS region is waiting for an expert from the Global Office to be sent to the region to explain the functioning of the Tool Pack.
- The CIS found an inconsistency between Chapter 4 of the Handbook and the Operational Manual pertaining to the treatment of different prices for the same commodity in different types of outlets.
- The CIS team also suggested changing the wording of the second bullet point on page 3 in order to make it more consistent with the SNA 1993 terminology (refer to the use of the word "subsidy" in the phrase "The subsidy is treated as government expenditure of households". In SNA 1993 this subsidy is not treated as government consumption expenditure.

OECD/Eurostat:

- The OECD/Eurostat PPP program functions independently from ICP. The data will be linked to ICP at the basic heading level.
- A 3-year rolling benchmark is used for consumer prices.
- Equipment goods and construction are priced bi-annually in Eurostat (OECD every 3 years); both collect prices in 2005.
- 3 out of 6 surveys for consumer prices (which will form 2005 data) have already been executed (2 published); One more survey is scheduled for 2004, 2 in 2005.

Latin America:

- Two rounds of visits to participating countries have taken place to complete the photo album for Food and Beverage products and to prepare the photo album for Clothing and Footwear and Furniture and Household Equipment products.
- Meetings were held with the two sub-regions to finalize specifications of all consumption products. Excel spreadsheets were used for the products specifications since SPD software was not available at the time. Product codes were found to be identical only up to basic headings.
- 8 countries were trained on the use of the Tool Pack in a workshop in Chile. Most countries in the region do not have the hardware or software requirements to use the Tool Pack. The World Bank has provided ECLAC with the necessary funds to buy computers for the countries. 5 countries will use the Tool Pack in the pilot price collection. ECLAC has sent computers to 3 countries (Paraguay, Uruguay and Colombia) to begin with. Chile and Bolivia will also be sent computers.
- All countries are expected to start price collection on pilot basis in October. Argentina, Brazil, Chile, Ecuador, Peru, Colombia, Uruguay and Bolivia will collect in more than one city. Venezuela and Paraguay will collect only in the capital cities.
- Collection forms were exported from PAM and sent in Excel format to Colombia, Chile and Bolivia.
- 9 out of 10 countries have agreed to send micro data to Statistics Canada where the processing and analysis will take place. Discussion is underway to secure the agreement of the last country.

Western Asia:

- Food and Beverages, Footwear and Clothing regional SPDs, word glossary, picture glossary and national PSs have already been completed. The Food and Beverages product list has been translated into Arabic. Furniture and Utilities, Transportation and Communication regional SPDs, word glossary, picture glossary have also been completed. Recreation and Culture regional SPDs and word glossaries are complete. Training on the use of the Tool Pack is in progress and is expected to continue to mid-Oct. Installation of the Tool Pack is in progress. Training of Price Collectors has not taken place yet.
- Price collection surveys for Food and Beverages, Footwear and Clothing are expected to start in mid-Nov.
- ICP Handbook chapters 3 to 7 have been translated into Arabic and sent out to countries. The translation of the Operational Manual and other manuals are expected to be completed by the end of October.
- The Arabic Tool Pack is working well.
- A workshop and national Coordinators meeting was held in Cairo on 26-30 June to discuss and finalize the regional product list for Food & Beverages and Clothing & Footwear, to provide training to two statisticians from each country on the Tool Pack, and to enhance the statistical capacity of participants in the areas of national accounts, price indexing and sampling, etc.

4. Advocacy:

- The Global Office has created brochures on the following topics:
 - International Comparison Program (ICP): An overview of the 2003-2006 round which includes information such as Goal of ICP, Current

framework, What is Purchasing Power Parity, Uses of PPP data, ICP Regions, Our Partners, contact information.

- Country Participation in ICP 2003- 2006 round which includes a table of participating countries, information about Regional Coordinating Offices, the governance of ICP, Key Dates and Milestones and contact information.
 - ICP software which includes information about the Tool Pack, the SPD software, important features, Helpdesk information and contact information.
 - The uses of PPPs which included information about the Role of Purchasing Power Parities at the national and international level, what they are used for (including examples) and information about the governance of ICP, key dates and milestones and contact information.
 - The methodology used by ICP to generate PPPs with detailed examples.
- The draft brochures were sent to the regional offices by email for comments. Comments have been incorporated in the final versions that were sent to the Publication team in the World Bank in Sept. The text can be sent to regional offices for translation purposes when required by them. In order to establish brand identity, the same design and templates can be used in the regional offices for their brochures. The Global Office will be able to provide the templates by the end of October. Hardcopies of the brochures will be available in mid-Nov. The regional offices need to inform the Global Office how many copies of the brochures they will require.
 - The Global Office also prepared 2 press releases with the help of the office of the ICP Chairman's office. One was meant to be sent out by the World Bank External Affairs department and regional offices. The other was a template for national statistical offices. The press releases will be revised with comments from the participants in the meeting. They are being put on hold for the time being as actual price collection is not taking place till early 2005 in most regions.

