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By Order of the Council

Sindiso N. Ngwenya  
Secretary-General  
COMESA

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**IT IS HEREBY NOTIFIED** that Council at its Twenty Eighth Meeting held at Ezulwini, Swaziland from 25<sup>th</sup> to 27<sup>th</sup> August 2010 issued the following Legal Notices:

**LEGAL NOTICE NO 311 OF 2010**

**COMESA Regulations on Weights, the Product Sample and Item Substitution of the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

**Preamble**

**COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25th Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards in all Member States will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

**HEREBY ADOPTS THESE REGULATIONS:**

**Article 1  
Citation**

These Regulations shall be cited as the COMESA Regulations on Weights, the Product Sample and Item Substitution of the Harmonised Consumer Price Indices (HCPI).

**Article 2  
Definitions**

In these Regulations, unless the context otherwise requires:

**“Chain-linking”** means the construction of a continuous price series by multiplying together price indices that have been constructed using different baskets or weight reference periods;

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

**“Council”** means Council of Ministers of the Common Market;

**“current year”** means the present year;

**“domestic concept”** means household consumption on the economic territory of a Member State including the consumption of visiting foreign households but excluding the consumption of resident households outside the territory of the Member State.

**“Evolutionary product”** means a product which is “new” in the sense that its features and “quality” differ from its predecessor;

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

**“household final monetary consumption expenditure ‘HFMCE’”** means a part of final consumption expenditure which is incurred;

- (a) By households irrespective of nationality or residence status;
- (b) In monetary transactions;
- (c) On goods and services that are used for the direct satisfaction of individuals or households; and
- (d) On the economic territory of the Member State.

“**Item**” means an individual, specified good or service in the sample of products selected for pricing;

“**Member States**” means Member States of the Common Market;

“**Newly significant product**” means a revolutionary or evolutionary type which is introduced into the HCPI because it has become widely consumed;

“**Non-seasonal products**” means products that are expected to be available on the market throughout the year, regardless of the season or time of the year;

“**plutocratic index**” means a form of CPI in which the weights are based on total aggregated expenditure values rather than average household expenditure proportions

“**Price reference period**” means the period for which the prices appear in the denominator of the price relatives;

“**Price-determining characteristics**” means the attributes of a good or service, whether tangible or intangible, which help to determine its price;

“**Price-updating**” means a procedure whereby the quantities in an earlier period are re-valued at the prices of a later period, using components of the HCPI;

“**Product**” means a generic term for a good or service, representative of national consumption, for which specific items are selected for pricing;

“**Purchasing Power Standard**” “**PPS**” means the common currency in which national accounts aggregates are expressed when adjusted for price level differences using PPS;

“**Reference population**” means the set of households and other consumers included within the scope of the HCPI;

;

“**Revolutionary product**” means an entirely new product that is expected to satisfy some need in a new way and is unlikely to fit neatly into an existing HCPI product category.

“**System of National Accounts (SNA)**” means a coherent, consistent and integrated set of macroeconomic accounts, balance sheets and tables based on a set of internationally agreed concepts, definitions, classifications and accounting rules;

“**weights reference period**” means the period for which the expenditure shares serve as the weights for a CPI;

“**Strata of regions**” means the part of the hierarchy in sampling where outlets are identified for data collection purposes;

“**Secretariat**” means the Secretariat of the Common Market established by Article 7 of the Treaty.

### **Article 3 Objective**

The objective of these Regulations is to establish, for the purpose of producing a comparable Harmonized Consumer Price Index for each COMESA Member State and for the COMESA sub-region, a common approach to:

- (a) expenditure weights and product samples representative of the consumption patterns of the reference populations;
- (b) item substitution; and
- (c) the inclusion of newly significant products.

### **Article 4 Establishment of weights**

1. The aggregation levels for the weights used for combining elementary aggregate price indices shall be determined by the aggregation structure of the HCPI according to the COICOP-based classification.
2. Weights shall be established for:
  - (a) the separate strata of regions in larger countries; and
  - (b) where data is available for outlet-types.
3. The expenditures underlying the weights shall be based on the household final monetary consumption expenditure concept.
4. The weights used in the HCPI shall be the average expenditure of the households in the reference population on any particular COICOP heading.
5. The weights used in the HCPI shall be the expenditure of the reference population based on the domestic concept.
6. The sources of information underlying the weights shall be those which are considered to be the most accurate estimates of consumers' expenditure for each COICOP heading, derived from household budget surveys, national accounts or other sources.

7. The weight reference period shall cover 12 months, provided that the weight reference period shall be longer than 12 months where products' annual weights may fluctuate significantly.

**Article 5**  
**Revision of weights**

1. Member States shall revise all the weights for the HCPI at regular intervals of not more than 7 years.
2. During the revision referred to in paragraph 1, where the weight of a COICOP product category falls below the threshold of one part per thousand, it shall not be explicitly covered by an elementary aggregate sub-index in the HCPI.
3. Member States shall, without prejudice to the revision referred to in paragraph 1, conduct annual reviews of the weights of sub-indices and other major components of the HCPI. and reflect any changes made, in January of the following year.

**Article 6**  
**Incorporation of new weights**

1. Member States shall incorporate new weights in the HCPI and calculate it for an overlapping period with a parallel HCPI based on the old weights.
2. Where the general revision of weights indicates a need for introducing new elementary aggregates, or removing existing ones; such changes shall be made at the same time as the new weights are introduced into the HCPI.
3. Where relative price changes occur in between the weight reference period and the price reference period; the revised weights shall be price-updated to take account of such changes.

**Article 7**  
**Weights for aggregating national HCPIs to HCPI-COMESA**

1. The Secretariat shall calculate the HCPI-COMESA as a weighted average of the HCPIs of the Member States.
2. The weight of a Member State shall be its:
  - (a) proportion of household final monetary consumption expenditure within the scope of the HCPI in the Member States' total; or

(b)closest available approximation in the Member States' total.

