

Seminar on National Accounts of Latin America
and the Caribbean: The Future of Economic Statistics
October 14-16, 2020

ICP 2021 Cycle: Global Perspective

Outline

- **Brief intro to ICP (or refresher)**
- **Release of Global ICP 2017 Results**
- **ICP 2021 Cycle & Nat. Accounts Data Requirements**
- **PPP Uses**



Brief intro to ICP (or refresher)

Brief intro to ICP (or refresher)



What is the International Comparison Program (ICP)?

- Global initiative to produce **purchasing power parity (PPP)** exchange rates and PPP-based GDP expenditure indicators
- *“One of the greatest intellectual achievements in measurement is the International Comparison Program.”* Sir Angus Deaton, 2015 Nobel Laureate, Co-chair of ICP Technical Advisory Group

Why PPPs?



\$10



\$10

- PPPs are both **currency conversion factors** and **spatial price indexes**. They convert different currencies to a common currency AND equalize their purchasing power by eliminating differences in price levels between countries
- Market XRs, the alternative, can be misleading when comparing living standards across countries as they rarely reflect differences in price levels, e.g. US\$10 in El Salvador will typically buy you more of the same things than US\$10 in the United States; PPPs quantify (and adjust for) this effect
- *“Purchasing Power Parity measures are superior to market exchange rate measures for representing relative incomes and outputs.”* William Nordhaus, 2018 Nobel Laureate

Brief intro to ICP (or refresher)

Collaborative statistical partnership led by the World Bank

- +175 countries across six regions of the world (AFR, CIS, ASI, LAC, EUO, WAS)
- Large statistical effort that brings together **price statisticians** and **national accountants**
- ICP results used to be produced every **six** years; now every **three** years



Brief intro to ICP (or refresher)

Data required
to produce
ICP PPPs

National annual average
prices

Expenditure values from
national accounts

Population estimates and
market XRs

Final ICP outputs, all dependent on PPPs:

1. **PPPs for GDP** and other more detailed expenditure categories
2. **Price level indices (PLIs)** for GDP and other expenditure categories
3. **GDP (at PPP)** and other more detailed expenditure categories
4. **GDP per capita (at PPP)** and other more detailed expenditure categories



Release of Global ICP 2017 Results

Release of Global ICP 2017 Results

Global ICP 2017 results released in May 2020

- PPPs and data for reference year **2017**: 176 countries
- Revised PPPs and expenditures for reference year **2011**: 199 countries
- 44 released headings, e.g. GDP, Household Consumption, Food, Health, etc.
- Annual PPPs for **2012-16**: 179 countries
- Underlying unreleased data for researcher also available (strict process)



WORLD BANK GROUP

NEWS RELEASE

New purchasing power parities show low- and middle-income economies account for half of the global economy



