



## INTERNATIONAL COMPARISON PROGRAM (ICP)

### VIRTUAL CONSULTATION OF THE GOVERNING BOARD IMPACT OF THE COVID-19 PANDEMIC ON THE ICP 2020 CYCLE

APRIL 9-22, 2020

#### MINUTES AND DECISIONS

##### Introduction

The International Comparison Program (ICP) Governing Board conducted a virtual consultation over the period April 9-22, 2020. The main objectives of the virtual consultation were to review the impact of the Covid-19 pandemic on the 2020 cycle of the ICP and make decisions on how to proceed with implementing the cycle.

##### Assessment of the impact of the Covid-19 pandemic on the ICP 2020 cycle

The ICP Global Office shared with the Board an assessment of the impact of the Covid-19 pandemic on the ICP 2020 cycle. The assessment was based on inputs from Regional Implementing Agencies (RIAs), and their communication with National Implementing Agencies (NIAs), as well as the recommendations of the ICP Technical Advisory Group (TAG). The assessment is included in *Annex 1*.

The Global Office asked the RIAs in late March 2020, to provide an assessment of the Covid-19 pandemic on ICP 2020 focusing on the status of activities, including delays and disruptions to price collection and national accounts compilation, and the potential need to adjust the timing of surveys over the coming months.

The views of the TAG were subsequently sought on the impact of the Covid-19 pandemic on ICP 2020, in light of this information. In particular, the TAG was asked to provide its technical views on the following two options:

- **Option 1:** Maintaining the benchmark year as 2020, while recognizing the potential caveats on the quality and representativity of the resulting ICP 2020 benchmark results.
- **Option 2:** Moving the benchmark year to 2021, with the assumption that normal statistical activities would resume in 2021, yet recognizing the caveat of a reduced timeliness in the next ICP results and increased gap between benchmark exercises.

The TAG's opinion was that, from a technical point of view, it would be better to move the benchmark year to 2021, i.e. conduct an ICP 2021 instead of an ICP 2020 cycle. They based their views on the technical challenges that countries are facing with price surveys and national accounts compilation this year, which

could impact the quality of the resulting ICP 2020 benchmark results. The TAG’s view was that 2020 is not an appropriate benchmark year, as economic measurement will prove to be extremely challenging this year.

The Governing Board members and observers were asked to weigh in on the two options that the program is facing, so that the Board may make a decision on how to proceed with implementing ICP 2020. The responses of Board members and observers are presented in Annex 2.

- The Board:**
- ***Decided to move the benchmark year from 2020 to 2021, with the assumption that normal statistical activities would resume in 2021.***
  - ***Recognized the caveat of a reduced timeliness in the next ICP results and increased gap between benchmark exercises and advised to publish the results of the ICP 2021 cycle with increased timeliness to mitigate this risk.***

**Next Steps**

The Board decision will be communicated to all ICP stakeholders within the ICP governance structure.

- The Board:**
- ***Advised the RIAs to inform their NIAs of the decision to conduct an ICP 2021 cycle instead of an ICP 2020 cycle, so that countries may plan their statistical activities accordingly.***
  - ***Advised the Global Office to work with RIAs to determine the operational modalities of conducting the ICP 2021 cycle, and the possible use of data already collected by countries in 2019 and 2020, if any.***
  - ***Advised the Global Office to relay the Board decision to the secretariat of the United Nations Statistical Commission, as the ultimate stakeholder of the ICP.***

## **Annex 1: Note on the impact of the Covid-19 pandemic on the ICP 2020 cycle, ICP Global Office, April 2020**

This note outlines an assessment of the impact of the Covid-19 pandemic on the 2020 cycle of the International Comparison Program (ICP). This assessment is based on a continuous dialogue between the ICP Global Office and Regional Implementing Agencies (RIAs), and their own communications with National Implementing Agencies (NIAs), as well as the technical views of the ICP Technical Advisory Group (TAG).

The Global Office asked the RIAs in late March 2020, to provide an assessment of the Covid-19 pandemic on ICP 2020 focusing on the status of activities, including delays and disruptions to price collection and national accounts compilation, and the potential need to adjust the timing of surveys over the coming months. Summaries of the assessment received from RIAs are provided below, as well as a global synthesis of the challenges facing the ICP 2020 cycle amidst the Covid-19 crisis.

The views of the TAG were subsequently sought on the impact of the Covid-19 pandemic on ICP 2020, in light of this information. In particular, the TAG was asked to provide its technical views on the following two options:

- **Option 1:** Maintaining the benchmark year as 2020, while recognizing the potential caveats on the quality and representativity of the resulting ICP 2020 benchmark results.
- **Option 2:** Moving the benchmark year to 2021, with the assumption that normal statistical activities would resume in 2021, yet recognizing the caveat of a reduced timeliness in the next ICP results and increased gap between benchmark exercises.