3. HFMCE data shall be compiled according to the standards of the current version of the United Nations System of National Accounts.
4. HFMCE data expressed in national currencies shall be converted into purchasing power standards using the most recent official purchasing power parities for final household consumption.
5. The calculated weights shall be revised annually.

**Article 8**  
**Establishment of sample of products**

1. The HCPI product sample shall be representative of the consumption of the reference population.
2. In allocating sampled products among elementary aggregates within the COICOP structure, Member States shall ensure that :
  - (a)the elementary aggregates are appropriately balanced in terms of weights; and
  - (b)there are sufficient products in each elementary aggregate to take account of the variation of price movements between the products.
3. The choice of products to include within an elementary aggregate shall depend on its relative importance based on the household expenditure or other sources.

**Article 9**  
**Annual review of product sample**

Members States shall review the HCPI product sample annually to ensure that;

- (a)it continues to be representative of the consumption pattern of the reference population; and
- (b)it is sufficiently reliable and relevant to meet the comparability requirements.

**Article 10**  
**Introduction of newly significant products**

1. Member States shall establish monitoring systems to systematically identify newly significant products of both evolutionary and revolutionary types.

2. Member States shall introduce evolutionary products into the sample, where:
  - (a) The previous product is no longer available; and
  - (b) The previous product remains available but other products(s) are more popular.
3. Newly significant evolutionary products shall be;
  - (a) introduced into the HCPI from January following an annual or general review of the HCPI product sample; and
  - (b) incorporated into the HCPI sample by;
    - (i) adjusting the COICOP category weight of the elementary aggregate within which the newly significant product appears, or
    - (ii) re-assigning the list of items in the elementary aggregates.
4. Member States shall introduce a newly significant revolutionary product into the HCPI where such products are considered to have become established in the market by creating a new elementary aggregate.

***Article 11***  
**Deletion of products**

Member States shall remove a product from the HCPI sample where the product ceases to be representative of the consumption habits of the reference population.

***Article 12***  
**Item substitution and pricing**

1. In respect of non-seasonal products, substitution may occur when an item becomes unavailable in an outlet.
2. Member States shall substitute an item in an outlet with another item which is :
  - (a) most similar to the item being substituted in terms of price-determining characteristics rather than price alone - to the item being replaced; or
  - (b) most popular and similar item currently sold by the outlet; or
  - (c) similar and considered likely to have a sustained presence on the market.



3. Where an item appears to be temporarily unavailable in an outlet, an imputed price shall be used for the first and second months of non-availability. Thereafter, a substitute item shall be selected.
4. Where the price cannot be imputed, the item shall be omitted to allow a like-with-like comparison.
5. Where prices have been imputed in accordance with paragraph 3, they shall not be automatically carried forward within the two-month period.
6. Where one product or item is substituted by another, the price of the substitute shall be adjusted so as to reflect any differences in specification or quality between the two products or items.

### **Article 13** **Quality control**

Member States shall on request by the Secretariat , provide information, sufficient to evaluate compliance with this Regulation, on the following:

- (a) the sources of weights, including the dates of their reference period
- (b) and the processes of adjustments made to the basic information;
- (c) the annual review of weights ;
- (d) the annual review of the product sample ;
- (e) the monitoring system for newly significant products; and
- (f) the replacement strategy adopted for dealing with unavailable items.

### **Article 14** **Amendments**

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day 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 proposal by the Secretary General.

3. After the expiration of the period prescribed under paragraph 3 of this Article 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 15**  
**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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman

## **COMESA Regulations Concerning the Treatment of Seasonal Products and Second Hand Goods in the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

### **Preamble**

#### **COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

## HEREBY ADOPTS THESE REGULATIONS

### ***Article 1*** ***Citation***

These Regulations shall be cited as the COMESA Regulations Concerning the Treatment of Seasonal Products and Second Hand Goods in the Harmonised Consumer Price Indices (HCPI).

### ***Article 2*** **Definitions**

In these Regulations unless the context otherwise requires:

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

“**Council**” means Council of Ministers of the Common Market;

“**Gross value**” means the actual expenditure paid by a consumer for a second-hand good;

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

“**Margin**” means the earnings of a dealer in second-hand goods, as represented by the difference between the purchase values and sale values of the dealer’s transactions.

“**Member States**” means Member States of the Common Market;

“**Net value**” means the value of purchases made by households on second-hand goods, less the value of sales made by households of second-hand goods;

“**Out-of-season**” means periods when a particular product is not available on the market, or has very limited availability;

“**seasonal products**” means products that either are not available on the market during certain seasons of the year or are available throughout the year but with regular fluctuations in their quantities and prices that are linked to the seasonal time of the year;

“**Second-hand goods**” means goods which have been previously owned or used;

“**Secretariat**” means the Secretariat of the Common Market established by Article 7 of the Treaty;

“**Strongly seasonal products**” means products that are not available on the market during certain seasons or periods of the year;

“**Weakly seasonal products**” means products that are available throughout the year but with regular and significant fluctuations in the quantities available or in demand and prices that are linked to the season or time of the year.

### ***Article 3*** **Objective**

The objective of these Regulations is to establish, a common approach to the treatment of seasonal products in the HCPI and the treatment of second-hand goods in the HCPI.

### ***Article 4*** **Treatment of Weakly Seasonal Products**

The index for weakly seasonal products shall be computed, using fixed weights and prices actually charged regardless of the season.

### ***Article 5*** **Treatment of Strongly Seasonal Products**

1. The weights for strongly seasonal products shall be calculated on an annual basis and remain fixed as long as the HCPI weights are generally fixed.
2. The prices of strongly seasonal products shall be collected during in-season months.
3. The price of strongly seasonal products, during out-of-season months, shall be imputed by reference to the monthly average price change of products in the same COICOP class or a wider group of products if the class mean is not an appropriate proxy from the month when the seasonal product was last priced.
4. For the purposes of this article, in-season months means periods when the products are widely available on the market.

**Article 6**  
**Coverage of Second-Hand Goods**

1. Coverage of second-hand goods in the HCPI shall be restricted to transactions in clothing and footwear and purchase of motor cars within the designated COICOP.
2. The HCPIs for second-hand goods shall be classified within the same class of COICOP that would have been used for a new product of a similar type.
3. Purchases of second-hand goods directly from other households shall be excluded from the HCPI.

