

What is ICP?

The **International Comparison Program (ICP)** is a global statistical initiative involving national, regional and international agencies. It produces internationally comparable price levels, expenditure values, and Purchasing Power Parity (PPP) estimates informing users such as national policy makers, economists, international organizations and academics about the relative purchasing power of citizens of countries. The PPP between two countries is the rate at which the currency of one country needs to be converted into that of a second country to ensure that a given amount of the first country's currency will purchase the same volume of goods and services in the second country as it does in the first. The collection of price data and calculation of PPPs in over 110 countries of the world is coordinated by the ICP Global Office in the World Bank. ICP results combined with the Eurostat-OECD PPP Program will bring the total number of participating countries to about 160, making it the largest international data collection exercise in the world today.

Ring Administration Module (RAM)

The procedure to derive global PPPs from regional PPPs requires a list of products that can be priced by countries in two or more regions. **RAM**, an Excel-based application developed by the World Bank, helps Ring Countries identify products correctly, indicate items available in their market and provide comments. These responses allow the Global Office to create a common Ring List. The RAM displays six regional product lists as well as images and specifications to help identify each product.

From the Global Manager

Dear Readers

Happy New Year and best wishes for an exciting and fruitful 2005. The time has arrived for what everyone has worked so hard: the beginning of data collection for consumer goods and services in the 2003-2006 round of ICP. I look forward to hearing the Regional Coordinators' assessment of progress, but we can say with confidence that ICP data collection has begun. We are issuing a press release on February 24 to formally announce the launch of our data collection phase. Details are available in the News in Brief section of this newsletter.

The Latin America region conducted pilot surveys during the final quarter of 2004 with results critical not only for them, but also useful for other regions. For example, they found more errors than expected with wrong units of measurements or packaging and cases where sample sizes were not adequate. It points to the need for all regions to plan for a quick assessment of the first data collected so that prompt adjustments can be made and additional training provided. The ICP Latin America coordinators strongly urge the regions to conduct a post mortem review at the end of each quarter of data collection. They also commented that "the Tool Pack has been used albeit in different ways but the myth of its ineffectiveness has been dispelled at least in our region." This issue of ICP News also contains interesting reports from other first users of the ICP Tool Pack.

The Global Office has begun preparing the Ring Product List by concatenating all of the regional lists for each Basic Heading and sending the combined lists to the Ring Countries to begin identifying what they can price. Software has been specifically designed to facilitate this process.

As we finalize the methodology for the difficult to compare items such as housing and capital formation, we will be turning to issues such as aggregation methodology. We will be asking the Technical Advisory Group and Executive Board to provide guidance for that as well as other issues such as fixity. Fixity has to do with the relative rankings of countries after their GDPs have been deflated using PPPs. These rankings can change when moving from a regional comparison to the global comparison because the mix of countries changes. The issue is whether to maintain the regional ranking when countries are combined with other regions.

In closing, we grieve for the many lives lost and the suffering experienced by so many from the Tsunami disaster towards the end of last year. We hope that recovery efforts bring some relief to the victims and their families.

Regards,

Fred Vogel

News in brief

ICP Global Office to issue press release on 24 February

“Is the number of people living in poverty declining?” The principle use of ICP is to compare the relative size and structure of national economies and monitor how they have changed over time. We hope that in the process difficult questions like the one above will be answered. The program presents a rare opportunity for countries to join with the international community to improve the quality of their national data. Statisticians from about 110 countries have already begun to conduct the largest and most complex price collection drive ever undertaken as part of ICP’s 2003-2006 program. The ICP Global Office will issue a press release on February 24 to announce the launch of its data collection phase. We hope that this launch will serve as a platform to build awareness about ICP’s activities and garner further interest in fully utilizing the outputs of the program.

Linking the world via global Ring Comparison

Work began in the Global Office, Regional Offices and Ring Country Offices in the last quarter to finalize the Ring Product List for ICP’s global Ring Comparison.

