Terms of Reference
Validation Expert Group

1. Background

The International Comparison Program (ICP) is a worldwide statistical initiative to collect comparative price data and estimate purchasing power parities (PPPs) of the world’s principle economies. Using PPPs instead of market exchange rates to convert currencies makes it possible to compare the output of economies and the welfare of their inhabitants in real terms - that is, controlling for differences in price levels.

PPPs and related ICP results are calculated and validated within each region. The resulting regional PPPs will be combined into global PPPs in a process which requires scaling and linking factors.

2. Objective

The overall objective of the Validation Experts Group is to support the ICP Global Office in validating price, expenditure and other data across regions at the Global level.

3. Terms of Reference

The Validation Experts Group will:
1. Propose approaches and tools for validation at the Global level;
2. Ensure that all validation steps of price data from the Global Core List and Regional Lists have been correctly undertaken according to agreed upon methods and procedures;
3. Review the National Accounts expenditure data across countries;
4. Provide technical knowledge and expertise in ensuring the consistency of the Global and Regional comparison;
5. Suggest methods to correct any arising discrepancies in the validation process.

Global Core List items referred to in the global validation process include:
- Household Consumption, including Private Health
- Machinery and Equipment
- Construction and Civil Engineering
- Government Compensation
- Housing
- Private Education

4. Timeframe

The Validation Experts Group will support the ICP Global Office until the end of the 2011 round.