Welcome and meeting objectives

The seventh meeting of the International Comparison Program (ICP) Inter-Agency Coordination Group (IACG) was held on April 15-18, 2019, at the World Bank headquarters in Washington, DC.

The main objectives of the meeting were to discuss i) the status of global and regional activities and risks; ii) the status and quality of data submissions; iii) preliminary global results and reference PPPs; iv) planning for the 2020 cycle; and v) the communication and dissemination of results of the 2017 cycle per the agenda provided in Annex 1. In addition, a side meeting on the dual participation countries in Africa and Western Asia Regions was held in conjunction with the IACG meeting. The meeting participants are listed in Annex 2.

Nada Hamadeh, ICP Global Lead, World Bank, opened the meeting by welcoming the attendees and highlighting the progress in implementing the ICP 2017 cycle and interim activities since the sixth IACG meeting. She noted that the next meeting of the Technical Advisory Group (TAG) will take place in Paris on May 2–3, 2019, and stressed that the TAG will be invited to review the preliminary household consumption results. However, lags in data submission from the regions, gaps in coverage, and data formatting errors have significantly limited the time available to the Global Office to validate and process these data and, subsequently, compute preliminary results. To this end, the Regional Implementing Agencies (RIAs) were urged to take all steps possible to ensure that each milestone date for submission of clean, full and usable data is met to guarantee the release of global results in early 2020.

Status of global activities, overall timetable, and risks

Nada Hamadeh presented the status of country participation and regional data submissions; the key milestones to publication, outstanding risks; capacity building efforts; knowledge and outreach activities; and recent uses of PPPs. (PRESENTATION | TIMETABLE).

Agreements and conclusions

− In order to meet the ICP Governing Board’s (GB) agreed publication date for the results of the ICP 2017 cycle of around April 2020, all regional results need to be completely final by December 2019. This will enable the global results to be finalized in the first three months of 2020, alongside the final report and the preparation of communication and dissemination material.
Interim milestones have been set out in a roadmap to publication to facilitate data processing and timely review by the GB, TAG and IACG during this period. All RIAs agreed that the next data submission will take place by the end of July 2019. These data encompass:

1) Preliminary ICP 2017 regional results and data
   - Preliminary regional PPPs and national accounts expenditures following the ICP 2017 classification
   - Global core item prices and related metadata for all surveys
   - Regional item prices and related metadata for all surveys

2) Revised ICP 2011 regional results and data
   - Revised regional PPPs and national accounts expenditures following the ICP 2017 classification
   - Revised global core item prices and related metadata for all surveys, if applicable
   - Revised regional item prices and related metadata for all surveys, if applicable

3) PPP timeseries and auxiliary data
   - Interim regional PPPs following the ICP 2017 classification, if applicable (2012-2016)
   - National account expenditure time series, as detailed as possible and following the ICP 2017 classification (2011-2017)
   - CPIs and national account deflators, as detailed as possible (2011-2017)

4) Metadata
   - Survey framework questionnaires, if available
   - National accounts country practice questionnaires, if available
   - Housing metadata questionnaires, if available

Status of regional activities and risks

The RIAs reported on the status of their ICP 2017 cycle and interim activities and related risks. The following presentations and interventions were made:

- Africa: Ben Paul Mungyereza, African Development Bank (AfDB) | PRESENTATION
- Asia and the Pacific: Kaushal Joshi, Asian Development Bank (ADB) | PRESENTATION
- Commonwealth of Independent States (CIS): Andrey Kosarev, Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT) | PRESENTATION
- Latin America and the Caribbean: Bruno Lana, United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC) | PRESENTATION
- Western Asia: Majed Skaini, United Nations Economic and Social Commission for Western Asia (UN-ESCWA) | PRESENTATION
- Eurostat-OECD PPP program: Marjanca Gasic, Statistical Office of the European Communities (Eurostat) and Francette Koechlin, Organisation for Economic Co-operation and Development (OECD) | PRESENTATION
- Special Participation for Georgia and Ukraine: Sergey Sergeev, Statistical Office of the European Communities (Eurostat) | PRESENTATION
Agreements and conclusions

– RIAs will continue to support countries requiring assistance in completing 2017 cycle submissions through the provision of expertise, capacity building and tools. Furthermore, RIAs’ efforts to extend capacity building to countries not yet participating in the ICP was welcomed.

