



UNITED NATIONS

ECLAC

# **Timetable of activities in the framework of the ICP – A first look at the rolling benchmark approach**



International Comparison Program

# Few words on ICP history

- International Comparison Programme as worldwide statistics initiative led by the WB under the auspices of the UNSC aimed at estimating Purchasing Power Parities (PPP) among countries around the world
- ‘Common global game’, with well defined (statistics) rules
- Established in **1968** as a joint venture of the UNSD and the International Comparison Union of the University of Pennsylvania, with contribution from the Ford Foundation and the WB
- Started as a modest research project but became soon big in number of participating countries

# Few words on ICP history

## Number of participating countries by Round in the LAC region and the World

Region	1970	1973	1975	1980	1985	1993	2005	2011
Latin America	1	1	4	16	0	10	10	17
The Caribbean	0	0	1	0	7	11	0	22
World	10	16	34	60	64	117	146	199

- After the 1975 comparison, the ICP discarded its research status and became a regular part of the UNSD work program
- 1993 was the first time that all regions of the world were covered
- Following its successful completion of the 2005 round, the UNSC in its 39<sup>th</sup> session requested the World Bank to host the Global Office and take on the global program coordination of the 2011 round

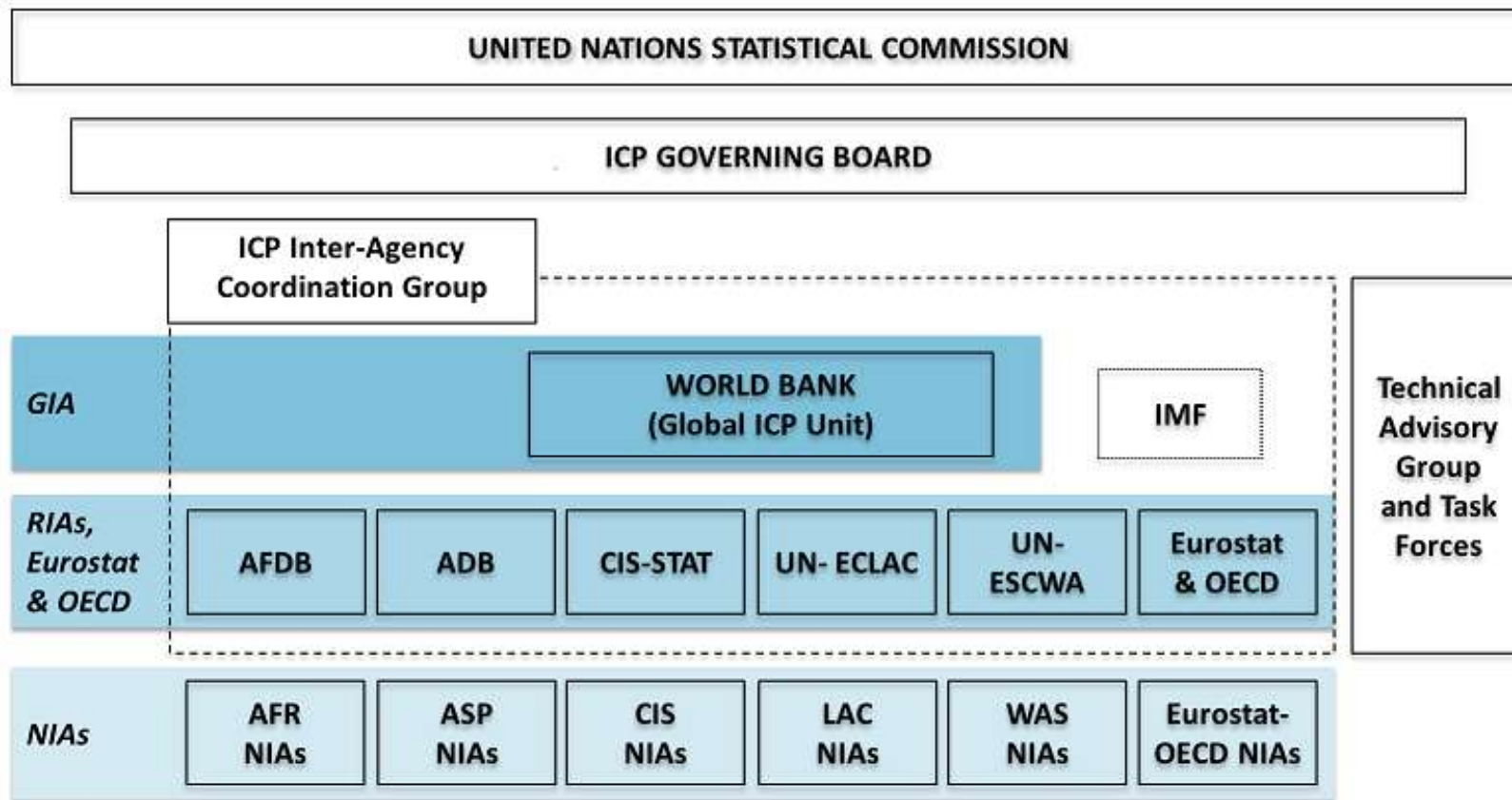
# Where are we now

- At the forty-seventh session of the Statistical Commission, held in March 2016, the future of the ICP was discussed
- The Statistical Commission instituted the Programme as
  - **permanent global statistical endeavour**
  - with the aim to produce reliable **PPP time series rather than independent benchmarks, viz. a rolling benchmark, following Eurostat/OECD example**
  - improve quality, respond better to user needs
  - further integrating the Programme into regular national statistical programmes and budget

