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**Memorandum of Agreement  
Between  
The World Bank and the Regional Coordinating Agency  
For  
The implementation and management and of the 2011 round of the  
International Comparison Program for Region**

**Global Office**



**Executive Board Meeting**

**October 14, 2009**

**Washington DC**

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## **I. Purpose of the Agreement**

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1. The United Nations Statistical Commission (UNSC) has endorsed the continuation of the International Comparison Program (ICP) with a reference year of 2011. The UNSC also mandated that a governance structure be put into place that includes an ICP Executive Board, a Global Office hosted by the World Bank, a Technical Advisory Group, and regional and national implementing agencies.
2. The purpose of this Memorandum of Agreement is to define the role and responsibilities of:
  - The ICP Global Office in the World Bank as it relates to the coordination of the regional programs
  - The Regional Coordinating Agency
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3. This Memorandum of Agreement is under the overall ICP governance framework that spells out the roles and responsibilities of the World Bank, the ICP Executive Board, the ICP Global Office, and the Technical Advisory Group.
4. The ICP is not only the most complex and largest international statistical program in the world, it also requires that national, regional, and international organizations agree upon a common work plan, time table, and the methodology to be used. No other statistical endeavor requires as much cooperation among all participants.

## **II. Background**

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5. The purpose of the ICP 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 progress towards meeting the Millennium Development Goals, especially the reduction of poverty.
6. The ICP is conducted in stages with separate but coordinated comparisons conducted by regions that include: Africa, Asia and the Pacific, Latin America and the Caribbean, the Commonwealth of Independent States, and Western Asia. The European Union Statistics Office (Eurostat) and the Organization of Economic Cooperation and Development (OECD) conduct a separate comparison for their member countries. However, the two programs operate in parallel with shared workplans, methodologies, and time tables.

7. The final global report presenting the results for participating ICP and Eurostat-OECD countries is to be prepared by the Global Office in the World Bank.
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.
9. The following paragraphs provide the roles and responsibilities of the ICP Global Office and the Regional Coordinating Agency (RCA).

### **III. Role and responsibilities of the ICP Global Office**

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10. The Global Office is responsible for the overall leadership and coordination to guide the regional ICP programs to ensure procedures and methods are comparable across regions. It will also provide the following to support and coordinate the Region's ICP program:
  - a. Provide the framework for memoranda of agreements between the RCA and national coordinating organizations that define the roles and responsibilities of each party
  - b. In collaboration with the RCA and other regional coordinators will determine time tables and work plans for ICP preparatory work, data collection, analysis, aggregation and dissemination.
  - c. Determine the overall framework under which ICP activities will be conducted.
  - d. Design classifications to be used for national accounts and price work as well as lists of goods and services to be priced in the countries.
  - e. Determine the methodology regarding data collection, analysis, compilation, aggregation, for ICP statistics related to national accounts and prices and the estimation of regional and global PPPs.
  - f. Develop a data quality framework aimed to evaluate the integrity and efficiency of ICP processes in countries, regional offices, and Global Office, and the soundness and reliability of ICP results and data related to prices, expenditures and PPPs.
  - g. Provide technical support for validation and analysis of ICP related national accounts and price data, as well as for the computation of regional results.
  - h. In collaboration with the RCA and other regional coordinators will develop a body of principles and procedures aimed to ensure consistency between national accounts and price statistics in the context of ICP.
  - i. Provide technical support to ensure consistency between ICP-related national accounts statistics and national price data.

- j. Define methodological requirements to be met to adequately include poverty measurement in the work related to national accounts, price statistics and PPP aggregation.
  - k. Prepare and implement policies and procedures for data sharing between countries, the RCA, and the Global Office during the data validation stages. The RCA will periodically submit national average prices, detailed GDP expenditure breakdowns, and information describing the national price survey frameworks, validation and averaging processes, as well as national accounts methodology and metadata to the Global Office for comparisons across regions to ensure consistent and comparable methods are being used for the compilation and validation of ICP-related national accounts statistics as well as for price data collection, validation and analysis.
  - l. Provide the standards that national and regional data must satisfy to be included in the global report.
  - m. Provide technical support to the regions to implement ICP software for prices and national accounts, and to do the data analysis and estimation.
  - n. Convene periodic regional coordinator workshops to review technical issues and as the program gets underway to review national price and expenditure data across regions.
  - o. Update the ICP Handbook and Operational Manual on the technical aspects of the program.
  - p. Provide liaison with the Technical Advisory Group about methodology and making a final decision where there are choices.
11. In collaboration with the RCA and other regional coordinators and input from the Technical Advisory Group, the Global Office will provide the methodology to link the regional PPPs to the global level. It will:
- a. In collaboration with the RCA and other regional coordinators, define the Global Core List of items to be priced in all countries in all the regions
  - b. Define criteria for the selection of core items to be priced by each country so as to ensure comparability across the countries in the region as well as the calculation of regional linking factors
  - c. Coordinate the data collection related to core items, and the relevant data validation and computations.
12. 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.

