

ICP Executive Board Meeting
Paris, France
June 16, 2006

Overview

The purpose of this paper is to summarize discussions and actions taken by the Executive Board at its June 16, 2006 meeting. Annex A lists the ICP Board Members and other attendees at the Board meeting. Annex B shows the meeting agenda.

The Executive Board requested that the Global Office take the following actions:

- Document the procedures leading up to the publication of the global results combining all countries based on the Ring Comparison. This document should describe the data validation and estimation stages as well as the roles played by the regional and national coordinators in this effort. This work plan should outline how the level of detail to be published will be determined.
- Summarize input received about policies governing access to micro data and unpublished estimates, and prepare recommendations on these access issues for Board approval.
- Prepare a working paper to facilitate discussion on copyright policies and pricing for access to ICP results.
- Prepare a summary paper regarding the governance of the ICP, especially explaining why the ICP Council will not be formed.
- Complete the Memorandum of Understanding (or letter of agreement) between the Global Office, Eurostat, and the OECD. In addition, agreement will be reached on how the Eurostat/OECD can support the preparation of the global PPPs and subsequent reports.
- Prepare Terms of Reference for an evaluation of this round of the ICP to identify successes and shortcomings, evaluate new methodology, and provide guidance for the future.
- Arrange the next Executive Board meeting for October 18, 2006.

A summary of discussions and Board actions follows.

1. Overview of data collection, validation, and preparations for publication

Annex C provides an overall summary. While data collection for consumption items requiring price collection is essentially completed, most regions are still collecting data for housing, government compensation, equipment and construction. A previous Board decision was that regions will publish the PPPs and associated volume data in stages, beginning with preliminary estimates for actual final consumption followed by the full GDP when the capital formation data become available. These preliminary estimates will be based upon the final basic heading parities, but the aggregations to higher levels for

publication will be based upon expenditure weights for 2004 calibrated to the most recent estimates of the 2005 GDP.

A related issue is the timing of the preliminary global estimates. The global estimates are dependent upon basic heading PPPs and expenditure weights from **every** region and the regional scaling factors coming from the Ring Comparison.

Additional discussions about each region and the Ring Comparison follow:

- a. **Asia.** Consumption data validation workshops are underway; expenditure weights have also been reviewed with all countries. The region is poised to publish preliminary data early in the 4th quarter of 2006.
- b. **W. Asia.** The goal is to publish preliminary data by the end of 2006.
- c. **Africa.** The region has completed data validation for 2005 data. However, countries will collect price data through June 2006. They can publish preliminary data by the end of 2006 if they only include data collected through March 2006. The region will decide whether to publish results in 2006 using three quarters of data, or in 2007 using all data.
- d. **CIS.** The region has completed all data collection and is finalizing the price data. While they have preliminary expenditure weights, the region wishes to only publish the data when the weights are not subject to change.
- e. **LAC.** The region will publish preliminary data for actual final consumption on June 28, 2006 followed by the full GDP later in the year.
- f. **Eurostat/OECD.** The first forecast of the Eurostat PPP 2005, the so-called "nowcast", was published mid-June by a press release. Preliminary 2005 Data for Eurostat will become available in December 2006. The OECD data will be available in mid-March 2007.
- g. **Ring Comparison.** Data collection is underway with consumption items to be completed by mid-2006. Except for the CIS and Eurostat/OECD regions, the regional collections for equipment and construction will provide the data for the Ring Comparison. The CIS region is not doing a separate Ring data collection for consumption as it is mapping 2005 prices onto the Ring list. They have been asked to provide the prices to the Global Office along with the item descriptions by June 30, in order to determine whether that provides sufficient coverage.

2. Issues regarding release of preliminary global results

Since the OECD results, according to the well-established timetable, will become available in March 2007 and all global calculations and validation can only start when the ring is final, the global release will follow after that time-frame. The African region was encouraged to use all price data collected through June 2006, even though that would result in their preliminary report being published in the first quarter of 2007. Several Board members expressed opinions that considerable time — up to six months — will be required to prepare the global PPPs once all regional data are available. This means that

the first global results will not become available until the third quarter of 2007. If the first global release does not take place until then, it may be the final release for consumption. The issue is whether the data users will be willing to wait until then to receive results.

The Ring data for most of the regions will become available before the end of 2006. Even if all Ring country data and all regional basic heading PPP and weights are needed before the Ring can be finalized, the Executive Board agreed that the Global Office should do early analysis of Ring data to facilitate the finalization of the global estimates for publication.

The Board also discussed the pros and cons of publishing basic heading PPPs only with no expenditure weights for the preliminary global report. This would resolve the issues about using preliminary expenditure weights followed by later revisions. However, another view was expressed that the main rationale for the ICP is to provide PPP-based comparisons of the GDP and components. The Board conclusion was that PPPs should not be published without corresponding expenditure data.