GRUPO BANCO MUNDIAL

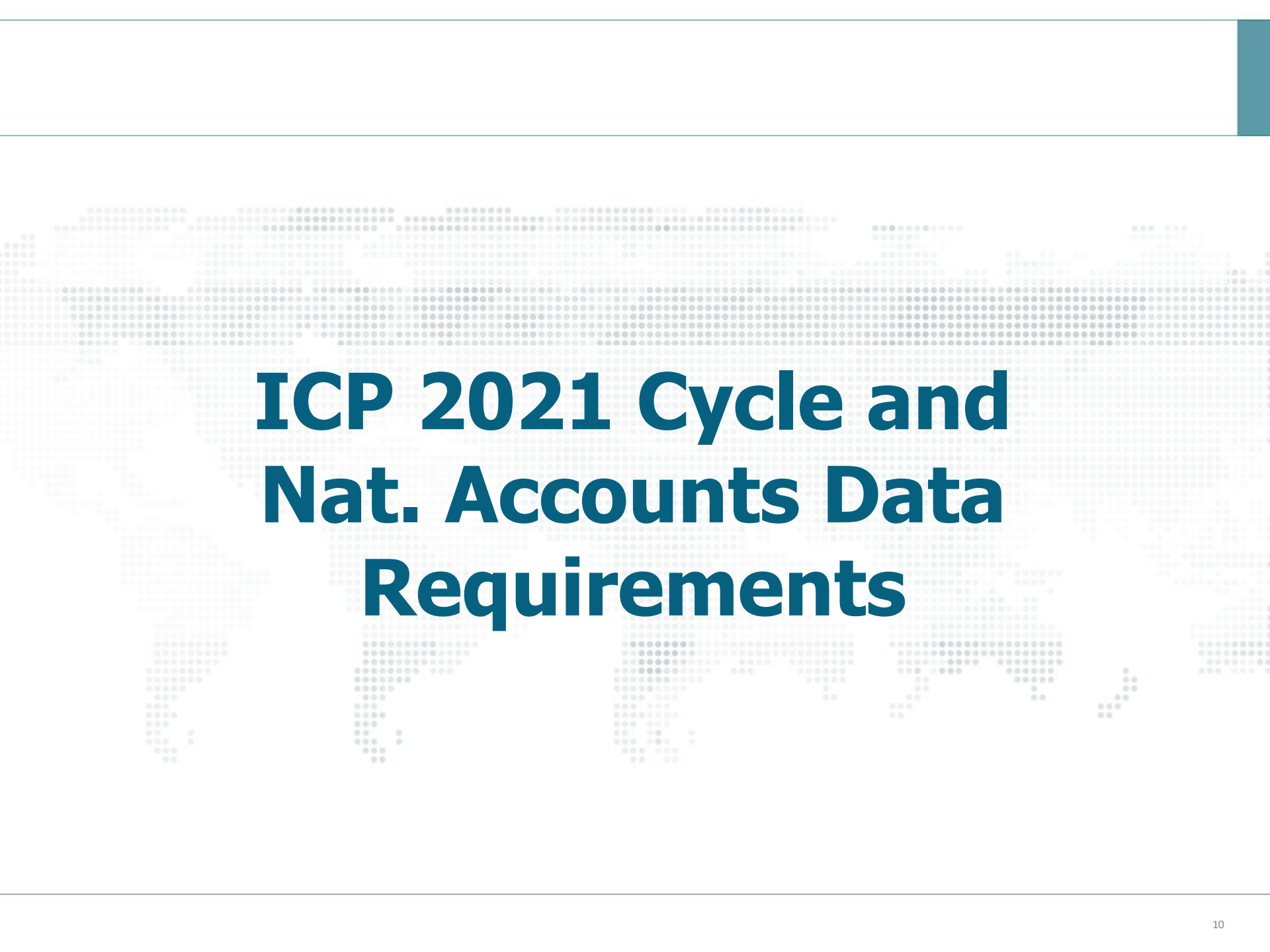
COMUNICADO DE PRENSA

Las nuevas paridades del poder adquisitivo muestran que las economías de ingreso bajo y de ingreso mediano representan la mitad de la economía mundial



Release of Global ICP 2017 Results

- **Updated ICP Website:** www.worldbank.org/en/programs/icp
- **ICP 2017 Report:** [*Purchasing Power Parities and the Size of World Economies: Results from the 2017 International Comparison Program*](#)
- **Detailed tables of results:** [*Detailed tables of results*](#)
- **Full database:** [*ICP 2017 database in the World Bank's DataBank*](#)
- **Highlights of main findings:** [*Global and regional highlights*](#)
- **Press releases:** [*English*](#) | [*Arabic*](#) | [*Chinese*](#) | [*French*](#)
[*Japanese*](#) | [*Portuguese*](#) | [*Russian*](#) | [*Spanish*](#)
- **Factsheets:** [*Factsheets on the ICP program and its methodology*](#)
- **Frequently asked questions (FAQs):** [*Website*](#) | [*Summary version*](#) | [*Full version*](#)



ICP 2021 Cycle and Nat. Accounts Data Requirements

ICP 2021 Cycle

Next ICP cycle will be the ICP 2021

- Originally envisioned ICP 2020 cycle postponed due to pandemic
- Price collection will start in 2021; expect to publish ICP 2021 results at the end of 2023
- Same methodology as ICP 2017

Anticipated participation in ICP 2021

- The same regions as in ICP 2017
- Greater country participation expected relative to ICP 2017 in Africa [50>52], CIS [8>10], Western Asia [12>15].. and possibly also in Latin America and the Caribbean

