

# **International Comparison Program (ICP)**

**Governing Board**

**February 26, 2023**



International Comparison Program



# **Opening Remarks and Adoption of the Agenda**

# Agenda

- **Overall progress with ICP 2021 cycle**
- **Regional progress with the ICP 2021 cycle**
- **Any other business and closing remarks**



# Overall Progress with ICP 2021 Cycle

# Outline

- **ICP 2021 cycle timeline and milestones**
- **Participation and data submission status**
- **Governance activities and Technical Advisory Group chairmanship**
- **Risks and mitigation measures**
- **Replicability and transparency of ICP results**
- **Uses and outreach**

# Major Milestones and Deliverables

- **ICP 2021 cycle duration from mid-2020 to mid-2024**
  - Original reference year 2020 was postponed to 2021 due to Covid-19
- **Release of the ICP 2021 cycle results scheduled for end-2023**
  - Results for the reference year 2021
  - Revised results for the previous reference year 2017
  - Annual PPPs for the years 2018 to 2020
- **Dissemination and outreach in Q1 – Q2 2024**

# Timeline

ICP 2021 Cycle	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
UN Stat. Comm.	█				█				█				█			
Governing Board						█			█				█			█
Technical Adv. Grp.						█		█				█		█		█
Int. Ag. Coord. Grp.		█		█		█		█	█	█		█		█		█
Operational material			█		█	█										
Price surveys					█	█	█	█	█	█	█	█				
National accounts									█	█	█	█	█	█	█	█
Publication *																!

\* 2021 results, revised 2017 results, and 2018-2020 time series

# Participation

## Number of participating economies broadly consistent across cycles

[**ICP 2017:** 176 economies | **ICP 2021:** 175 economies]

- **AFR [50]:** No changes
- **ASI [21]:** -1 Myanmar
- **CIS [9]:** +1 Uzbekistan
- **EUO [48+2]:** -1 Russia (as dual-participating country) | Georgia and Ukraine
- **LAT [14]:** +1 Guatemala
- **CAR [19]:** -4 The Bahamas, Barbados, Cayman Islands and Sint Maarten
- **WAS [15]:** +2 Syria and Lebanon, + 1 Tunisia (as dual-participating country)



# Data Submission Status

- **Formal ICP 2021 cycle data submissions began in Q3 2022**
- **Price data:** Household consumption 2021 price data submitted for 162 of 175 participating economies. Positive initial assessment of data quality, especially in relation to previous ICP cycles. 2021 price data for non-household consumption currently undergoing validation by regional and national agencies.
- **National accounts:** 2021 expenditure data yet to be released and submitted for most economies; preliminary data has been submitted for 43 economies. Expenditure data was submitted for 2017-2020 (required for revised ICP 2017 results and PPP timeseries).
- **Next formal ICP 2021 cycle data submission is scheduled for Q1 2023**

# Governance: United Nations Statistical Commission



- The Report outlines ICP 2021 activities undertaken in 2022 at the global, regional, and national levels.
- The Commission is invited to take note of the progress made in carrying out the current cycle and related risks, challenges, and mitigation measures, and **the call to ICP stakeholders to ensure their timely completion of the ICP 2021 cycle activities, to prepare for the next ICP 2024 cycle, and to continue to incorporate the ICP into their regular statistical work programmes.**

- **2023 ICP report for information: Agenda item 5(C)**
- **Arabic | Chinese | English | Español | Français | Russian**

# Governance: Governing Board Meeting

- **Previous meeting in March 2022**
- Reviewed the status of the ICP 2021 cycle at the global and regional levels
- Noted the good progress of the 2021 cycle despite pandemic disruptions, the delay in price collection in some economies until 2022, and the new participation risks arising from the war in Ukraine
- Asked the Global Office and the Regional Implementing Agencies to work with the TAG on mitigation plans to address the participation risks

