

# **International Comparison Program (ICP)**

## **Governing Board Meeting**

**February 25, 2024**



International Comparison Program

A world map composed of a grid of small dots, with the text "Opening Remarks" centered over it.

# Opening Remarks

# Adoption of the Agenda

- **Overall progress with the ICP 2021 cycle, global results release plans, and ICP 2024 cycle launch**
- **Regional progress with the ICP 2021 cycle, regional results release plans, and ICP 2024 launch**
- **Any other business and closing remarks**

A world map composed of a grid of small dots, rendered in a light blue color, serving as a background for the slide. The dots are more densely packed in some areas, creating a subtle gradient effect across the map.

# Overall Progress with the ICP 2021 Cycle

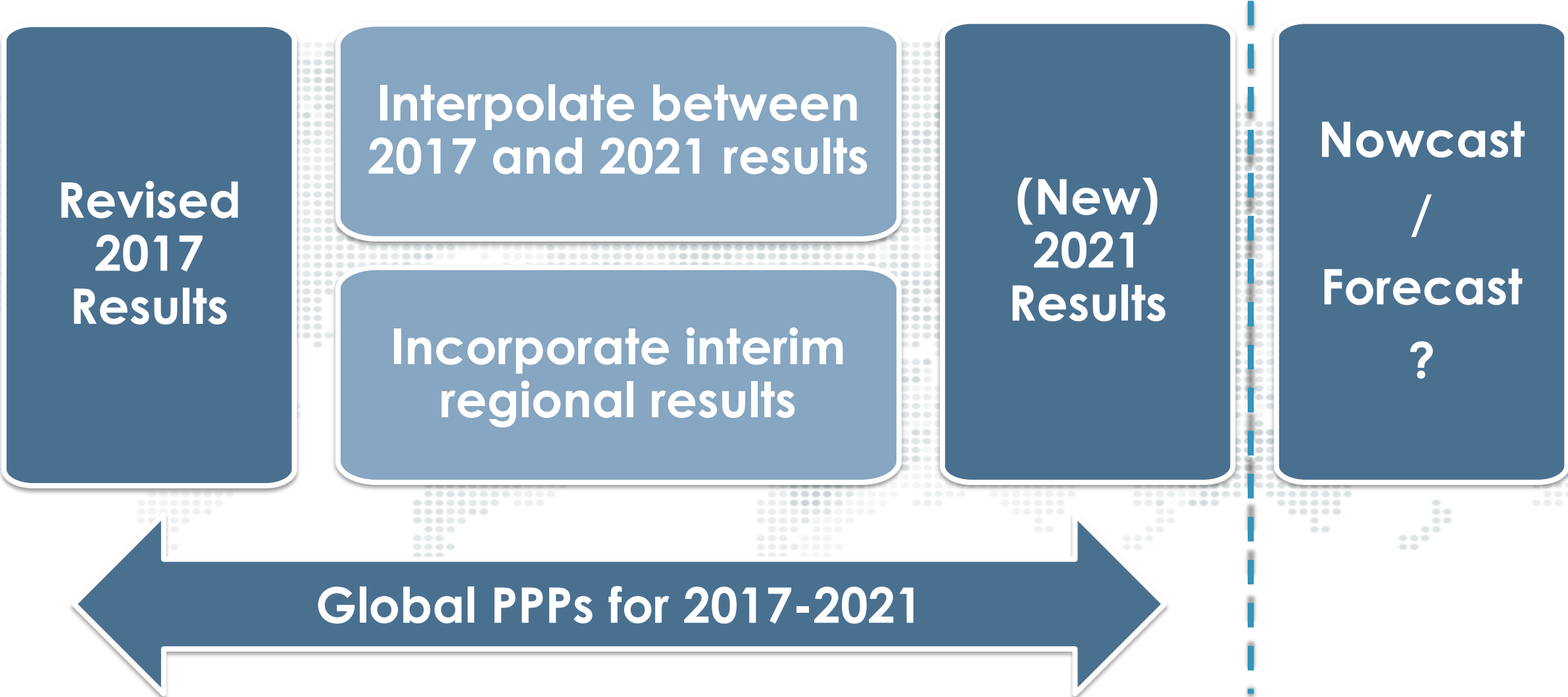
# Introductory Notes [1]

- **The ICP 2021 cycle has been a (very) challenging one**
  - COVID-19 pandemic, Ukraine and Middle-East
  - Cycle postponed from the original reference year 2020 to 2021
  - Price survey period extended to (2020)-2021-2022
  - Delays with data submissions, processing, quality assurance, and calculations
  - The ICP Inter-Agency Coordination Group (**IACG**) **recommended postponing the release** from end-2023 to early 2024 to allow sufficient time for quality assurance and other processes
    - *For reference:* ICP 2017 results were published in May 2020

# Introductory Notes [2]

- *... However*
  - Thanks to the relentless work by the ICP national and regional implementing agencies, ICP 2021 participation is similar to ICP 2017
  - Draft results showcase expected patterns between ICP 2017 and 2021
  - Agencies have established new ways to collect and validate data, and interact across different teams
- *... And also*
  - ICP PPPs continue to be in very strong demand, with several key indicators and uses relying on PPPs, while new significant uses are on the horizon

# ICP 2021 Outputs



# Overall ICP 2021 Cycle Timeline

ICP 2021 Cycle	2020				2021				2022				2023				2024	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
UN Stat. Comm.																	F	
Governing Board																	F	?
Technical Adv. Grp.																N	F/M	
Int. Ag. Coord. Grp.																		
Op. material																		
Price surveys																		
National accounts																		
Result finalization																	!	
Publication*																		!