**Article 7**  
**Treatment of Second-hand Goods**

1. The weights for second-hand goods shall be those which relate to the net value of acquisitions by the household sector.
2. The prices of second-hand goods shall be those of the actual products purchased.

Provided that where it is not practical to measure the price of second hand goods, a suitable proxy, such as the wholesale price of a similar good or the retail price of a new good similar to the second-hand good, shall be used.

3. The various types of transactions, and the relevant weights, are set out in the Annex.

**Article 8**  
**Applicable Standards**

Member States shall apply the standards referred to in Articles 3 to 7 to the procedures used for establishing the HCPI.

**Article 9**  
**Quality control**

Member States shall, on request by the Secretariat, provide information sufficient to evaluate compliance with these Regulations:

- (a) On the products identified as being strongly seasonal together with the months of non-availability;

- (b) On details of the method of imputation of out-of-season prices;  
and
- (c) On the treatment of second-hand goods as regards both weights  
and prices used in the HCPI..

**Article 10**  
**Amendments**

- 5. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day of its receipt, communicate it to the Member States.
- 6. The Member States which wish to comment on the proposals shall do so within 90 days from the date of the dispatch of the proposal by the Secretary General.
- 7. After the expiration of the period prescribed under paragraph 3 of this Article the Secretary General shall submit the proposals and any comments thereon received from the Member States to Council through the Committee on Legal Affairs.
- 8. 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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **COMESA Regulations Concerning the Coverage and Sampling of Out let Types in the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

### **Preamble**

#### **COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

**HEREBY ADOPTS THESE REGULATIONS:**



## **Article 1 Citation**

These Regulations shall be cited as the COMESA Regulations Concerning the Coverage and Sampling of Outlet Types in the Harmonised Consumer Price Indices (HCPI) .

## **Article 2 Definitions**

In these Regulations unless the context otherwise requires:

**“Council”** means Council of Ministers of the Common Market established by Article 7 of the Treaty;

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

**“internet supplier”** means is a web-based business with a website where a consumer can purchase and pay on-line for a good or service;.

**“Member State”** means a COMESA Member State of the Common Market;

**“mobile vendor”** means is a street trader who moves from place to place and may not trade regularly or may not sell the same types of good every day;

**“outlet”** means a shop, market stall, service establishment, internet supplier or other place where goods or services are sold or provided to consumers for non-business use;

**“outlet-type”** means is a set of outlets which have strongly marked and readily defined similarities in terms of physical characteristics, the range of products they sell, and their legal status, e.g. shops which are individually owned or which are part of a chain or group. Outlet-types can form part of a classification designed to divide outlets into meaningful categories for sample stratification;

**“re-sampling”** means the replacement of an outlet once the one under consideration becomes redundant, it may have closed down;

**“Secretariat”** means the COMESA Secretariat of the Common Market established by Article 7 of the Treaty.

### **Article 3 Objective**

The objective of these Regulations is to establish;

(a) a harmonized approach to the coverage and sampling of outlet-types to be used in the construction of the HCPI.

(b) a representative sample of outlets used by the reference population for purchasing goods and services.

### **Article 4 Coverage and Sampling Of Outlets**

1. The HCPI shall include in its sample coverage all the outlet-types referred to in paragraph 6.
2. For outlet-types included in the sample coverage, the estimated value of sales of consumer products shall comprise a sufficiently large proportion of the total value of the purchases of consumer products by the reference population, measured over a period of one year.
3. A sufficiently large proportion is one which is likely to have an impact on the published HCPI at the total level or any published sub-aggregate, which affects the comparability requirement.
4. A particular outlet-type shall be excluded where;
  - (a) It is insignificant in expenditure terms; or
  - (b) a suitable methodology cannot be found.
5. The selection of individual outlets shall be;
  - (a) designed to represent the purchasing patterns of the HCPI reference population;  
and
  - (b) taken from a sample of locations which is representative of the whole country.
6. Individual outlets shall be excluded from the sampling frame where access to the out-let is difficult.
7. The outlet-types which are within the scope of the HCPI shall include:
  - (a) market stalls (covered or open-air markets licensed or unlicensed);
  - (b) fixed-place street vendors;

- (c) permanent shops, whether specialist or general;
- (d) supermarkets and hypermarkets;
- (e) department stores;
- (f) retail chains;
- (g) independent shops not part of a retail chain;
- (h) hotels, bars and restaurants;
- (i) old people's homes, student hostels and similar service providers;
- (j) public or private utility providers selling goods or services to households;
- (k) government agencies or departments;
- (l) providers of medical goods or services (hospitals, doctors, dentists, pharmacies etc);
- (m) providers of educational services (schools, universities, private tutors etc); transport authorities;
- (n) leisure and entertainment providers (e.g. cinemas, sports stadiums);
- (o) other service providers (e.g. plumbers, painters, repairers etc) whether individuals or companies;
- (p) mail order catalogue suppliers; and
- (q) wholesale outlets which also sell directly to households.

***Article 5***  
**Outlet-Types to Be Excluded From Coverage**

The following outlet-types shall not be covered in the HCPI sample:

- (a) Mobile vendors; and
- (b) Internet suppliers.

***Article 6***  
**Maintenance and Review of the Sample Of Outlets**

1. The sample of outlets shall be systematically reviewed on a regular basis and updated where necessary to meet the conditions required by Articles 4(1) and 4(2).
2. The sample of outlets shall be maintained to ensure that it continues to represent the purchasing patterns of the HCPI reference population as required by Article 4(3).
3. A review of the outlet sample, involving a re-selection of some outlets, shall be made over a period of not more than five years.

***Article 7***  
**Closing outlets and Re-sampling**

Where an outlet closes or withdraws from the sample;

- (a) The outlet shall be replaced within three months; and

(b) re-sampling shall be done on a like-with-like basis taking into account the following:

- (i) outlet-type;
- (ii) location; and
- (ii) any other characteristics which may influence the range of goods sold or their price levels.

