

# **ICP Global update on the ICP 2021 Cycle**

## **Latin America and the Caribbean National Accounts Annual Seminar**

# Outline

- 
- **ICP and National Accounts**
  - **ICP Global updates on the ICP 2021 Cycle**
  - **Recent ICP highlights**

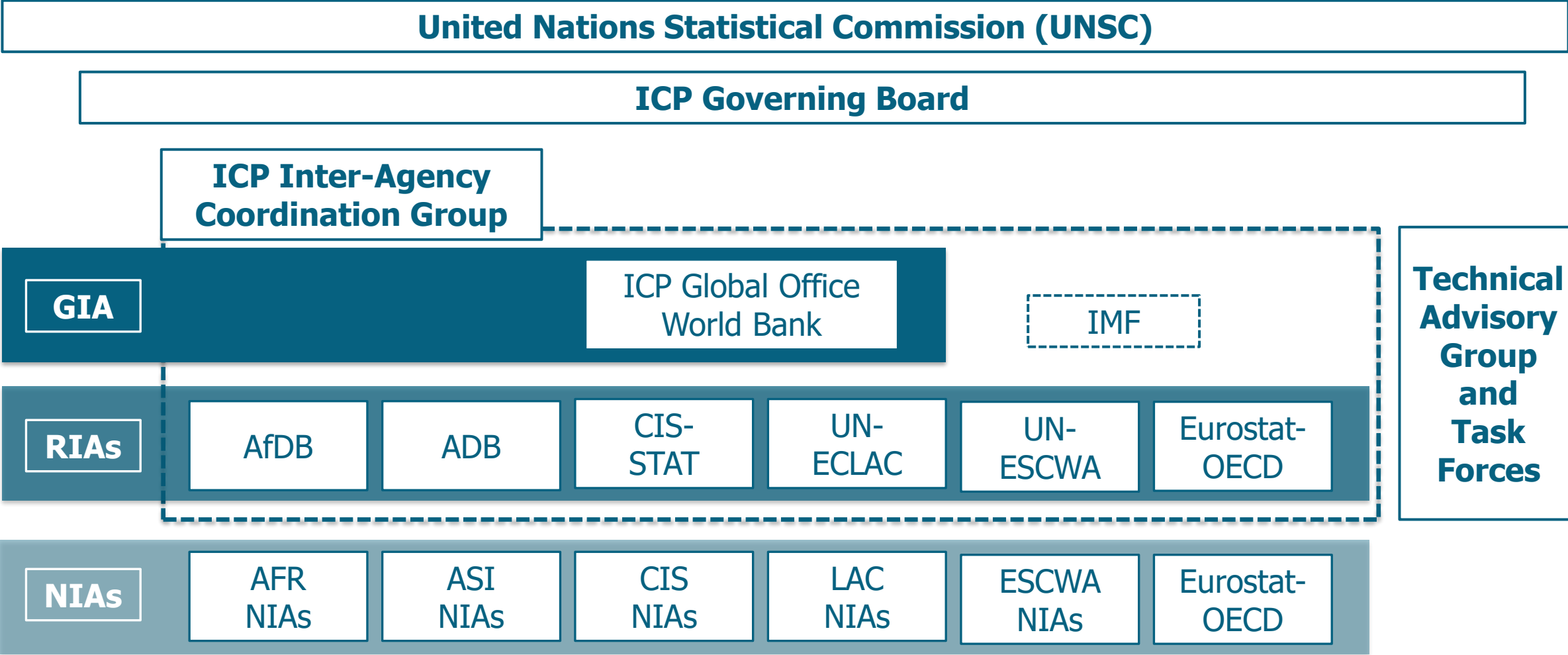


# **ICP and National Accounts**

# The ICP and National Accounts

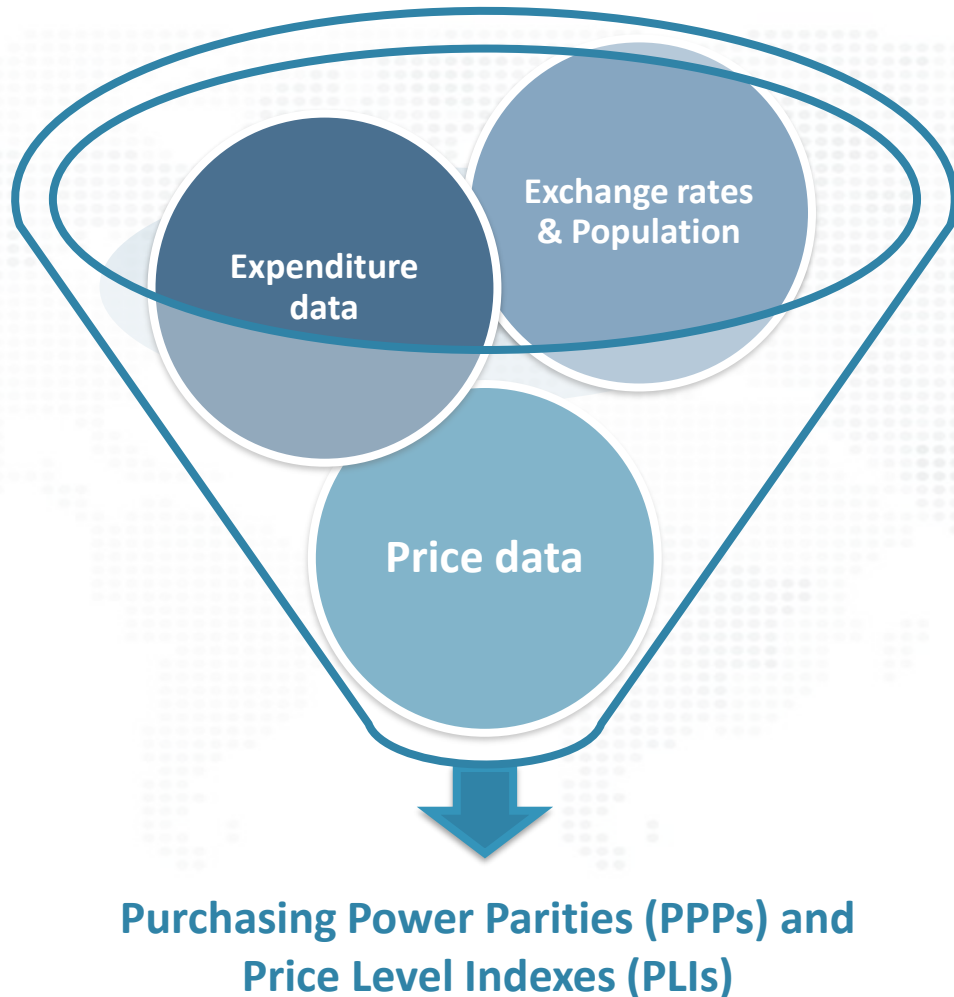
- The **International Comparison Program (ICP)** is one of the largest statistical initiatives in the world with a mission to produce **purchasing power parities (PPPs)** and comparable **price level indexes (PLIs)**.
- The ICP is managed by the World Bank under the auspices of the United Nations Statistical 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.

# ICP Partnership and Governance Structure



Global Implementing Agency (GIU) | Regional Implementing Agency (RIA) | National Implementing Agency (NIA)

# National Accounts in the ICP



- **The ICP follows a common National Accounts framework:** SNA 2008 for the ICP 2021 cycle
- **National Accounts in the ICP serve two main functions:**
  - First, they are used as weights to aggregate purchasing power parities (PPPs) through the various levels of aggregation up to gross domestic product (GDP).
  - Second, nominal expenditures in local currency are deflated by the PPPs and expressed as real expenditures.



# **ICP Global updates on the ICP 2021 Cycle**

# ICP 2021 cycle

- **The cycle was postponed from 2020 to 2021 due to the COVID-19**
  - Price survey periods (2020)-2021-2022; extrapolated to reference year 2021
  - Participation similar to ICP 2017 (176 participating economies) thanks to the relentless work by the ICP national and regional implementing agencies
- **ICP 2021 cycle results**
  - Results comprise revised 2017 PPPs, 2021 PPPs, and 2018-2020 PPPs
  - The ICP IACG recommended postponing the release from end-2023 to Q1-2024 to allow sufficient time for quality assurance and other processes
- **The use of ICP PPPs continues to expand, with several key indicators and uses relying on PPPs**



# ICP 2021 Cycle Overall 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
Price surveys	█	█	█	█	█	█	█	█	█	█	█	█						
National accounts									█	█	█	█	█	█	█			
Governing Board <sup>1</sup>						█			█				█			█	Mar	
TAG						█		█				█				Nov		
IACG <sup>2</sup>		█		█		█		█	█	█		█		█		Oct		
Publication <sup>3</sup>																	!	█

<sup>1</sup> Typically in conjunction with the UNSC session; <sup>2</sup> Biannual