Countries participating in ICP are now collecting data through surveys in their respective countries to compute national, annual average prices for wide ranging products and services. These country level prices will be used at the regional level at a later stage in the program to compute Purchasing Power Parities (PPPs) for each country in the region. Direct comparisons can then be made between countries in the region based on per capita measures. While this process will give a set of Purchasing Power Parities for every country in the world, they are still region specific and do not allow comparisons between countries across regions. The ICP is using a multilateral approach called the Ring Comparison to link regional PPPs with the objective of generating global PPPs expressed in a common currency. In other words, the purpose of the Ring comparison is to provide the capability to compare economic measures between country A in Asia and Country B in Africa. The Ring Comparison will proceed as follows:

A group of countries has been selected from each region to act as Ring Countries. These countries are :

Africa	Cameroon, Egypt, Kenya, Senegal, and South Africa
Asia	Hong Kong, Malaysia, Philippines, and Sri Lanka
CIS	Kazakhstan and Russia
Eurostat/OECD	Estonia, Japan, Slovenia, and United Kingdom
Western Asia	Oman and Jordan
Latin America	Brazil and Chile

Regional lists of products and specifications have been combined into one list. Products available or totally unique to only one single region have been purged from the list. The next step is for Ring Countries to identify which products from the merged list each of them can price. Terms used to describe “similar” products will be reviewed and harmonized to determine if they are “comparable”. After the 18 Ring Countries, Regional Coordinators and the Global Office have agreed on a common Ring Product List, the Ring Countries will conduct surveys to collect prices for this second list of products.

The Global Office will treat the Ring Countries as a separate region for data collection and data validation. After data validation is complete and ready for the estimation of Basic Heading parities, the first step will be to convert each Ring Country’s Ring Prices into regional prices by dividing its Ring Prices by the country’s regional Basic Heading parity from the overall regional comparison. This reduces 19 country prices into a set of 6 regional prices. Basic Heading parities will be computed using the set of 6 regional prices. These Ring Parities will be the parity between regions.

The process to convert the regional parities for every country will be to simply multiply the country Basic Heading parity by the corresponding regional parity. This preserves the relationships between countries within a region at the Basic Heading level. A chapter for the ICP Manual has been drafted that explains the process in great detail and contains a worked example. It will be made available on the ICP website as soon as it is finalized.

Remaining issues include the method of estimation to be used to combine Basic Headings to higher levels of aggregation. The ICP Technical Advisory Group and Executive Board will discuss these issues and provide guidance on the best path to follow in the coming months. We will keep our readers informed via this newsletter and the ICP website.

Statistics Austria Reports on ICP Tool Pack

The complex tasks performed by the ICP Tool Pack require careful testing of the system by an independent office with experience in this area. Statistics Austria, one of the testers of the Tool Pack, has solid experience with computer applications for international comparisons as co-ordinator of European Comparison Program Group II and later as group leader in the reformed Eurostat Comparison Group C. The present Eurostat PPP software was prepared mainly by Statistics Austria (under contract with Eurostat) with substantial contributions from the author of this report.

The initial testing of a provisional version of the Tool Pack was carried out by Statistics Austria after the ICP Technical Advisory Group (TAG) meeting of May 2003. A report with analyses of advantages and disadvantages was subsequently sent to the World Bank in June 2003. In January 2005 Statistics Austria was presented with a larger improved version of the Tool Pack, the testing of which forms the basis of a comprehensive report available on the ICP website. Following is a summary of the report for the benefit of 'ICP News' readers.

