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**Report of the World Bank on International Comparison Programme****Report of the World Bank on the International Comparison Programme****Note by the Secretary-General**

In accordance with the Economic and Social Council decision 2019/210, the Secretary-General has the honour to transmit the report of the World Bank on the International Comparison Programme (ICP), which is being submitted to the Statistical Commission for discussion. The report outlines the activities undertaken at the global, regional and national levels to implement the 2017 comparison cycle and transform the ICP into a permanent programme. The report describes the governance, capacity-building, research, knowledge and advocacy activities carried out in this regard, the current use and applications of purchasing power parities, and the risks to the programme and mitigation measures. The Commission is invited to take note of the progress made in completing the 2017 cycle and the forthcoming release of the ICP 2017 results in the second quarter of 2020. The Commission's views are sought on how best to communicate the results to national policymakers and promote their use in socio-economic analyses and development agendas. The Commission is also requested to impress upon ICP stakeholders the need to carry out the ICP 2020 cycle activities in a timely manner, and to further incorporate the ICP into their regular statistical work programmes to ensure its sustainability as a permanent programme.

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# Report of the World Bank on the International Comparison Programme

## I. Executive Summary

Results covering 176 participating economies from the International Comparison Programme's (ICP) 2017 cycle are due to be published in the second quarter of 2020. Enhanced validation, computation and quality assurance efforts have been introduced to ensure the quality of the results. The upcoming release of data, the first since 2014, will be accompanied by advocacy efforts and outreach material to demonstrate the increasing value of the ICP and its results to the socio-economic agenda of national policymakers and the development community. The ICP has helped to build the statistical capacity in many countries in the areas of price statistics and national accounts. The ICP research agenda continues to ensure the soundness of the programme's processes and methods. Furthermore, all implementing agencies have begun preparations for the 2020 cycle, with item lists being drawn up and data collection launched.

## II. Introduction

The International Comparison Programme (ICP) was initiated in 1968 as a modest research project between the United Nations and the University of Pennsylvania, with financial contributions from the Ford Foundation and the World Bank; its aim was to set up a regular programme of purchasing power parity (PPP)-based comparisons of gross domestic product (GDP). Since then, the ICP has evolved into the largest statistical partnership in the world. At its forty-seventh session in March 2016, the United Nations Statistical Commission (UNSC) instituted the ICP as a permanent element of the global statistical programme, to be conducted on a three-year cycle.

The ICP 2017 cycle was initiated successfully at the national, regional and global levels with data collection for 176 participating economies taking place from 2016 to 2018. The results for the reference year 2017 will be published in the second quarter of 2020. In addition, global PPP time series bridging the 2011 and 2017 comparisons will be produced, as will revised 2011 results. Delays in initiating survey activities in some regions and countries resulted in the original release timetable being pushed back some months from the original release date of end-2019.

This report provides a comprehensive update on the activities undertaken from October 2018 to October 2019. It is organized in seven sections as follows: governance and coordination; programme implementation; research and innovations; knowledge and advocacy; use and applications of PPPs; and risks and mitigation measures.

## III. Governance and Coordination

### A. United Nations Statistical Commission

4. The UNSC is the ultimate stakeholder of the ICP, deciding the frequency and operational modality of the programme.

5. The fiftieth session of the UNSC<sup>1</sup> took place from March 5-8, 2019 in New York, and the Commission commended the ICP for the work carried out, as detailed in its report. Additionally, the Commission noted the importance of the ICP, and encouraged all implementing agencies to complete the 2017 cycle without further delays and ensure the quality and timeliness of the 2017 results. The UNSC advised implementing agencies to initiate preparations for the ICP 2020 cycle and noted the need for implementing agencies to incorporate the programme into their regular statistical work. Furthermore, the UNSC noted the need for further research into synergies between the ICP and consumer price indices (CPIs), and for increased funding to support ICP activities and to build statistical capacity in this area.

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<sup>1</sup> <https://www.worldbank.org/en/programs/icp/brief/unsc-sessions>

## **B. Governing Board**

6. The ICP's Governing Board sets the policies that govern the production of regional and global PPPs, approves the programme's methodology and any methodological improvements, advocates to policymakers to ensure the ongoing inclusion of the ICP in national statistical work programmes, and helps with ICP fund-raising.