### **Article 8** **Quality Control**

Member States shall, on request by the Secretariat, provide evidence that the processes referred to in Articles 5 and 6 are in place, and that the conditions of Article 4(1) , 4(2) and 4(3) are met.

### **Article 9** **Amendments**

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day 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 proposal by the Secretary General.
3. After the expiration of the period prescribed under paragraph 3 of this Article 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 10** **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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **COMESA Regulations Concerning the Data Transmission and Publication of the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth

### **Preamble**

#### **COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 24<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

#### **HEREBY ADOPT THESE REGULATIONS:**

#### ***Article 1*** ***Citation***

These Regulations shall be cited as the COMESA Regulations Concerning the Data Transmission and Publication of the Harmonised Consumer Price Indices (HCPI)

## **Article 2** **Definitions**

In these Regulations unless the context otherwise requires:

“**Committee**” means the COMESA Committee on Statistical Matters

“**Council**” means Council of Ministers

“**Data transmission**” means the regular transfer of HCPI and related data from Member States to COMESA;

“**Index reference period**”: means the period for which the value of the HCPI is set at 100:

“**Member States**” means COMESA Member States;

“**Publication**” means placing information in the public domain;

“**Secretariat**” means the COMESA Secretariat.

## **Article 3** **Objective**

The objective of these Regulations is to establish standards for the HCPI on data transmission and publication.

## **Article 4** **Index reference period**

The Committee shall determine the index reference period of the HCPI at various intervals.

## **Article 5** **Data transmission**

1. Member States shall establish a computing system which allows the production and transmission to the Secretariat of sub-indices and weights in the electronic format to be adopted by the Committee.
2. Member States shall transmit to the Secretariat the HCPI and its sub-indices monthly, according to an agreed timetable between Member States and the Secretariat.

3. Member States shall transmit to the Secretariat the corresponding weights and household final monetary consumption expenditures together with the first HCPI and thereafter whenever the weighting structure is changed.
4. Member States shall transmit to the Secretariat data revisions whenever they have been effected.

**Article 6**  
**Data publication by Member States**

Member States shall agree with the Secretariat on the HCPI and derived statistics before any publication.

**Article 7**  
**Data publication by the Secretariat**

1. The Committee shall determine timetables for publication of the HCPI.
2. The Secretariat shall produce and publish the monthly total HCPI-COMESA and its sub-indices as shown in Annex 1.
3. The Secretariat shall publish the monthly total HCPI-COMESA as well as the HCPI and sub-indices on the basis of data given by Member States.
4. The data and indices referred to in paragraph 3 shall include, as a minimum.
  3. Percentage changes in the total HCPI-COMESA and the total national HCPIs between the current month and the same month one year earlier using the formula  $m/(m-12)$  where 'm' indicates month;
    - (a) Percentage changes in the total HCPI-COMESA and the total national HCPIs between the current month and the previous month using the formula  $m/(m-1)$  where 'm' indicates month; and
    - (b) Percentage changes in the total HCPI-COMESA and the total national HCPIs between the latest 12-month average and the previous 12-month average using the formula  $y/(y-1)$  where 'y' is 12-month moving average.
5. The Secretariat shall, after consultation with Member States, publish sub-indices and a more disaggregated level than those shown in Annex 1.



6. The Secretariat shall establish a system which allows simultaneous access for all users to the published HCPI data.
7. The Secretariat may revise published data if the data is changed at the published level of detail or accuracy.
8. Where the Secretariat revises the HCPI indices or weights, in accordance with paragraph 7, such revisions shall be published immediately after they have been effected.

### **Article 8 Miscellaneous**

The Committee shall adopt rules and guidelines covering the following:

- (a) Rounding of Data;
- (b) Revision to published HCPIs;
- (c) The pre-release of HCPI results to a restricted number of users;
- (d) Contributions of certain product groups to the overall rate of inflation; and
- (e) Publication of derived statistics and special indices such as “core” inflation, HCPI excluding indirect taxes, domestic and imported products, rural and urban areas, socio-economic groups of households

### **Article 9 Amendments**

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day 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 proposal by the Secretary General.
3. After the expiration of the period prescribed under paragraph 3 of this Article 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 10**  
**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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **COMESA Regulations Concerning the Application of the Domestic Concept to the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth;

### **Preamble**

#### **COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union ;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

#### **HEREBY ADOPTS THESE REGULATIONS:**

#### ***Article 1*** ***Citation***

These Regulations shall be cited as the COMESA Regulations Concerning the Application of the Domestic Concept to the Harmonised Consumer Price Indices (HCPI)

## **Article 2**

### **Definitions**

In these Regulations unless the context otherwise requires:

“**Council**” means Council of Ministers;

“**domestic concept**” means household consumption on the economic territory of a Member State including the consumption of visiting foreign households but excluding the consumption of resident households outside the territory of the Member State;

“**Economic territory**” means the geographic territory administered by a government within which persons, goods, and capital circulate freely;

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

“**Member States**” means COMESA Member States;

“**reference population**” means the set of households and other consumers included within the scope of the HCPI;

“**Secretariat**” means the Secretariat of the Common Market established by Article 7 of the Treaty.

## **Article 3**

### **Objective**

The objective of these Regulations is to establish, for the purpose of producing a comparable Harmonized Consumer Price Index for each COMESA Member State, a common approach to the definition of the reference population to be covered in the weights and the places in which prices are to be measured.

## **Article 4**

### **Population to Be Covered In The Weights Of The HCPI**

The HCPI weights shall be based on all consumption expenditure made on the economic territory; including consumption by foreign residents or visitors, and excluding any consumption expenditure made outside the economic territory

## **Article 5**

### **Price collection in relation to population coverage**

The outlet-types and products included in the HCPI basket shall be consistent with the population coverage referred to in Article 4.

**Article 6**  
**Applicable Standards**

Member States shall apply the standards referred to in Articles 4 and 5 to the procedures used for establishing the HCPI.