5. Operational Manual:

The operational manual is a step-by-step guideline to national coordinators and details their institutional responsibilities in terms of MOUs signed, relationships between global office, regional office and national statistical offices, etc. It tells the national coordinator how he should set up shop for ICP price collection activities, what kind of preparations are needed for developing the survey framework, etc. Much of these preparations are already in place in regions like Latin America. Africa is in the process of setting them up. So is Asia. CIS is already collecting prices and therefore ahead of the other regions. ESCWA has already implemented them. So in a way the operational guide has come slightly late but will still be an important reference material for national coordinators. It divides countries into 3 groups:

- those with good CPI structures already in place
- those with fairly sound CPI structures
- countries that require statistical capacity building

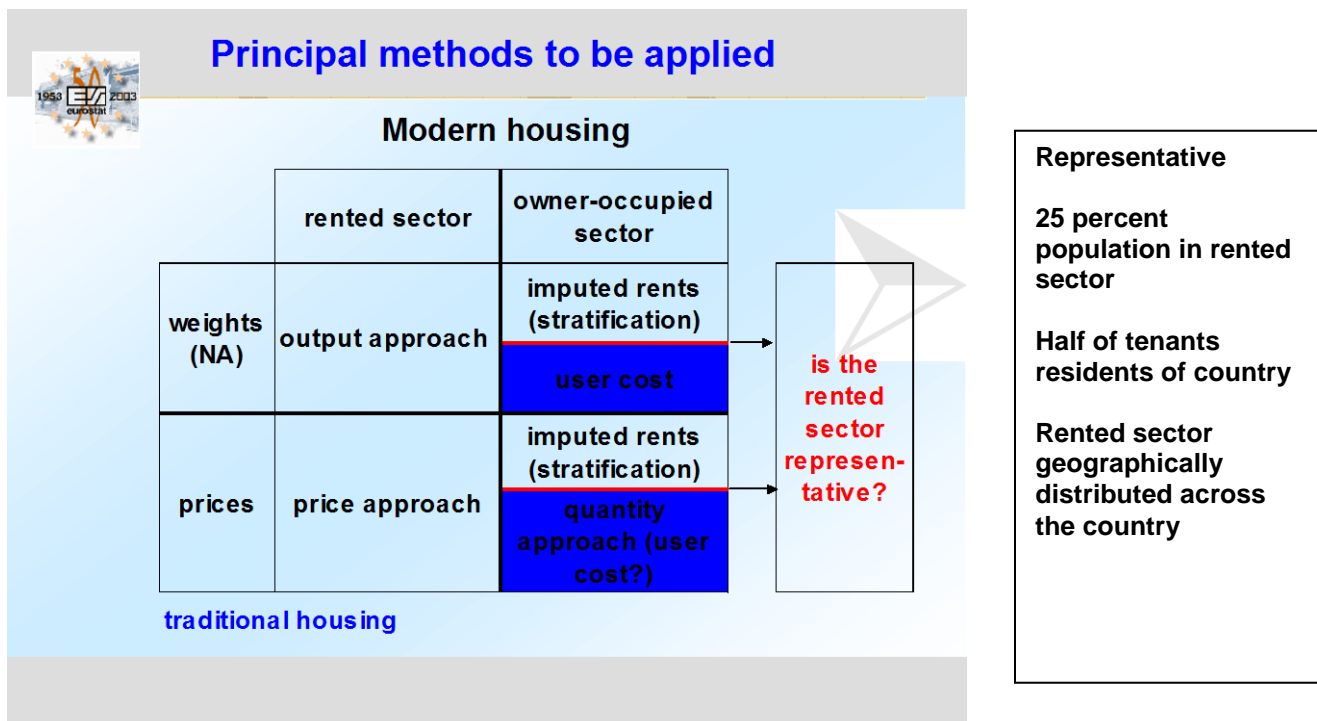
The operational guide provides guidelines on strategy each group should follow. Its is important for each country to meet the requirements in the checklist provided in the operational manual.

6. Preparations for Price Collection

- A major problem identified in previous rounds of the ICP was lack of coordination. The success of this round depends largely in effective coordination at various levels, including national or domestic coordination and coordination among regional offices.
 - The operational manual should apply to all regions, recognizing their idiosyncrasies.
 - We need to recognize that a number of corrections will have to be done 'Ex-Post'. The focus at the present time should be on things required to conduct a successful operation rather than conceptual issues.
 - An Ex-Ante checklist to verify the readiness of countries for price collection was proposed. Regional offices should phone each country coordinator and go through the list systematically. The green signal to go ahead will be given only after a sufficient number of affirmative responses have been received. The list is divided into 3 parts:
 - price collector
 - supervisor
 - regional coordinator
1. A questionnaire was prepared to be sent to regional offices (see Annex 1). Each region is expected to return the questionnaire to the Global Office by 1 Nov., '04.