7. The fourth meeting of the Governing Board<sup>2</sup> took place on March 3, 2019 in New York. The Board reviewed and discussed the global and regional progress of the 2017 cycle of the programme, outstanding risks to the cycle and related mitigation measures, as well as preparations for the ICP 2020 cycle. In particular, the Board emphasized the importance of producing ICP results in a sustainable manner, increasing synergies with regular national statistical programmes and building national statistical capacity. The Board also stressed the importance of assessing the quality of the 2017 cycle results, PPP timeseries and revised ICP 2011 results, and releasing all these data simultaneously. Additionally, the Board reviewed and approved a comprehensive communication and dissemination strategy to support the 2017 cycle results release in 2020 and to ensure wide understanding and use of ICP data by a global audience. Furthermore, the Board noted that liaising with major PPP users prior to the release of the 2017 results was crucial, and agreed to continue ICP advocacy efforts with agencies and donors and to promote the programme's increased openness and transparency. Subsequently, the Board reviewed and approved the draft outline of the Final Report on the ICP 2017 Cycle. The fifth meeting of the Board is scheduled for December 13, 2019 in Washington, DC, and will discuss and put forth updated ICP data access policy and ICP revision policy.

## **C. Technical Advisory Group**

8. The ICP's Technical Advisory Group (TAG) assures the methodological soundness and overall quality of the PPP estimates, ensures transparency of the PPP estimation process, and supports the establishment of a permanent and more frequent ICP.

9. The third meeting of the TAG<sup>3</sup> took place on May 2-3, 2019, in Paris. The group reviewed the progress of the ongoing ICP 2017 cycle and the work of the various technical Task Forces<sup>4</sup>. The TAG urged the global and regional implementing agencies to expediate all necessary efforts to ensure the quality, completeness and timeliness of the ICP regional and results. The TAG also recommended the formation of a Computation Task Team, to allow parallel computations to be made for added quality assurance and transparency, as well as to ensure the reproducibility of the final results.

10. The fourth meeting of the TAG took place on October 28-29, 2019, in Washington, DC. The group reviewed the preliminary 2017 results compiled by the Computation Task Team and the processes and methodologies used to compute them. The TAG concluded that the quality of the results had improved since the third TAG meeting and converged sufficiently to proceed with the computation of final results. The fifth meeting of the TAG is scheduled for February 20-21, 2020 in Washington, DC, and will review and assess the quality of the final results prior to their publication.

## **D. Inter-Agency Coordination Group**

11. The ICP's Inter-Agency Coordination Group (IACG) is the coordinating body that collaborates on establishing timetables and work plans, develops common standards, methods and protocols, and agrees upon operational aspects of the programme.

12. The seventh meeting of the IACG<sup>5</sup> took place from April 15-18, 2019 in Washington, DC. The group discussed the status of global and regional activities and risks; the status and quality of data submissions; planning for the 2020 cycle; and the communication and dissemination of results of the 2017 cycle.

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<sup>2</sup> <https://www.worldbank.org/en/programs/icp/brief/gb-meetings>

<sup>3</sup> <https://www.worldbank.org/en/programs/icp/brief/tag-meetings>

<sup>4</sup> <https://www.worldbank.org/en/programs/icp/brief/taskforces>

<sup>5</sup> <https://www.worldbank.org/en/programs/icp/brief/iacg-meetings>

13. The eighth meeting of the IACG took place on October 23-25, 2019 in Washington, DC, and focused its discussion on a review and quality assurance of ICP data and metadata, the pressing timetable for final submissions, and ongoing preparations for the 2020 cycle.

## **IV. Programme Implementation**

### **A. Overall Timetable**

14. Global results for 2017 are anticipated to be published in the second quarter of 2020. In addition, global PPP time series bridging benchmark results for 2011 and 2017 will be produced and published along with the 2017 results. Revised 2011 results will also be published, arising from the large revisions to GDP expenditures for some economies after the publication of ICP 2011 results. Regional results will be finalized earlier and published by the relevant regional implementing agency between December 2019 and March 2020. The overall ICP 2017 cycle timetable is available on the ICP website<sup>6</sup>.

### **B. Status of Regional Programmes and Capacity-Building Activities**

15. In October 2019, regional implementing agencies, as well as the Statistical Office of the European Union (Eurostat) and the Organisation for Economic Co-operation and Development (OECD), reported on the progress on the ICP 2017 cycle and preparations for the 2020 cycle. The reports<sup>7</sup> covered country participation, the schedule of price surveys and national accounts activities, capacity-building workshops and technical assistance missions, quality assurance efforts, and calculation of final results, as well as efforts to increase ICP advocacy and awareness in their respective regions, and funding and programme sustainability risks.

#### **Africa**

16. Fifty-four African economies were involved in the 2017 cycle. Fifty of them conducted all price surveys and GDP expenditure activities, with Egypt, Morocco and Sudan participating in both the Africa and Western Asia regional comparisons. The remaining four economies (Eritrea, Libya, South Sudan and Somalia) benefitted from capacity building activities but did not take part in the 2017 regional comparison.