<sup>3</sup> Revised 2017, 2021, 2018-2020 timeseries PPPs

# Governance Activates: United Nations Statistical Commission



- **2023 ICP report for information: Agenda item 5(C)**
  - **Arabic | Chinese | English | Español | Français | Russian**
- The report outlines ICP 2021 activities undertaken in 2022 at the global, regional, and national levels.
  - The Commission was 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 programs.
  - **The 2024 ICP report will be submitted for discussion by the Commission.**

# Governance Activates: Governing Board

- **The most recent meeting in February 2023**
- **The Board noted**
  - Progress made with the ICP 2021 cycle, despite the Covid-19 pandemic and the war in Ukraine;
  - Need to identify a new approach to link the CIS region;
  - 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;
  - Need to identify sustained funding for the program and to strengthen advocacy efforts; and
  - Current and anticipated uses of PPPs.
- **Next meeting planned for end-2023**

# Governance Activities: Technical Advisory Group

- The most **recent meeting** held in December 2022
  - **Impact of COVID-19** on Eurostat-OECD data collection
  - **Implications of the war in Ukraine** on the ICP 2021 cycle
  - 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 scheduled for November 6-7, 2023**
  - Review of preliminary ICP 2021 cycle results

# Governance Activities: Inter-Agency Coordination Group

- **The most recent meeting held in May 2023**
  - Regional and Global updates on the ICP 2021 cycle implementation
  - Data review: Prices, expenditures, and other data
  - Results review: Draft revised 2017, 2021 results and 2018-2020 time-series
  - Planning for the 2023 governance activities and ICP 2021 cycle release
  - Planning for the ICP 2024 cycle
- **Next IACG meeting scheduled for October 31 - November 3, 2023**
  - Data and results reviews and further planning for the ICP 2024 cycle



