

MINUTES OF INTERNATIONAL COMPARISON PROGRAM NEXT STEPS MEETING

UNITED NATIONS, NEW YORK

MARCH 10, 2016

Welcome and meeting objectives

The International Comparison Program (ICP) Next Steps meeting was held on March 10, 2016 at the United Nations headquarters in New York. The main objective of the meeting was to discuss the immediate next steps following the decisions of the 47th Session of the United Nations Statistical Commission (UNSC) on the future of the ICP, based on the Friends of the Chair (FOC) group evaluation of the 2011 round of the program¹.

The meeting participants included representatives from the FOC group co-chairs -Statistics Austria and Statistics India- and statistical agencies of selected FOC countries (Egypt, Jordan, Morocco, Saudi Arabia, and the United States). Participants included as well representatives from the World Bank, Asian Development Bank (ADB), Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT), Eurostat, International monetary Fund (IMF), Organization for Economic Cooperation and Development (OECD), United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC), United Nations Economic and Social Commission for Western Asia (UN-ESCWA), United Nations Statistical Division (UNSD), and United Kingdom's Department for International Development (DFID). The meeting was organized and chaired by the World Bank.

Recap of the 47th UNSC Decisions on the ICP

Following the FOC group evaluation of the 2011 round of the ICP, and subsequent discussions during its 47th Session, the UNSC made the following key decisions regarding the future of the program:

- Instituting the ICP as a permanent element of the global statistical work program, to be conducted on more frequent intervals.
- Adopting gradually a flexible "rolling benchmark" approach for estimating the PPPs, with surveys spread over a three-year cycle. Starting from the 2017 comparison, PPPs would be estimated based on a combination of actual and extrapolated price data.
- Keeping the general methodology stable for the 2017 comparison cycle, and developing a research agenda for future rolling benchmarks.
- Exploring a closer alignment of the ICP and CPI price surveys in order to reduce the burden on countries, and to enhance the quality of price statistics in general.
- Linking the ICP capacity building activities to efforts to enhance statistical capacity for monitoring the Sustainable Development Goals (SDGs).

Instituting the ICP, hereafter the Program, as a permanent activity with a stable structure, instead of separate rounds with changing structures, was considered pivotal by meeting participants. Moreover,

¹ See <http://unstats.un.org/unsd/statcom/47th-session/documents/2016-9-FOC-group-on-evaluation-of-2011-round-of-ICP-E.pdf> for the full report of the Friends of the Chair group.

given that the Program is becoming permanent, it was noted that separating the “statistical production” function from the “methodological development” function will be essential.

Governance

The lighter governance structure of the Program is to include the following bodies and respective responsibilities:

- *Governing Board*: a strategic body responsible for setting the policies that govern the production of PPPs, approving methodological improvements, and conducting outreach and fund-raising.
- *World Bank/Global ICP Unit*: responsible for the global coordination and implementation of the ICP, and the calculation and dissemination of the global ICP results.
- *Inter-Agency Coordination Group*: responsible for determining jointly data collection, validation, calculation and dissemination work plans, and capacity building activities. The Group will be chaired by the World Bank, and will include Regional Implementing Agencies and the IMF.
- *Technical Advisory Task Force(s)*: a pool of experts in the fields of index numbers, PPPs, price statistics and national accounts, ensuring methodological soundness and overall quality of the PPP estimates.
- *Regional Implementing Agencies*: responsible for coordinating regional comparisons and calculating regional ICP results. These include ADB (Asia), AFDB (Africa), CIS-STAT (CIS), Eurostat (European countries), OECD (non-European OECD countries), UN-ECLAC (Latin America and the Caribbean), and UN-ESCWA (Western Asia).

On the membership of the Governing Board, it was clarified that the Regional Implementing Agencies will be represented by two rotating seats on the Board, and that the Inter-Agency Coordination Group should nominate the two agencies that will hold these seats initially. The remaining Regional Implementing Agencies will have an observer status; thus, they will be invited to attend Board meetings.

It was agreed that the UNSD will lead the process to identify and nominate the country members of the Board, with the aim to finalize the process by June 2016. It was also agreed that the World Bank will draft a governance framework document, including Terms of References for the various governance bodies, for the Board’s virtual review and approval thereafter.

Proposed Work Program

The main focus of the immediate work program is to conduct the 2017 comparison, with results to be published by end-2019, and to continue with the gradual adoption of the rolling benchmark approach for subsequent years. The general methodology for the 2017 comparison should be unchanged from the 2011 benchmark.

For the 2017 comparison, ideally all price collection would be undertaken in 2017. However, it is possible to conduct the household consumption related surveys in 2017, followed by housing, government and gross fixed capital formation related collections in 2018. The possibility of using data collected during the various regional interim activities in 2016 was also suggested.

It was noted that the compilation of a set of extrapolation indices has to be initiated simultaneously, while a plan for “filling-in” any potential data gap needs to be established, in order to ensure timeliness of the results.

It was highlighted that the Regional Implementing Agencies need a clear set of data requirements for the 2017 comparison, as well as for the introduction of the rolling benchmark approach in general. It was agreed that the World Bank will draft a set of requirements, and that a virtual meeting of the Inter-Agency Coordination Group will be organized in April 2016, in order to ensure a timely path towards the 2017 comparison. The Regional Implementing Agencies will prepare briefs on their 2017 comparison implementation plans for the virtual Inter-Agency Coordination Group meeting.

It was also agreed that the World Bank will report to the UNSC in 2017 on the progress of the work program implementation.

Fundraising Plans

The main objective of the fund-raising efforts is to ensure a viable and sustainable financing model, while acknowledging that the long-term plan is to integrate the Program as part of the national and regional work programs, with limited additional data requisites, and subsequently low financial burden on the countries.

It was suggested to set up a financing model based on three-year cycles, following the rolling benchmark cycles, with specific deliverables for each cycle. Streamlining the PPP production process and lowering governance costs were also stressed in order to increase the Program's "value for money".

A longer-term sustainable funding would require an increase in national funding, as countries slowly integrate the ICP into their regular statistical work program, and less reliance on donor funding.

Highlighting the Program's wider capacity-building agenda, support of the SDG monitoring capacity of the countries, and various policy uses of PPPs were also seen as critical for securing national financial resources.

Summary of Next Steps

The agreed immediate next steps are:

- The UNSD will initiate the nomination process of the Governing Board country members, with the aim to finalize the Board membership by June 2016.
- The World Bank will draft a governance framework document for the Governing Board's review and approval.
- The World Bank will schedule a virtual Inter-Agency Coordination Group for April 2016, to discuss the 2017 comparison implementation. More specifically,
 - o Review of the Group's proposed TORs
 - o Discussion of the briefs from each region on their data collection plans for the 2017 comparison
 - o Discussion of the World Bank note on the on the data requirements for the 2017 comparison and means of transition to the rolling benchmark approach
 - o Communication efforts to better link ICP activities to the SDG indicator monitoring framework
- The World Bank will report to 48th Session of the UNSC on the progress of the 2017 comparison implementation.