# Governance: Technical Advisory Group Chairmanship

## Current membership

- **Sir A. Deaton (Chair)**, 2015 Nobel Prize Laureate, Princeton
- **P. Schreyer (Alternate Chair)**, OECD Chief Statistician
- **A. Heston**, Professor Emeritus, UPenn
- **P. Rao**, Professor Emeritus, UQ
- **R. Feenstra**, Distinguished Professor, UC-Davis
- **E. Diewert**, Professor Emeritus, UBC
- **M. Mouyelo-Katoula**, former ICP Global Manager
- **M. O'Mahoney**, Professor, KCL
- **X. Xu**, Professor, THU

## Envisioned changes

- **Sir Angus Deaton** has indicated a desire to step down from his role as TAG Chair
- **Paul Schreyer**, current TAG Alternate Chair, will take over as the new TAG Chair
- In addition, efforts are ongoing to identify potential candidates to fill "vacant" TAG seats

# Governance: Technical Advisory Group Meeting [1]

- **Recent meeting held in December 2022**
- **Impact of COVID-19** on Eurostat-OECD data collection: higher reliance on online sources and phone surveys, large effects on expenditure weights
- **Implications of the war in Ukraine** on the ICP 2021 cycle: Russia no longer participating in the OECD comparison
  - Impact on OECD results from exclusion of Russia: small
  - CIS region to be linked directly into global results, instead of using Russia as a bridge country between CIS and OECD
    - Impact on CIS results: mixed, to be confirmed further
    - Impact on other regions' results: small
    - Further assessments as new data come along

# Governance: Technical Advisory Group Meeting [2]

- Reviewed progress with the **ICP Research Agenda**
  - Compilation of PPP Time Series
  - Compiling housing PPPs and real expenditures
  - Fine tuning global linking procedures
  - Exploring innovations in technology and data sources for PPP measurement
- Discussed **new uses of PPPs and ICP data**, e.g. WB income classification
- Next meeting is planned for summer 2023
  - Continue assessment of implications of COVID-19 and the war in Ukraine
  - Review of draft ICP 2021 cycle results for household consumption

# Governance: Inter-Agency Coordination Group Meetings

- **Meeting in June 2022**
  - Reviewed global and regional implementation status and risks
  - Planned operational activities
- **Meeting in October 2022**
  - Reviewed global and regional implementation status and risks
  - Discussed ICP 2021 cycle outputs
  - Initiated global data validation - focus on household consumption data
- **Next IACG meeting scheduled for May 2023**
  - Continue with the global validation
  - Initiate preparations for the ICP 2024 cycle

# Replicability and Transparency of ICP Results

- **ICP 2017 cycle improved the replicability and transparency of results**
  - Parallel global PPP estimation by the Computation Task Team
  - Detailed documentation of the full PPP estimation process
  - Enhanced and streamlined data management, processing and dissemination
- **ICP 2021 cycle efforts to further improve replicability and transparency**
  - Launch of a new collaborative online global validation tool
  - Enhance and extend the computation code programmed in Stata
  - Deploy solutions to improve data management, validation and compilation at national and regional levels



