5th ICP 2011 Executive Board Meeting

October 25, 2011, Washington, DC

Minutes of Meeting

The fifth meeting of the ICP 2011 Executive Board took place on October 25, 2011, hosted by the World Bank in Washington, DC. The attached agenda is included in Annex 1. In attendance were Board members and ICP Global Office staff as listed in the attached list of participants (Annex 2).

Welcome and opening remarks

Enrico Giovannini, Chair, ICP Executive Board, welcomed Board members and promised to circulate meeting minutes to the members including those who were not able to attend the meeting.

Shaida Badiee, Director, World Bank Development Data Group, welcomed the Board members, went over some housekeeping arrangements, and thanked Board members for their participation and contribution.

Item 0: Adoption of the agenda and approval of the minutes of last meeting

The Chair invited members to adopt the agenda and the minutes from the fourth meeting of the Executive Board held in February 2011 in New York. Both documents were adopted by the Board without any changes.

Item 1: Progress in the implementation of the 2011 ICP

Michel Mouyelo-Katoula, ICP Global Manager, delivered a presentation on the status report focusing on the following issues: implementation status of decisions taken at the February 2011 Board meeting, status and risk assessment, governance meetings, capacity building and outreach activities, and overall ICP timetable.

Implementation of Decisions taken at the February 2011 Board meeting

All 11 decisions made by the Executive Board on February 2011 were effectively and timely implemented. They include Board’s request that the global linking method to be applied in the current round should be presented to the Board by May 2011, for decision. A note was sent to Board members and included in the June 2011 Interim Report. The Board further discussed this issue and made
the following comments about two related aspects: the notion of *importance* and the problem of some economies pricing more Global Core List (GCL) items than other countries in their respective regions.

- The note on *importance* is not very clear, which might create confusion amongst PPP users. The criteria for importance should be defined in a more objective way. The quantification of *importance* information into 2:1 or 3:1 weights is likely to be considered as subjective and jeopardize the credibility of the ICP results. Reflecting the Board’s concern, the Technical Advisory Group (TAG) will be asked to provide a sound recommendation to the Board on this issue based on a sensitivity analysis of weights in the CPD regression exercise.

- Concerning China pricing more GCL items than other economies in Asia-Pacific, the Board endorsed the TAG report but commented that the report did not fully elaborate on the magnitude of potential risks.

The Board:

1. Endorsed the TAG recommendation on the global linking methods to be applied in the 2011 Round of the ICP.

2. Requested that the issues related to the concept of *importance* and the extra-pricing of GCL items by a particular country should be looked into carefully by the TAG as well as the Global Office.

3. Urged the Global Office to add to the TAG’s work program the task of carrying out a sequence of tests on the translation of the *importance* information into quantitative weights to prevent any arbitrary decisions such as removing less-important items to adjust PPPs.

**Status and Risk Assessment**

In response to the Global Manager’s report on 4 different types of risks - Political and administrative; Funding; Data quality; and Credibility - arising at the current stage of the program implementation, the representatives from Regional Implementing Agencies updated the Board on their respective regional programs as follows:

- The African Development Bank reported Libya, Somalia, Equatorial Guinea, and Angola as risky countries; the latter two countries facing funding issues. Eritrea has withdrawn from the program, and South Sudan’s participation is unlikely.

- The Asian Development Bank reported that economies under their purview were operating in a timely fashion except for those constrained by their population census activities.

- CIS-STAT emphasized that, in the Memoranda of Understanding they signed with participating countries, what was requested to be transmitted was only national annual average prices. However, CIS-STAT has convinced three countries to provide some preliminary mid-year 2011 data. The GCL item price data will be submitted to the Global Office by the end of the first quarter of 2012.
• The ECLAC delegate reported that Argentina has officially withdrawn from the program, and that some countries including El Salvador, Haiti and Panama were facing some internal difficulties.

• The ESCWA representative confirmed that Lebanon and Syria revoked their participation in the 2011 round.

