

ICP Global update on the ICP 2021 Cycle

Latin America and the Caribbean National Accounts Annual Seminar



International Comparison Program

October 3-6, 2022

Outline

- 
- **ICP and National Accounts**
 - **Update of ICP 2021 cycle activities at the global level**
 - **Recent ICP highlights**



ICP and National Accounts

The ICP and National Accounts

- The **International Comparison Program (ICP)** is one of the largest statistical initiatives in the world with a mission to produce **purchasing power parities (PPPs)** and comparable **price level indexes (PLIs)**.
- The ICP is managed by the World Bank under the auspices of the United Nations Statistical Commission (UNSC), and relies on a partnership of international, regional, sub-regional, and national agencies.
- PPPs are calculated based on **national annual average prices** and **national accounts expenditures**. These data are benchmarked to a reference year for each comparison cycle (i.e. 2011, 2017, 2021)
- The most recent ICP results are available for the ICP 2017 cycle, with the ongoing ICP cycle benchmarked to 2021.

The ICP and National Accounts

- **The ICP methodology has three major components:**

1. The **System of National Accounts (SNA)** definition of final expenditures on GDP (Gross Domestic Product)
2. The **common basket of goods and services** from which items are selected for pricing. The national annual average prices or related data collected for these goods and services must be consistent with the underlying values in the national accounts.
3. The methodology used to compute PPPs, first within regions for the regional comparisons and then across regions for the global comparison.

The ICP and National Accounts

- **National Accounts framework and classification:**

- NA expenditures are used by the ICP as weights to aggregate purchasing power parities (PPPs) up to GDP. Once PPPs are calculated, NA expenditures are deflated and expressed as real expenditures.
- To ensure the reliability of PPPs, NA expenditures must be compiled using the same definitions of GDP and its component expenditures. The common national accounts framework for the ICP 2021 cycle is the SNA2008.
- The SNA defines GDP from the expenditure side as the sum of expenditures on final consumption, gross capital formation, and net exports.

The ICP and National Accounts

- **National Accounts expenditure data compilation:**

- Economies participating in the ICP are expected to estimate their GDP for the reference year in line with the SNA and to disaggregate this GDP estimate into the relevant expenditure components identified in the ICP expenditure classification.
- At the lowest level of the classification, the expenditure components are termed basic headings, which comply with the functional and product classifications of SNA2008 and are the building blocks of the ICP comparison.
- A basic heading is defined by the lowest level of final expenditure for which the participating economies can estimate explicit expenditures. In principle, a basic heading consists of a group of similar well-defined goods or services.



ICP Global update on the ICP 2021 Cycle

Governance Activities: 53rd UN Statistical Commission (UNSC)

- Last meeting on February 28 and March 2-4, 2022
- Annual ICP report to the UNSC submitted for discussion
- 24 countries provided written statements as well as oral interventions
 - Supported participation in the program and welcomed progress made
 - Noted challenges due to the COVID-19 pandemic, and efforts to improve their data collection and compilation approaches to address these challenges
- Draft session decisions:
 - Urged all ICP participating countries to complete ICP 2021 cycle activities to ensure a timely release of 2021 results.
 - Reiterated the need for national, regional and global agencies to incorporate the ICP into their regular statistical work programs to ensure its sustainability

Governance Activities: Governing Board

- **Last meeting on March 14, 2022**
 - Reviewed the status of the ICP 2021 cycle at the global and regional levels
 - Noted the good progress made with the 2021 cycle despite pandemic disruptions, the delay in price collection in some countries and regions until 2022, and the new participation risks arising from the crisis in Europe and Central Asia
 - Asked the Global Office and the regional implementing agencies to work with the TAG on mitigation plans to address the participation risks and revert to the Board with a proposal
- **Next meeting scheduled for Q1, 2023**

Governance Activities: Technical Advisory Group

- **Last meeting on November 9-11, 2021**
 - Update on the ICP 2021 cycle and IACG asks to TAG
 - Focus on COVID-19 impact on economic statistics and ICP
 - Analysis of research agenda topics in light of the COVID-19
- **Next meeting scheduled for November 2022**