7. Housing and national accounts – rents and imputed rents:

- Prices need to be consistent with each country's national accounts.
- Global Office to provide form/SPDs for rental survey
- National annual average rents to be determined.
- Imputed rents to be used for owner occupied housing if at least 25 percent of the population is in the rented sector, half of the tenants are residents of the country, and the rented sector geographically distributed across the country
- Otherwise, the Quantity approach will be used per the chart below.



8. Tool Pack readiness for price collection/updates:

- Tool Pack installation was an issue discussed actively in the meeting. AfDB reported a problem with the installation of the Tool Pack on computers that were on their local area network (LAN). This turned out to be not a Tool Pack problem. It was due to the use of anti-virus software running on the LAN, which prevented the Tool Pack from being installed. The Tool Pack installation is not designed to override the security policies (anti-virus and anti-spy ware) of the organization. During the discussion, it was pointed out that the Tool Pack installation manual clearly instructs that any kind of anti-virus and/or spy ware running on the network or on the computer should be turned off before attempting installation.
- Global Office reported that the installation of the Tool Pack had been strengthened considerably since the last Regional Coordinators meeting and that much experience was gained by the Global Office in installing the Tool Pack on a variety of computer configurations at various locations around the world during the training sessions in the past several months. Besides this, the Global Office informed that the installation had been tested extensively on a variety of computers with different configurations in Washington.
- The Regional Coordinators were also informed about the availability of the Tool Pack in 5 languages, the testing of the software that had taken place and accurate translations that had been done with the help of the regional offices.
- New features that were added to the current Tool Pack (Version 1.1) were explained and demonstrated. Some of these new features were in response to feedback received by the Global Office during the training sessions over the past few months.
- Data transfer from Countries to Regions after each price collection and how it would be done was explained. This included transfer of raw prices data by some countries which would not be using the Tool Pack for their price collection.
- A timeline was provided for the remaining work on the Tool Pack, which would result in Version 1.2 which includes the Quaranta diagnostic table, data aggregation, index number calculation and reports. At this time, it was agreed that the Regional ICP Tool

Pack, to be used by the regional offices, would remain in English. That is, the Quranta diagnostic table and the Aggregation modules and Reports would not be translated into multiple languages

- The timeline given to Regional Coordinators for completing the development and testing of the software was as follows:

Oct 31 – for Version 1.2

Nov 15 – for Russian version of the Tool Pack in line with other language Tool Packs.

After the testing is done at the Global Office, Version 1.2 will be sent to the regional offices with related documentation in English.

9. Compensation survey/ PPPs for Govt Services:

- ICP should stick with the tried and tested methodology used in OECD/Eurostat.
- The Global Office will liaise with ILO and OECD and develop SPDs for the regions. A question was raised whether ILO is capable of doing detailed occupational specifications for ICP keeping in mind that the calendar and timetable that drives them are different from ICP's. It was decided that the Global Office, OECD and Eurostat should take the old lists to ILO and take their advice in the interest of international harmony.
- A question was raised about averaging the salary of employees with different qualifications/ experience, etc. Is it acceptable to take the peak modal under those circumstances? It was agreed that the procedure should ensure average compensations are provided.
- ICP draft chapter on government services will need to include details of some of the issues raised here.

10. Individual Household Consumption Education SPDs:

- The SPDs developed by the Global Office SPD team on education were the result of meetings with UNESCO which helped update past product lists by highlighting current realities in different regions. For individual consumption expenditure by households the 'price' of educational service will be collected directly from the private institutions. The SPDs for private education fall under the following categories:

Pre–primary education	1)Daycare and early childcare 2)Pre primary education 3)Primary school
Secondary education	1)Lower secondary 2)Upper secondary
Tertiary education	1)Tertiary education
Other educational programs	1) Special needs 2)Foreign languages 3)Music lessons 4)Private lessons (in Mathematics, for instance) 5)Literary and numeracy for adults

The SPDs created by the Global Office includes the following specifications:

- Type
 - Grade Level
 - Age of pupils
 - Examination (quality indicator)
 - Average size of classes
 - Reliability of Service (Africa specific)
 - Fee
- The SPDs will be sent to the regions who will confer with the countries and choose the specifications that are relevant for their environment and send back their comments to the Global Office.
 - A suggestion was made to include NGO-run schools, religious schools, etc. International schools and schools for expatriates were thought to be outliers and need not be included in the SPDs. Overall Ex-post adjustment should include private tuition (not needed at price collection stage).
 - For education related to individual consumption by government, PPPs will be measured by teacher compensation, SPDs for which have been completed (pre-primary and primary teachers, secondary education teachers, lecturer/professor).
 - The Global Office approach to employee compensation in education sector was thought to be over-specified. These will be revised with input from the meeting.

