

Annexes



Annex I Overview of the International Comparison Programme

History

The International Comparison Programme (ICP) began as a small research project over 50 years ago. It was established in 1968 by the United Nations Statistical Division and the International Comparisons Unit of the University of Pennsylvania, and supported by financial contributions from the Ford Foundation and the World Bank. The project started growing and became a programme in the 1990s. ICP rounds were conducted for the benchmark years 1970, 1973, 1975, 1980, 1985, 1993, 2005 and 2011. Country participation consisted of 10, 16, 34, 60, 64, 115, 146 and 199 economies, respectively. After the 2011 ICP round, the United Nations Statistical Division recommended at its forty-seventh session that ICP become part of the regular work programme and be conducted in three-year cycles starting with the 2017 ICP cycle, in which 176 economies participated worldwide. In 2018, the ICP celebrated its fiftieth anniversary.

Partnerships

The successful implementation of the ICP is reliant on the close collaboration between national statistical offices, regional and subregional agencies, and international organizations. The main partners in the 2017 global ICP cycle included the African Development Bank, the Asian Development Bank, the International Monetary Fund, the Interstate Statistical Committee of the Commonwealth of Independent States, the Organization for Economic Cooperation and Development, the Statistical Office of the European Union, the Department for International Development of the United Kingdom, the United Nations Economic Commission for Latin America and the Caribbean,

the United Nations Economic and Social Commission for Western Asia, the World Bank, and the 176 participating economies.

ICP governance structure

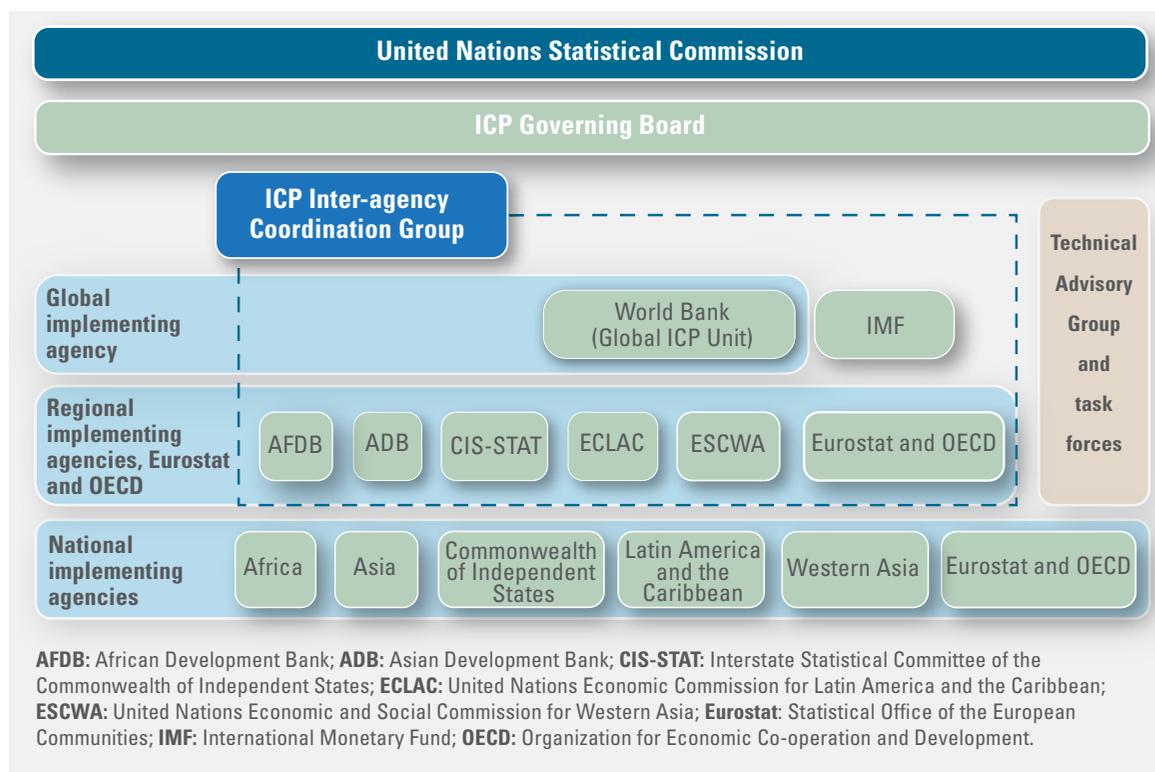
The ICP governance structure consists of the following bodies, each with its own distinct role and responsibilities:

