

Framework of Partnership
Between the Asian Development Bank
And
Participating Countries
for the
Management and Implementation
of the
International Comparison Program for Asia and the Pacific (ICP Asia Pacific)
Round 2004

I. Purpose

The purpose of this Framework of Partnership (FOP) is to establish the general framework that will guide the program of work between the Asian Development Bank (ADB) and the Regional Coordinator for ICP Asia Pacific and the National Statistics Offices (NSOs) for the International Comparison Program. This Framework of Partnership will operate under the overall guidelines established in a Memorandum of Understanding between the Global Office of the ICP and the regional coordinating agencies.

This FOP enumerates the activities and responsibilities required for the ensuing round of the ICP to be implemented during 2003-2006 timeframe, with 2004 as a base year.

II. Background

Management and coordination of the ICP is needed at three levels: global, regional and country. Since the ICP is essentially a global undertaking and the technical demands of the data require standard procedures to ensure consistency and data quality in all participating regions and countries, the arrangements provide for effective global management. The components are as follows.

Overall coordination and accountability of the global program is achieved through a **Global Executive Board** comprising representatives of the main stakeholders, including international organizations, regional agencies, and national statistical offices. The governing body is responsible for setting goals and objectives as well as the strategic framework for the global ICP, taking into consideration the statistical needs of regional agencies and countries. This body will approve annual work programs prepared by the **ICP Global Office**. The International Secretariat will be responsible for global data analysis and dissemination, resource mobilization, program monitoring and reporting to stakeholders. The Secretariat will prepare annual work programs that will be approved by the Global Executive Board.

In line with the global program, overall coordination and accountability of the regional programme is achieved through the Regional Implementing Agency. The Regional Implementing Agency will be assisted by a **Regional Advisory Board** consisting of representatives of the main stakeholders, including representatives of national statistical agencies and international organizations. The **Regional Advisory Board** assists in the setting of regional goals, priorities, and objectives, taking into consideration the statistical needs of participating countries. The Regional Advisory Board will advise on annual work programs prepared by ADB that will be responsible for the day-to-day management of the regional program. Three meetings of the governing body are envisaged in the first three years, with other business being conducted electronically.

III. Roles and Responsibilities of the Regional Implementing Agency

The key to ICP management lies at the regional level. As the regional coordinator for Asia and the Pacific, ADB, in collaboration with the Global Office, will handle daily operational matters, including coordination, project development, preparation and implementation of the regional comparison. The key tasks of the regional implementing body are as follows:

1. Foster country participation, mobilize resources, and coordinate the national programs
 - Establish a regional ICP office with appropriate staff and resources to implement and monitor the program at the regional level;
 - Recruit countries to take part in ICP Asia Pacific, and coordinate efforts of the participating countries through information sharing, training, assistance, and ensure that global ICP standards and timetables are met;
 - Mobilize resources to finance the regional coordination component of the program and to provide financial support to countries to help cover data collection and processing costs;
 - Identify the needs of each country and allocate available resources. Resource allocation will be governed by two objectives: (a) to help generate reliable data for the 2004 round, and (b) to build capacity with a view to institutionalizing ICP as an integral part of national statistical systems and improving the quality and timeliness of data;
 - Prepare timetables of activities and due dates in consultation with appropriate authorities in participating countries and establish monitoring criteria to signal possible delays, budget shortfalls, or technical issues requiring attention;
 - Organize and conduct regional workshops;
 - Provide venues, support, materials, and guides to ensure that participants are properly trained;
 - Help participating countries to design their ICP plan of action, which will include the benchmark comparison tasks and follow-up activities deemed necessary to ensure the sustainability of the ICP;
2. Provide mechanisms to ensure countries take full ownership of the program