– The treatment of countries that have changed region (e.g. Costa Rica and Columbia from LAC to OECD) or have changed coverage (e.g. Sudan splitting into Sudan and South Sudan) since 2011 requires special attention when constructing the 2011-2017 time series, and the Global Office will work together with the relevant RIAs to address this.

– The outreach and advocacy efforts of the regions were commended and will be shared among the ICP network. The IACG welcomed such initiatives as the Resolution of the Statistical Commission for Africa advocating for the ICP, the collation of ICP papers for the forthcoming IARIW conference by CIS-STAT, and the ICP calendar distributed to member countries by UN-ESCWA.

ICP 2017 data review: Household consumption

Marko Rissanen, World Bank, presented the current status of the regional household consumption data submissions, related inter-regional overlap statistics, and overview of data quality.

Agreements and conclusions

– The data submission status and inter-regional overlap were found to be sufficient; however, data quality continues to necessitate close scrutiny by RIAs and National Implementing Agencies (NIAs), especially in Africa and Latin America and Caribbean.

– It was noted that, while the quality of the initial submission of 2017 cycle data was better than that of the initial submission for the ICP 2011 round, the quality improvements seen since the sixth IACG meeting were less satisfactory in some cases.

– It was recommended that the RIAs continuously share their latest and updated data with the ICP Global Office as soon as they become available. This in turn will allow the ICP Global Office to assist regions in assessing the quality and completeness of region’s data before the next submission deadline by end of July 2019.

ICP Global Office staff also presented a detailed quality assessment of the household consumption global core list data, utilizing basic heading (BH) price level index (PLI) and USD average price visualizations. It was noted that the visualizations were enhanced by incorporating BH, item and country coefficients of variation (CVs), as well as PPP-ratios and units of measurement. In addition, a review of importance indicators was provided.

Agreements and conclusions

– Reference units and quantities should be further reviewed for any possible discrepancies between the regional and global units and quantities; all submitted data for the global core list items must be converted into the global units and quantities by the RIAs.

– The datasets for dual-participation countries, namely Egypt, Morocco, the Russian Federation and Sudan should to be reviewed for any possible discrepancies. To this end, ICP Global Office will continue to provide respective RIAs with required reviews.
 Allocation of importance indicators requires a further review by the RIAs and NIAs.

The RIAs and NIAs will continue to review the regional and national datasets based on the findings of the global data quality assessment.

**ICP 2017 data review: Private education**

Mizuki Yamanaka, World Bank, presented a first review of the ICP 2017 private education data received to date, including coverage and overall quality of the submissions. In addition to BH PLI and USD average price visualizations, a review of consistency among related tuition items was presented.

**Agreements and conclusions**

The RIAs and NIAs will continue review the regional and national datasets based on the findings of the global data quality assessment.

**ICP 2017 data review: Housing (Rentals and Volume)**

William Vigil-Oliver, World Bank, presented a first review of the ICP 2017 rental, housing volume and rental expenditures received to date, including coverage and overall quality of the submissions.

**Agreements and conclusions:**

- The RIAs were reminded that all housing data for the ICP 2017, including the housing metadata questionnaire, are due at the end of July 2019. It was also emphasized that completeness of the volume form is crucial for the estimation of the global PPPs.
- Annual rental prices will be reported primarily “per m²” and, when possible also “per dwelling unit”, in order to help validate the submitted rental price data. The global submission forms will be amended to allow for reporting of both data types.
- If a country’s dwelling volume indicator total “by type” does not coincide with its dwelling volume indicator “by location” then the “by type” total will be used as the national total for the calculations required under the housing volume approach.
- If a country is not able to split its rental expenditures into the two required ICP 2017 basic headings for housing (“Actual rentals for housing” and “Imputed rentals for housing”), then the full rental expenditure amount should be allocated exclusively to “Actual rentals for housing”. Countries where this is applicable should indicate this to their respective RIA.
- The RIAs will ensure that countries are submitting rental and dwelling volume data using the latest ICP 2017 Housing Rental and ICP 2017 Housing Volume data forms.
- The RIAs and NIAs will review the regional and national datasets based on the findings of the global data quality assessment.
ICP 2017 data review: Government compensation

Mizuki Yamanaka, World Bank, presented a first review of the ICP 2017 government compensation data received to date including coverage and overall quality of the submissions. In addition to BH PLI and USD average price visualizations, a review of compensation levels to average income was presented.