\* New results for the reference year 2021 | Revised results for the reference year 2017 | 2018 – 2020 timeseries 8



# ICP 2021 Cycle Participation

**The total number of participating economies is consistent across cycles**

[ **ICP 2011:** 199 | **ICP 2017:** 176 economies | **ICP 2021:** 175 economies ]

- **AFR [52]:** +2 Somalia and South Sudan experimental participation
- **ASI [21]:** -1 Myanmar
- **CIS [9]:** +1 Uzbekistan
- **EUO [48+2]:** -1 Russia (as a dual-participating country) | Georgia and Ukraine
- **LAT [13]:** +1 Guatemala, -1 Haiti
- **CAR [19]\*:** -4 The Bahamas, Barbados, Sint Maarten, Turks and Caicos
- **WAS [16]:** +2 Syria and Lebanon, +2 Tunisia, Mauritania (as dual-participating countries)

\* Bonaire and the British Virgin Islands participate at the household consumption level.

# Data Submission Status

- **All regions have provided the required semi-final price, national accounts expenditure, and purchasing power parity (PPP) data for the reference year 2021 global computations**
- **However, the regions are in different states of finalizing their results**
  - Selected regions are in the process of validating and assessing regional data
  - Selected regions are waiting for final country data on prices or expenditures
  - Selected regions are considering results nearly final
- **Provision of final regional data for global computations expected within the coming days and weeks**

# Governance: United Nations Statistical Commission (UNSC)



- 2024 ICP report currently UNSC agenda item 5(f)
  - Arabic | Chinese | English | Español | Français | Russian
- The report outlines activities undertaken to implement the ICP in 2023 at the global, regional, and national levels.
  - **The Commission is invited to:** **i) welcome** the forthcoming release of the ICP 2021 cycle results; **ii) call** on ICP stakeholders to address the support, resources, and funding required to launch the ICP 2024 cycle; **iii) emphasize** the widening dependence on PPPs and ICP data; and **iv) impress** upon national, regional, and global agencies the need to incorporate the ICP into their regular statistical work programs

# Governance: Governing Board Meeting

- **Most recent meeting in February 2023**
- **The Board noted**
  - the progress made with the ICP 2021 cycle, despite the COVID-19 pandemic and the war in Ukraine;
  - the need to identify a new approach to link the CIS region;
  - the need to approach the NSOs on completing the ICP 2021 cycle activities in a timely manner and to begin preparations for the ICP 2024 cycle;
  - the need to identify sustained funding for the program and to strengthen advocacy efforts; and
  - current and anticipated uses of PPPs.

# Governance: Technical Advisory Group Membership

- **To maintain a sufficient number of members and the required expertise in the Group, the nomination of three new members was put forward for the Board's consideration on a no-objection basis**
- **The nominees were:**
  - **Ms. Nada Hamadeh**, Former Manager of Price, Economics, and Debt Statistics Unit, Development Data Group, World Bank, and former ICP Global Manager
  - **Mr. Robert Inklaar**, Professor in the Economics of Productivity and Welfare at the University of Groningen, the Netherlands, and Director of the Groningen Growth and Development Centre
  - **Mr. Paul Konijn**, Head of Unit, Price Statistics, Purchasing Power Parities and Housing Statistics, Eurostat

# Governance: Technical Advisory Group (TAG) Meetings [1]

- **Recent meetings held in November 2023 and February 2024**
- **PPPs and Real Expenditures for Dwelling Services in Asia**
  - The TAG endorsed an approach combining standard ICP approaches for estimating PPPs based on “rental” and “housing volume” data
  - The new approach replaces the previous non-standard “reference volume” approach
  - Impact of the new approach simulated at regional and global levels
- **Linking of the Commonwealth of the Independent States (CIS) region**
  - As Russia is no longer participating in the OECD comparison, linking of the CIS region for 2021 will be based on the standard global core list approach
  - Impact of the linking approach simulated at regional and global levels

# Governance: Technical Advisory Group (TAG) Meeting [2]

- **ICP Research Agenda**

- A Task Force to fine-tune and develop ICP methodology will be established during the ICP 2024 cycle
- Research will be conducted to assess the feasibility of gradually transferring the Program from a cycle-based approach into annual PPP production, in keeping with the resources and burden on implementing agencies

- **Draft ICP 2021 cycle results**

- TAG reviewed the draft ICP 2021 cycle results, estimated based on preliminary data, at its meeting in February 2024
- Overall, expected patterns vs. previous ICP results were observed; however, further quality assurance efforts are required in selected regions