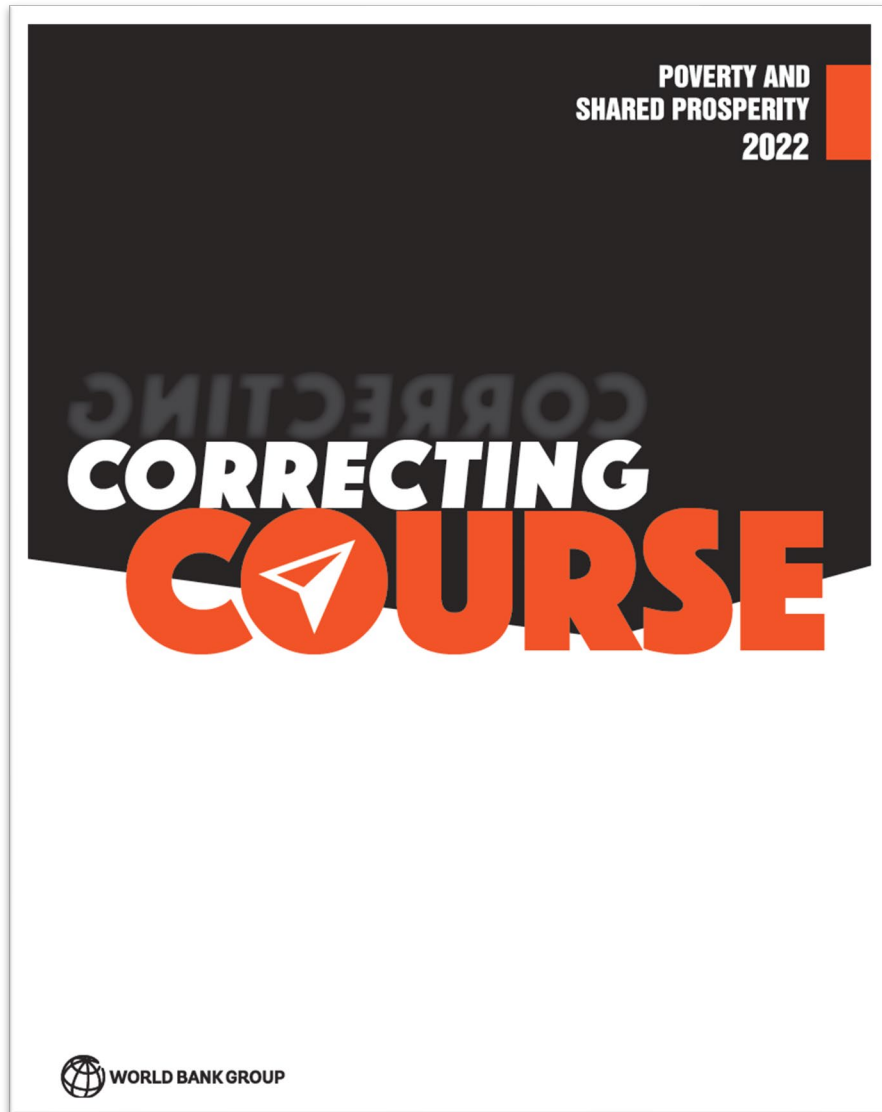
# Risk Assessment [1]

- **PARTICIPATION**: Participation risks persist in some regions
  - **Mitigation**: Continued monitoring and advocacy efforts by the implementing agencies, Governing Board, and UNSC
- **COMPARABILITY**: Standard PPP estimation methodology maintained to the extent possible, but the CIS region would be linked directly into the global set of results, instead of via Russia as a bridge country between CIS and OECD
  - **Mitigation**: TAG technical guidance on linking the CIS region, and assessment of the impact on ICP 2021 results

# Risk Assessment [2]

- **QUALITY**: ICP 2021 - additional quality challenges resulting from COVID-19 (varying price survey schedules and quality of expenditure weights)
  - **Mitigation**: Continued validation efforts at national, regional, and global levels, as well as TAG technical guidance and assessment of results
- **TIMELINESS**: Publication of ICP 2021 results scheduled for end-2023, but several regions/countries faced delays in survey implementation and additional quality assurance measures require time
  - **Mitigation**: Close cooperation between the regional and global implementing agencies to actively monitor the production schedule, and advocacy by the Governing Board and UNSC

