

# **ICP Global Updates**


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



International Comparison Program

**September 10-11, 2024**

# Outline

- 
- i. Release of ICP 2021 results**
  - ii. ICP and National Accounts**
  - iii. ICP Global Activities Updates**
  - iv. PPP Uses and Applications**
  - v. Conclusions**



# **i. Release of ICP 2021 Results**





# Released: ICP 2021 Cycle Global Results

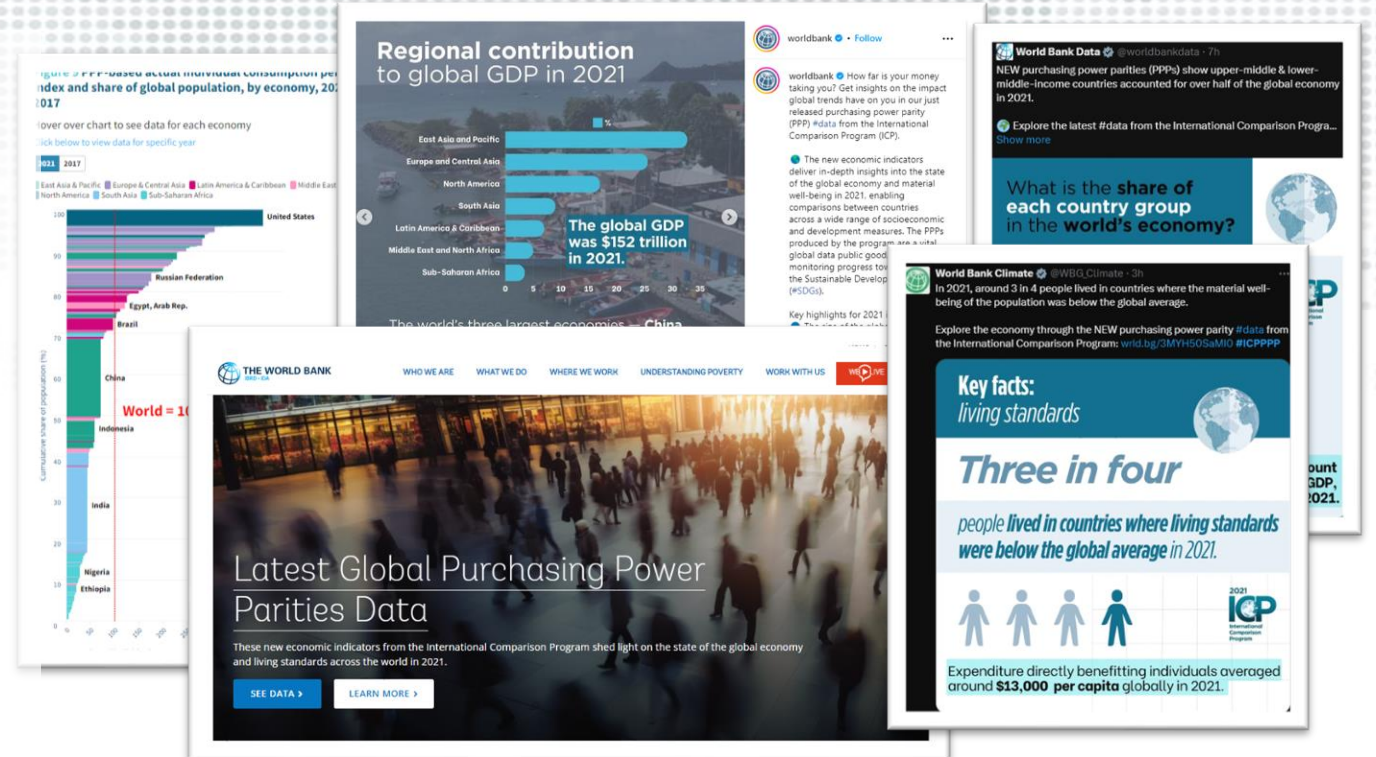


**Global ICP 2021 cycle results were released through the [ICP website](#) and the [World Bank's Databank](#) on May 30, 2024.**

- Purchasing power parities (PPPs), price level indexes (PLIs), and comparable volume and per capita measures for the reference year 2021.
  - 45 expenditure components (GDP and its components)
  - 176 participating economies
- Size of the global economy in PPP terms in 2021 was \$152 trillion. Middle-income economies accounted for more than half of the total. High-income economies accounted for slightly less than half. Low-income economies constituted barely 1% of global GDP.
- Revised results for 2017, PPPs for six major headings for 2018 to 2020, and extrapolated GDP PPPs for 2022 and 2023 were also published.

