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I n t e r n a t i o n a l C o m p a r i s o n P r o g r a m

03

Organizing the Regions for 2011

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1 Introduction

ICP experiences in the 2005 round were fruitful and successful in most regions, as the results of the ICP provided a crucial information base for research in comparative analysis and policymaking in relevant economic areas. They also served as capacity building platforms in the areas of prices and National Accounts statistics. It is expected that the same benefits will be derived from the 2011 exercise.

This paper is a summary review of experiences developed by the various regions in the implementation of the 2005 ICP. It underlines weaknesses and strengths of that round and highlight major lessons learned on which the regions and countries will build to ensure an effective implementation of the 2011 ICP. Preparations being made for 2011 are also presented for each region.

2 ICP 2005 Regional Experiences

2.1 Africa

The International Comparison Program for Africa (ICP-Africa) was implemented within the framework of Phase I of the Statistical Capacity Building Program of the African Development Bank (AfDB). The program aimed at strengthening the capacity of the AfDB regional member countries (RMCs) in generating reliable and timely socio-economic statistics for computing PPPs necessary for cross-country economic comparisons and meeting the urgent demand for monitoring of progress on the MDGs, PRSs, the African Peer Review Mechanism of NEPAD and the Results-Based Management and Evaluation system for measuring development effectiveness.

The program was implemented in 48 African countries, under the overall regional coordination of the African Development Bank (AfDB), with selected sub-regional organizations (AFRISTAT, COMESA, ECOWAS and SADC) supervising activities at country levels. Coordination teams were formed at the regional, sub-regional and national levels. The regional team at the AfDB was responsible for designing, implementing and managing the program, including, providing technical guidance and coordinating the activities of the related ICP in participating countries. The sub-regional coordination team helped the AfDB in the execution and monitoring of activities in the participating countries. Financial and technical support was accorded to five Statistical Training Centers (STCs) to build their capacity to undertake statistical training and seminars at the country level. The national team composed of a price statistician, a national accountant and an administrative assistant was responsible for the day to day management of the program and the implementation of the activities at the national level.

The main lessons learned from the program are the need to: (a) start the work on both ICP pillars (national account and price statistics) at the same time; (b) allocate some time to the translation of documents in setting deadlines; (c) integrate the ICP and CPI data collection of the main household consumption items to create synergy and reduce cost ; (d) better organize construction and equipment surveys; (e) bring all stakeholders to work together on some activities deemed to have a leverage effect on both AfDB and participating countries; (f) the need to design a strategy for a better dissemination of ICP results; (g) build on the great contribution of the program to substantial improvement of price and national accounts statistics in Africa.

2.2 Asia

The Asian Development Bank (ADB) was the regional coordinator and oversaw the successful conclusion of the 2005 ICP Asia Pacific. ADB set up a Regional Advisory Board (RAB) as the chief policy-making body. The main responsibilities of the RAB were to provide guidance on regional goals, priorities & objectives, to monitor and guide annual work programs prepared by the regional coordinating agency, to reviewed reports on ICP progress. During the ICP 2005 Round 7 RAB meetings were held. A Framework of Partnership (FoP) with all participating countries was established to define the roles and responsibilities of participating countries and the regional coordinator. At the national level there was a 2- level coordination; a national coordinating agency and an ICP national coordinator.

Lessons learned from the implementation of the program in the region led to specific initiatives aimed at updating the 2005 results to 2009 and improving National Accounts. As far as the latter

is concerned, the ADB project is intended to establish supply and use framework for data gaps assessment; identify most appropriate data sources to be used in the construction of a supply and use table; develop a framework to derive sufficiently detailed expenditure weights such as those required for PPP compilations; estimate GDP based on SNA 93 from the production account; increase compliance of participating countries to SNA 93 recommendations; and improve technical expertise and expose countries to alternative approaches for compiling consistent and comparable GDP aggregates based on SNA 93.

2.3 CIS

The Statistical Office of the Commonwealth of Independent States (CIS-STAT) was the regional coordinator of the 2005 ICP CIS.

CIS participated in the 1993, 1996, 2000, and 2005 Rounds of the International Comparison Program with close collaboration work with the OECD. The number of participating countries varied from round to round.