Agreements and conclusions

- The RIAs confirmed that the averaging methods for the levels of experience are consistent with the ICP 2011 practices.
- It was agreed that compensation data collected through surveys should be normalized to regional average hours worked per year. As for data compiled from official annual pay scales, application of normalization needs to be assessed region by region.
- The RIAs and NIAs will review the regional and national datasets based on the findings of the global data quality assessment.

ICP 2017 data review: Machinery and equipment

Marko Rissanen, World Bank, and Peter Tabor, PLANCO, presented a first review of the ICP 2017 Machinery and Equipment data received to date, including coverage and overall quality of the submissions. In addition to BH PLI and USD average price visualizations, an assessment on potential impact of validation actions was presented.

Agreements and conclusions:

- The ICP 2017 classification covers the following types of products under the BH “15.01.31.1 Other products”: “Furniture and other manufactured goods”, “Computer Software”, “Other products n.e.c.”. To this end, a concern was raised on including such diverse types of items under a single BH. The Eurostat-OECD PPP classification contains three separate BHs, of which two are being priced\(^1\). Moreover, it was stressed that the ICP BH “Other products n.e.c.” has a high weight under the GFCF aggregate due to the inclusion of expenditures for other intangible fixed assets such as R&D and weapons and ammunition, among others. Due to these concerns, it was agreed that reference PPPs should be used for this heading, at least at the global level. The reference PPPs used could be from “1501100 Machinery and Equipment” (a group level heading).

- Unspecified item types typically exhibit higher CVs than their respective specified type items, especially at the global level. However, unspecified items may cover representative national

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\(^1\) EU E.01.30.1 Furniture and other manufactured goods (IG) [CPA 31 and 32]: Furniture and other manufactured goods.

EU E.01.30.2 Computer Software (IG) [CPA 58.2 and 62.01]: Computer software that a producer expects to use in production for more than one year. Includes software publishing services, computer programming services and databases holding data with a useful life of more than one year.

EU E.01.30.3 Other products n.e.c. (IG): Plantation, orchard and vineyard development; change in stocks of breeding stock, draught animals, dairy cattle, animals raised for wool clippings, etc., land improvement including dams and dikes which are part of flood control and irrigation projects; mineral exploration; acquisition of entertainment, literary or artistic originals; other intangible fixed assets such as R&D; weapons and ammunition; ownership transfer costs on non-produced assets including ownership transfer costs relating to land.
and/or regional brands. To ensure both the quality of the global PPPs and representativity of the regional PPPs, it was agreed to utilize the specified items in the calculation of the inter-regional linking factors, while treating the unspecified items as regional items. Furthermore, the regions may consider developing the unspecific items to cover a cluster of regional brands and models.

– The RIAs and NIAs will review the regional and national datasets based on the findings of the global data quality assessment.

ICP 2017 data review: Construction and civil engineering

Marko Rissanen, World Bank, and Aaron Wright, RICS, presented a first review of the ICP 2017 Construction and Civil Engineering data received to date, including coverage and overall quality of the submissions.

Agreements and conclusions:

– The five machinery-type items\(^2\) were noted to be among the most problematic items, possibly because a price for these items depends on a wide array of price determining technical parameters. Since the ICP Machinery and Equipment survey contains similar items and utilizes more detailed item specifications, it was agreed to replace the Construction survey items with the Machinery and Equipment survey items. The ICP Global Office and the global GFCF consultants will develop a suggestion for the replacement items.

– The provided datasets for “resource mixes” and “mark-ups and professional fees” should be reviewed for completeness and quality. During the ICP 2011 cycle, “resources mixes” were used in the calculation of regional and global PPPs, while mark-ups and professional fees were not used, due to incompleteness and quality concerns.

– The RIAs and NIAs will review the regional and national datasets based on the findings of the global data quality assessment.

National accounts data review

Mizuki Yamanaka, World Bank, presented the status of data submission and quality overviews covering i) review of per capita expenditures ranking; ii) average shares of HHC categories, iii) relation of per capita GDP; iv) expenditure weights of HHC categories, v) revised 2011 expenditures and vi) per capita expenditures time series.

Agreements and conclusions

– Several countries have had national accounts rebasing exercises since the release of ICP 2011 results and some have resulted in relatively large changes, even at the GDP level. The impact of rebasing exercises will be further assessed with the next round of data submission.

– Completed National Accounts Country Practice Questionnaires should accompany the next data submission.

\(^2\) 1501200133 Electric pump; 1501200134 Electric fan; 1501200135 Air-conditioning equipment; 1501200136 Stand-by generator; 1501200137 Solar panel
The RIAs and NIAs will review the regional and national datasets based on the findings of the global data quality assessment.

