

What is ICP?

The **International Comparison Program** is a series of statistical surveys held worldwide to collect price data for a sample of commonly bought goods and services. It is a uniquely complex statistical exercise involving national, regional and international agencies and is overseen by a Global Office located in the World Bank. Surveys are held every three to five years, depending on the region, and the data collected are combined with other economic variables from countries' national accounts to calculate **Purchasing Power Parities**. At its most basic level, the PPP is calculated using a technique similar to The Economist's 'Big Mac' index. This is computed using differences in the prices of a 'Big Mac' hamburger between the capital cities of countries. Unlike the 'Big Mac' index, however, ICP generated PPP rates are based on a comprehensive nationwide sample of goods and services on which money is spent in a country. All expenditure components of GDP, including purchases of capital goods and outlays by government are represented.

What is SNA?

The System of National Accounts (SNA) consists of a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules. It provides a comprehensive accounting framework within which economic data can be compiled and presented in a format that is designed for purposes of economic analysis, decision-taking and policy-making. It also serves as a point of reference in establishing standards for related statistics.

From the Global Manager

Dear Readers

The complexity of the International Comparison Program continues to challenge the global, regional and national coordinating organizations. However, the strong partnership that has been established between the different groups is allowing us to meet the challenge. The spirit of cooperation continues to grow as every region meets with the participating countries to prepare the product specifications and discuss how to prepare the workplans and survey framework for price collection.

A very productive meeting took place in May when the Regional Coordinators met with the Global Office in Washington D.C. The time table for data collection as well as the workplan for the Ring Comparison were among the issues discussed during a very busy five days. A complete report on issues discussed as well as the material presented can be found on the ICP website.

The partnership arrangement with international organizations continues to grow as meetings took place in early June with the World Health Organization (WHO) and the International Labor Organization (ILO) at their offices in Geneva. Both meetings resulted in very positive suggestions about where collaboration could benefit all related programs. One item that will be very useful for the Health comparison is the work the WHO has done to identify a set of 30 core medicines to represent the burden of diseases. This set of 30 core items will form the basis for that component of the ICP. It was also agreed that the Multi-National Health surveys will provide important information for health expenditure weights.

The primary method to compare government services between countries is based on compensation of employees. The meeting with the ILO culminated in an agreement to harmonize the descriptions for a set of occupations to be used in the ICP. We examined the ILO compensation data from the October Enquiry and found potential in its use in the future if information for private and public sectors can be separated.

The next few months will be equally busy as the regions finalize their product lists and we prepare for the all important meeting of the Technical Advisory Group on September 22-24 to be immediately followed by another meeting of the regional coordinators. We will keep you informed about the results of these meetings. In the meantime, I hope you enjoy the July issue of ICP news. I would like to take this opportunity to thank all our contributors and our editorial team. As always we look forward to your feedback.

Regards,

Fred Vogel

News in brief

Yaounde Declaration adopts ICP-Africa as framework for statistical capacity building in Africa

Directors of National Statistical Offices from 51 African countries met in Yaounde, Cameroon on 30 April, 2004 and issued the 'Yaounde Declaration on Statistical Development in Africa' at the end of a one-day meeting of the ICP-Africa Governing Board. The declaration adopted ICP-Africa as the framework for statistical capacity building in Africa. The meeting urged the African Development Bank (AfDB), regional member countries and multilateral and bilateral institutions to work together towards the development of reliable statistical systems in Africa. The declaration acknowledged the progress that had been made in the last two years under the initiative of ICP-Africa and recognized the importance of the program both as a source of reliable and policy relevant data, and as a comprehensive and coherent regional capacity building framework. The following recommendations were made in the declaration:

A. African Governments:

- To put ICP-Africa, a program covering the entire Africa continent, at the core of statistical capacity building programs for member countries;
- To support statistical activities by making statistics a priority and allocating adequate resources;
- To pursue the efforts of statistical harmonization and integration of activities by their NSOs, as well as regional and sub-regional organizations;
- To ensure capacity building in the development of statistical masterplans; in the coordination of national statistical systems; in human resource development (training, attraction and retention); and in analysis, report writing and dissemination;

B. the bilateral agencies and international institutions

- To continue working in the area of statistical capacity building by allocating more financial and material resources to statistical activities;
- To improve their partnership collaboration to facilitate synergy so as to ensure effective and coordinated support to the countries;
- To engage in advocacy work so as to give statistics a high profile and to secure financial and political commitment from African governments.