**Article 7**  
**Quality control**

Member States shall, on request by the Secretariat, provide information sufficient to evaluate compliance with these Regulations on the reference population as regards weights and price collection used in the HCPI.

**Article 8**  
**Amendments**

9. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day of its receipt, communicate it to the Member States.
10. The Member States which wish to comment on the proposals shall do so within 90 days from the date of the dispatch of the proposal by the Secretary General.
11. After the expiration of the period prescribed under paragraph 3 of this Article the Secretary General shall submit the proposals and any comments thereon received from the Member States to Council through the Committee on Legal Affairs.
12. 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 9**  
**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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **COMESA Framework Regulations Concerning the Establishment of the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

### **Preamble**

#### **COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

#### **HEREBY ADOPTS THESE REGULATIONS:**

#### ***Article 1*** ***Citation***

These Regulations shall be cited as the COMESA Framework Regulations Concerning the Establishment of the Harmonised Consumer Price Indices (HCPI) .

## **Article 2 Definitions**

In these Regulations and unless the context otherwise requires:

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

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

**“COMESA”** means Common Market for Eastern and Southern Africa;

**“Committee”** means the directors of national statistical offices or institutes in the Member States;

**“CPI”** means a monthly or quarterly price index compiled and published by an official statistical agency that measures changes in the prices of consumption goods and services acquired or used by households;

**“Council”** means Council of Ministers of the Common Market established by Article 7 of the Treaty;

**“economic territory”** means the geographic territory administered by a government within which persons, goods, and capital circulate freely;

**“expenditure scope”** means the domain of price transactions that the CPI aims to measure;

**“household final monetary consumption expenditure”** means a part of final consumption expenditure which is incurred:

- (a) by households irrespective of nationality or residence status;
- (b) in monetary transactions;
- (c) on the economic territory of the Member State; and
- (d) on goods and services that are used for the direct satisfaction of individuals or households;

**“Laspeyres index”** means a basket index in which the basket is composed of the actual quantities of goods and services in the earlier of the two periods compared;

**“Member States”** means COMESA Member States;

**“pure price index”** means an index that is based on pricing a constant representative basket of products at the current period. Because the products and their weights remain constant, any change in the index is due to price change only;

“**Secretariat**” means the COMESA Secretariat of the Common Market established by Article 7 of the Treaty;

“**Treaty**” means the Treaty establishing the Common Market for Eastern and Southern Africa;

“**Working Group**” means Statistical Experts from Member States.

### ***Article 3*** **Objective**

The objective of these Regulations is to establish the basic statistical requirements for calculating comparable consumer price indices in all COMESA Member States, thereby permitting aggregation to the overall COMESA level.

### ***Article 4*** **Scope of the HCPI**

The HCPI shall be based on the prices of goods and services available for purchase in the economic territory of the Member State for the purposes of directly satisfying consumer needs.

### ***Article 5*** **Comparability**

1. HCPIs shall be considered to be comparable only if they reflect differences in price changes or consumption patterns between Member States.
2. HCPIs which differ on account of differences in the concepts, methods or practices used in their definition and compilation shall not be considered comparable.

### ***Article 6*** **Timetable for attaining HCPI**

1. The Committee shall determine the timetable for measures necessary to achieve comparable HCPIs , as follows:
  - (a) Stage I: the adoption of sufficient implementing regulations to allow the subsequent publication of interim HCPIs for individual Member States and for the COMESA sub-region as a whole;
  - (b) Stage II: the adoption of sufficient further implementing regulations to allow the subsequent publication of HCPIs;



Provided that further implementing regulations may be adopted in order to improve the accuracy, reliability or timeliness of HCPIs.

2. During each of the stages described in paragraph 1 .HCPI implementing regulations shall be adopted in order to set out the necessary requirements for achieving harmonized CPIs in respect of the relevant technical issues.
3. The Committee may, at the request of a Member State and after consulting the Working Group, grant derogations from the provisions of paragraph 1 where the Member State concerned has to make significant adjustments to its statistical system in order to fulfil its obligations under this Article.
4. Council shall adopt implementing measures for these Regulations upon recommendation by the Committee.

#### ***Article 7*** **Data**

The basic data for HCPI shall be prices of goods and services and expenditure weights derived from household surveys and other sources.

#### ***Article 8*** **Sources of Data and Information**

The main source of data for the HCPI shall be the national statistical office of each Member State.

#### ***Article 9*** **Calculation and Classification of HCPI**

1. The classification used for the calculation of the HCPI and its sub-indices shall be based on the COICOP.
2. The formula to be used in calculating the upper level HCPIs shall be based on a modified form of the Laspeyres Index.
3. The underlying concept in the calculation of the HCPI shall be the measurement of the change between two time periods in the total expenditure needed to purchase a given set, or basket, of consumption goods and services.

**Article 10**  
**Frequency and timing of the production of the HCPI**

1. The national HCPIs of each Member State and HCPI-COMESA shall be calculated and published each month.
2. Member States shall update the weights of the HCPI with a frequency sufficient to meet the comparability requirement laid down in Article 5.
3. Member States shall transmit the HCPIs to COMESA within a period which shall not exceed 20 days from the end of the calendar month to which the indices relate.
4. The Secretariat shall publish the HCPIs, HCPI-COMESA and the corresponding sub-indices within a period which shall not exceed 10 working days from the end of the period referred to in paragraph 3.

**Article 11**  
**Revision of HCPIs**

The HCPI and HCPI-COMESA may be revised in the event of:

- (a) mistakes; and
- (b) methodological changes.

**Article 12**  
**Organisational Structure**

1. The Committee shall monitor and keep under constant review the implementation of HCPI in the region.
2. The Committee may establish a Working Group on HCPI to undertake specific tasks under these regulations.
3. This Working Group shall be composed of statistical officials from each Member State.
4. The Working Group shall adopt its own rules of procedure.

**Article 13**  
**Quality control and reviews**

1. Each Member State shall submit to the Secretariat data that is in accordance with the standards prescribed by Council.
2. Member States shall, on request by the Secretariat, provide information on the data used to construct the HCPI at the level of detail necessary to evaluate compliance with the comparability requirements and the quality of the HCPIs.

