

**International Comparison Program (ICP)
Technical Advisory Group (TAG)**

**Task Force on Annual Production of Purchasing Power
Parities (PPPs)**



**March 7-8, 2025
New York, USA
Ease Hospitality 1345**

Outline

- **Background**
- **Scope of work**
- **Membership**
- **Tenure and work modality**
- **Expected deliverables**

Background [1]: History

- ICP has a long history with 10 global ICP comparisons conducted to date: 1970 | 1973 | 1975 | 1980 | 1985 | 1993 | 2005 | 2011 | 2017 | 2021 (10th) | **2024** (ongoing)
- ICP **production frequency has accelerated** especially since the ICP 2005
- **Benefits** of more frequent ICP comparisons
 - Less reliance on extended extrapolations at the aggregate level
 - Stable methodology
 - Benefitting from the stable organizational arrangements and earlier methodological developments
 - More stable national / regional / global operations
 - Reduced “start-up” costs, opportunity to “plan better” and continue existing practices
- PPP **time series approach**, developed by Inklaar and Rao, and adopted by ICP TAG in 2020, has facilitated the construction of **PPP time series between ICP comparison years**, while also incorporating interim regional PPP comparisons, where available.

Background [2]: Remaining Challenges [1]

1. While recent ICP comparisons are conducted more frequently—every three to four years—the **issue of inconsistency between extrapolated and benchmark results** persists.
 - E.g., discrepancies were observed for selected Eurostat countries when experimental extrapolated results from 2017 were compared against 2021 results.
2. Although the frequency of ICP publications has increased, users today expect **more frequent and timely releases**.
 - E.g., before the ICP 2021 results were published in May 2024, the most recent available data was for reference year 2017, published in May 2020.
3. Other **non-ICP international databases** continue extrapolating PPPs using varying data sources and methodologies, leading to increasingly incoherent sets of PPPs as time passes after an ICP release.

Background [3]: Remaining Challenges [2]

4. The current approach does not allow for incorporating **regional interim updates** before releasing results for a new ICP comparison.
 - Currently, annual PPPs are produced by Eurostat, the OECD, and UN-ESCWA.
5. The current production approach does not allow **for updating underlying data or revising results** before the next ICP comparison cycle.
 - E.g., updates to reference year 2017 data were only incorporated when releasing the 2021 results in 2024.
6. In some selected, **data collection for previous ICP cycles has spanned multiple years**, requiring temporal adjustment of data to align with the ICP reference year.
 - The current approach does not fully utilize collected and processed data, which could otherwise be used to produce results for multiple years.

Background [4]: Remaining Challenges [3]

7. A **3–4-year cycle may not be an ideal fit** within national, regional, and global statistical work programs. Establishing an annual production cycle could better facilitate the **integration of the ICP into regular work programs**.

Background [5]: Opportunities

(!) Recent advances in developing **more detailed international classifications**—most notably the COICOP 2018—offer opportunities to enhance synergies with national statistical work, such as estimating weights, conducting temporal adjustments, and sourcing data.

- The work of the “*Task Force on ICP Classification*” closely supports these efforts

(!) It is important to emphasize that any plan for annual regional and global production should carefully **consider available resources**, **minimize the burden** on national implementing agencies, and **maximize synergies** within statistical production.

- Additionally, it should focus on efficiently utilizing available data sources while ensuring the **quality and consistency of ICP outputs**.

Scope of Work

- The Task Force aims to **develop approaches for annual PPP production** at both regional and global levels.
 - These will be presented for **further discussion** by the ICP TAG and the National, Regional, and Global Implementing Agencies.
- The Task Force will build on the **work of previous related Task Forces** and draw from **existing examples of annual PPP production** in selected regions.
 - Task Force on “*Country Operational Guidelines and Procedures*”, specifically focusing on the topic “Moving towards rolling price surveys.”
 - Task Force on “*PPP Compilation and Computation*,” particularly on the topics “Linking interim regional updates into a global comparison” and “Building PPP time series for the interim period.”
 - Annual PPPs are currently produced by Eurostat, OECD and UN-ESCWA.

Suggested Membership

- Representative(s) of the **ICP Technical Advisory Group** (TAG).
- Representatives of the **ICP Regional Implementing Agencies**: AfDB; ADB; CIS-STAT; Eurostat and OECD; UN-ECLAC; and UN-ESCWA.
- Representatives of the **ICP National Implementation Agencies** from each ICP region: Africa; Asia and Pacific; Commonwealth of Independent States (CIS); Eurostat-OECD PPP Programme; Latin America and the Caribbean; and Western Asia.
- Representatives of the **ICP Global Implementing Agency**.

Tenure and Work Modality

- Fixed tenure of **two years** upon its establishment.
- The Task Force will meet both virtually and in person, as needed.
- Members may participate in ICP **Inter-Agency Coordination Group (IACG)** meetings to discuss the operational implications and feasibility of their proposals.
- Additionally, they may join ICP **Technical Advisory Group (TAG)** meetings to present their findings and recommendations for TAG's consideration.
- The ICP **Global Implementing Agency** will serve as the **secretariat** for the Task Force.

Expected Deliverables

- Present **interim and final reports** on its proposed approaches to the **Inter-Agency Coordination Group (IACG)** and to the **ICP Technical Advisory Group (TAG)**.
- Once the report is finalized and cleared by the ICP TAG, its **outputs will be presented and discussed within each ICP region** in collaboration with the Regional and National Implementing Agencies to evaluate and develop feasible regional implementation plans.

Discussion



Thank you!