ICP 2021: Nat. Accounts Data Requirements

Main Requirements

- **Detailed GDP expenditure values for 2021 (reference year)**
 - GDP values broken down into its 6 main aggregates, 28 expenditure categories, 63 expenditure groups, 126 expenditure classes, and 155 ICP 'basic headings'
- **ICP 2021 National Account Country Practices Questionnaire**

Other Requirements

- **ICP special 'price' surveys**; sometimes under the responsibility of national accountants: *Private Education, Government Compensation, Construction, Machinery & Equipment, Housing Volume*
- Revised detailed GDP expenditure values for 2017
- GDP expenditure values for time-series (2018-2020)

ICP 2021 Cycle: Planned Global Timeline

ICP 2021 Cycle	Reference Year															
	2020				2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Price surveys					■	■	■	■								
National accounts ¹									■	■	■	■	■	■	■	■
Regional Data submissions to World Bank ²							■		■		■		■			F
Global Publication ³																■

¹ rev2017, 2021, timeseries | ² ICP 2021 cycle data and timeseries | ³ rev2017, 2021, 2018-2020 annual PPPs



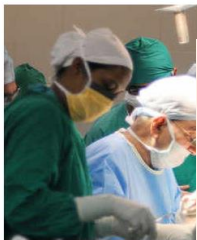
PPP Uses

PPPs featured in...

India costlier for heart operations than richer nations

Rema Nagarajan | TNN | Updated: Sep 2, 2018, 07:09 IST

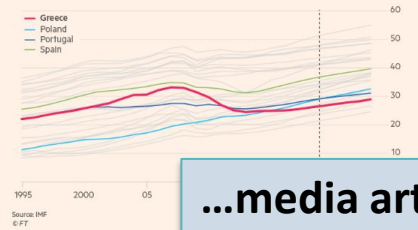
Ad
Get Double Points. Get More Enjoyment.
Earn Double Points on every stay through August 31



File photo used for representation

HIGHLIGHTS

Greece is now the fourth poorest EU country
GDP per capita at 2011 purchasing power parity (\$'000)



...media articles

Cross-Cultural Research

Society for Cross-Cultural Research

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GDP Per Capita and Protest Activity: A Quantitative Reanalysis

Andrey Korotayev, Stanislav Bilyuga, Aisa Shishikina,

...research papers

JANUARY 20, 2018

Remittances from abroad are major economic assets for some developing countries

BY DREW DESILVER

Globally in 2016, people living abroad sent an estimated \$574 billion back to their home countries.

FACTANK
NEWS IN THE NUMBERS

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...development reports

OECD Economic Outlook 2018

Issue 1, May



The Africa Competitiveness Report 2017



The Changing Wealth of Nations 2018

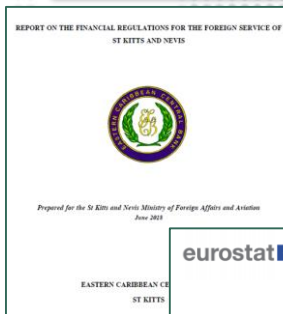
Building a Sustainable Future

Glenn-Marie Lange
Quentin Wodon
Kevin Caray
Editors



WORLD ECONOMIC FORUM
WORLD BANK GROUP

...analyses



eurostat newsrelease

10/2/2018 - 20 June 2018

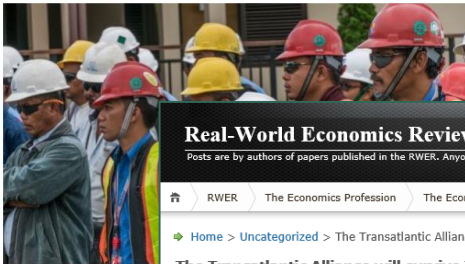
Consumer price levels in 2017
Price levels varied by almost one to three across the EU Member States
Widest gap for restaurants and hotels and for alcohol and tobacco

Asian Development Blog

Join the conversation on development in Asia and the Pacific

It's not only manufacturing – trade also take workers out of poverty

Published on Friday, 13 July 2018



Real-World Economics Review Blog

Posts are by authors of papers published in the RWER. Anyone may comment.

