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Item 13 of the provisional agenda

**REPORT ON THE PARTICIPATION OF ESCWA MEMBER STATES
IN THE INTERNATIONAL COMPARISON PROGRAMME (ICP)**

1. Pursuant to the recommendation of the Second Meeting of Heads of Statistical Organizations in the ESCWA Region, held on 25 and 26 March 1987, and the recommendation adopted by the participants in the Workshop on the System of National Accounts 1993, held in Amman during the period from 12 to 19 December 1994, in which the States of the region were invited to take part in the International Comparison Programme (ICP) because of support ICP provides for the implementation of the System of National Accounts 1993, on the one hand, and its role in enriching price and index data and enabling States to undertake comparisons at the international and regional levels, on the other hand, ESCWA called on the countries of the region to take part in the ICP, especially in view of the introduction by the World Bank of a simplified survey for comparisons. In order to introduce the methodology used for this exercise, a workshop was organized in cooperation with the World Bank and held in Amman from 25 to 28 June 1995. Representatives of 11 ESCWA members participated in the workshop, for which a final report was issued (see E/ESCWA/STAT/1995/8).
2. The objective of this Programme is to compare the values of a country's gross domestic product (GDP) and its various components with those of other countries on the basis of purchasing power parities (PPPs) rather than exchange rates. Comparisons based on PPP provide a better measure of the standard of living of the population and a stronger basis for macroeconomic policies than those based on exchange rates.
3. The PPP-based data are being used widely in analytical studies in universities, centres for national studies and international organizations such as the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP).
4. PPPs are measured by collecting prices of comparable items of final expenditure in the countries being compared and aggregating price ratios by expenditure weights. It is worth noting that about 104 countries from around the world have participated in ICP surveys at one time or another over the last 20 years, and currently some 85 are participating in an ongoing ICP survey. However, except for Egypt, which is participating in an African comparison, the ESCWA region is yet to be represented in this exercise.
5. An opportunity has arisen to extend ICP to the region, especially with the World Bank initiative of a simplified survey involving collection of prices of only 150 to 200 items (goods and services listed in the Consumer Price Index [CPI]) instead of the nearly 700 items currently included in the full-scale survey.

6. This simplified version will produce comparisons for about 35 components of GDP instead of the 150 or more in the full-scale survey. This will minimize the burden on the national statistical offices and will save time and effort as well. Countries in the region will be compared with each other first and then with countries of other regions in a global comparison.
7. In close cooperation with the World Bank, ESCWA will supervise the various stages of work and will assist in processing the data. The simplified surveys in the ESCWA region must be completed by March 1995 so as to coincide with the completion date of the global exercises.
8. ESCWA has already received positive replies from a number of countries regarding participation in the Programme. The Commission will be responsible for technical supervision and payment of financial incentives to the staff involved in the survey within the available resources allocated by the World Bank.
9. The final report of the ESCWA Region Workshop on the International Comparison Programme (see annex) contains an action plan describing the roles of countries, ESCWA and the World Bank, as well as a number of recommendations.

AnnexFINAL REPORT OF THE ESCWA REGION WORKSHOP ON THE
INTERNATIONAL COMPARISON PROGRAMME
AMMAN, 25-28 JUNE 1995

1. The ESCWA Region Workshop on the ICP was organized by the ESCWA secretariat in cooperation with the World Bank in Amman, Jordan, from 25 to 28 June 1995. Representatives of 11 ESCWA members (Bahrain, Egypt, Iraq, Jordan, Lebanon, Palestine, Oman, Qatar, the Syrian Arab Republic, the United Arab Emirates and Yemen) participated in the Workshop, in addition to the United Nations Statistics Division and the Arab Institute for Training and Research in Statistics.
2. The Chief of the ESCWA Statistics Division addressed the opening session, on behalf of the Executive Secretary of ESCWA. He welcomed the participants, reviewing the extensive efforts deployed by ESCWA for developing statistical capabilities and expertise in various statistical areas, including the International Comparison Programme. He urged ESCWA member States to join the Programme and to seize the opportunity to implement the ICP using the reduced information initiative method.
3. The representative of the World Bank addressed the Meeting and made some opening remarks about the ICP. He stated that ICP data permitted analysis of relative price and quality structures of a country vis-à-vis foreign countries, thus providing a valuable indicator for guiding its policy in several economic areas. ICP also helps countries in diagnosing and curing economic structural imbalances.
4. The representative of the United Nations Statistical Division made a statement emphasizing the fact that active participation and cooperation of countries was fundamental to the success of the ICP.
5. The Executive Secretary of ESCWA attended the round-table discussion on the last day of the Workshop. He made a brief statement in which he indicated that the technical and financial assistance of the World Bank should be seen as an incentive for ESCWA member countries to implement the ICP. He expressed full satisfaction about the positive reaction of some countries which had given their initial approval to join the Programme, and expressed the hope that final answers would be received from those countries by September 1995. He also stressed the importance of statistical and information systems to policy makers. He concluded by expressing his gratitude to the World Bank for its cooperation in the conduct and success of the Workshop as well as in the implementation of the ICP in the ESCWA region.
6. The agenda included various topics, which were dealt with in 15 sessions. The participating countries presented briefly their country reports on the status of prices and index numbers in addition to some documents prepared by them for the Workshop.
7. Most country representatives expressed, in principle, their approval to join the Programme and promised to send their final approval by the end of August 1995. Some representatives expressed the need to consult the relevant authorities in their countries before giving their final answer.
8. The summary list of items was discussed in several sessions of the Workshop, and the participants reached an agreement to adopt the list with some modifications so as to take account of specific

