



7th ICP 2011 Executive Board Meeting

November 13, 2012 Washington DC

Minutes of Meeting

The seventh meeting of the ICP 2011 Executive Board took place on November 13, 2012, at the World Bank in Washington DC to review the status of the 2011 Round at global and regional levels. As per the agenda shown in Annex 1, meeting discussions related to: (i) progress of the program and risk assessment; (ii) technical review of methodology and assessment of preliminary results; (iii) Overview of prospective new products; (iv) 2011 ICP Data Access Policy ; (v) Communication strategy for PPP results; and (vi) ICP report to the 44th session of the UNSC. In attendance were Board members, observers, and ICP Global Office staff as listed in the attached list of participants in Annex 2.

1 Opening remarks, adoption of the agenda and approval of the minutes of last meeting

Enrico Giovannini, Chair of the Executive Board, and Shaida Badiee, Director, World Bank Development Data Group welcomed the Board members and observers, and announced that there are no red alerts in the implementation of the 2011 round of the ICP.

Shaida Badiee congratulated Michel Mouyelo-Katoula, ICP Global Manager, and Nada Hamadeh, Senior Statistician, on running the ICP 2011 round and announced that advanced copies of the ICP book are available for all attendees.

The Chair invited members to adopt the agenda and the minutes from the sixth meeting of the Executive Board held in February 2012 in New York. Both documents were adopted by the Board with a slight change to the language on page one of the minutes, referring to Argentina not participating in the ICP.

A request was made to circulate meeting documents to Board members further in advance of future meetings.

2 2011 ICP progress report

Michel explained the different timeframes and issues covered in the ICP reports to the Executive Board and to the 44th session of the UNSC. He presented eight decision items to be considered by the Board and delivered a presentation on the status of the program. The focus included the following issues: (1) governance meetings; (2) data and metadata submission status; (3) risk assessment including quality risks and timeline risks; (4) regional activities; (5) capacity-building and outreach material; and (6) funding and technical assistance support. Representatives from regional coordinating agencies further elaborated on activities and workshops that took place in their respective regions.

Detailed discussion about the impact of missions to address data validation and data quality issues led to a consensus for the usefulness of high level missions led by the World Bank/ Global Office and regional coordinating agencies and the agreement of the decision below. The Global Office will prepare a note to clarify details on high level missions, share it with Regional Coordinators, and then submit it to the Board for their review.

Decision 1.

The Executive Board decided that high level missions should be conducted jointly by the World Bank/Global Office and the regional coordinating agencies concerned to any major economy/country that exhibits unexplainable variations between 2005 and 2011 with a view to resolving the inconsistencies or confirming any underlying justifications. The Global Office will prepare a note to clarify details on high level missions.

3 Technical review of methodology and assessment of preliminary results

Michel briefed the Board on the Technical Advisory Group (TAG) assessment of the quality of data and metadata submitted to date and its recommendations on the following technical items: (i) estimation of PPPs for countries that are statistical outliers; (ii) the feasibility of the linking method; (iii) the use of importance indicators; and (iv) the need for productivity adjustments. Members approved the below decisions 2-4, but noted that decision 4 should include “as a last resort” in the language and that transparency should be ensured. Additionally, there is need for complete transparency on what constitutes an outlier country and the global validation process should be explained when concluding a country as an outlier. A flowchart of the validation steps taken is needed to ensure clarity.

Decision 2.

Countries that are identified as outliers based on statistical analysis should be included in the global results on the basis of their regional estimates but they should be excluded from the global linking process so that they have no effect on the inter-regional PPPs.

Decision 3.

Singleton countries and the Pacific Islands will be included in the global comparison; they will not be included in the global linking process so their PPPs

will have no effect on the multilateral comparison PPPs for all other countries in the global comparison.

Decision 4.

In the light of the large number of products priced by the countries, Regional Coordinators and/or the Global Office should reserve the right to exclude outlier average prices, as a last resort, through a transparent validation process. A flowchart of the validation steps would be prepared to ensure clarity.