# Global Results Release Materials

- Press release: [Global Purchasing Power Parities Data Released for 2021](#)
- World Bank Blog: [New International Comparison Program data sheds light on global economy and living standards](#)
- Interactive visualization and analysis: [ICP 2021: Data Visualizations of Main Findings](#)
- Highlights of main findings: [Global and regional highlights \(PDF\)](#)
- Factsheets: [Factsheets on the ICP program and its methodology \(PDF\)](#)
- ICP 2021 Frequently asked questions (FAQs): [Web Version](#) | [Text version \(PDF\)](#)





# Quotes from the World Bank Press Release

## Quotes from the World Bank Press Release:

- *“The completion of the latest ICP cycle is a testament to the resilience of national and regional statistical agencies that worked tirelessly to overcome the challenges imposed by the COVID-19 pandemic and to ensure the success of ICP activities. As a result, the ICP partnership has delivered an important global public good—vital economic statistics that support critical policy analysis to advance economic development.”* (**Haishan Fu, the World Bank Group’s Chief Statistician**)
- *“PPPs produced by the ICP provide a powerful lens through which to better understand the global economy. PPP-based metrics show that developing countries play a larger role than other economic output measures may indicate, and they also reveal large differences in per capita expenditures.”* (Joint statement by the **ICP’s Governing Board co-chairs** , **Markus Sovala**, Director-General of Statistics Finland, and **Risenga Maluleke**, Statistician General of Statistics South Africa)

# Uses: ICP 2021 Cycle Results

Users, including media, policy makers, academics, started incorporating the newly released 2021 results in their analyses and databases.

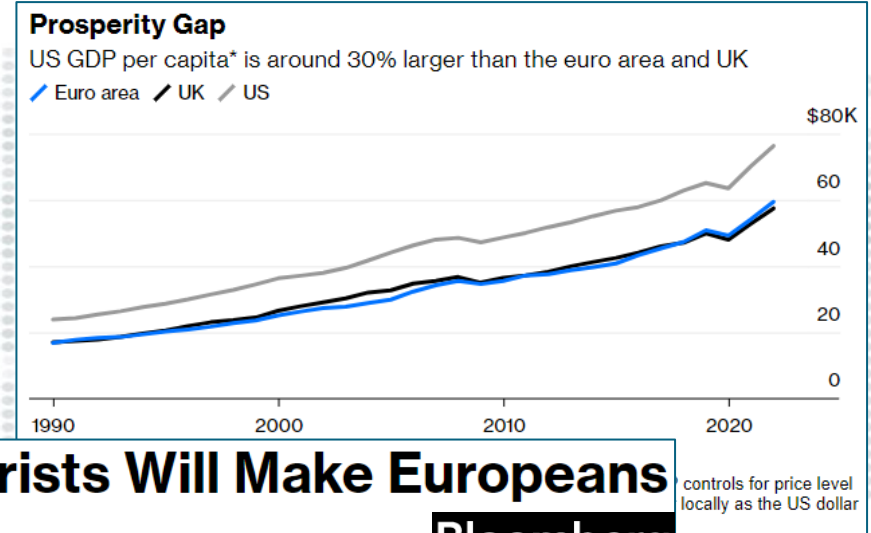
**Paul Krugman** @paulkrugman · 4d  
I keep seeing a factoid to the effect that the euro area and the US economies were the same size in 2008, but America is now 44 percent bigger. Folks, that's just the exchange rate. At purchasing power parity, nothing like that has happened

**GDP, PPP (current international \$) - Euro area, United States**  
International Comparison Program, World Bank | World Development Indicators database, World Bank | Eurostat-OCED PPP Programme.  
License: CC BY-4.0

Line Bar Map | Also Show | Share | Details

UNITED STATES

452 | 1.6K | 404K



**Rich US Tourists Will Make Europeans Feel Poor**  
Europe's high living standards are at risk unless it does more to boost productivity and wealth creation.