C. the AfDB as coordinating agency for ICP-Africa

- To enhance priority given to statistics and provide optimal resources, both financial and technical, for supporting statistical activities in the African countries, given the importance of statistics in formulating, monitoring and evaluating poverty reduction strategies, in monitoring the MDGs and in managing for development results.

ICP Tool Pack global office help desk set up

The ICP global office has set up a helpdesk through which queries, problems and any issues related to the Tool Pack can be reported, coordinated and dealt with swiftly. Until regional helpdesks are up and running, the global office helpdesk can be contacted directly at icptoolpack@worldbank.org

Spotlight: Regional Office Progress Report

ICP Africa

Regional Product list: Countries were given the opportunity to comment and give their input on the ICP Africa product list for food and clothing in a workshop in Yaounde (late April—early May). The Food and Clothing part of the product list has been finalized and is now ready for use. The data will be transferred into the Tool Pack in the weeks to come. The ICP Africa team is currently reviewing comments from national coordinators on SPDs related to household durables, transport services, catering, hotels and small personal goods. Other parts of household consumptions were also discussed at the Yaounde seminar. Regional SPDs were revised based on recommendations made at the Yaounde meeting and are currently ready to be distributed to the countries for final remarks and amendments. 800 pictures of products have so far been collected.

Equipment goods: Equipment goods are of particular interest to ICP Africa, especially against the backdrop of the New Partnership for Africa's Development (NEPAD), as PPPs and price level indicators in general, and related data on equipment goods in particular, can provide extremely useful information about the macro-economic environment of investment. A base

document was written in the first quarter 2004, giving an outline of the treatment of machinery and equipment in the continent. A major recommendation in the document was to use SPD-type questionnaires for this part of the comparison and to be flexible in their application depending on data situations in individual countries. Different methods for PPP calculation/estimation (like product matching and hedonic regressions) could be applied in parallel. The overall target is to produce realistic PPPs and at the same time provide countries with a sound basis of information-infrastructure in this area. A questionnaire about the data situation in the participating countries was developed by a consultant for ICP Africa and has been distributed to all African countries. Replies are currently being received in the regional office.

Pilot study on construction surveys using the SPD concept: The traditional use of the Bill of Quantities (BOQ) approach to calculate construction sector PPPs is currently being discussed and an alternative approach is being developed for consideration. Consultants for African Development Bank, coordinator of ICP Africa, conducted site visits in Tunisia, Egypt, Ghana, South Africa, Rwanda, Cameroon, and Kenya earlier this year. With the assistance of the respective national statistical offices extensive data were collected for the development of SPDs for construction components. Numerous construction sites were visited and a multitude of construction processes were photographed. Meetings with construction managers, construction quantity surveyors, civil engineers, architects, and other construction experts were also organized. These meetings provided deep insight into the construction industry, construction industry practices and construction industry processes in individual countries. The data collected during the country visits is currently being distilled to develop SPDs for construction components that will be tested in the seven countries. Plans are also being developed to create a framework for conceptualizing and developing a comprehensive SPD based construction sector methodology for PPP calculations. The results of this pilot study are currently being analyzed and finalized.

The Yaounde seminar: The third regional seminar on ICP-Africa that took place on April 26- May 4, 2004 in Yaounde, Cameroon, was organized in three parallel workshops. Over 200 officials from 51 African countries including sub-regional and international organizations attended the seminar. The first workshop reviewed the reports of the statistical assessment studies, which provided information about weaknesses in African national statistical systems. The second workshop for ICP national coordinators, their deputies and representatives of Statistical Training Institutes in Africa, discussed the general framework of ICP price surveys including the list of household consumption items to be priced, the SPD approach, the data collection for machinery including equipment and construction as well as civil engineering works. Other issues discussed included the supply and use tables and related issues pertaining to review of the master ICP-Africa classification and link tables. The third workshop was a training course on consumer price index (CPI) and ICP methodologies, conducted jointly by the IMF and AfDB for statisticians from the countries. A one-day meeting of the ICP-Africa Governing Board reviewed the progress of ICP Africa work and approved the work plans for the next year.