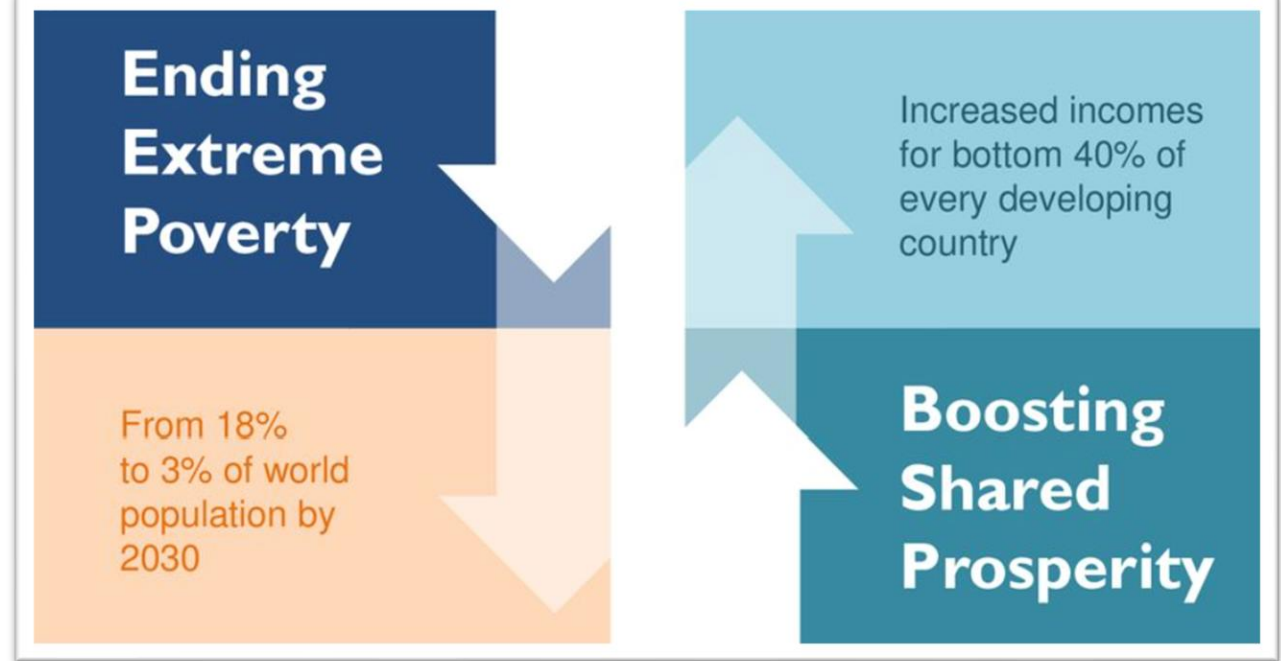
# PPP Uses and Applications

# PPP Uses and Applications: SDGs, WBG Twin 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

# 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



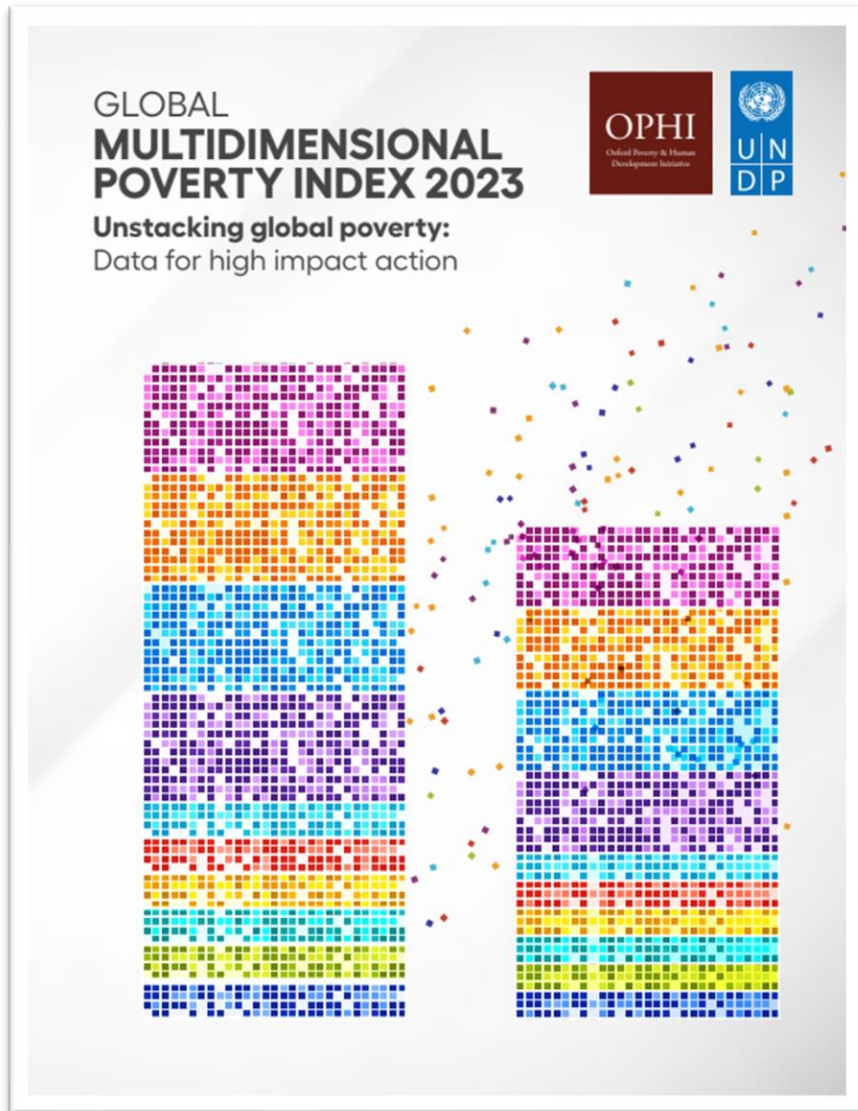


