

Status of the 2017 ICP Cycle in Western Asia Region

7th meeting of the ICP Inter-Agency Coordination Group
Washington, D.C.
April 15, 2019



UNITED NATIONS

إقتصاد
 ESCWA

Overview of the 2017 Price Data

I. Household Consumption

- Actual HHC price collection took place in 2016 under the framework of the 2016 regional PPP production round
- HHC prices were extrapolated to 2017 using detailed CPI (the detail level varying by country), with the exception of UAE which conducted actual data collection in 2017 with retrapolation to 2016
- HHC Fast Evolving Technology items are updated annually in Western Asia
- Actual collection of HHC-FET took place in Q2 and Q4 2017
- Actual prices are collected annually for water, electricity, gas and other fuels and additional items under transport and communication
- Countries with dual participation in Western Asia and Africa also provided actual data for common items collected in 2017

II. Special Surveys

- Actual data collection for all special surveys is conducted annually in Western Asia countries using the 2017 global survey forms

Country Submission Of 2017 Data

- 2017 price data has been submitted by all countries
- Preliminary 2017 National Accounts data has been submitted by all countries
- All metadata surveys have been submitted with the exception of one country
- Another round of validation has been conducted, which will result in the update of the 2017 price data

2017 Data Validation

- Within the frame of the 2017 cycle, we have performed so far:
 - 2 rounds of regional validation for 2017 household and non-household consumption price data
 - 1 round of regional validation for 2017 National Accounts data
- In Western Asia, the ICP was adopted as a permanent program and PPPs are produced annually, therefore validation is an ongoing exercise
- The continuous validation has proven highly efficient, substantially developing the national validation capacities
- Thus two regional validation rounds for 2017 price data have been sufficient to obtain the most accurate and reliable data

PPP Time Series Revision

- Western Asia has reviewed its price and National Accounts data series for the entire period 2011 to 2016
- All countries have submitted updated price data for household consumption and special surveys
- The regional office has updated the special survey coding and basic headings to be consistent with the 2017 classification
- All countries have reviewed their National Accounts data for the period 2011 to 2016 following the 2017 classification

PPP Time Series Revision (cont'd)

- The revised results for the period 2011 to 2016 will be published following the 2017 classification, thus ensuring consistent classification for the entire PPP time series
- The plan was to produce and publish the 2011 to 2016 final revised time series now, however member countries have recommended to wait and publish the entire time series 2011 to 2017 together

Conducted Activities within the Context of the 2017 ICP Cycle

- First regional meeting for validation of 2017 price data (December 2018)
- Regional meeting for validation of the 2017 National Accounts data (December 2018)
- Special meeting for Africa/Western Asia dual participating countries (December 2018)
- Second regional meeting for validation of 2017 price data (April 2019)
- Regional meeting for developing and updating a new regional product list for the 2020 round (April 2019)
- Sub-regional meeting for the computation of the HCPI (April 2019)

Planned Activities for the Next Period

- Meeting for the potential inclusion of additional countries in the ICP in Western Asia
- Meeting for the development of sub-national PPPs
- Preparatory meeting for the 2020 ICP round within the global context
- Regional meeting for the validation of 2018 price data
- Country visits to provide technical assistance and capacity building to a couple of countries based on country needs and requests

Outreach Activities

- The regional office continuously exerts efforts to increase the visibility of the ICP in the region with the aim of raising awareness on the importance of the program and the uses of PPPs
- During the 13th Statistical Committee meeting which was held at ESCWA (January 2019), we set up a special booth as a side event to promote and reflect on the ICP in front of country directors

Outreach Activities (cont'd)

- Posters were displayed at the ICP booth highlighting:



The importance of the ICP

Expert testimonials in the occasion of the 50th ICP anniversary

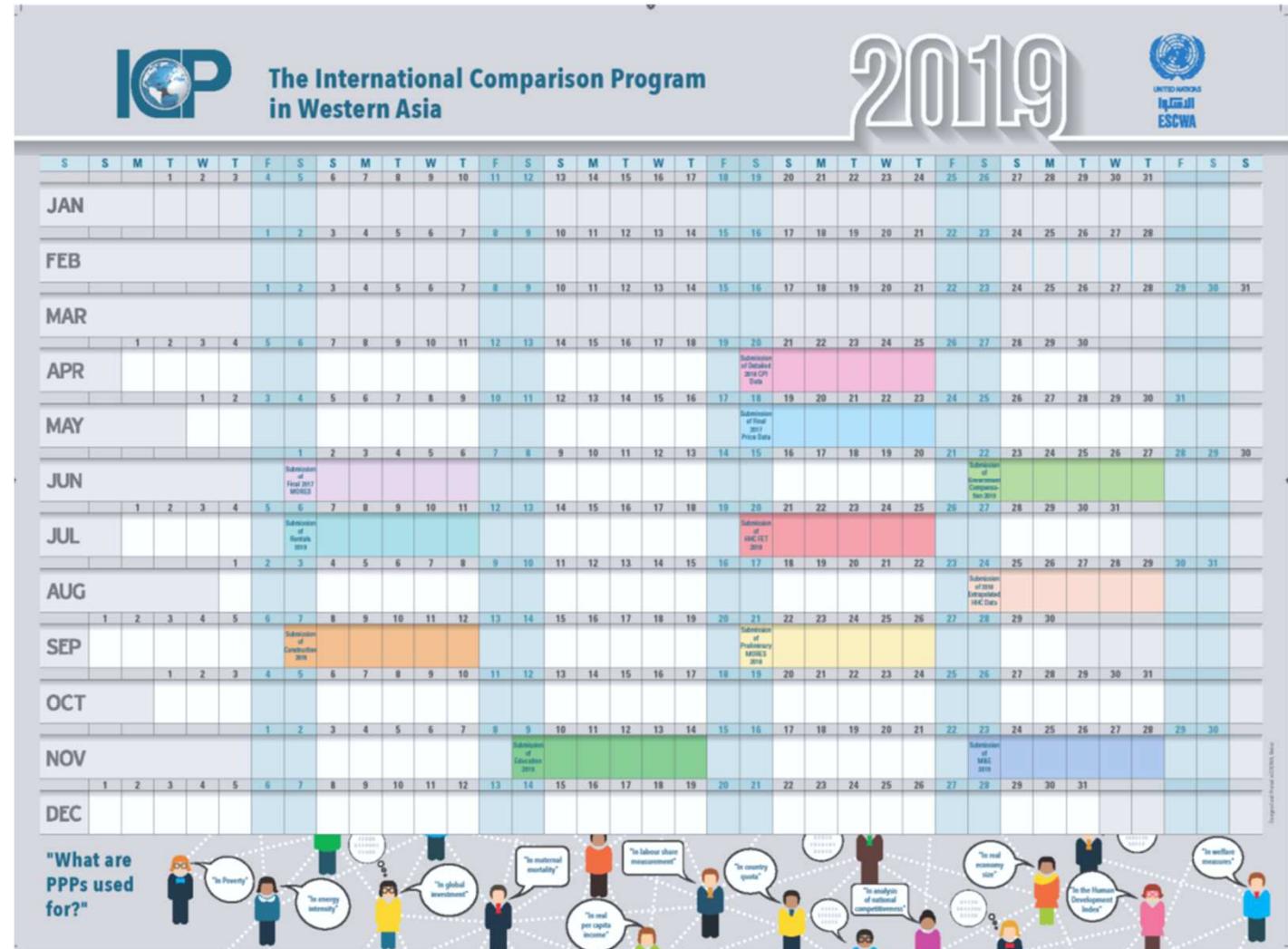
Different uses of PPPs and link to SDGs

Preliminary PPP, PLI and GDP Per Capita results for the period 2014-2015-2016

- During the event, ICP brochures were also distributed to the member countries' national statistical offices directors, and a short video was played which featured ICP national coordinators sharing their experiences and drawing on the benefits gained from the participation in the ICP at the national level



Outreach Activities (cont'd)