- The United Nations Statistical Commission decides the frequency and operational modality of the ICP.
- The ICP Governing Board sets the strategies and policies governing the production of ICP results. In the 2017 ICP cycle, it was led by the Indian Ministry of Statistics and Programme Implementation and Statistics Austria.
- The ICP Technical Advisory Group develops the programme's methodology and assesses the overall quality of ICP results. In the 2017 ICP cycle, it was led by the 2015 Nobel-prize laureate, Sir Angus Deaton.
- The ICP Inter-agency Coordination Group coordinates activities across regions, and develops common ICP standards, guidelines, and protocols for all participating economies.
- The ICP Global Office at the World Bank undertakes the overall coordination and implementation of the ICP cycle at the global level, and calculates and disseminates global ICP results.
- ICP regional offices, or regional implementing agencies as referred to in the ICP, undertake the coordination and implementation of the ICP cycle at the regional level and calculate and disseminate regional ICP results. The regional implementing agencies are represented by the African Development

Bank, the Asian Development Bank, the Interstate Statistical Committee of the Commonwealth of Independent States, the United Nations Economic Commission for Latin America and the Caribbean, and the United Nations Economic and Social Commission for Western Asia.

- National statistical offices, or national implementing agencies as referred to in the ICP, implement the ICP price surveys at the national level and compile the national accounts expenditure data required for the computation of PPPs. In the Arab region, the national implementing agencies that participated in the 2017 ICP cycle comprised

the Information and E-Government Authority in Bahrain, the Central Agency for Public Mobilization and Statistics in Egypt, the Central Statistical Organization in Iraq, the Department of Statistics in Jordan, the Central Statistical Bureau in Kuwait, the High Commission for Planning in Morocco, the National Centre of Statistics and Information in Oman, the Palestinian Central Bureau of Statistics in the State of Palestine, the Planning and Statistics Authority in Qatar, the General Authority for Statistics in Saudi Arabia, the Central Bureau of Statistics in the Sudan, and the Federal Competitiveness and Statistics Authority in the United Arab Emirates.



Annex II List of 2017 Reference PPPs

ICP main aggregate	Basic heading	Reference PPPs
Individual consumption expenditure by households	1102311 Narcotics	PPP(s) for tobacco (1102211), pharmaceutical products (1106111)
	1104211 Imputed rentals for housing	PPP(s) for actual rentals for housing (1104111)
	1104421 Miscellaneous services relating to the dwelling	PPP(s) for maintenance and repair of the dwelling (1104311), water supply (1104411)
	1105131 Repair of furniture, furnishings, and floor coverings	PPP(s) for maintenance and repair of the dwelling (1104311)
	1105331 Repair of household appliances	PPP(s) for maintenance and repair of the dwelling (1104311)
	1106311 Hospital services	PPP(s) for medical services (1106211), dental services (1106221), paramedical services (1106231)
	1107141 Animal-drawn vehicles	PPP(s) for bicycles (1107131)
	1107341 Passenger transport by sea and inland waterway	PPP(s) for passenger transport by railway (1107311), passenger transport by road (1107321), passenger transport by air (1107331)
	1107351 Combined passenger transport	PPP(s) for passenger transport by railway (1107311), passenger transport by road (1107321)
	1107361 Other purchased transport services	PPP(s) for passenger transport by railway (1107311), passenger transport by road (1107321)
	1109211 Major durables for outdoor and indoor recreation	PPP(s) for furniture and furnishings (1105111), carpets and other floor coverings (1105121), major household appliances whether electric or not (1105311), major tools and equipment (1105511), therapeutic appliances and equipment (1106131), motor cars (1107111), motor cycles (1107121), bicycles (1107131), telephone and telefax equipment (1108211), audiovisual, photographic, and information processing equipment (1109111), jewelry, clocks, and watches (1112311)
	1109231 Maintenance and repair of other major durables for recreation and culture	PPP(s) for maintenance and repair of personal transport equipment (1107231), repair of audiovisual, photographic, and information processing equipment (1109151)
	1109431 Games of chance	PPP(s) for recreational and sporting services (1109411)
	1109611 Package holidays	PPP(s) for passenger transport by railway (1107311), passenger transport by road (1107321), passenger transport by air (1107331), catering services (1111111), accommodation services (1111211)
	1112211 Prostitution	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
1112411 Social protection—individual consumption expenditure by households	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231), compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)	
1112511 Insurance	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs	

ICP main aggregate	Basic heading	Reference PPPs
	1112611 Financial intermediation services indirectly measured (FISIM)	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1112621 Other financial services n.e.c.	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1112711 Other services n.e.c.	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1113111 Net purchases abroad	Market exchange rates
Individual consumption expenditure by non-profit institutions (NPISHs)	1201111 Housing—NPISHs	PPP(s) for actual rentals for housing (1104111)
	1202111 Health—NPISHs	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231)
	1203111 Recreation and culture—NPISHs	PPP(s) for recreational and sporting services (1109411), cultural services (1109421)
	1204111 Education—NPISHs	PPP(s) for compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)
	1205111 Social protection and other services—NPISHs	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231), compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)