# Uses: ILO



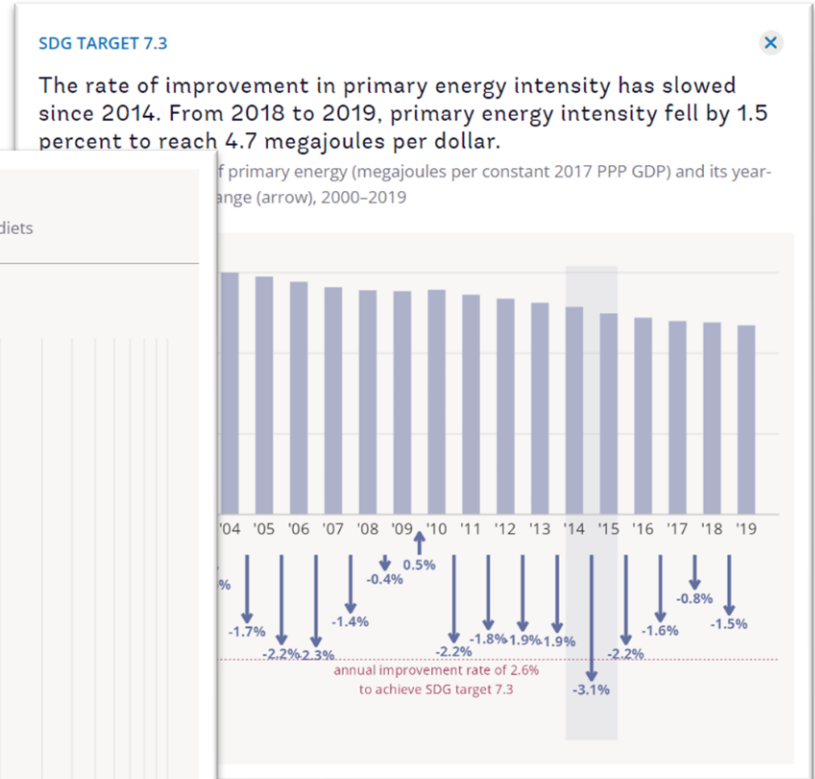
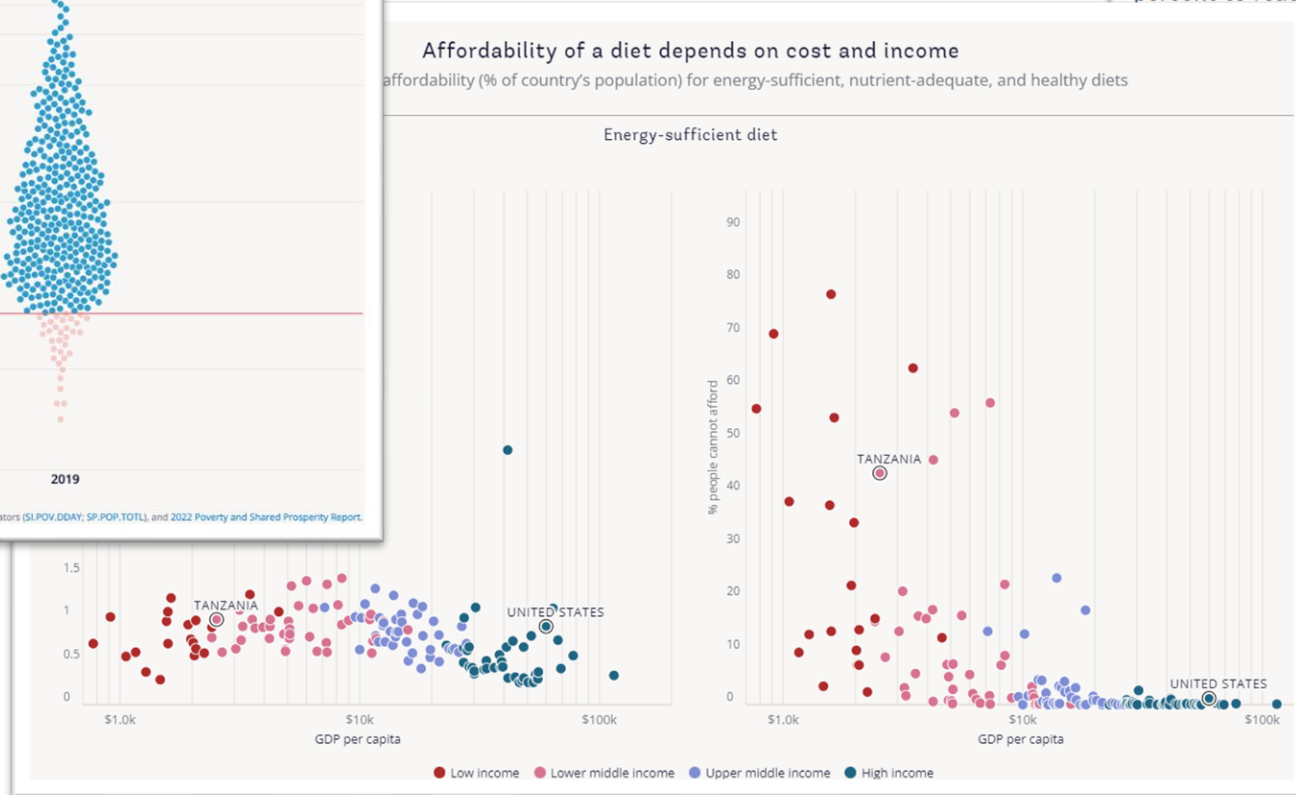
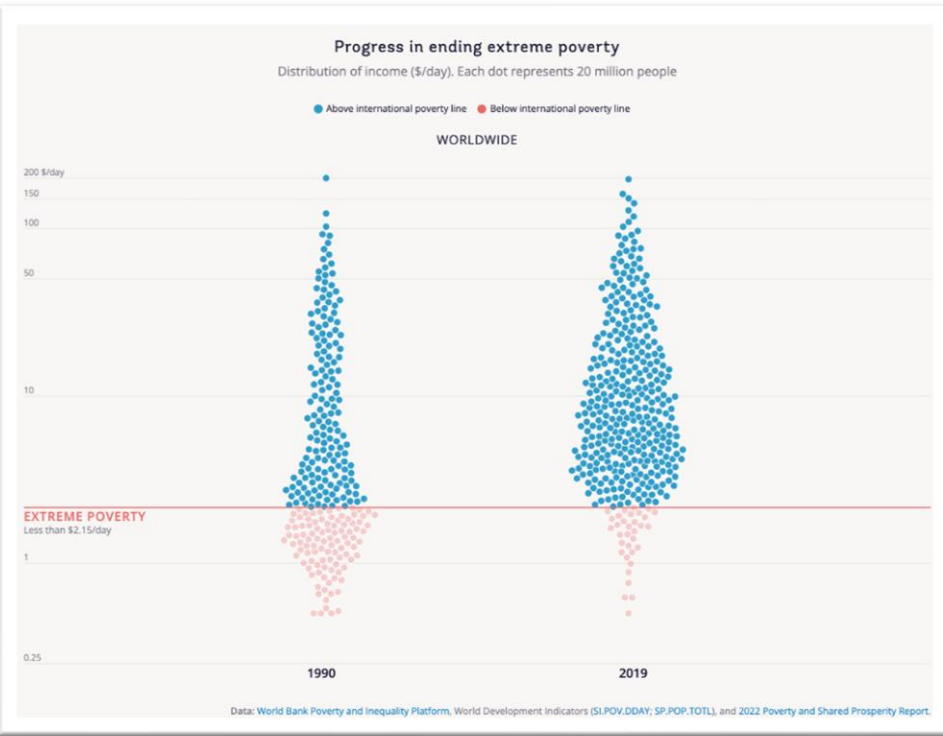
- ILO's flagship annual report **World Employment and Social Outlook Trends 2023** (January 2023)
- Uses **PPP-based income levels** under which employed people are considered to be the "working poor" or living in extreme poverty. It also expresses **output per worker in PPP terms** in its comparison of labour productivity across countries.