Regional Initiatives Beyond the 2017 ICP Cycle

Regular PPP Production

Countries have started submitting 2018 data

Countries have started working on collection of 2019 data

HCPI

With the success of the pilot stage in a subset of 6 member countries, work will commence on the production of a regional HCPI

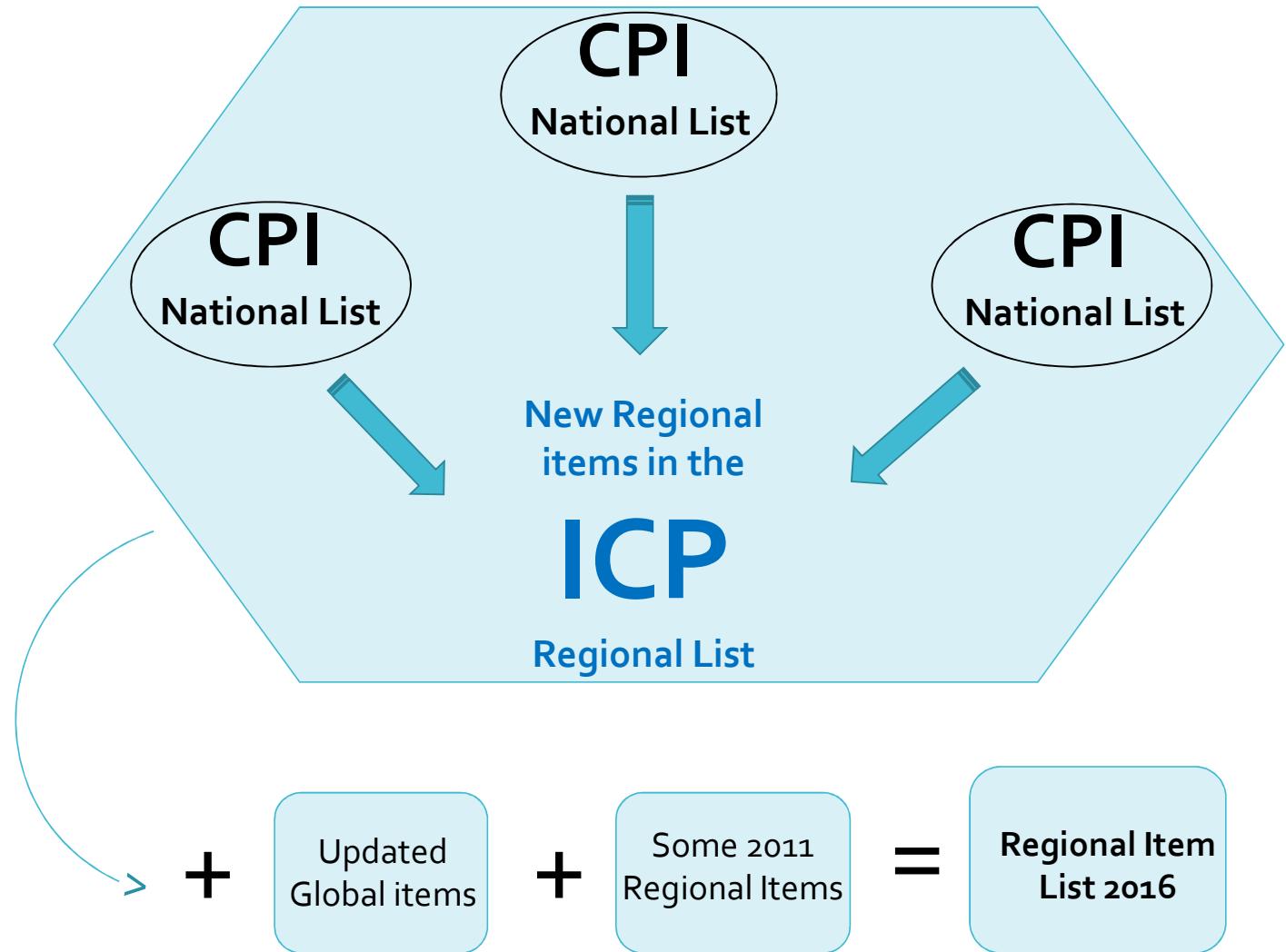
Innovative Indices

As Western Asia's regional office is always looking for opportunities to improve price statistics in the region and develop new indices, the next initiative will benefit from the repository of data available through the annual collection of ICP special survey data to develop a new price index, which will be announced later

