A faint, dotted world map serves as the background for the slide. The title text is centered over the map.

**National Accounts Seminar in Latin
America and The Caribbean**
**Operational issues of
the ICP rolling survey approach**

November 8-10, 2016
ECLAC, Santiago de Chile, Chile

Presentation outline

- PPPs and expenditures
- Operational issues and related material
- ICP 2017 submission schedule: regions to global ICP unit

A world map composed of a grid of small grey dots, centered behind the main title text.

PPPs and national account expenditures



PPPs and national account expenditures

ICP approach and national accounts

- Large part of ICP work is directed at identifying and pricing **representative and comparable items**
- Both the selection of items to be priced and the survey framework for data collection must be **consistent with the underlying estimates of expenditures** making up GDP, i.e. national annual prices <-> national annual expenditures
- ICP comparisons are made from the **expenditure side** because the prices most readily observed are those related to final expenditures

Estimating PPPs and 'real' output

- **Detailed expenditures** in local currency from national accounts are necessary to aggregate PPPs to more aggregated levels, up to the level of GDP
- Dividing nominal values of GDP by a PPP results in GDP values that are: (i) in a **common currency** and (ii) **adjusted for prices differences** between countries



Operational issues and related material



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ICP classification

Breaking down expenditures on GDP

- ICP classification provides a means of systematically identifying the components of **GDP by breaking down its expenditures** into major aggregates, which are then subdivided into category, group, class, basic heading, and individual products.
- Participating countries are **required to report expenditures for the 155 basic headings** that make up the ICP classification. Basic headings are the lowest level of expenditure for which matching expenditure data from national accounts typically exists.

Revisions post-ICP 2011

- **ICP classification updated** to reflect the lessons learnt during past rounds and to take account of the latest revisions introduced by the SNA 2008

ICP classification: post-ICP 2011 revisions

Main aggregate	Number of basic headings	
	Revised	ICP 2011
Individual consumption expenditure by households	110	110
Individual consumption expenditure by NPISHs	5	1
Individual consumption expenditure by government	21	21
Collective consumption expenditure by government	5	5
Gross capital formation	12	16
Balance of exports and imports	2	2
GDP	155	155

- Total number of basic headings (BHs) remains **unchanged**
- Revisions incl. splitting, merging and renaming certain basic headings, e.g.:
 - **'Rentals for housing'** BH split into two BHs: *'Actual rentals'* & *'Imputed rentals'*
 - Merged *'Purchases of residents abroad'* and *'Purchases of non-residents in the economic territory'* into one BH: **'Net purchases abroad'**
 - *'Pasta'* BH was **renamed** as: *'Pasta products and couscous'*

ICP 2017: NA expenditures and other requirements

	ICP 2017 comparison			
	2016	2017	2018	2019
Household consumption price surveys	X =>	X	<= X	PUBLICATION
Housing volumes and rentals survey		X	<= X	
Government compensation survey		X	<= X	
Machinery and equipment price survey		X	<= X	
Construction and civil engineering price survey		X	<= X	
CPIs (COICOP), NA deflators (by component), population data, and exchange rates	X	X	X	
National account expenditure (by basic heading)	X	X	X	

NA expenditures are required for benchmark years to **estimate benchmark PPPs**.

..NA expenditures are required for non-benchmark years to **construct PPP time-series**, e.g. PPP series 2013-2016

Related **auxiliary data** also required for non-benchmark years for **PPP time-series** and, if needed, to **align prices**

National Accounts reporting: MORES form

Model Report on Expenditure Statistics (MORES)

- Countries should use the **MORES** excel form to **report expenditure values** for all 155 ICP basic headings, as well as relevant expenditure metadata
- The form asks countries to *identify* and *report* the **approach used** to estimate expenditures for each basic heading
- It also requires countries to indicate, per basic heading, the **source information used** to implement each corresponding expenditure estimation approach

Revisions post-ICP 2011

- Form **revised** to accommodate the new ICP classification
- **No other major updates** from the 2011 version

National Accounts reporting: Quality assurance form

Quality Assurance Questionnaire

- Includes **questions on national account practices** in countries, e.g. what SNA version is in use? are rents imputed for owner-occupiers? year of latest household expenditure survey?
- Used to determine the **comparability** of participating countries' national accounts infrastructure and data
- Helps identify **potential areas of technical assistance** required by countries

Revisions post-ICP 2011

- ICP 2011 version was updated to improve its structure and to include more questions on (i) **areas of difficulty** for countries, identified during the ICP 2011; and on (ii) **compliance** with SNA and ICP classifications

ICP price surveys and additional required data

..for consumption expenditures by households

- Main household consumption price survey (incl. private health)
- Housing volumes and rentals survey
- Private education survey

..for individual and collection consumption exp. by government

- Government workers compensation survey

..for gross capital formation by firms and/or government

- Machinery and equipment price survey
- Construction and civil engineering price survey

Housing volumes and rentals survey

Two forms are providing to report the two types of data required to calculate PPPs for dwelling services according to the two ICP approaches:

1. **Housing rental form** (*price approach*): collect information on annual (average) rent paid for houses and apartments with specified characteristics. The form asks for: (1) annual rent, (2) dwelling size in m²; and (3) annual rent per m²
2. **Housing volume form** (*quantity approach*): collect national totals of the number of dwellings in the country disaggregated by: type (house vs. apt.) and location (urban vs. rural).