17. The African Development Bank (AfDB) extended assistance to all participating economies to varying degrees. Hands-on training on household consumption prices, GDP expenditures and special surveys data collection and validation procedures was provided to countries, including Eritrea, Libya, South Sudan and Somalia, through regional workshops held in January 2017 and April 2019. Additional support was provided through technical assistance missions in 39 countries, with an emphasis on Congo, Equatorial Guinea, Liberia, Egypt, Morocco, Madagascar, Mauritania, Sudan, Cameroon, and Ghana. Furthermore, Tunisia, Algeria, South Africa, Mauritius and Rwanda leveraged AfDB guidance to further align data quality to ICP requirements. Of note, these activities have helped increase synergies between CPI and ICP activities as part of strategic and technical requirements for ICP permanency. Such requirements include the integration of ICP and national accounts activities, for which step-by-step procedures have been developed.

18. In compliance with the global timetable, AfDB will submit Africa's final data and regional PPP results to the Global Office in November 2019. AfDB will ensure that the regional results are released in May 2020, and the final report published by September 2020. Planned outreach for the regional dissemination of ICP 2017 results includes targeting AfDB senior management and staff, ministers and external policymakers, with presentations planned at expert meetings and ministerial level meetings. Faculty from selected universities will also be targeted.

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<sup>6</sup> <https://www.worldbank.org/en/programs/icp/brief/iacg08-doc>

<sup>7</sup> <https://www.worldbank.org/en/programs/icp/brief/iacg08-doc>

19. The ICP 2020 cycle provides an opportunity for the AfDB to scale up efforts for the programme to run as a permanent activity at regional and country levels. Data collection for household goods and services will begin in March 2020. It is anticipated that countries will leverage their routine statistical activities to deliver on a large amount of the ICP 2020 data demand, thus slightly reducing the burden on AfDB to provide funding.

## **Asia and the Pacific**

20. The Asian Development Bank (ADB) reported that 22 economies took part in the ICP 2017 cycle. ADB continues to encourage economies to harmonize their ICP activities with that of the CPI, and to institutionalize the ICP in their national statistical plans. All data collection surveys for ICP 2017 have been successfully implemented in all participating economies in the region.

21. To facilitate implementation of the ICP 2017 in the region, ADB prepared survey operational guidelines and data reporting tools for use by the countries. In particular, ADB continued to improve the ICP Asia Pacific software suite for price data entry, processing and validation of household item prices at the country and regional levels. Two regional workshops were held in April 2019 to review and validate price data, GDP expenditures, and housing volume indicators. A regional workshop with the ICP national coordinators in August 2019 focused on the findings and recommendations of the Regional Advisory Board and the Regional Experts Group that reviewed preliminary regional results. The Regional Advisory Board convened in August 2019 just before the meeting of the ICP national coordinators, while the Regional Experts Group met in June and in August 2019 to review both preliminary results and a new methodology for estimating PPPs for dwelling services. Apart from regional workshops which were conducted almost every quarter to discuss data quality issues, ADB also provided country-specific training to the People's Republic of China, Myanmar, Pakistan, Lao PDR, Thailand, and Indonesia, including conducting trainings through video conference during the implementation of ICP 2017 activities.

22. ADB has been providing technical support to and encouraging countries in the region to develop sub-national PPPs. It is worth mentioning that sub-national PPPs are now regularly published by Viet Nam, that India has developed methodology and intends to publish sub-national PPPs with their next CPI base year revision, and that Malaysia, the Philippines, and Thailand have also taken steps in this direction. Also noteworthy is ADB's research effort to develop a mixed approach for estimating PPPs for dwelling services which utilizes data collected from both rental and volume approaches.

23. The tentative date for disseminating the summary regional results to respective heads of the national implementing agencies is February 2020. A summary report will be released through the website by the end of March 2020. The publication of final results with detailed reports will be released in April 2020. ADB will also encourage countries to develop brief country reports and to hold their own dissemination meetings. Results will be disseminated widely at the country and regional levels at appropriate fora to increase awareness about the utility of ICP data and its applications, and policymakers, bilateral and other multilateral institutions will be targeted. Within the provisions of the ICP Data Access Policy, ADB will also facilitate the provision of data to researchers who will be interested in using the ICP data for policy research both internal and external to ADB.

24. Price collection surveys for the ICP 2020 cycle will be initiated in the first quarter of 2020 and will continue until the second quarter of 2021. ADB will hold a regional preparatory workshop in December 2019 to discuss and finalize the 2020 household product list, sampling design, training on ICP household survey operations, and the administrative aspects of the implementation of the ICP 2020 cycle.

25. Regional activities for the 2020 cycle will be funded through ADB's Technical Assistance Special Fund, which will also provide limited seed funds to countries requiring partial support for national activities. It is also hoped that the countries will increase allocation of their own resources for the ICP price collection by integrating ICP activities with the CPI operations to the extent feasible. Risks to the sustainability of the program manifest through human and financial constraints, such as too few ICP-specific staff or reliance on multi-tasking by price and national accounts staff. Furthermore, many countries are implementing other big statistical exercises such as population

censuses and rebasing of CPIs in 2020. Some countries also reported lack of adequate computing infrastructure available for ICP use, and were provided financial support by ADB to purchase laptops and desktop computers.