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circumstances and conditions in the region. The list will be translated into Arabic by ESCWA and sent to the participating countries. The participants also discussed items of expenditure on GDP and the procedure adopted for their inclusion in the ICP. They also discussed the construction items and requested ESCWA to finalize this list in cooperation with the Jordanian Department of Statistics, taking into consideration the Syrian experience in this field. The construction list will then be forwarded to ESCWA member States for approval.

Action Plan

9. The Programme is to be implemented in close cooperation and collaboration with ESCWA member countries, the ESCWA secretariat, and the World Bank, with attention to deadlines inasmuch as the regional results must feed into a global framework to produce globally consistent results without losing the currentness of the data. To facilitate smooth implementation, the role of countries, ESCWA and the World Bank are outlined below:

(a) Role of countries:

- (i) To communicate to ESCWA, by the end of August 1995, their decision as regards joining the ICP;
- (ii) To decide on a survey period, stretching over no more than three months. The surveys are to be completed before the end of 1995. One representative city is to be chosen for the surveys;
- (iii) To complete price surveys and send price sheets to ESCWA in January 1996;
- (iv) To provide ESCWA, by February 1996, with: a. an expenditure breakdown for the latest year available and estimates of total GDP for 1993, 1994 and 1995, consumer price index (in detail); and b. mid-year population data for 1993, 1994 and 1995;
- (v) To provide timely responses to queries from ESCWA and review results and reports.

(b) Role of ESCWA:

- (i) To translate the final list into Arabic;
- (ii) To incorporate construction specifications in the ESCWA regional items list in consultation with the Jordanian representative;
- (iii) To send survey materials, including the translated list of items, worksheets and forms, by the end of August 1995;
- (iv) To monitor the progress of surveys by keeping closely in touch with the countries;
- (v) To receive data from the countries;

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- (vi) To review, evaluate and begin processing the data;
- (vii) To run edits on the data, identify outliers and make follow-up inquiries for correction or confirmation;
- (viii) To produce provisional results, using software to be provided by the World Bank;
- (ix) To send provisional results to countries for comment and correction;
- (x) To incorporate corrections and comments;
- (xi) To prepare, with the World Bank, the ESCWA regional report in Arabic and English and send it to countries and experts for comments;
- (xii) To finalize and publish the report.

(c) Role of the World Bank:

- (i) To make technical and financial contributions to ESCWA in the implementation of ICP surveys in the ESCWA member countries;
- (ii) With the assistance of the United Nations Statistical Division, to send the revised ESCWA regional list that was agreed upon in the Workshop, except for construction specifications, which will be incorporated by ESCWA;
- (iii) To provide ESCWA with software to process data;
- (iv) To assist ESCWA in the preparation of the final report;
- (v) To receive ESCWA data so as to link them with other regions (ESCAP, ECLAC, CARICOM, ECA, OECD and Europe Group II);
- (vi) To produce globally consistent results and a final report.

10. The discussions of the Workshop succeeded in raising several issues relating to the ICP, mainly its uses and its relationship with various statistical systems, particularly the 1993 System of National Accounts. This was, in fact, one of the objectives of the Workshop.

11. At the round-table discussion, the participants made the following recommendations:

(a) To call upon the World Bank to expedite allocation of sufficient resources to secure the implementation of the action plan in the region and to enable ESCWA to execute its role in the plan;

(b) To call upon ESCWA to provide technical assistance for the implementation of the ICP by the countries of the region;

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(c) To convene a seminar for the countries participating in the ICP to assess the experience and results of the Programme;

(d) To express gratitude to ESCWA and the World Bank for their efforts in organizing this successful Workshop.



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