

**29**

**Governance framework for the Management and Implementation of  
The 2011 Round of the International Comparison Program**

*Paper for Session 5*

**Global Office**



**Regional Coordinators Meeting**

**September 28-30, 2009**

**Washington DC**

## Table of Content

Purpose of the Governance framework.....	3
Background.....	3
The Role of the United Nations Statistical Commission .....	5
The Role of the Development Data Group in the World Bank.....	5
The Role of the ICP Executive Board.....	6
The Role of the ICP Global Office and Global Manager .....	7
 <b>Annexes:</b>	
Annex 1. Terms of Reference: ICP Executive Board.....	10
Annex 2. Terms of Reference: ICP Technical Advisory Group .....	11

## **Purpose of the Governance framework**

---

1. The United Nations Statistical Commission (UNSC) at its 39<sup>th</sup> session strongly endorsed the continuation of the International Comparison Program (ICP) with a target year of 2011. This was confirmed at the 40<sup>th</sup> session of the UNSC where it also mandated a governance structure be put into place that includes an ICP Executive Board, a Global Office led by a Global Manager chosen through an international competitive selection process, a Technical Advisory Group, and Regional Implemental Agencies. It also confirmed that the World Bank will continue to host the Global Office of the International Comparison Program.
2. The ICP is an international partnership based on professional cooperative arrangements involving international, regional, and national organizations with many managerial responsibilities decentralized following the administrative and fiscal rules of the agencies involved. ICP does not have a legal status.
3. The purpose of this document (referred to as ICP Governance Framework) is to define the role of the various Governance bodies of the ICP whose overall mandate is to coordinate the international, regional, and national efforts to produce Purchasing Power Parities and related measures of real expenditures in coordination with the OECD/Eurostat ICP programs.
4. The ICP Governance Framework formalizes the status of the ICP Executive Board whose members come from the international organizations and national statistical institutes. This will include the terms of reference for the ICP Executive Board and the Technical Advisory Group.
5. The ICP Governance Framework document specifies the Global Office's role within the framework of the ICP governance structure and its reporting requirements to the UNSC.
6. The ICP Governance Framework provides the working relationship of the Global Office with the Development Data Group in the World Bank.

## **Background**

---

7. Since its establishment in 1968, the ICP has grown to cover all regions of the world and has become the world's largest statistical initiative involving five regions. The five ICP regions are: Africa, Asia and the Pacific Islands, Latin America including the Caribbean Islands, the Commonwealth of Independent States, and Western Asia. The European Economic Union Statistics Office (Eurostat) and the Organization of Economic

Development and Cooperation conduct a separate comparison program for their member countries.

8. Both programs require prices of products that are comparable across countries and a breakdown of the national Gross Domestic Product into agreed upon expenditure categories. The goal is to estimate Purchasing Power Parities to be used as currency converters to compare the performance of economies around the world, and provide a common basis to assess the progress towards meeting the Millennium Development Goals, especially the reduction of poverty.
9. The ICP and Eurostat-OECD comparison programs are conducted in parallel using shared work plans and time tables as spelled out in a separate letter of agreement between Eurostat, OECD, and the World Bank Development Data Group. The Global Office is responsible for organizing the necessary data collection in order to link the ICP regions to the Eurostat—OECD comparison and also for preparing the global report.
10. Purchasing Power Parities are estimated by price comparisons between countries; therefore, inter-country and inter-region coordination is required. Each country and region must abide by an agreed upon set of standards for price data collection and national accounting procedures.
11. The necessary elements for an effective global statistical system to produce Purchasing Power Parities are:
  - a. A governance structure that establishes policies on scope, coverage, the work plan, and time table in such a way that all participants take ownership in the program.
  - b. A set of statistical standards and methodology that can not only be consistently applied, but is also accepted as good practice by all participants.
  - c. Coordination to ensure all national and regional organizations are following the same time table, work plan and methodology.
  - d. Resources to support effective governance, allow for development and improvement of methodology, and ensure coordination is carried out.
  - e. Communication to provide full transparency for decisions made regarding priorities, work plans, time tables and sharing of resources.

12. The following paragraphs provide the roles of the UNSC, the World Bank, the ICP Executive Board, and the Global Office. Terms of reference for the Executive Board and Technical Advisory Group are in Annexes 1 and 2, respectively.

### **The Role of the United Nations Statistical Commission**

13. The UNSC will constitute the ICP Executive Board ensuring adequate representation by key countries and regional organizations. The UNSC will form the Board through a formal invitation issued jointly by the United Nations Statistical Division Director and the Chair of the ICP Friends of Chair working group. The invitations will include the terms of reference (see Annex 1) and statements setting out the required commitments of the members.
14. The UNSC will review and act upon issues raised by the Executive Board in its annual progress reports to the Commission.
15. The UNSC will provide guidance to the Executive Board regarding outreach, advocacy, and coordination with other initiatives, especially the implementation of the 1993/2008 System of National Accounts.
16. The UNSC will form a group of Friends of Chair, as needed, to guide or to evaluate the ICP process and through the FOC group collect feedback and agree on ways to improve the ICP processes and procedures.
17. The Director of UNSD will be a member of the Executive Board and liaise with the Director of the Development Data Group and the ICP Global Manager to keep lines of communication open between the UNSC and the Global Office.

