Minutes of the 2nd Meeting of the ICP Task Force on PPP Computation and Time Series
March 13, 2018
World Bank, Washington, DC

Welcome and Meeting Objectives

The second meeting of the International Comparison Program (ICP) Task Force on Purchasing Power Parity (PPP) Computation and Time Series was held on March 13, 2018, at the World Bank headquarters in Washington, DC.

The main objective of the meeting was to review the progress to date on various ICP Research Agenda topics assigned to the Task Force, as per the agenda provided in Annex 1. The meeting participants are listed in Annex 2.

Introductory Remarks

The following presentation was made:

- Task Force task list and meeting objectives, Erwin Diewert, University of British Columbia, and Marko Rissanen, Global ICP Unit, World Bank

Agreements and conclusions:

- The Task Force took note of the progress made to date on the ICP Research Agenda topics assigned to the Task Force and approved the agenda for the Task Force’s second meeting.

Availability of Interim Data and Extrapolation Indices

The following presentation was made:

- Status and way forward, Marko Rissanen, Global ICP Unit, World Bank

Agreements and conclusions:

- The Task Force took note on the progress made with building the extrapolation database and reviewing the available interim data.
- The Global ICP Unit and Regional Implementing Agencies will continue their efforts to review and validate the interim data.
- The Global ICP Unit, International Monetary Fund (IMF) and United Nations Statistical Commission (UNSD) are setting-up a task team to further validate the extrapolation data.
- The Regional Implementing Agencies will continue their efforts to provide the Global ICP Unit with most comprehensive extrapolation datasets possible, taking into account the regional circumstances.
– In order to account for all levels of available data, the global submission forms for extrapolation data, and subsequent extrapolation database, should be extended to cover the full ICP classification of 155 basic heading.

**Linking Interim Regional Updates into a Global Comparison**

The following presentations and interventions were made:

– Updates on Asia’s interim regional update and treatment of non-participating countries, Kaushal Joshi, Asian Development Bank (ADB)
– **Updates on Western Asia’s interim regional updates and treatment of non-participating countries**, Majed Skaini, United Nations Economic and Social Commission for Western Asia (UN-ESCWA)
– Updates on Africa’s 2015/2016 data, Michel Mouyelo-Katoula, African Development Bank (AfDB)
– Linking specific headings for Eurostat-OECD countries for interim years, Paulus Konijn (Eurostat)

**Agreements and conclusions:**

– The Task Force took note of the various regional interim activities.
– The AfDB will conduct a detailed review of the collected 2015-16 household consumption data at the forthcoming Regional Expert Group (REG) meeting, scheduled for April 2018.
– The ADB will continue their efforts to validate interim 2016 data, covering all expenditure headings, with the participating countries at regional level, and with the Global ICP Unit at the global level.
– The UN-ESCWA will continue their efforts to produce regional results for 2016.
– Eurostat and the OECD will collect and provide the required data for linking government and construction related headings at the global level.
– The Task Force will continue to review the options for linking interim regional updates into a global comparison based on data availability, comparability and quality.

**Productivity Adjustment for Government**

The following presentation was made:

– **Options for updating and applying productivity adjustment factors for interim years and 2017 cycle**, Robert Inklaar, University of Groningen

**Agreements and conclusions:**

– The Task Force took note of the progress made with approaches and options for estimating the productivity adjustment factors.
– It was agreed that the ICP Technical Advisory Group (TAG) should be presented with options for estimating the productivity factors, including possibilities for using updated input data or using updated input data and improved estimation method.
– Furthermore, depending on the approach for producing PPP-timeseries, an approach to produce productivity adjustment factors for the interim years may be required.

**Building PPP Time Series for the Interim Period**

The following presentations were made:

– **Update of paper “A move towards the compilation of PPPs and real expenditures on an annual basis”**, Prasada Rao, University of Queensland, and Robert Inklaar, University of Groningen.
Options for determining optimal extrapolation level and indices, Yuri Dikhanov, Global ICP Unit, World Bank
Options for determining optimal extrapolation level and indices, Sergey Sergeev, Statistics Austria
Options for producing smoothened PPP time-series for the years between reference year comparisons, Prasada Rao, University of Queensland, and Robert Inklaar, University of Groningen

Agreements and conclusions:
- The Task Force took note on the progress made with building PPP-timeseries for the interim period.
- It was agreed that the ICP Technical Advisory Group (TAG) should be presented with options for interpolation between the reference year comparisons.
- It was noted that both the level of interpolation, as well as the level of publication, depends profoundly on the availability and quality of the interim data and extrapolation indices.
- The need, feasibility and approach to recalculate the ICP 2011 results should be considered.
- The Inter-Agency Coordination Group (IACG) should further discuss the roles and responsibilities of global and regional agencies for producing the extrapolated regional results.

