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Report of the World Bank on the International Comparison Programme

Note by the Secretary-General

In accordance with Economic and Social Council decision 2022/324 and past practices, the Secretary-General has the honour to transmit the report of the World Bank on the International Comparison Programme (ICP), which is presented to the Statistical Commission for information.

The report provides an outline of the activities undertaken in 2022 at the global, regional and national levels with regard to the 2021 comparison cycle of the Programme. In the report, the World Bank describes the governance, capacity-building, research, knowledge and advocacy activities carried out. The Commission is invited to take note of the progress made in carrying out the current cycle and related risks, challenges and mitigation measures, and the call to ICP stakeholders to ensure their timely completion of the ICP 2021 cycle activities, to prepare for the next ICP 2024 cycle, and to continue to incorporate ICP into their regular statistical work programmes.

* E/CN.3/2023/1.



Report of the World Bank on the International Comparison Programme

I. Introduction

1. The International Comparison Programme (ICP) was initiated in 1968 as a 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-based comparisons of gross domestic product (GDP). Since then, ICP has evolved into one of the largest statistical partnerships in the world. At its forty-seventh session, in March 2016, the Statistical Commission instituted ICP as a permanent element of the global statistical programme, to be conducted on a three-year cycle.

2. Results from the 2021 cycle of the Programme are scheduled to be released towards the end of 2023. The release will include analysis of the main results, metadata, and a discussion of the implementation modalities specific to this cycle. Selected surveys have been delayed in some economies due to the ongoing effects of the coronavirus disease (COVID-19) pandemic and competing priorities. Furthermore, the war in Ukraine has had an impact on the participation modalities of affected economies. Mitigating action has been taken to limit the effect of these issues on the quality and timeliness of the results.

3. Further to the Commission's decision to institute ICP as a permanent element of the global statistical programme, to be conducted on a three-year cycle, preparations by implementing agencies for the ICP 2024 cycle are scheduled to commence in 2023.

4. Purchasing power parities (PPPs) from the ICP 2017 cycle have been used to update the international poverty lines. ICP data have been used to establish the "food prices for nutrition" indicators on diet cost and affordability. An article on the collaborative nature of ICP has been published in the *Statistical Journal of the International Association for Official Statistics*. In 2022, the World Bank published a blog post on the use of PPPs in measuring progress towards the Sustainable Development Goals and an article on PPPs and their use.

5. The present report provides a comprehensive update on the activities undertaken from November 2021 to November 2022. It is organized in seven sections, as follows: governance and coordination; Programme implementation for the 2021 cycle; risks and mitigation measures; research and innovations; knowledge, advocacy and uses; conclusion; and action to be taken by the Commission.

II. Governance and coordination

A. Statistical Commission

6. The Commission is the ultimate stakeholder of ICP, deciding the frequency and operational modality of the Programme. The fifty-third session of the Commission took place from 1 to 4 March 2022.¹ The report of the World Bank on ICP (E/CN.3/2022/22) was presented to the Commission for discussion. Written statements responding to the report were received from 24 countries and agencies.²

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

² See <https://unstats.un.org/unsd/statcom/53rd-session/documents/>.

B. Governing Board

7. The ICP Governing Board sets the policies that govern the production of PPPs, approves the Programme's methodology and any methodological improvements, advocates to policymakers to ensure the ongoing inclusion of ICP in national statistical work programmes, and supports ICP fundraising efforts.

8. A virtual meeting of the Governing Board was held on 14 March 2022,³ at which members reviewed the status of the ICP 2021 cycle at the global and regional levels and the feedback received from countries on the ICP report presented at the fifty-third session of the Commission. The Board took note of the progress made with the ICP 2021 cycle, despite pandemic-related disruptions, the delay in price collection in some countries and regions until 2022, and new participation risks arising from the war in Ukraine. The Board requested that the ICP Global Office and regional implementing agencies work with the Technical Advisory Group on mitigation plans to address these risks.

