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**COMMON MARKET FOR EASTERN
AND SOUTHERN AFRICA (COMESA)**

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**COMESA REGULATIONS CONCERNING
STATISTICS DERIVED FROM THE HARMONISED
CONSUMER PRICE INDICES (HCPI)**

**THE COUNCIL OF MINISTERS OF THE COMMON
MARKET FOR EASTERN AND SOUTHERN AFRICA
(COMESA)**

Having regard to Article 140 of the Treaty establishing COMESA through which Member States made an undertaking to cooperate in the field of statistics in order to create an enabling environment for up-to-date reliable, harmonized and comparable statistical data on various sectors of economic activity, through the harmonization and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

Having regard to COMESA Regulation No [xx] of [date] concerning the establishment of harmonized consumer price indices (HCPIs) in Member States;

Having regard to existing COMESA Member States' legislation on statistics and the confidentiality clauses therein;

HEREBY ADOPTS THESE REGULATIONS:

**Article 1
Citation**

These Regulations shall be cited as the COMESA Regulations Concerning Statistics Derived from the Harmonized Consumer Price Indices (HCPI).

**Article 2
Definitions**

In these Regulations, unless the context otherwise requires:

“Annual average HCPI” means the arithmetic mean of twelve consecutive monthly indices;

“COICOP” means the international Classification of Individual Consumption according to Purpose;

“Contribution to overall inflation rate” means the change that would have occurred in the all-items HCPI if a particular component index had undergone its observed change but all other component indices and weights had remained unchanged;

“Core inflation” means an index derived from the HCPI which is intended to show the underlying trend in inflation by excluding price movements arising from transient or volatile product groups;

“Harmonized Consumer Price Indices (HCPI)” means the comparable consumer price indices compiled by each Member State;

“COMESA Harmonized Consumer Price Index (HCPI-COMESA)” means the aggregated consumer price index produced by COMESA, based on the HCPIs of Member States;

“Inflation rate” means the percentage change between any pair of HCPI indices, whether based on monthly, annual or any other time period;

“Member States” means COMESA Member States;

“Rounding” means the process in which a numerical figure is shortened to a smaller number of digits with minimum loss of accuracy;

“Secretariat” means the COMESA Secretariat;
and

“Truncation” means the process in which a numerical figure is shortened to a specified number of decimal places by removing the trailing digits.

Article 3 Objective

The objective of these Regulations is to establish harmonised methods for the derivation of certain statistics based on the HCPI.

Article 4 Rounding prices during collection, processing, transmission and publication

1. Member States shall:

- (a) record prices and compute indices for the HCPI with the full number of decimal places, if any, from the observed prices;

- (b) calculate prices and weights for inclusion in the HCPI computations without rounding or truncation;
- (c) use the full number of decimal places available in calculating HCPI indices, sub-indices and the weights; and
- (d) round HCPI indices and weights in parts per thousand to four or more decimal places for purposes of transmitting to the Secretariat.

2. The Secretariat shall:

- (a) carry out all calculations using the full decimal places transmitted by Member States;
- (b) publish the index and sub-index levels for each Member State rounded to two decimal places; and
- (c) publish the weights applied to each Member State to calculate the HCPI-COMESA, and any other country aggregates, rounded to two decimal places.

3. Member States and the Secretariat shall:

- (a) Publish index levels for the HCPI and any of its sub-indices rounded to two decimal places;

- (b) Publish inflation rates for the HCPI and any of its sub-indices rounded to one decimal place;
- (c) Calculate averages of more than one monthly HCPI index number, including annual averages, using the full number of decimal places available;
- (d) Round the published averages of more than one monthly HCPI index number, including annual averages, to two decimal places; and
- (e) Calculate the inflation rates comparing periods of more than one single month, including the calculation of average inflation in one year compared with another year, using averages of monthly index numbers calculated as in paragraph 3(c).

4. The production, transmission and publication of other derived statistics shall be in accordance with the rules on rounding set out in this Article.

Article 5
Calculation of inflation rates

1. Member States and the Secretariat shall calculate the percentage inflation rate between any two months using the formula set out in

Annex 4(i) for a period where a rebasing of the HCPI has not occurred.