- ❑ The ICP/CPI Tool Pack is a very powerful, comprehensive and integrated software for price statistics, which can be used by international organizations, regional statistical units and National Statistical Offices.
- ❑ The system serves all stages of ICP/CPI activities, from setting up and managing price surveys, data collection and processing to generating analytical reports. Timeliness of collection, validation, further treatment of ICP/CPI data, quality control of input data and final results can be substantially improved by the systematic implementation of the Tool Pack.
- ❑ Countries participating in ICP are expected to collect prices from all over the country, not just in capital cities. The Tool Pack is a very appropriate tool for this purpose because it improves outlet and spatial coverage. It can also improve the harmonization of regional data within a country and the international sphere simultaneously.
- ❑ The system is able to work with data with different levels of detail in both aspects:
 - temporal: with annual, quarterly and monthly data;
 - spatial: with local, regional and national data.
- ❑ It allows the user to generate numerous cross-sections of data based on different hierarchical and non-hierarchical features and keep these data sets for future reference. This is very important for the production of reports.
- ❑ The opportunity to register not only collected prices but also technical characteristics of the priced products as well as other characteristics that impact prices (like demographics, type of shop, etc.) can expand the data sets used for ICP substantially and facilitate the broad use of different hedonic techniques.
- ❑ The main parts of the system were found to be working properly and almost ready for use in the field. However, some fine tuning is necessary and some functionalities would help improve the system further.
 - Formats of data in screens and reports need to be checked in detail. It is not desirable to present indicators with 16 decimals, for instance.
 - Although in general the system works smoothly, acceleration of speed of some procedures (like re-basing results to another numeraire country) is desirable.
 - Experiments with real data are very important for the Tool Pack at this stage. Data from the CIS region could be very useful for further testing of the Tool Pack. Parallel treatment of CIS 2004 data by the system currently used in the CIS and the Tool Pack is likely to provide insight important for both the region and ICP. In this context, the tool for exporting and importing raw price data from existing databases should be introduced in the system as soon as possible.
 - Only the CPD method is present in the Tool Pack for the calculation of Basic Heading PPPs. The CPRD method (which was proposed by the TAG for the present ICP round) as well as different versions of the EKS procedure (simple EKS w/o *, EKS with the use of asterisks, EKS-S modification) should also be introduced. The implementation of the CPD method with hedonics (expanded CPD) is also desirable, although not urgent.
 - In instances where countries are missing so many prices that it is not possible to compute PPPs in some Basic Headings, the gaps (missing BH-PPPs) need to be filled out. Obviously it would be impossible to automate this procedure fully (this is always done on a "case by case" basis), but at least some standardized helping procedures and a standardized documentation of missing BH-PPPs should be introduced in the Tool Pack.
 - For the calculation of aggregated PPPs, the treatment of Basic Headings with negative expenditure data (the so called "balancing categories") should be considered. This is especially important for the Geary-Khamis and other additive methods.
 - In case of "reference PPPs" for Basic Headings without price data, reference BH-PPPs should be assigned. Once again,

it is impossible to automate this procedure fully (this is always done on a “case by case” basis and the set of reference PPPs can be different for different ICP regions), but some standardized helping procedures/tables and a standardized documentation of reference BH-PPPs should be introduced in the Tool Pack.

- Although not urgent at the moment, special procedures for regional (sub-regional) fixity of results (at Basic Heading as well as at aggregated levels) should be implemented.

- In principle, the Tool Pack allows an integrated price collection mechanism for CPI and ICP to be established with maximum benefits for each program. The co-ordination and management of the data collection process can be significantly improved by using this system. However, its usage is likely to be restricted to ICP, at least for the time being. We expect countries which have just begun to implement the CPI or those that are not very developed in this area to use the Tool Pack for CPI purposes. Countries with developed CPIs already have their own software systems with numerous adjustments for national peculiarities. These countries would, however, gain from using the Tool Pack to compare the functioning of tools within the two systems. (The Tool Pack was also demonstrated to Austrian CPI experts.)

Contributed by S. Sergeev (sergey.sergeev@statistik.gv.at) Statistics Austria

Lessons Learned from ICP Latin America’s use of the Tool Pack

Excerpts from regional coordinators’ report about Latin America’s pilot data collection during the last quarter of 2004:

The Tool Pack has been used in the region albeit in different ways because individual circumstances of countries participating in ICP Latin America differ. But the myth of its ineffectiveness has been dispelled, at least in our region.

In the course of the dress rehearsal for data collection in Latin America we picked up two kinds of errors:

1. Errors in national CPI’s;
2. Errors specific to ICP

The former were unsuspected and regarded by the participating countries as one of the implicit crutches that the ICP gave to their ongoing programs. In virtually all cases it happened that national specifications were much too skimpy and as a result CPI products were not being priced consistently even though CPI controls tend to be strict rather than lax. But in many instances the ability of the editing routines for national CPI’s is limited and some errors go undetected. The ability to detect such errors by Tool Pack tabulations strengthens the case for the horizontal comparisons that are mandatory for ICP and about which the relevant pages in the ICP Handbook should be re-written in the light of practical experience.