**Bloomberg**

**The Economist**

Finance & economics | Free exchange

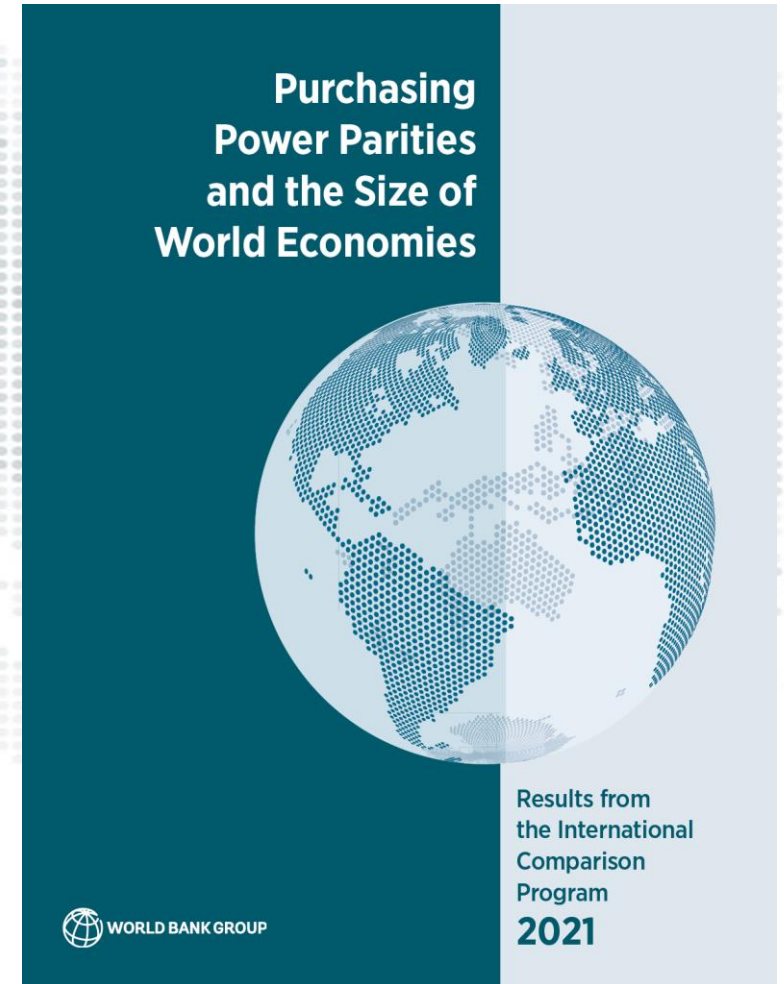
Why global GDP might be \$7trn bigger than everyone thought

# ICP 2021 Cycle: Global Report

## ICP 2021 Global Report is on its way

- The report will include economic analyses, data visualizations, result tables as well as details on the concepts, methodology and governance underlying the program. Planned to be released in Q4 2024.

**Utmost gratitude and appreciation for your amazing work and resilience during ICP 2021, and working together for ICP 2024!!**





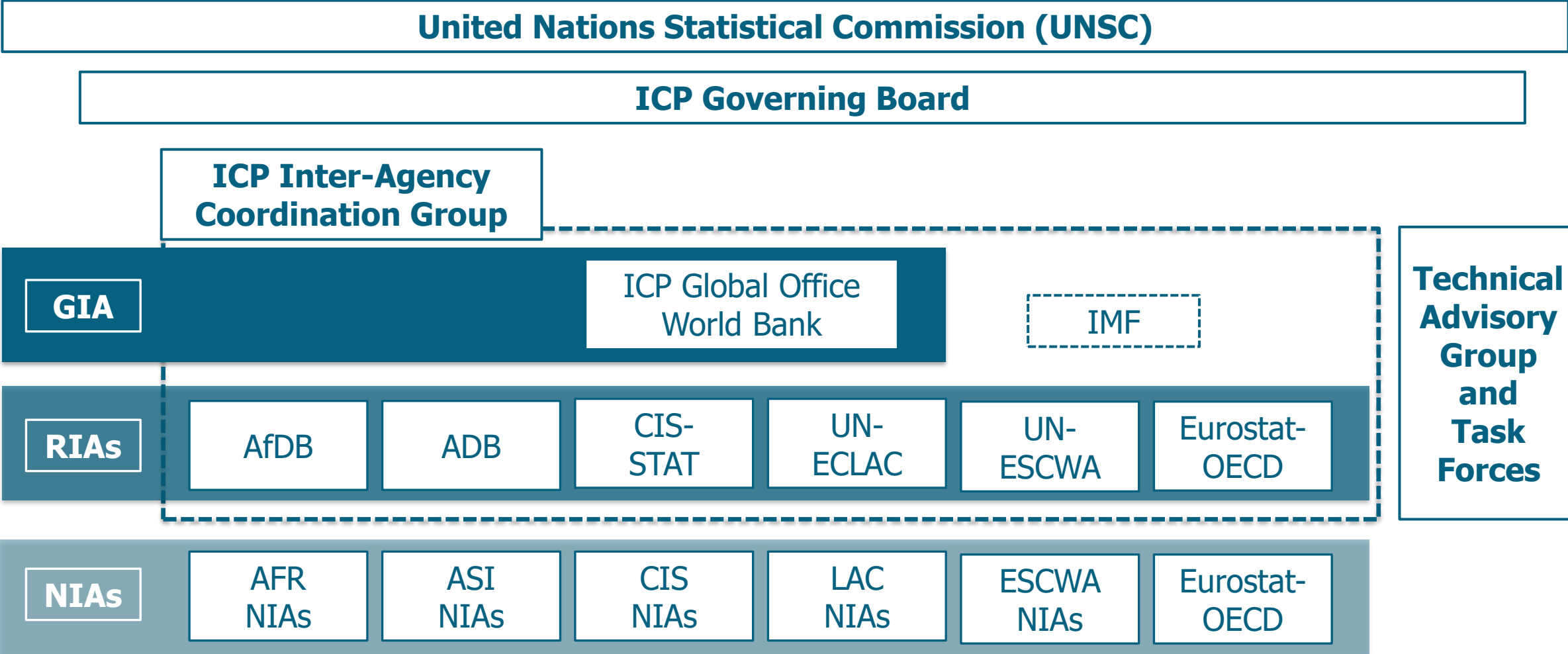


## **ii. ICP and National Accounts**

# 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 a partnership** of international, regional, sub-regional, and national agencies, managed by the World Bank under the auspices of the United Nations Statistical Commission (UNSC).
- 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, 2024).