Governance Activities: Inter-Agency Coordination Group

- **Meeting on June 8-9, 2022**
 - Reviewed global and regional implementation status and risks
 - Planned operational activities
- **Next meeting scheduled for October 24-28, 2022**
- **ICP COVID-19 Guidance Notes**
 - Meeting ICP Price Data Requirements During the COVID-19 Pandemic [**February 2021**]
 - Meeting ICP National Accounts Expenditure Data Requirements during the COVID-19 Pandemic [**May 2021**]
 - ICP COVID-19 Guidance Note: Private Education [**May 2022**]

ICP 2021 Cycle Participation and Survey Status

- **The total number of participating economies is expected to be comparable to the ICP 2017 cycle** [176 economies]
- The COVID-19 pandemic has delayed the price collection for household consumption surveys in some of the ICP 2021 participating economies
- To address this issue, the price collection period may be extended to 2022, if necessary, in order to cover a 12-month cycle
- Additional workshops and capacity building activities are being prepared by all ICP Regional Implementing Agencies
- **The ICP 2021 results are planned to be finalized by the end of 2023**



Recent ICP highlights

PPPs and Global Poverty Measurement

- **Fall 2022 update of global poverty estimates to use ICP 2017 PPPs**
- **The international poverty line will be adjusted from \$1.90 to \$2.15 a day**

Paper

- [Assessing the Impact of the 2017 PPPs on the International Poverty Line and Global Poverty](#) (Feb 2022)

Fact Sheet

- [An Adjustment to Global Poverty Lines](#) (May 2022)

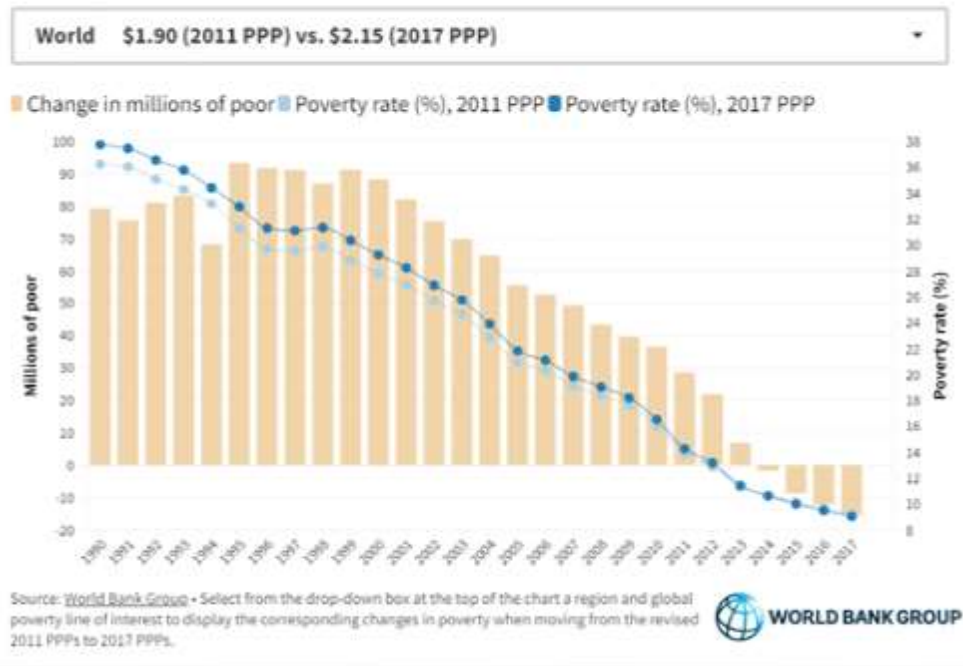
Blogs

- [An adjustment to global poverty lines](#) (May 2022)
- [How do the 2017 PPPs change our understanding of global and regional poverty?](#) (May 2022)
- [Updating the international poverty line with the 2017 PPPs](#) (May 2022)

