



*Colombia's Consumer Price Index (CPI) is an indicator that measures price variation during the last stage of marketing the goods and services that compose the household consumer basket, with the purpose of facilitating decision-making by different economic agencies.*



### Innovation

DANE has introduced numerous innovations in the calculation and management of Colombia's CPI. The main ones are:

- (i) a Quality Management Certification System (ISO 9001:2000, NTCGP 1000:2004), and certification of the data produced applying international standards and independent experts reviewers (CANDANE);
- (ii) implementation of a fixed and flexible level within the consumer basket structure in the production of the index;
- (iii) systematization of CPI production, follow up, and control;
- (iv) use of mobile devices for data entry;
- (v) decentralization of data collection processes;
- (vi) centralization of CPI processing and consolidation;
- (vii) design and use of a single data collection form; and,
- (viii) improvement of CPI design methodology by changing the formula for calculating it, i.e., by shifting from an arithmetic to a geometric average.

the Central Bank in achieving the established goal for annual inflation.

CPI information is posted on its web page on the first day of each month. There are data banks in the 13 cities where prices are collected. The CPI is used by a committee made up of businessmen, workers, and government officials to set the annual adjustment to the minimum wage.



### Lessons Learned

The following lessons stand out:

- (i) proper maintenance and evidence of improved CPI implementation have demonstrated that these are the best foundations for change and innovation;
- (ii) CPI production demands multidisciplinary work by teams of specialists in different fields;
- (iii) client satisfaction surveys directed at CPI users allow monitoring of their perceptions of the indicator;
- (iv) pre-determined specifications on the characteristics of the articles and greater information analysis would facilitate statistical operations; and,
- (v) the dissemination of metadata on the web page facilitates the use of the indicator and supports its credibility.

### Usefulness of the Data



The CPI is used by state and private sector entities to adjust monetary values for inflation, in wage negotiations, as an adjustment factor in legal conflicts, in adjustments of financial statements; and as a component in economic analyses. It is a point of reference for monetary policy decisions by