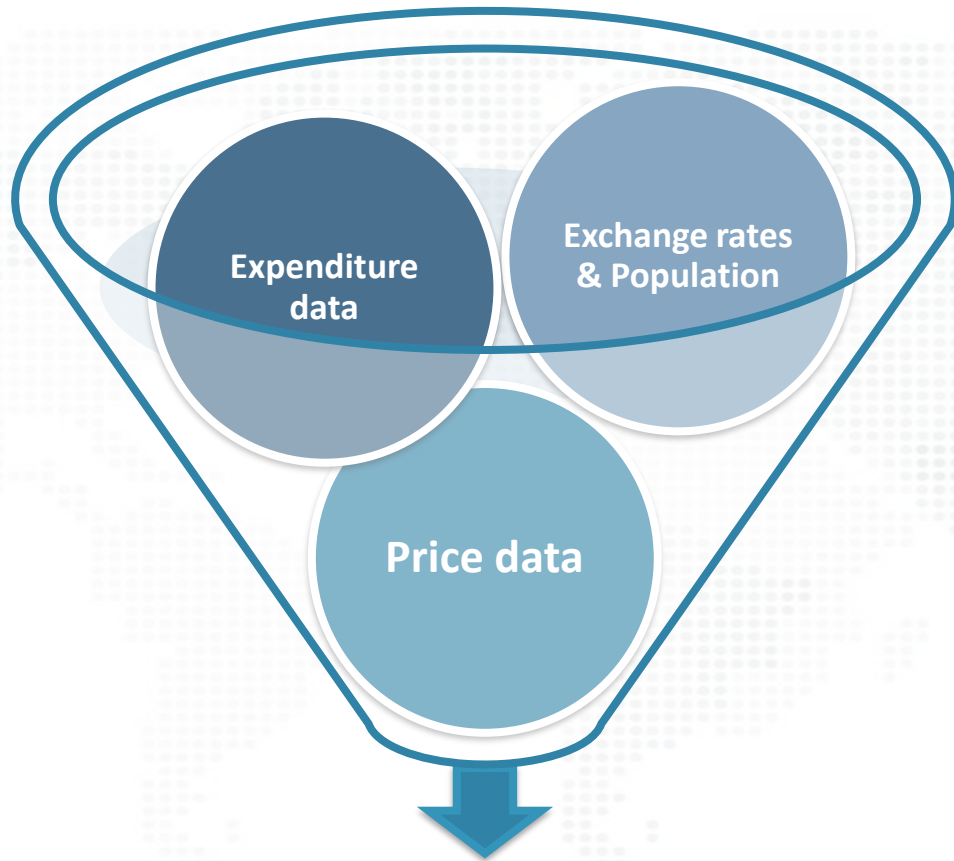
# ICP Partnership and Governance Structure



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



# National Accounts in the ICP



Purchasing Power Parities (PPPs) and  
Price Level Indexes (PLIs)

- **The ICP follows a common National Accounts framework:** SNA 2008 for the ICP 2024 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.



### **iii. ICP Global Activities Updates**

# Governance: United Nations Statistical Commission (UNSC)



- 2024 ICP report, UNSC agenda item 5(f)
  - Arabic | Chinese | English | Español | Français | Russian
- The report outlined activities undertaken to implement the ICP in 2023 at the global, regional, and national levels.
  - **The Commission was 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 2024
- The Board reviewed:
  - 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
  - Recent uses and outreach

# Governance: Technical Advisory Group (TAG) Meetings

- Recent meetings held in November 2023, February 2024 and April 2024
- **The topics discussed included:**
  - PPPs and Real Expenditures for Dwelling Services in Asia
  - Linking of the Commonwealth of the Independent States (CIS) region
  - ICP Research Agenda
  - ICP 2021 cycle results, including revised 2017 PPPs, annual PPPs and extrapolated PPPs
  - Planning the results of the ICP 2021 results
- Next meeting is planned for Q4 2024

# Governance: Inter-Agency Coordination Group (IACG)

- **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** for the completion of ICP 2021 and implementation of ICP 2024
- Next meeting is planned for Q4 2024



# ICP 2024 Cycle Overall Timeline

ICP 2024 Cycle	2023				2024				2025				2026				2027			
	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>					█				█				█						█	
TAG				█		█		█				█							█	
IACG <sup>2</sup>		█		█				█		█		█		█		█			█	
Publication <sup>3, 4</sup>						ICP 21														ICP 24