RWER The Economics Profession The Economy The Economy and the Planet WEA

Home > Uncategorized > The Transatlantic Alliance will survive Trump

The Transatlantic Alliance will survive Trump

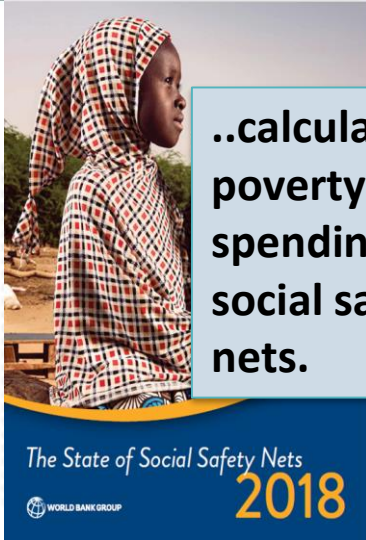
August 29, 2018 Mark Weisbrot Go to comments Leave a comment

from Mark Weisbrot

Every week, and often more than once a week, there is another article in the major media or in foreign policy publications about the demise of the post-World War II Anglo-American world order. These analyses typically single out the Transatlantic Alliance between the US and Europe – two of the world's largest economies – for special concern and anxiety as the underpinning of

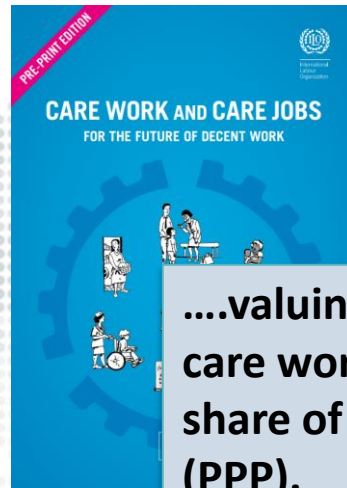
PPPs inform development by...

..calculating poverty rates and spending on social safety nets.



CARE WORK AND CARE JOBS
FOR THE FUTURE OF DECENT WORK

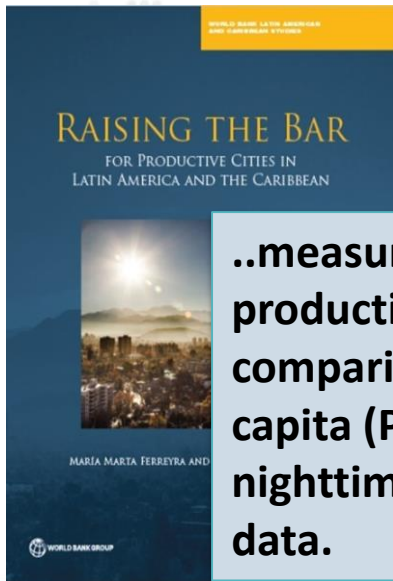
...valuing unpaid care work as a share of GDP (PPP).



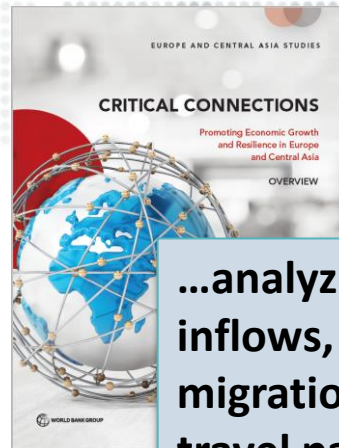
..estimating the impact on GDP per capita (PPP) of dire climate scenarios.



..measuring productivity by comparing GDP per capita (PPP) with nighttime lights data.



...analyzing FDI inflows, migration and travel patterns into ECA.

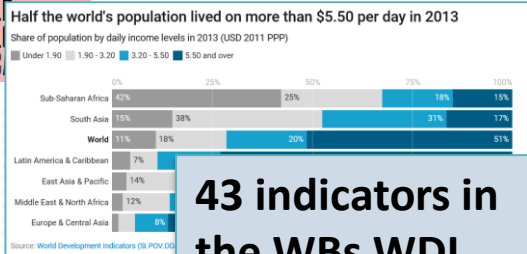


..comparing growth rates of electrical and electronic equipment (EEE).



