

# Segunda Reunión Técnica del Programa de Comparación Internacional (PCI)

Rolling Price Survey Approach and a Permanent ICP

Global ICP Unit  
Development Economics  
The World Bank



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- ▶ “ICP should become a permanent element of the global program”
  - ▶ Reducing uncertainties regarding the related operations and allowing for better planning
- ▶ “It should be organized on a more frequent basis with 2017 as the next comparison year”
  - ▶ Producing results every 6-years is not a sound statistical or operational approach
- ▶ “A rolling survey approach should be gradually adopted, with the objective of producing results every 3-years, and eventually annually”
  - ▶ More frequent results without the cost full of annual comparison

# What is a Rolling Survey Approach?

## A Brief Explanation

- ▶ The rolling price survey approach was designed to increase the frequency of comparisons, while reducing the burden on the National Statistical Offices for a given calendar year
  - ▶ 3-year or annual results with a known annual work schedule
- ▶ The approach involves spreading the price data collection over a 3-year time period around the reference year
  - ▶ Typically, the household consumption surveys are spread around the reference year, while the other surveys are conducted during the reference year
- ▶ The PPPs for any given year are estimated based on a mix of “actual” survey data and extrapolated data
  - ▶ Hence, extrapolation indices and national accounts expenditures are needed on annual basis

# What is a Rolling Survey Approach?

## A 3-Year Example

	ICP <u>2020</u> Cycle				ICP <u>2023</u> Cycle				
	2019	2020	2021	2022	2022	2023	2024	2025	
Household consumption	X⇒	X	⇐X	PUBLICATION OF 2020 RESULTS	X⇒	X	⇐X	PUBLICATION OF 2023 RESULTS	
Housing rentals and volumes		X				X			
Government compensation		X				X			
Machinery and equipment		X				X			
Construction and civil eng.		X				X			
CPIs, national account deflators	X	X	X			X	X		X
National account expenditures	X	X	X			X	X		X

# Options for Dividing/Spreading the Household Consumption Surveys

	ICP <u>2020</u> Cycle			
	2019	2020	2021	2022
Household consumption survey 1/3	X ⇒			<b>PUBLICATION OF 2020 RESULTS</b>
Household consumption survey 2/3		X		
Household consumption survey 3/3			← X	
--- OR ---				
Household consumption survey 1/1		X		
--- OR ---				
Household consumption survey 1/1	X ⇒		...	

# Towards an Annual Estimation of PPPs

- ▶ **The now envisaged 3-year ICP cycle allows for:**
  - ▶ PPP estimates for the reference year (2017; 2020; 2023...)
  - ▶ Improvement over the previous 6-year practice
- ▶ **In short term, the PPPs for the intervening years are expected to be extrapolations from the reference year comparisons**
  - ▶ However, at a more detailed level than the current approach employed by the World Bank (GDP and HHC)
- ▶ **However, the ultimate goal is annual estimation of PPPs**
  - ▶ Based on “actual” and “extrapolated” data for each reference year
  - ▶ Hence, both “actual” survey data, as well as extrapolation indices and national account expenditures, are required

# A Few Final Remarks

- ▶ Each ICP region should decide what is the most feasible approach for adopting the rolling survey approach
  - ▶ The Asia and CIS regions conduct all survey activities in a single year (t), every 3-years, and focus on survey preparation, validation and results during years t-1 and t+1 within a cycle
  - ▶ The Western Asia region conducts the HHC surveys every 3-years (t) without a division; however, surveys for the so-called fast evolving technology items (mobile phones, TVs, motor vehicles etc.) are done annually - all other surveys are conducted annually
  - ▶ The Eurostat-OECD region divides the HHC surveys into 6 (2 per year) parts; however, the total basket size is over 3000 items
- ▶ Established practices have a large impact
  - ▶ Once a survey schedule and practices are set, operation becomes more of a routine, significantly easing the overall process

# THANK YOU

► Questions or comments?