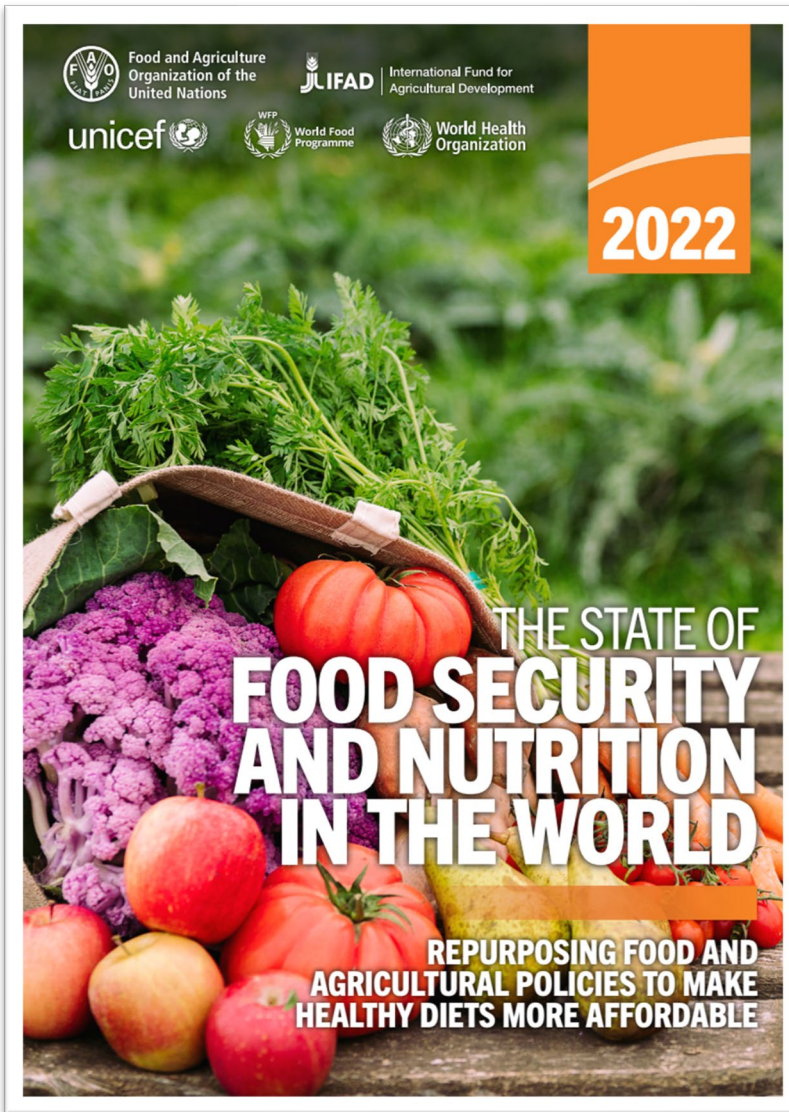
# Uses: Poverty



The World Bank's [Poverty and Shared Prosperity 2022: Correcting Course](#) report (October 2022) used 2017 PPPs to derive new international poverty lines:

- Extreme poverty \$1.90 → \$2.15
- Lower-middle income \$3.20 → \$3.65
- Upper-middle income \$5.50 → \$6.85

# Uses: Diet Cost and Affordability



- Food Prices for Nutrition Project - partnership of Tufts University, IFPRI, and the World Bank in collaboration with FAO
- Produces global statistics on the cost and affordability of healthy diets, using ICP food prices and expenditures
- [Food Prices for Nutrition DataHub](#) launched in July 2022
- Annual multiagency report [The State of Food Security and Nutrition in the World 2022](#) (July 2022) showcased the cost and affordability of healthy diets

# Uses: SDGs

## The Sustainable Development Goals Report 2022



The United Nations [2022 report on the Sustainable Development Goals](#) (July 2022) features PPP-based metrics in its analyses of:

- Extreme and working poverty (Goal 1)
- Agricultural productivity and income of small-scale farmers (Goal 2)
- Impoverishing impact of out-of-pocket health expenditures (Goal 3)
- Changes in energy intensity (Goal 7)

# Uses: Human Development



The United Nations Development Programme's [Human Development Report 2021/2022](#) (September 2022) includes

- the Human Development Index and the Gender Development Index, both of which use PPP-based gross national income per capita as an input
- the Multidimensional Poverty Index, which uses the PPP-based international poverty line