<sup>1</sup> Typically in conjunction with the UNSC session; <sup>2</sup> Biannual  
<sup>3</sup> ICP 2021 Results include: Revised 2017, 2021, 2018-2020 timeseries PPPs  
<sup>4</sup> ICP 2024 Results include: Revised 2021, 2024, 2022-2023 timeseries PPPs



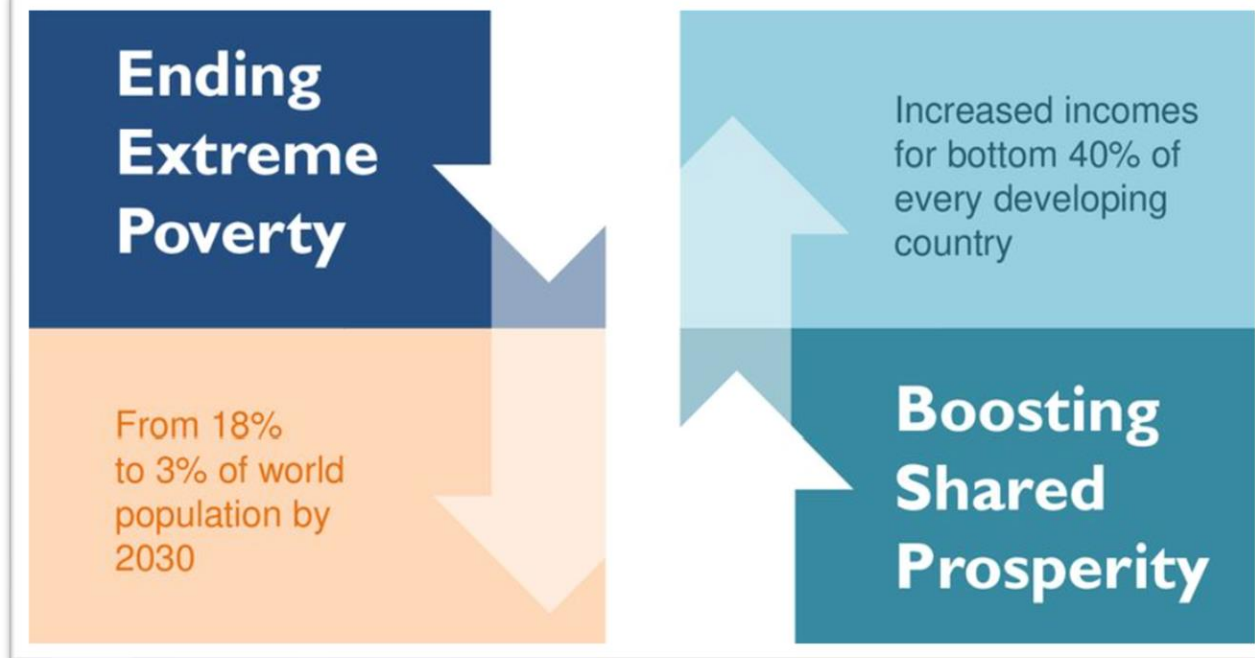
## **iv. PPP Uses and Applications**

# 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



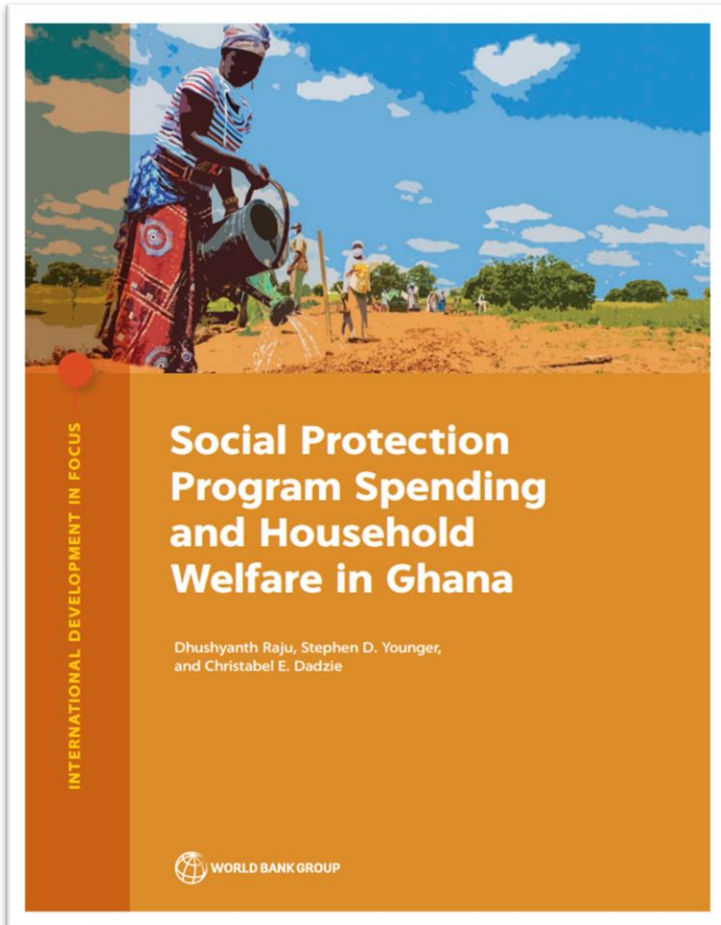
World Bank and IMF Shareholding and Drawing Rights

# Uses: Global Innovation Index



The World Intellectual Property Organization report [Global Innovation Index 2023](#), published in 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.