- Form regional committees, if necessary, representing all stakeholders, in order to fully involve participating countries in the ICP, to ensure that effective communication takes place, to promote the use of the ICP and to guide the dissemination of the results;
 - Keep appropriate financial and administrative records and provide regular progress and financial reports to the Regional Advisory Board;
 - Provide secretarial support to the Regional Advisory Board;
3. Ensure countries observe standard data collection and processing guidelines established by the Global Office
- Develop a list of regional classifications maintaining adequate overlaps with other regions;
 - Ensure uniform standards in the participating countries, regarding comparable and representative items, price collection and outlets from where they are obtained, recording and documentation, and the overall timetable for the program;
 - Assist countries in the adoption of survey methods and compilation of average prices and GDP expenditure weights;
 - Supervise all technical and managerial aspects of the regional program;
4. Establish international data sharing and dissemination procedures
- Ensure that the data sharing procedures established by the Global Office are observed per Appendix A;
 - Ensure reasonable adherence to the internationally recommended standards in the presentation of the ICP results before they are made public for their final use;
5. Liaise with the global coordinator and the other regional coordinators
- Liaise with the Global Coordinator and the other regional coordinators on a continuous basis to share information and best practices, and meet annually to discuss any outstanding issues;
 - Provide effective management and a regular exchange of technical information with the Global Office to support the project's overall management and direction;
 - Inform the Global Office of technical matters requiring the attention of the Technical Advisory Group;
6. Compile regional PPPs and prepare analysis of the data and reports
- Process and analyze data from each country and calculate regional PPPs;
 - Publish and disseminate the report; and
 - Promote policy-oriented uses of the data.

IV. Roles and Responsibilities of the National Implementing Agency

At the national level, implementation of the ICP is expected to be the responsibility of the agency in charge of routine price data collection, usually the national statistical agency. The implementing agency should appoint a coordinator who will take responsibility for organizing and managing the data collection process and liaising with the Regional Coordinator. The agency will carry out the following three tasks: organizing a National Program, implementing and managing the 2004 round of surveys, and building statistical capacity.

- Identify a National ICP Coordinator to be the focal point for communications with the Regional Implementing Agency.
- Participate in regional meetings to prepare for the ICP price collection and subsequent activities.
- Collaborate with the Regional Coordinator to prepare a list of products and their specifications for the ICP price collection effort.
- In collaboration with the Regional Coordinator and guided by the Handbook, agree upon a timetable for data collection, edit, and submission of the price data to meet the required due dates.
- Designing a comprehensive plan of action, which should cover the comparison period (2003-2006) and the follow up activities.
- Ensure that data collection is carried out for items with agreed upon specifications, geographic coverage, and outlets to be surveyed.
- Transmit price data according to the basic principles on data access policies as defined in Appendix A.
- Submit national, annual average prices for items identified in the pricing lists including appropriate documentation covering the procedures used to determine the average prices.
- Submit Gross Domestic Product (GDP) expenditure estimates for about 155 basic headings for intermediate statistical computation purposes.
- Participate in the intra-regional review of the basic heading parities.
- Assist in resolving any queries arising from data analysis by the Regional Coordinator; and
- Account for funds, if any, received from the Regional Coordinator by maintaining administrative and financial records.

Guidelines and Policies for Data Access, Analysis, and Dissemination International Comparison Program