Russia participated in the price collection for both the CIS and OECD comparisons. PPPs for Russia were computed separately for the OECD and CIS comparisons. However, the CIS region did not participate in the ring. Therefore, following past practices, the CIS region was linked to Eurostat-OECD, using Russia as a link. For comparison purposes, Russia is shown in both regions in the ICP Global Report.

2.4 Latin America

ICP activities are consistent with ECLAC's mandate to strengthen national statistical capacities and to promote harmonization and comparability of statistical information. ECLAC regularly produces National Accounts time series in constant 2000 prices using official USD exchange rates. ICP helps ECLAC produce a time series using PPPs for all countries in the region. There is a very effective regional network of experts in price statistics and national accounts, and ECLAC has been a key player in strengthening this network.

The regional ICP coordination for South America was assumed by ECLAC and Statistics Canada, who was funded by the Canadian International Development Agency.

Strengths of the 2005 ICP Round in South America included: (a) strong coordination capabilities across and within countries; (b) awareness of each individual country that its data would affect all participating countries; (c) adequate response times by countries and ability to comply with the agreed timetable; (d) continuous dialog with national professionals during all stages of the project; (e) ability to organize successful meetings; (f) opportunity for countries to learn from and exchange experiences with other countries; and (g) ability to provide technical assistance to countries.

The weaknesses of the 2005 ICP Round in South America included: (a) insufficient advocacy efforts toward national authorities and data users in order to secure financing and institutional endorsement; (b) initial planning difficulties due to uncertainty in financing; (c) uneven allocation of resources to various GDP components; (d) limited consideration of deadlines faced by national teams in their own regular work programs; (e) deficiencies in communication between teams responsible for price data collection and expenditure data compilation within countries.

The above suggests that necessary steps should be taken with a view to : (a) ensuring formal institutional arrangements between regional coordination and national participants; (b) securing financial resources early enough to develop an effective work plan and timeline; (c) identifying synergies between ICP-related activities and other data collection activities to be carried out in each country; (d) putting more focus on national accounts; (e) developing country-specific execution plans that take into account current capabilities and statistical infrastructures; (f) allocating more budget resources to field work; (g) ensuring that participating countries are committing dedicated human resources for the execution phase; and (h) keeping an updated correlation tables between classifications.

2.5 Western Asia

The 2005 ICP regional coordination for Western Asia was managed by the Economic and Social Commission for Western Asia (UN-ESCWA), funded by different agencies in addition to ESCWA itself. The funding partners included the Arab Fund for Economic and Social Development (AFESD), Islamic Development Bank (IsDB) and the World Bank ICP Global Office. 11 out of 13 countries from Western Asia participated, where Jordan and Oman also participated as ring countries. National counterparts were the National Statistical Offices in each of the eleven participating countries.

Strengths of the 2005 ICP Round in Western Asia included: (a) ICP provided some countries an opportunity to extend price collection of goods and services all over the country, thus making a huge difference as the CPI price collection was limited only to the capital and its nearby suburbs; (b) ICP provided a platform for some countries to refine their methods of defining specifications of goods and services in the CPI; (c) awareness of each individual country that its data would affect all participating countries; (d) Dedication and commitment of countries by complying with the regional timetable; (e) sense of project ownership by countries as they realized the importance of ICP on policy making and capacity building; (f) ability to conduct and conclude successful meetings with added value; (g) training opportunity for countries and the prospect of sharing knowledge and experiences with other countries in different areas; (h) usefulness of handbooks and manuals in setting operational instructions; (i) opportunity of countries to receive technical assistance on different substantive levels; and (j) ability to successfully achieve all outputs and adhere to the globally set work timeline and deadlines in spite of all the difficulties encountered and the political instability.

The weaknesses of the 2005 ICP Round in Western Asia included: (a) insufficient funding or non availability of funds causing delays in conducting activities corresponding to project milestones; (b) insufficient advocacy efforts toward national authorities and data users in order to secure financing and institutional endorsement; (c) uneven allocation of time and resources from the Global office to various GDP components; (d) limited resources at the countries' national levels bounding their level of contribution; and (e) limitation in the estimation of expenditure data compilation within countries.