Some members expressed concern that the Global Office will need technical support to prepare the global PPPs, with the Eurostat and OECD members offering assistance. The Global Office welcomes this support and will work with the OECD and Eurostat to prepare the work program, timing and cost sharing arrangements.

The Global Office was directed to document the steps to be taken to validate the Ring data and compute the regional scaling factors. This document should provide guidelines to determine the level of deviations allowed before data are removed from the comparison. The outline of the validation and estimation stages should include the role of the regional and national coordinators in the effort. This document will define the work program to follow and meet the needs for transparency, identify the timing and kind of assistance needed and the review process, and propose means of completing the validation in less than six months.

The Global Office was also directed to prepare global reports summarizing the findings across regions to assure data users that it is engaged in the regional processes and that global data will be forthcoming.

3. Release of LAC preliminary results

The region will release the results for actual final consumption on June 28, 2006. After much analysis, the level of detail is less than earlier expected. The price comparisons are very good, but the problem lies in the national accounts and the breakdown of the expenditure weights. Lessons learned were that the region underestimated the cost of the program, the amount of coordination needed, and the time and effort needed to translate all materials into Spanish and Portuguese. There is strong support in the region to continue the momentum gained from this round and also to try to include Central

American countries in the next round. It intends to begin data collection for the next round starting January 2008. The Executive Board congratulated the LAC team for its excellent progress.

4. Data Access Working Group report

The Global Manager prefaced the introduction to this discussion by saying that input has been received from some TAG members and a joint Eurostat/OECD response. The report will be reviewed with the regional coordinators at the July 24-28 workshop. This input, in addition to the Executive Board discussions on June 16, will be the basis for the Global Office to prepare final recommendations for Board approval.

The issues are the different levels of data, their ownership, and how access can be allowed. The levels of data include a) individual price observations along with the outlet name, b) individual prices with all characteristics but without the outlet name, c) average prices, and d) basic heading PPPs and weights. Associated issues are the guidelines for the regional coordinators to follow when handling requests for access to price data and unpublished PPPs and expenditure weights.

It was suggested the guidelines be thorough and restrictive for access to individual price quotations and the average prices. It was also suggested that the TAG be involved in reviewing these requests, with a concern expressed that those in academia should not be included in these reviews. The opinion was also expressed that access to basic heading PPPs should be considerably easier.

The Global Office was directed to write a working paper to clarify the copyright policy including pricing. The pricing issue was discussed further, with no resolution except for agreement that marginal costs should be recovered. It was agreed that the published results should be made available to all at no charge.

The data access report recommended a level of detail to be published in the global report, with the caveat that the regions could publish in greater detail for some items on condition that data quality is satisfactory. The Global Office was directed to add the process in its Ring work plan, including auxiliary tests to determine the level of detail to be published.

5. Funding

The \$1.0 million shortfall includes funds needed to carry the program to the final publication of global results. The primary needs are to ensure that regions have resources to complete data collection for construction, equipment, and the Ring Comparison, and to support the regional and global data review workshops that have been so instrumental in ensuring that consistent data are provided. The World Bank outlined its efforts to meet this need. It was also reported that the Russian Ministry of Finance is considering the

provision of \$500k, but this will not become available until mid-2007. This will provide support to begin the next round. It was also suggested that the Global Office approach national aid agencies to support specific parts of the program, such as the AusAID support for the Asia ICP which included assistance for six Pacific Island countries for a reduced-scale ICP survey covering a number of consumption items.

6. ICP Council

The Global Office prepared a draft proposal for discussion purposes. The original ICP governance as proposed to the UN Statistical Commission and which it approved declared that there should be a Council to whom the Executive Board would be accountable. The Council would include the primary donors and stakeholders. The Council concept was not put into place for the 2005 round. However, donors have received periodic progress reports summarizing the status of the ICP. Reports have also been prepared for the UN Statistical Commission (UNSC) annual meetings.

The issue is whether there should be a Council (and, if so, the composition of its membership has to be addressed), and whether instead there should be periodic forums for data users. There was limited support for the establishment of a Council.

The Global Office was directed to rewrite the proposal for the Council to clarify the wording for the objectives of the ICP and to explain why the Council was not formed. The Global Office, on behalf of the Executive Board, will continue to report annually to the UNSC and seek feedback on ICP progress and governance.

It was also recommended that a forum for data users be considered an event, not an organizational issue. There could be special recognition of the donors, for instance, by providing a special report at the time of ICP releases or issuing invitations to the launch of results where donor contributions could be mentioned.

7. MoU between regions and Global Office

The Eurostat/OECD drafted a MoU between the Global Office and all regions with regard to the global publication and access rights to global final data. It was agreed that the MoU should be bilateral between the Global Office and the Eurostat/OECD, with the understanding that other regions will be informed of the process. Representatives from the ICP regional offices felt that the existing agreements met their needs.

8. Evaluation Plans

The evaluation should serve several purposes. A primary purpose of the evaluation should be to determine whether the data users received what they expected and whether donors obtained value for their contributions.