**Article 14**  
**Amendments**

1. Any Member State or the Council may submit proposals for the amendment of these Regulations.
2. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day of its receipt, communicate it to the Member States.
3. The Member States which wish to comment on the proposals shall do so within 90 days from the date of the dispatch of the proposal by the Secretary General.
4. After the expiration of the period prescribed under paragraph 3 of this Article the Secretary General shall submit the proposals and any comments thereon received from the Member States to Council through the Committee on Legal Affairs.
5. 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 15**  
**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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **COMESA Regulations Concerning the Product Coverage in the Harmonised Consumer Price Indices (HCPI).**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

### **Preamble**

**COUNCIL:**

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25<sup>th</sup> Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards in all Member States will enable Member States to compile existing national consumer price indices on a directly comparable basis ;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

**HEREBY ADOPTS THESE REGULATIONS:**

**Article 1**  
**Citation**

These Regulations shall be cited as the COMESA Regulations Concerning the Product Coverage in the Harmonised Consumer Price Indices (HCPI).

**Article 2**

**Definitions**

In these Regulations, unless the context otherwise requires:

**“Aggregates”** means a set of transactions relating to a specified flow of goods and services, such as total purchases made by resident households on consumer goods and services in some period;

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

**“Council”** means Council of Ministers of the Common Market established by Article 7 of the Treaty;

**“Coverage Of Goods And Services Of The HCPI”** means the four-digit categories specified in the Classification of Individual Consumption According to Purpose (COICOP) and given in Annex1;

**“Member States”** means COMESA Member States;

**“product categories”** means the details that make up COICOP;

**“Secretariat”** means the COMESA Secretariat of the Common Market established by Article 7 of the Treaty;

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

**“sub-indices of the Harmonized Consumer Price Indices (HCPI)”** means the consumer price indices produced by Member States and transmitted to COMESA for any of the categories of expenditure listed in Annex 1 of this Regulation.

**Article 3**  
**Objective**

The objective of these Regulations is to provide for the scope for product coverage of goods and services to be adopted and a list of permanent exclusions for the purpose of producing a comparable Harmonized Consumer Price Index (HCPI) in COMESA .

**Article 4**  
**Coverage**

The full list of COICOP categories to be included in the first stage of coverage is shown in Annex 1.

Provided that for the interim HCPIs, additional product categories shall be excluded from coverage as shown in Annex 1.

**Article 5**  
**Permanent exclusions**

The products and transaction types listed in Annex 2 shall be excluded from the HCPI.

**Article 6**

**Production, transmission and dissemination of sub-indices**

1. Member States shall produce and transmit to the Secretariat the HCPI weights and the monthly total HCPI including all its sub-indices according to the requirements of Article 4.
2. The Secretariat shall produce sub-indices of the HCPI-COMESA for the categories listed in Annex 1.
3. Council shall prescribe the list of sub-indices and aggregates to be published by Member States.

**Article 7**  
**Quality control**

Member States shall on request by the Secretariat , provide information on the allocation of goods and services to the categories of expenditure of Annex 2 sufficient to evaluate compliance with this Regulation.

## **Article 8 Amendments**

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day 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 proposal by the Secretary General.
3. After the expiration of the period prescribed under paragraph 3 of this Article 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 9 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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## **ANNEX 1**

### **Coverage of goods and services in the COMESA HCPI (Article 4 of these Regulations )**

#### **01-12 INDIVIDUAL CONSUMPTION EXPENDITURE OF HOUSEHOLDS**

##### **01 FOOD AND NON-ALCOHOLIC BEVERAGES**

###### **01.1 Food**

01.1.1 Bread and cereals

01.1.2 Meat

01.1.3 Fish and seafood

01.1.4 Milk, cheese and eggs

01.1.5 Oils and fats

01.1.6 Fruit

01.1.7 Vegetables

01.1.8 Sugar, jam, honey, chocolate and confectionery

01.1.9 Food products not elsewhere classified.

###### **01.2 Non-alcoholic beverages**

01.2.1 Coffee, tea and cocoa

01.2.2 Mineral waters, soft drinks, fruit and vegetable juices

##### **02 ALCOHOLIC BEVERAGES, TOBACCO**

###### **02.1 Alcoholic beverages**

02.1.1 Spirits

02.1.2 Wine

02.1.3 Beer

###### **02.2 Tobacco**

02.2.0 Tobacco

##### **03 CLOTHING AND FOOTWEAR**

###### **03.1 Clothing**

03.1.1 Clothing materials

03.1.2 Garments

03.1.3 Other articles of clothing and clothing accessories

03.1.4 Cleaning, repair and hire of clothing

###### **03.2 Footwear**

03.2.1 Shoes and other footwear

03.2.2 Repair and hire of footwear

##### **04 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS**

###### **04.1 Actual rentals for housing**

04.1.1 Actual rentals paid by tenants

04.1.2 Other actual rentals

###### **04.3 Maintenance and repair of the dwelling**



- 04.3.1 Materials for the maintenance and repair of the dwelling
- 04.3.2 Services for the maintenance and repair of the dwelling
- 04.4 **Water supply and miscellaneous services relating to the dwelling**
- 04.4.1 Water supply
- 04.4.2 Refuse collection
- 04.4.3 Sewerage collection
- 04.4.4 Other services relating to the dwelling not elsewhere classified
- 04.5 **Electricity, gas and other fuels**
- 04.5.1 Electricity
- 04.5.2 Gas
- 04.5.3 Liquid fuels
- 04.5.4 Solid fuels
- 04.5.5 Heat energy

