A Distinguished Regional Initiative...

Realising the anticipated outcome

In a unique attempt, the ICP regional team for the Western Asia region, lead by the regional coordinator Mr. Majed Skaini, organized a regional meeting in Istanbul in December 2014 for the purpose of estimating purchasing power parities (PPPs) for the years 2012 and 2013 in Western Asia region.

The meeting was attended by representatives of the 12 countries that took part in the 2011 ICP round. A World Bank representative also attended the sessions to gain knowledge about the methodology developed by the regional office at ESCWA, so as to share this valuable experience with other regions.

During the preparation period preceding the meeting, the regional team of ESCWA’s Statistics Division worked hard to develop a detailed work methodology for estimating 2012 and 2013 PPPs, without the need for new data collection surveys or the implementation of a new cycle of the programme. This plan was very precise and comprehensive, as a result of the experience that the ICP regional team had gained in the 2011 round.

Participants in the meeting commended this distinctive activity, where the regional team managed to efficiently utilize the capabilities of participating countries at a number of intensive working sessions, and succeeded not only in securing all components required to achieve its goal, but also in computing accurate and detailed PPPs estimates in western Asia region for 2012 and 2013 during the meeting.

A Bird’s Eye View of ESCWA’s Initiative

In conclusion to this activity, the regional office at ESCWA received many congratulatory statements on their initiative, in support to their continuous investment in statistical experience on the national and regional levels. Below are extracts of feedback received from some of the countries.

Egypt

After publishing the final results of the 2011 ICP round, the remarkable success of the WA Regional Office was crowned by its last initiative, which required participating countries to estimate the inflation of the ICP special surveys’ data. Construction, Machinery & Equipment, Education, Government Compensation and rentals and provide GDP breakdowns according to the MORES questionnaire. Tremendous efforts were also exerted by the Regional Office to guarantee the accurate projection of Household Consumption price data using CPI inflation ratios at its most detailed level. The devised plan did not necessitate any price collection or survey implementation such as those required and completed during the 2011 ICP round. Rather, each country was granted the freedom to apply the method it deemed adequate for the estimation of its price data. This interim activity provides a smooth transition between the previous and the coming ICP round, by calculating detailed PPP estimates for the years 2012 and 2013 using the methodology developed by the regional team at ESCWA.

This activity added significant value to the program; it emphasized the quality of the 2011 ICP round data as well as the high levels of precision demonstrated during the manipulation of the different data sources leading to the calculation of the interim 2012 and 2013 PPP estimates. This meeting proved very beneficial, especially for Egypt, by identifying price and income levels which will help improve the standards of living through a re-assessment of government support and subsidy policies, leading to the gradual reduction in the government’s budget deficit.
extracting other records that contribute directly to the improvement of the estimation of special surveys data, thus leading to reliable PPP estimates on an annual basis and at a reduced cost. The workshop also provided an opportunity to exchange knowledge and experiences among countries, supported by a family spirit that characterizes the ICP regional team at ESCWA.

Kuwait

The initiative led by the ICP Regional Office for WA region set an international standard for capacity building in the fields of price data and national accounts compilation, and in PPPs calculation for participating countries without the implementation of a new cycle of the programme.

The goal of the workshop was to improve the statistical quality, capacity and efficiency of those working on the programme, as well as to assist countries in the development of data collection and ratification processes to provide better results.

Moreover, this initiative contributed to the assessment of governmental support in various areas and the role of government in managing the national economy. Acknowledging the importance of this area, Kuwait strives to invest the developmental effects of the program in its national statistical work.

Oman

The regional office initiative to estimate PPPs for 2012 and 2013 based on the results of the ICP 2011 round is a unique one in the region, where the World Bank used to make these estimates, based on the inflation index in countries, which are considered to be somewhat inaccurate. Through this initiative, the regional office pushed countries to carry out detailed estimates of all consumption sub-groups, which also add to the accuracy and credibility of final PPP estimates.

