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**Statistical Commission**

**Forty-Fourth Session**

26 February-1 March 2013

Item -- (--) of the provisional agenda

**Items for discussion: International Comparison Programme**

**Report of the World Bank on the International  
Comparison Programme**

**Note by the Secretary-General**

The Commission will have before it the report of the World Bank on the International Comparison Programme. The report prepared by the World Bank on behalf of the Executive Board of the International Comparison Programme outlines the status of implementation of the 2011 round. The report describes the governance, capacity building and outreach activities undertaken in 2012; the status of country participation, funding, risk assessment, and timetable; the progress in the implementation of ICP price and National Accounts activities; the 2011 ICP Data Access Policy; and some thoughts on the future of the ICP. The Commission may wish to review the progress with respect to the implementation of the 2011 round and to express its views on the work plan leading to the publication of the final results.

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## **I. INTRODUCTION**

1. The present report provides the Commission with a comprehensive update on the status of the implementation of the 2011 round of the International Comparison Programme (ICP), with specific emphasis on the activities that took place from November 2011 – November 2012. The report has eight sections covering (a) governance activities; (b) country participation, risk assessment, and timetable; (c) status of price and national accounts activities; (d) capacity building activities; (e) outreach activities; (f) data access policy; (g) financial status; and (h) future of the ICP.

## **II. GOVERNANCE ACTIVITIES**

2. To ensure that the work programme for the 2011 round proceeds as planned, various meetings of governance bodies were held. These included meetings of the Executive Board; the Technical Advisory Group; and Regional Coordinators.

### **A. Executive Board Meetings**

3. The Executive Board held two meetings in 2012: its sixth meeting on February 27 in New York, and its seventh meeting on November 13 in Washington DC.
4. At its sixth meeting, the Board reviewed the progress of the implementation of the 2011 ICP and produced several policy decisions. In particular, the Board: (a) appealed for more punctuality in data submission so that the 2011 round can proceed according to the planned timeline, without sacrificing data quality; (b) discussed participation and fund-raising issues; and (c) highlighted the need for a comprehensive communication strategy.
5. The seventh meeting reviewed the status of implementation of the round, the risk factors faced, and the timetable leading to the publication of the results. The meeting also discussed technical recommendations from the TAG, adopted the 2011 ICP Data Access Policy, and initiated a discussion on the communication strategy for the ICP results.

### **B. Technical Advisory Group Meetings**

6. The TAG held its seventh meeting from September 17-18, 2012 in Washington DC. It was provided a detailed and comprehensive review of the data and metadata submitted to date by the regions. This analysis included price data related to global core and regional items, GDP expenditure data, as well as importance indicators. In addition, members of the Validation Expert Group (VEG) and PPP Computation Task Force (CoTaF) presented their preliminary findings and challenges, which stimulated the discussion.
7. The meeting resulted in important recommendations on: (a) the treatment of outliers; (b) the need for further testing of the use importance indicators; (c) linking special participation cases; (d) the use of productivity adjustment for non-market services; (e) the review of proposals for a new PPP extrapolation method; and (f) comparing 2005 and 2011 ICP results.

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### **C. Regional Coordinators' Meetings**

8. The Regional Coordinators held two meetings in 2012: its sixth meeting from April 23-25, 2012 in Paris and its seventh meeting from September 19-21, 2012 in Washington DC.
9. The sixth meeting reviewed and discussed the status of the global and regional programmes, and reached agreements including: (a) approach for gathering required metadata information; (b) deadlines for the Household Consumption and National Accounts data submission; (c) action plan for the validation of the data; and (d) timetable for upcoming activities.
10. The seventh meeting reached decisions on: (a) the overall timetable and the upcoming milestone submissions of regional data to the Global Office on December 2012 and March 2013; (b) the revision of the 2005 benchmark PPP results and the need for a working note discussing the feasibility and implications of the revision process in light of several technical and financial constraints; (c) the further examination of importance and its use; (d) the adoption of proposed operational classifications; and (e) the approach and tool for the computation of national annual averages.

### **III. COUNTRY PARTICIPATION, RISK ASSESSMENT, AND TIMETABLE**

#### **A. Country Participation**

11. The number of participating economies grew to 197 in the current ICP round, up from 146 in the 2005 round. This round covers over 98 per cent of the world's population. Participation in almost all regions has increased, with 50 countries in Africa; 23 in the Asia and Pacific region; 9 in the Commonwealth of Independent States; 37 in Latin America and the Caribbean; 12 in Western Asia; 21 in the Pacific Islands; 2 singleton countries; and 47 in the OECD-Eurostat PPP Programme. From these 197 countries, four participate in two different regional programmes.

#### **B. Risk Assessment and Timetable**

12. The 2011 Round of the ICP faces two types of risks: (i) quality risks covering data quality and metadata quality and completeness; and (ii) timeline risks.

