

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.

What are the Quaranta tables?

The Quaranta tables are quality control tools used in the ICP Tool Pack to identify and correct outliers in price data provided by countries participating in the Program. Named after their creator Vincenzo Quaranta of National Institute of Statistics, Italy, the Quaranta tables are designed to provide an indication of consistency with respect to basic headings, and to provide an analysis of the variability of surveyed prices, between items and across countries. Both the Eurostat and the OECD use the Quaranta tables in their PPP program.

From the Global Manager

Dear Readers

The pace is quickening as we enter the second quarter of 2005. All regions except Africa are now collecting prices for household consumption items and will soon be sending prices to the regional coordinators for the first inter-country reviews. The Global Office and the ICP Executive Board are working closely with the African Development Bank to ensure the African region remains a viable part of the global comparison.

In early March, we had a very productive meeting with the regional coordinators where considerable time was spent reaching agreement on how to improve communications about the status of the program as it progresses through the reference year. As a result, each region will be submitting a bi-monthly status report to the Global office which in turn will provide a summary to the ICP Executive Board. We also reviewed the overall work plan which included the requirements for a country to be a part of the global comparison. More details about this meeting appear on the ICP website under the "Conferences" heading. A summary is also provided in the News in Brief section of this newsletter.

While data collection for household consumption items has begun, much work is left for the remaining components of the GDP. The Global Office has provided the regions product specifications for health, education, and construction basic headings. The government compensation specifications are being finalized with equipment to follow soon.

I recently had the opportunity to accompany a price collector in Bangkok, Thailand on her rounds through several markets. Ms Wantanee has been a price collector for Thailand's CPI for about 20 years. Her knowledge of the markets and the products being priced was impressive. It reminded me of the critical role played by price collectors in ICP and the need to acknowledge their contributions.

Please join me in congratulating Professor Ben Kiregyera for receiving the Mahalanobis award at the recent meeting of the International Statistical Institute (ISI). Prof. Kiregyera is a member of the ICP Executive Board. More details about his award appears in the News in Brief section of this newsletter.

The Global office organized a session about the future of the ICP at the ISI meetings. More details about that meeting also follow.

Regards,

Fred Vogel

News in brief

Critical data collection issues discussed in Washington D.C. meeting

Regional Coordinators from Africa, Asia and the Pacific, the Commonwealth of Independent States, Latin America and Western Asia met in Washington D.C. from 7-11 March to discuss important milestones reached since the last meeting in September 2004 and to agree on actions to be taken during and after the price collection phase. The coordinators reported that all regions except Africa started data collection in the first quarter of 2005. A common strategy and action plans were adopted to ensure that all regions adhere to the data collection schedule.

Pilot surveys conducted in Latin America in the 4th quarter of 2004 were discussed with a view to developing best practice methods for all ICP regions. Latin American representatives at the meeting advised other regional offices that their experience suggested potential problems can only be identified and solved if regional offices check the country price data immediately (within 3 weeks) of data submission.

ICP consultant for Construction sector SPDs*, Anil Sawhney, made a presentation about the Basket of Construction Components (BOCC) approach to be adopted in ICP. The ICP Executive Board and Technical Advisory Group have already endorsed this new approach as simpler, less costly and better at ensuring comparability for ICP construction sector comparison than the approaches currently in use. The presentation as well as all other documentation related to this meeting is available in the ICP website.

Steve Burdette, ICP consultant for Equipment goods, advocated the use of five price-determining characteristics to develop SPDs for this basic heading: Performance/Power, Reliability, Function, Productivity (in terms of convenience & safety) & Technology. Equipment goods representative of small-scale businesses in developing countries will be included in the SPDs.

The approach adopted to prepare the Ring Product List occupied a large part of the meeting. A workplan and timeline was agreed on which can be accessed from the ICP website. The next Regional Coordinators meeting is scheduled for July 2005.