## 05 FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE

- 05.1 **Furniture and furnishings, carpets and other floor coverings**
- 05.1.1 Furniture and furnishings
- 05.1.2 Carpets and other floor coverings
- 05.1.3 Repair of furniture, furnishings and floor coverings
- 05.2 **Household textiles**
- 05.2.0 Household textiles
- 05.3 **Household appliances**
- 05.3.1 Major household appliances whether electric or not
- 05.3.2 Small electric household appliances
- 05.3.3 Repair of household appliances
- 05.4 **Glassware, tableware and household utensils**
- 05.4.0 Glassware, tableware and household utensils
- 05.5 **Tools and equipment for house and garden**
- 05.5.1 Major tools and equipment
- 05.5.2 Small tools and miscellaneous accessories
- 05.6 **Goods and services for routine household maintenance**
- 05.6.1 Non-durable household goods
- 05.6.2 Domestic services and household service

## 06 HEALTH – EXCLUDED FROM STAGE 1

## 07 TRANSPORT

- 07.1 **Purchase of vehicles**
- 07.1.1 Motor cars
- 07.1.2 Motor cycles
- 07.1.3 Bicycles
- 07.1.4 Animal drawn vehicles
- 07.2 **Operation of personal transport equipment**
- 07.2.1 Spare parts and accessories for personal transport equipment
- 07.2.2 Fuels and lubricants for personal transport equipment

07.2.3 Maintenance and repair of personal transport equipment  
07.2.4 Other services in respect of personal transport equipment

**07.3 Transport services**

07.3.1 Passenger transport by railway  
07.3.2 Passenger transport by road  
07.3.3 Passenger transport by air  
07.3.4 Passenger transport by sea and inland waterway  
07.3.5 Combined passenger transport  
07.3.6 Other purchased transport services

**08 COMMUNICATION**

**08.1 Postal services**

08.1.0 Postal services

**08.2 Telephone and telefax equipment and telephone and telefax services**

08.2.0 Telephone and telefax equipment

**08.3. Telephone and telefax services**

08.3.0 Telephone and telefax services

**09 RECREATION AND CULTURE**

**09.1 Audio-visual, photographic and information processing equipment**

09.1.1 Equipment for the reception, recording and reproduction of sound and pictures

09.1.2 Photographic and cinematographic equipment and optical instruments

09.1.3 Information processing equipment

09.1.4 Recording media

09.1.5 Repair of audio-visual, photographic and information processing equipment

**09.2 Other major durables for recreation and culture**

09.2.1 Major durables for outdoor recreation

09.2.2 Musical instruments and major durables for indoor recreation

09.2.3 Maintenance and repair of other major durables for recreation and culture

**09.3 Other recreational items and equipment, gardens and pets**

09.3.1 Games, toys and hobbies

09.3.2 Equipment for sport, camping and open-air recreation

09.3.3 Gardens, plants and flowers

09.3.4 Pets and related products

09.3.5 Veterinary and other services for pets

**09.4 Recreational and cultural services**

09.4.1 Recreational and sporting services

09.4.2 Cultural services

**09.5 Newspapers, books and stationery**

09.5.1 Books

09.5.2 Newspapers and periodicals

09.5.3 Miscellaneous printed matter

09.5.4 Stationery and drawing materials

**09.6 Package holidays – Excluded from Stage 1**

**10 EDUCATION - EXCLUDED FROM STAGE 1**

## 11 RESTAURANTS AND HOTELS

### 11.1 **Catering services**

11.1.1 Restaurants, cafés and the like

11.1.2 Canteens

### 11.2 **Accommodation services**

11.2.0 Accommodation services

## 12 MISCELLANEOUS GOODS AND SERVICES

### 12.1 **Personal care**

12.1.1 Hairdressing salons and personal grooming establishments

12.1.2 Electric appliances for personal care

12.1.3 Other appliances, articles and products for personal care

### 12.3 **Personal effects not elsewhere classified**

12.3.1 Jewellery, clocks and watches

12.3.2 Other personal effects

### 12.4 **Social protection – Excluded from Stage 1**

### 12.5 **Insurance - Excluded from Stage 1**

### 12.6 **Financial services not elsewhere classified – Excluded from Stage 1**

### 12.7 **Other services not elsewhere classified**

12.7.0 Other services not elsewhere classified (**Legal services excluded from Stage 1**)

HCPIs which include price indices and weights for each of the categories listed in Annex 1 accounting for at least one part in a thousand of total expenditure covered by the HCPI shall be deemed comparable.

## **ANNEX 2 (Article 4 of these Regulations)**

Goods and services to be permanently excluded from the COMESA HCPI  
(COICOP categories shown where appropriate)

Narcotics (02.3)

Imputed rents for owner-occupied dwellings (04.2)

Gambling (09.4.3)

Prostitution (12.2)

Life insurance (12.5.1)

Illegal transactions.

## **COMESA Regulations Concerning the Index Formulae to be used in the Harmonised Consumer Price Indices (HCPI)**

Pursuant to the provisions of Article 140 of the Treaty Establishing the Common Market for Eastern and Southern Africa (COMESA), the Regulations governing the COMESA Harmonised Consumer Price Indices are hereby set forth:

### **Preamble**

#### ***COUNCIL:***

**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, harmonised and comparable statistical data on various sectors of economical activity, through the harmonisation and adoption of common methodologies concepts and definitions to be used in collecting and compiling statistics;

**Noting** that the 17th Meeting of the Council in 2004 agreed that harmonization of concepts and methodologies, as well as statistical frameworks, is critical to the success of the COMESA monetary harmonization programme;

**Noting further** that the 25th Meeting of Council in 2008 adopted a roadmap for the implementation of COMESA Harmonised Consumer Price Indices;

**Recognizing** that a framework for the establishment of comparable consumer price indices based on international standards will enable Member States to compile existing national consumer price indices on a directly comparable basis;

**And furthermore recognizing** the need for the establishment of procedures to be used for detailed compilation of harmonised consumer price indices;

**Recognizing that** HCPI serves as a key macroeconomic indicator essential for the establishment of a common monetary area, leading to the eventual establishment of a monetary union;

**Realizing** that HCPI is a critical aspect of assessing the eligibility of a Member State's readiness for the Monetary Union;

#### **HEREBY ADOPTS THESE REGULATIONS:**

#### ***Article 1 Citation***

These Regulations shall be cited as the COMESA Regulations Concerning the Index Formulae to be used in the Harmonised Consumer Price Indices (HCPI).

