

Minutes of the 2nd ICP Regional Coordinating Agencies Meeting

Washington, DC

May 27-29, 2015

Welcome and meeting objectives

The second meeting of the International Comparison Program (ICP) Regional Coordinating Agencies took place from May 27-29, 2015 in Washington, DC. The meeting discussed issues related to: updates on post-2011 activities; maximizing synergies in regional and global post-2011 activities; global core list survey materials for regional PPP updates; expenditures and price deflators; PPP applications; discussions on the future; and the way forward. Annex 1 provides the agenda of the meeting. Meeting participants included representatives from the African Development Bank (AfDB), Asian Development Bank (ADB), CIS-STAT, UN-ECLAC, UN-ESCWA, Eurostat, OECD, the World Bank, and the IMF, as listed in Annex 2. The meeting was chaired by the World Bank Development Data Group.

The Director of the World Bank Development Data Group welcomed meeting participants and recalled the United Nations Statistical Commission (UNSC) advice to sustain the capacity built during the 2011 round to ensure continuity of ICP activities while the ICP 2011 evaluation was being conducted by the Friends of the Chair group. The UNSC will review the final recommendations of the evaluation in March 2016, thus a next ICP round is not envisaged until 2017 at the earliest. Therefore, the work carried out in the interim period is crucial. The contribution of all Regional Coordinating Agencies at the meeting would shed light on the various regional efforts taking place. Maximizing synergies between regional and global post-2011 activities could help ensure the availability of reliable PPP updates.

The Manager of the World Bank Development Data Group echoed the notion that the post-2011 efforts were highly important. He reemphasized the critical need to utilize the capacity gained from the 2011 round to build a permanent program that is lighter, more responsive and better serves the PPP users.

Session I: Recap and update on post-2011 activities

Africa (African Development Bank)

The AfDB informed the meeting participants of the launch of the 2015 ICP-Africa preparatory activities, including a workshop in Tunis. The AfDB has designed the ICP to serve as a capacity-building platform and planned a reduced program every two years between benchmark years, similar to their program in 2009. Collection would begin in 2015 for price data in capital cities only, using a reduced regional list that would cover the full GDP. It was agreed that Africa and Western Asia would work jointly on the five countries overlapping in their regions to ensure streamlined efforts. AfDB is also conducting sub-national PPP projects in selected countries. Lately, a mission was undertaken to South Africa to help with the production of sub-national PPPs for the country.

Asia and the Pacific (Asian Development Bank)

The ADB highlighted three topics on the ADB research agenda: (i) subnational PPPs to calculate relevant indicators for better inform policy formulation; (ii) 2015 PPP update to improve harmonization of ICP with consumer price index (CPI) price collection activities in NSOs; and (iii) poverty-specific PPPs for converting the international poverty lines into local currency units and investigating the sensitivity of the estimated PPPs to prices collected from poverty specific price surveys undertaken in the 2011 ICP for Asia and the Pacific. Much progress was achieved since March 2015. Twenty-one countries (except China and Singapore) confirmed their willingness to participate in the 2015 update, and subnational PPP work plans were prepared for six countries. Under the umbrella of the ICP, ADB is embarking on a project for SUTs for 30 countries, using SNA 2008 as the guide. An additional project was initiated to produce input-output tables in the countries in the region. On poverty PPPs, ADB will retest the robustness of the methodology used for poverty PPPs in 2005, using 2011 data since the 2011 list integrated poverty-specific items. The results will be disseminated in a paper.

CIS (CIS-STAT)

CIS-STAT described the continuation of the CIS regional ICP program with data collection from 2014 that was based on the Eurostat-OECD and ICP 2011 item lists. A regional meeting is planned for autumn 2015 to discuss data validation. Special survey approaches were explained for compensation of employees, education, machinery and equipment, and construction. Regarding national accounts, the elaboration of expenditure classification for CIS was proceeding. Although every CIS country had developed a plan to implement SNA 2008, the schedules and time series revision policies differ. Key challenges faced in the CIS region included the harmonization of price statistics and ICP works, as well as the potential linking of 2014 CIS results to OECD and the world. On PPP extrapolation, bottom-up and top-down approaches were considered, pending the availability of required detailed information. Dissemination and advocacy of regional results were also a focus to raise the visibility of results and their uses. It was noted that the region was open to including additional CIS countries in future ICP efforts.