2. Where the period over which the inflation rate is calculated includes one or more periods when the HCPI index reference period has been changed, the calculation of the percentage inflation rate between any two months shall be done in two or more stages, using the formula set out in the Annex.

Article 6
Calculation of average indices

Member States and the Secretariat shall calculate the annual average HCPI and averages for other periods using the arithmetic mean of monthly indices and the formula set out in the Annex.

Article 7
Indices for sub-groups and special aggregates

1. Member States and the Secretariat shall, where indices are produced for specific subgroups or aggregates of the HCPI, calculate the indices using the same weights and indices used in the calculation of the published HCPIs.
2. Member States and the Secretariat shall calculate indices, using identical reference periods, in accordance with the formula set out in the Annex

provided that the formula may be adapted for any number of components where applicable.

3. Member States and the Secretariat shall agree on the methods to be used in calculating indices intended to provide measures of core inflation and relating to specific population groups, geographical areas or other economic sectors.

Article 8

Contributions to the overall inflation rate

Member States and the Secretariat shall calculate the contribution of a particular HCPI component to the change in the all-items HCPI between month t_0 and month t_1 in accordance with the formula set out in the Annex.

Article 9

Quality Control

Member States shall provide to the Secretariat information sufficient to evaluate compliance with the procedures laid down in Articles 4 and 5.

Article 10

Amendments

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 days of its receipt, communicate it to the Member States.

2. The Member States which wish to comment on the proposals shall do so within 90 days from the date of the dispatch of the proposals by the Secretary General.
3. After the expiration of the period prescribed under paragraph 2, the Secretary General shall submit the proposals and any comments thereon received from the Member States to Council through the Committee on Legal Affairs.
4. Any amendment to these Regulations shall be adopted by Council and shall enter into force upon publication in the Official Gazette of the Common Market.

Article 11

Entry into force

These Regulations shall enter into force on the date of publication in the Official Gazette of the Common Market.

Done and adopted at the Thirty First Meeting of the COMESA Council of Ministers held at Kampala, Uganda on 20 November 2012.

[Signature]
Chairperson
COMESA Council of Ministers

Annex 4(i)

Formulae referred to in Articles 5-8 of the Regulations on Derived Statistics

ARTICLE 5.1 – calculation of inflation rates

$$R_{t_0}^t = (I_t / I_{t_0} - 1) \times 100$$

where $R_{t_0}^t$ is the percentage rate of inflation between periods t_0 and t , and I_t and I_{t_0} are the indices for periods t and t_0 respectively.

ARTICLE 5.2 – calculation of inflation rates

$$R_{t-12}^t = I_{B1}^t \times \frac{I_{B0}^{B1}}{I_{B0}^{t-12}} \times 100$$

where:

R_{t-12}^t is the percentage rate of inflation between month (t-12) and month t;

I_{B1}^t is the index for month t based on reference period B1;

I_{B0}^{B1} is the index for the reference period B1 based on the reference period B0;

I_{B0}^{t-12} is the index for month (t-12) based on reference period B0;

and where the index was rebased firstly on period B0 and secondly on period B1.

ARTICLE 6 - Calculation of average indices

$$I_{12av} = \frac{1}{12} \sum_{t=1}^{12} I_t$$

where:

I_{12av} is the average index over a 12-month period and I_t is the index for a particular month within that 12-month period. The formula assumes that the same index reference period applies to all the monthly indices.

ARTICLE 7.2 – Indices for subgroups and special aggregates

$$I_{(i+j)} = [(W_i \times I_i) + (W_j \times I_j)] / (W_i + W_j)$$

where:

$I_{(i+j)}$ is an index for the sum of components i and j

W_i is the weight for component i

I_i is the index for component i

W_j is the weight for component j

I_j is the index for component j.

ARTICLE 8 - Contributions to the overall inflation rate

$$C_{t1}^i = (I_{t1}^i - I_{t0}^i) / I_{t0}^a \times 100 \times W^i / 1000$$

where:

C_{t1}^i is the contribution of component i to the change in the all-items index in month t_1 ;

I_{t1}^i is the index for component i in month t_1 ;

I_{t0}^i is the index for component i in month t_0 ;

I_{t0}^a is the all-items index in month t_0 ;

W^i is the weight for component i in parts per thousand.

The formula assumes that there is no change in weights between the two months in the comparison.