Alternative Options for Linking Regions at Basic Heading Level

The following presentations and interventions were made:
- Alternative options for linking regions at basic heading level, Robert Hill, University of Graz

Agreements and conclusions:
- The Task Force took note of the alternative options for linking regions at basic heading level.

Conclusions and Recommendations

Agreements and conclusions:
- The Task Force will prepare a progress report for the Technical Advisory Group’s (TAG) second meeting, scheduled to be held in May 2018. The report will be drafted by the Task Force coordinator and Global ICP Unit and shared with the Task Force for review and feedback prior submitting to the TAG.
- The Task Force will hold its third meeting in fall 2018, tentatively in conjunction with the sixth Inter-Agency Coordination Group (IACG) meeting.
- All presentations, documents and other materials will be uploaded to the dedicated Microsoft OneDrive folder and to Task Force’s page on the ICP website.
Annex 1: Meeting Agenda

2nd Meeting of the PPP Compilation and Computation Task Force
March 13, 2018
World Bank, 1818 H St. NW, Washington, DC

Agenda

09:00 – 09:15 Introductory remarks
  – Task Force task list and meeting objectives, Erwin Diewert, University of British Columbia, and Marko Rissanen, Global ICP Unit, World Bank

09:15 – 10:00 Availability of interim data and extrapolation indices
  – Status and way forward, Marko Rissanen, Global ICP Unit, World Bank

10:00 – 12:00 Linking interim regional updates into a global comparison
  – Updates on Asia’s interim regional update and treatment of non-participating countries, Asian Development Bank
  – Updates on Western Asia’s interim regional updates and treatment of non-participating countries, United Nations Economic and Social Commission for Western Asia
  – Updates on Africa’s 2015/2016 data, African Development Bank
  – Linking specific headings for Eurostat-OECD countries for interim years, Eurostat and OECD

12:00 – 12:30 Productivity adjustment for government
  – Options for updating and applying productivity adjustment factors for interim years and 2017 cycle, Robert Inklaar, University of Groningen

12:30 – 14:00 Lunch to celebrate the Golden Jubilee

14:00 – 15:30 Building PPP time series for the interim period
  – Update of paper “A move towards the compilation of PPPs and real expenditures on an annual basis”, Prasada Rao, University of Queensland, and Robert Inklaar, University of Groningen
  – Options for determining optimal extrapolation level and indices, Yuri Dikhanov, Global ICP Unit, World Bank, and Sergey Sergeev, Statistics Austria
  – Options for producing “smoothened” PPP time-series for the years between reference year comparisons, Prasada Rao, University of Queensland, and Robert Inklaar, University of Groningen

15:30 – 16:00 Alternative options for linking regions at basic heading level, Robert Hill, University of Graz

16:00 – 16:30 Conclusions and recommendations
Annex 2: List of Participants

Task Force Members
- Erwin Diewert, University of British Columbia [Task Force Coordinator]
- Paulus Konijn, Eurostat
- Marshall Reinsdorf, International Monetary Fund
- Francette Koechlin, OECD
- Vasily Kuznetsov, ROSSTAT
- Sergey Sergeev, Statistics Austria
- Robert Hill, University of Graz
- Robert Inklaar, University of Groningen
- Prasada Rao, University of Queensland
- Marko Olavi Rissanen, World Bank
- Yuri Dikhanov, World Bank

Global ICP Unit
- Nada Hamadeh, World Bank
- Mizuki Yamanaka, World Bank
- Maurice Nsabimana, World Bank
- Inyoung Song, World Bank
- William Vigil Oliver, World Bank
- Hanan AbuShanab, World Bank

Regional Implementing Agencies
- Fessou Lawson, African Development Bank
- Gregoire Mboya Deloubassou, African Development Bank
- Rees Mpofu, African Development Bank
- Michel Mouyelo-Katoula, African Development Bank
- Kaushal Joshi, Asian Development Bank
- Valerica Accibas, Interstate Statistical Committee of the Commonwealth of Independent States
- Bruno Lana, UN Economic Commission for Latin America and the Caribbean
- Maria Paz Collinao, UN Economic Commission for Latin America and the Caribbean
- Norma Chhab-Alperin, UN Economic Commission for Latin America and the Caribbean
- Majed Skaini, UN Economic and Social Commission for Western Asia

Other Participants
- Sunil Jain, India Ministry of Statistics and Program Implementation
- Margarida Martins, International Monetary Fund
- Luigi Biggeri, University of Florence
- Alan Heston, University of Pennsylvania