..and are crucial to data analyses

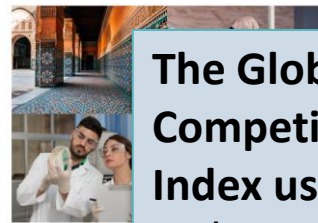
WORLD DEVELOPMENT INDIC



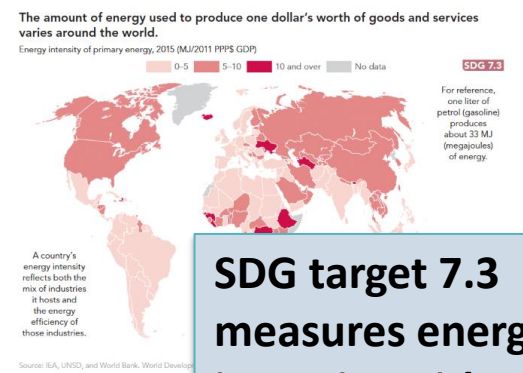
43 indicators in the WBs WDI rely on PPPs.



The Arab World Competitiveness Report 2018



The Global Competitiveness Index uses PPPs in its 10th pillar measure – market size.



SDG target 7.3 measures energy intensity with PPPs

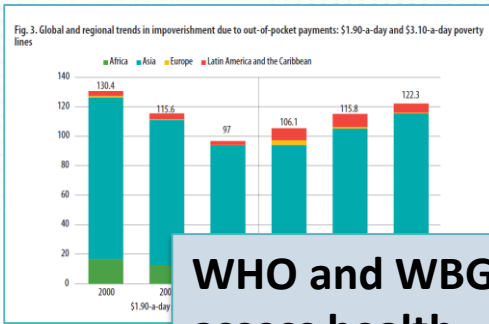


KEY INDICATORS FOR ASIA AND THE PACIFIC

SEPTEMBER 2018

ASIAN DEVELOPMENT BANK

ADB's "Key Indicators" uses PPPs in SDGs 1, 7 and 9.