# Uses: UNDP - OPHI



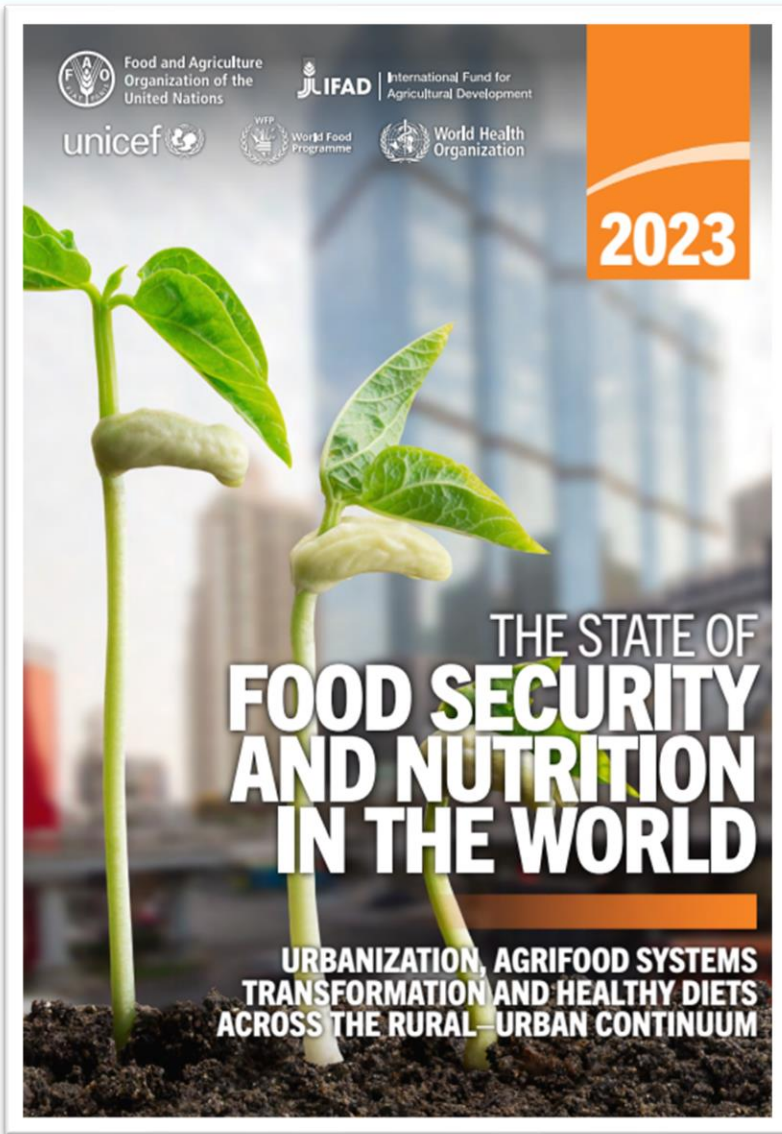
The UNDP and OPHI publication "[Global Multidimensional Poverty Index 2023 - Unstacking Poverty: Data for high impact action](#)", published in June 2023, compares the PPP-based international poverty line of \$2.15 a day with an index that combines deprivations across health, education, and standard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