Western Asia (UN-ESCWA)

UN-ESCWA presented its final ICP 2011 regional report, "Purchasing Power Parities and the Real Size of Western Asia Economies", which was published in May 2015. As for post-2011 ICP activities in the Western Asia region, UN-ESCWA devised an exercise for computing PPP estimates for 2012-2013 based on extrapolation and selected price collections. A regional workshop was held to validate data for the exercise, and review the preliminary results for 2012 and 2013. The results of the exercise were published together with the final regional ICP 2011 report. A national project was developed for the production of regular annual subnational PPPs for Egypt, United Arab Emirates and Sudan that entailed several national workshops, utilizing the ICP-Kit from the 2011 round. Regional activities aimed to evolve from the capacity built in the 2011 round, however; the harmonization of ICP and CPI remained challenging. Plans for 2014-2015 focus on working with countries on producing bi-annual PPPs by utilizing field collection of prices in 2016 for household consumption (HHC) and non-HHC surveys and then backcasting for 2014-2015.

Eurostat-OECD PPP program (Eurostat/OECD)

Eurostat and OECD reported the main developments and way forward for the Eurostat-OECD PPP program. The program was amidst introducing a new classification in 2015 that was impacted by the following: SNA 2008 and ESA 2010; introduction of CPC version 2 in national accounts; new PPP methodologies for health and education; and harmonized 5-digit COICOP codes. Additionally, OECD non-European countries are moving towards an annual PPP calculation from 2015 onwards. This is due to the shortcomings of the extrapolation method to estimate PPPs for intermediate years in order to have reliable annual detailed results and to improve the quality of PPPs. The Eurostat-OECD PPP manual from 2012 will be updated to reflect these updates.

Update on post-2011 activities at the global level and discussion on the outcomes of the UNSC session on the ICP evaluation

The ICP team at the World Bank provided an update on the post-2011 activities at the global level since the previous meeting in March 2015, and informed the meeting on the outcomes of the UNSC session on the ICP evaluation. Statistics Austria provided a brief update, on behalf of the Friends of the Chair group, on the evaluation of the ICP 2011 and recommendations. The evaluation was progressing positively and is expected to recommend a more permanent ICP going forward. Potential timetable and funding risks were identified. The interim work being conducted would be most crucial as the lag between the 2011 round and the next round will be at least 6 years.

Looking ahead, official statistics including prices, expenditures and price deflators would remain most vital in the calculation of benchmark PPPs and PPP time series. Private sector data could help to fill potential gaps, and the ICP team is accordingly conducting pilots to test the viability of capturing such data. The use of PPPs for poverty measurement remains a priority, to serve the Sustainable Development Goals and the World Bank Bank's twin goals. To strengthen existing partnerships and build new ones, the ICP team continues to support regional updates by enhancing and simplifying the global core lists and survey materials, providing technical assistance, and financial support in the form of grants to some regional coordinating agencies. The meeting noted that, in the interim period, expert task forces that advise on conceptual ICP topics would benefit the program.

The ICP team presented the outreach plan and calendar that focuses mainly on conferences and seminars, knowledge products, papers, blogs, and quarterly updates to promote the uses of PPPs. To increase transparency and knowledge, the ICP 2011 Operational Guide was fully edited and undergoing formal publication process; an e-learning course on PPPs was being prepared; and video tutorials would continuously be published. The meeting recommended that outreach efforts would encompass both global and regional programs.

Session II: Maximizing synergies in regional and global post-2011 activities

Requirements and challenges for linking regional PPP updates

The ICP team explained that, with separate regional PPP updates underway, linking them remained a challenge, especially considering differences in timing and methodologies. The current extrapolation

methods were sub-optimal and previous regional updates were not incorporated into global estimates. To maximize the regional post-2011 efforts, a framework and process for updating global PPPs was suggested by means of extrapolation, price surveys, or a combination approach. Challenges were noted for each choice and it was emphasized that methodologies should remain the same as ICP 2011.

Session III. Global Core List survey materials for regional PPP updates

The ICP team introduced the updated global core lists for the following surveys:

- Household consumption
- Housing
- Private health
- Private education
- Compensation of government employees
- Machinery and equipment
- Construction

The updated lists were circulated to the Regional Coordinating Agencies in advance of the meeting. Enhancements to the 2011 product lists included improving the use of structured product definitions (SPDs), standardizing parameters, and harmonizing the naming of items. Comments were received from the Regional Coordinating Agencies during the meeting, thus, it was agreed that the ICP team would incorporate all inputs received and resend the lists to the Regional Coordinating Agencies for their further review and verification.