The second category is the object of most of our interest. We found the following types of error as being the most frequent:

1. Wrong units of quantity either because the ones that were priced were too far from the standard (e.g. 2 liters instead of half a liter which makes straight conversion inappropriate) or because they were expressed in a different measure altogether (e.g. volume instead of net weight);
2. Wrong packaging (for example, plastic bag rather than tin)
3. Wrong additives (e.g. cereals with no additives where a vitamin was required or with one where none was required); and
4. Wrong specifications (e.g. dining table and chairs where only a table was required). We also found cases of inadequate sample size (e.g. insufficient specifications but only three quotes); attempts to use CPI specifications in spite of the ICP demanding a different set and rather worryingly, we found little attempt at bringing into proportion the sample size with the variability of the prices being collected. Thus, there could be only two or three prices for tables but many for branded well specified goods, the price of which was almost identical no matter where it was bought.

Contributed by Statistics Canada and UN Economic Commission for Latin America and the Caribbean (UN ECLAC), Regional Coordinators for ICP LAC

ICP Tool Pack - what the end-users say

The Tool Pack is a major ICP innovation in the 2003-2006 round of the program. The software is expected to be used extensively for survey administration, data collection, verification, processing and presentation. In fact the quality of data used to calculate ICP Purchasing Power Parities will depend largely on how efficiently the Tool Pack functions. Bhutan, China, Qatar, Uganda and Uruguay were among the first countries to use the Tool Pack in the field. Each of these countries is working with a different language version of the Tool Pack. The software is available for use in Arabic, Chinese, English, French, Russian and Spanish. The Tool Pack and its supporting modules - Structured Product Description (SPD) and Ring Administration (RAM) – also facilitate capacity building in CPI. Many African countries, for example, have expressed their intention to use the Tool Pack for CPI purposes. The SPD module is used to harmonize national CPIs in Europe. This feature is based on reports from these countries about their individual experiences with the system.



Marina Fantin Fernández,
Director of the Department of Prices and Salaries, National Institute of Statistics, Uruguay.

Uruguay: Uruguay is the first country to use the Tool Pack in data collection. As part of its pilot data collection in the last quarter of 2004, Uruguay collected prices for 221 goods and services in 5 cities, including Montevideo and four others in the interiors. Nine hundred outlets were selected for the survey and about 11,100 prices were processed, of which 2000 prices were taken from the country's CPI. The rest were processed through the Tool Pack in the National Institute of Statistics of Uruguay (INE). It was particularly useful for them to have a Spanish language version of the Tool Pack. The system was installed in 9 computers (whole system in 1 computer and client installations of PCM in another 8). Marina Fantin Fernández, Director of the Department of Prices and Salaries in INE-Uruguay, said that the system was user friendly: "The directions are simple. We used the multi-product data entry screen. It is similar to the one used in our CPI.". Users in Uruguay were particularly pleased with the ability to duplicate observations. Although they received the Tool Pack after they had already started their survey, they were able to deliver the data to the regional coordinators on time and in good shape. They did not face installation problems at any level but would have liked to receive the Spanish version of the support documentation. In their wish list for the Tool Pack, they would like to include administrative controls that allow users to know if prices collected from some outlets were not entered. Ms Fernández also pointed out that although the system can export data from PCM to XML fast, it exports data to EXCEL slowly. The system also allows users to enter prices from the same outlet many times during the reference period. This caused some initial difficulties like duplication of data collection forms and delays in searching for the date on which those prices were entered. Ms Fernández, who is also Uruguay's representative in the Project of Statistical Cooperation EU-Mercosur and Chile, said that they had not yet analyzed in depth the future possibility of using the Tool Pack for the CPI.



Mr. Tshering Dorji,
ICP Country Coordinator, Bhutan

Bhutan: The ICP program in Bhutan is being implemented by the National Statistical Bureau of Bhutan where the English version of the Tool Pack is being used. The Tool Pack was installed in 2 computers in the central office and in 1 computer in each of Bhutan's 5 data collection centers last year. Mapping of survey locations, products to outlets and outlets to price collectors was done successfully. Mr Tshering Dorji, ICP Coordinator in Bhutan, called the system "user friendly, once we became familiar with it". According to his data management team, data entry was much easier in the Price Collection Module (PCM) than the excel sheets they use for their CPI. Mr Dorji, who is also responsible for his country's CPI and Food Price Index report writing and publication, also mentioned that Bhutan is planning to use the Tool Pack for its CPI and Food Price Index. Data processing and reports functionalities which were not available in Version 1.1 of the Tool Pack (which Bhutan is using) are now available in Version 1.2 (currently being tested in The World Bank). Mr Dorji reported that Bhutan found it difficult to meet the Tool Pack's high software and hardware requirements. The Asian Development Bank and the support team in India provided Bhutan with the necessary technical assistance.



