Attendees:

- Mr. Dennis Trewin (Chair) - ABS
- Dr. Ifzal Ali - ADB
- Mr. Misha Belkindas (for Ms. Badiee) - World Bank
- Mr. Len Cook - ONS, GB
- Mr. Hubert Escaith (for Mr. Ocampo) - ECLAC
- Mr. Enrico Giovannini - OECD
- Professor Ben Kiregyera - Uganda Bureau of Statistics
- Mr. Charles Lumfumpa (for Dr. Kifle) - AfDB
- Mr. Koffi Nguessan - ENSEA
- Mr. Jacob Ryten - Statistics Canada
- Mr. Vladimir L. Sokolin - Goskomstat of Russia
- Ms. Silke Stapel (for Mr. Meganck) - Eurostat
- Mr. Fred Vogel - ICP Global Office

Apologies:

- Mr. Carlos M. Jarque - Inter-American Development Bank
- Mr. Kishore - Ministry of Statistics, India
- Ms. Mervat Tallawy - ESCWA
- Mr. Li Xiaochao - National Bureau of Statistics, China

Introductory remarks

1. The Chairman welcomed participants and made introductions. He then summarized recent events and said that he intended to send a report to the major donors outlining successes so far and problems faced.

Status report to the Executive Board

2. The Global Manager provided an overview of the current status of the ICP and accomplishments since the previous Executive Board meeting in February 2003. He included a review of actions taken as a result of the previous Board meeting. The Executive Board members had many questions, comments and suggestions which are outlined below.

Advocacy material

3. A well-written advocacy paper is needed for several reasons. First, heads of national statistical offices need it to explain to their political leaders why they
are devoting resources to the program. Second, they also need it to explain to their staff why the program is important.

**Timetable for coordinators and execution of the program (annex 1)**
4. The timetable needs to be made available in considerable detail for the regional offices and national coordinators so that everyone knows the schedule and scope of responsibilities.

5. The Global Office needs to send a letter to non-European OECD countries reminding them of the need to meet their responsibilities for providing GDP data on a timely basis.

6. The staggered schedule for the price collection was discussed. The current plans are that price collection for food, clothing and footwear basic headings will begin in April 2004, while collection for the remaining household consumption items will begin in July 2004. Fixed Capital Formation and government services will be collected towards the end of 2004. The possibility of staggering by regions was also discussed in spite of the technical difficulties it raises. In this connection, it was suggested that PPPs be prepared and published on a staggered basis as well so that donors could see initial results.

7. A point was made that key milestones need to be established for gauging the risks faced by the ICP and standards be defined to judge the program’s success.

**Structured Product Descriptions (SPDs)**
8. There was considerable discussion about the development of Structured Product Descriptions beginning with questions about whether the process can be finished in the time allowed. Members were reminded that the development of the product list started from scratch because of the recommendation in the Ryten report that the OECD list not be the starting point. It was agreed that the SPD process is an investment in the future.

9. A strong point was made that the World Bank needs to consider a governance structure that provides for the preservation of the SPD database and associated product descriptions to ensure their availability for research purposes and preparations for the next round.

**National Accounts development**
10. The Board agreed that in parallel to the price collection for the ICP, many countries’ National Accounts need to be further developed to ensure reliable volume indicators. The time table to do this is not realistic for some countries. The Technical Advisory Group (TAG) will be asked for advice on how countries can obtain expenditure weights where it is not possible to derive them directly from the National Accounts in sufficient detail.
Toolpak software
11. The Russian Federation referred to the letter from India that raised doubts about the Toolpak software and expressed the same concerns. They said the Eurostat ICP software had been translated into Russian and satisfied their needs. It was their preference to use the Eurostat ICP system. The Toolpak software supporting both the ICP and CPIs will be made available to any country requesting it. Representatives from Africa stated that their countries are anxious to have the system, but that the regional coordinator has not yet loaded it onto their computers. This led to a discussion about the updates being made to the Toolpak and whether they would be available in time. It was suggested a matrix be prepared that shows by country which system they intend to use.

12. The Executive Board requested that a final decision regarding the use of the Toolpak for the 2004 round be presented via email by the end of the calendar year. Eurostat offered the use of its data to test the Toolpak on the condition that it be done on site.

13. The Toolpak was tested in about a dozen countries. As a result of this test, the following enhancements are being made to the system:
   i. The timeline for updating and testing the system will focus on the end of year completion date;
   ii. The installment process will be simplified;
   iii. A more efficient data entry capability will be provided;
   iv. Within country data validation tables will be provided;
   v. Quaranta and other inter-country analysis capabilities will be added;
   vi. The capability to upload product specifications, outlet types, etc will be provided.