*a systematic approach using price-determining characteristics to describe details of products to be priced in ICP surveys

Executive Board takes stock of regional situation as data collection commences

ICP Executive Board members met on 28 February in New York to review data collection by region. The Board found the situation in Africa especially concerning. Data collection has been delayed in the region because necessary funds have not been disbursed to countries. Board members raised questions about the status of their preparation. Other regional representatives in the Board hoped that the delay in Africa would not disrupt the program in other regions that have already started data collection. The Executive Board recommended the other regions continue data collection with the understanding that the reference year remains 2005. The Global office and the AfDB were directed to prepare and submit an "Emergency Plan" for the Executive Board's consideration to ensure data collection begins as soon as possible to adhere to the 2005 reference year. The Board stressed the need for prudent measures to minimize the effect on the global program.

The Board was pleased to note the completion of important chapters in the ICP Handbook on basic heading parities, the ring program and on the housing sector. The Executive Board also acknowledged the significant contributions of the Technical Advisory Group under the leadership of the Chairperson, Alan Heston, and the editor of the ICP Handbook, Peter Hill.

ICP in International Statistical Institute meeting

The ICP Global Office organized a session titled "The Future of the ICP" in the International Statistical Institute meeting held in Sydney, Australia in April this year. The session included the following presentations:

"Overview of new and improved methodologies being implemented for this round." by Fred Vogel, Global Manager, ICP.

"Overview of statistical capacity building in Africa resulting from the ICP." by Ben Kiregyera, Chair of the Board, Uganda Bureau of Statistics and member of the ICP Executive Board.

"Overview of issues regarding the extrapolation of PPPs between benchmark periods with suggestions for research." by Paul McCarthy, Australian Bureau of Statistics and member of the ICP Technical Advisory Group.

"Overview of pros and cons of the rolling benchmark approach as used by Eurostat." by Silke Stapel, Eurostat and member of the ICP Technical Advisory Group.

"Overview of governance issues for future rounds." by Misha Belkindas, The World Bank.

The general discussion centered on the importance of new methods and their use in building and improving statistical capacity. It was agreed that more work is needed to extrapolate PPPs between reference periods and also have a better understanding about how changing prices and economic structures affect estimates. The rolling benchmark was recognized as a good approach to spread the data collection work over several years, however, it was seen as too heavily dependent on the availability of reliable and complete CPI data. Participants concluded that future rounds of ICP should take place and that a complete evaluation should be done following the current (2003-2006) round.

Executive Board member receives significant honor

Professor Ben Kiregyera, Chairman of the Board of Directors of the Uganda Bureau of Statistics, and a member of the ICP Executive Board was presented the Mahalanobis Prize on April 11, 2005 at the 55th session of the International Statistical Institute in Sydney, Australia. Professor Kiregyera received the prize in recognition of his lifetime contribution to statistics, particularly in developing countries.

In accepting his award, Prof. Kiregyera said, “May the good work of Mr Mahalanobis continue to galvanize and energize us for the well-being of humanity.” The ICP congratulates Professor Kiregyera for the honor bestowed upon him.

The prestigious Mahalanobis Prize was established by the Indian government in memory of statistician P.C. Mahalanobis. The prize is awarded to a statistician who comes from a developing country and has worked there in recognition of his/her lifetime achievement in statistics and the promotion of best statistical practice.

Creating a common Ring Product List for the Global Ring Comparison

The procedure endorsed by the ICP to derive global Purchasing Power Parities (PPPs) from regional PPPs requires a list of products that can be priced by countries in two or more regions. The Global Office is in the process of creating this standardized product list with the help of 6 Regional Coordinating Offices and 19 Ring Countries. The task is daunting given the varied terminology used by each region to identify products and the sheer number of items in the combined list. The approach used by the Global Office will cut down the combined regional list of over-5000 products to a more manageable number. This is being done in the interest of identifying products that are widely available across the 6 regions and at the same time conducting data collection surveys with minimal resources in the countries participating in the Ring.

An Excel-based application called the Ring Administration Module (RAM) was developed by the World Bank to help Ring Countries indicate the items available in their markets from the combined regional list. Representatives from the Global Office conducted workshops in two regions (Asia and Western Asia) to help countries in those regions identify relevant products while other regions worked on their own. After the exercise, the responses from all the regions were sent to the Global Office for analysis.