9. The next meeting will be held in February 2023, in conjunction with the fifty-fourth session of the Commission.

C. Technical Advisory Group

10. The ICP Technical Advisory Group ensures the methodological soundness and overall quality of the PPP estimates and the transparency of the PPP estimation process, and supports the establishment of a permanent ICP with greater frequency.

11. A meeting of the Group took place on 7 and 8 December 2022.⁴ Members were provided with an update on the implementation of the ICP 2021 cycle. The Group discussed the impact of the war in Ukraine on the cycle and the methodology to link the results of the Commonwealth of Independent States region to the global comparison as the Russian Federation is no longer participating in the Commonwealth of Independent States and Organisation for Economic Co-operation and Development (OECD) comparisons. Members also reviewed the impact of the COVID-19 pandemic on the Eurostat-OECD PPP results for 2019, 2020 and 2021.

12. The Group also reviewed progress on a number of ICP research agenda items: compilation of PPP time series; PPPs and real expenditures for dwelling services; fine-tuning global linking procedures; and exploring innovations in technology and data sources for PPP measurement.⁵

13. The Group concluded the meeting by discussing proposals for potential uses of ICP PPPs and data, including in the classifications of countries by income level and cross-country comparisons of wealth.

D. Inter-Agency Coordination Group

14. The ICP Inter-Agency Coordination Group is the coordinating body that collaborates to establish timetables and workplans, develops common standards, methods and protocols, and coordinates the operational aspects of the Programme.

³ See <https://www.worldbank.org/en/programs/icp/brief/gb-march-2022>.

⁴ See <https://www.worldbank.org/en/programs/icp/brief/tag-dec-2022>.

⁵ See <https://www.worldbank.org/en/programs/icp/research#2>.

15. The Coordination Group met virtually on 8 and 9 June 2022.⁶ It discussed global and regional ICP updates, the status of data submissions, and the proposed production schedule for the 2021 cycle.

16. The Coordination Group met again, this time in a hybrid format, from 24 to 28 October 2022, with members attending either online or in-person.⁷ The Group discussed global and regional updates on the implementation of the ICP 2021 cycle, the anticipated structure and content of ICP 2021 outputs, and the ICP 2021 cycle productivity adjustment approach. The Group also reviewed preliminary ICP 2021 prices, national accounts and other data inputs, as well as revised data for ICP 2017 results. The Group also discussed the preparations for the December 2022 meeting of the Technical Advisory Group, the ICP report for the fifty-fourth session of the Commission, and the February 2023 meeting of the ICP Governing Board.

III. Programme implementation for the 2021 cycle

A. Overall timetable

17. The Inter-Agency Coordination Group launched the ICP 2021 cycle activities in June 2020. The bulk of the required global operational materials were finalized by November 2020, while the remaining materials were finalized in early 2021. Price surveys and data collection were conducted throughout both 2021 and 2022 to accommodate those countries whose data collection had been adversely affected by the COVID-19 pandemic. Selected administrative data compilations took place in 2022. Assessment of data in November 2022 indicated good initial data coverage and quality. Validation of data continues as at November 2022 at the national, regional and global levels. The ICP 2021 cycle results are scheduled to be released by the end of 2023. They will cover results for the reference year 2021, revised results for the reference year 2017 and annual PPPs for the years 2018 to 2020. Increasing the number of published headings is also being considered.

B. Status of regional programmes and capacity-building activities

Africa

18. The African Development Bank is the regional implementing agency for Africa. Fifty economies are committed to the ICP 2021 cycle. Furthermore, capacity-building activities were carried out in Eritrea, Libya, Somalia and South Sudan. Depending on the quality and coverage of the data collected, these four economies may be considered to be participating in the ICP 2021 cycle.

19. Survey timetables have been extended to the fourth quarter of 2022; as at November 2022, data from most economies have been submitted. Two economies continue to face critical capacity challenges in collecting data due to the impact of the COVID-19 pandemic. The African Development Bank held bilateral meetings with both national statistical offices in October 2022 to address these issues and evaluate the data available.

20. Data validation is ongoing on a monthly basis, with country-specific meetings held where necessary. Workshops will continue into 2023, focusing on remaining activities and results.