PPPs for Poverty Measurement
14. There was a general consensus that a discussion forum was needed for input about Poverty PPPs. The following points were made:
   i. There needs to be some consideration about what constitutes “poverty”. Alternatives include the World Bank estimation procedure and various in-country procedures. Various measures are used including income or expenditure data from household surveys and consumption data from national accounts;
   ii. The poverty numbers for China were simulated;
   iii. Poverty issues may over-burden the ICP. However the Board recognized that poverty cannot be left out of the equation;
   iv. One suggestion is that work on national accounts and expenditure weights include seeking “expert estimates” of expenditure weights of the poor for selected countries;
v. Another suggestion was that to avoid biased poverty Purchasing Power Parities, some parallel pricing surveys be done in selected countries for a basket reflecting the poor;

vi. It was agreed that research is needed to answer the basic questions about whether poverty measurements require a different market basket, more specific pricing data or some combination of both;

vii. There was a general consensus that the World Bank should seek funds outside the ICP to support additional research on the development of poverty PPPs. It is likely this would require a special pricing effort in some countries.

**Funding of the ICP 2004 round**

15. The funding situation led to a wide-ranging discussion of issues. There was a clear consensus that a serious fund raising effort must be mounted before considering any cut backs in the program.

16. The fund raising efforts suggested included writing a letter to the President of the World Bank through the Executive Board and heads of multilateral agencies to alert them to the problem and seek additional funds. It was agreed that an overall strategy is needed that includes determining who to approach, how, i.e. personal visit by whom, and the preparation of a compelling reason for each to participate. Bilateral visits need to be made by the highest levels of the World Bank to the potential donor. Timing is crucial as funding is needed for the data collection starting in April 2004.

17. It was agreed that there would be a wide fund raising effort, but that the World Bank would be asked to provide an interim advance of funds so that the planning and implementation efforts can proceed with confidence. The Global Office was charged with providing estimates of the shortfall by region, by requirement and by timeframe as soon as possible. Other comments included:

i. Fund raising is becoming more difficult as more of the donor countries themselves are facing budget difficulties. Even so, they could be approached to provide bilateral assistance;

ii. The Ring Comparison could be used as a fund raising activity and a donor sought to pay for the global comparison;

iii. OECD and Eurostat requested that their considerable in-kind contributions be included in the overall budget overview to reflect the total cost of the global program.

**Regional reports**

18. Asia. In early 2004, Asia would like to have a regional seminar focusing on advocacy. It was suggested that PARIS2Imay be able to assist with this effort. A concern was expressed about some countries not wishing to cover the full
GDP in the price comparison. It was the consensus of the Board that countries capable of doing so should cover the full GDP. The Board reiterated that the case had not been made to move away from the earlier decision to price the whole of GDP except in those cases where the country was not capable of doing so. A primary reason was that researchers, investors and others would create their own estimates and as a result create confusion.

19. **CIS.** The region will need funding from the World Bank to proceed with the workshops involving the participating countries. The need for the countries to agree to the provisions in the Memoranda of Understanding was also discussed. The participation of Mongolia was discussed and it was concluded that Mongolia would be asked to only participate in the CIS comparison.

20. **Africa.** The African representative noted that only about half of the funds promised had been made available. It is also critical that the importance of the ICP for poverty measurements be given a high profile in the region.

21. **Latin America.** The region has done considerable work to harmonize the CPIs across countries, so the preparation of product lists should be done on a timely basis. No regional coordinator will be hired until the region is funded. For the time being, regular staff members will do the work. Current plans are to include 13 countries that account for 90 percent of the region’s GDP. Up to 26 countries have shown interest and would be included if and when appropriate funds become available. The region also concurs with the African position regarding poverty measurements.

22. **Ring Comparison Program.** The proposals made by the Technical Advisory Group concerning ring countries were compared with those coming from the regions and the Ring team. After much discussion, the Board offered the following compromise between the different groups offering recommendations. These are to be reviewed by the TAG for its input before seeking the approval of the countries themselves.

i. **Latin America:** Mexico, Chile, Brazil, Ecuador (Costa Rica is not participating in the 2004 ICP. A Board comment regarding Mexico was that its use as a ring country needs to be re-considered if the other Central American countries are not included in the regional comparison)

ii. **Africa:** S. Africa, Tunisia, and Senegal

iii. **Asia:** Philippines, Malaysia, Viet Nam (Also Singapore if it wishes to be included.)

iv. **West Asia:** Jordan, Oman

v. **CIS:** Russia, Kazakhstan

vi. **OECD/Eurostat:** US, UK, Japan, Slovenia
Concluding Remarks

23. The Board discussed whether it was still possible to stick to the schedule, given the current serious shortfall of funding and the state of development of the Toolpak. It concluded that the ICP should still work along the original timeline as its credibility depends on it and to fulfill donor expectations. It was, however, agreed that staggering strategies for regions may be necessary even though this would delay the overall timetable. If the necessary funding cannot be made available and the World Bank cannot bridge the funding gap immediately, decisions concerning delaying the timeline or modifying the approach may have to be made.