The TAG's opinion is that, from a technical point of view, it would be better to move the benchmark year to 2021, i.e. conduct an ICP 2021 instead of an ICP 2020 cycle. They based their views on the technical challenges that countries are facing with price surveys and national accounts compilation this year, which could impact the quality of the resulting ICP 2020 benchmark results. The TAG's view is that 2020 is not an appropriate benchmark year, as economic measurement will prove to be extremely challenging this year.

The Global Office is presenting this assessment, the TAG's technical views, and the two options that the program is facing to the ICP Governing Board, for their discussion and decision on how to proceed with implementing ICP 2020.

### **Global assessment**

The Covid-19 pandemic is affecting all regions/countries, with a varying timetable and magnitude. As of April 2020, the majority of countries participating in ICP 2020 are experiencing mandated mobility restrictions and lockdowns. While some limited data collection has already taken place during the first quarter of the year, the numerous ICP surveys scheduled in the first half of the year, and potentially those scheduled for the second half, are impacted.

On price data, many traditional retail outlets are closed or are restricted in what they are able to sell, while field data collectors for both consumer price indexes (CPI) and the ICP household consumption surveys are limited in their movements. This is impacting the ability to locate a representative sample of items across outlets and locations and record representative prices during this period. Some countries -

mainly high-income countries - are able to collect prices via non-field methods, such as relying on scanner data or web scraping. The remaining surveys are also affected, with some suppliers of investment goods closed for business, and rental surveys not proceeding as planned.

The rapid changes in supply and demand of goods and services over recent weeks have also led to price fluctuations for a wide range of goods and services, such as personal care goods, food and beverages, travel services, and restaurants and hotels. Hence, price variations within 2020, as well as between 2020 and the previous ICP 2017 benchmark year, are expected to be greater than within and between previous ICP benchmark years.

Many countries consider the CPI a statistical priority and, where ICP activities are closely integrated with CPI activities, countries are optimistic for an on-going ICP data collection. Nevertheless, both the CPI and ICP data collection will be impacted by the issues outlined above. Some countries are considering the possibility of collecting ICP data from mid-2020 to mid-2021. However, the use of CPI indices to retropolate ICP data collected in 2021 back to 2020 will face shortcomings.

On expenditure data, national accounts expenditure structures are also expected to change in 2020. Delays in statistical surveys during the pandemic will affect how quickly and consistently national accounts can reflect changes in expenditure structures in 2020. Countries cannot rely on expenditure structures from previous years to estimate the detailed expenditure data needed for the ICP 2020, as the expenditures structure for 2020 could deviate significantly from previous years.

The ICP governance and management processes will also be impacted this year, as they rely on frequent interaction between stakeholders, the dissemination of complex methodology to practitioners, and the collective validation of data collected by participating countries. These processes will need to adapt to new modalities in 2020. The governance processes have in the past relied on frequent physical meetings of the governance bodies, and this can be replaced by virtual communication methods. The provision of technical assistance to countries and the collective validation of datasets will be more challenging, as regions are postponing and cancelling various regional workshops and technical assistance missions this year. While RIAs can take advantage of technology to communicate with NIAs, this will be limited by the internet connectivity of NIA staff working from home.

If the ICP was to maintain its benchmark year as 2020 (Option 1), the use of the resulting ICP 2020 results will depend on the confidence users have in the quality of the data. The dataset arising from 2020 field activities will face potential quality and representativity challenges, and the use of results will be subject to these limitations. However, the PPPs and resulting real size of world economies, albeit imperfect, may provide us with a unique opportunity to understand the impact of the pandemic on the global economy and on people's lives, and provide a baseline from which to measure the global recovery in subsequent years.

If the ICP was to move its benchmark year to 2021 (Option 2), it would be under the assumption that 2021 would prove to be a more representative or typical benchmark year than 2020 and that normal statistical activities would have resumed by then. An ICP 2021 benchmark exercise would not provide much insights on the change in the real size of world economies during the Covid-19 pandemic. Moreover, the timeliness of the next ICP results will be impacted and the gap between benchmark exercises will increase from 3 to 4 years.

## **Regional assessments**

### **1- Africa - African Development Bank (AfDB)**

Most countries are affected by Covid-19 with outlets temporarily closed across the region, and many survey activities postponed. CPI data for all 54 countries are available for January and February 2020. A number of countries are predicting that CPI data need to be imputed, at least partially, for April and May. ICP 2020 activities, originally due to start in May 2020, are likely to be delayed. If data were to be collected at a later period, such as from August 2020 onwards, these prices could be used to compute annual averages for 2020. The Machinery and Equipment and Construction and Civil Engineering surveys are anticipated to begin in September and October 2020.