#### **IV. Role and responsibilities of the Regional Coordinating Agency**

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13. The Regional Coordinating Agency, in collaboration with the Global Office, will provide the overall management and coordination of the regional data collection, analysis, validation, and estimation efforts. The responsibilities are:
  - a. Establish a regional ICP office with appropriate staff and resources to implement and monitor ICP-Region.
  - b. Subdivide the region into subregions for analytical and linking purposes, if needed. Prepare sub-regional product lists as well as the common regional core list to be priced in subregions. The ICP Global Office will provide necessary methodological and technical assistance.
  - c. Recruit countries to take part in ICP-Region and ensure memoranda of agreement are in place regarding the national responsibilities for data collection, data to be provided to the RCA and Global Office, and the overall time table. These memoranda of agreements should specify that countries will need to provide the Global Office with average prices of Global Core items and related statistics, expenditure data at the basic heading level, and all related metadata. This data is needed to link the regional results into Global results.
  - d. Ensure that national coordination offices are established and include at least a national accounts expert and a price statistics expert.
  - e. Determine the regional classification to be used in ICP work.
  - f. Determine the sequence of national accounts activities to be implemented to generate detailed GDP breakdowns and ensure consistency between national accounts and price data.
  - g. Determine the list of items to be priced and their specifications.
  - h. Determine the list of core items to be selected from the Global Core List for pricing by the countries.
  - i. Provide technical support to the countries to evaluate their national accounts and provide the agreed upon breakdown of expenditures.
  - j. Provide assistance to the countries in the preparation of the survey frameworks that determine the type and number of outlets, national coverage, frequency of data collection, and poverty determinants, to ensure results are comparable across the region.
  - k. Provide technical support to the national coordinators for their use of ICP software.
  - l. Periodically during the data collection period, request that countries submit actual price quotations and preliminary average prices and ICP related national accounts data, as well as relevant methodological reports and metadata. The RCA will prepare validation, consistency and diagnostic reports using appropriate tables and electronic modules as will be agreed between the Global Office and regional coordinators. Questions about the data will be submitted to the national coordinators for review. The RCA will not change any national data without the knowledge of the national counterpart. Any changes to national data will be documented and a tracking system should be established to help trace the improvement process from data collection to data submission.

- m. Organize and conduct regional workshops to review validation, consistency and diagnostic reports on national prices and national accounts data across countries to evaluate the comparability of results and take corrective actions to improve data quality.
  - n. Seek advice from the TAG through the Global Office about methodological problems.
  - o. Periodically during the data collection period, submit to the Global Office preliminary national average prices for the regional items including the GC items, related statistics, ICP-related national accounts data, as well as relevant reports on methodologies, metadata, consistency, validation and diagnosis.
  - p. Attend meetings of regional coordinators that will be convened by the Global Office so that each regional coordinator can view and ask questions about results from the other regions, and assess adherence to the agreed upon data quality framework.
  - q. Calculate the regional PPP indices and apply them to Gross Domestic Product expenditure breakdowns for volume measures.
  - r. Submit final national annual average prices and ICP-related national accounts data as well as relevant methodological, metadata and consistency reports to the Global Office on the agreed upon time table.
  - s. Archive final national annual average prices and basic heading data as well as relevant methodological, metadata and consistency reports as used to prepare the regional results.
  - t. In collaboration with the Global Office, determine data access policies to provide researchers access to unpublished data for analysis purposes.
14. The Regional Coordinating Agency will form a regional advisory body to provide a forum for participating countries to participate in the decision making regarding the ICP regional activities.

## **VII. Other Parties**

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15. Other Parties may join this collaboration and can be signatories to a revised form of this Memorandum provided that the original signatories consent.

## **VIII. Timeframe and Termination**

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16. This Memorandum will continue from the date of signature until the conclusion of the 2011 Round of the International Comparison Program. It is understood that

additional areas of collaboration may be identified during the lifetime of this Memorandum and successive activities would be supported by a more specific activity agreement that would be signed by both parties to this Memorandum.

17. This Memorandum may be modified at any time by joint agreement of the parties.

**CONFIRMED AND AGREED:**

**World Bank**

By: \_\_\_\_\_

(Authorized Representative)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Regional Coordinating Agency**

By: \_\_\_\_\_

(Authorized Representative)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_