11. Health SPDs:

- The Global Office used the BLS checklist and the 30 core pharmaceutical products provided by WHO as a starting point in developing Health SPDs. Further information was derived from the WHO website. Input from Africa and Asia about dosages and generic names have also been incorporated. These have been sent by the Global Manager to WHO for expert advice. They will also be circulated among the regional offices for their comments.
- The African regional office suggested adding some important categories of pharmaceutical products. These are
 1. Anti Helminthic drugs
 2. Anti Protozoals
 3. Cheaper forms of proposed products, including anti bacterial and anti malarial medicines
 4. Anti-pipretic
- Regarding the practice in certain countries of tipping the medical practitioner for better service, it was decided that if tips are not included in National Accounts they should not be included as part of employee compensation.

12. Ring Comparison:

- The Global Office should be sent contact details of Heads of National Statistical Offices of the Ring countries in Africa and Latin America so that letters can be sent out to them.
- All Ring Countries should attempt to price at least one product from each Basic Heading in the Ring Product List. Weights would be assigned for representativity and non-representativity.
- The Ring Product List should include a picture catalogue and glossary of terms.

The process as agreed by participants in the meeting is as follows:

Activities	Deadlines
Regions to purge from regional product list 1) items too specific to their own countries, and 2) items Ring Countries will not be pricing	Regions to send lists to Global Office by 15 October
Global Office to structure regional list and send to Regional Offices for items termed “shop items”, ie, Food, Clothing & Footwear, Furniture & Furnishing Equipment, Recreation & Culture (goods only)	Global Office to send to regions on flow basis with final portions to reach regions by 31 Dec 2004
Ring Countries to comment (yes/no) on which of the items from other regional lists they are able to price	Return to Global office on flow basis—final items by 1 Feb 2005
Global Office to harmonize specifications of product lists, create glossary and prepare PS	Again on flow basis with items completed by 15 March 2005
Regional Offices meet with Ring Countries to review items they can price on the draft Ring Product List.	Ring Product List as reviewed by regions to be sent to Global Office on 20 May 2004
Meeting with Regional Offices to finalize consumption Ring Product List	Last week of June

13. Equipment goods/exchange rates/pricing:

- The paper on the use of exchange rates adjusted for tariff's, etc was reviewed. General agreement that the regions want to price equipment because they did not agree with the assumptions underlying the use of adjusted exchange rates.
- The Global Office will merge the OECD/Eurostat and CIS lists, prepare SPDs and send the material to regions for their review and decisions about what can be priced in their region.

14. Tool Pack data validation/ submission of data and inter-country analysis (Quaranta Tables)

- The Country Price Administration Module (PAM) contains two basic analysis tables at the basic heading level—detailed listing of quotes and the means for items in the basic heading level. The diagnostic variables in each were reviewed as documented in considerable detail in Chapter 7 of the ICP Handbook. Quaranta tables were also reviewed
- Main issue raised involved data confidentiality and who sees what. Countries should see the average prices of each item in each basic heading that were submitted by the other countries with one exception. The exception is if there is only one price quote which would reveal the confidentiality of a single entity.

15. Tool Pack milestones/support strategy:

- The Tool Pack milestones sheets will be used to exchange information between the Global Office and Regional Offices regarding the status of Tool Pack installation. They will also be used in Regional Offices and countries.
- The Regional Offices should translate the Tool Pack documentation into local languages depending on their needs.
- The Global Office will send Regional Coordinators the PAM and PCM 'Quickstart Guides', once finalized.
- The Global Office will prepare adequate documentation for the Tool Pack Data Processing Module.
- The Tool Pack web page on the ICP website will include Frequently Asked Questions (FAQ) and information on latest versions/upgrades of the Tool Pack. Navigation to the Tool Pack web page will be simplified.
- The Regional Offices will provide initial Tool Pack support to their countries. If needed, they will contact the Global Office to provide further clarifications and solutions.
- Regional Coordinators will ask countries to copy icptoolpack@worldbank.org on all queries regarding the Tool Pack.
- Regional Coordinators will inform the Global Office of the date and venue of their Tool Pack training workshops, so that the Global Office can arrange for adequate support from Washington or from the developers in India.

16. Summary:

The next regional coordinator meeting will be held either the week of February 14 or February 21, 2005. The primary issues on that agenda follow:

- Workplan issues for Health, Education, Equipment, Government, and construction
- Review work underway to prepare Ring list for "shop" items, prepare workplan to complete Ring list for remaining items.
- Review the status of data collection and the experiences gained from the pilot surveys
- Update on Tool Pack use and issues

END