



**FIRST INTERNATIONAL COMPARISON PROGRAM GOVERNING BOARD MEETING  
NOVEMBER 15<sup>TH</sup>, 2016, WASHINGTON, DC  
MEETING MINUTES**

**Opening Remarks and Adoption of the Agenda**

The inaugural meeting of the International Comparison Program (ICP) Governing Board took place on November 15, 2016, at the World Bank headquarters in Washington, DC. The main objectives of the meeting were to: i) elect the Chair/Co-Chairs of the Governing Board and discuss its membership; ii) endorse the ICP Governance Framework and Terms of Reference of governance bodies; iii) establish the ICP Technical Advisory Group; and iv) discuss the preparations, timetable and budget for the ICP 2017 cycle, as per the meeting agenda in Annex 1. In attendance were the Governing Board members and observers as well as the Board secretariat, as listed in Annex 2. The representatives from Fiji, Senegal and South Africa were absent.

Haishan Fu, Director, World Bank Group, opened the meeting by welcoming the participants and noting that the ICP is a great example of how partnerships and “working together” can yield great benefits to all stakeholders. She emphasized that this is a historical moment for the ICP, following the decision of the 47<sup>th</sup> Session of the United Nations Statistical Commission (UNSC) in 2016, which instituted the program as a permanent global statistical endeavour. The objectives of the permanent program are to produce reliable purchasing power parity (PPP) time series rather than independent benchmarks, improve quality, respond better to user needs, and promote further openness and transparency. However, in order to achieve these goals, stakeholders need to collectively pool their efforts and resources to implement this new phase in the life of the program. She concluded by reaffirming the World Bank Group commitment to achieve these common goals.

Ivo Havinga, Head of Economic Statistics, United Nations Statistics Division (UNSD), noted that the UNSC decision for a permanent ICP was based on the evaluation of the 2011 round of the ICP, carried out by the Friend of the Chairs (FOC) group, which was chaired by Statistics Austria and India’s Ministry of Statistics and Programme Implementation (MOSPI). He stressed that, in order to be successful, the ICP must be carried out regularly and further integrated into regular work programs at all levels of implementation. He noted the importance of maintaining current methods and practices in order to ensure reliable time series, and focusing on the quality of the PPP estimates. Furthermore, efforts should be dedicated to study and demonstrate the value and uses of PPPs, including for the Sustainable Development Goals (SDGs).

Haishan invited the Board to adopt the meeting agenda.

**| *The Governing Board adopted the proposed agenda for the inaugural meeting.* |**

## **Election of Board Chair/Co-chairs**

Haishan called the Board to elect its Chair/Co-Chairs, and noted that, historically, the Board Chairmanship has been offered to the Chair of the ICP FOC group. Continuing this practice, India's MOSPI and Statistics Austria were proposed for the Co-Chairmanship of the Governing Board for the next three years. It was noted that the current proposal ensured a balance between developing and developed countries as well as different geographical regions.

The role of the Co-Chairs was clarified. It was stressed that the Co-Chairs are facilitators between the various governance bodies and the Governing Board members. Furthermore, the Co-Chairs assure that the opinions of all parties are heard and subsequently reflected. Given that Board decisions are taken by consensus, or as a last resort by vote, the Co-Chairs are not direct decision-makers, but rather they facilitate consensus reaching.

The process and steps to select future chairs/co-chairs will be further discussed by the Board in subsequent meetings, with the objective of ensuring transparent and equal representation of different geographical regions as well as countries of different levels of development and size.

***The Board elected MOSPI and Statistics Austria to be the Co-Chairs of the Governing Board for the first three-year cycle, until the end of 2019.***

Konrad Pesendorfer, Director General, Statistics Austria and ICP Governing Board Co-Chair, assumed the role of meeting Chair.

## **ICP Governance Framework and Terms of Reference of Governance Bodies**

Konrad invited Nada Hamadeh, ICP Global Lead, World Bank, to present the main principles for the future work of the ICP covering mandate, governance, methodology, and funding and openness, based on the decisions taken at the 47<sup>th</sup> Session of the UNSC. Additionally, he asked her to outline the suggested ICP governance framework and terms of reference of governance bodies.