There should be a report that addresses the shortcomings described in the Ryten Report and whether appropriate steps were taken to avoid their recurrence. Other evaluations should include reviews of the new methodology developed and the Tool Pack.

The Global Office was directed to develop a proposal for an evaluation describing the multiple aspects of the effort. It should include the estimated costs of the exercise.

9. Other Matters

It was proposed that the next Board meeting be held in Washington, D.C. on October 18, 2006.

Annex A. Attendees

Dennis Trewin, Australian Bureau of Statistics and Executive Board Chairman
Shaida Badiie, World Bank
Misha Belkindas, World Bank
Vladimir Sokolin, Russia Federal State Statistical Service
Andrey Kosarev, Foundation Bureau of Economic Statistics, Moscow

Robert Edwards, IMF
Enrico Giovannini, OECD
Laurs Norlund, Eurostat
Silke Stapel, Eurostat
Jacob Ryten, Statistics Canada
Shri Vishnu Kumar, Ministry of Statistics, India

David Fenwick, Office of National Statistics, United Kingdom
Charles Lufumpa, African Development Bank
Michel Mouyelo-Katoula, African Development Bank
Yonas Biru, World Bank
Fred Vogel, World Bank

Annex B. Agenda

1. Overview of regional and global data collection status and preparations for publication
2. Issues regarding release of preliminary results
3. Release of LAC preliminary data--issues--lessons learned.
4. Review working group report on DATA ACCESS
5. Funding Situation
6. Formation of the ICP Council
7. Issues regarding Memoranda of Understanding between regions and Global Office for the global publication
8. Plans to evaluate current round and move forward to next one
9. Other Matters

Annex C. Overview of status of completion of data collection, validation, and estimation of preliminary PPPs for the ICP by region as of May 2006

C = Completion of data collection. V = Validation completed at regional level
P = Preliminary PPPs prepared for publication

		-----2006-----				-----2007-----	
		Jan/Mar	Apr/Jun	Jul/Sep	Oct/Dec	Jan/Mar	Ap/Ju
	Consumption	C		V	P		
	Health/Education		C	V	P		
Asia	Cap Formation		C	V	P		
	Gov't/ Housing		C	V	P		
	Exp Wts		C V		P		
*****		*****	*****	*****	*****	*****	*****
	Consumption	C		V	P		
W. Asia	Health/Education		C	V	P		
	Cap Formation		C		V P		
	Gov't/ Housing			C	V P		
	Exp Wts		C V				
*****		*****	*****	*****	*****	*****	*****
	Consumption		C		V P		
Africa	Health/Education		C		V P		
	Cap Formation			C	V P		
	Gov't/ Housing			C	V P		
	Exp Wts			C V	V P		
*****		*****	*****	*****	*****	*****	*****
	Consumption	C	V		P		
CIS	Health/Education	C	V		P		
	Cap Formation	C			V P		
	Gov't/ Housing	C		C	V P		
	Exp Wts		C V		P		
*****		*****	*****	*****	*****	*****	*****
	Consumption	C V P					
LAC	Health/Education	C V P					
	Cap Formation		V	V	P		
	Gov't/ Housing	C V P					
	Exp Wts	C V P					
*****		*****	*****	*****	*****	*****	*****
EU/OECD	All				P(EU)	P(OECD)	
*****		*****	*****	*****	*****	*****	*****
	Consumption			C V	V		P
Ring	Health/Education			C V	V		P
	Cap Formation				C	V	P
	Gov't/ Housing				C	V	P

Annex D. Submission of Ring data to the Global Office by category, date, and level of detail as of May 16

	Consumption	Health/ Education	Equipment/ Construction	Government	Housing
Chile	22 July	30 Oct	15 Dec	15 Dec	30 Oct
Brazil	28 Aug	30 Oct	15 Dec	15 Dec	30 Oct
Russia	30 June	30 June	30 Aug	1 Oct	1 Oct
Kazakhstan	?	?	?	?	?
UK	30 June	30 June	1 Sep	1 Sep ?	1 Sep ?
Slovenia	30 June	30 June	1 Sep	1 Sep ?	1 Sep ?
Estonia	30 June	30 June	1 Sep	1 Sep ?	1 Sep ?
Japan	30 June ?	30 June ?	Nov/Sep	1 Sep ?	1 Sep ?
S. Africa	15 July	30 May	31 July	30 May	15 June
Zambia	30 June	30 June	31 July	30 June	30 June
Kenya	30 June	30 June	31 Aug	30 June	30 June
Egypt	15 July	30 June	31 July	30 June	30 June
Senegal	30 June	30 June	31 July	30 June	30 June
Cameroon	30 June	30 June	31 July	30 June	30 June
Philippines	30 June	June	June	30 June	submitted
Hong Kong	30 June	30 June	July	Nov 2005	15 Apr
Malaysia	1 July	30 May	1 July	30 June	?
Sri Lanka	1 July	15 June	30 July	15 May	15 May
Oman	30 May	30 May			
Jordan	30 June	30 June			