Testing the ICP Tool Pack: The ICP Tool Pack was successfully installed on many computers in the AfDB headquarters and tested. Testers found the software to be very promising in terms of facilitating the processing of the ICP data. The AfDB commended the World Bank and Global Office for developing a software with features more advanced than what existed so far in the realm of PPP computation.

ICP Asia Pacific

Regional Product List: The regional product list for household consumption was completed in a recently held workshop on July 5-15, 2004 at the Asian Development Bank (ADB) headquarters in Manila, Philippines. The Asia Pacific household product list now has a total of 637 items, including 21 rice varieties.

Training of Trainers for Price Surveys: Two sub-regional workshops for the training of trainers for price surveys were held to train ICP price statisticians, ensure the collection of high quality data and to make sure that the process used is compatible with the other regional programs. The workshop for East and Southeast Asian countries was held in Kuala Lumpur, Malaysia and the other for South Asian countries, including China and Fiji, was held in Goa, India. The countries were divided into two groups because of the anticipated homogeneity of the issues that were likely to arise in the price surveys due to the similarity of the countries in the groupings. The governments of Malaysia and India co-sponsored the workshops.

Preparation of 'Practical Guidebook for Conducting ICP Surveys': The first draft of a 'Practical Guidebook for Conducting ICP Price Surveys' is ready. The Guidebook, prepared by the Regional Coordinator for Asia, is expected to contribute towards standardizing the ICP process. Among other things, the Guidebook will contain descriptions of price collection methodologies used in the field, timetables, etc. written by country offices. In addition, the Regional Coordinator is preparing a set of 'Frequently Asked Questions for ICP'.

Tool Pack Training: Tool Pack experts from the ICP Global Office will conduct trainings in the Philippines on 21-23 July and the People's Republic of China on 26-30 July.

ICP Western Asia

Product specifications: The provisional product list for the Food, Clothing and Footwear basic headings was discussed during a workshop in Cairo from June 26-30, 2004. The list is expected to be finalized by the first week of August after changes suggested by countries have been included in the list. The regional office has reviewed the Product Specifications received from nine countries for the Furniture and Utilities basic headings. They have now been returned to the countries with related comments for further clarification. The provisional list is expected to be finalized by end of August. Countries in W. Asia are also working on SPDs/ PSs for the third group Transport and Communication now. The Regional Office expects to receive those PSs by early August. Regional SPDs for Recreation & Culture will be finalized and distributed to countries by mid-July.

Preparation for price collection: Six questionnaires were prepared and distributed to countries during the workshop in Cairo. The questionnaires dealt with Data sources of GDP expenditures; Quality of national price statistics; Disaggregation of price data; Types of outlets available; Composition of ICP national teams; Availability and condition of hardware and software in the countries.

Training: Price and National Accounts Statisticians were given practical training on the ICP Tool Pack (PCM and PAM modules) in the workshop in Cairo. An additional one-day training workshop was held to provide training for trainers. The training focused on installation, usage and troubleshooting of the software. Three members from each participating country in Western Asia as well as two regional office staff received this training.

Translation: Translation of chapters 3-7 of the ICP Handbook into Arabic has been completed. Currently, the translation is being edited and will be finalized by the end of July. English-Arabic glossaries have been prepared for SPDs. Picture glossaries have also been compiled for the Furniture and Utilities group as well as Transport and Communication, in order to help identify the product more easily. The Tool Pack interface strings and messages, as well as training exercises, have also been translated into Arabic.

ICP ECLAC (Latin America and the Caribbean)

Product specifications: Product specifications for both Mercosur and Chile and the Andean countries have been completed.

Preparation for price collection: Procedures for the test in September and for price collection in October have been established. Price collection in October will be concentrated in the areas of Food, Clothing and Household appliances.

Training: Training on Tool Pack has been delayed to the first week of September 2004.