## **Commonwealth of Independent States**

26. The Interstate Statistical Office of the Commonwealth of Independent States (CIS-STAT) reported that eight economies took part in the 2017 cycle. The Russian Federation participated in both the CIS and OECD exercises. Turkmenistan and Uzbekistan were not participating but benefitted from targeted technical assistance and through attendance at regional meetings. In particular household consumption data was collected for Uzbekistan and included in 2017 cycle validation on an experimental basis.

27. A regional meeting took place in May 2019 in Kazakhstan where participants discussed GDP expenditures, collection of price data, in particular for problematic consumer items, and the schedule for data submission for ICP 2017. Two meetings with the National Statistical Office of Uzbekistan in July 2019 and October 2019 were held to discuss that country's experimental participation.

28. A summary of regional results will be published in either December 2019 or January 2020 with a detailed report made available in June 2020. Data will be available via the CIS-STAT website, and press conferences, lectures and other outreach events are planned for 2020. To initiate dialog with PPP users, a plenary session on PPPs was organized by CIS-STAT within the IARIW Special Conference in September 2019.

29. In June 2019, the CIS Economic Council approved the participation of the CIS economies in the ICP 2020 cycle in the region and agreed that CIS-STAT and national statistical offices will collaborate in conducting the comparison. Planning for the ICP 2020 cycle is underway with item list updates commencing in September 2019 and a regional workshop anticipated in December 2019. Uzbekistan will bring the total of participating economies in the region to nine. Turkmenistan's participation is not yet confirmed. Sixty percent of funding will be provided by national implementing agencies and by CIS-STAT, with donor support providing the remainder.

## **Latin America and the Caribbean**

30. The United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC) reported that 36 economies participated in the 2017 cycle. Where data were missing for some economies, estimation was used to fill some gaps, enabling the calculation of regional PPPs for all participating economies in the region.

31. Capacity building included a regional workshop in June 2019 in Guyana and technical assistance missions in the first half of 2019 to Curaçao, Jamaica, St Vincent and the Grenadines, Antigua and Barbuda, and Monserrat. Furthermore, UN-ECLAC presented a paper at a regional National Accounts Seminar in May 2019 on the ICP requirements with regards to national accounts data given the continuous nature of the programme and its timetable over the coming years.

32. Regional results will be published in the first quarter of 2020, with a final report available in April 2020. Data will be available via the statistics portal of ECLAC, and in updated PPP tables in its Statistical Yearbook. Preliminary results will be discussed at a regional meeting in December 2019.

33. Data collection for food and beverage items started in 2019 for the ICP 2020 cycle. It is anticipated that some countries will be unable to collect data to the planned timetable and delays will occur. A December 2019 regional workshop of price specialists will review the collection of other household consumption items.

34. The ICP is not yet consolidated into countries' national statistical programmes, and funding for countries remains tenuous. Bureaucratic challenges to providing financial support to countries persist. Future participation in the ICP is also vulnerable, with competing statistical exercises taking priority in some countries. Data quality is not consistent, especially with regards to non-household surveys in some countries and more validation efforts are needed for these surveys and national accounts expenditure. Advocacy efforts will need to be made at high levels to encourage directors of national statistical offices to commit to the ICP.

## **Western Asia**

35. The United Nations Economic and Social Commission for Western Asia (UN-ESCWA) reported that twelve economies participated in the 2017 cycle; Egypt, Morocco and Sudan participated in both the Africa and Western Asia regional comparisons.

36. Capacity building took place through several workshops in 2018 and 2019 focusing on training in data collection, validation and calculation, as well as national accounts. This has benefitted countries' work on price indices in general such as CPIs, harmonized CPIs and harmonized machinery and equipment price index. At the country level, technical assistance was provided to the United Arab Emirates in May 2019.

37. Regional 2017 results will be released along with a final regional report after global results are made available. Outreach and advocacy for the ICP has accelerated in the region. Examples include a video of country testimonials on the benefits of the ICP presented to directors during the thirteenth Statistical Committee meeting at UN-ESCWA in January 2019, and an ICP booth at the same event showcased information about the program through posters and brochures. Western Asia's ICP team is developing a new online tool providing a diverse audience with access to data alongside explanatory material. The team has also been promoting the use made of PPPs by the Sustainable Development Goals.