Overview

1. One of the criticisms of previous rounds of the International Comparison Program (ICP) was the lack of attention paid to data quality – an issue more complex for the ICP than for most national data collections. Considerable attention must be given to the determination of what is to be priced, the pricing sources, and data editing to ensure comparable items are priced across countries and unusual or outlier reports are handled consistently within as well as between countries.
2. While there is a vast amount of literature on data aggregation methods and index theory, very little exists on basic data collection. The 1992 ICP Handbook provides little information on how to deal with errors that occur in data collection. Nor are there any guidelines regarding the roles of the National and Regional Coordinators.
3. One fundamental issue is the application of consistent data editing that provides robust international data sets. Country statisticians know how to review data from their national surveys and can identify “outliers” and how prices can vary across regions of their country. They are ultimately responsible for the quality of the data and the resulting official estimates and have to defend departures from expected levels. However, the ICP takes data quality to another level that requires data editing, analysis and estimation across countries.
4. Another criticism of previous rounds was that when countries finished data collection and submitted their results, they were out of the loop as far as any further work was concerned on data aggregation through dissemination. That added fuel to the belief there was little in the exercise for the countries themselves. The policy statements to follow outline how the regional offices will interact with the national offices in the data review process.
5. The following sections outline the data access, analysis and dissemination policies that will guide the work of the National Offices, the Regional Coordinators, and the Global Office. The policy guidelines will define the roles of the different organizational levels.

Data Access, Analysis and Dissemination Policies and Procedures

- (i) **Policy:** National Statistical Offices (NSOs) will be responsible for the basic data collection and editing phases. The Global Office will furnish a software that could be used for the country level data validation and review. Each country could use the software for the data validation as described in the data editing annex to the Handbook. This software will also be used to transmit country level data to the Regional Coordinator.
- (ii) **Policy:** The Regional Coordinator will provide preliminary summaries of national, annual, average prices at the country level to allow all countries in the region to take part in the cross-country editing process.

- (iii) **Policy:** Each country will be asked to transmit individually reported price transactions for each product being priced to the Regional Coordinator on a timeframe to be agreed upon by the National, Regional and Global Offices. Transmissions should begin before data collection passes the halfway point so that problems of product identification and comparability can be resolved as early as possible in the collection period. If confidentiality legislation does not allow the submission of individually reported prices, two additional requirements must be met.

For each item being priced for each reporting period, the country is to record the national-annual average price, the number of observations, and the minimum and the maximum prices recorded.

The individually reported data needs to be preserved in an electronic format so that the Regional Coordinator via a country mission can review the data to ensure it is consistent with that furnished by other countries. If necessary, the Regional Coordinator will be required to sign the confidentiality statements as required by country procedures.

- (iv) **Policy:** The Regional Coordinator will use basic national data exclusively for editing purposes that involve inter-country comparison and data analysis purposes. Country Comparison Tables (CCT), known as Quaranta tables in the EUROSTAT region, will be used to evaluate average prices and initial PPPs across countries. These tables will be shared with all participating countries in the region. Questions about a country's data will be immediately communicated to its National Coordinator. The Regional Coordinator will not engage in any data change without the knowledge of the national counterpart.
- (v) **Policy:** Problems identified in the review of the CCT that affect consistency with other countries would be documented and shared with all countries in the region and the Global Office. Any changes that could be made to product definitions or collection procedures to resolve a regional problem must have the approval of the Global Office.
- (vi) **Policy:** National Coordinators will submit expenditure weights at the basic heading level on a timetable to be agreed upon among the Global, Regional and National Offices.
- (vii) **Policy:** The Global and Regional Offices will receive guidance from the Technical Advisory Group to determine the method(s) to be used for GDP aggregation.
- (viii) **Policy:** Representatives of countries in the region will take part in the review of the regional aggregations. This will include a review of the national average prices and basic heading PPPs to ensure consistency across the region. The Global Office will participate in this review.
- (ix) **Policy:** The final PPPs for all participating countries will be published by the Regional Implementing Agency.
- (x) **Policy:** Each participating country will retain the reported prices for three years following the release of the global results.
- (xi) **Policy:** Countries may publish any country level Purchasing Power Parity and related data, subject to any policy of embargo, which individual countries may have, but such publication will not be made until results of the regional comparisons have been published.

- (xii) **Policy:** Each region will announce the date the data will be released at least 30 days prior to release. There is to be no pre-release of results to special parties.
- (xiii) **Policy:** The policy of regional fixity, meaning that the relative position of the countries established in the regional comparison will not be altered in the global comparison, will be followed in the global comparison.