

Executive Summary  
Regional Coordinator Workshop March 7-11, 2005  
Fairmont Hotel, Washington D.C.

**Overview.** The purpose of this summary is to outline important milestones reached since the last Regional Coordinators Meeting in Sept 2004 and provide an overview of critical decisions made in the current meeting.

**Global Data Collection Schedule**

All regions except Africa (three countries have started) started data collection in early 2005. Funds in Africa have not flowed from the region to the countries. As a result, much survey preparation work remains to be done which means price collection will not begin for 1-2 months or more after the funds are received. While other regions have begun price collection, at least two regions have some countries that are not following the schedule of the rest. Western Asia, for instance, has only completed preparing product specifications for food, clothing and footwear. These issues raise questions and concerns about the regions keeping to a schedule that will enable global comparisons based on a 2005 reference year and data of comparable quality.

**Latin America's Experience with Pilot Data Collection**

Statistics Canada is coordinating ICP current round activities in Latin America with ECLAC. Most of the countries there are using CPI as a base for price collection due to lack of financial and human resources; however, much has been done in the region to harmonize CPIs. Countries were in different stages of preparedness for price collection. The coordinating group was able to identify some of the difficulties to be faced in the exercise in advance as a result of the groundwork. The region was able to successfully collect prices for food and part of home appliances. It was decided from the beginning that countries would provide micro data to Statistics Canada. Price averages were calculated there and sent to ECLAC. As a result of the coordination and the groundwork, the countries were able to deliver the price data on time and a review meeting was held within three weeks of the completion of the data collection.

Tool Pack – Uruguay and Colombia used the Tool Pack for price collection. Colombia was not quite as successful as Uruguay. The system is complex but feasible.

Difficulties:

- a) Resources – Budgetary issues resulted in smaller surveys than originally intended (in Venezuela and Brazil for instance).
- b) Data – Wrong quantities and packaging and cases where too few prices collected were common problems.
- c) Brazil has a very large sample and its CPI is aimed at the middle class. Higher end items are missing from it. As a result, average prices were lower in Brazil than other countries.

Lessons Learned:

- Quality control checks are of paramount importance at every stage of data collection and compilation, not just at the end.

- Review meetings every 3 weeks or so after each data collection period are very important. Regional Offices have to be constantly in touch with national coordinators to monitor data quality.
- The quality of the data is expected to improve as the survey moves from the 1Q to the 4Q. Lower weights may be given to prices from earlier quarters.

### **Strategy to Maintain the 2005 Reference Year**

After the LAC presentation above and the regional reports were presented, it was evident that there was not a clear understanding in every region about what was meant by a country being ready for data collection, and how to monitor the data collection progress to ensure regions satisfy the requirements for a 2005 reference year. It was agreed to adopt four basic actions to ensure every region meets the minimum requirements to be a part of the 2005 global comparison. Action items then follow.

- **Define and understand what readiness, starting, and finishing data collection meant.**
  - Readiness is when the product specifications have been completed and agreed upon by the countries, translated into the local language if necessary, and pictures prepared. Readiness also means that the price collectors have been hired, trained, have the survey forms, know where to collect the prices and when.
  - The start of data collection needs to be defined by product groups, whether monthly or quarterly. By this time, there should be agreement between the region and each national coordinator about what data will be submitted (average vs. individual price observations) and a schedule for submission. This time table should identify when the regional results will be reviewed.
  - Data collection will be finished when there has been a region/ sign-off of the Basic Heading prices and parities.
  - Where the ICP data collection goes outside the CPI framework, some regions will have to define readiness/start for the CPI overlap separately from the non-CPI part of the collection.
- **Identify warning signs to signal that a country/region's capability to meet the 2005 requirement is in jeopardy.**
  - Warning signals are when any of the above are not completed in time to meet the data collection time table. The problem is to get the warning signals before it is too late to do anything about the situation. The purpose of the country-by-country status reports is to provide the early warning.
  - Data quality needs to be assessed as quickly as possible after data collection begins so that problems with using the appropriate outlets or pricing locations, finding the correct product, and obtaining enough observations can be corrected before the next data collection period.
- **Establish a process to deal with the problems in order to meet the global standards.** This should be considered a contingency plan to ensure the region is adequately represented in the global comparison. The contingency plan should contain actions that could be taken to salvage a region's participation.