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



- The multi-agency report “The State of Food Security and Nutrition in the World 2023” published in 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.

# Uses: UN Sustainable Development Goals



The UN's "[The Sustainable Development Goals Report 2023: Special Edition](#)", published in 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.

# Outreach: ICP Blogs – Education

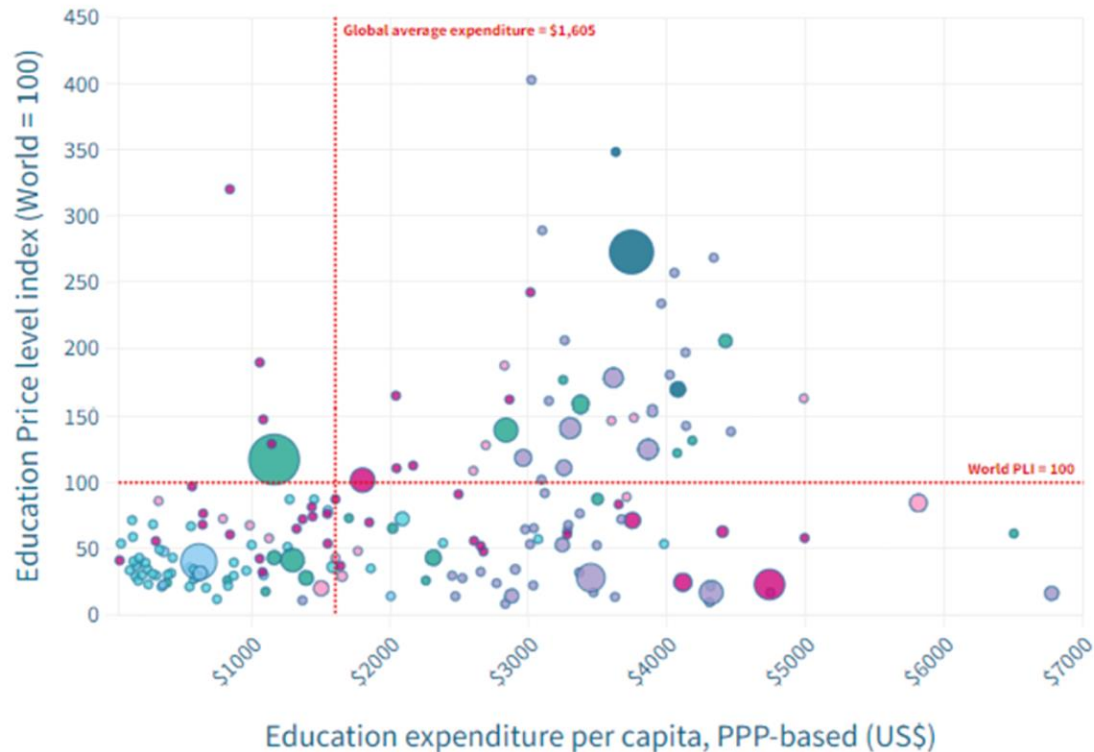
## Expenditure and relative cost: Actual Education

2017

Filter your view by **income group** in the dropdown menu, or by **region** in the legend. Hover over economy to see full data.