- **Next TAG meeting scheduled for end-March 2024**

# Governance Activities: Inter-Agency Coordination Group (IACG)

- The previous meeting held on **May 15-18, 2023**
- The most recent meeting held on **October 31 - November 3, 2023**
  - Regional and Global updates on the ICP 2021 cycle implementation
  - Data reviews: prices, expenditures, and other data
  - Planning for the 2023/4 governance activities and ICP 2021 cycle release
  - Planning for the ICP 2024 cycle
- **Continuous interaction among the IACG agencies**



# Replicability and Transparency of ICP Results [1]

- **The 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
- **The ICP 2021 cycle continued the efforts to improve replicability and transparency further**
  - Deployment of enhanced solutions to improve data management, validation, and programming
  - Continued parallel calculation of results by independent experts based on a common set of data | **Guiding principle:** Maintain the methodology

# Replicability and Transparency of ICP Results [2]

- **World Bank Data Blog: [Demystifying ICP purchasing power parity calculations using Python: Global results](#) (March 2023)**
- Showcased detailed methodological steps for linking regional PPPs into a global set of PPPs using Python software. Mock average price and expenditure data were used to illustrate the calculations.
- A follow-up to an earlier piece, which focused on the steps for estimating PPPs for countries within a single region.

```
Load input price and regional PPP data
```

```
#Load price data
data="price_data.csv"
prices=pd.read_csv(data)
#Load regional PPPs data
datappp="ppp_reg.csv"
ppp_reg=pd.read_csv(datappp)
```

Frequent users of ICP data will recall that the ICP Classification of Expenditures breaks down expenditure on final goods and services into different levels, and defines 155 basic headings as the lowest level at which participating economies can estimate explicit expenditures. Each basic heading consists of a group of similar well-defined goods or services and is the lowest level for which PPPs are calculated. As in our previous blog, we focus on three basic headings ("bh") as examples for our computation: garments, rice, and pork.

Furthermore, we use 11 countries in our example, each belonging to one of three different regions. Within the ICP framework, regions represent the first building block in the process of cross-country comparisons. The Regional Implementing Agencies are responsible for calculating regional PPPs based on the prices and national accounts expenditures provided by participating economies. Each region designates one country within their region as numeraire and regional PPPs are calculated in relation to this regional numeraire. In our example illustrated below, Country 2 is the numeraire for region A, Country 6 for region B and Country 11 for region C.

Region	Countries	Numeraire
Region A	Country 1, Country 2, Country 3, Country 4	Country 2
Region B	Country 5, Country 6, Country 7, Country 8	Country 6
Region C	Country 9, Country 10, Country 11	Country 11

Regional numeraire countries shown in red. The different shape sizes reflect the relative size of each country's economy in the regional comparisons.

# Risk Assessment [1]

- **PARTICIPATION: (addressed)** Participation risks persist in some regions (including “partial” participation concerns).
  - **Mitigation:** Continued monitoring and advocacy efforts by the implementing agencies, Governing Board, and UNSC.
- **COMPARABILITY: (mostly addressed)** Standard PPP estimation methodology maintained to the extent possible, however:
  - 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;
  - Treatment of housing in Asia and the Pacific may change.
- **Mitigation:** TAG technical guidance on linking the CIS region, and assessment of the impact on ICP 2021 results.

# Risk Assessment [2]

- **QUALITY: (...additional efforts needed)** 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: (...partially realized)** Publication of the results was scheduled for the 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.



# Global Results Release Plans

# Global Results Release Plans

- **Target timeline** (postponed from end-2023)
  - **By the end of March:** Finalization of the global results
  - **By or after the end of March:** A second ICP Technical Advisory Group review and a second ICP Governing Board meeting discussion (?)
  - **Early Q2 2024:** Global Release
    - *For reference:* ICP 2017 cycle results were released in May 2020
- **Publication level and details**
  - ICP 2017 publication levels covered **44** expenditure headings; ICP 2021 aims to maintain the publication level and add **1** aggregate heading
  - ICP 2017 published details covered **15** series; ICP 2021 aims to maintain the published details and add **1** series

# ICP 2017 Cycle Global Release Assets (May 2020)

- **Press release:** [English](#) (PDF) | [Arabic](#) (PDF) | [Chinese](#) (PDF) | [French](#) (PDF) | [Japanese](#) (PDF) | [Portuguese](#) (PDF) | [Russian](#) (PDF) | [Spanish](#) (PDF)
- **Blog:** [New results from the International Comparison Program shed light on the size of the global economy](#)
- **Databases:** World Bank's [ICP DataBank](#) and [WDI DataBank](#)
- **Highlights of main findings and factsheets:** [Global and regional highlights](#) (PDF) [Factsheets on the ICP program and its methodology](#) (PDF)
- **ICP 2017 Frequently Asked Questions (FAQs):** [Summary](#) (PDF) | [Full](#) (PDF)
- **ICP 2017 Report:** [Purchasing Power Parities and the Size of World Economies: Results from the 2017 International Comparison Program](#)