Zhen Sun,
Senior Program Officer, National Bureau of Statistics, China

China: Eleven cities in China are participating in ICP price collection surveys in the current round. In order to facilitate the administration of data in those cities, the PAM has been set up in China's National Bureau of Statistics (NBS). Two Price Collection Modules (PCM) have been set up in the Municipal Bureau of Statistics of each of those cities, including rural and urban areas. China is using the Chinese language version of the Tool Pack. Zhen Sun, Senior Program Officer in the National Bureau of Statistics of China, described the Tool Pack as "user friendly and efficient" and "a powerful piece of software for price collection" in his report. The training provided by both the World Bank and the Asian Development Bank proved to be very helpful to users in China. They experienced some difficulties initially when they failed to install the .NET Framework in some computers. However, they faced no problems when installing it in other PCs. The .Net Framework is a Microsoft product and a pre-requisite for the Tool Pack (PAM). The World Bank IT experts believe this may have been due to some kind of corruption in the Windows Operating System installed in the computer. The user guide for the Tool Pack was written as a manual on how to use the features of the system, rather than as a substantive reference document about price statistics. Mr Zhen Sun suggested, "As this software is brand new for most participating countries, it would be useful if the User Guide explained the function of each step in addition to giving information about how to set it up". He felt that the translation of related documents could have been made more relevant to users in China by input from statistical experts in the country. He recommended setting up a FAQ section for the Tool Pack on the ICP website. The Global Office is currently working on this.

Qatar: Qatar is one of the first countries in Western Asia to use the Tool Pack. The Regional ICP Office at UN Economic and Social Commission for Western Asia (ESCWA) conducted extensive training on the use of the Tool Pack in Arabic and distributed a detailed manual which has proved to be very useful to users on the ground. Price collection surveys are taking place in 3 cities (Doha, Al Wakrah and Al Rayyan) in Qatar (the majority of the population live in just two of these, Doha and Al Rayyan). Survey parameters were set up in the PAM in December 2004. Although the survey setup included defining the demography of the outlets as urban and rural areas, all three cities selected for participation in ICP price collection are urban centers.

The Survey Supervisor/Administrator for Qatar is located in the data collection center in the capital city. He is supervising the use of the Tool Pack in the three cities. Ms Asmaa Sultan Swailm, Price Statistician, Economic Statistics Section, Planning Council of Qatar reported that the Administrator had successfully imported the surveys in the PCM. Data collection forms for some of the surveys have also been printed. Although some technical problems cropped up at the beginning, these were easily resolved. Qatar is currently installing PCM on LAN to facilitate data entry for users. Qatar is using the Arabic version of the system.



Mr Vincent Musoke Nsubuga, National ICP Coordinator for Uganda and Principal Statistician in charge of price statistics. Uganda Bureau of Statistics, Uganda.

Uganda: Uganda is using the English version of the Tool Pack. The system has been installed and used in the Uganda Bureau of Statistics (for training purposes the software was also installed at the Institute of Statistics and Applied Economics (ISAE), Makerere University on more than 10 computers last year). ICP Uganda has already set up the PAM and mapped products to outlets and paired data collectors with outlets using existing CPI structures. They have also started to experiment with the PCM. Mr Vincent Muoke Nsubuga, National ICP Coordinator for Uganda and Principal Statistician in charge of price statistics, Uganda Bureau of Statistics (UBOS), said that users found the exercise easy. They found the PAM particularly useful. Mr Musoke Nsubuga calls the system “user friendly” although users “need good training and constant practice.” The technical support received so far from the ICP Global Office, Regional Office and system developers in India helped them significantly, especially during initial installation and use. Users in Uganda are happy with the interface design of the Tool Pack, although they felt that the addition of a Help functionality on the menu bar would have improved it. The World Bank IT team will consider putting this feature in a future release of the software after all the functionalities in the system are in place. As far as Uganda is concerned, the Tool Pack can only be used for CPI purposes if it can incorporate the Modified Laspeyres formula which Uganda uses to compile its CPI. The World Bank IT team will consider introducing this formula in a future release of the Tool Pack. “With regard to capacity building to improve data quality and timeliness of dissemination, more training is required”, said Mr Musoke Nsubuga.