# Uses: Income Classification

## Using Purchasing Power Parities in the World Bank's Classifications of Countries by Income Level

Nada Hamadeh, Aart Kraay, Eric Metreau, Marko Rissanen, Giovanni Tonutti, Catherine Van Rompaey, Mizuki Yamanaka, and Kathryn Young<sup>1</sup>

World Bank Development Economics

October 2022

**Abstract:** The World Bank classifies countries by income level for operational purposes (to determine lending terms) and analytical purposes (to broadly group countries by level of development). The current classification method, in place since the 1980s, relies on Gross National Income (GNI) per capita converted to US dollars using market exchange rates, with some *ad hoc* adjustments to mitigate short-term volatility in exchange rates. This paper analyzes the implications of modernizing the World Bank's income classification by shifting to GNI per capita converted to US dollars using Purchasing Power Parities (PPPs). PPPs have long been recognized as the more relevant metric to capture differences in living standards because they adjust for differences in real purchasing power across countries. Considerable improvements in the coverage, stability, and frequency of PPPs, combined with their superior conceptual basis for comparisons of living standards across countries, make a shift to PPPs in the World Bank's income classifications feasible, desirable, and overdue.

- The World Bank classifies countries by **income level** for operational purposes (to determine lending terms) and analytical purposes (to broadly group countries by level of development)
- The current classification method (in place since the 1980s) relies on GNI p.c. converted to US dollars using market exchange rates (MERs)
- Forthcoming paper (consultations ongoing) presents a proposal to use PPPs instead of MERs and assesses the implications of such change

# Outreach: ICP Article in IAOS Statistical Journal

From local prices to the global economy: A unique global collaboration that underpins the International Comparison Program

Cite

Article type: Research Article

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**Note:** [1] The paper is drafted by Elizabeth Purdie and Marko Rissanen, World Bank with inputs from Nada Hamadeh, Yan Bai, Rui Costa, Yuri Dikhanov, Nancy Kebe, Maurice Nsabimana, Inyoung Song, Giovanni Tonutti, and Mizuki Yamanaka, World Bank; Gregoire Mboya de Loubassou, African Development Bank; Kaushal Joshi, Asian Development Bank; Andrey Kosarev, Interstate Statistical Committee of the Commonwealth of Independent States; Claudia De Camino Ferrario, United Nations Economic Commission for Latin America and the Caribbean; Majed Skaini, United Nations Economic and Social Commission for Western Asia; Paul Konijn, Statistical Office of the European Union; Daniel Sanchez-Serra, Organisation for Economic Co-operation and Development; and Brian Graf, International Monetary Fund.

**Keywords:** International Comparison Program (ICP), purchasing power parities (PPPs), price level indices (PLIs), prices, national accounts, expenditures, implementing agencies, governance, coordination, collaboration, United Nations Statistical Commission (UNSC), World Bank, 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-ESCA), Statistical Office of the European Union (Eurostat), the Organisation for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), national statistical offices

DOI: 10.3233/SJI-220047

Journal: Statistical Journal of the IAOS, vol. 38, no. 3, pp. 1067-1080, 2022

Published: 13 September 2022

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## Abstract

The International Comparison Program (ICP) is a unique example of enduring statistical cooperation and collaboration across national, regional, and global agencies. For over fifty years, the Program has delivered a vital public good: purchasing power parities (PPPs) and price level indexes (PLIs) for economies across the globe. PPPs enable a wealth of metrics on

ICP article in *Statistical Journal of the International Association for Official Statistics* – special issue on statistical collaboration and international statistics:

[From local prices to the global economy: a unique global collaboration that underpins the International Comparison Program](#)

- Authored by the ICP IACG
- Published on September 20, 2022 (free access)



