



**INTERNATIONAL COMPARISON PROGRAM  
GOVERNANCE FRAMEWORK**

**NOVEMBER 2016**

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## **I. BACKGROUND**

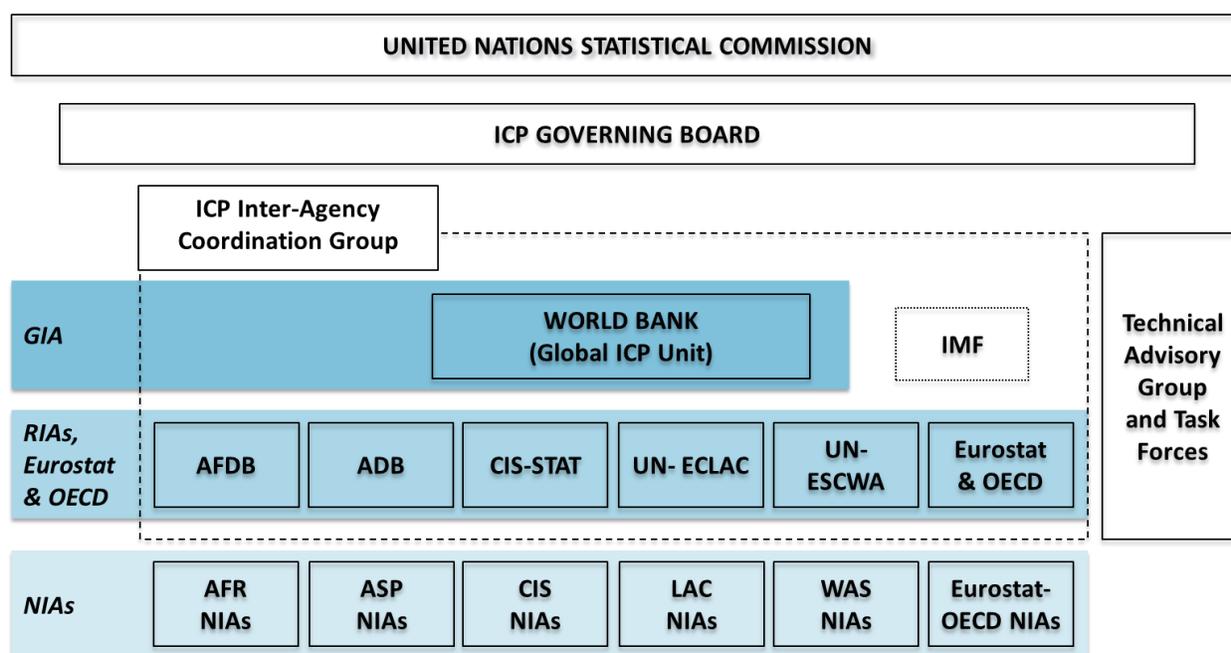
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1. Since its establishment in 1968, the International Comparison Program (ICP), or the Program, has grown to cover all regions of the world and become the world's largest statistical initiative. The 2011 round of the ICP covered 199 economies from Africa, Asia and the Pacific, the Commonwealth of Independent States, Latin America and the Caribbean, Western Asia, as well as the European countries and non-European Organization for Economic Co-operation and Development (OECD) countries that conduct permanent comparison programs.
2. The main objective of the ICP is to estimate purchasing power parities (PPPs) that are used to compare the output of economies and material well-being of their inhabitants, by controlling for differences in price levels, and to provide a common basis to assess the progress towards meeting the Sustainable Development Goals. In addition, PPPs are used to compare price levels, labor productivity and trade competitiveness across economies. To estimate PPPs, the ICP requires prices of goods and services that are comparable across economies, and a breakdown of the national gross domestic product (GDP) into detailed expenditure categories, as per the ICP classification of final expenditures on the GDP.
3. Until recently, the ICP rounds have been conducted nearly every six years. Recognizing the needs for more frequent and reliable PPP estimates, the United Nations Statistical Commission (UNSC) agreed, at its 47<sup>th</sup> Session held in 2016, that the ICP should become a permanent element of the global statistical program, conducted more frequently with shorter intervals between successive rounds, further aligned with regular national statistical programs, and implemented under a light and stable governance framework.
4. The UNSC further agreed, based on the Friends of the Chair Group evaluation of the 2011 round, that the federated governance approach with collaborators at the global, regional, and national levels has proven to be appropriate for ensuring the successful implementation of the Program. Thus, the UNSC requested that the ICP be conducted by global, regional and national implementing agencies, under the overall oversight of a Governing Board, and with the guidance of a Technical Advisory Group. To ensure efficient coordination between global and regional agencies, the UNSC recommended the establishment of an ICP Inter-Agency Coordination Group.
5. Given its successful role in hosting the ICP secretariat in the previous two rounds of the Program, the UNSC selected the World Bank to act as the Global Implementing Agency and establish a permanent Global ICP Unit, which supports the governance framework and undertakes the global coordination and implementation of the ICP.
6. This document outlines the new ICP Governance Framework, including the overall governance structure and the roles and responsibilities of its main bodies, based on the lessons learned from earlier ICP rounds and the findings of the Friends of the Chair Group evaluation of the 2011 ICP round.