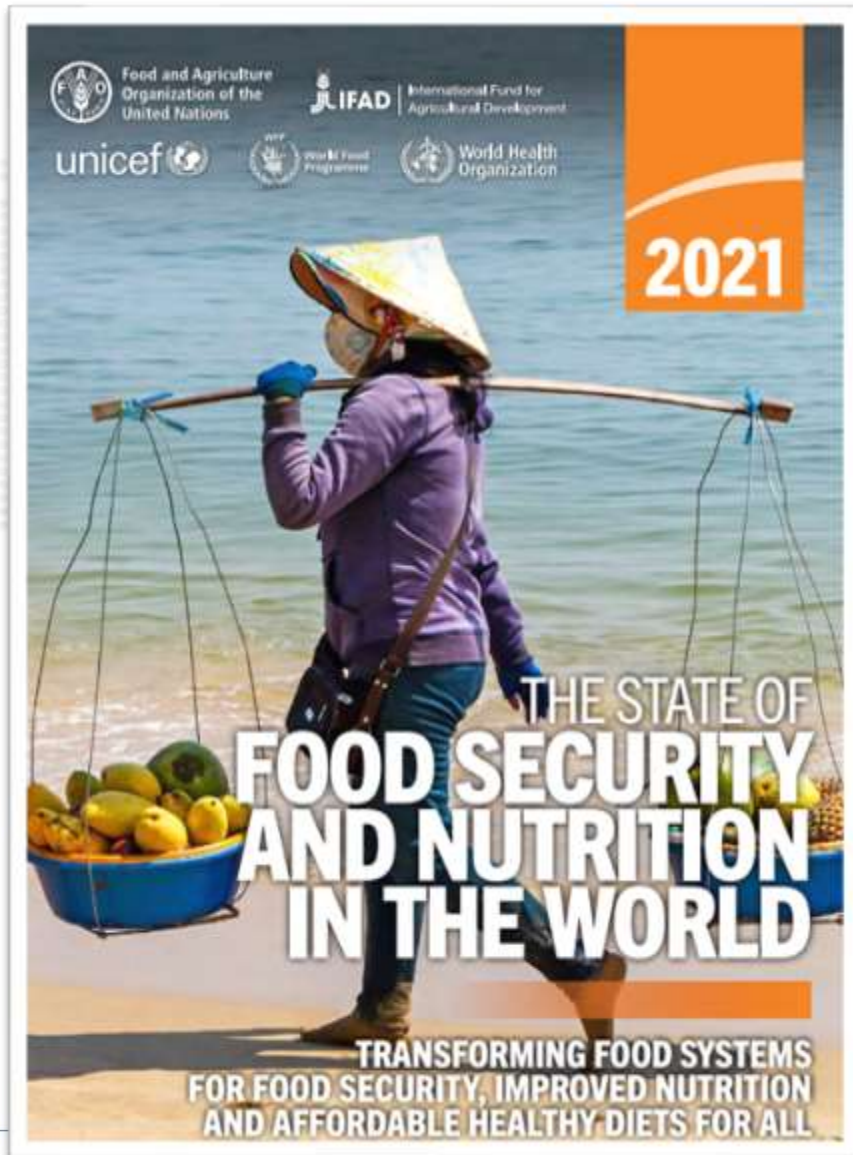
New Portal (to replace PovcalNet)

- [Poverty and Inequality Platform \(PIP\)](#)

Figure 1: Changes in global and regional poverty trends with the 2017 PPPs



The State of Food Security and Nutrition (SOFI) 2022



- **The State of Food Security and Nutrition in the World (SOFI) Report**
 - Annual Flagship report of FAO, IFAD, UNICEF, WFP and WHO released in July 2022
 - Has been using ICP data to estimate the affordability of nutritious diets across countries since its 2020 report
 - 2022 Report uses ICP data to estimate cost of Healthy diet, Nutrient Adequacy, and Caloric Adequacy

Published on the SJIAOS: ICP Interagency Cooperation



- The [SJIAOS](#) (Statistical Journal of the International Association for Official Statistics) as published an [article submitted by the ICP](#) in September 2022
- Article highlights ICP partnership under the theme “Interagency Cooperation”
- Co-authored and reviewed by IACG

New ICP Website

International Comparison Program: participation of economies

From 2011 you can see the global participation over the history of the ICP and focus on an economy to see its historical participation.

