

## The International Comparison Program

The International Comparison Program is a global statistical initiative begun in the early 1970s. It aims to facilitate cross-country comparisons of economic aggregates by producing internationally comparable price levels, expenditure values and purchasing power parity (PPP) estimates. Through purchasing power parity exchange rates, which are the number of units of a country's money required to buy the same quantity of goods and services as \$1 buys in the United States, countries can be compared in real terms, free of price and exchange rate distortions. This is particularly important when studying differences in income, poverty, inequality and expenditure patterns among countries.

Over the past 30 years, the International Comparison Program has grown from a pilot study to a global project. The programme has become an integral part of national statistical work in Organisation for Economic Co-operation and Development (OECD) countries, and much progress has been made in many developing countries. By the time of the last round of

international comparisons during 1993 and 1996, 118 countries from all regions of the world were participating in the programme. Yet, the current set of PPP data is still lacking in universal coverage, timeliness and uniformity of quality across regions and countries. Gaps in country coverage of benchmark surveys have been filled with econometric estimates, which are then extrapolated over time. These results are becoming increasingly weak as the distance grows between the reference survey year and the current year.

The importance of purchasing power parities in economic analysis underlines the need for improvement in PPP data. A new International Comparison Program strategic framework has been developed through a global consultative process for improving the methodology and implementation of the exercise and the quality of its outputs. The framework sets out remedial actions for international and regional agencies as well as national partners. The immediate objective is to organize the collection of economic statistics for the new Millennium Round (2003–06),

to meet the urgent demand for reliable and timely data to support tracking progress on the Millennium Development Goals. The ultimate objectives are to strengthen national statistical capacity in price and national accounts and make the programme an integral part of national statistical systems, to bring purchasing power parities for the poor into the mainstream of the programme and to promote the use of International Comparison Program data for economic analysis at national, regional and international levels. More than 160 countries (including OECD members) intend to take part in the new round.

Promising research is under way to integrate poverty-specific PPPs within the mainstream of the International Comparison Program work. The results of two pilot studies conducted in Asia and Africa show that poverty-specific PPPs can be generated using data from household expenditure surveys and International Comparison Program sources. The findings of these studies provide a promising approach that can be used for poverty analysis within and across countries.