On governance, the UNSC has decreed that the federated governance approach is to be maintained, and that it should be more country-driven, inclusive, participatory and transparent, as well as lighter and adaptable to meet the need of an evolving permanent program. On methodology, the rolling survey approach should be gradually adopted, producing results every three years in the short run and annual results in the long run. Furthermore, no methodological changes are to be made for the ICP 2017 cycle, in order to maintain comparability over time and allow for producing reliable PPP time series. However, a technical research agenda is to be established to guide the future with focus on improving quality and reliability of PPP estimates and underlying data, and on leveraging innovations. Lastly, on funding and openness, there is a need to strive for viable and sustainable financing model, and to allocate less funding for governance and coordination and more to data production and quality assurance. Gradual increase in national funding, as countries adopt the ICP in their regular work programs, was also called for. In order to achieve these goals, better advocacy to policy-makers and greater data access to respond to user needs are needed.

The ICP governance framework and its main bodies were introduced. The ICP is undertaken under the overall umbrella of the UNSC, with the countries as its foundation. It is implemented by global, regional and national implementing agencies, under the overall oversight of a Governing Board, and with the guidance of a Technical Advisory Group and its Task Forces. An ICP Inter-Agency Coordination Group (IACG) ensures efficient coordination between global and regional agencies. The World Bank Global ICP Unit undertakes the global coordination and implementation of the ICP and provides secretariat functions to the various governance bodies.

On the Governing Board membership, the Board was informed of the concerns raised by the IACG agencies regarding the current Board composition. In particular, the operational guidelines of some regional development banks, which are also donors to the ICP, require them to be permanently represented on any policy oversight body for which their resources are deployed. In order to address the concerns raised, the IACG proposed to increase the Board size from 16 to 18 seats. Under the proposed scheme, countries continue to hold eleven seats, while agencies hold seven seats distributed as follows: i) three seats for the World Bank, IMF and UNSD; ii) two seats for the African Development Bank and Asian Development Bank; iii) a rotating seat for the Eurostat-OECD PPP program; and iv) a rotating seat for other regional programs to ensure that they are represented on the Board regularly. United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC), United Nations Economic and Social Commission for Western Asia (UN-ESCWA), and Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT) would rotate on this seat.

The Board noted that the ICP should not be an academic exercise, instead, it should be a country driven program, serving a wide array of users, and ensuring national ownership the program, input data, and results. It was further noted that the governance framework should maintain continuity, in order to ensure effectual coordination of the program. Since the duration of each ICP cycle is three years, it was deemed important to have continuity in Board chairmanship during a given cycle.

On the suggested change to the Governing Board composition, Konrad stressed that countries would continue to maintain higher number of seats relative to agencies. Since the Board will mostly seek to make decisions by consensus, the status of Board members and observers will make very little difference.

UNSD put forth a proposal to be included in the IACG, given its role in setting standards for national accounts and price statistics, which will be discussed in future Board meetings. Moreover, the role of sub-regional agencies in Africa, Latin America and the Caribbean, and other regions was highlighted and it was noted that they play an important role in helping to coordinate the program in various regions.

It was also noted that, for many regions, the ICP is a vehicle for statistical capacity building. Lastly, it was emphasized that ICP work should be more aligned with the work of standing technical groups on prices and national accounts, and that further efforts should be dedicated to exploring innovations, most notably on the use of big data.