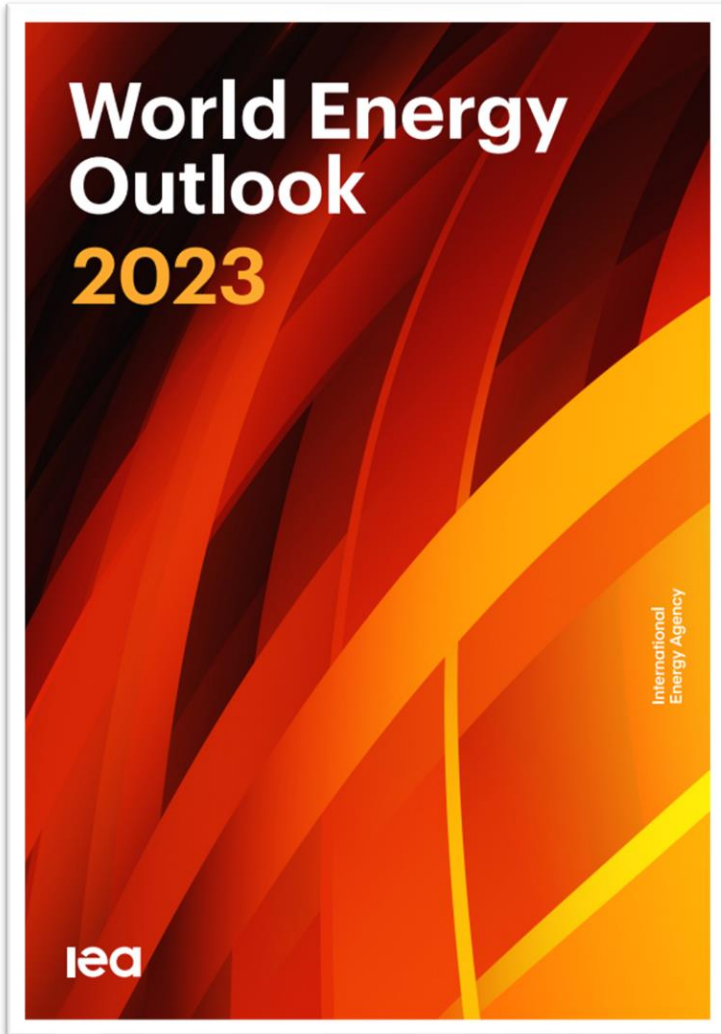
# Uses: World Bank



The World Bank's September 2023 publication *Social Protection Program Spending and Household Welfare in Ghana* uses PPPs to measure economic growth and poverty incidence in Ghana in its assessment of the country's social assistance and social insurance programs.