## II. THE ICP GOVERNANCE STRUCTURE

7. The overall mandate of the ICP Governance Framework is to ensure that the global, regional, and national efforts to produce reliable PPP estimates and related measures of real expenditures adhere to approved policies, protocols, methodologies and quality assurance standards, and that the estimates are produced efficiently, in keeping with available resources.
8. The ICP governance structure, outlined in Figure 1 below, comprises the UNSC, a Governing Board, an Inter-Agency Coordination Group and Technical Advisory Group and Task Forces. Within this scheme, the Global Implementing Agency, the Regional Implementing Agencies and the Statistical Office of the European Union (Eurostat) and the OECD, and the National Implementing Agencies carry out the various activities to coordinate and implement the program.

Figure 1: ICP Governance Structure



*Acronyms: Global Implementing Agency (GIA); Regional Implementing Agencies (RIAs); National Implementing Agencies (NIAs); African Development Bank (AfDB); Asian Development Bank (ADB); Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT); United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC); United Nations Economic and Social Commission for Western Asia (UN-ESCWA); Statistical Office of the European Union (Eurostat); Organization for Economic Co-operation and Development (OECD); International Monetary Fund (IMF); Africa (AFR); Asia and the Pacific (ASP); Commonwealth of Independents States (CIS); Latin America and the Caribbean (LAC); Western Asia (WAS).*

### III. THE ROLE AND RESPONSIBILITIES OF GOVERNANCE BODIES

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#### The United Nations Statistical Commission

9. The UNSC is the ultimate stakeholder of the ICP, deciding on the frequency and operational modality of the Program.
10. The UNSC establishes the ICP Governing Board, ensuring an adequate and balanced representation of countries and organizations, and selects the Global Implementing Agency.
11. The UNSC reviews and acts upon issues raised in the annual reports to the UNSC, prepared by the Global Implementing Agency.
12. The UNSC may review the functioning of the ICP governance structure and the membership of its governing bodies after a three-year period, and introduce modifications, if needed. The UNSC may also consider specific issues related to the ICP governance structure or membership of its governance bodies, if raised in the annual reports to the UNSC.

#### The Governing Board

13. The Governing Board is a strategic and policy-making body, which:
  - a. puts forth the policies and protocols that govern the production of regional and global PPP estimates;
  - b. forms the ICP Technical Advisory Group;
  - c. approves the technical research agenda, methodology for producing PPPs, and any methodological improvement thereafter;
  - d. ensures that regional and global ICP results are produced following the agreed timetables, and in line with the agreed policies, protocols and methodology to secure the integrity of the estimates;
  - e. sets up a sustainable funding model which corresponds to the frequency and operational modality of the Program;
  - f. reaches out and demonstrates the value of ICP to policy-makers in order to ensure the inclusion of the Program in the regular national statistical work, and to increase national funding for the ICP;
  - g. ensures that the ICP responds to user needs; and
  - h. puts forth an ICP data access policy that promotes further openness with regards to access to data and metadata.
14. Members of the Governing Board include Chief Statisticians or senior-level directors of statistics from 11 National Implementing Agencies, representing their respective ICP regions. The 11 Board members are distributed geographically as follows: Africa (2), Asia (2), Pacific Islands (1), Latin America (1), Caribbean (1), Western Asia (1), Commonwealth of Independent States (1), European Union (1), and non-European Union OECD (1). A rotation system within each ICP region ensures a broad representation of countries on the Board over time. The duration of each rotation is three years.
15. In addition to the 11 National Implementing Agencies, seven international and regional organizations serve as members of the Governing Board, including the World Bank, International Monetary Fund (IMF), United Nations Statistics Division, African Development Bank and Asian Development Bank. The Eurostat-OECD PPP program is represented by a seat on the Board, and Eurostat and the OECD rotate on this seat. Another Board seat is assigned to the smaller regional programs, with UN-ECLAC, UN-ESCWA and CIS-STAT rotating on this seat. The duration of rotation is one year. Members of the Inter-

Agency Coordination Group not holding a seat during a given rotation period are invited to attend Governing Board meetings as observers.