ICP main aggregate	Basic heading	Reference PPPs
Individual consumption by government	1301111 Housing	PPP(s) for actual rentals for housing (1104111)
	1302111 Pharmaceutical products	PPP(s) for pharmaceutical products (1106111)
	1302112 Other medical products	PPP(s) for other medical products (1106121)
	1302113 Therapeutic appliances and equipment	PPP(s) for therapeutic appliances and equipment (1106131)
	1302121 Outpatient medical services	PPP(s) for medical services (1106211)
	1302122 Outpatient dental services	PPP(s) for dental services (1106221)
	1302123 Outpatient paramedical services	PPP(s) for paramedical services (1106231)
	1302124 Hospital services	PPP(s) for hospital services (1106311)
	1302221 Intermediate consumption	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1302231 Gross operating surplus	PPP(s) for fabricated metal products, except machinery and equipment (1501111), electrical and optical equipment (1501112), general-purpose machinery(1501115), special-purpose machinery (1501116), road transport equipment (1501121), residential buildings (1501211), nonresidential buildings (1501221), civil engineering works (1501231)
	1302241 Net taxes on production—individual health government	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231)
	1302251 Receipts from sales—individual health government	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231)
	1303111 Recreation and culture	PPP(s) for recreational and sporting services (1109411), cultural services (1109421)
	1304111 Education benefits and reimbursements	PPP(s) for education (1110111)
	1304221 Intermediate consumption—individual education government	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1304231 Gross operating surplus—individual education government	PPP(s) for fabricated metal products, except machinery and equipment (1501111), electrical and optical equipment (1501112), general-purpose machinery (1501115), special-purpose machinery (1501116), road transport equipment (1501121), residential buildings (1501211), nonresidential buildings (1501221), civil engineering works (1501231)
1304241 Net taxes on production—individual education government	PPP(s) for compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)	
1304251 Receipt from sales—individual education government	PPP(s) for compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)	

ICP main aggregate	Basic heading	Reference PPPs
	1305111 Social protection—individual consumption expenditure by government	PPP(s) for compensation of employees—individual health government (1302211), intermediate consumption—individual health government (1302221), gross operating surplus—individual health government (1302231), compensation of employees—individual education government (1304211), intermediate consumption—individual education government (1304221), gross operating surplus—individual education government (1304231)
Collective consumption expenditure by government	1401121 Intermediate consumption—collective government	PPP(s) for individual consumption expenditure by households (110000), excluding health and education basic headings and basic headings with reference PPPs
	1401131 Gross operating surplus—collective government	PPP(s) for fabricated metal products, except machinery and equipment (1501111), electrical and optical equipment (1501112), general-purpose machinery (1501115), special-purpose machinery (1501116), road transport equipment (1501121), residential buildings (1501211), nonresidential buildings (1501221), civil engineering works (1501231)
	1401141 Net taxes on production—collective government	PPP(s) for compensation of employees—collective government (1401111), intermediate consumption—collective government (1401121), gross operating surplus—collective government (1401131)
	1401151 Receipts from sales—collective government	PPP(s) for compensation of employees—collective government (1401111), intermediate consumption—collective government (1401121), gross operating surplus—collective government (1401131)
Gross capital formation	1501122 Other transport equipment	PPP(s) for road transport equipment (1501121)
	1501311 Other products	PPP(s) for fabricated metal products, except machinery and equipment (1501111), electrical and optical equipment (1501112), general-purpose machinery (1501115), special-purpose machinery (1501116), road transport equipment (1501121)
	1502111 Changes in inventories	PPP(s) for all basic headings classified as containing predominantly goods (rather than goods and services), excluding basic headings with reference PPPs
	1503111 Acquisitions less disposals of valuables	Market exchange rates
Balance of exports and imports	1601111 Exports of goods and services	Market exchange rates
	1601112 Imports of goods and services	Market exchange rates