Benchmark year: ICP Phase (1990)

ICP History Poster VIDEO

Overview and History International Compar

ICP

INTERNATIONAL COMPARISON PROGRAM

A worldwide statistical initiative to collect comparative price data and detailed GDP expenditures to produce purchasing power parities (PPPs) for the world's economies

HOME DATA USES KNOWLEDGE AND OUTREACH METHODOLOGY RESEARCH

OVERVIEW REPORTS AND GUIDES E-LEARNING OUTREACH

Frequently Asked Questions ?
The FAQs cover ICP governance and organization, concepts and definitions and metadata, methodology, and uses and applications.

ICP Promotional Materials
ICP Posters and Brochures provide printable promotional material on the ICP's history, uses, and impact, as well as an overview of purchasing power parities (PPPs).

ICP Videos and Infographics
ICP Videos and Infographics provide links to ICP presentations made at events around the world covering ICP data, uses, and history, as well as video tutorials and infographics.

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

The ICP was established by the Economic and Social Commission for Asia and the Pacific (ESCAP) and the United Nations Development Programme (UNDP).

ICP 2017 CYCLE PREVIOUS CYCLES DATA POLICIES QUALITY ASSURANCE

Results from the International Comparison Program (ICP) 2017 cycle include data for the reference year 2017, revised data for the reference year 2011, and annual purchasing power parities (PPPs) for 2012 to 2016.

- Search for and download 2011 to 2017 ICP data from the World Bank's DataBank

the International Comparison Program (ICP)

International Comparison Program (ICP) is one of the largest, and most enduring, statistical initiatives in the world. It is managed by the United Nations Development Programme (UNDP) and the Economic and Social Commission for Asia and the Pacific (ESCAP).

ICP 2017 Cycle

Results from the ICP 2017 cycle for 178 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 2011 results.

ICP REGIONAL RESULTS REPORTS

ICP Regional Reports

ICP regional results reports for each ICP cycle and interim years for selected regions.

DATA VISUALIZATIONS

Share of median exchange rate-based and PPP-based global GDP and global population by region, 2017

New ICP website:

- Modernized design
- Focus user friendly interface
- Easy access to ICP data
- More data and knowledge highlights

A world map composed of a grid of small dots, with the word 'Conclusions' centered over it.

Conclusions

Conclusions

- **ICP 2021 cycle is underway in all six ICP regions**
 - National Accounts expenditure data is a crucial component of the ICP and compiled using the same definitions of GDP and its component expenditures.
 - The COVID-19 pandemic and the situation in Europe presents quality and timetable risks, but all agencies and governing bodies are working to mitigate these risks and find solutions.
- **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 immense value to various uses and users



THANK YOU

A world map composed of a grid of small dots, with the word 'Annex' centered over it.

Annex

New ICP COVID-19 Guidance Note: Private Education



**Additional Guidance Note:
Meeting ICP Data Requirements for the
Private Education Survey
during the COVID-19 pandemic**

International Comparison Program Inter-Agency Coordination Group

May 6, 2022

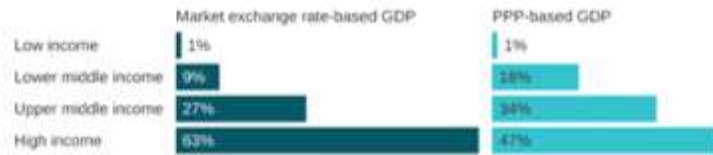
The COVID-19 pandemic has brought about unprecedented challenges for the implementation of the International Comparison Program (ICP). This note presents guidance to assist National Implementing Agencies (NIAs) in meeting ICP data requirements for private education in the context of the pandemic and related lockdown measures.

- Published in May 2022
- Reviewed by IACG
- **Downloadable** through the ICP website
- Other COVID-19 Guidance Notes (July 2021)
 - **National Accounts Expenditure Data**
 - **Price Data**

World Development Indicators Story

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

Share of global GDP (%), 2020



Source: World Development Indicators: NY.GDP.MKTP.CO; NY.GDP.MKTP.PP.CO

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

0 0.75 1.32



Source: World Development Indicators: PA.NUS.PPPC.BF

- Published in July 2022: [Purchasing Power Parities – putting a global public good to work in socioeconomic analyses](#)
- Introduces concepts of PPPs and PLIs
- Discusses PPPs vs MERs
- Shows wide use of PPPs across socioeconomic spectrum including WDI indicators