38. A workshop in April 2019 initiated the ICP 2020 cycle in the region and focused on increasing the overlap between the regional ICP items to be priced and those for national CPIs. A subsequent workshop in September 2019 reviewed all surveys for the upcoming cycle. Data collection is due to commence in the first quarter of 2020. Geopolitical challenges have prevented regular country-wide data collection for some countries, but strategies are in place to ensure these countries can participate in the 2020 cycle.

39. Some funding for the ICP in the region is provided by donors, and some countries in the region are able to fund their own participation at regional meetings. The increased temporal and spatial validation are increasing the quality and robustness of data. However, the change of the national ICP teams and coordinators in some countries threatens the continuity and the quality of participation in the programme. This is mitigated to an extent by ensuring the involvement of different representatives from each country and encouraging the transfer of knowledge, in addition to the training workshops and country visits the regional team conducts to train new members of the national teams.

## **Eurostat-OECD**

40. Eurostat and the OECD execute a regular programme to produce annual PPP estimates according to a well-established timetable. Forty-nine economies participated in the Eurostat-OECD PPP programme in the 2017 cycle. Thirty-seven are coordinated by Eurostat, while twelve economies are coordinated by OECD, including Colombia and Costa Rica, which have moved from the Latin America and the Caribbean comparison. The Russian Federation is participating in both the CIS and OECD comparisons. The preliminary results for 2017 and 2018 for the Eurostat-OECD programme will be available in December 2019.

41. Regional workshops were held in March 2019 in Portugal and were attended by the 37 economies of the European Comparison Program, Kosovo, CIS-STAT, RosStat, Eurostat, and OECD. The same attendees, alongside representatives of the ICON Institute, Georgia and Ukraine, held meetings in September 2019 in Austria. At these meetings, participants discussed the progress on five consumer goods surveys including the finalization of the EU item list of the forthcoming survey, the interim results of the current survey, the annual national final results of the previous survey, and preparations for next two surveys. Moreover, the PPP Working Group met in Luxembourg in November 2019 to review results, launch the 2020 cycle, and explore the use of scanner data collection, the impact of discounts and other topics related to the PPP exercise.

## **Special participation cases**

42. Georgia and Ukraine participated in the ICP 2017 cycle and are linked to the global comparison through the Eurostat comparison. A workshop for these two countries was held in May 2019 to assess data quality and review

GDP expenditures and provisional results, while a workshop in December 2019 finalized results. In addition, Iran is linked to the global comparison through the Western Asia results.

## **C. New Operational Materials**

43. As part of its efforts to provide technical assistance to regions and countries in improving data quality, the Global Office provides operational guidelines and materials for validating data. It developed a housing rental data validation tool<sup>8</sup> in 2019, which has been used alongside tools for validating national accounts and housing volume. Also, to facilitate global and regional data validation processes, the Global Office developed and introduced a validation approach using advanced data visualization software. All those materials were utilized in the data validation sessions at the IACG meetings and provided to regional implementing agencies to be used in regional validation workshops.

44. In preparation for the ICP 2020 cycle, the ICP Global Office developed the ICP 2020 item lists, in collaboration with regional implementing agencies and countries. An online Item List Management Tool was utilized for the first time for building the item lists in an efficient, collaborative and transparent manner.

## **V. Research and Innovations**

### **D. Research Agenda**

45. At its forty-seventh session in 2016, the UNSC recommended that no methodological changes be introduced for the ICP 2017 cycle, in order to maintain comparability over time and allow for producing reliable PPP time series. However, to fine tune the methodology and guide the future of the ICP, it was agreed to set a research agenda focusing on: (i) building consistent PPP time series; (ii) improving PPP reliability and quality; (iii) addressing difficult-to-measure areas, such as housing and government services; (iv) strengthening alignment between PPPs and national statistical programmes; (v) advocating wider uses and applications of PPPs; and (vi) exploring innovations in technology and new sources.

46. Thus, an ICP Research Agenda<sup>9</sup> was put forth by the IACG in September 2016, approved by the TAG in May 2017, and endorsed by the Governing Board in September 2017. The ICP Research Agenda covers the following 13 items identified by the TAG: (i) compilation of PPP time series and the rolling survey approach; (ii) PPPs and real expenditures for dwelling services; (iii) productivity adjustment for government and construction labor; (iv) fine tuning global linking procedures; (v) quality and reliability of PPPs; (vi) uses of PPPs for national and international policy making; (vii) CPI-ICP synergies and sub-national PPPs; (viii) PPPs for exports and imports; (ix) PPPs for construction; (x) PPPs for health and education; (xi) PPPs and global poverty measurement; (xii) exploring innovations in technology and data sources for PPP measurement; and (xiii) accounting for product quality differences in PPP measurement.

47. As of December 2019, research had been conducted on building PPP time series, linking interim regional updates into a global comparison, fine tuning global linking procedures, PPPs and real expenditures for dwelling services, productivity adjustment for government and construction labor, rolling price surveys, CPI-ICP synergies, and sub-national PPPs. The TAG also initiated research on the impact of new ICP PPPs on global poverty measures and the use of PPPs in the Wealth of Nations.