# Where are we now

- Starting 2017, the Programme should be conducted regularly at more frequent intervals
- The aspiration is to work towards implementing the Programme on the basis of a “rolling survey approach”
- **Producing data on a continuous (annual) basis, and with less delay in order to reduce the 3-4 years delay to 1-2**
- The new Programme consists of a system of rolling surveys over a **cycle of three years**, in order to *decrease the burden on national statistical offices and allow flexibility in conducting the surveys according to the specific conditions of participating countries*

# ICP Governance Structure



Acronyms: Global Implementing Agency (GIA); Regional Implementing Agencies (RIAs); National Implementing Agencies (NIAs); African Development Bank (AfDB); Asian Development Bank (ADB); Interstate Statistical Committee of the Commonwealth of Independent States (CIS-STAT); United Nations Economic Commission for Latin America and the Caribbean (UN-ECLAC); United Nations Economic and Social Commission for Western Asia (UN-ESCWA); Statistical Office of the European Union (Eurostat); Organization for Economic Co-operation and Development (OECD); International Monetary Fund (IMF); Africa (AFR); Asia and the Pacific (ASP); Commonwealth of Independents States (CIS); Latin America and the Caribbean (LAC); Western Asia (WAS).

# Definition of Rolling Benchmark

- Rolling benchmark - The approach that allows PPPs and real final expenditures to be calculated annually when price collection is spread over a number of years (three in the case of Eurostat-OECD comparisons)
- **Two main questions**
  - **In theory**, how does it work?
  - **And, practically**, how can it be implemented in the LAC region?

# Eurostat-OECD approach

- In Eurostat-OECD comparisons, each price survey for household consumption comprises four phases:
  1. survey preparation;
  2. price collection;
  3. intra-country validation; and
  4. inter-country validation
- Approximately eight months are reserved for the first three phases and another four months for the last phase, the inter-country validation phase



# Eurostat-OECD approach

- Other surveys covering housing volumes and rentals, government compensation of employees, and gross fixed capital formation (i.e. machinery and equipment prices and construction and civil engineering prices) are conducted either every year/every other year for annual comparisons or once every three years for three-year comparisons
- National account expenditures, as per the agreed classification, detailed CPIs, PPIs and NA deflators are collected annually
- PPPs and real expenditures for the benchmark year  $t$  can be expected at the end of  $t+2$  when estimates of GDP for year  $t$  become available

# Rolling Benchmark – One Round

	Rolling survey cycle for benchmark year t			
	Year t-1	Year t	Year t+1	Year t+2
Household Consumption Price Survey 01	X =>			Publication
Household Consumption Price Survey 02	X =>			
Household Consumption Price Survey 03		X		
Household Consumption Price Survey 04		X		
Household Consumption Price Survey 05			<= X	
Household Consumption Price Survey 06			<= X	
Housing volumes and rentals survey		X		
Government compensation survey		X		
Machinery and equipment price survey		X		
Construction and civil engineering price survey		X		
CPIs, PPIs and national accounts deflators	X	X	X	
National accounts expenditure		X		

Legend - "X" direct use; "X =>" with CPI extrapolation; "<=X" with CPI retrapolation

# Continuous Rolling Benchmark

	ICP 2017			2019	ICP 2018			2020	ICP 2019			2021		
	2016	2017	2018		2017	2018	2019		2018	2019	2020			
Food, beverages and tobacco	X =>			Publication			<= X	Publication		X		Publication		
Clothing and footwear	X =>						<= X			X				
Technical and household products		X			X =>								<= X	
Health		X			X =>								<= X	
Services			<= X				X			X =>				
Furniture			<= X				X			X =>				
Housing volumes and rentals survey		X					X				X			
Government compensation survey		X					X				X			
Machinery and equipment price survey		X					X				X			
Construction and civil engineering price survey		X					X				X			
CPIs, PPIs and national accounts deflators	X	X	X			X	X		X		X		X	X
National accounts expenditure		X					X				X			

Legend - "X" direct use; "X =>" with CPI extrapolation;  
 "<=X" with CPI retripolation

# Objectives of this first technical meeting

- To move towards a common list of Household Consumer Products for the LAC region
- To agree upon a LAC scheme for rolling benchmark for the future
- To agree upon a timetable for price data collection and submission to ECLAC
- On those questions, especially the second and third, we will return back at the end of this 3-day meeting  
...

A world map composed of a grid of small dots, with the text "THANK YOU" centered over it. The map is rendered in a light gray color, and the text is in a bold, black, sans-serif font. The background is white, and there is a teal-colored bar in the top right corner.

**THANK YOU**