Session IV. Expenditures and price deflators

Review of expenditure classification

The ADB presented some work they have undertaken with the late Derek Blades to assess the ICP classification, and determine whether the classification can be amended based on the 2005 and 2011 ICP experiences. It was suggested that some basic headings could be combined while few others could be split to create a classification that is more in line with expenditure data needs and availability. The ICP team will undertake a detailed analysis and assessment of the classification and propose a revised version to the Regional Coordinating Agencies for their input.

National accounts expenditures and deflators

The ICP team provided background on the estimation of national accounts expenditures for non-benchmark years. Potential data sources were identified, estimation steps reviewed, and limitations including data availability addressed. The way forward for ICP extrapolation would benefit from regional national accounts datasets compiled by the Regional Coordinating Agencies, based on the data provided by the national statistical offices.

The ICP team delivered an analysis of expenditures that focused on the data gaps and inconsistencies from ICP 2011. Targeted technical assistance was suggested for future ICP efforts in cases where the

expenditure approach is not used for national accounts, an older version of SNA is used, the household expenditure survey was conducted long ago, or ICP basic headings and requirements are not in line with national statistics practice.

Consumer price indexes

The ICP team reviewed CPI sources from ILO, IMF and Haver Analytics. With the goal of extrapolating PPPs, it would be ideal to have CPI time series for all ICP countries at the most disaggregated level possible. Thus, extensive research into the CPI series available, country coverage, years covered and additional details were assessed. The ICP team checked the availability of monthly CPI data with a focus on the Africa region. The assessment considered the availability versus the challenges of online data collection.

The IMF and OECD elaborated on their joint initiative to collect and disseminate detailed national CPI data for all countries. The aim is to collect CPI (monthly or quarterly) for 12 COICOP categories. The database should go live by the end of the year. It was noted that some confusion has arisen because regional agencies were not informed of this initiative.

Session V. Discussions on the future

ICP integration into work programs and improving the uses of ICP data

The ICP team conveyed ideas to mainstream and integrate PPP work into NSOs' work programs to ensure the continuity and cost-effectiveness of the ICP; incorporate PPP work into the regional and international agencies' work programs; include PPP-related topics in the agendas of existing working groups; and incorporate technical assistance activities in price statistics and national accounts expenditure data into existing technical assistance processes undertaken by the IMF, World Bank, regional development banks and UN agencies.

To improve buy-ins from countries, outreach efforts need to accelerate to demonstrate PPP and ICP data value and uses by national policy-makers in addition to institutions and academia.

Session VI. PPP applications

PPP time series

The University of Groningen presented the academic uses of ICP results, with a focus on the Penn World Table, which will release version 9 later in the year to include ICP 2011 results. A counterfactual set of 2005 PPPs was constructed to adjust for measurement differences to understand how PPPs change over time, specifically between ICP 2005 and ICP 2011. Measurement changes in ICP 2011 were the primary cause while harmonizing methodology and adjusting for sampling bias was the secondary factor in the changes. It was concluded that the global core list works well and that more frequent official estimates would help to avoid significant revisions of the PPPs.

UN-ESCWA described its PPP time series approach using monthly CPI data and price deflators at the most detailed level available, in addition to specific price data collections. In summary, quarterly inflation rates

were calculated, then quarterly inflation rates were applied on the quarterly 2011 average prices, and lastly annual national average prices were calculated for 2012 and 2013. Validation, including Dikhanov tables were utilized. Regarding national accounts, the disaggregation was performed completely as in the 2011 round, using MORES. Country ownership and involvement was crucial in the process.

PPP uses and analysis for poverty measurement

The World Bank poverty experts were invited to share their poverty estimates under different poverty lines, based on 2011 versus 2005 household consumption PPPs. Results were displayed between and within regions to show various analysis for poverty measurement. A request was made for the Regional Coordinating Agencies to provide 2011 national average prices of regional items as well as a breakdown of the number of outlets or the number of observations by urban and rural for all items (global and regional).