***The Board agreed to increase the Board size from 16 to 18 seats, with countries holding 11 seats and agencies 7 seats. The World Bank, IMF and UNSD will hold three seats, the African and Asian Development Banks will each hold one seat, Eurostat and the OECD will rotate on one seat, and CIS-STAT, UN-ECLAC and UN-ESCWA will rotate on one seat. The Board further endorsed the ICP Governance Framework and Terms of Reference of the governance bodies, reflecting the change in Board composition.***

## Technical Advisory Group Establishment

Nada presented the proposal to form the ICP TAG with the membership of a small group of prominent experts in related PPP disciplines, namely 10 leading academics, practitioners, former Chief Statisticians, and prominent users. It was stressed that the members participate in their own independent capacity and not as representatives of any specific region or institution. The role of the TAG is to: i) develop a technical research agenda to guide the program, focusing in the short-term on methodological aspects related to PPP time series and improving quality and reliability; ii) set up Task Forces to implement research agenda work program; iii) assess research findings and methodological proposals; and iv) review the methodological soundness and overall quality of the PPP estimates.

The need to keep the group small, representative, inclusive and high-calibre was stressed. It was also noted that the TAG should work closely with the Global ICP Unit and the IACG to ensure timely progress with the various technical research areas. The Global ICP Unit will keep the Board informed of progress, findings and recommendations in order to ensure full transparency. Proposals for major changes in methodology would be submitted to the Board for their consideration and decision.

Some Board members put forth additional names for the membership of the TAG. Thus, it was agreed that the proposed TAG membership will be slightly amended and circulated to the Board for its no-objection.

***The Board established the ICP TAG. The proposed TAG membership will be amended per Board discussions and circulated to the Board for its no-objection.***

## Preparations, Timetable and Funding for the ICP 2017 Cycle

The Board was briefed on the preparations, tentative timetable and funding status for the ICP 2017 cycle. The rolling survey approach, recommended by the FOC group and adopted by the UNSC, spreads the price data collection over three years, in order to ease the burden on countries for any given calendar year, and is designed to make comparisons using a mix of actual and extrapolated data. The ICP will gradually adopt this approach, while allowing regions the flexibility to conduct surveys over a period of three years, according to their specific circumstances. Specifically for the ICP 2017 cycle, the plan is to carry out price surveys during 2017 and 2018, and incorporate price data from the interim surveys carried out in 2016 in various regions, where possible. By the end of 2018, global PPP time series for 2012-2016 would be produced through linking interim regional results, where available. By the end of 2019, the ICP 2017 results would be published. In the future, the ICP would continue to strive to implement the rolling survey approach for the reference years 2020 and 2023.

To date, the IACG has held two meetings in 2016 to coordinate interim exercises and prepare for the ICP 2017 cycle, while the Regional Implementing Agencies have held multiple workshops and conducted technical assistance missions to support interim exercises and prepare for the ICP 2017 cycle. The Global ICP Unit has further prepared operational material supporting price surveys and national accounts activities, worked on an E-learning course on PPPs, and conducted various outreach activities.

On the funding of the ICP 2017 cycle, the main aim is to establish a viable and sustainable financing model for the permanent program, following a 3-year window model (2017-19; 2020-2022; etc.), channel less

funds to governance and coordination and more to data production and quality assurance, and gradually increase national funding for the program. It was noted that the World Bank and Regional Implementing Agencies have initiated their fund-raising efforts in order to secure the needed funds; however a good portion of the required funding remains unsecured. Lastly, an overview of the global and regional budgets was provided, showing substantial reduction in funding relative to the ICP 2011 round budget.

During the discussion, the need for producing reliable time series, rather than individual benchmark results, was stressed. The Board commented that it would be beneficial to keep key users informed of the progress to produce such series. It was also noted that the TAG and related Task Forces would further explore the most feasible method for producing PPP time series, taking into account the fact that not all countries conducted interim surveys and that these interim surveys covered selected years only.

Some regions emphasized that, while the rolling survey approach spreads the survey workload over a three-year period, it may not be more cost effective than the benchmark approach conducted every three years. Furthermore, the rolling survey approach requires both reliable survey data as well as extrapolation indices and ancillary data, and that the availability, accessibility and quality of these indices and data are crucial. Many developing countries do not have standardized price indices with sufficient product and geographical coverage; thus, the implementation of the rolling survey approach would require improving the availability and quality of these indices. The transition to the rolling survey approach should, therefore, be gradual, and regions should be allowed the flexibility to plan surveys during each three-year cycle according to their specific circumstances.