ICP Tool Pack and Supporting Software

The task of compiling, analyzing and reviewing price data for the ICP in the 2003-2006 round has been simplified by the development of an integrated software system called ICP Tool Pack. The software was developed by the World Bank and is distributed free of charge to Regional Coordinating Offices and participating countries.

The Tool Pack comprises of three integrated modules and two independent supporting systems.

1. Price Administration Module (PAM)
2. Price Collection Module (PCM)
3. Data Processing Module (DPM)
4. Structured Product Description Module (SPDM)
5. Ring Administration Module (RAM)

PAM: The PAM is a web-based and secure application that can be shared by many users to set up survey frame and administration; data collation, verification, editing and management; index aggregation, data analysis and reporting. It is used by both National Statistical Offices and ICP Regional Coordinating Offices. The module can be used for CPI purposes and therefore contributes to statistical capacity building at the national level.

PCM: The PCM is a desktop application that can be shared by many users to record price data in electronic format. The module can also be used for CPI purposes for price data collection and rudimentary data verification and editing.

DPM: The DPM is the third module of the Tool Pack. It is primarily used for data validation (using Quaranta Diagnostics), calculation of PPPs and real expenditures, and generation of reports that can be customized according to various products, temporal and spatial breakdowns.

SPD Software is an independent system that is designed to support the building of regional lists of product specifications using the Structured Product Description (SPD) approach. The software includes a data transfer module called the 'Bridge', which allows the transfer of product specifications to the Tool Pack.

RAM: The Ring Administration Module is an independent system based on EXCEL to help countries which are participating in the global Ring Comparison provide the ICP Global Office with information about products that can be priced in their countries. The responses are captured in a structured manner allowing the Global Office to analyze and create a common Ring Product list efficiently.

ICP Tool Pack Helpdesk:

The International Comparison Program global office and regional offices have set up helpdesks through which queries and issues related to the Tool Pack are reported, coordinated and resolved efficiently.

The ICP global office helpdesk can be contacted at icptoolpack@worldbank.org.

Eurostat-OECD 'rolling benchmark' approach to PPP consumer price surveys

Prior to 1990, benchmark comparisons in the Eurostat-OECD Purchasing Power Parity Program were made every five years. During this time all the data were collected over an 18-month period centering on the reference year. After the 1990 comparison, the 'rolling benchmark approach' was adopted by Eurostat and OECD. With this approach, data collection is continuous, but cyclical, with each cycle taking three years.

The rolling benchmark approach requires continuous price collection with part of the product lists being priced each year, regular reporting of price indices at the level of the Basic Heading and annual provision of expenditure weights. More specifically, the rolling benchmark approach requires the basket of products comprising household final consumption expenditure to be divided into six parts with prices for two parts being surveyed each year in two separate surveys.

Annual 'benchmarks' are established by combining the prices collected for the year T with those collected for T-1 and T-2. Prices for T-1 and T-2 are centered on T using detailed sub-indices from the CPI.

This approach has many advantages. It reduces response burden on countries and spreads the workload evenly over all years of the cycle. It enables countries to focus on six small surveys rather than one large survey. This should result in better executed pre-surveys, better prepared product descriptions, and better organized price collections with well trained price collectors. It enables the countries to include the price surveys in their regular national statistical programs. Moreover, it fosters continuity of expertise in the national statistical agencies, both for statisticians and price collectors and at the regional and central levels. By 'rolling' prices of consumer goods collected in one year over to the next year by means of the CPI, it is possible to make 'benchmark' comparisons annually.

Considering the factors above, the rolling benchmark approach both reduces the overall cost of producing PPPs and improves the quality of the data. There is, however, one important pre-condition for applying this approach. It requires the availability of reliable CPI indices at Basic Heading level or below for extrapolating the survey year data.

Contributed by Silke Stapel, (Silke.Stapel@cec.eu.int), Eurostat

The ICP - Work in Progress

Compensation SPDs—A significant portion of a country's GDP is the contribution of services provided by its local, regional and national governments. Services provided range from education to health and general services such as providing information and overall governance. These are difficult, if not impossible, to compare directly. Therefore, the method used in previous rounds of the ICP as well as in Eurostat-OECD PPP comparisons is to use government employee compensation as proxy measures of prices to compute PPPs for government.