Auxiliary data review

William Vigil-Oliver, World Bank, presented a review of the data availability and coverage of CPIs and national accounts deflator data being compiled to support the production of the global PPP timeseries (2011-2017).

Agreements and conclusions:

− Extrapolation data submitted by RIAs will always be used and given priority, when available. However, the ICP Global Office will resort to alternative data from NSO websites and/or IMF and UN databases in cases where:
   i) obvious errors exist in the RIA reported series (for instance obvious processing errors);
   ii) the RIA reported General CPI series is missing (which may also require replacing the underlying series, if reported); and/or
   iii) an NSO site, UN and/or IMF database reports the same series reported by the RIA but is more complete in terms of annual coverage. RIAs will be informed of these cases and the resulting series additions and substitutions, if any.

− For CPIs, RIAs were reminded that:
   i) the minimum requirement for CPIs is to provide series covering the COICOP-12 categories and the general CPI for years 2011-2017;
   ii) they are expected to submit CPI data series at the BH level for countries for which this is possible; and
   iii) better country coverage is generally expected with each submission, unless an unresolvable break in series or other unresolvable issues was detected.

− For national accounts deflators, regions were reminded that these indicators will not only help enable the global PPP timeseries approach but will often be required at the regional level (for some and not all years) to align country data to the benchmark year. An applicable case is when, for instance, a country carried out its Machinery and Equipment and/or Construction survey in a year other than 2017 and reported average prices for 2016 or 2018.

− RIAs agreed that, for purposes of having a complete matrix of indicators for all countries, the ICP Global Office will collect CPI, deflators and national accounts data from independent sources for those countries that participated under a given region during the ICP 2011 but dropped out of the region for ICP 2017.

Mizuki Yamanaka, World Bank, presented the status of data submission, and quality overview for population and exchange rates.

Agreements and conclusions

− RIAs will review data for countries with currency changes/redenomination after ICP 2011 so that currency units for those countries are consistent throughout datasets.
Preliminary global results for household consumption

Yuri Dikhanov, World Bank, presented preliminary ICP 2017 global results for Household Consumption.

Agreements and conclusions

- Presented results provided a first look at the 2017 Household Consumption PPPs, without housing. Pre-processing included data cleaning (around 5% of prices were identified as outliers and removed). At the aggregation stage, multiple gaps for BH PPPs were filled. On the expenditures side, the latest available expenditure structures were used.

- At this stage, the aggregation was run unrestricted, as one set of countries. Pharmaceutical and water related items were omitted and subsequently replaced with neutral reference PPPs due to their high noise in data. Education and health links between the Eurostat-OECD region and the rest were imputed using neutral PPPs.

- A more complete aggregation will be produced once revised datasets become available.

Reference PPPs in regional and global results

Marko Rissanen, World Bank, presented the proposed reference PPPs in regional and global results for the ICP 2017.

Agreements and conclusions

- It was noted that in principle the reference PPPs should be kept unchanged in relation to ICP 2011. However, any identified inconsistency should be corrected and reference PPPs for the new ICP 2017 classification headings should be established.

- The ICP Global Office will revise the proposal for the reference PPPs per the meeting discussions and then circulate the revised draft to the regions. Ideally, the same set of reference PPPs should be utilized in both global and regional comparisons; however, this is not always possible due to different classifications and/or different items covered.

Analytical categories in regional and global results

Sergey Sergeev, Statistics Austria, presented the suggested analytical categories in regional and global results. (PRESENTATION)

Agreements and conclusions

- Eurostat-OECD will further review the identified challenges with publishing the suggested analytical categories, including “goods” and “services”.
Operational planning for the ICP 2020 cycle

Marko Rissanen, World Bank, presented the planned regional survey schedules for the ICP 2020 cycle and the anticipated updates needed for ICP operational materials, including item lists. (PRESENTATION)

Agreements and conclusions

- RIAs’ feedback on regional survey schedules was taken into account and reflected in the respective documentation.
- Any updates to operational materials for the ICP 2020 cycle, most notably item lists, will be kept at minimum. These include incorporating updates to fast evolving technology items, adding potential missing items, and correcting potential mistakes with the current item definitions.

Update on IT tools

Marko Rissanen, World Bank, briefed the IACG on the status of World Bank IT Tools.

