



Executive Board Meeting

Minutes of Meeting

October 14, 2009

Washington, DC

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1. OPENING REMARKS AND APPOINTMENT OF THE CHAIR

Shaida Badiee welcomed the ICP Executive Board members. She informed them of the progress made so far in establishing the governance framework and setting up the ICP Global Office. She introduced Michel Mouyelo-Katoula, the 2011 ICP Global Manager.

Shaida Badiee read a statement on behalf of Paul Cheung, who was unable to attend. Paul Cheung's statement highlighted the progress made since the last United Nations Statistical Commission including the reconstitution of the new ICP Executive Board and the Technical Advisory Group and partnership arrangements with the regional implementing agencies.

Paul Cheung, in his statement, proposed that Oystein Olsen, Chair of the Friends of the Chair group and the Interim Executive Board, continues to serve as Chair for the new ICP Executive Board. Board members supported Olsen's nomination. Oystein Olsen accepted the nomination and assumed his role as the Chair.

2. THE 2011 ICP GOVERNANCE FRAMEWORK

2.1 The Role of the Executive Board & the Role of the other Governance Bodies

Michel Mouyelo-Katoula made a presentation on the expanded version of the 2011 ICP Governance Framework that was endorsed by the United Nations Statistical Commission (UNSC) at its 40th session, in February 2009.

The Chair invited Board members to provide comments or suggestions on the changes made to the Governance Framework and propose any other changes deemed necessary. He indicated that the final version will be used as a reference for the status report to the 41st session UNSC report due end of November 2009.

Board members made the following comments:

- 1- The usefulness of the ICP should be elevated to the policy arena. An ICP outreach strategy should be developed to address the mechanisms of reaching out to policy-makers and other users.
- 2- The role, responsibilities, and accountability of the Executive Board (EB) should be further clarified in the governance framework paper. The EB's role is to provide strategic decisions, to provide guidance on the progress of the overall ICP project and its specific elements, and to conduct fund-raising. The EB's accountability for the success of the program is mainly about ensuring that the program is on track, and not for overseeing the day-to-day activities which is done by the GO. Moreover, the GO will approach the EB for strategic, organizational, and operational issues.
- 3- On data quality, the EB should ensure the availability of needed frameworks aimed at improving the quality and timeliness of published data, methodologies, and related guidelines. In this regard, the EB welcomes the preparation of an ICP quality assessment framework by the GO. It also noted that the GO is producing a detailed documentation on the process and methodology for producing ICP results, with specific emphasis on the documentation and replication of the 2005 results.
- 4- It should be clarified that the GO is responsible for preparing the progress report to the UNSC. The EB would review, approve, and present the report to the UNSC.
- 5- In addition to formal EB meetings, the EB Chair needs to communicate frequently with the GO and circulate information to EB members by email.
- 6- On the TAG membership, the EB noted that an operational EB sub-committee was formed to help with operational activities in the interim period between the 2005 and 2011 rounds, including the forming of the TAG. The EB reminded that TAG membership and Chair need to be approved by the EB. EB members noted that the TAG membership should be flexible to facilitate the addition of specialized experts, when needed.

- 7- The Terms of Reference of the TAG need to indicate that the TAG should have a strategic focus and sense of direction, and should concentrate on a list of priorities that are feasible, practical, and cost-effective.
- 8- There is a need to streamline the use of Memoranda of Understanding (MOU) between various ICP stake holders. Finalizing and signing the memorandum of agreement between the ICP and OECD/Eurostat PPP program should be a priority to ensure effective coordination between the two programs.

3. INSTITUTIONAL ARRANGEMENTS

3.1 Lessons Learned about Governance from ICP 2005

Shaida Badiee made a presentation on lessons learned about the governance framework and modalities from the previous ICP round, including the roles, responsibilities, and membership of the EB and the TAG, the use of memoranda of agreements, relationship with users and policy-makers, and the working relationship between the ICP and the Eurostat/OECD PPP program.