Session VI. Way Forward

The meeting agreed on the following next steps:

- 1- To support regional PPP updates:
 - The ICP team will update the global core lists based on meeting discussions and share it with Regional Coordinating Agencies for their inputs to ensure that the lists represent all regions.
 - The ICP team will review the ICP classification and prepare some changes for Regional Coordinating Agencies to review and provide inputs.
 - The ICP team stands ready to provide assistance to Regional Coordinating Agencies in their PPP updates efforts, as needed.
- 2- To improve knowledge:
 - The ICP team is shaping an e-Learning outline, which will be shared with the Regional Coordinating Agencies for their inputs.
- 3- To test PPP time series:
 - The ICP team will send Regional Coordinating Agencies a questionnaire to obtain CPIs and price deflators, national account expenditures, population and exchange rates from countries in order to further test the PPP extrapolation at lower levels of aggregation.
- 4- To improve outreach:
 - A paper will be commissioned on the uses of PPPs at the national level.
 - Regional Coordinating Agencies are welcomed to communicate their regional outreach plans and activities so that the ICP outreach calendar encompasses both global and regional activities.
- 5- Next meeting:
 - The next meeting of ICP Regional Coordinating Agencies is suggested for October 2015.
 - Some experts could join the meeting to address particular areas such as productivity adjustment, etc.

Annex 1. Agenda

Day 1: May 27, 2015

08:30 – 09:00	Breakfast
09:00 – 09:30	Welcome and meeting objectives
Session I	Recap and update on post-2011 activities
09:30 – 11:00	Brief update on post-2011 activities at the regional level <ul style="list-style-type: none"> - Africa (African Development Bank) - Asia (Asian Development Bank) - CIS (CIS-STAT) - Latin America (UN-ECLAC) - Western Asia (UN-ESCWA) - Eurostat-OECD PPP program
11:00 – 11:30	Brief update on post-2011 activities at the global level (World Bank)
11:30 – 12:00	Brief discussion on the outcomes of the UNSC session on the ICP evaluation
Session II	Maximizing synergies in regional and global post-2011 activities
12:00 – 12:30	Requirements and challenges for linking regional PPP updates
12:30 – 14:00	Lunch break
14:00 – 14:30	Requirements and challenges for linking regional PPP updates (continued)
Session III	Global Core List survey materials for regional PPP updates
14:30 – 17:00	Household consumption

Day 2: May 28, 2015

08:30 – 09:00	Breakfast
Session III	Global Core List survey materials for regional PPP updates (continued)
09:00 – 09:30	Housing
09:30 – 10:00	Private education
10:00 – 10:30	Health
10:30 – 11:30	Government compensation
11:30 – 12:30	Machinery and equipment
12:30 – 14:00	Lunch break
14:00 – 15:00	Construction

Session IV	Expenditures and price deflators
<i>16:00 – 17:00</i>	Review of expenditure classification
<i>15:00 – 16:00</i>	National accounts expenditures and deflators

Day 3: May 29, 2015

<i>08:30 – 09:00</i>	Breakfast
Session IV	Expenditures and price deflators (continued)
<i>09:00 – 09:30</i>	Consumer price indexes
<i>09:30 – 10:00</i>	Analysis of expenditure gaps and inconsistencies from ICP 2011
Session V	Discussions on the future
<i>10:00 – 10:45</i>	ICP integration into national statistical work and regional and international agencies regular work programs
<i>10:45 – 11:30</i>	Improving the uses of ICP data for policy-making and research with a focus on national uses of PPPs
Session VI	PPP applications
<i>11:30 – 12:30</i>	PPP time series
<i>12:30 – 14:00</i>	Lunch break
<i>14:00 – 15:00</i>	PPP uses and analysis for poverty measurement
Session VI	Way forward
<i>15:00 – 15:30</i>	Next steps

Annex 2. List of Participants

Name	Organization
AbuShanab, Hanan	IMF
Accibas, Valerica	CIS-STAT
Brannon, Morgan	World Bank
Cameron, Grant	World Bank
Capilit, Eileen	Asian Development Bank (ADB)
Chen, Shaohua	World Bank
Dikhanov, Yuri	World Bank
Djayeola, Biokou Mathieu	World Bank
Fu, Haishan	World Bank
Gasic, Marjanca	Eurostat
Goldszier, Patricia	World Bank
Hamadeh, Nada	World Bank
Inklaar, Robert	University of Groningen
Koechlin, Francette	OECD
Konijn, Paulus	Eurostat
Kosarev, Andrey	CIS-STAT
Mariasingham, Joseph	Asian Development Bank (ADB)
Mboya Deloubassou, Gregoire	African Development Bank (AfDB)
Nsabimana, Maurice	World Bank
O'Hanlon, Niall	IMF
Rissanen, Marko	World Bank
Roberts, David	World Bank
Sangraula, Prem	World Bank
Sergeev, Sergey	Statistics Austria
Skaini, Majed	UN-ESCWA
Song, Inyoung	World Bank
Vigil Oliver, William	World Bank
Vogel, Fred	World Bank
Yamanaka, Mizuki	World Bank
Yoshida, Nobuo	World Bank