It also urged some States to use data from surveys following field visits aimed at prices verification, in addition to other surveys produced by national statistical offices. Part of the workshop was also the authentication of MORES questionnaire data, which have been estimated by breaking down GDP in each country using the expenditures approach for the years 2012 and 2013. The initiative to produce of PPPs for 2012 and 2013 constitutes an evidence of the great ambition and clear vision that the regional office at ESCWA strives for, in addition to the creation of a family environment among member states which contributed significantly to the achievement of the regional office objectives.

Saudi Arabia:

The Central Department of Statistics and Information in Saudi Arabia acknowledges the positive impact of ESCWA’s regional office initiative to adopt a number of activities in order to produce PPPs for the years 2012 and 2013 on the results of this activity. This is due to the accurate methodology developed by the regional office, and adopted by the participating countries.

The participation in the workshop has provided an opportunity to benefit in different areas:
- The process of estimating inflation rates for all surveys required by ICP will help countries adopt these surveys on a regular basis;
- The workshop allowed countries verify the consistency and validity of their data on price indicators according to results of the diagnostic validation tables (Dikhanov, Skainov), and contributed to the documentation of the methodology used in GDP break down using the expenditures approach for 2012 and 2013 according to headlines of MORES questionnaire;
- The exercise also provided an opportunity to build the statistical capacity for each country.

Sudan

After commending the importance and distinctiveness of this initiative, Sudan’s representative expressed the interest of its country in the activities of ICP in WA region, and presented the benefits and value added of the workshop summarized by:
- Providing data and indicators for the years 2012 and 2013 which constituted a set of comparative real data significant for scientific research and for policy makers, and highlighted differences in the sizes of Arab economies in absolute and relative terms;
- The workshop provided considerable experience in specialized comparisons, in areas like prices, expenditures, and other statistical programs possessed by Sudan’s government bodies at the top executive level and by decision makers;
- The program was implemented with a high degree of transparency, and discussions focused on statistical issues that are common among Arab countries participating in the programme.

Yemen

The computation of the 2012 and 2013 PPP estimates based on the experiences gained through the ICP 2011 round presents a creative idea which adds to WA regional office’s achievements and specially to the accomplishments of the Regional Coordinator - Mr. Skaini, who used to provide such great results that support the region’s development.

This new exercise added to the distinguishing of the ICP since it provided a new and larger PPP database which could present an important reference for the economic analysis and development studies in the region.

“Exploring New ICP Frontiers”

After the successful completion of the ICP 2011 round, one of the most important challenges faced by the various ICP regional implementing agencies was developing a mechanism to ensure regular production of regional PPPs for non-benchmark years.

The Western Asia region, under the coordination of UN-ESCWA, explored this new frontier to produce more reliable estimates by implementing an elaborate extrapolation method utilizing the most detailed CPI and expenditure breakdowns.

ICP-Western Asia held a regional meeting for the calculation of their PPP estimates for 2012 and 2013 in December 2014. During the meeting, country representatives reported their data compilation efforts, worked on the data validation, and shared issues faced and lessons learned that could be advantageous to fellow country representatives. The meeting significantly enhanced the cooperation between participating countries to share good practices, as well as helped other participating countries’ practical data work in price statistics and national accounts compilation. At the same time, the need and eagerness for a regular PPP exercise was expressed to address gaps and difficulties identified through this meeting and previous exercises.

It is impressive to see the region’s efforts at keeping up the momentum gained through previous international efforts and their initiative for working on this complicated task. The resulting 2012 and 2013 PPPs would be a great achievement as the first regional PPP estimates for non-benchmark years in Western Asia. I would like to congratulate UN-ESCWA member countries and the regional ICP team for this achievement and sincerely hope this initiative will enable the production of regular, reliable, timely and internationally comparable national and regional data for evidence-based policymaking in the future too.

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