Preparations for the 2020 Cycle – A Flashback to the 2016 strategy

- In 2016, a regional PPP production round took place in Western Asia region
- Within the framework of the 2016 round, the regional team took the initiative to develop a new regional ICP item list, to be:
 - *More representative*
 - *Achieve a higher overlap with the member countries' national CPI item lists*

Preparations for the 2020 Cycle – A Flashback to the 2016 strategy (cont'd)

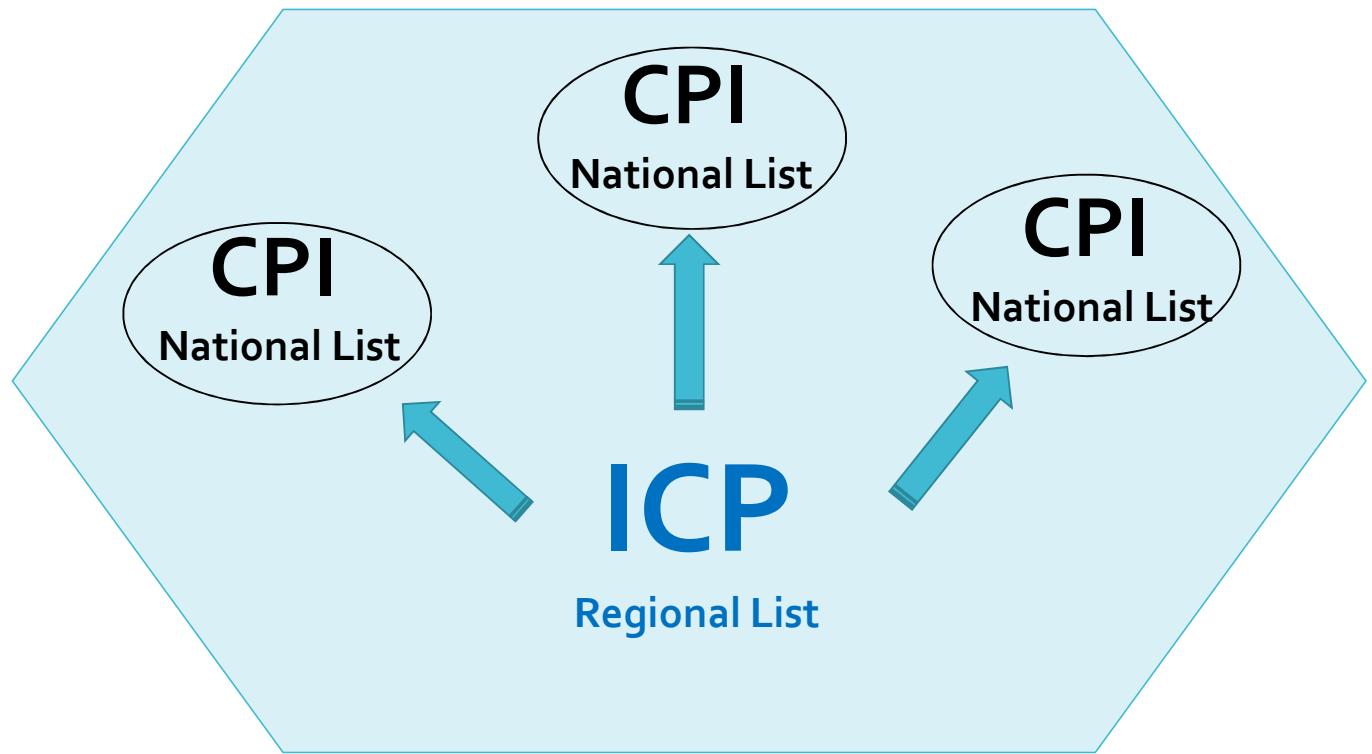


Preparations for the 2020 Cycle – A Flashback to the 2016 strategy (cont'd)

