INTERNATIONAL COMPARISON PROGRAM

TERMS OF REFERENCE

TASK TEAM ON DATA AND METADATA QUALITY ASSURANCE FOR THE PPP TIME SERIES

May 2018

Contents

1. Background

The 47th Session of the United Nations Statistical Commission (UNSC), held in March 2016, instituted the International Comparison Program (ICP) as a permanent element of the global statistical work program. Starting from 2017, the program will be conducted at more frequent intervals. The ICP Governing Board, in its inaugural meeting in November 2016, adopted the ICP Governance Framework and established a Technical Advisory Group (TAG) to guide the program's research and methodological developments.

The ICP TAG is a technical body, which (i) assures methodological soundness and overall quality of the purchasing power parity (PPP) estimates; (ii) ensures transparency of the PPP estimation process; and (iii) facilitates the establishment of a permanent and more frequent ICP rounds. The TAG, at its first meeting in May 2017, set forth a research agenda to inform future ICP comparisons.

The TAG is forming Task Forces on specific topics and inviting recognized experts on the practical application of index numbers, PPPs, price statistics and national accounts to take part in them, as needed, to develop concrete proposals to address the various research agenda items and support the computation of ICP results. The Global ICP Unit at the World Bank supports the work of the Task Forces.

The Task Force for PPP Compilation and Computation concluded at its meetings in October 2017 and March 2018, that a Task Team on the quality assurance for the data and metadata used for building PPP time series is needed. The Task Team would be composed of the International Monetary Fund (IMF), United Nations Statistics Division (UNSD) and the World Bank.

This document outlines the terms of reference of the *Task Team on Data and Metadata Quality Assurance for the PPP Time Series*, including its scope of work, proposed membership, tenure and work modality, and deliverables.

2. Scope of Work

The *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* works towards addressing the data and metadata quality issues for the following ICP research agenda item:

Building PPP Time Series for the Interim Period

As work on the 2017 ICP cycle is underway, the Global ICP Unit recognizes the need to interpolate between the 2011 and 2017 reference year comparisons and to incorporate the various interim regional updates into a global set of PPPs. The current timetable envisages releasing estimates for the years 2012 to 2016 at the same time as results for the reference year 2017 are being released. The simultaneous release of the results will provide users with more reliable and comprehensive PPP time series.

The *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* is expected to be responsible for assessing the quality of input data and metadata underlying the PPP time series submitted by countries, recommending improvements on data and metadata compilation methods, and supplementing the compiled datasets from international organizations' databases, where necessary and feasible. The related input data and metadata include:

- Disaggregated national accounts expenditure time series and metadata
- Disaggregated national account deflator time series and metadata
- Disaggregated consumer price index (CPI) time series and metadata
- Exchange rate and population time series and metadata

The main tasks of the *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* are:

- Assess availability and quality of national account expenditures, deflators, CPIs and other price indices by GDP component;

2

- Examine consistency of CPI weights and national account expenditures, and assess the weights' effects on PPPs; and
- Assess the exchange rate and population data used for deriving time series indicators.

Building PPP Time Series beyond the ICP 2017 cycle

In light of the decision made at the 47th Session of the UNSC to make the ICP a permanent exercise run at frequent intervals, the Task Team is also expected to recommend improvements to the compilation procedure for data and metadata underlying PPP time series beyond the ICP 2017 cycle. These recommendations would help better align the capacity building efforts of the ICP and those of other statistical activities undertaken by related organizations in the future.

3. Membership

The *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* will be formed of experts and/or practitioners at international organizations working in the field of price statistics and national accounts. They include:

- Bala Bhaskar Naidu Kalimili, World Bank
- Gregory Max Henri Legoff, IMF
- Niall OHanlon, IMF
- Michael Smedes, UNSD
- Mizuki Yamanaka, World Bank
- Maurice Nsabimana, World Bank
- William Vigil-Oliver, World Bank

4. Tenure and Work Modality

The *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* will have a fixed tenure of 19 months (June 2018-December 2019), in-line with the timeframe of the assigned task.

The Task Team will meet physically at least once per year. It can also meet virtually if need arises. Members may also join the meetings of the ICP Inter-Agency Coordination Group (IACG) and the Task Force for PPP Compilation and Computation to discuss their findings and proposals. The Global ICP Unit will provide access to necessary data and materials to facilitate the work of the Task Team. Standard ICP confidentiality provisions apply.

5. Expected Deliverables

The *Task Team on Data and Metadata Quality Assurance for the PPP Time Series* is expected to present the results of its quality assessment and proposed approach for improvements to the ICP IACG as well as the Task Force for PPP Compilation and Computation, which in turn will report to the TAG. Specific deliverables include:

- Quarterly quality assessment of data and metadata submitted by countries and/or collected from international organizations' databases;
- Recommendations on the improvements on data and metadata compilation methods for building PPP time series within the ICP.