International Comparison Program 2017
Frequently Asked Questions

What is the International Comparison Program?

The International Comparison Program (ICP) is one of the world’s largest statistical initiatives, coordinated by the World Bank under the auspices of the United Nations Statistical Commission and implemented through a partnership of countries and multilateral agencies. It makes it possible to compare the relative size of economies worldwide and the mean per capita income and consumption of their people. Since its inauguration 50 years ago, ICP 2017 is the ninth comparison cycle, covering 176 participating economies and producing results for reference year 2017. The next ICP comparison will be conducted for reference year 2021.

How is the ICP governed and implemented?

The ICP follows best practices in official statistics and has a strong governance structure to ensure that estimates are calculated independently based on common, sound and transparent methodology. Under the auspices of the United Nations Statistical Commission, the Governing Board oversees strategy and policy, and the Global Office at the World Bank undertakes overall coordination and program implementation. The program benefits from the theoretical, conceptual and methodological advice provided by the ICP Technical Advisory Group chaired by Nobel Laureate Sir Angus Deaton. ICP data collection and compilation are carried out by national implementing agencies in participating economies. The regional implementing agencies compute regional results. The Global Office, together with independent experts on the ICP Computation Task Team, produce the global results. ICP methods are developed and peer-reviewed by renowned experts and results are assessed for soundness by the ICP Technical Advisory Group prior to their release.

What are the indicators produced by the ICP?

The ICP produces, for each reference year, Purchasing Power Parities (PPPs), price level indexes, and measures of PPP-based Gross Domestic Product (GDP) and its expenditure components—such as actual individual consumption, individual consumption expenditure by households, consumption expenditure by government, and gross fixed capital formation—in aggregate and per capita terms for all participating economies. The ICP results are available through the ICP website (icp.worldbank.org) and the World Bank’s Databank (databank.worldbank.org). Users can apply for access to more granular unpublished results and underlying data as set out in the ICP Data Access and Archive Policy.
What are PPPs and when are they preferable to market exchange rates?

PPPs are both currency conversion factors and spatial price indexes. They convert different currencies to a common currency and, in the process of conversion, equalize their purchasing power by eliminating the differences in price levels between economies. They show, with reference to a base economy, the relative price of a given basket of goods and services in each of the economies being compared. PPPs are designed to make international comparisons of the economies’ GDPs by converting them into a common currency while eliminating price level differences across economies. Market exchange rates, on the other hand, only convert the economies’ GDPs to a common currency, but they do not yield GDPs valued at a common price level because market exchange rates do not reflect the relative purchasing power of currencies in their economies. While market exchange rates can be misleading when comparing the relative sizes of different economies, they are more appropriate than PPPs for comparisons of monetary, trade or investment flows.

How are ICP results and data used?

ICP PPPs are a global public good and are used for research and analysis, indicator compilation, policy-making, and administrative purposes at the global, regional, and national levels. For example, indicators used to monitor progress towards achieving the Sustainable Development Goals and the World Bank’s twin goals, the United Nations’ Human Development Index, and the World Economic Forum’s Global Competitiveness Index rely on ICP PPPs. The European Commission uses them for the allocation of structural and cohesion funds, while the International Bank for Reconstruction and Development and the International Monetary Fund both rely on the GDP in PPP terms of economies to determine their shareholding and drawing rights. ICP PPPs are also one of five data sources that are used to compute the incidence of poverty using the “dollar a day” poverty line methodology. The World Bank is currently assessing the impact of 2017 PPPs on global poverty measures.

Are PPPs imputed for nonparticipating economies?

In order to provide a complete view of the world economy, PPPs are imputed for economies that do not participate in an ICP comparison cycle. In ICP 2017 a regression method was used to impute PPPs for a selection of nonparticipating economies.

Can ICP 2017 results be compared with ICP 2011 results?

ICP 2017 used the same methodology as ICP 2011, but the set of participating economies slightly differed between the two cycles; thus, comparisons of the relative size of the economies and their price levels between 2011 and 2017 can be made with some caution. However, ICP results should not be used to analyze changes in any given economy’s GDP over time: the national accounts growth and constant measures of each individual economy provide the best data source for this purpose.
How do the ICP 2017 PPPs differ from 2017 PPPs extrapolated from 2011 PPPs in the World Development Indicators (WDI)?

The ICP 2017 PPPs bring forth new information on the world economies when compared with the 2017 PPPs extrapolated from 2011 PPPs in WDI. The ICP 2017 PPPs cannot converge with the extrapolated 2017 PPPs in the WDI for both conceptual and practical reasons. Experience has shown that sizeable discrepancies can arise between PPPs from a new cycle and extrapolated PPPs from a previous cycle, even when comparison cycles are only a couple of years apart. Thus, a six-year gap between the latest ICP cycles resulted in some differences between the ICP 2017 PPPs and the 2017 PPPs extrapolated from 2011 PPPs for some economies.

Why do the GDP, population, and market exchange rate data used by the ICP differ from those published in WDI?

The data for GDP, population, and market exchange rates used in the ICP were provided directly by national sources. For a few economies they differ from the data published in the WDI because of differences in vintage or statistical methods.

For more information, visit the International Comparison Program website at icp.worldbank.org.