- Identify the core countries in each region whose inclusion is essential to have an acceptable regional comparison. These countries should represent a significant part of the region's GDP and population and cover the region geographically. Each region identified a subset of 5-11 countries that are essential for their comparison. Where time and resources limit the amount of support the region can provide, these countries need to be dealt with first.
- Identify data that could be used to extrapolate partial year data to the full year if data collection may not cover the calendar year.
- Identify data that could extrapolate data from the Capital city or cities to national levels.
- Reduce scope from full GDP to consumption as a last resort and in non core countries.
- **Establish a cut-off date for data collection i.e. the minimum period for data collection.**
  - Make judgment on 1 July whether third quarter 2005 data can be supplied.
    - No data collected quarters 1 and 2, no data for third quarter. Country will not be included in the global comparison (stage 1), however, the region could include the country in an additional comparison (stage 2)
    - No data quarters 1 and 2, but data in quarter 3 will be available. Move non core countries to stage 2. Make sure some pilot collection was done in quarter 2 in core countries.
  - The minimum period for data collection is two quarters in 2005 except for items being priced only one point in time.
- **Action Items:**
  - Countries complete attached Bi Monthly Status Report by country and submit it to the Global Office by April 1 and bi monthly thereafter.
  - The Global office has been directed by the Executive Board to prepare a global summary of data collection status.
  - Global office prepare a set of minimum standards for data quality addressing
    - Within country standards—number of products priced, number of observations and identification of outliers
    - Between country standards—number of products, consistency/variability of price ratios, consistency/variability of PPPs

### **Construction.**

The Technical Advisory Group adopted the Basket of Construction Components (BOCC) for the ICP comparison. While the Eurostat/OECD and CIS use different approaches in their comparisons, the Ring countries from these regions will use the BOCC.

- Structured Product Specifications/Product Specifications for 34 construction components have been prepared and sent to the regional coordinators. Some of the Product Specifications will apply to more than one Basic Heading such as residential vs non residential. The product specifications and supporting papers are on the ICP website.

- The process requires the preparation of weights - one set from the national accounts; the other from a variety of sources as determined by the regional coordinators. These weights are not needed until data collection is completed.
- Regions need to translate the specifications if necessary, locate consultants to review the product specifications, and use expert assistance to collect the data.
- Data collection to take place beginning the fourth quarter of 2005.

### **Equipment Goods**

The Global Office has engaged consultants to prepare specifications by drawing upon those prepared for the Eurostat/OECD and CIS comparisons and making them relevant for developing countries. This includes defining smaller sizes and providing for used equipment.

- CIS region to send its list translated into English along with pictures by early April.
- April 15-Global Office will advise regions of the status of the availability of the equipment specifications.
- May 15—draft specifications will be sent to the regions.
- All countries are to complete the questionnaire with the data required to estimate PPPs using an exchange rate approach. This will be used as a fall back where some countries may not be able to obtain prices and as a basis for comparison with PPPs based on actual prices. The paper providing the background and the questionnaire are on the ICP website under the Methodology and Research tab.
- To increase the relevance of the product lists to the developing world, the Global Office was requested to add used products and small scale equipments to the list.

### **Housing**

Chapter 12—Housing and Dwelling Services—is now available on the ICP Website. One of the primary issues with housing comparisons is how to value owner occupied housing. The usual approach is use the structure of housing in the rental sector to impute values for owner occupied housing. The problem is that many countries do not have a sufficient rental market upon which to value owner occupied housing. Chapter 12 describes the Quantity Approach that is to be used where the rental market is not sufficient.

- Along with Chapter 12 is a questionnaire that should be sent to all countries.
- Countries need to only complete part 1 at this time. Part 1 shows what data are required for the Quantity Approach.
- Countries are to complete part 1 of the questionnaire by mid-April
- The region determines whether rental data or the Quantity approach (or both in some countries?) will be used. If rental data are to be used, the region and countries need to assess data sources.
- Data collection for rental values will begin in the 4<sup>th</sup> quarter of 2005.
- All countries will prepare the data for the Quantity Approach during the 1<sup>st</sup> quarter of 2006, even if they are also collecting rental data.

### **Government-Compensation of Employees**

Previous comparisons were based on the 1988 International Standard Classification of Occupations (ISCO-88). The occupations for which compensation is to be obtained are listed in the ICP Handbook—Chapter 8—Government Services. It is available on the ICP website as are the ISCO-88 specifications.