The ICP - Work in Progress

Price Collection Surveys

All regions have completed the preparation of specifications for the Food, Clothing and Footwear item lists. The regions and national statistical offices are actively engaged in preparing the product specifications for the remaining household consumption items. This activity is expected to be completed in September.

The CIS has begun collecting price data for the consumption items. All other regions are expected to begin their surveys this coming October. Even though the Food, Clothing, and Footwear specifications are completed, considerable work still needs to be done, including finalizing the sampling and survey framework, training price collectors, and translating product specifications.

The Executive Board met on June 11, 2004 and restated the policy that preliminary PPPs would be prepared using 2004 expenditure weights and final PPPs using 2005 weights. The reference year for the prices will be calendar year 2005.

ICP Handbook

Consultants are actively engaged in preparing new material on Housing, Government, Construction, and Capital Equipment. This material will involve the addition of new chapters and possible revisions to the current draft chapters on Government and Gross Fixed Capital Formation. These chapters will be prepared and posted on the web for review by the end of August.

A new chapter will be added and will be titled "Uses and Presentation of PPPs" to help answer the many questions regional coordinators and national statistical offices receive. Another new chapter will be drafted to include material on the aggregation of PPPs to the GDP level.

ICP Tool Pack

The ICP Tool Pack, comprising the Price Collection Module (PCM) and the Price Administration and Analysis Module (PAM), is now ready in 5 languages (Arabic, Chinese, English, French and Spanish). The software and user manuals are available at the World Bank's FTP site for downloading. The Tool Pack, at this time, supports all the functions needed for a successful price data collection, checking data entry errors and for data validation based on prescribed outlier tolerances. The Tool Pack has undergone extensive testing on its installation and price collection functions, on a variety of computers, with different Windows operating systems (Windows, Windows XP), and for different language settings (French, Chinese, Spanish etc.).

Over the next two months, new features will be implemented in the PAM for countries to export price observations and average prices to the Regional Coordinators. Additional data analysis capabilities are being added such as analytical reports comparing data and PPPs across countries. The PAM will also have features to compute a number of price indices.

Technical Advisory Group (TAG)

The Technical Advisory Group (TAG) will be meeting in Washington, DC September 22-24, 2004. This will be a critical meeting that will establish the final framework for this round of the ICP. They will be acting on recommendations concerning Health, Housing, Government, and capital formation being prepared by various consultants. The TAG has also been asked to recommend to the regions either the desired procedure for the estimation of PPPs at the basic heading level or guidelines on how to make the determination. Conclusions regarding the Ring Comparison will be reached on the estimation of PPPs at the basic heading level, aggregation above the basic heading and linking the regions.

The Ring Comparison

The Ring list of product specifications will be prepared by the Global Office. All regions are to submit their specifications for food, clothing, and footwear by August 1, 2004. The specifications are to be translated into English before being sent to the Global Office. The Global Office will first ensure that the specifications meet the international product coding structure built into the Structured Product Descriptions. The next step will be to merge the regional lists, basic heading by basic heading, and search for products that overlap two or more regions. Where products do not match, but have similar descriptions, their description will be amended to reflect a new product. The preliminary set of specifications for Food, Clothing and Footwear items for the Ring will be returned to the regions for their review in October 2004. The same procedure will follow for the remaining items so that price collection can take place during the third quarter of 2005.

SPD

Having already sent SPDs for Food, Clothing & Footwear, Utilities, Furniture & Equipment, Transport & Communication, Recreation, Culture, restaurants & Miscellaneous goods and services to the regional Offices in May, the Global Office SPD team is now focusing on SPDs for Education & Health. Efforts are currently underway to identify the distinctive qualities of these sectors. The Global Office met with World Health Organization (WHO) representatives in early June and was provided a list of 30 pharmaceutical products commonly used worldwide as well as relevant literature on a new approach to estimating medicine prices. Another mission has been planned to discuss Education SPDs with UNESCO and learning best approaches to measuring this sector for ICP purposes. Based on these missions and findings, SPDs for Education and Health will be created and forwarded to Regional Offices.