16. Governing Board members elect a Chair/Co-Chairs for the duration of three years. The Chair/Co-Chairs convene meetings of the Governing Board with support from the World Bank Global ICP Unit, which serves as the secretariat for the Governing Board.
17. The Governing Board holds regular annual meetings, around the United Nations Statistical Commission sessions in New York, to discuss policies, protocols and methodology governing the production of PPP estimates, and ICP advocacy and funding aspects. Ad-hoc meetings may be organized, if need arises.
18. Governing Board decisions are taken by consensus. If consensus cannot be achieved, decisions are taken by majority vote.

### **The Technical Advisory Group and its Task Forces**

19. The Technical Advisory Group is a technical body, which:
  - a. assures methodological soundness and overall quality of the PPP estimates;
  - b. ensures transparency of the PPP estimation process; and
  - c. supports the establishment of a permanent and more frequent ICP.
20. The Technical Advisory Group, in collaboration with the Inter-Agency Coordination Group, sets forth a technical research agenda to inform future ICP comparisons, for the Governing Board's review and approval.
21. In order to ensure comparability of PPP estimates, the short-term technical research agenda will focus on methodological aspects related to building PPP time series and fine-tuning established methods and procedures to improve the quality of the estimates.
22. The Technical Advisory Group is formed by the ICP Governing Board, with the membership of prominent experts in the fields of index numbers, PPPs, price statistics and national accounts, with knowledge of national statistical systems and capacity-building challenges across various regions. The membership will bring together a group of leading academics, practitioners, former Chief Statisticians, and prominent users. Members participate in their own independent capacity and not as representatives of any specific region or institution.
23. The Technical Advisory Group members select a Chair for the duration of three years. The Chair convenes meetings of the Technical Advisory Group with support from the World Bank Global ICP Unit, which serves as its secretariat.
24. The Technical Advisory Group holds regular annual meetings to discuss methodological improvements under the technical research agenda and to review the methodological soundness and overall quality of the PPP estimates. Ad-hoc meetings may be organized, if need arises.
25. The Technical Advisory Group forms Task Forces on specific topics, and invites recognized experts on the practical application of index numbers, PPPs, price statistics and national accounts to take part in them, as needed, to develop concrete proposals to address the various research agenda items.
26. The Task Forces meet as needed physically or virtually. They may also join the meetings of the Inter-Agency Coordination Group to discuss their proposals, and the meetings of the Technical Advisory Group to present their findings and recommendations for the Technical Advisory Group's consideration.

## **The Inter-Agency Coordination Group and its Agencies**

27. The Inter-Agency Coordination Group is a coordinating body, which:
  - a. collaborates on establishing timetables and work plans for data collection, validation, calculation and dissemination;
  - b. develops common standards and protocols to ensure comparability across regions and countries;
  - c. provides the quality assurance standards that national and regional data and metadata must satisfy to be included in the global PPP estimates;
  - d. develops a technical research agenda on the methodological choices and implementation arrangements, to inform future ICP comparisons, together with the Technical Advisory Group;
  - e. prepares and updates operational guidelines and materials, including classifications, lists of items and survey forms;
  - f. promotes and supports the integration of ICP and CPI survey activities to decrease the burden on countries; and
  - g. takes stock of existing capacity-building activities undertaken by the various agencies in the areas of prices and national accounts, and plans and implements statistical capacity building activities related to the ICP.
28. The Inter-Agency Coordination Group comprises the World Bank as the Global Implementing Agency, the Regional Implementing Agencies, the OECD, Eurostat, and the IMF. It is chaired by the World Bank Global ICP Unit, which also serves as its secretariat.
29. The World Bank as the Global Implementing Agency is responsible for establishing a Global ICP Unit, which supports the ICP governance framework and undertakes the global coordination and implementation of the ICP. The Global ICP Unit:
  - a. carries out day-to-day management of the global Program;
  - b. serves as the secretariat of the Governing Board and Technical Advisory Group;
  - c. chairs the Inter-Agency Coordination Group meetings and serves as its secretariat;
  - d. drafts and implements common policies and procedures for data and metadata sharing between countries, regions, and the Global ICP Unit;
  - e. drafts operational guidelines and materials to support the conduct of the Program;
  - f. assesses national and regional data and metadata submitted by the regions against the quality assurance standards agreed to by the Inter-Agency Coordination Group to determine their suitability for inclusion in the global PPP calculations;
  - g. provides technical support to the regions on standards implementation, data validation, analysis, and computation of regional results;
  - h. links the regional data, calculates, validates and disseminates the global ICP results as per the agreed timetables;
  - i. implements the ICP results dissemination policy and manages relevant databases, ensuring that access to detailed ICP data and metadata is granted per the ICP data access policy; and
  - j. prepares annual reports to the United Nations Statistical Commission.
30. The Regional Implementing Agencies coordinate the regional ICP comparisons and facilitate data and information flow between the Global ICP Unit and participating countries. The Regional Implementing Agencies:
  - a. carry out day-to-day management of the regional programs;
  - b. plan and implement the regional ICP activities in-line with the agreed timetables;