### **2- Asia and Pacific - Asian Development Bank (ADB)**

Since the original outbreak in the region and the subsequent global spread of Covid-19, the 20 countries responding to an ADB survey reported data collection activities being impacted at different times. ICP household consumption surveys in China and India and six other countries have not yet started. Surveys in 12 countries began in Q1 2020, and data were collected for common CPI-ICP items in two additional countries. CPI data collection continues as normal in just four countries. ICP household consumption and CPI surveys in most countries are now limited to non-field data collection where possible, or suspended with uncertainty remaining about the duration of inactivity. The regional workshops planned for the Machinery and Equipment and Construction and Civil Engineering price surveys and the Housing Rental survey have been postponed. These surveys were scheduled for Q2 and Q3 2020 but will be impacted by restrictions and closures. Just two countries anticipate completing the Housing Rental survey by mid-June.

### **3- Commonwealth of Independent States (CIS) - The Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT)**

In March 2020 there were no intra-country restrictions in the region and no delay to statistical activities. No serious risk to ICP 2020 data collection in the region was anticipated, as these are well integrated with CPI activities, which are a priority for the region. The list of household consumption items has been approved by countries and annual average prices are expected in March 2021. CIS-STAT is planning to verify Q1 2020 prices in mid-2020. CIS-STAT noted that data collected for ICP 2020 would provide a useful dataset for researchers wishing to analyze economies during the pandemic period, despite potential issues with the quality and reliability of results required by a typical ICP cycle.

### **4- Latin America and Caribbean - United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC)**

All 20 countries responding to a survey by UN-ECLAC declared themselves to be in a health emergency situation with statistical surveys impacted. A lack of staff or staff reassignment to other work priorities, mobility restrictions, and outlet closures since mid-March had severely dampened both CPI and ICP price collection activities in Q2 2020. The CPI surveys will remain the ongoing priority for countries, with price collection of additional items for the ICP 2020 cycle likely to be the most adversely affected. Food prices for the ICP household consumption surveys were collected in some countries in 2019, with price collection for food items for the remaining countries scheduled for 2020. Technology items were collected in Q1 2020 and are expected to resume in Q3 2020. While non-household consumption surveys are scheduled to take place over the rest of the year, some countries are anticipating delays due competing priorities. All regional workshops and technical assistance meetings are currently postponed. UN-ECLAC is continuing to support countries and will provide guidelines on dealing with a lack of both CPI and national accounts data as ICP inputs. Nevertheless, data availability and quality across the region will be impacted.

#### **5- Western Asia / United Nations Economic and Social Commission for Western Asia (UN-ESCWA)**

Thirteen countries responded to a questionnaire from UN-ESCWA, with the majority reporting lockdowns or restrictions on movements in place. As a result, the majority were unable to conduct ICP data collection in the field for Q1 2020, and Q2 activities remain uncertain. CPI data collection has also been impacted. Some countries have been collecting prices via phone, web, email and direct communication with outlets. Countries report significant price increases, especially for food, personal care items and medical and therapeutic items, while oil and petroleum products are facing price decreases. Household budget surveys have been delayed or postponed, and the region anticipates the GDP expenditure structures to be significantly altered from previous years.

#### **6- Eurostat-OECD PPP Programme / Statistical Office of the European Union (Eurostat) and Organisation for Economic Co-operation and Development (OECD)**

Europe follows a rolling survey approach, in which six household consumption surveys are allocated over three consecutive years. Two household consumption surveys that feed into ICP 2020 are likely to be affected: services, due to be conducted from April to June 2020, and potentially furniture and health, taking place in autumn 2020. As field collection has been halted, many countries are anticipating remote data collection. OECD also follows a rolling survey approach, albeit with slightly different timing, and anticipates that its current survey covering transportation, restaurants and hotels is likely to be impacted.

**Annex 2: Responses from Governing Board members and observers on the options presented with regards to the ICP 2020 cycle**