ICP 2017 updates, include:

- Two housing volume forms (volume and shares) from 2011 were merged as one, for ease of completion and clarity
- Rental items reduced from 64 in 2011 to 13

Private education

Private education tuition per student for educational services provided by private establishments (i.e. private schools)

7 items listing different education levels and types for which national annual tuition information is required, e.g. 'primary education', 'high school education', etc.

Private education form helps countries compile the necessary national annual tuition averages by education level and type. It contains fields to report tuition, number of school days and related information for individual price observations (i.e. schools) for each item

- Recall, structure of academic year may vary between countries and even between schools in the same country, e.g. may span over two calendar years or include less/more days.

ICP 2017 updates, include:

- Structured product descriptions (SPDs) have been refined to ease the identification of 'items', e.g. education levels now defined by UNESCO's ISCED education level classifier
- Information on the total number of private/public schools and number of students in private/public schools is no longer required

Government compensation survey

Services produced by government are generally non-market services: provided free or sold at prices that are not economically significant

ICP values the output of government provided health and education services indirectly via the cost of producing them, i.e. the value of their inputs minus sales

Compensation of employees is usually the largest components of the cost of producing government services for *health, education, and collective services*

PPPs for government services require input prices for labor (i.e. government salaries) in order to indirectly estimate the value of these services

Government remuneration form lists 33 specified occupations (based on ILOs ISCO classification) for which national annual (average) salaries, number of hours worked and other compensation related information are required.

ICP 2017 updates, include:

- Only one form for remuneration this time around
- 4 occupations removed compared to 2011 list
- Differentiation based on levels of experience not required for global linking – only requirement is average annual remuneration for each occupation, for the reference year

Machinery and equipment survey

Pricing approach is similar to that of consumer goods: countries collect prices for identical, or very similar, items

For consistency with national accounts, reported prices must include transportation and installation costs, taxes and any discounts available

Machinery and equipment form lists machinery and equipment items for which prices must be compiled. It collects prices for items belonging to three class groups:

- Metal products and equipment (4 BHs), e.g. hacksaw, diesel engine
- Transport equipment (2 BHs), e.g. tractor
- Other products (1 BH), e.g. MS-SQL software

ICP 2017 updates include:

- field to list the characteristics of each item priced in order to assess its compatibility with the item listed, e.g. for 'tractor'; specify *price*, but also specify *model*, *power of engine*, etc.
- each *specified* item will now have an *unspecified* counterpart, where applicable

Construction and civil engineering survey

ICP method is based on the input approach which collects prices paid by construction companies for their three main inputs for construction and civil engineering work:

1. Price of construction material (cement, steel, etc.)
2. Cost of labor (carpenters, electricians, etc.)
3. Price of equipment rental


PPPs are calculated for 3 basic headings: 'residential buildings', 'nonresidential buildings', and 'civil engineering works'; and for 3 subheadings (material, labor, equipment) *within each* BH

Construction and civil engineering survey form lists common construction and civil engineering (input) products for which prices are required . It also requests:

- indication of whether a given 'material' items is relevant for each of the 3 BHs
- weights of subheadings mixes of inputs within each of the 3 BHs are used to aggregate subheadings
- information on markups and professional fees involved in projects (e.g. engineer's salary)

ICP 2017 updates, include:

- form format and the item specifications revised to improve ease of data entry and price collection, e.g. labor occupation descriptions are now based on ISCO classifiers
- units of measurement are now fixed to item specifications

A world map composed of a grid of small grey dots, with the text overlaid in the center.

**ICP 2017
submission schedule:
regions to global ICP unit**



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ICP 2017 submission schedule: regions to global ICP unit

1

Household consumption prices

- Prices collected via the main household consumption price survey

Preliminary submissions
for validation

- **2017: Q3**
- **2018: Q1 and Q3**
- **2019: Q1**

Final submission

- **2019: Q3**

2

MORES and NA quality form

- Expenditures for 155 basic headings
- National accounts quality assurance questionnaire

Preliminary submissions
for validation

- **2018: Q1 and Q3**
- **2019: Q1**

Final submission

- **2019: Q3**

ICP 2017 submission schedule: regions to global ICP unit (cont.)

3

Data from 'special' price forms

- Housing volume and rentals
- Government compensation
- Machinery and Equipment
- Construction

Preliminary submissions
for validation

- **2018:** Q1 and Q3
- **2019:** Q1

Final submission

- **2019:** Q3

4

Auxiliary data

- CPI by COICOP
- GDP deflator by component
- Population data, XRs

Continuous submissions

- **Bi-annual:** Q1 and Q3



Thank you! / ¡Gracias!



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