The basic process is to prepare specifications for different categories of government employees and then have countries estimate the national annual compensation for each. The basis of the specifications used for previous rounds of the ICP as well as in the Eurostat-OECD comparisons is the classification structure developed by the International Labor Organization (ILO). The problem is that these classifications, referred to as ISCO-88, were last updated in 1988.

The ILO has agreed to work with the Global Office and Eurostat-OECD to update the classifications for the occupations used in their respective comparisons. The goal will be to determine a set of core occupations and their descriptions that could be used by every country in the world to use as a basis to provide data on the national annual average compensation of government employees. The challenge will be to provide some flexibility to reflect regional differences. This effort will minimize the work and preparation time required by the regions to prepare for this portion of the ICP.

Housing SPDs—Consumer expenditures for housing are not only difficult to measure in total, but are also more difficult to compare between countries from a purchasing power point of view. One of the main difficulties is to determine how to measure and compare costs associated with owner-occupied housing. Countries with a large and well established rental market for housing can use the results of rental surveys to impute costs for owner occupied housing. The issue in many developing countries is that the majority of the households live in owner-occupied dwellings. Rental rates in those countries cannot be used to estimate housing PPPs

The ICP has made considerable effort to understand the housing market across the different regions. The basic conclusion is that rental markets in most countries cannot be used to impute values for owner occupied housing. For that reason, a procedure coined the "quantity approach" is being considered for this round of the ICP. All countries will be required to submit information on the housing stock by size and location along with the appropriate breakdowns of the GDP expenditures for housing. These quantities and expenditures will be used to determine values per household that can be the basis for the PPPs between countries. The good news is that the quantity approach does not require extensive data collection; instead it involves data mining of the national accounts information. Finally, the ICP handbook will contain a chapter on housing which will be completed by the end of February 2005.

Health SPDs—Health SPDs were reviewed by the regional offices last fall. SPDs updated with comments from Africa and Asia regional offices were sent for review to the chief medical officer of the World Bank. Mainly hospital-related pharmaceutical products were removed from the list to make the SPDs as representative as possible of widely used basic pharmaceutical products used in households. These SPDs have been sent to the regional offices for another review. Dental SPDs and Medical service SPDs are under review in the Global Office and will be sent to regional offices as soon as possible.

Advocacy—Brochures highlighting major aspects of the 2003-2006 round of ICP have been published and samples sent to regional offices for information, translation and distribution. The Global Office has also sent regional offices a set of guidelines in order to enhance the integrated planning and coordination of advocacy programs initiated by ICP regional and national offices. We have also prepared an information pack consisting of a press release, brochures, a technical briefing or bulletin on how the ICP measures Purchasing Power Parities, Q&A, donor organization list, etc.

Tool Pack—Version 1.2 of the Tool Pack, although delayed due to improvements made and extensive testing by Global Office staff for accuracy of computations, was disbursed to regional offices in January 2005. Problems found with Version 1.1 have been corrected in the new version. It contains several features needed by the regional coordinating offices, including the tables for price data validation between countries and estimation of PPPs. The system was given a thorough testing via training provided to Statistics Canada and Statistics Austria.

A preliminary version of Tool Pack 1.2 was demonstrated to Mr. Dennis Trewin, Chairman of the ICP Executive Board, when he visited the World Bank in October 2004.

Countries and Regional Coordinating Offices having Version 1.1 of the Tool Pack installed in their computers, will be able to directly upgrade to Version 1.2 of the Tool Pack, without disturbing the data they have collected thus far.

Ring Comparison—The ICP Global Office has received responses from Russia and Kazakhstan (CIS), Hong Kong and Sri Lanka (Asia), and Estonia, Japan, Slovenia and UK (Eurostat) regarding which products from the regional Food lists they can price. The Global Office is awaiting response from the other Ring Countries. In the meantime, the World Bank has developed a system called the Ring Administration Module (RAM) to capture the response of the Ring Countries in a more structured manner. This will facilitate the analysis and creation of a product list that can be priced by the countries participating in the Ring Comparison. Currently the RAM contains merged product lists from all six regions covering Food, Clothing, Footwear, Furniture and Recreation. A CD containing the RAM system or the address of the World Bank ftp site from which it can be downloaded has already been sent to Asia, CIS, Eurostat, Latin America and West Asia regional offices. Representatives from the Global Office have visited Asia and West Asia regional offices to demonstrate the system and review the Structured Product List with the Ring Countries of those regions.