### **The Role of the Development Data Group in the World Bank**

18. The Development Data Group in the World Bank Department is hosting the ICP Global Office. The Global Office's activities are financed from the ICP Global Trust Fund established at the World Bank and follows World Bank administrative and fiduciary rules and regulations under the supervision of the Director of the Development Data Group.
19. Since the World Bank is hosting the Global Office, the ICP becomes a part of the Development Data Group's work plan making the Director accountable to the World Bank for the program. Relevant operational costs for the input from non-ICP team members are also borne by the World Bank.

20. The Director ensures that the confidentiality of data from the ICP regions and countries is maintained following World Bank rules and procedures. The Development Data Group has had the responsibility to maintain and archive the basic heading PPPs and expenditures from the 2005 round, and manage the access to those data by outside parties.
21. The Development Data Group will continue to be responsible for archiving the database from the 2011 round and with input from the Executive Board and the Global Manager provide a policy recommendation and implement it regarding access to the ICP 2011 round data for research and analysis purposes.
22. The Director of the Development Data Group will be a member of the ICP Executive Board.

### **The Role of the ICP Executive Board**

---

23. The Executive Board is ultimately accountable to the UNSC for the success of the ICP. It will provide annual status reports to the UNSC.
24. Members of the Executive Board will serve as representatives of their organizations. In carrying out Executive Board business, members will follow their respective agencies' administrative rules and procedures.
25. Membership will include representatives from the Eurostat, OECD, International Monetary Fund, the World Bank, and the United Nations Statistics Division. Each regional coordinating agency will also hold a seat on the Executive Board.
26. The membership will also include representatives of countries participating in the ICP. Countries will be selected to provide a balance across the regions and to provide representation of those with different economic structures and statistical capacity. Countries providing assistance to the regional and global programs will be included on the Board.
27. The list of member organizations, but not the individuals, will be specified by the Bureau of the UNSC and will serve for the duration of the round.
28. Members representing their organizations will be at a senior level of director or manager of statistical operations or Chief Statistician.
29. The Executive Board members will select the Chair for the duration of the 2011 round to provide leadership and continuity. The Chair will not only be the convener of the

Executive Board, but also maintain close contact with the Global Manager and stand ready to assist with strategic issues arising between Board meetings.

30. The Terms of Reference regarding the activities and responsibilities of the Executive Board are in Annex 1.

### **The Role of the ICP Global Office and Global Manager**

---

31. Under the direction of the ICP Global Manager, the Global Office will carry out the day-to-day work required to implement the ICP at the international level. This includes the overall coordination and implementation of the ICP.
32. The activities of the Global Office will be financed mainly from the ICP Global Trust Fund following World Bank rules and regulations. The Global Office will report through the Global Manager to the Director of the Development Data Group. On matters related to the execution and implementation of the ICP, its policies, priorities, and standards, the Global Manager will act within the directives provided by the Executive Board.
33. The Global Manager is a World Bank staff person reporting to the Director of the Development Data Group. The Global Manager will be responsible for establishing effective communications with the Chair of the Executive Board and the Director of the Development Data Group. Communications regarding World Bank functions will be to the Director of the Development Data Group. Communications regarding strategic activities of the Global Office affecting the ICP will be to the Chair of the Executive Board through the Director of the Development Data Group. The Global Manager will directly liaise on issues with the ICP Board Chair between Board meetings on matters requiring immediate attention.
34. The Executive Board will provide feedback regarding the Global Manager and Global Office staff performance to the Director of the Development Data Group.
35. The Global Manager will ensure that World Bank rules and procedures are followed regarding personnel actions, staff travel, and hiring of consultants. The Global Manager will keep the Director fully informed of work plans, time tables, and other issues affecting the World Bank mission.
36. The Global Manager will seek input relying on expertise from others in the World Bank in specific areas such as the review of national accounts, poverty analysis, systems development, database and web management, and publication.