- The Global Office along with the OECD and Eurostat is working with the International Labor Organization to update the ISCO-88 descriptions. Meanwhile the ISCO classifications have been sent to the regional coordinators.
- The updated descriptions will be sent to the regional coordinators for their review in early April.
- Data collection will depend upon the availability of the data from the government salary scales. If necessary, data will be used for 2004 and updated to 2005 based on how salaries are adjusted because of cost of living, etc.

### **Health**

Regional coordinators were presented with a set of 30 core pharmaceuticals as defined by the World Health Organization. In addition, the Global office, with guidance from the World Bank Health staff, prepared product specifications for the remaining health Basic Headings (except hospital services).

- The product specifications for health were updated to reflect the input received from the regional coordinators.
  - Use of generic names
  - Criteria such as age and sex of patient have been removed
- The updated specifications have been sent to the regions. The regions will make changes as needed to reflect their situation (quantities, etc) and send their final specifications to the Global Office by the end of the 2<sup>nd</sup> quarter, 2005.
- Data Collection will commence the 4<sup>th</sup> quarter of 2005.
- The Eurostat/OECD comparison uses a government PPP as a reference PPP for hospital services in household consumption because of the difficulties defining comparable services. It was a consensus that reference PPPs be used for this round of the ICP; the regions need to determine the most relevant reference PPP for their comparison.

### **Fixity**

Fixity involves the issue of maintaining the ranking of countries resulting from the regional comparison when doing the global measures. It is OECD/Eurostat policy to maintain fixity. The other regions have also decided to impose fixity. However, there is still need for a working paper that presents the pros and cons as well as a basis to determine whether fixity is imposed at all levels of aggregation or at the GDP level.

### **National Accounts and Expenditure Weights**

The CIS region has prepared a paper on national accounts which emphasizes the importance of following SNA 93 concepts; especially for government and own consumption.

- While countries should be encouraged to update to SNA 93, they should only do so if their official series are updated. There will only be one GDP used and it will be the official number.
- The SNA concepts should be followed as closely as possible when breaking the official GDP down into the expenditure shares used for weighting.
- AfDB was requested to disseminate Mahinder Gill's paper on 'Preparation of Expenditure Weights by Basic Headings' to Regional Offices.

### **The Ring Comparison**

Chapter 11—The Ring Comparison—is on the ICP website. It presents some background on methodology and also provides a worked example showing how the linking will be done. A fundamental result coming from this approach is that the end results are transitive and maintain fixity at the Basic Heading level. The other result has implications for building the ring list. The Ring PPPs are based on the overlap of products within each region as a whole, not on individual countries. That means it is not necessary for every country in a region to try to price every item as long as at least one is able to. Price collection for the Ring will take place in the first quarter of 2006.

### **Preparing the Ring List**

The workplan as established during the previous regional coordinator meeting was that the Global Office would combine the product specifications by basic heading for “shop” items from all of the countries and send this combined file to the Ring countries. The Ring countries were to simply check “yes” or “no” indicating whether the product could be found in their markets. The purpose was to prune a list of several thousand into something much more manageable for preparing a draft list. Few countries were able to complete this exercise. Therefore, the Global Office sent staff to some regions to meet with the countries and complete this review. Other regions are still completing this exercise.

- Ring countries are to complete the “yes,no” review by the end of March.
- The Global Office will use this first input to purge products and prepare a first draft.
- There will be several additional steps as shown in the attached time line leading to the completion of the Ring product specifications.
- One issue was whether the Finalization workshop should include representatives from all 18 countries or only include the regional coordinators.
  - Each region will review the preliminary product specifications with the Ring countries and send comments to the Global Office
  - The Global office will update the preliminary product specifications.
  - The finalization workshop for the Ring list will take place the last week of September 2005 and will only include the regional coordinators.
- Data collection for the Ring comparison will be the 1<sup>st</sup> quarter 2006.
- See attached Ring work plan.

### **Reference PPPs**

It is difficult to obtain the data to compute PPPs for some of the basic headings. In these cases, a PPP from another basic heading or combination of basic headings is used instead. The regions were given a spreadsheet based on the OECD comparison showing by basic heading where reference PPPs are used and their source.