ICP Governing Board position on the ICP 2020			
	Support maintaining ICP 2020	Support postponing to ICP 2021	Comments
Country			
Austria		x	Moving from 2020 to 2021 is only reasonable in the current situation, since prices and consumer market developments are currently (and for the months to come) very difficult to measure and there is sufficient evidence from the feedback received by all regions that 2020 benchmark results would be distorted.
Belarus		x	Taking into account the pandemic situation with COVID-19 in many countries of the world, which also affects their normal statistical activities, and supporting the TAG recommendation, it would be acceptable to move the ICP cycle to the year 2021, being confident in the stable future.
Brazil			
China		x	Considering the impact of the Covid-19 pandemic, China agrees with the TAG's opinion to move the ICP benchmark year from 2020 to 2021 for the technical point of view and better results.
Fiji		x	Fiji supports Option 2 to move the benchmark year to 2021, with the assumption that everything normalizes in 2021.
India		x	India endorses Option 2 to move the benchmark year to 2021, on the assumption that normal economic/ statistical activities would resume by 2021. India recognizes and acknowledges that there will be reduced timelines for the next ICP cycle and an increased gap between benchmark exercises. India had planned to commence Price Collection for Households Items list under ICP 2020 cycle from April 2020. However, this has been deferred in light of the COVID-19 pandemic and associated lockdown and travel advisories. The availability of products and services for the ICP will take time to normalize and stabilize.
Saudi Arabia		x	Saudi Arabia supports Option 2 i.e. moving the benchmark year to 2021, with the assumption that normal statistical activities would resume in 2021.
Senegal		x	Senegal supports the views consisting to postpone the next ICP round to 2021, presuming it will be possible then.
South Africa			
Suriname		x	Given the pretty extreme circumstances we also support making 2021 the new benchmark year for the current ICP round. The majority of CARICOM members will conduct their Population and Housing Census in 2021. In addition, given the new ICP approach, would very much like to know what will happen in the new scenario (2021 instead of 2020 as benchmark year) to data already collected in 2019, for the 2020 round.

ICP Governing Board position on the ICP 2020			
	Support maintaining ICP 2020	Support postponing to ICP 2021	Comments
United States		x	US strongly supports the decision to delay the benchmark year. Shocks to aggregate supply and demand will ripple through the world economy in 2020 as a result of the COVID-19 pandemic. There will be disruptions and shifts in expenditures and price movements that will not be representative of a benchmark year. Also, as many have said in earlier emails, the price collection environment for many countries will be challenging.
<b>Organization</b>			
ADB		x	In view of the technical and operational considerations in the implementation of the 2020 ICP, Asian Development Bank supports to postpone the ICP to 2021 assuming that situation would be conducive then.
AFDB		x	The Africa region favors the option of shifting the benchmark year and data collection to 2021 (Option 2). However, given the unpredictability of the Covid-19 situation, a shift to 2022 should remain a possibility if 2021 turns out not to be feasible.
CARICOM		x	It is too risky to proceed with Option 1 since we have no idea what the "new normal" will be for the rest of this year - in every respect, work, socializing, etc., added to which there is no vaccine and one may not be developed until perhaps sometime in 2021 for the earliest from what I have been reading. Under these circumstances, while it may make more sense to go with Option 2 as already indicated, approximately 12 countries from CARICOM will be conducting their Census in 2021 and it may increase if there are more postponements from those that had planned to execute the census this year. It is a Catch 22 situation as to what will be possible re participation if Option 2 is the agreed change since the ICP and the Census in the same year for small countries may be infeasible versus the 2020 uncertainty.
CIS-STAT		x	The CIS-STAT supports moving the benchmark year to 2021, with the assumption that normal statistical activities would resume in 2021.
DFID		x	The case for moving the benchmark year to 2021 is a strong one. Given the significant impact of COVID-19 on the majority of countries in 2020, any results from a 2020 benchmarking process will likely rely heavily on imputation, particularly in LIC/MICs which are dependent on physical surveys. It is clear that the quality of data gathered in a 2020 benchmarking exercise would be seriously impacted. Furthermore, in a period where many countries have lockdown measures in place, it may not be appropriate to be promoting this as a benchmarking year.
Eurostat		x	Eurostat supports the views of the TAG to postpone the next ICP round to 2021, presuming it will be possible then.

ICP Governing Board position on the ICP 2020			
	Support maintaining ICP 2020	Support postponing to ICP 2021	Comments
IMF		x	There is no other choice than postponing to 2021, as the information about the weights for 2020 will be of poor quality and there will be very little collection of information for 2020, which means that we would have to do a lot of interpolation. Given the poor quality of deflators for some countries and some activities, that would reduce the quality of the comparison. The difference of one year is not dramatic, especially if you can publish the new estimates for the next round quicker.
UN-ECLAC		x	LAC prefers option 2, moving the benchmark year to 2021.
UN-ESCWA		x	Consideration is not only related to the difficulties of data collection, but also to the fact that 2020 is, from the global viewpoint, not an ideal benchmark year due to the COVID-19 consequences that are out of control. PPPs will be demanded after COVID-19 for comparisons of GDP and other economic indicators.
UNSD		x	UNSD recognizes that Board members and observers have expressed their opinion in favor of Option 2: Moving the benchmark year to 2021, with the assumption that normal statistical activities would resume in 2021, yet recognizing the caveat of a reduced timeliness in the next ICP results and increased gap between benchmark exercises. UNSD also recognizes the expressed urgency for an early decision from the participating countries allowing them to adjust their statistical activities. UNSD would like to recall that the global ICP program is an international statistical effort that has no equivalent and its business continuity should be maintained.
World Bank		x	