The region learned from the above weaknesses and strengths that in the new round more emphasis should be placed in: (a) maintaining a strong organizational structure between coordinators at different levels (global, regional and national), and the clear flow of information from the regional coordinators to national team members; (b) maintaining a regional Executive Board for following up and coming out with recommendations for the region; (c) securing the sufficient and timely financial and human resources to ensure an effective work plan and

successful implementation as per the set timeline; (d) identifying synergies between ICP-related activities and other data collection activities to be carried out in each country; (e) dedicating more efforts and time to national accounts; (f) focusing more on areas such as housing and construction; (g) developing a better strategy for dealing with external trade without referring back to exchange rate; and (h) keeping an updated correlation tables between classifications.

2.6 Eurostat-OECD

Eurostat calculates PPPs on an annual basis. This exercise is covered by an EU Regulation. They also work closely with OECD and combine their data to establish a three-yearly benchmark PPP exercise. Methodologies are very similar between Eurostat and OECD, and these are described in detail in the OECD/Eurostat PPP Manual. However, their timetables and organizations are different.

Eurostat covers 37 countries (27 EU Member States, 3 Candidate Countries, 3 EFTA countries, 4 Western-Balkan countries), while OECD covered 9 countries (7 OECD Member States, plus Russia and Israel).

Preliminary results for the 2008 exercise will be calculated at the end of 2009. Publication is foreseen for the end of 2010. The 2008 round had the same country coverage as the 2005 round. The main changes between 2005 and 2008 included a new methodology for education, a new questionnaire on compensation of employees, and the introduction of SPDs. For Eurostat countries, a new on-line tool for list creation and validation was introduced. The new process also speeds up the validation of consumer price surveys (now ready within 4 months).

3 Preparations for 2011

3.1 Africa

An additional 4 countries are expected to participate in the 2011 round, thus bringing the number to 52.

In view of starting to prepare for the 2011 round, the following actions will be undertaken in 2010:

- Reviewing the Item list

  It is envisaged to conduct the ICP-Africa 2011 on the basis of sub-regional economic groupings: Arab countries (MAU), AFRISTAT (including two sub-regions CEEAC and ECOWAS), COMESA and SADC. The item list needs to be reviewed and updated to take into consideration new products, the implementation structure of the program and lessons learned from the 2005 round.
- Data collection Manuals

  The 2005 data collection manuals will be reviewed on the basis of lessons learned from the 2005 round with an emphasis on the CPI-ICP synergy.
- Data Validation tools

  Given the experience with the Tool Pack in the 2005 round and as a precautionary measure, it is envisaged to have a data entry and processing tool. SEMPER will be reviewed and improved. The improved software will be used for data entry, processing and intra country data validation.

- Training and testing of survey instruments

  Training of data collectors and supervisors, testing of survey instruments and other preparatory activities should be conducted in the third quarter of 2010 so that data collection can start in January 2011 in compliance with the Global ICP data collection program.
- Survey Frameworks

  For each participating country a survey framework will be elaborated. The survey design should comply with the Global ICP requirements.

3.2 Asia

Preparations for ICP 2011 Round will be initiated after the MoU between ADB and GO has been put in place and funding has been procured. Draft MoU is being reviewed by the legal department and it is expected to have the same governance structure as in ICP 2005 Round comprising of RAB, MoU with participating countries, a national implementing agency, and a national coordinator. Myanmar is expected to join the 23 countries that participated in 2005. The 24 country list includes Iran and Macao that are not ADB Developing Member Countries and which cannot be invited or financed by the ADB. In 2005, Iran was financed by the World Bank through ESCAP. Macao also raised specific financial resources.

Unless specific funding raising efforts are undertaken, Pacific Islands (with the exception of Fiji) may run the risk of not participating in this round.

3.3 CIS

The decision on ICP 2011will be made at the Council of Heads of Statistical Organizations of CIS Countries scheduled to take place later this year. All legal bases with National Governments will be prepared through Council and CIS-STAT Committee. Solutions will be found for resource problems.