Board members made the following comments:

- 1- Users should be visible in the governance framework.
- 2- There is a need to highlight the capacity-building elements in the ICP, and link them to the capacity building agenda of PARIS 21. There is also a need to establish synergies with other capacity-building programs such as the SNA. The capacity-building needs of the countries should be assessed in the planning stage.
- 3- Institutional representation in the EB is important, but personal and free representation of intellect is also needed in the Governance System. In this regard, TAG membership could be an organization or personal representation.
- 4- There is a need for more transparency in the computation of results, with more country involvement.

3.2 Organizing the regions for 2011

Michel Mouyelo-Katoula introduced a brief report on the status of preparation of the new round by the various ICP regions and OECD/Eurostat. Overall, the progress is very positive on the number of regional organizations that have agreed to take full charge of ICP 2011 work in their respective regions.

Representatives from regional coordinating agencies and countries made the following interventions:

- 1- The heads of CIS NSOs will meet end of November 2009. This meeting will confirm the CIS country participation in the 2011 round. Some CIS countries conducted a 2008 round linked to the OECD program. In 2005, there was a solution to link CIS to OECD and thus to the world using Russia's data. This solution is considered optimal as it carries many practical advantages. CIS and Russia are proposing to use the same procedure in 2011.
- 2- The situation regarding Ukraine's participation is still unclear. Ukraine has expressed its interest in participating in the Eurostat/OECD program instead of the CIS program. However, Eurostat are concerned that Ukraine may not be ready by 2011 to be included in their program.
- 3- ECLAC will act as the regional coordinator for LAC, and is pledging to fund the cost of the coordination team. There is a consideration to divide the region into two or three sub-regions. For the Caribbean, even if resources are available, some small islands may not be able to participate in the ICP for lack of capacity. ECLAC is discussing potential country participation with Caribbean Community (Caricom) Secretariat. The Caribbean Development Bank is pledging some resources and there is a possibility to obtain additional funding from within the UN system. On the other hand, securing funding for Latin America

is proving to be difficult, despite the fact that countries are very interested in participating. Regarding the MOU with the GO, ECLAC is proposing to add a clause indicating that its agreement to the MOU is contingent on the availability of funds. On the double participation of Mexico and Chile in the LAC and the OECD exercises, further discussions need to take place between ECLAC, OECD, and the two countries.

- 4- Mexico is ready to collaborate with ECLAC on Central American countries.
- 5- The Asian Development Bank successfully collaborated with the World Bank to produce the 2005 results, and is eager to work with the World Bank to produce better quality data in the 2011 round. Efforts are underway to secure funding from the ADB budget. However, ADB resources cannot be used for countries/economies such as Iran that do not belong to its developing member countries.
- 6- Expanding the work to the Pacific islands is important but there are practical problems including the geographic distance, countries' low ICP expertise and statistical capacity, and financial, human and technical constraints.
- 7- Australia is willing to help the World Bank and the ADB encourage Pacific islands to participate.
- 8- Only eleven cities from China participated in the 2005 round of the ICP, but in the 2011 round, all China is planning to participate. ICP results are political by nature; therefore, more transparency is required in the final stages when Regional and Global results are computed, with more participation from countries.
- 9- A clarification was made that Macao is not a country, but rather a region in China.
- 10- Dividing the Africa region into sub-regions will not require additional resources.
- 11- On the regional arrangements, it was noted that adding a sub-regional layer will add challenges in capacity-building, coordination and harmonization across all countries.

3.3 Memorandum of Understanding with Regions & Agreement with OECD & Eurostat

Michel Mouyelo-Katoula presented a generic agreement between the Global Office and the Regional Coordinating Agencies, which resulted from extensive discussions at the Regional Coordinators meeting.

The Board members made the following comments:

- 1- Using the Core List approach to link the regions will require the transmission of average prices to the World Bank. Countries need to be informed and arrangements made to ensure that this does not breach confidentiality.
- 2- The flexibility in drafting the MOUs is welcomed.

3.4 Fund Raising

Misha Belkindas made a presentation on the proposed strategy for fund raising and informed the Board about steps taken so far and the way forward.