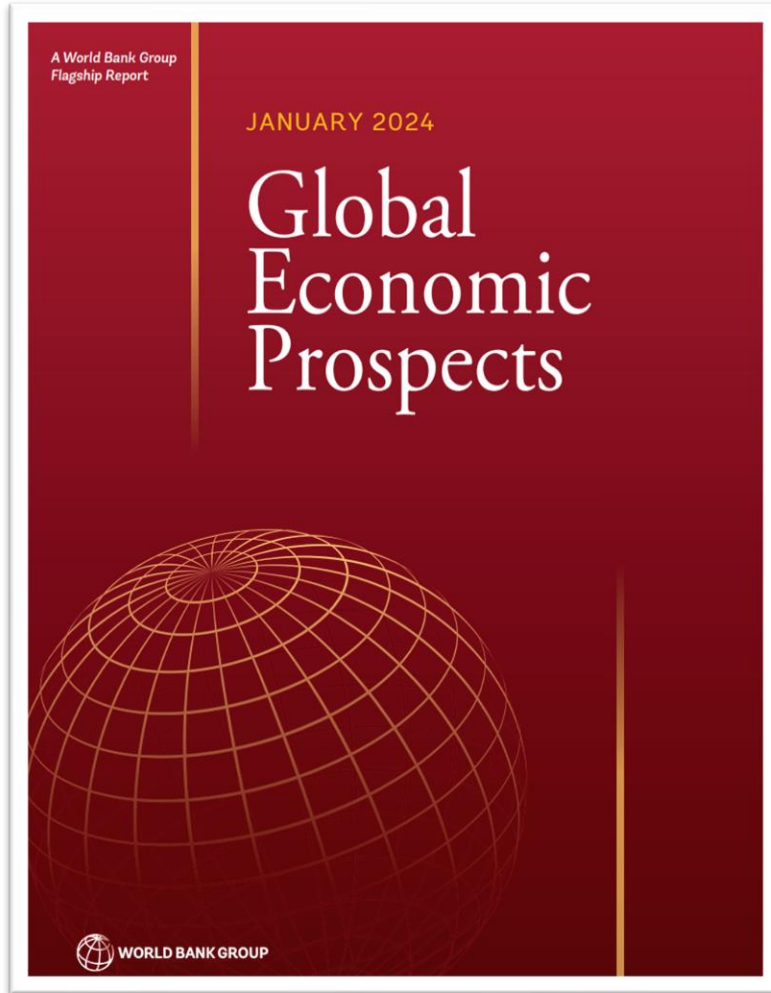


## Uses: IEA



In the International Energy Agency's latest [World Energy Outlook](#), published in 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 in an analysis of countries' current and future energy demands.

# Uses: World Bank



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

# Uses: World Bank



In the World Bank report [Greening the Economy of Europe and Central Asia](#), published in February 2024, carbon dioxide emission intensity is measured using PPP-based GDP, in this analysis of the causes and impacts of climate change in the region.



# Uses: World Bank



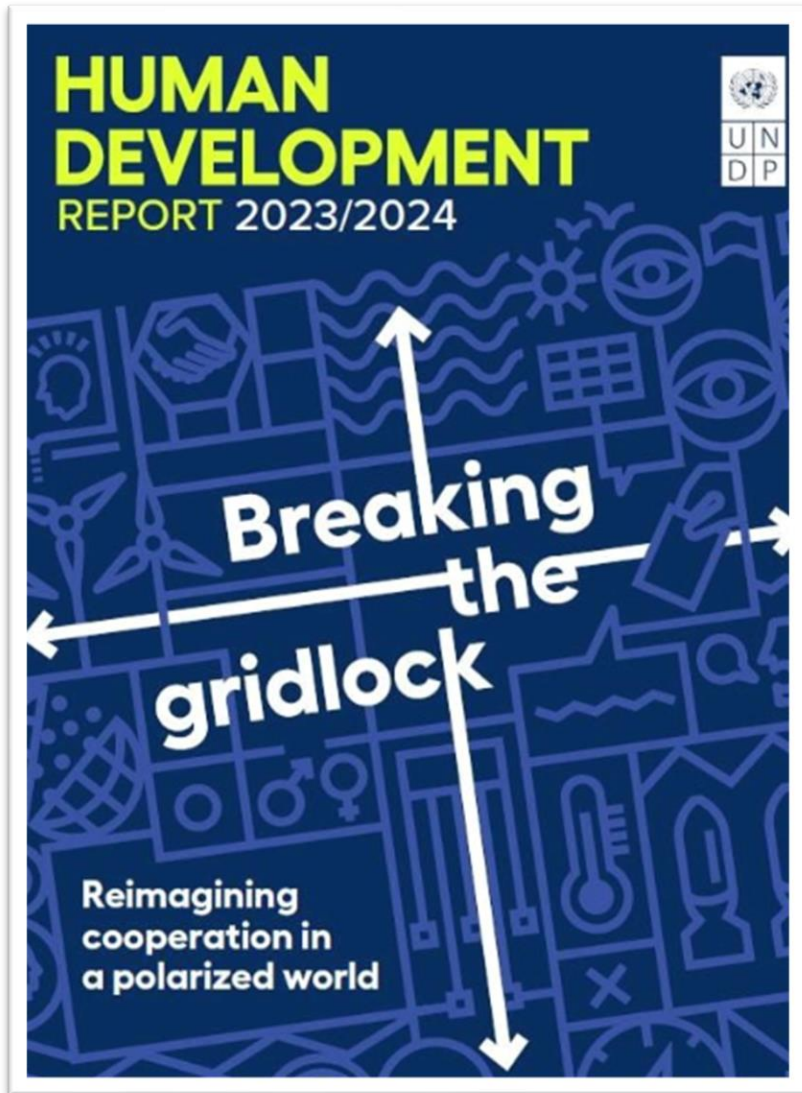
The World Bank report [Latin America and the Caribbean Economic Review, April 2024 - Competition: The Missing Ingredient for Growth](#), published in April 2024, uses PPP-based indicators for various analysis and measures including GDP, labor income and wages, social transfers, poverty rates, and homicide rates.

# Uses: ILO



In the International Labour Organization (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.