3.4 Latin America

Organization and country participation

In the 2011 Round, ECLAC is planning to extend the ICP country coverage to 20 Latin American countries and 14 Caribbean countries. They are also establishing a strategy to deal with LAC countries that are members of the OECD group, namely Mexico and Chile. The 2011 ICP Round has been widely discussed in regional and sub regional forums, and although countries have not been formally invited, there is a very strong interest in participating. The regional coordination will be organized through 2 ECLAC subprojects: The ECLAC Office in Port of Spain will coordinate ICP Activities in the Caribbean, while ECLAC headquarters in Santiago will coordinate ICP Activities in Latin America, and provide overall regional coordination and technical support.

Challenges

Challenges for the 2011 ICP in Latin America and the Caribbean include a possible conflict with housing and population censuses timetables in the Caribbean, resolving uncertainty regarding funding and putting in place an effective strategy to deal with Chile and Mexico, which will participate in two programs - ICP and OECD-Eurostat. In terms of timetable, the Global Office

gave assurance that countries that cannot implement ICP surveys while taking censuses can conduct data collection in 2012.

Funding

ECLAC is contributing 0.8 million US$ in kind. In addition to that, ongoing discussions are taking place with sub-regional organizations and donors to secure the required funding for the program, which can be broken down as follows: 2.0 million US$ for the Latin American region (20 countries) and 0.8 million US$ for Caribbean region (14 countries). So far, CDB has pledged to fund 20% of the cost of the Caribbean project. Learned and Status Report

3.5 Western Asia

All 14 ESCWA member countries are planning and have showed willingness to participate in the 2011 round of the ICP. Countries' recommendation is to maintain the existence of a Regional Executive Board as it proved to be a crucial element in the success of the regional implementation of the 2005 round, and especially that it gives the countries a better feeling of ownership and eases the adoption of the program as part of their regular work program. In the 2011 ICP Round, ESCWA regional office is assessing the option of focusing more on dividing the region into two sub regional groups, GCC and MDE, where more focus can be shed on data collection, validation and consistency on the sub regional level. Preparation has already started subsequent to ESCWA's participation in the last two interim Board meetings, and the final approval for including the ICP implementation within the biennium Work plan of ESCWA (2010-2011) that the Statistical Commission agreed on in its meeting in October 2008. A preparatory meeting with the World Bank and IsDB took place in July 2009 following a previous meeting that ESCWA held with IsDB in June 2009.

Challenges

Among the challenges, the main issue remains to be primarily the challenge of securing the sufficient funds for implementing the program on the regional level, as well as the availability of sufficient resources and technical expertise at the national levels to be dedicated for carrying out the national tasks related to the implementation of the program. Otherwise, some countries might approach the regional office for funding resources and capital.

Funding

ESCWA is already contributing in providing human resources and necessary logistics needed for sake of the program implementation. Some funds are remaining from the IsDB funding for the 2005 round of ICP, and will be only sufficient for kicking off the project at the regional level. Additional funding is to be sought from other agencies such as IsDB, AFESD, WB, etc...

3.6 Eurostat-OECD

The 2011 round will have the same country coverage as the 2005 round plus Chile in OECD. Kosovo may also be included.

For Eurostat countries, a construction two-year rolling survey will be introduced as of 2011, and will include key items for interpolation. A new methodology might be applied for health, and some changes may be introduced to the Basic Heading classification.

Consumer surveys will take place in 2010, 2011 and 2012 (2 surveys per year). 2012 data will be finalised in June 2013. The global core list which is expected to be available in Feb/March 2010 will be included in these surveys. Equipment goods survey will take place in 2011. Data will be finalised by mid 2012. Construction surveys will take place in 2011 and 2012. Data will be finalised by mid 2013. Rents, salaries, and expenditure data will be collected and compiled initially in 2012, then a second compilation will take place in 2013, to be followed by a third compilation in 2014. In summary, the timetable for ensuing calculations is the following:

Eurostat timetable:

First 2011 PPP calculations: June 2012
Second calculation: December 2012
Third calculation: December 2013
Final calculation: December 2014

OECD timetable:

First calculations: December 2012
Final calculations: December 2013