Annex III The 2017 ICP Classification

2017 ICP Classification

1000000	GROSS DOMESTIC PRODUCT	GDP
1100000	INDIVIDUAL CONSUMPTION EXPENDITURE BY HOUSEHOLDS	Main Aggregate
1101000	FOOD AND NON-ALCOHOLIC BEVERAGES	Category
1101100	FOOD	Group
1101110	<u>Bread and cereals</u>	Class
1101111	Rice	Basic Heading
1101112	Other cereals, flour and other cereal products	Basic Heading
1101113	Bread	Basic Heading
1101114	Other bakery products	Basic Heading
1101115	Pasta products and couscous	Basic Heading
1101120	<u>Meat</u>	Class
1101121	Beef and veal	Basic Heading
1101122	Pork	Basic Heading
1101123	Lamb, mutton and goat	Basic Heading
1101124	Poultry	Basic Heading
1101125	Other meats and meat preparations	Basic Heading
1101130	<u>Fish and seafood</u>	Class
1101131	Fresh, chilled or frozen fish and seafood	Basic Heading
1101132	Preserved or processed fish and seafood	Basic Heading
1101140	<u>Milk, cheese and eggs</u>	Class
1101141	Fresh milk	Basic Heading
1101142	Preserved milk and other milk products	Basic Heading
1101143	Cheese and curd	Basic Heading
1101144	Eggs and egg-based products	Basic Heading
1101150	<u>Oils and fats</u>	Class
1101151	Butter and margarine	Basic Heading
1101153	Other edible oils and fats	Basic Heading
1101160	<u>Fruit</u>	Class
1101161	Fresh or chilled fruit	Basic Heading
1101162	Frozen, preserved or processed fruit and fruit-based products	Basic Heading
1101170	<u>Vegetables</u>	Class
1101171	Fresh or chilled vegetables, other than potatoes and other tuber vegetables	Basic Heading

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1101172	Fresh or chilled potatoes and other tuber vegetables	Basic Heading
1101173	Frozen, preserved or processed vegetables and vegetable-based products	Basic Heading
1101180	<u>Sugar, jam, honey, chocolate and confectionery</u>	Class
1101181	Sugar	Basic Heading
1101182	Jams, marmalades and honey	Basic Heading
1101183	Confectionery, chocolate and ice cream	Basic Heading
1101190	<u>Food products n.e.c.</u>	Class
1101191	Food products n.e.c.	Basic Heading
1101200	NON-ALCOHOLIC BEVERAGES	Group
1101210	<u>Coffee, tea and cocoa</u>	Class
1101211	Coffee, tea and cocoa	Basic Heading
1101220	<u>Mineral waters, soft drinks, fruit and vegetable juices</u>	Class
1101221	Mineral waters, soft drinks, fruit and vegetable juices	Basic Heading
1102000	ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS	Category
1102100	ALCOHOLIC BEVERAGES	Group
1102110	<u>Spirits</u>	Class
1102111	Spirits	Basic Heading
1102120	<u>Wine</u>	Class
1102121	Wine	Basic Heading
1102130	<u>Beer</u>	Class
1102131	Beer	Basic Heading
1102200	TOBACCO	Group
1102210	<u>Tobacco</u>	Class
1102211	Tobacco	Basic Heading
1102300	NARCOTICS	Group
1102310	<u>Narcotics</u>	Class
1102311	Narcotics	Basic Heading
1103000	CLOTHING AND FOOTWEAR	Category
1103100	CLOTHING	Group
1103110	<u>Clothing materials, other articles of clothing and clothing accessories</u>	Class
1103111	Clothing materials, other articles of clothing and clothing accessories	Basic Heading
1103120	<u>Garments</u>	Class
1103121	Garments	Basic Heading
1103140	<u>Cleaning, repair and hire of clothing</u>	Class
1103141	Cleaning, repair and hire of clothing	Basic Heading
1103200	FOOTWEAR	Group
1103210	<u>Shoes and other footwear</u>	Class
1103211	Shoes and other footwear	Basic Heading
1103220	<u>Repair and hire of footwear</u>	Class