The Board was also briefed on the recommendations of the Atkinson Commission on Global Poverty on the uses of PPPs in global poverty measurement, and the World Bank response to these recommendations. It was stressed that the ICP needs to strive for further openness, in order to maintain and expand the various uses of PPPs.

It was noted that the recent successful initiative of building PPP estimates in Ecuador between the Galapagos Islands and mainland Ecuador is a good example where the ICP proved relevant to policy-makers. This initiative also showcased the need to integrate ICP into regular work programs at all levels of implementation.

On country participation, the participation of the Pacific Islands in the ICP 2017 cycle has not been confirmed yet. Efforts to identify a suitable institution to coordinate the program in the Pacific, as well as sources of funding for the program, will be undertaken during 2017.

On funding, the Board requested clarifications on the sources of budget reduction, and cautioned that the reduction in funding should not adversely affect the quality of PPP estimates. It was clarified that the reduction in budget is mainly the result of the investment in technical and human capital during the 2011 round of ICP and the lighter governance framework going forward.

***The Board took note of the current status of preparations and timetable for the ICP 2017 cycle, as well as the budget and funding status.***

## **Any other business**

Konrad invited the Board to discuss the next Board meeting. The National Bureau of Statistics of China offered to host the meeting. The exact venue and timing will be determined through bilateral communications with China.

***The Board agreed that its 2017 annual meeting will take place in China. The exact venue and timing will be decided and communicated in due course.***

## Annex 1: Meeting Agenda



### First Governing Board Meeting

November 15, 2016  
Room MC13-121, World Bank Group, Washington, DC

#### Proposed agenda

09:00 - 09:30	<i>Breakfast</i>
09:30 – 10:00	<b>Opening remarks and adoption of the agenda</b>
10:00 – 10:30	<b>Election of Board Chair/Co-chairs</b>
10:30 – 12:00	<b>ICP Governance Framework and Terms of Reference of governance bodies</b>
12:00 – 12:30	<b>Technical Advisory Group establishment</b>
12:30 – 14:00	<i>Lunch (Hosted by Haishan Fu, Director, World Bank Development Data Group)</i>
14:00 – 15:00	<b>Preparations and timetable for the ICP 2017 cycle</b>
15:00 – 15:30	<b>Budget and funding for the ICP 2017 cycle</b>
15:30 – 15:45	<b>Any other business</b>

## Annex 2: List of Participants

#	Participant	Organization
1	Charles Lufumpa	African Development Bank
2	Kaushal Joshi	Asian Development Bank
3	Roberto Luis Olinto Ramos	Institute of Geography and Statistics, Brazil
4	Fahad S. Altekhaifi	General Authority for Statistics, Saudi Arabia
5	Mohammad S. Alfarraj	General Authority for Statistics, Saudi Arabia
6	Naomi Caupain	General Bureau of Statistics, Suriname
7	Louis Marc Ducharme	International Monetary Fund
8	Andrey Kosarev	Interstate Statistical Committee of the Commonwealth of Independent States
9	Shri M.V.S. Ranganadham	Ministry of Statistics and Programme Implementation, India
10	Jun Wang	National Bureau of Statistics, China
11	Jinping Wang	National Bureau of Statistics, China
12	Yangwei Li	National Bureau of Statistics, China
13	Inna Medvedeva	National Statistical Committee, Belarus
14	Martine Durand	Organisation for Economic Co-operation and Development
15	John Verrinder	Statistical Office of the European Union
16	Konrad Pesendorfer	Statistics Austria
17	Josef Auer	Statistics Austria
18	Juraj Riecan	United Nations Economic and Social Commission for Western Asia
19	Pascual Gerstenfeld	United Nations Economic Commission for Latin America and the Caribbean
20	Ivo Havinga	United Nations Statistics Division
21	Jim Thomas	Bureau of Labor and Statistics, United States
22	Haishan Fu	World Bank
23	Grant Cameron	World Bank
24	Nada Hamadeh	World Bank Global ICP Unit
25	Marko Rissanen	World Bank Global ICP Unit