SPD software

The new version of the SPD software and bridge was demonstrated to Regional Coordinators during the Regional Coordinators Meeting in Washington DC in May 2004. The Global Office has since sent version 1.2 to the regional offices. It is being used mainly to: (1) finalize the regional lists of specifications; (2) transfer the lists of specifications to Tool Pack-compliant Excel templates; and (3) facilitate the translation of the lists into local languages. Additional enhancements will be introduced to the SPD Software in July to support the Ring Comparison process.

Advocacy initiatives

Work on three brochures is currently underway: a) general brochure providing an overview of ICP activities; b) booklet providing information about the history, governance structure and current framework of ICP; c) brochure about 'Understanding Purchasing Power Parities'. Content, style and design of the advocacy and publicity material will be finalized by 1 August. All advocacy materials are expected to reach regional offices by 1 Sept in order to facilitate translation into local languages and changes to suit individual country situations. A draft press release will also be sent to regional offices prior to the price collection survey in October. Steps are also being taken to contact the international media for publication of ICP related articles.

Meet the ICP Global Office Team



Fred Vogel assumed the Global Manager position in November 2002. He is a US national with his entire career spent in a federal statistical agency where he was the Deputy Administrator when he retired. Fred is in charge of the global management of the program.

Tel: +1 202 473 3808. Email: fvogel@worldbank.org



Yonas Biru, a citizen of Ethiopia, is the Deputy Global Manager of the ICP. He has been a member of the ICP unit at the World Bank since 1992. He was a key member of the team that developed the new ICP strategic framework, its governance structure, fund-raising strategy, and broad implementation plan. Yonas has extensive operational experience with respect to implementation of the ICP in different regions.

Tel: +1 202 473 1268. Email: ybiru@worldbank.org



Yuri Dikhanov, has been working on ICP-related topics at the World Bank since 1993. His specialization includes index-number theory and various aspects of inter-area and inter-temporal comparisons. He has developed the conceptual design for the ICP Tool Pack.

Tel: +1 202 458 2667. Email: ydikhanov@worldbank.org



Vilas Mandlekar works on the ICP Toolpack and SPD software systems development and implementation tasks in the ICP team. He is Indian with a long career at the World Bank managing a variety of information systems and technology development projects. Vilas has a Masters degrees in Business Administration and Electrical Engineering.

Tel: +1 202 473 6505. Email: vmandlekar@worldbank.org



Cindy Chi, a Chinese national, has worked on the ICP Tool Pack software design, development and project management since 2001. Cindy brings extensive experience in the planning, development and implementation of a number of data systems in the World Bank. In addition to the ICP software systems, Cindy is also leading a project on the update of macro-economic, social and related development data of countries.

Tel: +1 202 473 3884. E-mail: ychi@worldbank.org



Omar Hadi is currently working at the World Bank as a Program Assistant. An Afghan national, Omar has a Masters in Business Administration. Omar's main responsibilities are to support the administration of the ICP Global Office and the Statistics Team. He is also responsible for project implementation/procurement issues.

Tel: +1 202 473 1375. Email: ohadi@worldbank.org



Jinsook Lee joined the World Bank's Financial Data Team in November 2001 and moved to the ICP team in May 2002. She has a MBA in International Business and Finance as well as a Masters in International Affairs. Jinsook has also worked in an investment bank and an international project finance company. She is in charge of daily SPD related activities and communications with the regions.

Tel: +1 202 473 6318 Email: Jlee4@worldbank.org



Giuliana Cane joined the ICP team as a consultant in October 2003. She is Italian. Previously Giuliana, who has a degree in law, worked in an American law firm and with the Italian Antitrust Authority. Her focus is on SPDs as well as in developing communication with our partners in the regions.

Tel: +1 202 458 4882. Email: gcane@worldbank.org



Farah Hussain joined the ICP team as a consultant in November 2003. Farah began her career as a journalist for BBC World Service. She is a UK national and has worked in research marketing and communications in the investment banks BNP Paribas and ING Barings in London as well as a UN affiliated NGO in Malaysia. Farah is focusing on communication and marketing in our efforts to improve the ICP's image.