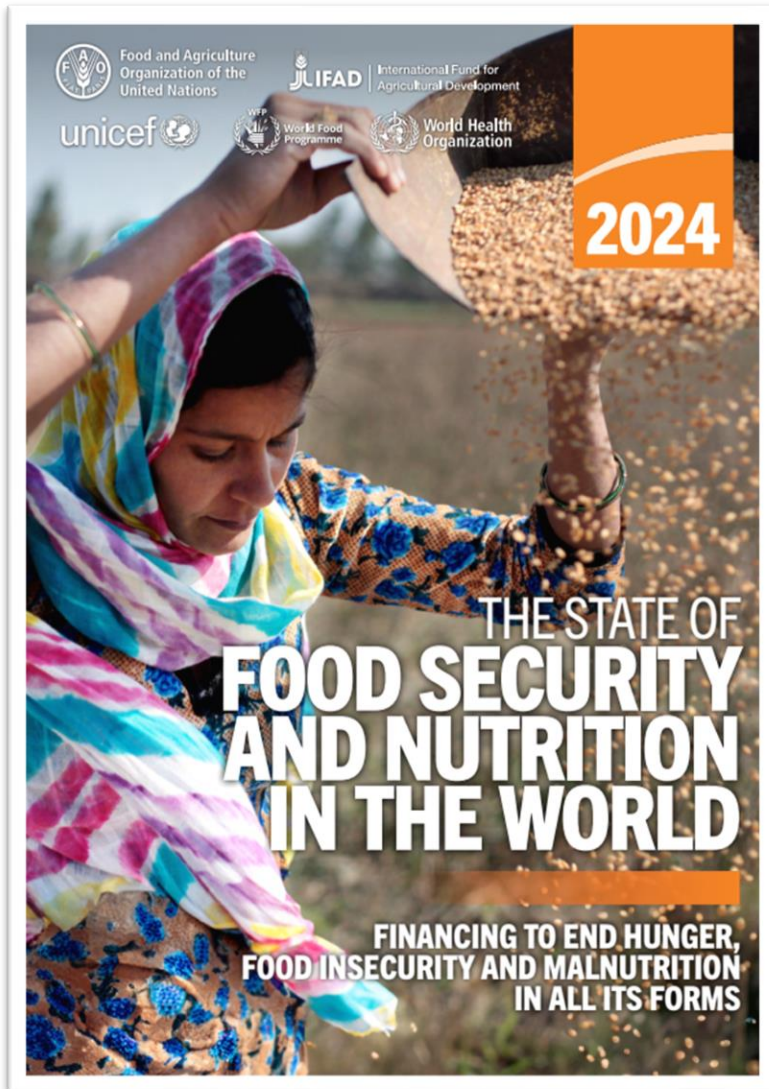
# Uses: UNDP



- The March 2024 report from the United Nations Development Program (UNDP), [“Human Development Report 2023-24”](#), highlights the increasing global inequality and political polarization and uses PPP data to assess various aspects of human developing, including income disparities and economic inequalities.



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



- The multi-agency report "The State of Food Security and Nutrition in the World 2024" published in July 2024, 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: The Economist



- “Why global GDP might be \$7trn bigger than everyone thought” (June 2024), explains the concept of PPPs and discusses the new global GDP estimate in the wake of the recent ICP 2021 release.



- In “The world’s richest countries in 2024” (July 2024), GDP per capita in PPP terms is visualized against two other measures in ranking of the world’s richest countries in 2024.

# Uses: Blogs



- “What do the revised 2017 Purchasing Power Parities (PPPs) mean for global poverty?” (Jun 2024), explains that the World Bank will assess the use of 2021 PPPs for global poverty measurement, as the revised 2017 PPPs have modest effect on poverty lines and trends.

## Statutory gross monthly minimum wage

	PPP \$ ▾	US \$
Switzerland (2022)	\$3,447	\$4,221
Luxembourg (2023)	\$2,783	\$2,712
Germany (2023)	\$2,717	\$2,159
Australia (2023)	\$2,553	\$2,460
Belgium (2023)	\$2,525	\$2,114
Netherlands (2023)	\$2,521	\$2,157
New Zealand (2022)	\$2,436	\$2,330
Iceland (2022)	\$2,396	\$2,720
France (2023)	\$2,368	\$1,889
Canada (2023)	\$2,200	\$1,995

- In “The true value of a paycheck: Understanding PPP-adjusted income statistics” (Aug 2024), the International Labour Organization (ILO) explains how 2021 PPPs have been used for major update of income-related statistics, describes the role of PPPs and key insights from the ICP 2021 results.



A world map composed of a grid of small dots, with the text "v. Conclusions" overlaid in the center.

# v. Conclusions



# Concluding Notes

- **ICP 2021 cycle results were successfully released**
  - The successful completion of the ICP 2021 cycle is testament to the resilience and dedication of these institutions, who navigated the unprecedented challenges posed by the COVID-19 pandemic to deliver jointly the invaluable ICP results.
- **ICP PPP uses continue to expand**
  - SDGs | Poverty | IMF quota and WB voting powers
  - New World Bank “shared prosperity index”
- **ICP 2024 cycle is underway**
  - National Accounts data is a key component of the ICP and it will include revised 2021 data, 2024 data (benchmark year) and 2022-2023 data.
  - ICP continues as a regular statistical undertake with 3-year cycles (2021-2024-2027-...)