National Outreach



The International Comparison Program: An Overview and the Latest Results

by Wendy Low, Economy Accounts Division
and Sarah Ng, Prices Division
Singapore Department of Statistics

Introduction

The International Comparison Program (ICP) is a global statistical initiative conducted under the auspices of the United Nations Statistical Commission (UNSC). It collects price and expenditure data with the objective of estimating Purchasing Power Parities (PPPs) to facilitate international comparisons of macroeconomic aggregates such as Gross Domestic Product (GDP) and its components. The ICP is led and coordinated by the ICP Global Office at the World Bank in partnership with regional agencies overseeing activities in their regions. Incepted in 1968, the 2017 and 2021 ICP mark the 9th and 10th cycle conducted.

This article presents the concept of PPP, the work that the Singapore Department of Statistics (DOS) was involved in for the latest 2021 ICP, and highlights the results from the 2017 ICP.

Purchasing Power Parity (PPP)

For comparisons of economic output across economies, market exchange rates are traditionally used to convert national accounts aggregate based on a reference currency. However, market exchange rates are volatile and do not account for differences in price levels across economies and hence may not accurately reflect the real value of an economy's output.

On the other hand, PPP refers to the number of currency units required to purchase a comparable basket of goods and services that can be bought with one unit of the currency of the reference economy.

PPPs for GDP and its various components are generally less volatile as they are estimated based on the comparison of actual prices across economies of a standard basket of items suitably weighted by relevant GDP expenditures. Compared to market exchange rates, PPPs adjust for the differences in the purchasing powers of the different currencies by eliminating price level differences. Hence, they can better estimate the volume of output across economies in real terms.

Apart from GDP expenditure broken down by detailed categories, national annual average prices for a comparable basket of well-defined goods and services across economies are required to compute PPPs.

BOX 1 — AN EXAMPLE OF PPP BASED ON A SINGLE COMMODITY

To illustrate, the Big Mac, an item available in most economies and is generally similar in terms of quality and specifications is used.

Suppose a Big Mac costs S\$5.90 in Singapore and US\$5.65 in the United States (US). The PPP for Big Mac (S\$ per US\$) is computed by taking the ratio of the price of a Big Mac in Singapore to the price of a Big Mac in the US, i.e., $5.90/5.65 = 1.04$. The resulting value of 1.04 implies that S\$1.04 has the same purchasing power as US\$1 for 1 unit of Big Mac.