Tel: +1 202 473 2540. Email: Fhussain@worldbank.org



Nada Hamadeh joined the ICP Regional Team in Western Asia in November 2002 and moved to the ICP Global Office in December 2003. Her previous experience includes research, statistics and economic analysis in the United Nations and the Investment Promotion Agency of the Lebanese Republic. Her focus is coordinating with the IT team in the development of the Tool Pack, the SPD Software, and the Bridge. She contributes regional expertise to the development of the Ring Comparison process and list of specifications. She provides technical assistance to the regional ICP teams, and assists management in coordinating with the regions.

Tel: +1 202 473 3201. Email: nhamadeh@worldbank.org



Siew Hua Amy Lee, a Singaporean citizen, joined the Global Office as a Consultant in January 2004. She worked previously as an international print and broadcast journalist in the United States, Asia and Europe, principally as a foreign correspondent and editor for Singapore's Straits Times newspaper, and has also led book projects. She has a Masters in International Policy and Practice. Her ICP work involves technical assistance on product lists, regional communications and editing.

Tel: +1 202 458 8530. Email: slee9@worldbank.org



Ramgopal Erabelly joined the Systems Upgrade Team of the World Bank as a consultant in March 2002. He has a Bachelor of Engineering in Computer Technology. Ram, an Indian citizen, is in charge of ICP-SPD application/data, design and development issues. Ram is based in the World Bank office in Washington DC.

Tel: +1 202 458 5785.- Email: rerabelly@worldbank.org

Calendar of events

| Date | Location | Participants | Contact |
|---|---|--|---|
| Second Workshop on International Comparison Program for Western Asia | | | |
| June 26-30, 2004 | Cairo, Egypt Host: Central Agency for Public Mobilization and Statistics (CAPMAS), Cairo, Egypt | National Coordinators, Price Statisticians & National Accounts Statisticians | Mohamed Al-Badrawy (albadrawy@un.org) |
| SPD software and ICP Tool Pack training workshop for Africa region | | | |
| July 5-9, 2004 | Tunis, Tunisia Host: African Development Bank | 15 Staff members from the Statistics Division of African Development Bank | Michel Mouyelo-Katoula (m.mouyelo-katoula@afdb.org) |
| Third Regional Meeting of Mercosur and Chile | | | |
| July 5-9, 2004 | Montevideo Uruguay Host: INE | Statistics Canada representative, ECLAC representative, countries of Mercosur and Chile | Luis Marc Ducharme (louismarc.ducharme@statca) |
| Third Regional Meeting of the Andean Countries | | | |
| July 12-16, 2004 | Santiago, Chile Host: ECLAC | Statistics Canada representative, ECLAC representative, countries of the Andean Community | Luis Marc Ducharme (louismarc.ducharme@statca) |
| Regional Workshop on Product Specification (Phase II) for Asia | | | |
| July 5-15, 2004 | Manila, Philippines Host: Asian Development Bank | ICP price statisticians from participating countries in Asia | Lutgarda T. Labios (LLabios@adb.com) |
| ICP Asia Pacific Regional Advisory Board Meeting (RAB) | | | |
| July 9-10, 2004 | ADB Headquarters, Manila, Philippines Host: Asian Development Bank | RAB members | Lutgarda T. Labios (LLabios@adb.com) |
| ECLAC Regional Coordination Meeting | | | |
| July 10-11, 2004 | Buenos Aires, Argentina Host: Statistics Canada - CEPAL | Jacob Ryten, Heber Camelo, Marcelo Ortuzar | Luis Marc Ducharme (louismarc.ducharme@statca) |
| ECLAC Regional Coordination Meeting | | | |
| Sept 20-21, 2004 | Ottawa, Canada Host: Statistics Canada - CEPAL | Jacob Ryten, Heber Camelo | Luis Marc Ducharme (louismarc.ducharme@statca) |
| Technical Advisory Group Meeting | | | |
| Sept 22-24, 2004 | Washington DC, USA Host: World Bank | TAG members and the Global Office | Omar Hadi (ohadi@worldbank.org) |
| Regional Coordinators Meetings | | | |
| Sept 27 - Oct 1, 2004 | Washington DC, USA Host: World Bank | Regional coordinators from Asia, Africa, Western Asia, Latin America and the Caribbean and the Commonwealth of Independent Countries (CIS) and the Global Office | 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

Email: ICP@worldbank.org