Agreements and conclusions

- The ICP Global Office has adopted World Bank’s internal database solution for storing and disseminating ICP data and results.
- The ICP Global Office has also adopted Eurostat’s Item List Management Tool (ILMT) and Validation Tool (VT) to facilitate, respectively, item list creation and global validation. The RIAs will be invited to provide their feedback on the ICP 2020 item lists through the ILMT.

Communication and dissemination strategy and outline of the ICP 2017 final report

Edie Purdie, World Bank, presented a draft communication and dissemination strategy for the release of the 2017 cycle results (PRESENTATION | TABLES). This strategy had previously been presented to the Governing Board in March 2019, and their subsequent remarks incorporated. Additionally, an outline of the final report of results (to be published at time of release) and an outline of a possible visual compendium of PPP uses (to be published a few months after release to incorporate updates to secondary indicators using the new results) were presented.

Agreements and conclusions

- The TAG will review the strategy and outline of the final ICP 2017 report at their upcoming May 2019 meeting. The ICP Global Office would provide the TAG further examples of “data storytelling” for the visual compendium.
- The Governing Board will review and endorse the final strategy and outline of the final ICP 2017 report in mid-2019.
Annex 1: Meeting Agenda

Day 1, Monday, April 15, 2019

09:00 – 09:15  Welcome and meeting objectives
09:15 – 10:00  Status of global activities, overall timetable, and risks
10:00 – 11:30 Status of regional activities and risks
11:30 – 12:30 ICP 2017 data review: Household consumption

12:30 – 14:00 Lunch

14:00 – 17:00 ICP 2017 data review: Household consumption (Cont’d)

Day 2, Tuesday, April 16, 2019

09:00 – 12:30 ICP 2017 data review: Household consumption (Cont’d)

12:30 – 14:00 Lunch

14:00 – 14:30 ICP 2017 data review: Private education
14:30 – 16:00 ICP 2017 data review: Housing (Rentals and Volume)
16:00 – 17:00 ICP 2017 data review: Government compensation

Day 3, Wednesday, April 17, 2019

09:00 – 10:45 ICP 2017 data review: Machinery and equipment
10:45 – 12:30 ICP 2017 data review: Construction and civil engineering

12:30 – 14:00 Lunch

14:00 – 15:30 National accounts data review:
  – 2017 expenditures
  – Revised 2011 expenditures
  – Expenditure time series
15:30 – 17:00 Auxiliary data review:
  – Consumer price indices
  – National accounts deflators
  – Population and exchange rates
Day 4, Thursday, April 18, 2019

09:00 – 11:30  Preliminary global results for household consumption:
   − 2017 global results
   − Revised 2011 global results
   − Consistency between benchmark results

11:30 – 12:00  Reference PPPs in regional and global results

12:00 – 12:30  Analytical categories in regional and global results

12:30 – 14:00  Lunch

14:00 – 15:00  Operational planning for the ICP 2020 cycle
   − Survey schedules
   − Item lists and survey forms

15:00 – 15:30  Update on IT tools

15:30 – 16:30  Communication and dissemination strategy and outline of the ICP 2017 final report

16:30 – 17:00  Next steps
Annex 2: Participants

**African Development Bank (AfDB)**
- Ben Paul Mungyereza
- Gregoire Mboya Deloubassou
- Rees Mpofu
- Michel Mouyelo-Katoula
- Stephen Bahemuka
- Charles Sessede
- Symphorien Tabo

**Asian Development Bank (ADB)**
- Kaushal Joshi
- Stefan Schipper

**CARICOM**
- Philomen Harrison (via Webex)

**International Monetary Fund (IMF)**
- Brian Graff

**Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT)**
- Andrey Kosarev
- Valerica Accibas

**Organisation for Economic Co-operation and Development (OECD)**
- Francette Koechlin

**Statistical Office of the European Communities (Eurostat)**
- Marjanca Gasic

**Statistics Austria**
- Sergey Sergeev

**United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC)**
- Giovanni Savio (via Webex)
- Bruno Lana
- Maria Paz Collinao

**United Nations Economic and Social Commission for Western Asia (UN-ESCWA)**
- Majed Skaini

**PLANCO (GFCF consultant)**
- Peter Tabor

**RICS (GFCF consultant)**
- Aaron Wright
World Bank, ICP Global Office
- Nada Hamadeh
- Yuri Dikhanov
- Marko Rissanen
- Mizuki Yamanaka
- William Vigil-Oliver
- Edie Purdie
- Rui Costa
- Christelle Kouame