The Global Office created a Macro in Excel to reduce the number of products based on responses from Ring Countries. Products that met the following three conditions were highlighted:

- products selected by the maximum number of regions;
- products selected by the maximum number of countries;
- at least one product per basic heading outside own region selected by each country.

The products thus chosen were then analyzed by the Global Office to eliminate duplicate items. The average of the percentage shares for each basic heading in the CIS, Asia and Eurostat lists was applied to a proposed list of 1200 consumption items to deduce the number of products to be retained per basic heading.

The 1200 or so products in this list have now been combined to form a preliminary (reduced) ring list. This list will be reviewed by Regional Offices with countries. In some cases pre-surveys will be conducted to establish which items are available in local markets and which items are representatives of the market. Their comments will be sent to the Global Office. Regional offices will then meet with the Global Office to finalize the Ring Product list. Final surveys for data collection are expected to take place in the first quarter of 2006.

Did you know that the ICP is the largest international data collection exercise in the world today?

The creation of lists of goods and services in ICP is the result of intense collaboration between national statistical offices and regional and global coordinators

The ICP - Work in Progress

Equipment SPDs—The product specifications for a list of 210 Equipment Goods are almost complete. These specifications will include pictures, website addresses and technical notes to help identify products and collect price data from country dealerships. About 175 products (85% of the total) were prepared by a consultant, the remaining 35 products were taken from Eurostat, CIS, Africa and Statistics Canada lists. Characteristics for used equipment have been incorporated to increase the relevance of the Equipment list to the developing world as requested by regional coordinators in the March meeting. According to the work plan agreed at the meeting, the Global Office will send all provisional Product Specifications related to Equipment goods to the Regional Offices for review on a flow basis between mid-April and mid-May.

Health SPDs—A proposed product list for Health goods (excluding hospital services) in household consumption was sent to Regional Offices at the end of March. The countries are expected to price all the items in the pharmaceutical product list. This list was based on a core list of global pharmaceutical products provided by the World Health Organization. Specifications for basic headings such as other medical products, therapeutic appliances and medical services were based on the CIS product list. Each region is expected to tailor the proposed list to reflect their market situation.

Government Compensation—Purchasing Power Parities are difficult to obtain for the Government Services basic headings. The basic process is to prepare specifications for different categories of government employees for which countries obtain the national annual compensation. The previous specifications were last updated in 1988. The World Bank led an effort to revise these specifications by working with the International Labor Organization as well as the Eurostat and OECD. The result was a set of specifications for about 48 occupations which includes several new ones to better reflect changes in the work force resulting from the introduction of computers. These have been distributed to the Regional Offices.

Ring Comparison—The Global Office is in the process of creating a preliminary Ring Product List for the ring comparison. The aim is to reduce the 5000-plus items in the combined regional lists to less than 1200, taking into consideration the responses from the Ring Countries about which items are available in their markets. The reduced list will be sent to Regional Offices at the end of April for further review by the ring countries and the respective regional coordinators.

Tool Pack—Tool Pack Version 1.2 was sent to Asia, Africa, Western Asia and Latin America Regional Offices in February 2005. Version 1.2 includes the Data Processing Module (DPM). Supporting documentation for the DPM, including user guide, summary steps, data transfer guide for countries and data transfer guide for regions, has also been sent to Regional Offices. Statistics Canada received training on Version 1.2 in January. Asian Regional Office and countries were trained in April. Western Asia requested training for the Regional Office and participating countries in May. Training for CIS region is under discussion.

Website—The webpage for ICP software has been updated to include all the documentation related to the Tool Pack and related applications. Go to the ICP website and click on 2003-2006 Global Round (from the right menu bar). Then click on ICP software. The Methodology and Research webpage has been updated with questionnaires related to dwelling services and salaries (ISCO correspondence for occupations) and a paper that deals with the generation of annual average prices for the ICP given several periods of price collection. Minutes of the March 2005 Regional Coordinators Meeting and presentations made in all segments can be accessed by clicking first on Conferences and then Regional Coordinators Meetings in the right menu bar on the ICP website.