Board members made the following comments:

- 1- OECD and Eurostat are also contributing resources to their PPP program.
- 2- To enhance sustainability of ICP, there is a need for an outreach strategy that includes users, financiers, and policy makers.
- 3- The EB needs to increase its involvement with the advocacy work. It is noted that getting ICP funding within institutions is difficult.
- 4- Outreach meetings with policy-makers and users are important, to obtain their buy-in from the beginning and for fund-raising.
- 5- The outreach strategy should build on the usage of PPP data. There is a need to have factual information on how much demand there was for the ICP 2005 data and how they were used.

- 6- PPP data was recently used in the analysis of global warming. This can be used to make the case for fund-raising. A proposition is made for IMF, UNSD and WB to communicate with the Ministries of Finance in the countries to increase countries' financial contributions in the program and further promote the use of PPPs.

4. STATUS OF TECHNICAL PREPARATIONS FOR THE 2011 ICP

4.1 Objectives of the new round; Improvements and innovations

Michel Mouyelo-Katoula presented the objectives of the new round, and the improvements and innovations. While a lot was achieved in the previous program, the amount of work ahead remains daunting. It includes actions aimed at implementing the ICP Interim Technical Advisory Group and the UNSC recommendations, as well as other innovations and improvements deemed necessary.

Board members made the following comments:

- 1- Members welcomed the NA framework for the ICP. They indicated that there will be no problem if some countries used SNA 1993 and others used SNA 2008, because the differences between the two versions are not major. The final GDP numbers and breakdowns used in computing ICP results must be those submitted by the countries.
- 2- On the ICP book, it was noted that it will serve both as reference methodological document for ICP implementers at various levels and training and education material for universities and statistical training centers that want to teach ICP. It is also important for transparency and outreach.
- 3- Differences in aggregation methods between regions may not have produced huge discrepancies in the 2005 results. Regions should be encouraged to use various aggregation methods to produce their 2011 results, and discrepancies in results should be discussed by the TAG.
- 4- On linking the regional results to produce global PPPs, the Core List approach will be used. To apply this approach, a core list and an index method are needed. Countries are not expected to price all the products on the core list, but each country is expected to price at least one core item under each basic heading.
- 5- The quality assessment framework for the ICP covers processes and data, including validation at all levels. There is a need to establish mechanisms to operationalize the framework and use the information collected through the checklists. A mechanism to evaluate output data should also be in place.

4.2 Report from the RC & TAG Meetings

Michel Mouyelo-Katoula reported to the Board on the outcomes of the Regional Coordinators and TAG meetings, which were held respectively from September 28-30 and from October 1-2, 2009, in Washington DC.

Board members made the following comments:

- 1- The importance and the difficulty of undertaking poverty work were highlighted.
- 2- Producing PPPs that can be used for poverty work is important because it is in line with the development agenda of the World Bank and it is attractive to policy-makers and to users. It is an important consideration for fund-raising.
- 3- It was clarified that the work will not involve producing poverty PPPs, but ensuring that necessary metadata is provided to allow for poverty analysis. This metadata will include outlet types, locations, SPD descriptions, etc. This metadata will be stored in a database to allow poverty experts to extract the relevant data and produce poverty PPPs.
- 4- ICP surveys should cover rural and urban prices and produce detailed metadata. It was mentioned that in LAC, data collection covers urban areas only and the incidence of poverty

is mostly in urban areas. However, for some countries where there is a large concentration of poor in rural areas, they may be a need to secure additional financing to expand data collection to rural areas.

- 5- ICP prices must be national annual average prices. Where prices can only be collected in urban areas, there are mechanisms to extend those urban prices to national averages.
- 6- It was noted that countries may have different concepts of urban and rural.
- 7- Country capacity to collect this extra metadata should be assessed.
- 8- Focusing on actual consumption is important as it is a measure of the welfare of people.
- 9- There is a need for a discussion paper by the GO on using PPPs for poverty.

4.3 Work Plan & Timetable

Michel Mouyelo-Katoula presented to the EB, for discussion, the ICP timetable spanning from 2009-2013, which shows the timelines for: Management, Fund Raising, and Advocacy; Meetings; Methodology; Price Survey Preparations; Price Data Collection, Validation and Transmission; National Accounts Implementation for ICP; Capacity Building, Quality and Software; as well as Preparation of regional and global results.