# Outreach: ICP Article in the World Development Indicators

**Figure 1: Middle-income economies account for over half of global GDP when using PPP-based expenditures**



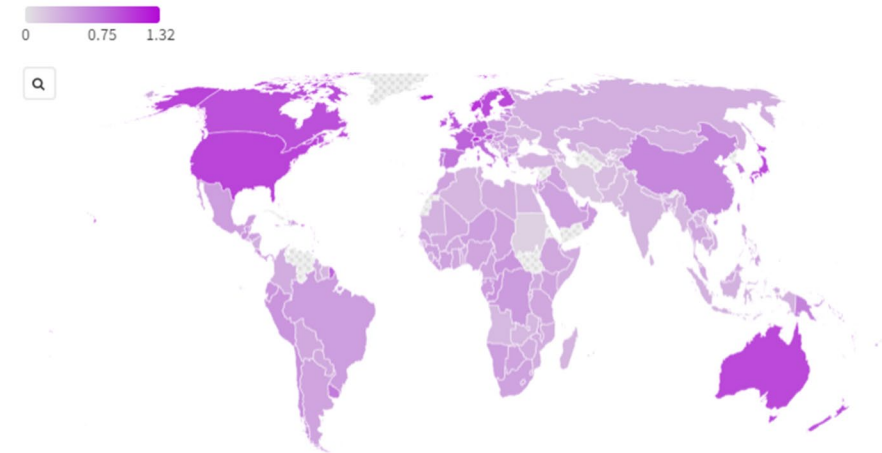
Source: World Development Indicators: NY.GDP.MKTP.CD; NY.GDP.MKTP.PP.CD • [Get the data](#)

### What are price level indexes?

The price level index (PLI) of an economy is the PPP divided by the market exchange rate and is expressed in relation to a base reference country, region, or the world, with higher PLIs indicating that goods and services are more expensive (Map 1).

### Map 1: Bermuda, with the highest price levels, is 11 times more expensive than Sudan with the lowest

GDP Price level index (United States = 1), 2020



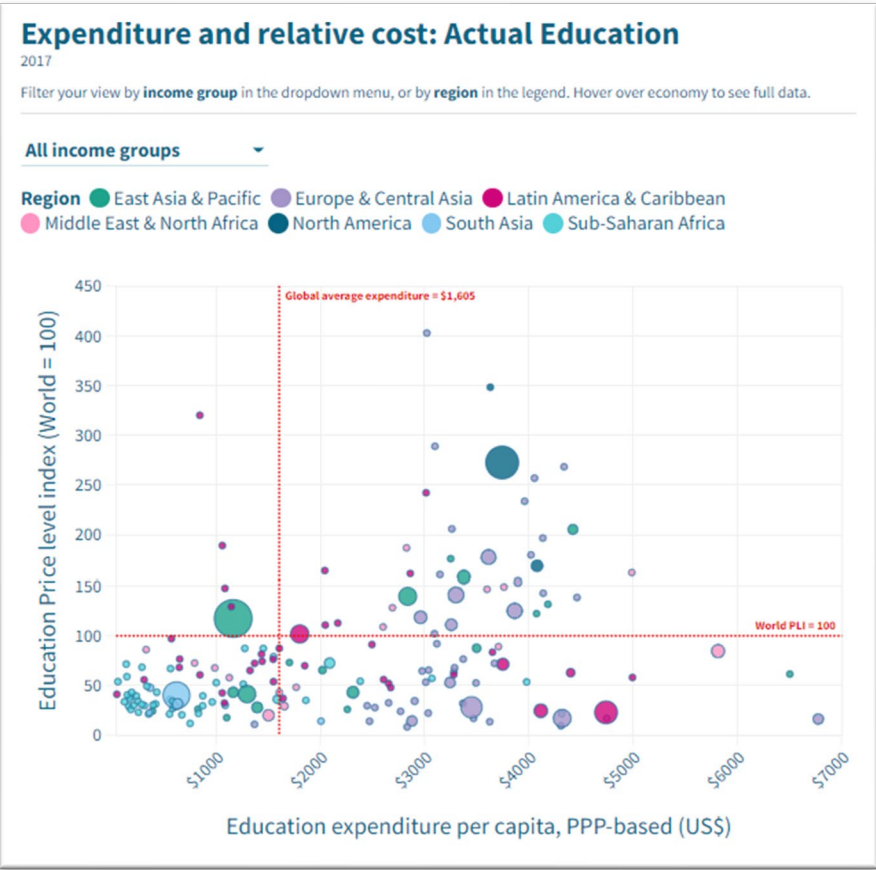
## Article: [Purchasing Power Parities – putting a global public good to work in socioeconomic analyses](#)