Calendar of events

Date	Location	Participants	Contact
Meeting to discuss establishment of specifications for Ring Comparison in Latin America			
January 26-28, 2005	Santiago, Chile Host: INE	ECLAC, STC, INE	Louis Marc Ducharme (louismarc.ducharme@statcan.ca)
Eurostat-OECD PPP Program working group meeting			
January 31, 2005	Luxembourg, Luxembourg Host: Eurostat	31 countries participating in the Eurostat coordinated group of the ECP; 6 Balkan countries; OECD	Silke Stapel (silke.stapel@cec.eu.int)
Meeting to discuss establishment of specifications for Ring Comparison in Latin America			
January 31- February 2, 2005	Rio de Janeiro, Brazil Host: IBGE	STC, IBGE	Luis Marc Ducharme (louismarc.ducharme@statcan.ca)
Meeting of Asian Ring Countries to review ring product list			
January 31- February 11, 2005	Manila, Philippines Host: ICP Asia Pacific, Asian Development Bank	ICP Global Office representative and 9 price statisticians from Asian Ring Countries—Hong Kong, Malaysia, Philippines, Sri Lanka	Jinsook Lee (jlee4@worldbank.org) Lutgarda T. Labios (llabios@adb.org)
Eurostat-OECD PPP Program kick off meeting on 2005 survey on equipment goods and construction			
February 1-2, 2005	Luxembourg, Luxembourg Host: Eurostat	31 countries participating in the Eurostat coordinated group of the ECP, 6 Balkan countries, OECD, The World Bank	Silke Stapel (silke.stapel@cec.eu.int)
Eurostat-OECD PPP Program North Group meeting on item list for first consumer price survey 2005			
February 10-11, 2005	Helsinki, Finland Host: Statistics Finland	10 countries of the North Group, Eurostat, OECD	Silke Stapel (silke.stapel@cec.eu.int)
Meeting of Western Asia Ring Countries to review ring product list			
February 12-23, 2005	Amman, Jordan Host: Department of Statistics, Jordan	ICP Global Office representative, ESCWA representative, and Western Asia Ring Countries	Nada Hamadeh (nhamadeh@worldbank.org) Ghada Fayad (fayad@un.org)
National Accounts Workshop			
February 15-17, 2005	Bangkok, Thailand; Asian Institute of Technology Host: ICP Asia Pacific, Asian Development Bank	National accounts specialists from 23 countries participating in ICP	Lutgarda T. Labios (llabios@adb.org)
Eurostat-OECD PPP Program South Group meeting on item list for first consumer price survey 2005			
February 17-18, 2005	Lisbon, Portugal Host: Statistics Portugal	10 countries of the South group, Eurostat, OECD	Silke Stapel (silke.stapel@cec.eu.int)
Eurostat-OECD PPP Program Central Group meeting on item list for first consumer price survey 2005			
February 24-25, 2005	Vienna, Austria Host: Statistics Austria	11 countries of the Central Group, Eurostat, OECD	Silke Stapel (silke.stapel@cec.eu.int)
ICP Executive Board Meeting			
February 28, 2005	New York, USA Host: The World Bank	ICP Executive Board members and Global Office representatives	Omar Hadi (ohadi@worldbank.org)
Meeting of Latin America regional coordinators			
March 7, 2005	Washington D.C., USA	Jacob Ryten, Heber Camelo, Louis Marc Ducharme	Luis Marc Ducharme (louismarc.ducharme@statcan.ca)
Eurostat-OECD PPP Program overlap meeting on overall European item list for first consumer price survey 2005			
March 16-18, 2005	Paris, France Host: OECD	3 group leaders, Eurostat, OECD	Francette Koechlin (francette.koechlin@oecd.org)
Eurostat-OECD PPP Program planning meeting on the second consumer price survey 2005			
April 25-26, 2005	Luxembourg, Luxembourg Host: Eurostat	3 group leaders, Eurostat, OECD	Silke Stapel (silke.stapel@cec.eu.int)
ICP Regional Coordinators Meeting			
March 7-11, 2005	Washington D.C., USA Host: The World Bank	ICP Regional Coordinators and Global Office representatives	Omar Hadi (ohadi@worldbank.org)

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