In view of the above, the Board:

1. Appealed for more punctuality in data submission so that the 2011 round can proceed according to the planned timeline, without sacrificing data quality.

2. Stressed that the Global Office should update the Board members on any potential risk situations, and stabilize the number of participating economies, which is especially important at this stage in external communication.

**Governance Meetings**

Following the report on the technical issues discussed at the TAG and Regional Coordinators’ meetings held in October 2011, as well as on the on-going preparations of an ICP report to the 43rd session of the UNSC, the Board made the following comments:

• Although National Accounts work is not the core activity of the ICP program, official national GDP estimates could benefit from the methodological work undertaken in the 2011 round of the ICP. It was reminded that the ICP will use official GDP estimates exclusively.

• In communicating the results and comparing them between the two Rounds, emphasis should be laid more on individual consumption estimates than on GDP, given the pertinence of consumption for households’ well-being and the different methodology used for net trade and investment.

• The issues of productivity adjustment and extrapolation of PPPs should be thoroughly and effectively addressed by the TAG and users should be informed of these methodological changes when comparing 2011 estimates with the 2005 estimates.

Concluding its discussion of the above, the Board:

1. Requested that the Global Office should circulate the draft ICP report to the UNSC to Board members by November 16, 2011 for review, as the deadline for submission to the UNSC is end of November 2011.

2. Recommended that the fall meetings of the TAG and Regional Coordinators (RC) should be held earlier than envisaged, preferably in September 2012, to give the Board enough lead time to consider any data and policy issues arising from those meetings.

**Capacity Building and Outreach Activities**
The Board expressed its appreciation for the concerted efforts put in the drafting and editing of the ICP Book and took note of the fact that the complete electronic version will be ready by March 2012. On the Executive Summary of the ICP Book, the Board recommended it be explained in more general terms without too much technicalities. Considering these comments, it was agreed that the Global Office would prepare a foreword providing an easy-to-understand definition of PPP and a brief review of the major uses of ICP statistics, and reflect this information in other publicity material aimed for less technical audiences. This foreword should also mention that the ICP Book is more a compendium of technical material than advocacy material.

The Board further:

1. Noted that the Global Office will provide to Board members by end of November 2011 the URL to the book chapters uploaded to the ICP website with a view to seeking their comments on the contents thereof.

2. Requested that the Global Office would prepare a 1-2 page foreword providing a layman definition of PPP and a brief review of the major uses of ICP statistics.

3. Acknowledged that the representative from the US Bureau of Labour Statistics will provide the Global Office with suggestions for a revised version of the outline of the book.

**ICP Timetable**

The proposed timetable targeting the final results to be published in December 2013 was presented and accepted by Board members.

The Board noted that the timing of the release of regional ICP results must conform to the global ICP timetable to ensure effective inter-regional validation can be completed before regional results are published.

**Item 2: 2011 ICP Data Access Archiving Policy**

Nada Hamadeh, Statistics Officer, World Bank Development Data Group, made a presentation on 2011 Round of ICP Data Access and Archiving Policy. The focus of the Board’s discussion was mostly on the proposed access to the category of ICP variables 4 “National Average Price data at the product level for regional items not on the global core list for all countries with appropriate disaggregation, metadata, and measure of quality”. Annex 3 presents a summary of the proposed data access for 2011 ICP related variables.

The Board’s discussion can be summarized as follows:

- The Board agrees to the proposed access to the categories of ICP variables 1, 2, and 3.
- The Board is in principle in favour of providing average price data for research purposes, as long as it does not breach confidentiality of individual providers. UNSD suggested some sentences be
added to the section on Procedures for Data Access to reflect that. Statistics Canada noted that a mechanism is needed for countries to communicate to the Regional Implementing Agencies and the World Bank which average prices are confidential.

- Eurostat does not have any issue with providing access to category 4, but OECD might face difficulties with its non-EU members. Eurostat also indicated that access to category 4 data will be through an access process managed by Eurostat and not the Global Office.