### **E. Task Forces**

48. The TAG has established Task Forces<sup>10</sup> to undertake research into the above-mentioned technical items on the ICP Research Agenda and support the computation of ICP results. The following three Task Forces were

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<sup>8</sup> <https://www.worldbank.org/en/programs/icp/brief/methodology-price>

<sup>9</sup> <https://www.worldbank.org/en/programs/icp#7>

<sup>10</sup> <https://www.worldbank.org/en/programs/icp/brief/taskforces>



established in 2017: (01) PPP Compilation and Computation<sup>11</sup>; (02) Housing<sup>12</sup>; and (03) Country Operational Guidelines and Procedures<sup>13</sup>. Two additional Task Forces were established in 2019: (04) PPPs and the Wealth of Nations; and (05) PPPs and Global Poverty Measurement<sup>14</sup>. The meetings of ICP Task Forces are organized in conjunction with TAG meetings.

49. The Task Force on Country Operational Guidelines and Procedures produced three guiding documents on: (i) the rolling price survey approach; (ii) CPI-ICP synergies; and (iii) sub-national PPPs. These guiding documents will be shared with all countries in 2020.

50. A Computation Task Team<sup>15</sup> was established at the behest of the TAG to allow parallel computations to be made for added quality assurance and transparency, as well as to ensure the reproducibility of the final results. This Task Team convened twice, in September and November 2019, and discussed linking approaches and exceptions, and the computation of 2017 and revised 2011 results, as well as PPP time series. As noted above, the team's collective results were presented to the TAG, which noted that the results have improved since the third TAG meeting and converged sufficiently to proceed with final results computation.

51. Moreover, the Task Team<sup>16</sup> on Data Quality Assurance for the PPP time series, formed with the International Monetary Fund (IMF), United Nations Statistics Division (UNSD) and the World Bank as members, continued to review the availability and quality of input data and metadata needed for building interpolated PPP time series, including GDP expenditures, CPIs, deflators, population, exchange rates, and System of National Accounts (SNA) metadata, through virtual communications.

## **VI. Knowledge and Advocacy**

### **F. Conferences and Seminars**

52. The AfDB presented an advocacy note<sup>17</sup> on the ICP at the Thirteenth African Symposium on Statistical Development, held in Addis Ababa in October 2018. As a result, the Statistical Commission for Africa, in its resolution, urged member states to advocate for the use of ICP data for promoting trade and regional integration, and for all constituents to complete the 2017 cycle in a timely manner. Additionally, UN-ESCWA organized an ICP side event and video presentation<sup>18</sup> to the UN-ESCWA Statistical Committee in January 2019. Moreover, a plenary session entitled “Purchasing Power Parity and Input-Output”<sup>19</sup> was organized by CIS-STAT within the International Association for Research in Income and Wealth Special Conference in September 2019 in Russia to initiate dialog with PPP users.

53. The World Bank booth at the International Statistics Institute's World Statistics Congress in Kuala Lumpur in August 2019 provided information on the International Comparison Programme to the many visitors attending the event. Moreover, the World Bank held its first Data Day on February 13, 2019, attended by more than 800 Bank staff and 300 external partners and experts. Pinelopi Goldberg, the new Chief Economist of the World Bank Group, delivered the keynote speech<sup>20</sup> for Data Day, and referred to the ICP as one of the established outputs of the Bank's data work. The programme also featured in her follow-up blog. The ICP Global Office manned a popular booth which showcased the concepts behind purchasing power parities, illustrated the results of the ICP 2011 cycle, and displayed the myriad applications and uses of PPPs. Additionally, team members delivered a bespoke seminar “Understanding Purchasing Power Parities”.

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<sup>11</sup> <https://www.worldbank.org/en/programs/icp/brief/tf01>

<sup>12</sup> <https://www.worldbank.org/en/programs/icp/brief/tf02>

<sup>13</sup> <https://www.worldbank.org/en/programs/icp/brief/tf03>

<sup>14</sup> <https://www.worldbank.org/en/programs/icp/brief/tf05>

<sup>15</sup> <http://pubdocs.worldbank.org/en/966321560969804603/pdf/ICP-TT-CPT-TOR.pdf>

<sup>16</sup> <http://www.worldbank.org/en/programs/icp/brief/tt01>

<sup>17</sup> [https://www.uneca.org/sites/default/files/uploaded-documents/ACS/StatCom-Africa-VI/en-satcom\\_vi\\_main\\_conclusions\\_and\\_recommendations.pdf](https://www.uneca.org/sites/default/files/uploaded-documents/ACS/StatCom-Africa-VI/en-satcom_vi_main_conclusions_and_recommendations.pdf)