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# ICP 2024 Launch



# ICP 2024 Launch

- **UNSC decided, at its 47<sup>th</sup> Session in 2016, to institute the ICP as a permanent element of the global statistical programme, conducted at frequent three-year intervals**
  - The ICP 2017 cycle was to be followed by the ICP 2020; however, due to the COVID-19 pandemic, it was postponed to 2021
  - With the launch of the ICP 2024 cycle after the ICP 2021 cycle, the 3-year interval is maintained
- **Progress to date**
  - ICP report to the UNSC noting the upcoming conclusion of the ICP 2021 cycle and launch of the ICP 2024 cycle – **Commission and donor support critical**
  - Global operational materials developed and finalized by the ICP IACG



# Recent Uses and Outreach

# Article: PPPs Enable Meaningful GDP Comparisons



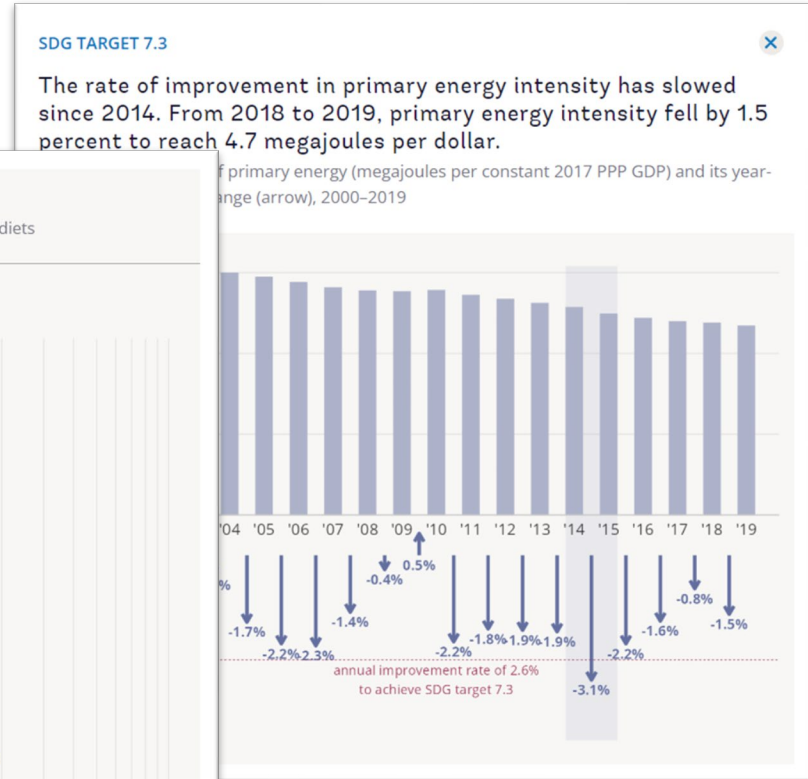
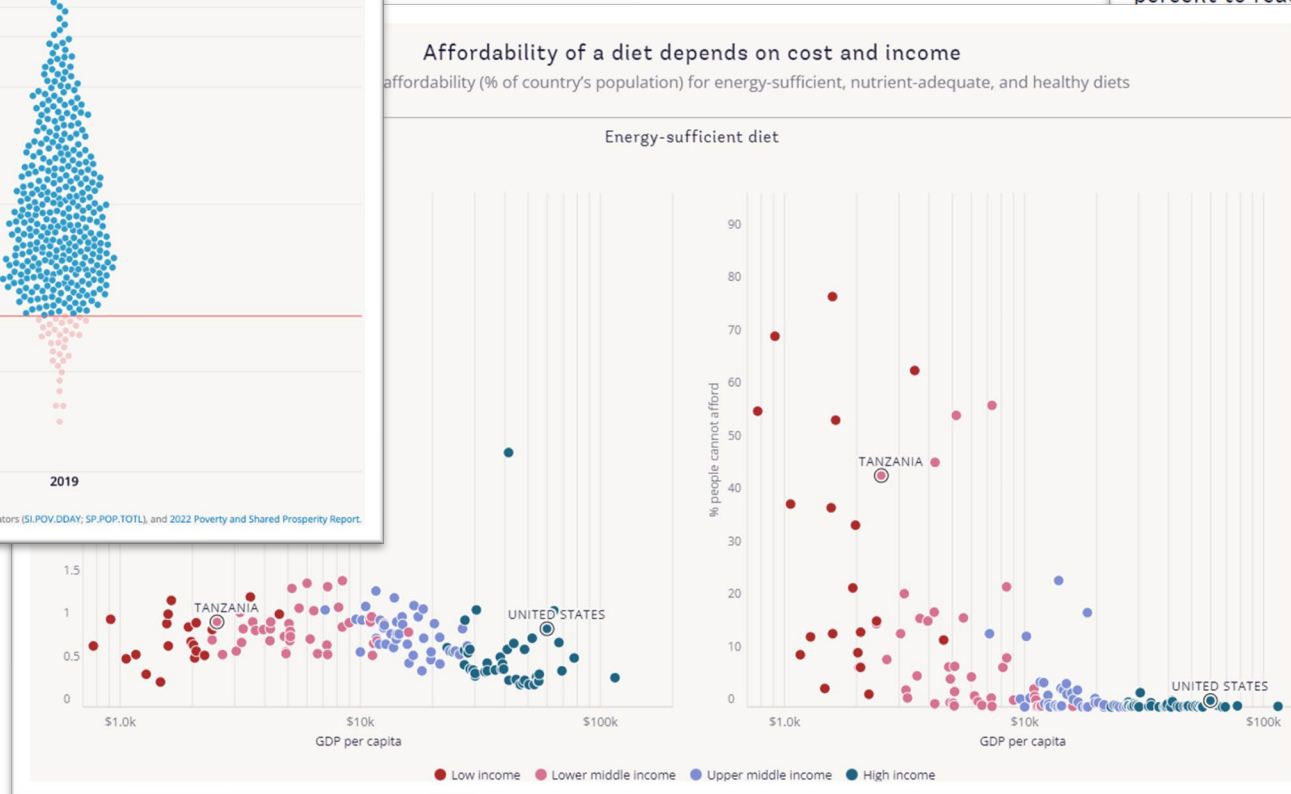
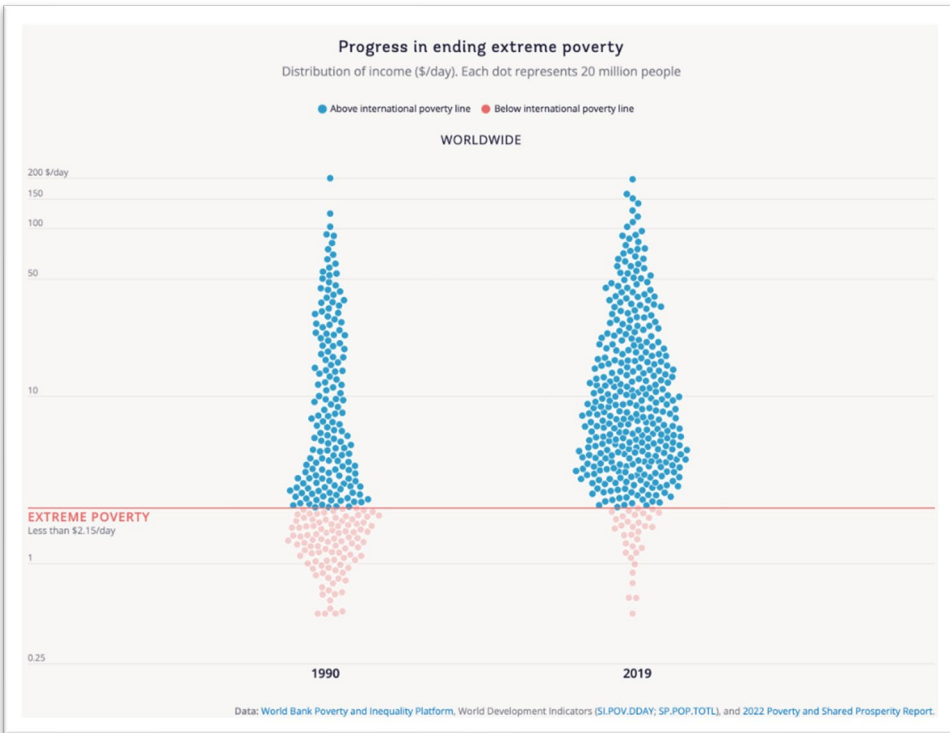
- A recent Financial Times [article](#) (December 2023)
- Showcases how PPP-based GDP allows meaningful cross-country comparisons of economic size and thus overcomes the distortions introduced by market exchange rate-based comparisons.