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1103221	Repair and hire of footwear	Basic Heading
1104000	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	Category
1104100	ACTUAL RENTALS FOR HOUSING	Group
1104110	<u>Actual rentals for housing</u>	Class
1104111	Actual rentals for housing	Basic Heading
1104200	IMPUTED RENTALS FOR HOUSING	Group
1104210	<u>Imputed rentals for housing</u>	Class
1104211	Imputed rentals for housing	Basic Heading
1104300	MAINTENANCE AND REPAIR OF THE DWELLING	Group
1104310	<u>Maintenance and repair of the dwelling</u>	Class
1104311	Maintenance and repair of the dwelling	Basic Heading
1104400	WATER SUPPLY AND MISCELLANEOUS SERVICES RELATING TO THE DWELLING	Group
1104410	<u>Water supply</u>	Class
1104411	Water supply	Basic Heading
1104420	<u>Miscellaneous services relating to the dwelling</u>	Class
1104421	Miscellaneous services relating to the dwelling	Basic Heading
1104500	ELECTRICITY, GAS AND OTHER FUELS	Group
1104510	<u>Electricity</u>	Class
1104511	Electricity	Basic Heading
1104520	<u>Gas</u>	Class
1104521	Gas	Basic Heading
1104530	<u>Other fuels</u>	Class
1104531	Other fuels	Basic Heading
1105000	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE HOUSEHOLD MAINTENANCE	Category
1105100	FURNITURE AND FURNISHINGS, CARPETS AND OTHER FLOOR COVERINGS	Group
1105110	<u>Furniture and furnishings</u>	Class
1105111	Furniture and furnishings	Basic Heading
1105120	<u>Carpets and other floor coverings</u>	Class
1105121	Carpets and other floor coverings	Basic Heading
1105130	<u>Repair of furniture, furnishings and floor coverings</u>	Class
1105131	Repair of furniture, furnishings and floor coverings	Basic Heading
1105200	HOUSEHOLD TEXTILES	Group
1105210	<u>Household textiles</u>	Class
1105211	Household textiles	Basic Heading
1105300	HOUSEHOLD APPLIANCES	Group
1105310	<u>Major household appliances whether electric or not</u>	Class
1105311	Major household appliances whether electric or not	Basic Heading
1105320	<u>Small electric household appliances</u>	Class
1105321	Small electric household appliances	Basic Heading

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1105330	<u>Repair of household appliances</u>	Class
1105331	Repair of household appliances	Basic Heading
1105400	GLASSWARE, TABLEWARE AND HOUSEHOLD UTENSILS	Group
1105410	<u>Glassware, tableware and household utensils</u>	Class
1105411	Glassware, tableware and household utensils	Basic Heading
1105500	TOOLS AND EQUIPMENT FOR HOUSE AND GARDEN	Group
1105510	<u>Major tools and equipment</u>	Class
1105511	Major tools and equipment	Basic Heading
1105520	<u>Small tools and miscellaneous accessories</u>	Class
1105521	Small tools and miscellaneous accessories	Basic Heading
1105600	GOODS AND SERVICES FOR ROUTINE HOUSEHOLD MAINTENANCE	Group
1105610	<u>Non-durable household goods</u>	Class
1105611	Non-durable household goods	Basic Heading
1105620	<u>Domestic services and household services</u>	Class
1105621	Domestic services	Basic Heading
1105622	Household services	Basic Heading
1106000	HEALTH	Category
1106100	MEDICAL PRODUCTS, APPLIANCES AND EQUIPMENT	Group
1106110	<u>Pharmaceutical products</u>	Class
1106111	Pharmaceutical products	Basic Heading
1106120	<u>Other medical products</u>	Class
1106121	Other medical products	Basic Heading
1106130	<u>Therapeutic appliances and equipment</u>	Class
1106131	Therapeutic appliances and equipment	Basic Heading
1106200	OUT-PATIENT SERVICES	Group
1106210	<u>Medical Services</u>	Class
1106211	Medical services	Basic Heading
1106220	<u>Dental services</u>	Class
1106221	Dental services	Basic Heading
1106230	<u>Paramedical services</u>	Class
1106231	Paramedical services	Basic Heading
1106300	HOSPITAL SERVICES	Group
1106310	<u>Hospital services</u>	Class
1106311	Hospital services	Basic Heading
1107000	TRANSPORT	Category
1107100	PURCHASE OF VEHICLES	Group
1107110	<u>Motor cars</u>	Class
1107111	Motor cars	Basic Heading
1107120	<u>Motor cycles</u>	Class