## **Article 2 Definitions**

In these Regulations unless the context otherwise requires:

“**Council**” means Council of Ministers of the Common Market established by Article 7 of the Treaty;

“**Dutot index**” means elementary price index defined as the ratio of the unweighted arithmetic averages of the prices in the two periods compared;

“**Elementary Aggregates**” means the smallest aggregate for which expenditure data are available and used for the HCPI;

“**Geometric mean (GM) method**” means a measure of location which is one of the general class of combinatorial power mean;

“**Jevons index**” means an elementary price index defined as the unweighted geometric average of the sample price relatives;

“**Laspeyres-type fixed base weight index**” means the price of the consumption basket at a given time as a percentage of its price in the base;

“**Secretariat**” means the COMESA Secretariat of the Common Market established by Article 7 of the Treaty.

## **Article 3 Objective**

The objective of these Regulations is to establish a common approach to the formulae to be used for calculating elementary aggregate indices and higher aggregate indices for the purpose of producing a comparable Harmonized Consumer Price Index (HCPI) for each COMESA Member State.

## **Article 4 Formula for elementary aggregate price indices**

HCPIs for the aggregation of elementary indices shall be calculated using the geometric mean (GM) method, commonly referred to as the Jevons index . *The mathematical formula is set out in Annex 1.*

Provided that in the case of products within an elementary aggregate which are homogeneous, in terms of product prices and units of measurement, the ratio of the unweighted arithmetic mean prices, commonly referred to as the Dutot index shall be used. *The mathematical formula is set out in Annex 1.*

**Article 5**  
**Formula for price indices above the elementary aggregate level**

1. The HCPIs for aggregation of elementary aggregate indices shall be calculated using the weighted arithmetic means of the elementary aggregate indices for HCPIs for aggregate indices at levels above those of the elementary aggregate indices.
2. The computation of these indices shall be based on a Laspeyres-type fixed base weight index period. *The mathematical formula is set out in Annex 2.*

**Article 6**  
**Quality control**

Member States shall, on request by the Secretariat, provide information on the index formulae used in the HCPI sufficient to evaluate compliance with this Regulation.

**Article 7**  
**Amendments**

1. Any proposals for the amendment of these Regulations shall be submitted to the Secretary General in writing who shall, within 30 day 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 proposal by the Secretary General.
3. After the expiration of the period prescribed under paragraph 3 of this Article 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 8**  
**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 [xx] meeting of the COMESA Council of Ministers held at [xxx], [date].

[signature]  
Chairman  
COMESA Council of Ministers

## ANNEX 1

### FORMULAE FOR CALCULATION OF ELEMENTARY AGGREGATE INDICES FOR THE HCPI. ( ARTICLE 4 OF THESE REGULATIONS).

#### 1. GEOMETRIC MEAN - THE JEVONS INDEX

This index is the unweighted geometric mean of the price ratios.

$$P_J(p^0, p^t) = \prod_{m=1}^M \sqrt[M]{\frac{p_m^t}{p_m^0}}$$

where:

$P_J(p^0, p^t)$  is the Jevons index for time period  $t$  relative to the base period 0;

$M$  is the total number of lowest-level items (i.e. specified commodities) within a particular elementary aggregate and  $m$  is a particular item.

Thus the Jevons elementary price index is equal to the geometric average of the  $M$  item price ratios  $p_m^t / p_m^0$ .

The calculation may also be made as the ratio of the unweighted geometric mean prices, since this yields the same result as the formula above:

$$P_J(p^0, p^t) = \frac{\prod_{m=1}^M \sqrt[M]{p_m^t}}{\prod_{m=1}^M \sqrt[M]{p_m^0}}$$

Thus the Jevons elementary price index is also equal to the ratio of the unweighted geometric means of the  $M$  item prices.

**2. THE RATIO OF ARITHMETIC MEAN PRICES - THE DUTOT INDEX**  
(to be used only in cases where the products within the elementary aggregate are relatively homogeneous and prices are measured in the same units)

$$P_D(p^0, p^t) = \frac{\sum_{m=1}^M p_m^t / M}{\sum_{m=1}^M p_m^0 / M} = \frac{\sum_{m=1}^M p_m^t}{\sum_{m=1}^M p_m^0}$$

where:

$P_D(p^0, p^t)$  is the Dutot index for time period  $t$  relative to the base period 0;

$M$  is the total number of lowest-level items (i.e. specified commodities) within a particular elementary aggregate;

and  $m$  is a particular item.

Thus the Dutot elementary price index is equal to the arithmetic mean of the  $M$  prices in period  $t$  divided by the arithmetic mean of the  $M$  prices in period 0 (i.e. the ratio of arithmetic averages).

**NOTE: THE CARLI INDEX (ARITHMETIC MEAN OF PRICE RATIOS)**  
is not to be used in constructing the HCPI. The formula is:

$$P_C(p^0, p^t) = \frac{1}{M} \cdot \sum_{m=1}^M p_m^t / p_m^0$$



## ANNEX 2

### FORMULA FOR CALCULATING PRICE INDICES AT AGGREGATION LEVELS ABOVE THOSE OF THE ELEMENTARY AGGREGATE INDICES. ( ARTICLE 5 OF THESE REGULATIONS).

The formula to be used for calculating higher-level indices of the HCPI shall be as follows:

$$I^{0:t} = \sum w_i^b \cdot I_i^{0:t}$$

where:

$I^{0:t}$  is a higher-level index measured between periods 0 (the price reference period) and a later period  $t$ ,

$w_i^b$  are the weights for each of the elementary aggregate indices, relating to the weights reference period  $b$ , and where  $\sum w_i^b = 1$  and  $I_i^{0:t}$  are the corresponding elementary aggregate indices.

For practical computation, the formula may be expressed in the following way:

$$I^{0:t} = \sum w_i^b \cdot I_i^{0:t-1} \cdot I_i^{t-1:t}$$

An advantage of this version of the index is that it allows the sampled products within the elementary price index from  $t-1$  to  $t$  to differ from the sampled products in the periods from 0 to  $t-1$ .