Brochures about ICP 2003-2006 are now available in the Global Office!

Learn about:

- *How ICP responds to the need for robust global economic statistics*
- *How new ICP software simplifies the compilation, analysis and review of price data*
- *What makes PPPs more appropriate currency converters than exchange rates to compare GDPs of countries*
- *Which countries are participating in ICP 2003-2006*

Calendar of events

Date	Location	Participants	Contact
Asia training workshop on Tool Pack 1.2 and Batch Upload Utility			
April 11-22, 2005	Manila, Philippines Host: Asian Development Bank and National Statistics Office, Philippines	ADB-ICP staff and participants from participating countries	Lutgarda T. Labios (llabios@adb.org)
Africa regional workshop on data quality, national accounts and ring list			
May 9-11, 2005	Hammamet, Tunisia Host: African Development Bank (AfDB)	Sub-regional organizations, data quality, experts, selection of other participating countries, ring countries	Abdoulaye Adam (a.adam@afdb.org)
Latin America regional meeting to review results of second phase of data collection with price program representatives			
May 9-11, 2005 (Andean Community)	Buenos Aires, Argentina	STC, CEPAL, INDEC	Louis Marc Ducharme (louismarc.ducharme@statcan.ca)
May 12-14, 2005 (Mercosur and Chile)			
Latin America regional meeting to review results of pilot survey with national accounts representatives			
May 16-18, 2005	Buenos Aires, Argentina	STC, CEPAL, INDEC, participating countries	Louis Marc Ducharme (louismarc.ducharme@statcan.ca)
Asia regional advisory board meeting			
May 23-24, 2005	Manila, Philippines Host: Asian Development Bank	RAB Members	Lutgarda T. Labios (llabios@adb.org)
Fourth ICP workshop for Western Asia			
May 21-25, 2005	Egypt (TBC)		Mohamed Al Badrawy (albadrawy@un.org) Ghada Fayad (fayad@un.org)
Africa sub-regional workshop for Afristat countries on launching of price collection and data quality			
May 23-27, 2005	Bamako, Mali Host: Afristat, AfDB	Country delegates, Afristat, AfDB	Abdoulaye Adam (a.adam@afdb.org)
Africa sub-regional workshop for SADC countries on launching of price collection and data quality			
May 30 - June 3, 2005	Gaborone, Botswana Host: SADC, AfDB	Country delegates, SADC, AfDB	Roland Rittenau (r.rittenau@afdb.org)
Africa sub-regional workshop for COMESA countries on launching of price collection and data quality			
May 30 - June 3, 2005	Lusaka, Zambia Host: COMESA, AfDB	Country delegates, COMESA, AfDB	Beejaye Kokil (b.kokil@afdb.org)
Africa sub-regional workshop for ECOWAS countries on launching of price collection and data quality			
May 30 - June 3, 2005	Abuja, Nigeria Host: ECOWAS, AfDB	Country delegates, ECOWAS, AfDB	Maurice Mubila (m.mubila@afdb.org)
Africa regional seminar on national accounts (GDP breakdown, Supply and Use tables)			
July 11-15, 2005	Hammamet, Tunisia Host: AfDB	Country delegates, National Accounts experts	Luc Mbong Mbong (l.mbongmbong@afdb.org)
Eurostat/OECD ring comparison meeting			
June 20-22, 2005	Luxembourg, Luxembourg Host: Eurostat	Representatives of Estonia, Slovenia, Japan, UK, OECD and Eurostat	David Baran (david.baran@ons.gsi.gov.uk)
Regional Coordinators Meeting			
July 11-15, 2005	Washington D.C., USA Host: The World Bank	Regional coordinators and global office staff	Omar Hadi (ohadi@worldbank.org)

How to reach us:

International Comparison Program (ICP), c/o The World Bank,
1818 H Street NW, MC2-209
Washington D.C. 20433
USA
Phone: 1-800-590 1906 (from inside the US)
+1 202 473 3930 (from outside the US)
Fax: +1 202-522 1498
Email: ICP@worldbank.org