- We have been always highlighting the importance of the integration between ICP and CPI
- Thus, we have recommended to the member countries when updating their CPI basket and base year, to start considering the integration with the regional item list in order to:
 - *Increase the overlap between the regional and national lists*
 - *Decrease data collection efforts by synchronizing CPI and ICP data collection*

Preparations for the 2020 Cycle – between 2016 and 2020

Bilateral Integration



Meanwhile, after 2016, member countries followed the regional office's advice, introducing a subset of items from the 2016 regional ICP list into their updated national CPI lists

Preparations for the 2020 Cycle – between 2016 and 2020 (cont'd)

- After the update of national CPI item lists in some of the countries, on average, the overlap between the national and regional item lists was **25.5%**
- It should be noted that this overlap represents the common items **with the same specifications** between the 2016 regional ICP list and the updated national CPI lists

Preparations for the 2020 Cycle

- Aiming to further increase this overlap, we started our regional preparations for the 2020 ICP cycle by working on the construction of the 2020 regional item list as a common exercise with the country representatives during the regional meeting held earlier this month, by:
 - ✓ **Updating the specifications** of some items with the lowest overlap (<40% of countries) – in this part, we updated the quantity range, brand, etc., to increase the overlap in the countries which have the same items in their CPI lists with a reference quantity falling a little outside of the specified range
 - ✓ **Adding new regional items** suggested by member countries and developing specifications for the added items

Preparations for the 2020 Cycle (cont'd)

- By doing this exercise, we aim to:
 - Further improve the regional item list
 - Ensure the highest level of integration between the regional ICP list and the national CPI lists
 - Be more precise in terms of brand and specifications
 - Generate more accurate results by ensuring representativeness of the regional list in all member countries
 - Build a more up to date and improved item list in terms of product description

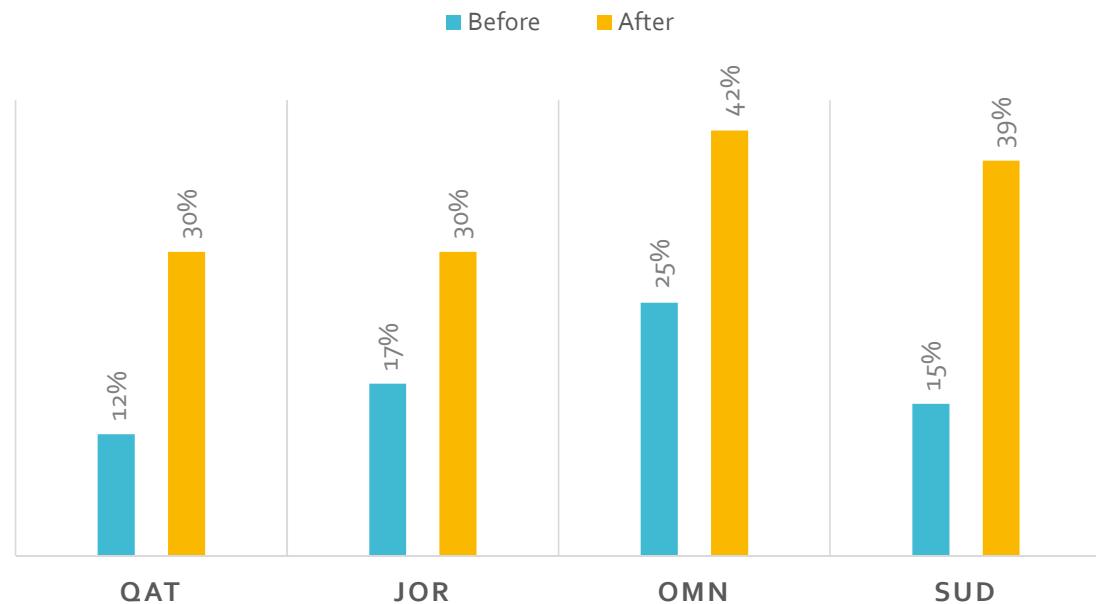
Preparations for the 2020 Cycle (cont'd)