# Uses: UN Sustainable Development Goals



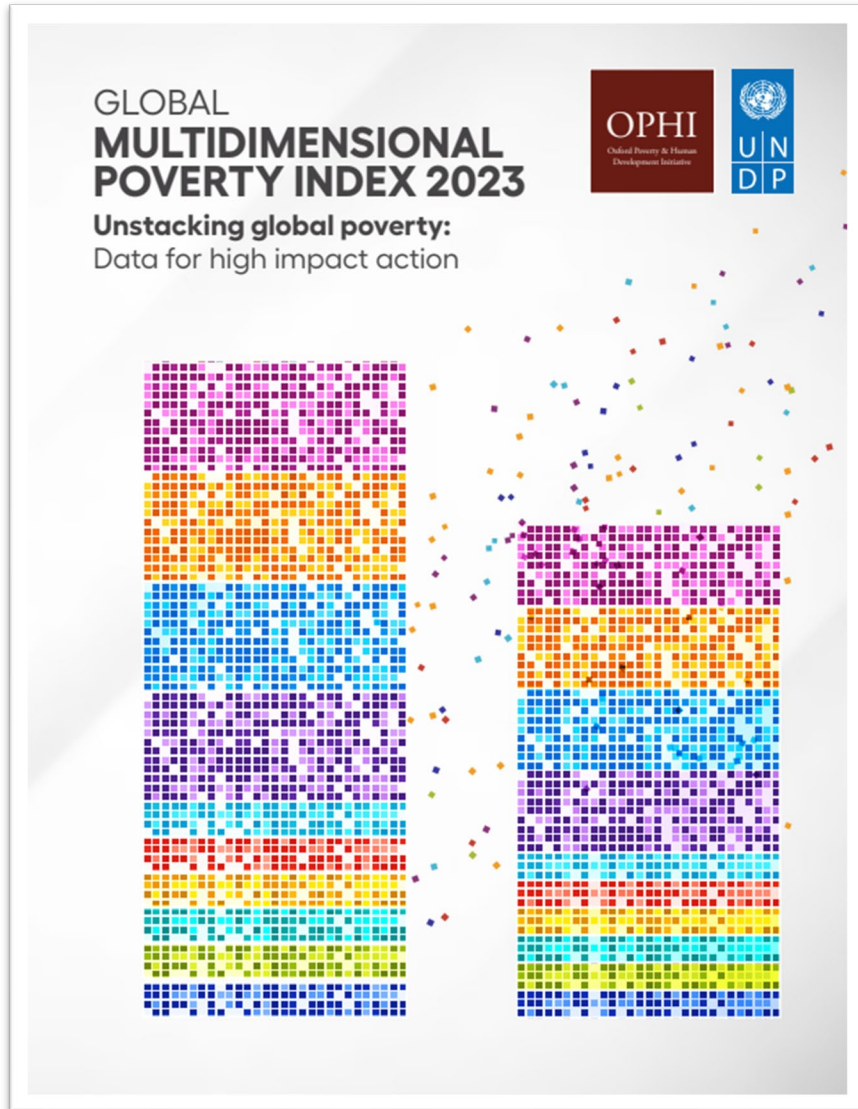
- The UN's [The Sustainable Development Goals Report 2023: Special Edition](#), (July 2023)
- Includes an analysis of the effect of COVID-19 on global poverty using the **extreme poverty line** of \$2.15 at 2017 PPPs
- It also reviews changes in **energy intensity** over recent years, defined as the amount of energy used per unit of PPP-based wealth created