Singapore : S\$5.90
USA : US\$5.65
PPP = 5.90/5.65
= 1.04 S\$ per US\$

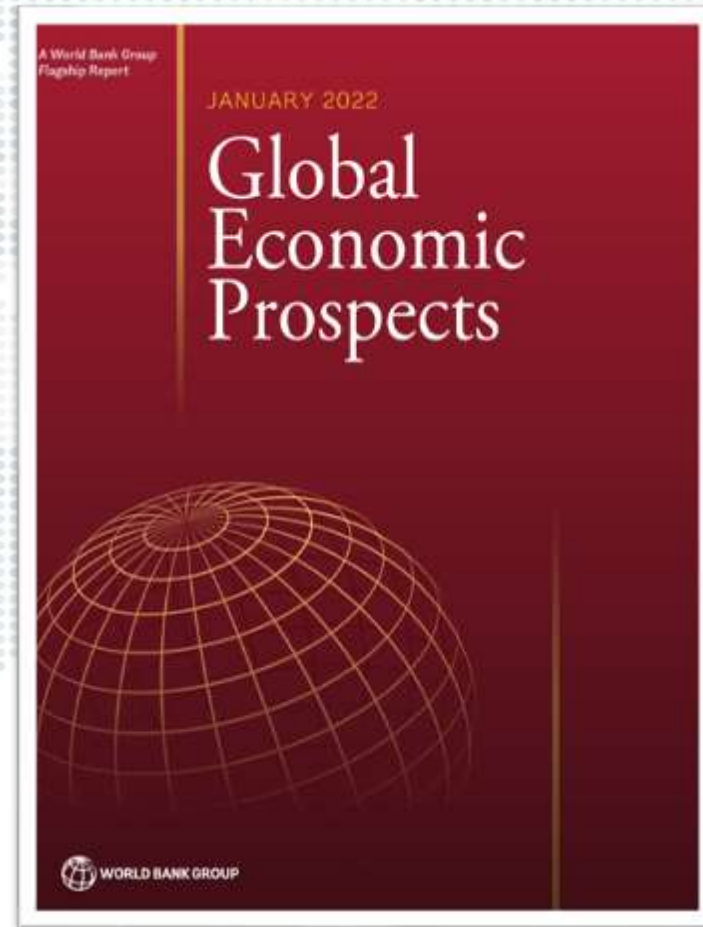
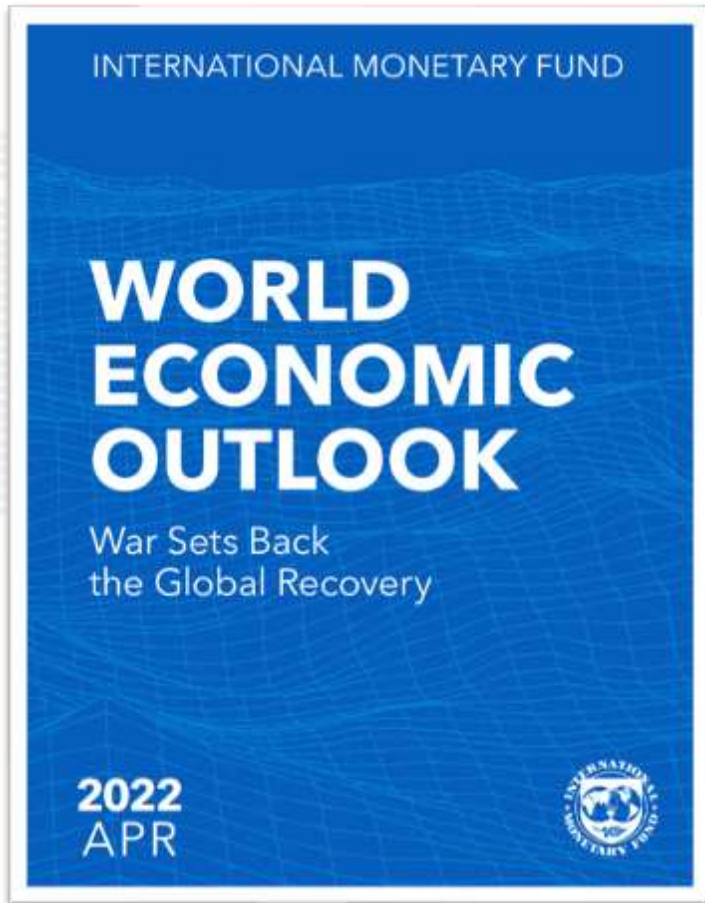
The 2022 [Statistics Singapore newsletter](#) highlights ongoing ICP 2021 activities by the national team, including the impact of the COVID-19 pandemic on data collection, the benefits of ICP capacity building, and reviews the ICP 2017 results for the economy.

New ICP Newsletter



- [New ICP Newsletter \(Aug 2022\)](#)
- Regional activities
- Global activities (UNSC, GB, IACG)
- July 2022 [release event for the SOFI 2022](#)
- Fall 2022 poverty lines update to 2017 PPPs

Recent Uses of PPPs and ICP data [1]



[The IMF's World Economic Outlook](#) (April 2022) and [The World Bank's Global Economic Prospects](#) (Jan 2022) use PPP-based GDP weights for regional and global GDP growth estimates and other metrics

