

5th ICP Executive Board Meeting

The fifth meeting of the ICP 2011 Executive Board was held on October 25, 2011 at the International Monetary Fund in Washington, DC. The Board reviewed the program's progress report including the status of country participation, the implementation of price collection and validation as well as risks encountered in the first half of the year. The meeting produced two major policy decisions. First, the Board approved the TAG recommendations on the global linking method to be applied in the current round. Second, the Board requested that a sequence of tests should be carried out to derive product's quantitative weights from the importance indicators submitted by the countries. In addition, the Board insisted that the timing of the release of regional ICP results must conform to the global ICP timetable to ensure effective inter-regional validation can be completed before regional results are published. The Board also endorsed the ICP data access principles.

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Technical Advisory Group

The Sixth Meeting of the ICP Technical Advisory Group (TAG) took place on October 3-4, 2011, at the World Bank in Washington DC, to discuss a number of issues including the potential use of productivity adjustment in PPP computation, the informal construction issue, estimating PPPs for education using a quantity approach, a clustering approach for data validation, and issues associated with extrapolating PPPs to form time series. In attendance were TAG members as well as Regional Coordinators, as observers. Key recommendations were made as shown in Box 1 below.



The Sixth TAG meeting, The World Bank, Washington DC, USA

Box 1: Recommendations made by the TAG

Productivity adjustments for government services

- (1) The TAG recommended that productivity adjustments should be made in each region to government collective services as well as for health and education services provided by not-for-profit units. To the extent possible, the adjustments should be based on labour and capital stock data specific to each country. However, some countries will have to "borrow" adjustment factors from countries with similar economies in their region.
- (2) Productivity adjustments should be made for all countries using an input-based (i.e. compensation) approach when aggregating the regional results to a global total, even if a region does not explicitly adjust for productivity differences between countries in its regional results.

Extrapolating PPPs

- (1) The TAG suggested that the Global Office should take every opportunity to educate users of PPP data by describing the implications of the assumptions involved in extrapolating PPPs. It will also be important to stress that the extrapolated series are very rough estimates rather than the target that the 2011 ICP benchmarks should be aiming for.
- (2) The TAG also noted that an annual update would be the best means of compiling annual series of PPPs. Once the 2011 ICP round is completed it would be a useful exercise for the Global Office to investigate the possibilities of producing such series based on a combination of CPI data and a limited amount of price collection.

5th Meeting of ICP Regional Coordinators



A Session of the Regional Coordinators' Meeting

The Fifth Meeting of the Regional Coordinators was held on October 5-6, 2011 at the World Bank in Washington DC to discuss the status of the implementation and the existing and possible risks faced by some countries. Participants agreed on the work plan for data collection and submission for ICP field and desk activities. In terms of country participation, it was noted that the number of participating economies has grown to 197 in the current round, up from 146 in the 2005 ICP round. Participation in all regions has increased with 50 countries in Africa; 23 in Asia-Pacific; 10 in Commonwealth of Independent States (CIS); 18 in Latin America; 12 in Western Asia; 21 in Caribbean; 18 in Pacific Islands; 2 singleton countries; and 47 in OECD-Eurostat PPP program. In terms of population coverage, this corresponds to 98 per cent of the world population.

However, political and administrative, funding, and data quality risks may result in countries deviating from their original planning schedules or not participating in the round.

Validation Expert Group

A Validation Expert Group was established following the TAG recommendation with the objective of supporting the Global Office in validating ICP data at the Global level.

The Validation Expert Group will: propose approaches and tools for validation at the Global level; ensure that all validation steps are implemented in accordance with agreed upon methods and procedures; provide technical knowledge and expertise in ensuring the consistency of the Global and Regional comparison; and suggest methods to correct any arising discrepancies in the validation process.

The First Meeting of the Validation Expert Group was held on October 7, at the World Bank in Washington DC. The group discussed and agreed on the required data inputs, as well as the procedures, modality and timing of the validation work.

Regional Activities

Latin America National Accounts Seminar

From October 18-20, 2011, ECLAC organized a seminar on National Accounts in Santiago, Chile, which brought together participants from Latin America

countries. The meeting agenda included issues related to: national accounts activities and requirements in the context of the 2011 International Comparison Program Regional; the review of correspondence between the Central Product Classification (CPC) and the ICP basic head-

Computation Task Force

The third Meeting of the PPP Computation Task Force (CoTaF) was held on October 4, after the sixth TAG meeting. The CoTaF was established with the overall objective to support the Global Office in ensuring that the ICP results at regional and global levels are computed in full accordance with the methods recommended by the TAG.

The specific objectives are to (i) thoroughly review the ICP global results before PPP data are published by any region, to ensure that the computation methods are sound and that all procedures used are transparent and fully documented; and (ii) ensure the soundness, consistency, and transparency of the various processes related to the validation of input and output data, the imputation of missing input data and the estimation of results for non-benchmark countries.

The task force agreed that four groups of experts will undertake the computation of global PPPs in parallel, and that the computation would be documented to ensure that the results can be replicated. The task force will conduct experimental computations to test the computation and linking methods.



A Session of the Latin America Seminar

ings; housing services; private education survey; government consumption expenditure; the review of GDP expenditure data and metadata submitted by the countries; the exhaustiveness and quality assurance questionnaires; the machinery and equipment survey; as well as con-

Regional Activities (cont'd)

Latin America - National Accounts Seminar (cont'd)

struction and civil engineering.

Several commitments were agreed, including the process of submission of National Accounts data and metadata. On this, it was agreed that the countries will send to ECLAC table 2 for the latest year available before November 21, 2011 (this includes estimates for the basic headings that currently have zero values). CEPAL will translate it into the MORES for the latest available year and send it back to countries before December 16, 2011 for further validation. This will allow ECLAC to submit the finalized MORES by January 6, 2012. The countries will send the 2011 MORES in a draft form to ECLAC by September 28, 2012 for onward submission to the Global Office before December 27, 2012.

Countries will send the GDP exhaustiveness and the quality assurance questionnaires to ECLAC before December 16, 2011, which ECLAC will relay to the Global Office by the end of this year.

The deadline for the submission of Housing Service Questionnaire for the latest year available is April 30, 2012, which will make it possible to send it to the Global Office by July 31, 2012.

Western Asia ICP Workshop

The 4th Western Asia ICP Regional Workshop was organized by the United Nations Economic and Social Commission for Western Asia (ESCWA) in Beirut, Lebanon, from October 17 to 21, 2011. The Regional Coordinator and the participating countries worked together in the workshop to review the survey status and thoroughly validate their data for the household consumption survey using validation tables. The requirements and the work plan for the special survey areas, various IT-tools and the National Accounts activities including Model Report on Expenditure Statistics (MORES) for the ICP, were also discussed in detail.



Price Statisticians and National Accountants at the Western Asia Workshop



Latin America Seminar of National Accounts, Santiago, Chile

The Islamic Republic of Iran — Meetings in Turkey

A second series of joint meetings between the Central Bank of the Islamic Republic of Iran, Turkish Statistical Institute and the Global Office were held in Ankara, Turkey, on 24 – 26 October 2011. The purpose of the meetings was to discuss various aspects relating to the linking of Iran to the ICP 2011. As per the bilateral arrangement, Turkey serves as a bridge country for the linking of the household consumption component of the ICP. During the first meeting day the process for the linking was reviewed and a common item list for the household consumption relating to Furniture and Health goods and services was established. During the second and third meeting days the other ICP components were discussed alongside with the National Accounts. In addition data validation and software tools were covered.



Price Statisticians at the Western Asia Workshop, UN-ESCWA, Beirut, Lebanon

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