# Uses: Atlas of Sustainable Development Goals 2023



The World Bank June 2023 **ATLAS of Sustainable Development Goals 2023** highlights PPP-based indicators used for SDG tracking

# Uses: UNDP - OPHI



- The UNDP and OPHI publication [Global Multidimensional Poverty Index 2023 - Unstacking Poverty: Data for high impact action](#) (June 2023)
- Compares the **PPP-based international poverty line of \$2.15** a day with an index that combines deprivations across health, education, and standard of living parameters to examine how multidimensional data can be used to track progress towards SDG 1.

# Uses: World Bank

The cover features a green background with a stylized illustration of a town with green roofs and trees. The text is in white and green. The World Bank Group logo is at the bottom left.

## Greening the Economy of Europe and Central Asia

Europe and Central Asia in Focus  
Office of the Chief Economist

WORLD BANK GROUP

- In the World Bank report [Greening the Economy of Europe and Central Asia](#) (February 2024), carbon dioxide emission intensity is measured using **PPP-based GDP**

- In the World Bank report [Global Economic Prospects](#), (January 2024), **PPP-based GDP weights** are used for regional and global GDP forecasts, and other metrics

The cover has a dark red background with a white grid pattern of a globe at the bottom. The text is in white and gold. The World Bank Group logo is at the bottom left.