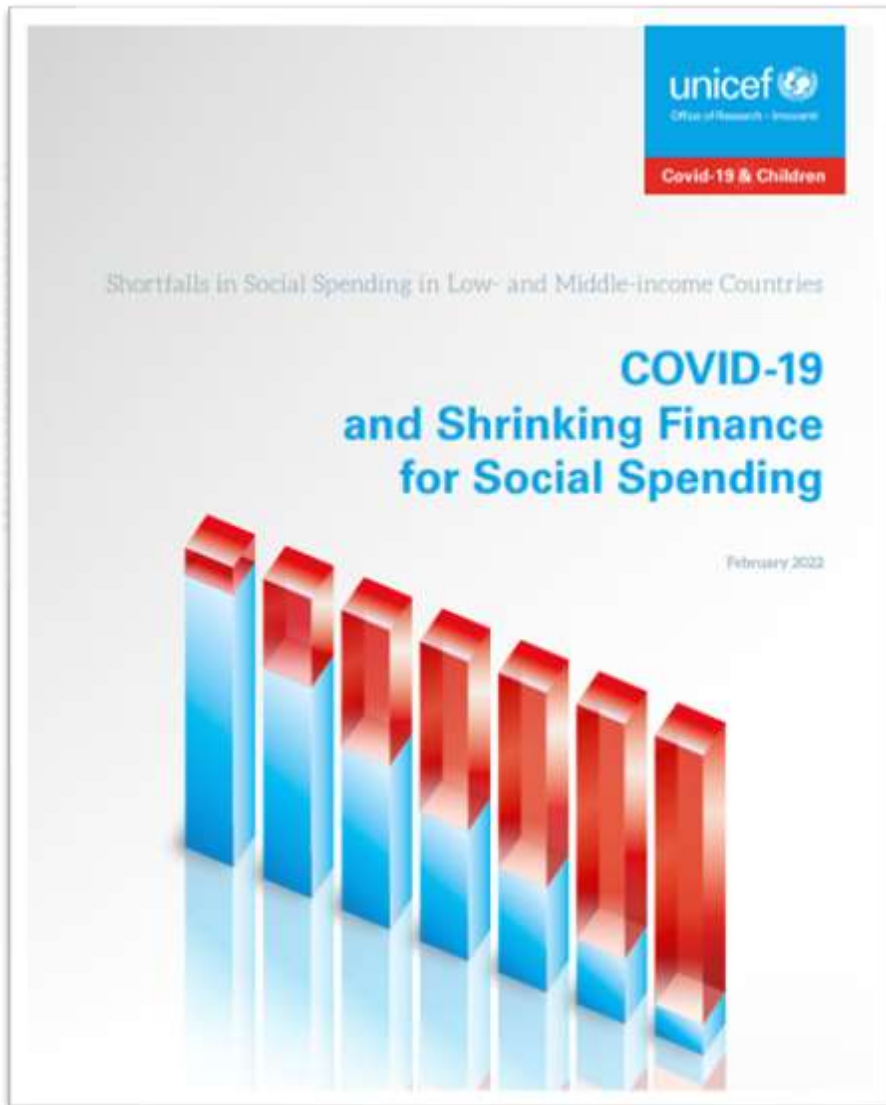
Recent Uses of PPPs and ICP data [2]



UN's 2021 report on the Sustainable Development Goals features metrics measured using PPPs including analysis of extreme and working poverty, energy intensity, and research and development expenditure