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1107121	Motor cycles	Basic Heading
1107130	<u>Bicycles</u>	Class
1107131	Bicycles	Basic Heading
1107140	<u>Animal drawn vehicles</u>	Class
1107141	Animal drawn vehicles	Basic Heading
1107200	OPERATION OF PERSONAL TRANSPORT EQUIPMENT	Group
1107220	<u>Fuels and lubricants for personal transport equipment</u>	Class
1107221	Fuels and lubricants for personal transport equipment	Basic Heading
1107230	<u>Maintenance and repair of personal transport equipment</u>	Class
1107231	Maintenance and repair of personal transport equipment	Basic Heading
1107240	<u>Other services in respect of personal transport equipment</u>	Class
1107241	Other services in respect of personal transport equipment	Basic Heading
1107300	TRANSPORT SERVICES	Group
1107310	<u>Passenger transport by railway</u>	Class
1107311	Passenger transport by railway	Basic Heading
1107320	<u>Passenger transport by road</u>	Class
1107321	Passenger transport by road	Basic Heading
1107330	<u>Passenger transport by air</u>	Class
1107331	Passenger transport by air	Basic Heading
1107340	<u>Passenger transport by sea and inland waterway</u>	Class
1107341	Passenger transport by sea and inland waterway	Basic Heading
1107350	<u>Combined passenger transport</u>	Class
1107351	Combined passenger transport	Basic Heading
1107360	<u>Other purchased transport services</u>	Class
1107361	Other purchased transport services	Basic Heading
1108000	COMMUNICATION	Category
1108100	POSTAL SERVICES	Group
1108110	<u>Postal services</u>	Class
1108111	Postal services	Basic Heading
1108200	TELEPHONE AND TELEFAX EQUIPMENT	Group
1108210	<u>Telephone and telefax equipment</u>	Class
1108211	Telephone and telefax equipment	Basic Heading
1108300	TELEPHONE AND TELEFAX SERVICES	Group
1108310	<u>Telephone and telefax services</u>	Class
1108311	Telephone and telefax services	Basic Heading
1109000	RECREATION AND CULTURE	Category
1109100	AUDIO-VISUAL, PHOTOGRAPHIC AND INFORMATION PROCESSING EQUIPMENT	Group
1109110	<u>Audio-visual, photographic and information processing equipment</u>	Class
1109111	Audio-visual, photographic and information processing equipment	Basic Heading

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1109140	<u>Recording media</u>	Class
1109141	Recording media	Basic Heading
1109150	<u>Repair of audio-visual, photographic and information processing equipment</u>	Class
1109151	Repair of audio-visual, photographic and information processing equipment	Basic Heading
1109200	OTHER MAJOR DURABLES FOR RECREATION AND CULTURE	Group
1109210	<u>Major durables for outdoor and indoor recreation</u>	Class
1109211	Major durables for outdoor and indoor recreation	Basic Heading
1109230	<u>Maintenance and repair of other major durables for recreation and culture</u>	Class
1109231	Maintenance and repair of other major durables for recreation and culture	Basic Heading
1109300	OTHER RECREATIONAL ITEMS AND EQUIPMENT, GARDENS AND PETS	Group
1109310	<u>Other recreational items and equipment</u>	Class
1109311	Other recreational items and equipment	Basic Heading
1109330	<u>Garden and pets</u>	Class
1109331	Garden and pets	Basic Heading
1109350	<u>Veterinary and other services for pets</u>	Class
1109351	Veterinary and other services for pets	Basic Heading
1109400	RECREATIONAL AND CULTURAL SERVICES	Group
1109410	<u>Recreational and sporting services</u>	Class
1109411	Recreational and sporting services	Basic Heading
1109420	<u>Cultural services</u>	Class
1109421	Cultural services	Basic Heading
1109430	<u>Games of chance</u>	Class
1109431	Games of chance	Basic Heading
1109500	NEWSPAPERS, BOOKS AND STATIONERY	Group
1109510	<u>Newspapers, books and stationery</u>	Class
1109511	Newspapers, books and stationery	Basic Heading
1109600	PACKAGE HOLIDAYS	Group
1109610	<u>Package holidays</u>	Class
1109611	Package holidays	Basic Heading
1110000	EDUCATION	Category
1110100	EDUCATION	Group
1110110	<u>Education</u>	Class
1110111	Education	Basic Heading
1111000	RESTAURANTS AND HOTELS	Category
1111100	CATERING SERVICES	Group
1111110	<u>Catering services</u>	Class
1111111	Catering services	Basic Heading
1111200	ACCOMMODATION SERVICES	Group
1111210	<u>Accommodation services</u>	Class

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111211	Accommodation services	Basic Heading
1112000	MISCELLANEOUS GOODS AND SERVICES	Category
1112100	PERSONAL CARE	Group
1112110	<u>Hairdressing salons and personal grooming establishments</u>	Class
1112111	Hairdressing salons and personal grooming establishments	Basic Heading
1112120	<u>Appliances, articles and products for personal care</u>	Class
1112121	Appliances, articles and products for personal care	Basic Heading
1112200	PROSTITUTION	Group
1112210	<u>Prostitution</u>	Class
1112211	Prostitution	Basic Heading
1112300	PERSONAL EFFECTS N.E.C.	Group
1112310	<u>Jewellery, clocks and watches</u>	Class
1112311	Jewellery, clocks and watches	Basic Heading
1112320	<u>Other personal effects</u>	Class
1112321	Other personal effects	Basic Heading
1112400	SOCIAL PROTECTION	Group
1112410	<u>Social protection</u>	Class
1112411	Social protection	Basic Heading
1112500	INSURANCE	Group
1112510	<u>Insurance</u>	Class
1112511	Insurance	Basic Heading
1112600	FINANCIAL SERVICES N.E.C.	Group
1112610	<u>Financial Intermediation Services Indirectly Measured (FISIM)</u>	Class
1112611	Financial Intermediation Services Indirectly Measured (FISIM)	Basic Heading
1112620	<u>Other financial services n.e.c.</u>	Class
1112621	Other financial services n.e.c.	Basic Heading
1112700	OTHER SERVICES N.E.C.	Group
1112710	<u>Other services n.e.c.</u>	Class
1112711	Other services n.e.c.	Basic Heading
1113000	NET PURCHASES ABROAD	Category
1113100	NET PURCHASES ABROAD	Group
1113110	<u>Net purchases abroad</u>	Class
1113111	Net purchases abroad	Basic Heading
1200000	INDIVIDUAL CONSUMPTION EXPENDITURE BY NPISHs	Main Aggregate
1201000	HOUSING	Category
1201100	HOUSING	Group
1201110	<u>Housing</u>	Class
1201111	Housing	Basic Heading
1202000	HEALTH	Category