⁶ See <https://www.worldbank.org/en/programs/icp/brief/iacg-jun-2022-doc>.

⁷ See <https://www.worldbank.org/en/programs/icp/brief/iacg-Oct-2022>.

21. In terms of funding, the African Development Bank supports ICP through the African Development Fund non-concessional window under its Statistical Capacity Building Programme, Phase 5. ICP is implemented by the Common Market for Eastern and Southern Africa in the 37 non-concessional (lower-income) countries eligible for African Development Fund resources. Cooperation with the African Union Institute for Statistics (STATAFRIC) is ongoing with a view to enabling the participation of middle-income countries (concessional and non-eligible for Fund resources) in the 2023 workshops.

Asia and the Pacific

22. The Asian Development Bank is the regional implementing agency for the Asia and Pacific region. Twenty-one economies are participating in the ICP 2021 cycle.

23. Survey timetables have been extended to the fourth quarter of 2022 to accommodate delayed survey schedules due to pandemic-related disruptions. Most economies in the region conducted price surveys in 2021, while some conducted surveys in 2022. Data submissions have begun for the majority of participating economies, and regional validation is ongoing. Survey data have yet to be submitted by three economies with delayed survey commencement, and the Asian Development Bank and the economies involved are working together to ensure the completeness of the required data sets for all participating economies.

24. A series of regional data validation workshops have been conducted by the Asian Development Bank. Two workshops held in November 2021 covered housing rental, housing volumes and construction surveys. Follow-up meetings on these topics took place during three further workshops held in May 2022. The machinery and equipment survey was the focus of the December 2021 and June 2022 workshops. The household consumption survey was discussed at both the February 2022 and October 2022 workshops, while two workshops in March 2022 focused on the government compensation survey and national accounts and GDP expenditures. Validation of data for both the housing volume survey and government compensation survey was undertaken in two workshops held in September 2022. All the regional workshops were conducted virtually, with a large number of participants from the participating economies attending. Country-specific virtual workshops have also taken place with India in December 2021 and with the Lao People's Democratic Republic in July 2022; an in-country mission to the Lao People's Democratic Republic took place in November 2022.

25. The ICP Asia-Pacific software suite for data management at the economy level was expanded to include more ICP surveys and made more user-friendly. A computer-assisted personal interview tool for ICP price collection has been piloted in Fiji, Mongolia and Viet Nam and will be further adapted to support data export to the ICP Asia-Pacific software suite for consolidation and validation. A Microsoft Excel-based application has been developed to extrapolate and backcast price data and is expected to be used by nearly half of the economies in the region.

26. In terms of outreach, the regional ICP website⁸ has been updated and includes a new page with information for national implementing agencies. The Singapore Department of Statistics published a newsletter⁹ which highlighted the national implementation of the ICP 2021 cycle. The forthcoming publication entitled "Key Indicators for Asia and the Pacific 2023" will include a section on ICP implementation and the contribution of participating economies to the Programme.

⁸ See <https://icp.adb.org/overview>.

⁹ See <https://www.singstat.gov.sg/-/media/files/publications/economy/ssn122-pg1-5.ashx>.

Commonwealth of Independent States

27. The Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT) is the regional implementing agency for the Commonwealth of Independent States region. Nine economies are participating in the ICP 2021 cycle, including Uzbekistan, which is participating officially for the first time after an experimental participation during the ICP 2017 cycle. CIS-STAT is providing support to Turkmenistan in anticipation of its participation in future cycles.

28. The majority of the ICP 2021 cycle price surveys were completed in 2021, while selected data collections are continuing into 2022. Data submissions are ongoing and validation of data at the regional level is under way.

29. A regional workshop was held in December 2021, at which machinery and equipment items were discussed. A March 2022 workshop focused on PPPs for machinery and equipment basic headings, while a workshop in April 2022 looked at PPPs for household consumption basic headings. A regional workshop planned for December 2022 will focus on methodological issues surrounding GDP expenditure classification and data compilation, while a workshop planned for May 2023 will review ICP 2021 cycle GDP expenditure data. A country-level meeting with Tajikistan is planned, the focus of which will be problematic consumer items and PPPs for household consumption basic headings.