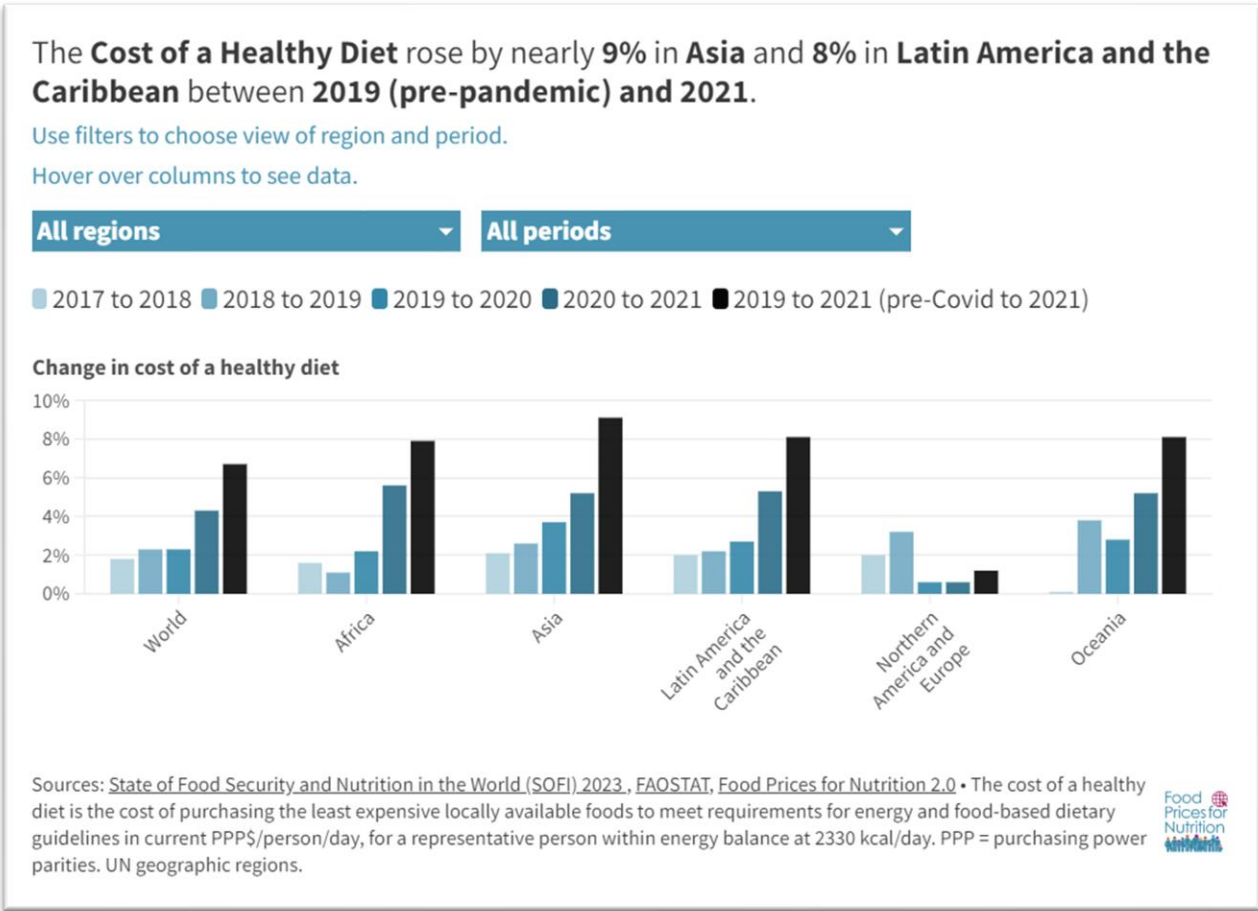
All income groups

Region ● East Asia & Pacific ● Europe & Central Asia ● Latin America & Caribbean  
● Middle East & North Africa ● North America ● South Asia ● Sub-Saharan Africa



- How much do countries spend on education, and how do the price levels of education compare? Three charts from the ICP
- Published on International Education Day (January 24, 2023)
- Uses an interactive story of charts to lead users through the ICP data available on the **expenditure by households and governments on education** in countries around the world, and how the relative costs of education differ.

# Outreach: ICP Blogs – Cost and Affordability of a Healthy Diet



- Over 3.1 billion people could not afford a healthy diet in 2021 - an increase of 134 million since the start of COVID-19 (July 17, 2023)
- The Cost of a Healthy Diet rose by 8% in Latin America and the Caribbean between 2019 (pre-pandemic) and 2021.
- The Cost and Affordability of a Healthy Diet (CoADH) indicators – are available through [FAOSTAT](#) and the [World Bank's DataBank](#)

# New eLearning Course: Cost and Affordability of A Healthy Diet



- A new course on diet cost and affordability indicators trains users in the methodology used by Food Prices for Nutrition to monitor people's access to healthy diets and inform relevant policy interventions focused on achieving food and nutrition security.
- These indicators rely on data from the ICP and are produced in partnership with Tufts University, IFPRI, and FAO.



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

# Conclusions

# Concluding Notes

- **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
- **Close cooperation between the national, regional, and global implementing agencies is crucial during the months before the release of the ICP 2021 cycle results**
- **ICP PPP uses continue to expand**
  - SDGs | Poverty | IMF quota and WB voice
  - New World Bank “shared prosperity index” and income classifications?