- c. participate in the preparation of operational guidelines and materials, as members of the Inter-Agency Coordination Group;
  - d. ensure adequate national and regional data and metadata quality as per the agreed standards;
  - e. carry out regional capacity-building activities and provide technical support to the countries on data and metadata collection and validation;
  - f. prepare and disseminate regional ICP results as per the agreed timetables;
  - g. transmit national and regional data and metadata, including quality indicators, to the Global ICP Unit as per the ICP data access policy; and
  - h. contribute to global ICP research initiatives by identifying and undertaking research priorities relevant to their regions.
31. To date, the organizations acting as the Regional Implementing Agencies are:
- a. The African Development Bank (AfDB) for the Africa region;
  - b. The Asian Development Bank (ADB) for the Asia and the Pacific region;
  - c. The Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT) for the Commonwealth of Independent States;
  - d. The United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC) for the Latin America and the Caribbean region; and
  - e. The United Nations Economic and Social Commission for Western Asia (UN-ESCWA) for the Western Asia region.
32. If additional organizations are selected to coordinate the Program in other regional groupings, such as the Pacific Islands, these Regional Implementing Agencies will join the Inter-Agency Coordination Group as members.
33. Reflecting existing arrangements of the long-standing Eurostat-OECD PPP program, Eurostat is responsible for the ICP activities for the European countries and the OECD for the non-European OECD countries and other OECD accession countries. Eurostat and the OECD:
- a. coordinate and execute their own permanent comparison program, including determining the program's approaches and timetables;
  - b. participate in the preparation of operational guidelines and materials, as members of the Inter-Agency Coordination Group;
  - c. transmit national and regional data and metadata, including quality indicators, to the Global ICP Unit as per the ICP data access policy; and
  - d. ensure the availability of data necessary to link the Eurostat and OECD countries to the global comparison.
34. The IMF is one of the leading agencies that plan and deliver statistical capacity-building activities related to the consumer price index (CPI), producer price index (PPI) and national accounts. Moreover, the IMF compiles and maintains, jointly with the OECD, a database of detailed CPIs that can be used in the extrapolation and retropolation of data underlying the PPPs. In this role, the IMF:
- a. supports the planning and conduct of regional statistical capacity-building activities to improve CPI, PPI and national accounts expenditure data quality and availability;
  - b. advances the agenda for integrating ICP and CPI survey activities; and
  - c. contributes to the formulation of the framework and approaches for assessing of the quality of CPI, PPI, and national accounts expenditure data used in the calculation of the ICP results.
35. The Inter-Agency Coordination Group holds regular bi-annual meetings and ad-hoc meetings, if need arises. The meetings mainly review the:

- a. progress of the regional and global comparisons against the agreed timetables;
- b. operational and technical challenges in implementing the ICP program in the regions, and needed improvements in standards, methods and protocols;
- c. operational guidelines and materials, including classifications, lists of items and survey forms;
- d. prices, national accounts expenditures and other data and metadata underlying the regional and global comparisons; and
- e. preliminary and final regional and global PPP estimates.

### **The National Implementing Agencies**

36. Each participating country designates a National Implementing Agency, responsible for planning, coordinating and implementing national ICP activities under the overall work program of the ICP region to which they belong. National Implementing Agencies:
- a. collect and compile the data and metadata required for estimating PPPs following the agreed standards, protocols and guidelines for ensuring cross-country comparability;
  - b. ensure adequate national data and metadata quality as per the agreed quality assurance standards;
  - c. facilitate data and metadata transmission to Regional Implementing Agencies as per the ICP data access policy; and
  - d. participate in regional workshops and activities to discuss operational guidelines and materials, data and metadata quality, and preliminary and final regional results.