

Lessons Learned: The ICP Latin America Experience

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In November 2003, Statistics Canada (STC) agreed to participate in and coordinate the International Comparison Program (ICP) for 10 Latin American countries over a period of three years. STC is cooperating with the Economic Commission for Latin America and the Caribbean (ECLAC) on the project; the Agency's role is funded by the Canadian International Development Agency.

In early 2003, the ECLAC started harmonizing the basket of consumer goods and services with the help of participating countries. In 2004, the STC and ECLAC devoted time and resources to review product specifications and assess the degree of preparation of participating countries in the field. The region staged a "price-collection dress rehearsal" in all 10 countries, in preparation for actual price collection in 2005.

Thanks to the efforts of the 10 countries and two organizations coordinating the process, the Latin American region has acquired experience and best practices in executing a complex program. The first data on consumer spending will be published in June 2006, and the project will be completed in the first quarter of 2007 with the publication of the GDP.

Many lessons were learned in the course of the first two years of this project. Amongst them, it is worth mentioning the following:

I. Learning by Doing - Dress rehearsal: Before conducting the first real price collection, a region should plan a dress rehearsal ahead of time. It is the only way to discover problems and put in place solutions to correct them.

Frequency of collection and revisions: It is important to have as many as four rather than a single collection during the reference year, as this will allow time to improve operations in the field. It is also essential to have many revisions to the weighting patterns. For this region, it is clear that without a third and fourth price collection, the data for some of our participating countries would have been of poor quality. On the other side of the equation, it took three attempts to harmonize the classification and weights for the GDP and even after doing so, there are still some serious problems to resolve.

Establishment and monitoring of a realistic timetable: The establishment of a strict timetable and its monitoring are imperative. Given the size and complexity of the ICP and the very tight deadlines for the world comparison, the regional and national coordinators cannot tolerate any deviation from the agreed timetable.

II. Learning by Confronting Results - Post-mortem meeting: One important aspect of learning lies in the good practice of holding post-mortem meetings immediately after each price collection, where data of all participating countries are confronted. Often,

the only way for a country to realize that its numbers do not make sense is when its data is confronted by a neighboring country. This was the case not only for the price specialists, but also for the national accountants. There is nothing that can replace face-to-face discussion.

Quality control: There is no substitute for very intensive quality control. In Latin America, the quality control was done: a) before the price collection, when defining specifications and choosing outlets b) during price collection in the field and c) at the processing and aggregation stage at the STC. The regional coordinators have established a schedule for visiting and assisting countries over the four quarters, ensuring the widest geographical coverage within limited resources.

III. Learning by Building Capacity - An exercise of such magnitude has tremendous spillover effects on the National Statistical System of the participating countries. In our experience, a number of areas have benefited from the ICP. Let me mention two:

Price Statistics: As mentioned, the success of this exercise could not be achieved without a great deal of effort in harmonizing concepts, definitions and practices in the collection of price data. The confrontation of the results collected by the 10 countries showed the importance of carefully defining the specification of the product and service to be priced. The use of the SPD concept proved useful in harmonizing specifications among different countries, and ensuring proper control of the item to be priced. Also, the many field visits and instructions given to interviewers in the process of this exercise showed the importance of collecting characteristics of product, outlet and neighborhood to explain discrepancies in the results and improving the survey frame. Although most countries viewed this exercise independently from their current operations, they have integrated some of the lessons learned.

National Accounts: The data confrontation of national accounts expenditures was a revealing experience for all participating countries, as it showed the weakness of some key headings and highlighted the need for rapid improvement of the national structure of consumer expenditures. A few countries are already implementing some changes to the next revision of their national accounts. It is only in the context of this kind of exercise that national accountants have a real opportunity to confront and improve their national statistics.

For all the reasons mentioned above, all participants of the regional meetings in Latin America agreed that results from the ICP are the fruit of substantial investments and that it would be a pity if a new round is not launched immediately after the current one to ensure that knowledge is not lost and that improvements to national statistics are consolidated.

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