Board members made the following comments:

- 1- The core list should be ready urgently to be incorporated in the OECD-Eurostat exercise.
- 2- It is important to begin working on national accounts early on, and to ensure that the software suite for 2011 is finalized and deployed before data collection starts.
- 3- There may be a need for more users contact and additional users' conferences, including regional users' conferences. The first users' conference should be organized before the third EB meeting to help the Board establish the ICP priorities based on user needs. Moreover, a users' conference should be organized after the publication of the global results.
- 4- Meeting schedule should be established in accordance with major milestones. TAG may decide to convene additional meetings as need arise and depending on the work progress.
- 5- It is crucial that the major deadlines highlighted in the timetable are met. These include the deadlines for the core list, finalizing methodologies for 2011, and software development and deployment. If new methodologies are not ready by mid 2010, 2005 methodologies will be used with improved survey methods. Also, the 2011 software suite needs to be ready by mid 2010. It includes the existing software modules developed in 2005.
- 6- Although the work program and timeline are ambitious, the Global Office and the Regional Coordinators will rely on a network of experts to help with the methodological and technical assistance work.

5. WAY FORWARD AND CONCLUSIONS

The Chair thanked the participants for their constructive comments. He noted that the Executive Board welcomed the progress made in establishing the Global Office and developing a work plan that reflects ICP priorities. The Board also appreciated the progress made in the regions.

He provided a summary of the discussions, and highlighted the conclusions reached as follows:

- 1- Governance and role of the Executive Board: Some minor changes will be introduced to the governance paper to clarify the roles of the Executive Board and the Technical Advisory Group. The revised version will be circulated to Board members with the minutes.
- 2- TAG membership: The Executive Board approved the proposed TAG membership and the appointment of Erwin Diewert as TAG Chair.
- 3- Participation of new countries: The Board will revisit this issue in its next meeting in February 2010. The Global Office will prepare a strategy paper on including more countries in the program, and circulate it to Board members before the meeting.

- 4- Linking the regions: The Core List approach will be used in 2011 to link the regions. A solution to link CIS to OECD and thus to the world using Russia's data will be considered.
- 5- Fund-raising: Efforts to secure the necessary funding should accelerate. The Executive Board will send letters of support to the institutions for fund-raising.
- 6- Outreach: The Global Office will develop a draft outreach strategy and circulate it to Board members before the next Executive Board meeting.
- 7- Capacity-building: a strategy paper on the capacity building elements of the ICP and links to the capacity-building agenda of Paris 21 should be prepared.
- 8- Work plan and timetable: The Board approved the proposed work plan and timetable with some changes that will be introduced to the timetable. A revised version will be circulated to Board members with the minutes.

The Chair indicated that the second EB meeting will be held on February the 21st, 2010, before the 41st session of the UNSC. The third EB meeting will take place after the users' conference in November 2010.

ANNEX 1. AGENDA

Tuesday, October 13, 2009		
5:30 – 6:30 p.m.	Registration & Cocktails	
Wednesday, October 14, 2009		Papers #
8:30 – 9:00 a.m.	Check-in & Coffee	
9:00 – 9:30 a.m.	Welcome & Opening Remarks <i>Shaida Badiee, Director, DECDG</i> <i>Paul Cheung, Director, UNSD</i>	
9:30 – 10:15 a.m.	The 2011 ICP Governance Framework <i>The Role of the Executive Board</i> <i>The Role of the other Governance Bodies</i>	1
10:15 – 10:30 a.m.	Coffee	
10:30 – 12:30 p.m.	Institutional Arrangements <i>Lessons Learned about Governance from ICP 2005</i> <i>Organizing the regions for 2011</i> <i>Memorandum of Understanding with Regions</i> <i>Agreement with OECD & Eurostat</i> <i>Fund Raising</i>	2 3 4
12:30 – 2:00 p.m.	Lunch	
2:00 – 3:30 p.m.	Status of Technical Preparations for the 2011 ICP <i>Objectives of the new round</i> <i>Improvements and innovations</i> <i>Report from the TAG & RC Meetings</i> <i>Work Plan & Timetable</i>	5 6 7
3:30 – 3:45 p.m.	Coffee	
3:45 – 4:30 p.m.	Discussion	
4:30 – 5:00 p.m.	Way Forward	

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