- The regions are to review the suggested reference PPPs, determine by basic heading whether or not reference PPPs are to be used, and if so their source.
- The Global Office will be advised of any departures from the OECD recommendations as it may have implications for the Ring Comparison.

## **Issues Regarding Access to ICP Data**

### **Background**

Once completed, the ICP will provide a rich database of prices, PPPs and expenditure weights. Researchers are bound to seek access to this data base in order to pursue their analyses. So far “access” has not been defined nor when and how it can take place, whether there are restrictions, and if so how and by whom they will be imposed.

The ICP Executive Board has directed the Global office to seek information from the regional coordinators regarding the exact form in which data will be transmitted from countries to the regional coordinating centers and whether there are accompanying restrictions involving their use so that guidelines on data access may be prepared.

There are five kinds of data/information items for which access needs to be defined and policies regulating it need to be developed:

- **Individual Product prices.** Countries are expected to submit individual price observations unless their laws prohibit them from so doing. But many may wish to restrict access to their detailed data by third parties. For example, several regional centers have engaged consultants to conduct research into poverty matters. We need policies to regulate the level of detail to which these researchers will be permitted to gain access, how such access will take place – downloading onto their own system or simply reading the data - and when – for example, before or after preliminary publication of global results?
- **Item level averages.** Average prices submitted to regional processing centers and thereafter to the Global Unit can be at a detail below the national annual average prices. For example, averages should be submitted by quarter and may apply to outlets, to localities or to national sectors (urban and rural). Regional coordinators must make it clear to their constituents that the minimum acceptable detail for submission is at item level. Moreover, average product prices and Basic Heading PPPs must be open for review by all countries in the region. But what remains to be regulated is how third parties – bona fide individual researchers or organizations – access data for legitimate scientific purposes.
- **Expenditure weights for the 155 Basic Headings.** Ideally data should be accessible at the BH level. But we should resolve this by consensus. Some

countries may have serious concerns and must be given an opportunity to voice them before defining policies governing access.

- **PPPs at the Basic Heading level.** Researchers must be given guidelines concerning their rights to detailed publication. For example should they be given the right to publish more than the detail envisaged for official ICP publications?
- **Product Specifications.** The IMF has requested the consumption product specifications. The ILO has requested the food specifications that will be used for the Ring comparison. Are there any restrictions to the sharing of these specifications?
- **Action Item**—Regional coordinators are to complete item 1 in the attached data access worksheet and send it to the Global Office by April 15, 2005.

### **Review of Tool Pack Data Processing Module**

- Version 1.2:
  - Sent to Asia on January 28 / sent again on February 28 (via WB Manila Office).
  - Sent to Africa on February 24.
  - Sent to Western Asia on March 8.
  - Sent to Statistics Canada on January 19.
- Documentation for version 1.2:
  - DPM User Guide and summary steps sent to Asia, Africa, and Statistics Canada.
  - DPM User Guide and summary steps to be sent to Western Asia by March 23.
  - DPM data transfer guide for countries and regions to be sent to all regions by March 23.
  - Additional documentation for data validation and processing underway.
- Training and support requested:-
  - Statistics Canada staff were trained on Version 1.2 in mid January.
  - Asia requested training and support for Version 1.2 and the batch upload utility. Support for data transfer will be provided by Satyam during the period March-April 2005.
  - Western Asia requested training for Version 1.2.  
Support for data transfer will be provided by WB during the period March-April 2005.
  - Training for CIS region is under discussion.

A new and revised Chapter 7 can be accessed from the ICP website. Chapter 7 explains the Tool Pack data validation procedures.

### **Advocacy campaign**

- *Global Office to provide donors and Chief Executives of partner organizations with updates about progress of ICP;*
- *Global Office to create platform for internal marketing within World Bank and Fund Group;*
- *Regional Offices to step up advocacy campaigns to create awareness in*
- *Countries;*
- *CIS team to translate advocacy material in Russian;*
- *Regional Offices to send progress reports and calendar of events information for ICP News in good time.*

### **Additional Action Items**

- Global Office will disseminate Mahinder Gill's paper on 'Preparation of Expenditure Weights by Basic Headings' to Regional Offices;
- CIS region to send paper on National accounts to the Global Office for circulation to other regional offices.

### **Next Regional Coordinator Workshop**

July 11-15, 2005