30. With regard to outreach, ICP learning exercises for students at the Higher School of Economics and Moscow State University are currently taking place and will continue to be developed further.

Latin America and the Caribbean

31. The Economic Commission for Latin America and the Caribbean (ECLAC) is the regional implementing agency for the region. Thirty-three economies are participating in the ICP 2021 cycle, while one additional economy has indicated partial participation.

32. The majority of household consumption price surveys were conducted in 2021, with some surveys, especially for other GDP components, continuing into 2022. Data submissions are ongoing and validation of data at the regional level is under way. In addition, extrapolation of price data from surveys conducted in 2020 is being carried out. Data remain partial for some selected economies and surveys, and ECLAC and the economies involved are working together to ensure the completeness of the required data sets for all participating economies.

33. A regional workshop on the machinery and equipment survey took place in January 2022. Regional technical meetings held in March, May and November 2022 focused on validation of household consumption data, while another workshop in March 2022 focused on the government compensation survey.

34. With regard to outreach, regional results and reports have been shared with users on the ECLAC website.¹⁰

Western Asia

35. The Economic and Social Commission for Western Asia (ESCWA) is the regional implementing agency for the Arab region. Seventeen economies are participating in the ICP 2021 cycle.

¹⁰ See <https://www.cepal.org/en/subtopics/economic-statistics> and https://www.cepal.org/sites/default/files/publication/files/46742/S2000830_en.pdf.

36. Data for the household consumption survey were primarily collected in 2021, with some economies extending collection into 2022. For all other price surveys, data collection takes place on an annual basis. Validation is ongoing, with a regional validation workshop planned for the first quarter of 2023.

37. In terms of regional workshops, ESCWA held a meeting on regional ICP updates in May 2022. In June 2022, it held a training event on the implementation of price surveys and data entry on a special module for the calculation of price relatives of household consumption and others GDP components.

38. In terms of national capacity-building, two workshops were held for the staff of the United Arab Emirates national statistical office. The first, held in May 2022, focused on the implementation of ICP price surveys, the compilation of expenditure data and the improvement of price statistics. The second, held in November 2022, focused on price statistics, survey implementation and innovations, and included training for the staff of the subnational statistical offices on the various ICP surveys.

39. With regard to outreach, on 17 November 2022, a paper on the evolving use of PPPs in economic assessments and monitoring of the Sustainable Development Goals¹¹ was presented at the fifteenth session of the ESCWA Statistical Committee.

40. ESCWA published 2021 PPP regional forecasts with preliminary linking to the United States dollar. Final 2021 PPPs based on actual data will be computed in 2023 and preliminary 2022 PPPs will also be computed. Furthermore, PPPs for 2017 and the interim years of 2018, 2019 and 2020 will be updated.

Eurostat-Organisation for Economic Co-operation and Development

41. Eurostat and OECD execute a regular programme to produce annual PPP estimates according to a well-established timetable. Forty-eight economies are participating in the Eurostat-OECD PPP programme for the ICP 2021 cycle. Of those, 36 are coordinated by Eurostat, while 12 are coordinated by OECD. Georgia and Ukraine are participating in the ICP 2021 cycle and are linked to the global comparison through the Eurostat comparison. The Russian Federation is not participating in the OECD comparison for the ICP 2021 cycle.

42. Meetings for Eurostat economies on transaction data for PPPs were held in May 2022. A Eurostat country meeting for the consumer goods surveys was held in Helsinki in September 2022; the next meeting is due to take place in The Hague in March 2023. The Eurostat PPP Working Group meeting was held in November 2022. OECD programme participants will meet in May 2023. A joint Eurostat-OECD PPP workshop will take place in May 2023.

43. In terms of outreach, updated GDP PPPs for 2019, 2020 and 2021, as well as PPPs for household consumption and actual individual consumption, will be released in December 2022. In March 2023, GDP PPP flash estimates for 2022 for the States members of the European Union will be released by Eurostat, while GDP PPP estimates for OECD economies will be released by OECD.