##### **Quality Risks**

###### Data quality risks

13. The data validation conducted by the Global Office, VEG, and CoTaF showed that the current Basic Heading data for Household Consumption requires further editing before moving to the aggregation stage.
14. One quality risk relates to the lack of proper data validation, which results in data for some countries exhibiting a large number of outliers. To assess whether these potential outliers are errors in the data, Regional Coordinators are taking steps to iron out the inconsistencies found in their data. Regional Coordinators are organizing a series of regional/sub-regional workshops to address their data quality issues. To aid this validation process, the Global Office provides operational material and guidelines on

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validating price data, as well as technical support in data validation to regions where needed.

15. Another quality risk observed is the unexplainable variation between 2005 and 2011 average prices, where some countries exhibit systematic data problems including systematically higher/lower prices across all of the basic headings. To resolve this issue, the Regional Coordinators and the Global Office are conducting missions to the countries in question to identify the source of problem and to find possible solutions.
16. The quality of importance indicators is also being assessed. The 2011 ICP requires countries to allocate importance indicators to items as a source for weights in the calculation of the CPD-weighted method. However, the criteria of allocation are still not unified between countries. To address this issue, the Global Office provided guidance for validation and discussed with the Regional Coordinators approaches to improve the quality of the indicators.

#### Metadata completeness and quality

17. Securing the quality and completeness of metadata is a crucial issue for this round of the ICP. The Global Office prepared a series of metadata questionnaires to ensure that the 2011 round would have better metadata than the 2005 round.
18. The Quality Assurance Framework Checklists were prepared to help collect the information required to evaluate and assess the quality of the ICP, based on the ICP Quality Assurance Framework. They are available in English, French, Spanish, and Arabic. Countries are expected to complete the checklists by June 2013, the Regional Coordinators by December 2013, and the Global Office by March 2014.
19. On the National Accounts side, the Model Report on Expenditure Statistics (MORES), the National Accounts Quality Assurance Questionnaire, and the National Accounts Exhaustiveness Questionnaire provide a wealth of metadata on how countries are splitting their GDP expenditures into 155 Basic Headings and the quality and exhaustiveness of their GDP expenditures estimates.
20. On the price survey side, a Survey Framework Questionnaire was prepared in English, French, Spanish, and Arabic. This questionnaire is crucial as it provides information on the survey coverage across countries. Countries were expected to complete the questionnaire and return it to the Global Office by December 2012.

#### **Timeline risks**

21. The 2011 ICP is being implemented according to the timetable set at the beginning of the programme. The final results are expected to be released in December 2013.
22. The schedule is very tight with only thirteen months left to complete all the tasks for this ICP round. Thus, any schedule slippage in any region will have an adverse effect on the publication of global and regional PPPs.
23. In some regions, the delay in implementing special surveys is a serious risk. The Global Office is working closely with the Regional Coordinators to ensure that all activities are taking place according to the timetable as agreed in the latest Regional Coordinators' meeting. If some countries fail to conduct the Special Surveys in a timely manner, a

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possible contingency plan would be to include these countries in the Global results for the Household Consumption component only.

#### **IV. STATUS OF PRICE AND NATIONAL ACCOUNTS ACTIVITIES**

24. This section provides a brief report on the data and metadata submission status for the main price survey, national accounts, and the special surveys.

##### **A. Main survey data collection and submission**

25. National annual averages for 2011 household consumption main price survey for 153 countries – three of which participate in two regional programs – were submitted to the Global Office. These are 49 countries in Africa; 23 in Asia-Pacific; 9 in the Commonwealth of Independent States; 15 in Latin America; 12 in Western Asia; 47 in Eurostat-OECD; and 1 singleton country (Iran).

26. The Global Office and the VEG are validating price data and metadata to assess the following: (a) comparability of data; (b) extent of which Global Core prices represent/reflect regional price levels; (c) density/scarcity of price data and its effect on computing linking factors; (d) quality of resulting linking factors; and (e) time consistency with 2005 data.

##### **B. Special surveys data collection and submission**

27. Special Surveys are being implemented for comparison-resistant areas including Gross Fixed Capital Formation, Government services, Housing and Water Services, and Private Education. This data will be submitted to the Global Office according to the timeline set at the Regional Coordinators meeting. All regions are expected to submit the special survey data, at the latest, by the second quarter of 2013.

##### **C. National Accounts expenditure data reporting**

28. One hundred fifty eight (158) countries – three of which participate in two regional programs – submitted their latest available National Accounts GDP expenditure breakdown to 155 ICP basic headings, either in the Model Report on Expenditure Statistics (MORES) format or in other formats. These are 50 countries in Africa; 20 in Asia-Pacific; 8 in the Commonwealth of Independent States; 15 in Latin America; 12 in Western Asia; 8 in the Caribbean; 46 in Eurostat-OECD; and 2 singleton countries (Iran and Georgia).