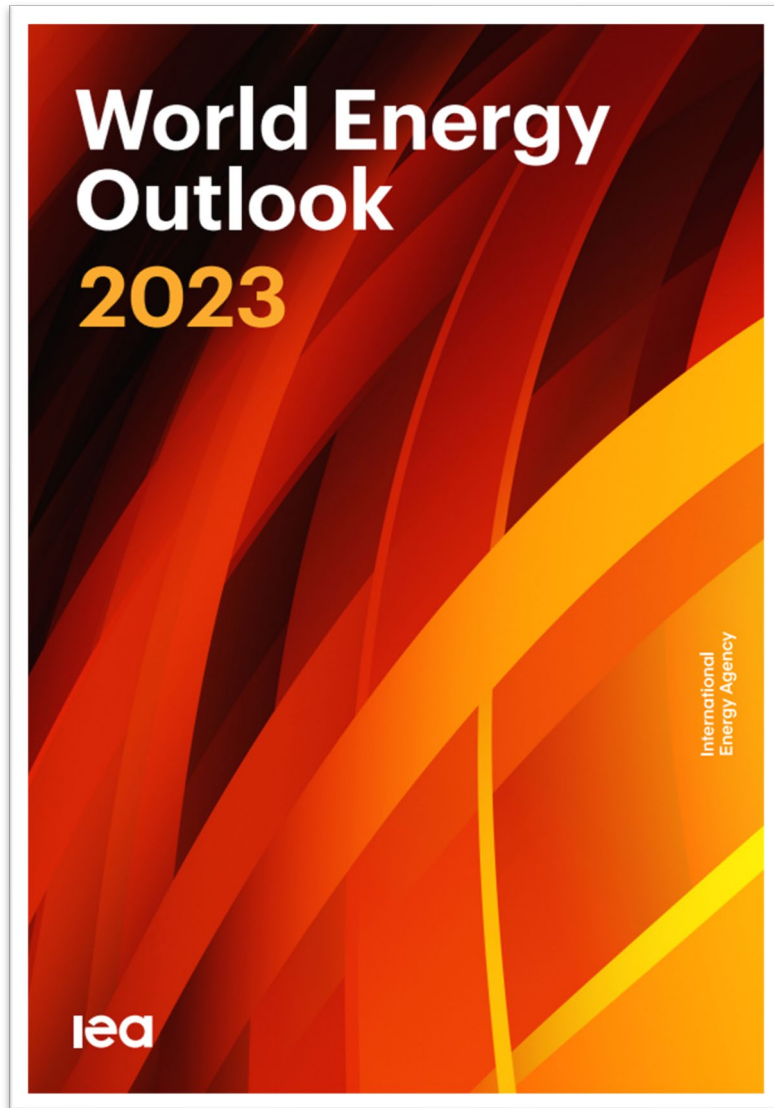
A World Bank Group  
Flagship Report

JANUARY 2024

## Global Economic Prospects

WORLD BANK GROUP

# Uses: International Energy Agency (IEA)



- The International Energy Agency's latest [World Energy Outlook](#) (October 2023)
- **PPP-based GDP** is used to measure both fossil fuel and carbon dioxide emission intensity, while **PPP-based GDP per capita** is used to analyze countries' current and future energy demands



# Uses: World Intellectual Property Organization (WIPO)



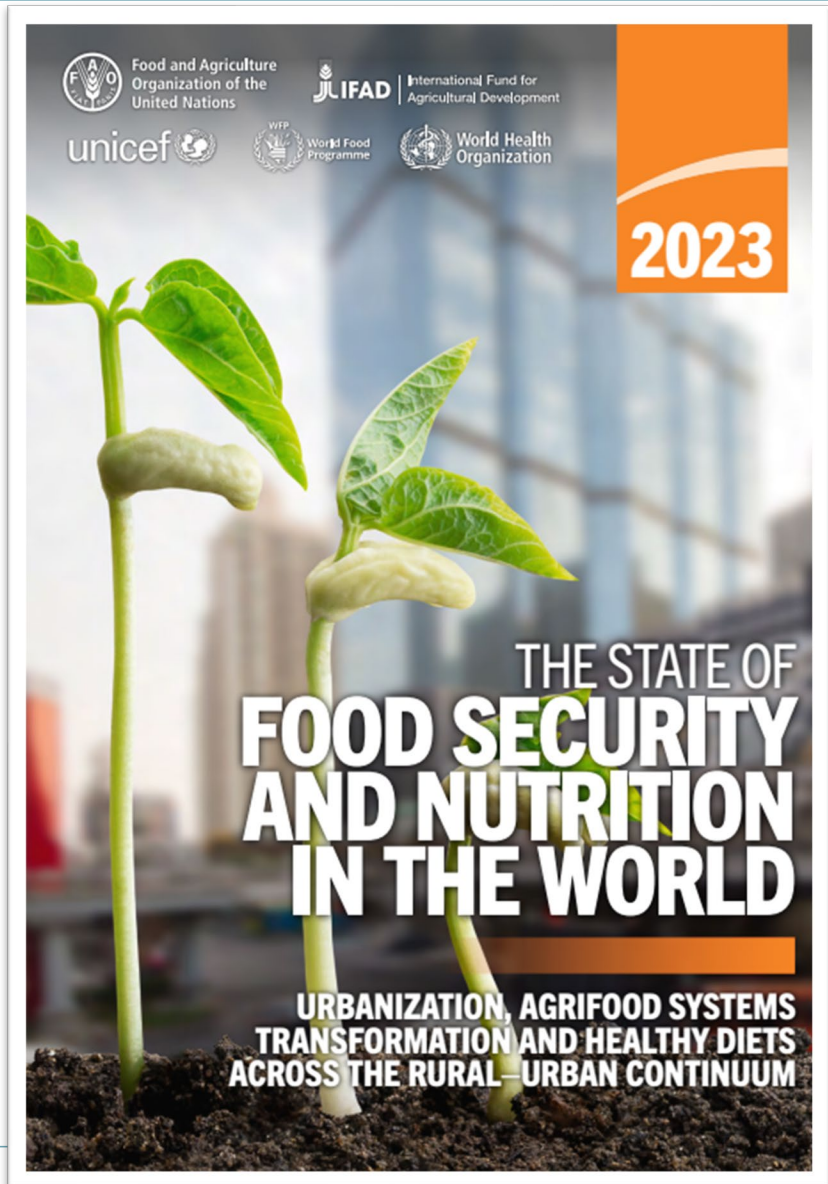
- The World Intellectual Property Organization report **Global Innovation Index 2023** (September 2023)
- Uses **PPP-based expenditures** and budgets for research and development.
- It also measures many other metrics against **PPP-based GDP** to enable cross-country comparisons

# Uses: International Labour Organization (ILO)



- The ILO's **World Employment and Social Outlook – Trends 2024**
- Extreme working poverty and moderate working poverty are defined as those who earn less than the **international poverty lines** set at \$2.15 and \$3.65 in PPP terms, respectively