<sup>18</sup> <https://www.worldbank.org/en/programs/icp/brief/eventicp-western-asia1>

<sup>19</sup> <http://www.iariw.org/c2019moscow.php>

<sup>20</sup> <http://pubdocs.worldbank.org/en/372941550154413196/Data-at-the-World-Bank.pdf>

54. A debate<sup>21</sup> on the reliability of the World Bank’s global poverty estimates took place on March 5, 2019 at the World Bank in Washington, DC, where speakers discussed the appropriateness of PPPs collected across low-, middle- and high-income economies for poverty assessment, and the effect of methodology changes in the ICP in previous years. A comprehensive list of ICP related conference, seminars<sup>22</sup> and outreach events<sup>23</sup> is maintained on the ICP website.

55. Advocacy efforts at the global and regional levels will continue after the release of the 2017 results. They will include targeted efforts towards national ministers and policymakers, illustrating the wide application of PPPs in areas across the topical spectrum; demonstrating the value of PPPs and sub-national PPPs to national policymaking; identifying the use of ICP results and data in setting regional priorities, such as trade integration in Africa; and providing an ICP presence at key events attended by national and regional policymakers.

## **G. Knowledge and Outreach Material**

56. The PPP eLearning course “Fundamentals of Purchasing Power Parities”<sup>24</sup> continues to expand its enrollment since being officially released in March 2018 and more than 450 participants have accessed it to date to learn about PPP concepts, data requirements, methodology, calculation, and uses. This interactive course serves policymakers, international organizations, researchers, students and the general public who wish to enhance their knowledge of PPPs. The course is delivered through the World Bank’s online Open Learning Campus, a web-based destination for development learning. The course has also been used widely in regional and national workshops to train government officials.

57. The comprehensive ICP website<sup>25</sup> continues to be the main portal for users to access information about the programme. Over the reporting period, the website made available materials to both promote all aspects of the ICP and maintain the transparency of the programme. The website links to a repository of over 1,100 files, which provide an overview of the programme and its history, governance structure, results and their use and applications, methodology and the research agenda. The website also makes available information and documentation of ICP governance meetings, ICP reports, manuals, videos, newsletters and links to media articles, academic and research papers and major publications using ICP data and results.

58. The ICP blog series on the World Bank’s Data Blog platform<sup>26</sup> showcases the use of PPPs and the modalities of the ICP. Recent blogs have examined the cost of nutritious food using ICP price data<sup>27</sup>, the use of PPPs in climate monitoring<sup>28</sup>, measuring progress towards the Sustainable Development Goals using PPPs<sup>29</sup>, comparing economies using PPPs and exchange rates<sup>30</sup>, and measuring the growth of national economies over the last three decades<sup>31</sup>.

59. The “ICP Highlights” quarterly newsletter<sup>32</sup> continues to provide information covering governance, capacity-building and outreach activities, as well as information on the latest uses of ICP and PPP data. A recently introduced series has highlighted the work of country teams with ICP staff explaining their work processes, the challenges they face and the innovations that help build their statistical capacity. To date the ICP teams in Finland, Georgia, India, Saudi Arabia, South Africa and Viet Nam have contributed, highlighting the impact the ICP had on their statistical capacity, and the uses they make of the data generated by the programme.

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<sup>21</sup> <https://www.worldbank.org/en/events/2019/03/05/smackdown-debate>

<sup>22</sup> <https://www.worldbank.org/en/programs/icp/brief/seminars-and-sessions>

<sup>23</sup> <https://www.worldbank.org/en/programs/icp/brief/outreach-events>

<sup>24</sup> <http://www.worldbank.org/en/programs/icp/brief/e-learning>

<sup>25</sup> <https://www.worldbank.org/en/programs/icp>

<sup>26</sup> <https://blogs.worldbank.org/opendata>

<sup>27</sup> <https://blogs.worldbank.org/opendata/high-price-healthy-food-and-low-price-unhealthy-food>

<sup>28</sup> <https://blogs.worldbank.org/opendata/purchasing-power-parities-essential-tool-climate-monitoring>

<sup>29</sup> <https://blogs.worldbank.org/opendata/monitoring-sdgs-purchasing-power-parities>

<sup>30</sup> <https://blogs.worldbank.org/opendata/measuring-india-s-economy-using-ppps-shows-it-surpassed-france-25-years-ago>

<sup>31</sup> <https://blogs.worldbank.org/opendata/tracking-gdp-ppp-terms-shows-rapid-rise-china-and-india>

<sup>32</sup> <https://www.worldbank.org/en/programs/icp/brief/newsletter>

60. An ICP Annual Report of Activities<sup>33</sup> is provided to donors and stakeholders and made available to the public. The latest 2019 edition is posted on the ICP website.