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1202100	HEALTH	Group
1202110	<u>Health</u>	<u>Class</u>
1202111	Health	Basic Heading
1203000	RECREATION AND CULTURE	Category
1203100	RECREATION AND CULTURE	Group
1203110	<u>Recreation and culture</u>	<u>Class</u>
1203111	Recreation and culture	Basic Heading
1204000	EDUCATION	Category
1204100	EDUCATION	Group
1204110	<u>Education</u>	<u>Class</u>
1204111	Education	Basic Heading
1205000	SOCIAL PROTECTION AND OTHER SERVICES	Category
1205100	SOCIAL PROTECTION AND OTHER SERVICES	Group
1205110	<u>Social protection and other services</u>	<u>Class</u>
1205111	Social protection and other services	Basic Heading
1300000	INDIVIDUAL CONSUMPTION EXPENDITURE BY GOVERNMENT	Main Aggregate
1301000	HOUSING	Category
1301100	HOUSING	Group
1301110	<u>Housing</u>	<u>Class</u>
1301111	Housing	Basic Heading
1302000	HEALTH	Category
1302100	HEALTH BENEFITS AND REIMBURSEMENTS	Group
1302110	<u>Medical products, appliances and equipment</u>	<u>Class</u>
1302111	Pharmaceutical products	Basic Heading
1302112	Other medical products	Basic Heading
1302113	Therapeutic appliances and equipment	Basic Heading
1302120	<u>Health services</u>	<u>Class</u>
1302121	Out-patient medical services	Basic Heading
1302122	Out-patient dental services	Basic Heading
1302123	Out-patient paramedical services	Basic Heading
1302124	Hospital services	Basic Heading
1302200	PRODUCTION OF HEALTH SERVICES	Group
1302210	<u>Compensation of employees</u>	<u>Class</u>
1302211	Compensation of employees	Basic Heading
1302220	<u>Intermediate consumption</u>	<u>Class</u>
1302221	Intermediate consumption	Basic Heading
1302230	<u>Gross operating surplus</u>	<u>Class</u>
1302231	Gross operating surplus	Basic Heading
1302240	<u>Net taxes on production</u>	<u>Class</u>

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1302241	Net taxes on production	Basic Heading
1302250	<u>Receipts from sales</u>	Class
1302251	Receipts from sales	Basic Heading
1303000	RECREATION AND CULTURE	Category
1303100	RECREATION AND CULTURE	Group
1303110	<u>Recreation and culture</u>	Class
1303111	Recreation and culture	Basic Heading
1304000	EDUCATION	Category
1304100	EDUCATION BENEFITS AND REIMBURSEMENTS	Group
1304110	<u>Education benefits and reimbursements</u>	Class
1304111	Education benefits and reimbursements	Basic Heading
1304200	PRODUCTION OF EDUCATION SERVICES	Group
1304210	<u>Compensation of employees</u>	Class
1304211	Compensation of employees	Basic Heading
1304220	<u>Intermediate consumption</u>	Class
1304221	Intermediate consumption	Basic Heading
1304230	<u>Gross operating surplus</u>	Class
1304231	Gross operating surplus	Basic Heading
1304240	<u>Net taxes on production</u>	Class
1304241	Net taxes on production	Basic Heading
1304250	<u>Receipts from sales</u>	Class
1304251	Receipt from sales	Basic Heading
1305000	SOCIAL PROTECTION	Category
1305100	SOCIAL PROTECTION	Group
1305110	<u>Social protection</u>	Class
1305111	Social protection	Basic Heading
1400000	COLLECTIVE CONSUMPTION EXPENDITURE BY GOVERNMENT	Main Aggregate
1401000	COLLECTIVE SERVICES	Category
1401100	COLLECTIVE SERVICES	Group
1401110	<u>Compensation of employees</u>	Class
1401111	Compensation of employees	Basic Heading
1401120	<u>Intermediate consumption</u>	Class
1401121	Intermediate consumption	Basic Heading
1401130	<u>Gross operating surplus</u>	Class
1401131	Gross operating surplus	Basic Heading
1401140	<u>Net taxes on production</u>	Class
1401141	Net taxes on production	Basic Heading
1401150	<u>Receipts from sales</u>	Class
1401151	Receipts from sales	Basic Heading