C. New operational materials and tools

44. A guidance note on meeting ICP data requirements for the private education survey during the COVID-19 pandemic¹² was circulated to agencies in May 2022.

¹¹ See www.unescwa.org/sites/default/files/event/materials/2200821%20Evolving%20use%20of%20purchasing%20power%20parities%20in%20economic%20assessments_1.pdf.

¹² See <https://thedocs.worldbank.org/en/doc/177ca30a02faafed0e7c6bf6bb5cc7b1-0050022022/original/Additional-Guidance-Note-Covid-19-Private-Education-2022-05-06.pdf>.

Other guidance notes in the series on price collection and national accounts compilation during the pandemic were released in 2021. A new ICP validation tool was developed to facilitate the validation work at the global level and is currently being used by the ICP Global Office and regional implementing agencies. The ICP validation tool is a collaborative platform used to compute and distribute validation tables, including PPPs and price level indexes at basic heading and aggregate levels, as well as item level statistics, such as variation coefficients, exchange rate indexes and PPP indexes.

IV. Risks and mitigation measures

45. The number of participating economies in the ICP 2021 cycle is comparable to the 2017 cycle. A number of economies have returned after a hiatus or are new to ICP, and a few are not participating due to their specific circumstances. Continued support by the implementing agencies and advocacy efforts by the ICP Governing Board are helping to mitigate participation risks.

46. The prolonged impacts of the COVID-19 pandemic into 2021 posed a challenge for the ICP 2021 cycle. The timing of surveys has varied across countries due to pandemic-related impacts on staffing, outlet accessibility and the ability of national statistical agencies to progress with price data collection and expenditure data compilation. To ensure that the global results refer to a sufficiently common period and are of good quality, the survey period was extended into 2022 and some extrapolation and backcasting will take place, alongside robust and continuous validation by the implementing agencies. The Technical Advisory Group will also conduct a thorough assessment of the ICP 2021 results prior to their publication.

47. The Russian Federation is not participating in the OECD exercise for the 2021 cycle and thus it will not be possible to link the Commonwealth of Independent States regional results to the global comparison through the country's dual participation in both the Commonwealth of Independent States and OECD comparisons, as in previous cycles. Mitigating technical solutions and operational measures are being put in place by the implementing agencies and the Technical Advisory Group.

48. The publication of the results by the end of 2023 remains feasible, but any further delay of surveys or data submissions will jeopardize this timetable. The ICP Global Office and regional implementing agencies are actively monitoring the production schedules of national statistical offices and extending help where possible and necessary.

V. Research and innovations

49. The purpose of the ICP research agenda¹³ is to examine and assess the methodology underlying ICP and guide the Programme's research activities and methodological development. The agenda comprises 13 topics¹⁴ that together focus on: building consistent PPP time series; improving PPP reliability and quality; addressing areas that are difficult to measure, such as housing; strengthening the alignment between PPPs and national statistical programmes; advocating wider uses and applications of PPPs; and exploring innovations in technology and new sources.

¹³ See www.worldbank.org/en/programs/icp/research.

¹⁴ See www.worldbank.org/en/programs/icp/research#2.

The Technical Advisory Group establishes task forces and teams to undertake relevant research. As at November 2022, these task forces¹⁵ have addressed 10 of the 13 topics.

VI. Knowledge, advocacy and uses

50. In June 2021, an interactive publication entitled *Purchasing Power Parities for Policy Making: A Visual Guide to Using Data from the International Comparison Programme*¹⁶ was released. At the fifty-third session of the Commission, many countries, in their written statements on ICP,¹⁷ noted that the guide was an essential tool with which to advocate for ICP and the use of PPPs.

51. Further to the May 2022 announcement on the update of the international poverty lines with the 2017 PPPs, new data on poverty headcounts and rates were published in September 2022. In October 2022, the World Bank published a report entitled “Poverty and Shared Prosperity 2022: Correcting Course”,¹⁸ which provides details of the update.