## VII. Use and applications of Purchasing Power Parities

61. PPPs and underlying ICP data continue to be utilized for a plethora of analyses at the global, regional and national levels and cover many themes under the economic, environmental and social development umbrellas. Cross-country and temporal studies employ PPPs for consistent, robust and meaningful data outputs, used not only by the development community and researchers, but by policymakers, the media and the wider public. The ICP's report<sup>34</sup> to the UNSC at its 50<sup>th</sup> session listed many ongoing applications of the data.

62. Notably, the use of PPPs in indicators measuring progress towards the Sustainable Development Goals is growing. PPPs were used from the outset for monitoring how far the world has come in achieving no poverty (Goal 1), good health and well-being (Goal 3), affordable and clean energy (Goal 7), decent work and economic growth (Goal 8), better industry, innovation and infrastructure (Goal 9), and reduced inequalities (Goal 10). Lately, another two goals now utilize PPPs in their cross-country comparisons and tracking over time. New data collected by the UN Educational, Scientific and Cultural Organization (UNESCO) to monitor SDG target 4.5<sup>35</sup> (Goal 4) compares education expenditure per student by level of education and source of funding using PPPs. The Food and Agricultural Organization of the UN (FAO) uses PPPs to measure the volume of production per labor unit by classes of farming/pastoral/forestry enterprise size, and the average income of small-scale food producers, by sex and indigenous status. Together these indicators monitor progress towards SDG target 2.3<sup>36</sup> (Goal 2).

63. With the release of 2017 results, the Global Office will be advising custodians of indicators that use PPPs to update them from 2011 or 2005 PPPs to the latest available data. The Global Office will also look to produce a visual compendium showcasing the wide use of PPPs across socio-economic analyses. This will provide cross-country comparisons, data stories, charts and maps and cover price levels, poverty and shared prosperity, productivity and the labor market, the public sector, human development, health, education, trade and competitiveness, energy, climate and sustainable development amongst others.

## VIII. Risks and Mitigation Measures

64. The 2017 cycle faced many challenges and risks from its onset, including country participation, timeliness, quality, and funding risks. However, these risks were mitigated through various measures undertaken by the Governing Board, TAG and IACG. These included: (i) continuous advocacy with countries to ensure their timely participation; (ii) improved processes to assess and improve the quality of ICP data and metadata; (iii) measures to ensure the robustness and quality of ICP results; and (iv) fund-raising efforts to secure the needed funding. These mitigation measures ensured that the ICP 2017 cycle was on track to deliver quality and timely results in the second quarter of 2020.

65. Looking forward, the sustainability of the ICP as a permanent programme still faces a number of risks. Some countries face unstable geopolitical situations that impede their participation. Although these risks are difficult to mitigate, global and regional implementing agencies are committed to building capacity in fragile and conflict countries, and they continuously encourage these countries to participate in capacity-building activities. Some countries also face administrative and funding hurdles, limited statistical capacity, and competing demands. Securing sustainable funding for the permanent programme remains a challenge; thus, it is imperative to connect with national policymakers and incorporate the ICP as part of regular work programmes at national, regional and global levels.

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<sup>33</sup> <https://www.worldbank.org/en/programs/icp/brief/annual-reports-of-activities>

<sup>34</sup> <http://pubdocs.worldbank.org/en/986011554021219864/pdf/UNSC-50-Session-ICP-report-EN-2019-14-ICP-E.pdf>

<sup>35</sup> <http://tcg.uis.unesco.org/sdg-4-global-and-thematic-indicator-lists/>

<sup>36</sup> <http://www.fao.org/3/CA2591EN/ca2591en.pdf>

## **IX. Conclusion**

66. The implementation of the ICP 2017 cycle is nearing completion with final results due to be published in the second quarter of 2020. Advocacy efforts planned at the global and regional levels will promote the ICP and the use of PPPs in national policymaking and in the wider socio-economic and development agendas.

67. The Statistical Commission, at its fiftieth session, reiterated the need for implementing agencies and countries to incorporate the International Comparison Programme into their regular statistical work. However, some still face administrative and funding hurdles, as well as limited statistical capacity and competing demands. Nonetheless, preparations for the 2020 cycle are well-underway with data collection launched in various countries and regions.

68. The Commission is requested to:

- (a) take note of the progress made in completing the 2017 cycle and the forthcoming release of the ICP 2017 results in the second quarter of 2020;
- (b) advise on how best to communicate the results to national policymakers and promote their use in socio-economic analyses and development agendas;
- (c) instruct ICP stakeholders to ensure that ICP 2020 cycle activities are carried out in a timely manner; and
- (d) impress upon national, regional and global agencies the need to incorporate the ICP into their regular statistical work programmes, to ensure its sustainability as a permanent programme.