- The first phase of list construction has already resulted in an increase in overlap between the new regional list and the national item lists, where the update of the quantity range of some items succeeded in boosting the percentage of common items between the regional and national lists, as shown in the below example:

	QAT	KWT	KSA	JRD	IRQ	OMN	SUD	PSE	EGY	BAH	TOTAL
Sun White Rice - Australia	•	•		•		•		•			50%
Cornflakes, KELLOGG'S	•	•				•		•			40%
Beef, rump steak			•			•		•	•		40%
Beef, center brisket				•		•		•	•		40%

Preparations for the 2020 Cycle (cont'd)

- In general, the average regional overlap between the regional item list and the national CPI lists increased from **25.5%** to **37.2%** after the first phase of list update, where the highest increase was witnessed in the below countries:



Preparations for the 2020 Cycle (cont'd)

- The list construction is a work in progress, with the next phase involving:
 - The update of specifications for the more common items (with >40% overlap), to further increase the overlap
 - The inclusion of a new and updated set of items common with the **Global Core list** after the 2020 global list is finalized
- The final 2020 regional list will be shared with the World Bank at a later stage and some recommendations will be made regarding the update of the quantity range and the addition of new items
- As a result, the construction of the regional item list will be a product of cooperation between the **regional, national and global units**

Preparations for the 2020 Cycle (cont'd)

- When the 2020 regional list is finalized, it will:
 1. Minimize the burden of data collection of national statistical offices, since prices for the overlapping items will be collected annually for CPI purposes
 2. Facilitate the integration between ICP and CPI
 3. Increase the involvement of the CPI national teams
 4. Increase the efficiency of data collection and validation

Outstanding Risks and Mitigation Plans

- The work on data at both the national and regional levels is going smoothly and according to the timetable
- No risk is foreseen relating to the 2017 ICP cycle
- However, the only area in need of additional effort to make sure activities are completed according to plan is the work with the three dual participating countries to make sure that the submitted data is consistent between Western Asia and Africa, and that final data is obtained at the same time in both regions without additional data update in one of the two regions

Additional Points for Discussion

A. Sudan's Exchange Rate:

As per our discussion with Sudan's national coordinator during our meeting earlier this month, Sudan will be sending official emails to both Western Asia and Africa for use of equivalent exchange rates obtained from the central bank

B. Rental Averaging Method:

Within the calculation of the 2014-2015-2016 PPPs, Western Asia's regional office used a different method for averaging rental prices in order to increase comparability of this survey between countries; Western Asia's averaging method involves the calculation of annual rental values for the median surface area values for each item

This method achieves a higher level of comparability than the use of annual rental values for different areas within a range, therefore we recommend its use at the global level for the 2017 cycle and beyond

Additional Points for Discussion (cont'd)

C. NPISH Disaggregation:

In the 2017 classification, countries are required to provide disaggregated values for NPISH in National Accounts expenditures; Considering the difficulty of this area for some countries, we recommend the agreement on a common solution for this issue between the different regions

D. Timeline for Final Data Submission:

Western Asia is progressing according to the timetable and should have final data ready for submission in July 2019. However, it is necessary to have consistent timetables between regions, especially Western Asia and Africa, in order to submit the same final datasets

Additional Points for Discussion (cont'd)

E. Construction of the 2020 Global Core List:

The construction of the 2020 regional ICP list is ongoing as a common exercise between the regional offices and the national offices; Similarly, we recommend that the construction of the 2020 Global ICP List be a common exercise between the global office and the regional offices as regional feedback would be helpful in developing updated specifications, especially after the construction of the regional lists

F. M&E Reference Prices:

We recommend to have a reference price or price range for Machinery and Equipment items for easier revision and treatment of outliers

Thank you!