The Board discussed the TAG recommendation about applying the weights of 3:1 to the important/not important prices in the estimation of within-region basic heading PPPs as well as the between-region PPPs used to link the regions, and noted that the proposed weighting ratio has not yet been tested and that some countries have not yet provided their “importance indicators.” It reiterated that all countries should be encouraged to provide this information; where necessary specific missions may be conducted to reluctant countries to explain to them the “importance” process and its objective relevance in the PPP computation procedure. Once available, the “importance” data will be used to test different weighting ratio options while ensuring that the weighting system is transparent and free of any subjectivity. A technical note on the criticality of these indicators and the findings of the sensitivity testing of several “importance” ratios will be prepared and submitted to the Board to allow for an informed decision.

Decision 5.

A technical note on the criticality of “importance” indicators and the findings of the sensitivity testing of several weighting ratios will be prepared by the Global Office, in consultation with the TAG, and submitted to the Board to allow for an informed decision on the best way of applying them.

4 Overview of prospective new products

Michel informed the Board of TAG recommendations on potential new products that will be developed for analytical purposes. These include: (i) revision of 2005 results based on revised National Accounts data; (ii) recomputation of 2005 results using 2011 aggregation methods; and (iii) new method for PPP extrapolation.

Following discussions on the 2005 results, the Board agreed that a light revision process yet to be defined should be implemented. Future discussions will determine who will complete the regional revisions.

Decision 6.

A light revision of the ICP 2005 results should be carried out in line with the revisions of GDP estimates and provided together with the 2005-2011 comparative analysis when the 2011 results are released. The Global Office will prepare in consultation with the TAG a note on possible light technical options and submit it to the Board at the February 2013 meeting.

Regarding the recomputation of 2005 results using 2011 aggregation methods, the estimation of PPPs for years between the 2005 and 2011 benchmarks, and the need for a new method for PPP extrapolation beyond 2011, the Board came to consensus that a revision policy is necessary prior to its deciding on these matters.

Decision 7.

The Global Office will prepare, in consultation with the TAG, a draft revision policy to be submitted to the Board at the February 2013 meeting. The policy document will include the justification of PPP revision, the approach, the scope, and any other relevant aspect.

5 2011 ICP Data Access Policy

Shaida reminded that the Board, in its 5th meeting in October 2011, endorsed the data access principles and requested the Global Office to amend the 2011 ICP Data Access and Archiving Policy paper to address the comments received from Board members on principles and procedures. This was implemented and the revised paper was circulated to the Board in November 2011.

The Board, in its 5th meeting, also agreed to the proposed access to the categories of ICP variables 1, 2, and 3. This is in line with the 2005 ICP access level:

- **Category 1:** PPPs, PLIs and Expenditure data for the analytical level are published and downloadable from an online database.
- **Category 2:** PPPs, PLIs and Expenditure data at various levels of detail below the published level can be accessed by researchers through an application process to the World Bank.
- **Category 3:** National Average Price data at the product level for items on the Global Core list can be accessed by researchers through an application process to the World Bank, consistent with participating country confidentiality laws and processes. Countries should inform which average prices are considered confidential, and hence cannot be released.

The Chair then led the discussion on the 2011 ICP Data Access Policy, especially the access to National Average Price data at the product level for regional items not on the Global Core list (Category 4 data).

The Board indicated that it is in favor of providing access to ICP average prices of adequate quality and that do not reveal the confidentiality of individual providers. They noted that sub-national data should be considered restricted, similarly to Individual Observations (Category 5 data). They also indicated that for average price data (Categories 3 and 4), the product names and descriptions should be anonymized before sharing with users i.e. brand names should be suppressed.

Decision 8.

The Executive Board adopted the 2011 ICP Data Access and Archiving Policy, with the changes noted by Board members.

6 Communication strategy for PPP results

Shaida briefed the Board on the proposed outreach plan of actions related to the release of PPP results, and invited Board members to comment on these activities. Representatives from regional coordinating agencies noted that it is important for the agencies in question to publish regional results before the Global results. It was requested that there will be a short time lag between publishing the regional and the Global results. The Executive Board commented on the plan of actions and will discuss the ideas further in its February 2013 meeting.

7 ICP report to the 44th session of the UNSC

Michel invited the Board members to comment on the draft report to the 44th session of the UNSC. The Board requested that the Global Office further elaborates on the evaluation and future of the ICP. The Global Office will include revisions to the report based on the discussion and circulate an updated version to the Board for their final endorsement.