# Uses: FAO – IFAD – UNICEF – WHO – WFP



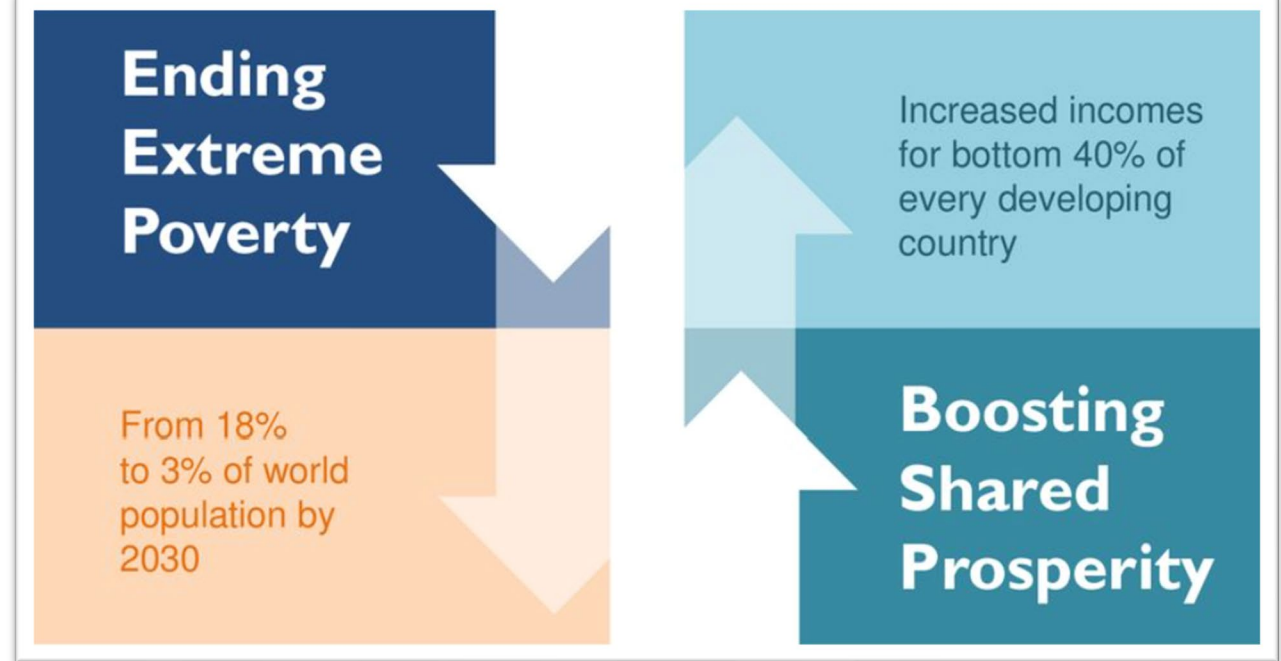
- The multi-agency report “The State of Food Security and Nutrition in the World 2023” (July 2023)
- Uses **ICP data** for its **Cost and Affordability of a Healthy Diet** to report on food security and the number of people for whom nutritious diets are inaccessible

# Reminder | PPP Uses and Applications: SDGs, WBG Goals, WDI

## PPP-based indicators are used in 8 of 17 SDGs



## PPP-based indicators used in WB Twin Goals



## PPP-based indicators in the *World Development Indicators*: 43+ indicators on

Poverty | Social protection & Labor | Economy & Growth | Climate and energy | Environment | Health

# Reminder | PPP Uses and Applications: Administrative Uses



Country group aggregates and growth rates in the IMF World Economic Outlook

World and G20 output and growth rates in OECD Economic Outlook



Allocation of the European Union structural and cohesion funds



World Bank and IMF Shareholding and Drawing Rights

# Potential New Uses

- **World Bank Income Classifications**
  - Currently market exchange rate-based, discussion ongoing on the feasibility of PPP-based classifications
- **A proposed new indicator World Bank to monitor shared prosperity: the prosperity gap**
  - The prosperity gap is the factor by which each person's income must be multiplied to reach the prosperity standard of \$25 per day in PPP terms
  - 2 poverty indicators | 2 new indicators of shared prosperity | 2 environment indicators
  - For reference: a [blog](#) and a [paper](#)



## DISCUSSION



**The overall progress with the ICP 2021 cycle,  
global results release plans, and ICP 2024 cycle launch**



**Regional progress with the ICP 2021 cycle,  
regional results release plans, and ICP 2024  
launch**



# Regional Progress with the ICP 2021 Cycle

- **Housekeeping:** Please keep your updates **<10mins** | Reverse presentation order
  - **Eurostat-OECD PPP Programme** (Eurostat and OECD)
  - **Western Asia** (UN-ESCWA)
  - **Latin America and the Caribbean** (UN-ECLAC)
  - **Commonwealth of Independent States** (CIS-STAT)
  - **Asia and Pacific** (Asian Development Bank)
  - **Africa** (African Development Bank)



## **DISCUSSION**



**Regional progress with the ICP 2021 cycle,  
regional results release plans, and ICP 2024 launch**



# **Any Other Business and Closing Remarks**

# Next Meeting of the ICP Governing Board

- As we enter the final year of the ICP 2021 cycle, it is suggested that **the Board meet again virtually in early Q2 2024** to discuss the release of the ICP 2021 cycle results
- Each ICP cycle comprises a unique Governing Board Membership – this meeting is likely to be the **last physical meeting** of the ICP 2021 cycle Board



**THANK YOU**