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Background document
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**International Comparison Programme (ICP)
Status and Progress Report, March 1, 2005**

Prepared by World Bank

**International Comparison Program (ICP)
Status and Progress Report
Submitted to the United Nations Statistical Commission
March 1, 2005
New York, New York**

Introduction

1. This report provides an update to the report previously submitted and a status of ICP 2003-2006 global and regional activities as the program has now entered the reference year (2005) for data collection and compilation of Purchasing Power Parities (PPPs). The report will provide a review of the data collection efforts by region, the budget situation, and an overview of the workplan and time table.

Price Collection Surveys

2. Data collection has begun in all ICP regions except Africa.
 - Africa: The region has finalized the product specifications and prepared data collection forms for data collection. Problems with disbursement of funds to the countries have delayed preparatory work for data collection.
 - Asia: Data collection has begun in all but one country. All countries have received computers with the Tool Pack installed and many are gaining experience with its use. Countries have been asked to submit the first prices in early March.
 - CIS: The region began collecting prices in mid 2004. It will continue collecting prices through 2005. Purchasing Power Parities will be prepared using 2004 as a reference year, and again using 2005 as a reference year.
 - Latin America: The region conducted pilot surveys in the last quarter of 2004, summarized the data and conducted a review of the results which provided considerable insight useful not only to them but also to other regions.
 - W. Asia: Qatar, Bahrain, Oman, Egypt, Kuwait, and Saudi Arabia have started data collection. UAE and Lebanon are expected to start this month. Jordan, Syria and Yemen are ready. They, too, will start before the end of February.
 - Pacific Island Countries and Territories. Funding made available by the Australian Aid Agency will make it possible for the Cook Islands, Niue, Palau, PNG, Samoa, Tonga and Fiji to participate in the comparison on a limited basis. Data will be collected and PPPs prepared for 58 Household Consumption basic headings. The regional coordinator is the Secretariat of the Pacific Community (SPC).

- Central America and the Caribbean Region. The Global Office is working with ECLAC to include additional Central American countries. Similar discussions are underway with the Inter American Development Bank and the Caribbean Community Secretariat regarding that region. The price surveys would be limited to consumption items largely drawn from the CPI lists.
3. The ICP Global Office and consultants have been preparing methodology for the remaining components of the GDP which includes Health, Housing, Education, Government, Construction, and Equipment. The goal is to provide a list of core specifications for each category for every region to measure and supplement if they so wish.

ICP Software—The Tool Pack

4. The initial version of the ICP Tool Pack distributed to regional and country offices was in English and only contained the modules required for data collection. An updated version was disbursed to regional offices in January 2005 and contains several additional features including the tables for data validation between countries and the estimation of PPPs.
5. The Tool Pack is also available in French, Spanish, Arabic, and Chinese. The Russian version is currently being tested with installation and training in Moscow planned for March.

The Ring Comparison—Linking the Regions

6. A major result of the last Technical Advisory Group (TAG) meeting was its agreement on the methodology to link regional basic heading Purchasing Power Parities into global PPPs. The method has been documented in Chapter 11 of the ICP Handbook and contains a worked example. The Global offices and regions have begun preparing the specifications for the Ring list.

ICP 2003-2006 Handbook

7. New chapters have been written and posted on the ICP website.
 - Chapter 10. Basic Heading Parities. The chapter contains a summary of the various methods available to prepare Basic Heading Parities along with a worked example showing the strengths and weaknesses. The methodology chosen for the 2005 round—Country Product Dummy with Representativity (CPRD) is described.
 - Chapter 11. The Ring Comparison. The methodology to be used in the Ring Comparison to connect the regions in to a global comparison has been carefully documented and a worked example has been provided to add clarity to the process.

- Chapter 12. Housing. The methodology to both estimate expenditure weights and also to estimate the housing Purchasing Power Parities is described. It also contains a questionnaire to be sent to all countries to guide regional and national coordinators on specific methods to use in each region.
- Chapter 8 which is on government has been re-written and is also on the ICP website.

Work Plan

8. The purpose of the work plan is to show the activities to be completed and the time table of events leading to the publication of the global Purchasing Power Parities. The work plan shows preliminary PPPs using 2004 expenditure weights becoming available the last quarter of 2006 with final PPPs using 2005 expenditures completed by the middle of 2007. Annex A provides a summary of the Global time line.

Funding and Budget

9. The Global Trust Fund contained \$2.3m at the beginning of FY 2005. About \$2.0m was budgeted for FY 2005—about half of that amount has been disbursed. We are expecting an additional \$300k from donors. The budget for 2006 is \$1.2m. The carryover from this year plus the additional amounts from donors will provide for about half of the \$1.2m. That along with needs for FY 2007 mean the global program faces a \$1.1m shortfall overall to bring this round to completion.

Technical Issues

10. The TAG has made recommendations on the methods to compute Basic Heading Parities (CPRD), as well as the methodology for housing, construction, and the Ring Comparison. The remaining major decision involves how the Basic Heading parities will be aggregated to sublevels of the GDP.
11. A subgroup of the TAG, the Poverty Advisory Group (PAG) has been considering methods to use PPPs and household survey expenditure survey data to improve the estimates of the number of people living in poverty. An effort is underway to prepare a data base containing micro data from household surveys for a large number of countries. The goal is to use the expenditure patterns of the poor to compute PPPs for comparisons of poverty levels between countries.

Publication Strategy

12. The ICP has been organized so that each region's results will stand alone. This means that each region can release their regional results as soon as they are completed without waiting for other regions. It is recommended that the regions