Decision 9.

The Executive Board approved the draft report to the 44th session of the UNSC, subject to the Global Office accommodating comments provided by the Board.

8 Other business and concluding remarks

Enrico noted that the next Board meeting will take place on February 24, 2013 in New York.

The representative from Eurostat noted that the IMF World Economic Outlook has different PPP data for Eurostat countries than Eurostat's official figures. The representative from IMF noted that they are working with the World Economic Outlook team to resolve this issue.

Enrico and Shaida closed the meeting by thanking Board members for their fruitful discussions and important decisions reached.

Annex 1. Agenda



7TH ICP 2011 Executive Board Meeting

Agenda

November 13, 2012

World Bank

Washington, DC

- 09:00-09:30* ***Check-in & Coffee***
- 09:30-09:45* **Welcome and opening remarks**
- 09:45-10:00* **Adoption of the agenda and approval of the minutes of last meeting**
The Board is invited to adopt the agenda and approve the minutes of the 6th Executive Board meeting, held in New York on February 27, 2012.
- 10:00-10:30* **2011 ICP progress report**
The Board will be updated on the status of implementation of the 2011 ICP, risk assessment, and the steps ahead.
- 10:30-11:30* **Technical review of methodology and assessment of preliminary results**
The Board will be briefed on TAG assessment of the quality of data and metadata submitted to date and its recommendations on the following technical items: (i) the feasibility of the linking method; (ii) the use of importance indicators; and (iii) the need for productivity adjustments.
- 11:30-13:00* **Overview of prospective new products**
The Board will be informed of TAG recommendations on prospective new products, including: (i) new method for PPP extrapolation; (ii) revision of 2005 results based on revised National Accounts data; and (iii) recomputation of 2005 results using 2011 aggregation methods.

- 13:00-14:00* ***Lunch (MC-C1)***
- 14:00-14:30* **Overview of prospective new products [continued]**
- 14:30-15:00* **2011 ICP Data Access Policy**
The Board is invited to endorse the 2011 ICP Data Access Policy.
- 15:00-15:30* **Communication strategy for PPP results**
The Board will explore outreach activities related to the release of PPP results, with a view to preparing a comprehensive communication strategy.
- 15:30-15:45* ***Coffee break***
- 15:45-16:15* **ICP report to the 44th session of the UNSC**
The Board will review and approve the draft report to the 44th session of the UNSC on the implementation of the ICP.
- 16:15-16:30* **Other business and concluding remarks**

Annex 2. List of Participants

#	Participant	Organization	Status
1	Enrico Giovannini	Istat	Chair
2	Andrey Kosarev	CIS-STAT	Representing CIS-STAT
3	Babakar Fall	Senegal	Member
4	Bruce Hockman	Australian Bureau of Statistics	Representing ABS
5	Charles Leyeka Lufumpa	AfDB	Member
6	Chellam Palanyandy	ADB	Representing ADB
7	Donaciano Quintero	INEGI Mexico	Representing INEGI , Mexico
8	Fred Vogel	ICP Technical Advisory Group	Observer
9	Giovanni Savio	UN-ECLAC	Representing UN-ECLAC
10	Grant Cameron	World Bank	Observer
11	Jim Thomas	US Bureau of Labor Statistics	Observer
12	Juraj Riecan	UN-ESCWA	Member
13	Katherine Wallman	United States OMB	Member
14	Kimberly Dale Zieschang	IMF	Representing IMF
15	Larus Norlund	Eurostat	Member
16	Louis Marc Ducharme	Statistics Canada	Member
17	Michel Mouyelo-Katoula	ICP Global Manager	Observer
18	Morgan Brannon	ICP Global Office	Observer
19	Nada Hamadeh	ICP Global Office	Observer

#	Participant	Organization	Status
20	Paul McCarthy	ICP Technical Advisory Group	Observer
21	Paul Schreyer	OECD	Representing OECD
22	Shaïda Badiëe	World Bank	Member
23	Shi Ting	China National Bureau of Statistics	Observer
24	T.C.A. Anant	India MOSPI	Member
25	Youlia Antonova	UNSD	Representing UNSD
26	Zhao Yuncheng	China National Bureau of Statistics	Representing NBS, China