29. National Accounts expenditure data are being validated: (a) spatially at intra-country and inter-country levels; and (b) temporally against data from previous years.

#### **V. CAPACITY BUILDING ACTIVITIES**

##### **A. ICP Book**

30. The ICP Book “Measuring the Real Size of the World Economy” brings together a presentation of the methodology available for international comparisons, the choices made for the 2005 ICP, the outcome of those choices, and steps to be taken to improve the quality of the data for the 2011 ICP.

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31. The purpose is to make these developments available to researchers, users of PPPs, and those involved in the implementation of the programmes. The book provides a forward-looking view of methodological developments that can or will be taken to improve future comparisons. The full book was published in November 2012 and is available online.

### **B. Operational Guide**

32. Twenty-four (24) out of twenty-nine (29) chapters of the ICP Operational Guide are finalized and posted on the ICP website. These chapters are currently in the editing process.
33. The remaining five chapters are underway. A complete edited electronic version will be available on the ICP website in April 2013.

### **C. ICP Software**

34. Version 4 of the ICP Kit was released on October 12, 2012 with new and improved features. In addition to performance enhancement in all modules, new features to facilitate data validation and processing were incorporated.
35. The Global Office organized a special training on version 4 of the ICP Kit software modules in Washington DC from September 24-25, 2012. The objective of the meeting was to provide training, support, and hands-on exercises to users in the regions using the ICP Kit for price data entry, data validation and reporting. Participants from ECLAC and ESCWA attended the workshop.
36. The Global Office is also providing necessary guidance on the migration process from raw data to creating validation tables and computing PPPs.

## **VI. OUTREACH ACTIVITIES**

### **A. ICP Website and Calendar**

37. The Global Office developed a virtual calendar of activities that lists all the main global and regional ICP events. The ICP calendar was launched on July 6, 2012 and is available on the ICP website.
38. In addition to that, the Global Office continues to update the ICP website with new operational material and important meeting documents.

### **B. ICP Quarterly Updates**

39. The Global Office released 14 issues of ICP Monthly Updates by the end of 2011. From the beginning of 2012, in alignment with the schedule of activities at regional and global levels, the ICP Updates have been released on a quarterly basis.
40. The first, second and third ICP Quarterly Updates for 2012 were released in order to inform the ICP community of ICP related news and events. They are available online on the ICP website.

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## **VII. DATA ACCESS POLICY**

41. The ICP Executive Board, in its meeting on October 25, 2011, discussed the proposed 2011 ICP Data Access and Archiving Policy. The Board endorsed the data access principles and agreed to the proposed access level to the following categories of ICP variables: (1) PPPs, Price Level Indexes and Expenditure data for all countries are published at the analytical level, with supporting metadata; (2) PPPs, PLIs and Expenditure data at various levels of detail below the published level for all countries, with supporting metadata; and (3) National Average Price data at the product level for items on the Global Core list for all countries, with appropriate sub-national disaggregation, measures of quality and supporting metadata.
42. In its November 13, 2012 meeting the Board discussed and agreed on the access level to Category 4 data –National Average Price data at the product level for regional items not on the Global Core list for all countries, with appropriate sub-national disaggregation, measures of quality and supporting metadata.

## **VIII. FINANCIAL STATUS**

### **A. Budget**

43. The ICP 2011 Round remains on budget. The overall budget at the global level is around 14.5 million USD. Excluding grants to regional programmes, the global budget is around 11.5 million USD. The total budget for the 2011 ICP including the regional programmes' budget is estimated at around 37.0 million USD.
44. In 2012, the Multi-Donor Trust Fund provided new grants to ESCWA, ECLAC, and CIS-STAT for completing the 2011 ICP in their regions, preparing, and publishing final regional results.

### **B. Funding and Technical Assistance Support to Regional Programmes**

45. The Multi-Donor Trust fund is also funding technical assistance in the form of consultants and technical assistance missions to support regions and countries in Latin America and the Caribbean, Asia, Western Asia, the Commonwealth of Independent States, and singleton countries. Consultants are also facilitating sessions in regional and sub-regional workshops.

## **IX. FUTURE OF THE ICP**

### **A. Evaluation of the 2011 Round**

46. The evaluation of the 2005 round of the ICP was carried out by the Friends of the Chair (FOC) group headed by Statistics Norway. The experience was very successful, and thus, it may be sensible to replicate the 2005 approach and to have an FOC-type evaluation for the 2011 round under the hospices of the United Nations Statistical Commission.

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## **B. Towards a sustainable ICP**

47. The World Bank made many contributions during this 2011 round to make the ICP sustainable. This included pressing for greater access to ICP data to increase the impact of the ICP in the development community and the usage of ICP data and results.
48. The World Bank also conducted experiments on collecting price data through crowd-sourcing using mobile phones, and continues to look into new more cost-effective technologies that could aid data collection.

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