- Published on July 13, 2022
- Describes PPPs and their correct use, and highlights current uses in key development areas through charts and maps

# Outreach: ICP Blogs



How much do countries spend on education, and how do the price levels of education compare? Three charts from the ICP (International Education Day: January 24, 2022)

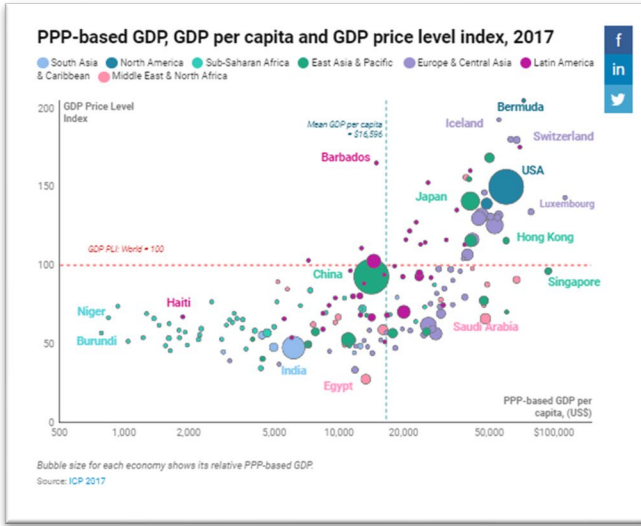


From local prices to the global economy: how data from the ICP help us monitor progress towards the SDGs (March 2022)

# Outreach: New ICP Website

## New global ICP website:

- Modern design
- Easy access to ICP data
- More data and knowledge highlights



### ICP GLOBAL AND REGIONAL RESULTS REPORTS

**ICP 2017 Cycle**  
Results from the ICP 2017 cycle for 176 economies, including PPPs, price level indices, and estimates of PPP-based GDP and its major expenditure components in aggregate and per capita terms for 2017 and revised 2018.

# Conclusions

- **ICP 2021 cycle is well underway in all six regions**
  - Significant resources and tremendous efforts invested in implementing the cycle by various ICP stakeholders
  - Some participation, comparability, quality and timeliness risks remain
- **ICP 2021 cycle results will be crucial**
  - Distortions caused by the COVID-19 pandemic may turn out to be long term structural changes, with yet unforeseen impacts
  - ICP 2021 results will be crucial in assessing the economic impact of the pandemic and will be of great value to various uses and users
- **ICP data and PPP uses continue to grow**



# **Regional Progress with the ICP 2021 Cycle**

# Regional Progress with the ICP 2021 Cycle

- **Africa** (African Development Bank)
- **Asia and Pacific** (Asian Development Bank)
- **Commonwealth of Independent States** (CIS-STAT)
- **Latin America and the Caribbean** (UN-ECLAC)
- **Western Asia** (UN-ESCWA)
- **Eurostat-OECD PPP Programme** (Eurostat and OECD)



# **Any Other Business and Closing Remarks**

# Next Meeting of the ICP Governing Board

- The ICP Governing Board customarily meets once a year in conjunction with the UNSC sessions (Q1 of every year)
- As we enter the final year of the ICP 2021 cycle, it is suggested to have the Board meet again virtually in Q4 2023 to assess the progress and discuss the roadmap towards the release of the ICP 2021 results