- OECD agreed to consult with its members on the potential access of category 4 data. Such access would be managed by OECD and not the Global Office.

- CIS-STAT may face some issues with providing access to category 4, as it is not included in the Memoranda of Understanding signed with its countries.

- The USA requested that the principle of reciprocity be further clarified. They noted that researchers should be able to publish data, as long as they are not breaching the confidentiality of individual providers.

- The Australian Bureau of Statistics observed that principles 1 and 9 are difficult to enforce. They also noted that a statement of quality should accompany data releases to increase the program’s credibility.

- The Asian Development Bank requested that the procedures for data access be clarified to address requests for access to regional data in addition to global data. When Regional Coordinating Agencies receive requests for access to regional data, these requests do not have to be cleared by the Global Office.

- China’s NBS stated that they do not have additional comments to the statement made by Commissioner Ma after the Board’s February 2011 meeting.

In light of the above, the Board:

1. Noted that, as a general rule, it is in favour of providing access to ICP average prices of adequate quality and that do not reveal the confidentiality of individual providers.

2. Endorsed the data access principles, with the suggested adjustments.

3. Requested OECD to communicate with its non-Eurostat countries on the potential provision of the category 4 data.

4. Requested CIS-STAT to communicate with their member countries on the potential provision of the category 4 data.

5. Requested China to inform the Board and the Global Office on their position regarding ICP data access, and hoped that they will agree to provide access to their data.

6. Requested the Global Office to amend the current paper to address the comments received from Board members on principles and procedures.
Item 3: Overview of budget and fund-raising situation

Grant Cameron, Manager, World Bank Development Data Group, reported to the Board on the Global Office budget framework and spending trends. He highlighted financial risks faced in Africa, Western Asia and the Caribbean in particular. The African Development Bank assured the Board that their funding risk would be resolved in the near future.

The Board:

1. Agreed to support fund-raising efforts to help the Caribbean and Western Asia regions that fall short of financial resources.

2. Promised to stand ready to support additional fund-raising efforts at the Global level, should cost pressures continue to mount.

Item 4: Other business and concluding remarks

Mindful that the ICP would be at risk if extrapolations were maintained as the only way of estimating PPPs beyond benchmark rounds, the Board requested that the Global Office prepare a strategy paper on options for reduced scale activities geared towards making the ICP a regular program. The paper will be reviewed by the Regional Coordinators and the TAG before onward submission to the Board for consideration in October 2012. It will highlight the findings from the ICP pilot crowd-sourcing price surveys, currently underway, which was briefly reported to the Board as a possible way of collecting prices in a cost-effective manner. As suggested by the Board, the findings from a quick survey on countries’ intentions and willingness to undertake regular and reduced scale ICP exercises beyond the current round will also be reflected in the paper.

The next Executive Board meeting will be held in October 2012. The exact date will be determined later.
Annex 1

Agenda
5th ICP 2011 Executive Board Meeting
October 25, 2011, Washington DC

08:30-09:00  Check-in & Coffee

09:00-09:15  Welcome and opening remarks

09:15-09:30  Adoption of the agenda and approval of the minutes of last meeting

09:30-11:30 2011 ICP progress report
Update on the status of implementation of the 2011 ICP, risk assessment, TAG technical recommendations, and the steps ahead

11:30-12:00 2011 ICP Data Access and Archiving Policy
Guiding principles and procedures for Data Access and Archiving

12:00-13:30 Lunch (IMF HQ2 Conference Hall 2)

13:30-14:30 Discussion of the 2011 ICP Data Access and Archiving Policy

14:30-14:45 Coffee break

14:45-15:15 Overview of budget and fund-raising situation

15:15-15:45 Other business and concluding remarks
## List of Participants

### 5th ICP 2011 Executive Board Meeting

**October 25, 2011, Washington DC**

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### Annex 3: Proposed Data Access for 2011 ICP Related Variables

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