37. The Global Manager will seek to establish synergy on any major common areas between the ICP and other related international programs such as the SNA 2008 implementation.
38. The Global Office provides the overall coordination of the program across the regions. Through the Global Manager, it provides the secretariat functions for the Executive Board. The Global Office will:
- a. Prepare annual work programs and budgets for the approval of the Executive Board.
  - b. Mobilize resources for the global comparison and assist regional and national organizations with their fund raising efforts.
  - c. Seek Board input and ultimate approval for guiding principles regarding statistical standards and access to data.
  - d. Provide quarterly status reports to the Executive Board, keep detailed minutes of actions taken at Board meetings, and post all to the ICP website for transparency purposes.
  - e. Prepare and submit the annual report from the Executive Board to the UNSC.
  - f. Coordinate the data collection required to link data across regions and the necessary data validation and computations.
  - g. Determine when global results are ready for publication and seek Executive Board final approval.
  - h. Prepare the global report including the results of the Eurostat-OECD comparison.
39. The Global Office is responsible for the overall leadership and coordination to guide the regional ICP programs to ensure procedures and methods are comparable. It will also provide the following to support and coordinate the regional ICP programs:
- a. Prepare Memoranda of Agreements with the regions and provide the framework for the same between regional and national coordinators. These will set out the roles and responsibilities of each party and will identify what the regional implementing agency agrees to do.
  - b. Determine data collection, analysis, aggregation and dissemination time tables and work plans in collaboration with regional organizations.

- c. Provide technical support to the regions for data validation, analysis, and the computation of regional results.
  - d. Prepare and implement policies and procedures for data sharing between countries, regions, and the Global Office during the data validation stages and after publication for researcher access. Regions will periodically submit national level average prices, detailed GDP expenditure breakdowns, and other required ICP data to the Global Office for comparisons across regions to ensure consistent and comparable methods are being used for data collection and analysis.
  - e. Provide the standards that national and regional data must satisfy to be included in the global report.
  - f. Provide technical support to the regions to implement ICP software for prices and national accounts, and to do the data analysis and estimation.
  - g. Convene periodic regional coordinator workshops to review technical issues and, as the program gets underway, to review data across regions.
  - h. Update the ICP Handbook and Operational Manual on the technical aspects of the program and provide tools such as e-learning for training purposes.
  - i. Provide recommendations to the Executive Board on the membership and chair of the Technical Advisory Group and its Terms of References.
  - j. Provide liaison with the Technical Advisory Group about methodology and making a final decision where there are choices.
  - k. Network, coordinate work programs, methodology, and time tables with the Eurostat-OECD comparison.
40. The Global Office is responsible for the implementation of the dissemination policy of ICP statistics to the users. It will manage the relevant databases and ensure that access to ICP data is granted to interested users under the confidentiality rules set by the Executive Board.

## **Annex 1. Terms of Reference: ICP Executive Board**

---

The ICP Executive Board will have the following roles, responsibilities, and accountabilities:

- Provide leadership in determining strategic priorities
- Oversee the ICP global partnership arrangements
- Promulgate ICP standards
- Approve annual work programs and budgets, and strategic decisions on use of resources
- Provide support for advocacy and resource mobilization
- Oversee the activities of the ICP Global Office on the basis of work programs and progress reports
- Ensure the quality and timeliness of published data, methodologies, and related guidelines
- Define the dissemination policy for ICP results and provide guidance on outreach activities
- Provide status reports to the UN Statistical Commission through the Global Office
- Provide input to the appointment and performance evaluation of the Global Manager
- Commission evaluations of the ICP
- Act to resolve any conflicts both within the program and between the program and its external environment.
- Approve the membership of the Technical Advisory Group and the selection of the Chair.

## **Annex 2. Terms of Reference: ICP Technical Advisory Group**

---

The International Comparison Program is extremely complex because it involves the data collection for the estimation of average prices consistent with national accounts, national accounts prepared following international standards, and the computation of index numbers. All must recognize the underlying requirement that methodology be comparable across countries; this is a challenge because of the different economic structures and statistical capacity of the participating countries.

The purpose of the Technical Advisory Group (TAG) is to provide input to the Global Office and regional coordinators to:

- resolve methodological problems inherent in the program regarding the estimation of regional Purchasing Power Parities and PPP-deflated GDP expenditures,
- link the regional PPPs to obtain global results;
- adopt data access policies;
- prepare regional and global reports.

The members and the Chair of the TAG will be appointed by the ICP Executive Board and will serve for the duration of the round. The communications with the TAG will be between the Global Manager and the Chair of the TAG. While the TAG will have a core membership of experts in various topics, the TAG Chair and the Global Manager can include additional experts as needed for specific problem areas.

The scope of the TAG will be increased to also include the activities and responsibilities of the poverty Advisory Group which was a subset of the previously formed TAG.

### **Specific roles and responsibilities of the Technical Advisory Group follow.**

- Review the methodology used for the ICP 2005, identify problem areas, and recommend actions resolve them. The TAG may propose additional research or analysis if needed to solve the problems.
- Provide input on problems coming from unforeseen circumstances.
- Provide input where methodology differs between regions to improve the comparability. This includes the difficulty to compare components of the GDP such as dwelling rents, government expenditures, and construction.

- Review the ICP Handbook and operational manuals and provide input about the scope of the content and its adequacy for use by the regional and national coordinators.
- Review ICP methodology to ensure it provides PPPs that can be used for both deflating the Gross Domestic Product and for the estimation of poverty PPPs.
- Review and evaluate research activities undertaken by the Global Office.
- Provide the Global Manager with a review of the global results before publication.
- Abide by the confidentiality requirements of the World Bank.