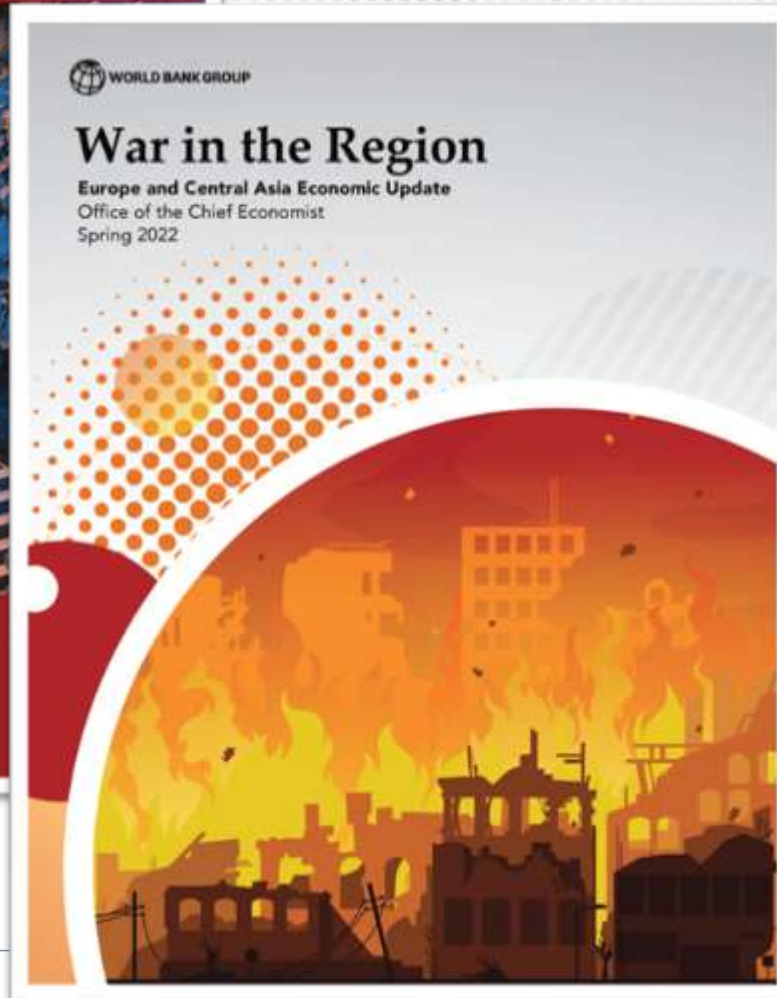
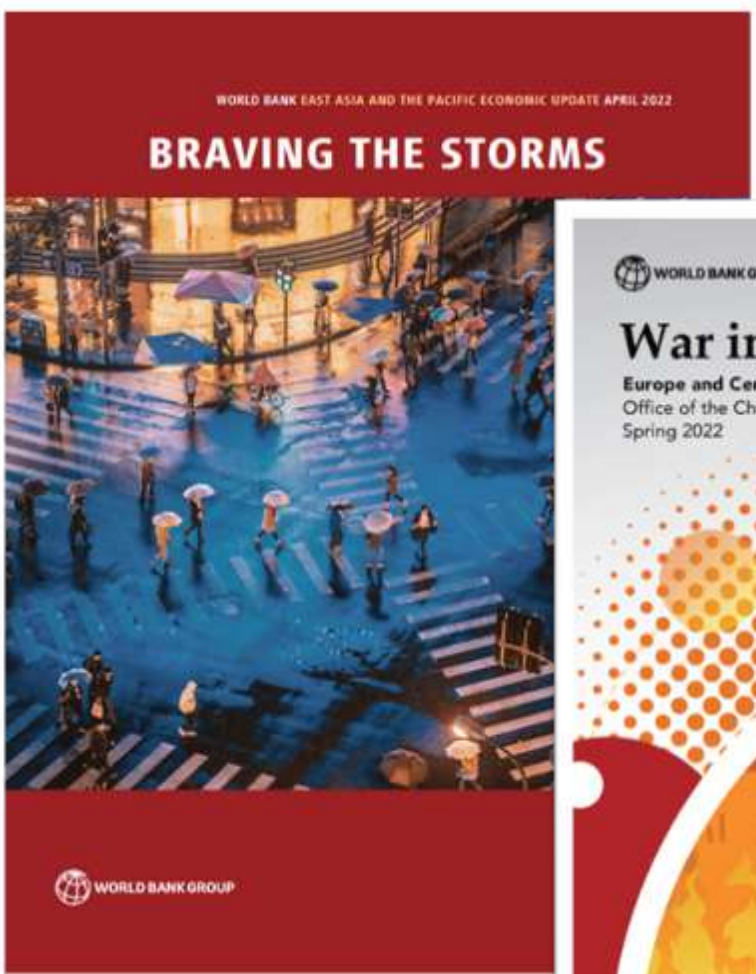
SDG Index and Dashboard report for the Arab Region report identifies the working poor, the female/male ratio of GNI per capita, and energy intensity using PPPs (April 2022)

Recent Uses of PPPs and ICP data [3]



UNICEF's COVID-19 and Shrinking Finance for Social Spending, uses PPPs to estimate government education expenditure per child, as well as government health expenditure and public expenditure on social protection per capita (Feb 2022)

Recent Uses of PPPs and ICP data [4]



The World Bank's East Asia and Pacific Economic Update, Braving The Storms, uses PPPs to measure the speed of the economic recovery effected by COVID-19 (Apr 2022)

The World Bank's Europe and Central Asia Economic Update, War in the Region, uses PPPs to forecast economic output and measure economic impact of the war in the region (Apr 2022)