WHO and WBG assess health cost impacts using PPPs

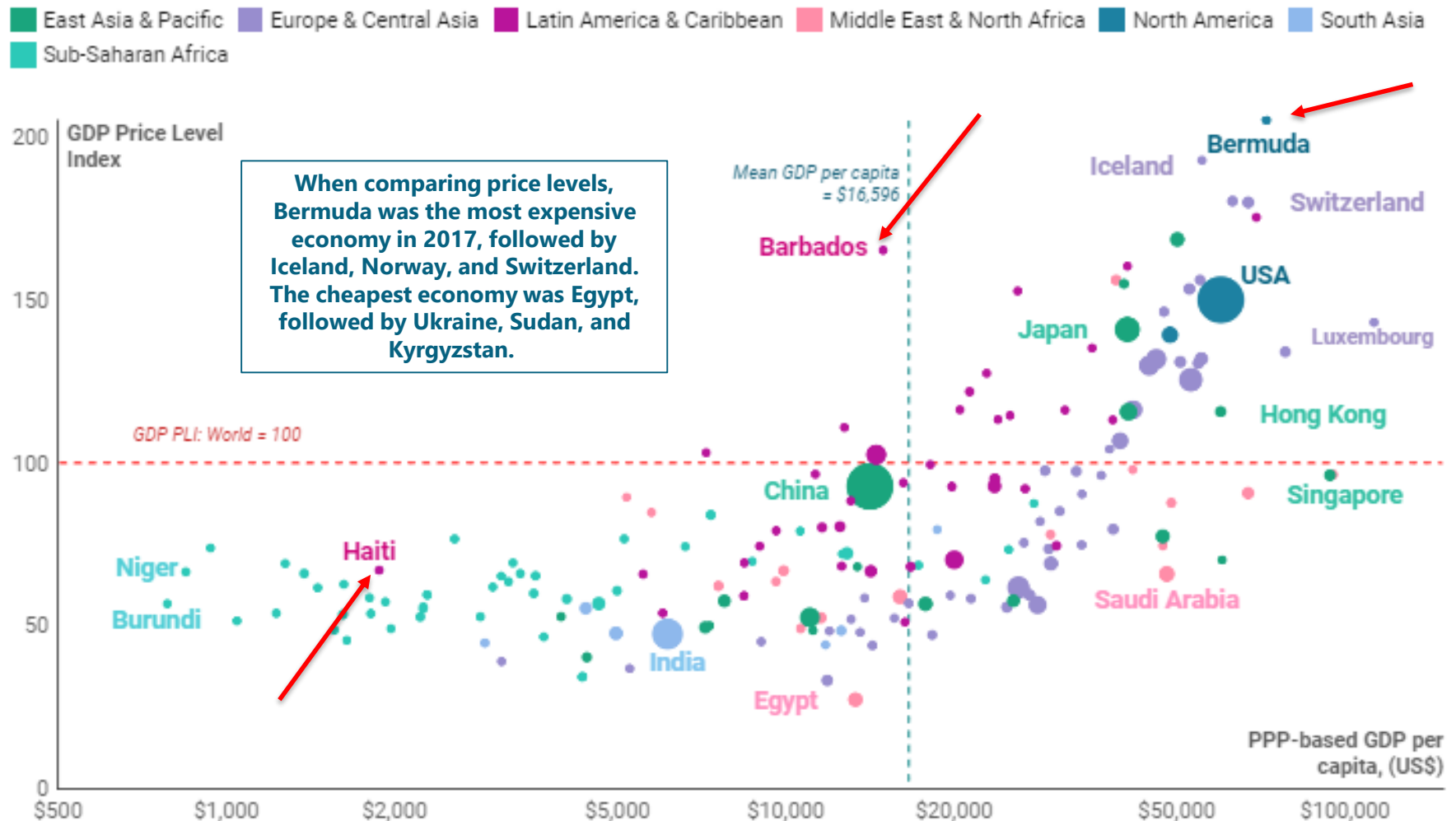
North Africa Economic Outlook 2018

AfDB uses PPPs to establish poverty headcounts.



Annex: Global ICP 2017 Results (Example)

PPP-based GDP per capita and GDP price level index, 2017



Bubble size for each economy shows its relative PPP-based GDP.

Source: ICP 2017

Annex: MORES

MORES Form

- Countries could use the MORES Excel form to report expenditure values for all 155 ICP basic headings, as well as relevant metadata

		C		D	E	F
Step 1		Completing Expanded [Form 1]			Year Current year	
					Country Fictitious	
					Currency Unit Ficty	
		(1)	(2)	(3)	(4)	(5)
ICP Code		Heading		Initial Expenditure Value	Estimated Expenditure Values	Discrepancies
6	1000000	GROSS DOMESTIC PRODUCT		0.00	0.00	
7	1100000	INDIVIDUAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS		0.00	0.00	
8	1101000	FOOD AND NON-ALCOHOLIC BEVERAGES		0.00	0.00	
9	1101100	FOOD		0.00	0.00	
10	1101110	Bread and cereals		0.00	0.00	
11	1101111	Rice			0.00	
12	1101112	Other cereals, flour and other cereal products			0.00	
13	1101113	Bread			0.00	
14	1101114	Other bakery products			0.00	
15	1101115	Pasta products and couscous			0.00	
16	1101120	Meat		0.00	0.00	
17	1101121	Beef and veal			0.00	
18	1101122	Pork			0.00	
19	1101123	Lamb, mutton and goat			0.00	
20	1101124	Poultry			0.00	
21	1101125	Other meats and meat preparations			0.00	

Annex: National Accounts Country Practices Questionnaire

Country Practices Questionnaire

- Includes questions on country national account practices, e.g. what SNA version is in use? are rents imputed for owner-occupiers?
- Used to determine the comparability of participating countries' national accounts infrastructure and data
- Helps identify **potential areas of technical assistance** required by countries

		Country:	
		Reporting Institution:	
		Year:	
		Pull-tab Selection	Comment Box
I. Approach and Documentation			
1. Approach and the System of National Accounts (SNA)			
Q1	Which SNA version do you implement? (1968/1993/2008)	Please select	
Q2	If 2008 SNA has not been implemented, when do you plan to do so?	Please select 2008 1993 1968	
Q3	What approach(es) do you use when estimating gross domestic product (GDP)? (Please select separately for Production/Income/Expenditure)	Select for Production Select for Income Select for Expenditure	
Q4	Do your estimates of final expenditures on GDP cover all basic headings as defined in the International Comparison Program (ICP) Classification?	Please select	
2. Source Information			
Q5	Has your country compiled supply and use tables (SUTs)?	Please select	
Q6	If YES: Please indicate the reference year of the latest one, as well as the number of products (rows) in the SUTs	Write-in -->	
	What is the reference year of your most recent household expenditure/budget		