52. The Food Prices for Nutrition Datahub,¹⁹ which uses ICP data on prices and expenditures to provide metrics on diet cost and affordability, was launched in July 2022; data are available through the World Bank’s databank.²⁰ The indicators and data are relevant to the topical food security challenges currently being addressed globally and were used extensively in a United Nations publication released in July 2022 entitled “The State of Food Security and Nutrition in the World 2022”.²¹

53. The PPP eLearning course²² on the fundamentals of PPPs has continued to expand its enrolment since its official release in March 2018 and, to date, over 1,000 participants have accessed it to learn about PPP concepts, data requirements, methodology, calculation and uses.

54. Blogs posts and articles on ICP and the use of its data published since the previous report to the Commission include “From local prices to the global economy: how data from the International Comparison Programme help us monitor progress towards the Sustainable Development Goals”,²³ published in March 2022 on the World Bank’s Data Blog platform, and “Purchasing Power Parities – putting a global public good to work in socioeconomic analyses”,²⁴ published in July 2022 on the World Bank’s World Development Indicators platform. Furthermore, an article entitled “From local prices to the global economy: A unique global collaboration that underpins the International Comparison Programme”,²⁵ co-authored by the ICP Inter-Agency Coordination Group, appeared in the September 2022 issue of the *Statistical Journal of the International Association for Official Statistics*.

¹⁵ See www.worldbank.org/en/programs/icp/brief/taskforces.

¹⁶ See www.worldbank.org/en/programs/icp/brief/PPPs-for-Policy.

¹⁷ See www.worldbank.org/en/programs/icp/brief/unsc-sessions.

¹⁸ See <https://openknowledge.worldbank.org/bitstream/handle/10986/37739/9781464818936.pdf>.

¹⁹ See www.worldbank.org/en/programs/icp/brief/foodpricesfornutrition.

²⁰ See <https://databank.worldbank.org/source/food-prices-for-nutrition>.

²¹ See www.fao.org/publications/sofi/en/.

²² See www.worldbank.org/en/programs/icp/brief/e-learning.

²³ See <https://blogs.worldbank.org/opendata/local-prices-global-economy-how-data-international-comparison-program-help-us-monitor>.

²⁴ See <https://datatopics.worldbank.org/world-development-indicators/stories/purchasing-power-parities-putting-global-public-good-socioeconomic-analyses.html>.

²⁵ See <https://content.iospress.com/download/statistical-journal-of-the-iaos/sji220047?id=statistical-journal-of-the-iaos%2Fsj220047>.

55. The global ICP website²⁶ was revamped and relaunched in September 2022. Uses of ICP data, outreach events and other advocacy material are listed on the ICP website and in the ICP newsletter.²⁷

VII. Conclusion

56. The successful implementation of the ICP 2021 cycle is crucial to assess the global economic impact of the COVID-19 pandemic. The results will be an essential tool for policymakers, analysts and researchers, allowing them to examine in detail the pandemic's effect on cross-country comparisons of prices, expenditures, output and material well-being.

57. While significant progress has been made across all regions in implementing the cycle since the previous report to the Commission, the cycle faces lingering risks related to participation, quality, comparability and timeliness. The ICP Governing Board, the Technical Advisory Group and implementing agencies are putting mitigation measures in place. In this regard, we seek the support of the Commission to encourage stakeholders to conduct surveys and compilation activities and to submit data and metadata in adherence with the agreed timetable to ensure the successful completion of the ICP 2021 cycle and the publication of results by the end of 2023.

58. Furthermore, we seek the Commission's support in urging ICP stakeholders to plan for the ICP 2024 cycle by ensuring that the necessary funding and administrative arrangements are in place, and to continue to incorporate ICP into their regular statistical work programmes.

59. Lastly, the Commission is invited to take note of the recent update of the international poverty lines with the 2017 PPPs, and the significant and foundational use of ICP data in establishing diet cost and affordability indicators at this crucial time for global food security.

VIII. Action to be taken by the Statistical Commission

60. **The Commission is invited to take note of the present report.**

²⁶ See www.worldbank.org/en/programs/icp.

²⁷ See www.worldbank.org/en/programs/icp/brief/newsletter.