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1500000	GROSS CAPITAL FORMATION	Main Aggregate
1501000	GROSS FIXED CAPITAL FORMATION	Category
1501100	MACHINERY AND EQUIPMENT	Group
1501110	<u>Metal products and equipment</u>	<u>Class</u>
1501111	Fabricated metal products, except machinery and equipment	Basic Heading
1501112	Electrical and optical equipment	Basic Heading
1501115	General purpose machinery	Basic Heading
1501116	Special purpose machinery	Basic Heading
1501120	<u>Transport equipment</u>	<u>Class</u>
1501121	Road transport equipment	Basic Heading
1501122	Other transport equipment	Basic Heading
1501200	CONSTRUCTION	Group
1501210	<u>Residential buildings</u>	<u>Class</u>
1501211	Residential buildings	Basic Heading
1501220	<u>Non-residential buildings</u>	<u>Class</u>
1501221	Non-residential buildings	Basic Heading
1501230	<u>Civil engineering works</u>	<u>Class</u>
1501231	Civil engineering works	Basic Heading
1501300	OTHER PRODUCTS	Group
1501310	<u>Other products</u>	<u>Class</u>
1501311	Other products	Basic Heading
1502000	CHANGES IN INVENTORIES	Category
1502100	CHANGES IN INVENTORIES	Group
1502110	<u>Changes in inventories</u>	<u>Class</u>
1502111	Change in inventories	Basic Heading
1503000	ACQUISITIONS LESS DISPOSALS OF VALUABLES	Category
1503100	ACQUISITIONS LESS DISPOSALS OF VALUABLES	Group
1503110	<u>Acquisitions less disposals of valuables</u>	<u>Class</u>
1503111	Acquisitions less disposals of valuables	Basic Heading
1600000	BALANCE OF EXPORTS AND IMPORTS	Main Aggregate
1601000	BALANCE OF EXPORTS AND IMPORTS	Category
1601100	BALANCE OF EXPORTS AND IMPORTS	Group
1601110	<u>Balance of exports and imports</u>	<u>Class</u>
1601111	Exports of goods and services	Basic Heading
1601112	Imports of goods and services	Basic Heading

Glossary

accounting period. The period to which estimates of GDP refer, usually a calendar year or a quarter. For ICP comparisons of GDP, the accounting period is a calendar year.

actual individual consumption. The total value of the individual consumption expenditures of households, of non-profit institutions serving households, and of government. It is a measure of the individual goods and services that households actually consume as opposed to what they actually purchase.

additive. A method that, for each economy being compared, provides real expenditures for aggregates that are equal to the sum of the real expenditures of their constituent basic headings. An additive aggregation method provides real expenditures that satisfy the average test for volumes but are subject to the Gerschenkron effect.

aggregation. The process of weighting and averaging basic-heading PPPs to obtain PPPs for each level of aggregation up to GDP.

analytical categories. GDP, main aggregates, expenditure categories, expenditure groups, and expenditure classes for which the results of a comparison are published. This categorization is not necessarily the same as those of the hierarchical classification used for PPP calculations.

base country invariance. The property whereby the relativities between the PPPs, price-level indices, and volume indices of economies are not affected by either the choice of local currency as numéraire or the choice of reference economy.

base economy. The economy, or group of economies, for which the value of the PPP is set

at 1.00 and the value of the price-level index and of the volume index is set at 100.

basic heading. The lowest aggregation level in the ICP expenditure classification. In theory, a basic heading is defined as a group of similar well-defined goods or services. In practice, it is defined by the lowest level of final expenditure for which explicit expenditure weights can be estimated. Thus, an actual basic heading can cover a broader range of items than is theoretically desirable and include both goods and services. It is at the level of the basic heading that expenditures are defined and estimated, items are selected for pricing, prices are collected and validated, and PPPs are first calculated and averaged.

basic price. The amount received by the producer from the purchaser for a unit of good or service produced as output. It includes subsidies on products and other taxes on production. It excludes taxes on products, other subsidies on production, the supplier's retail and wholesale margins, and separately invoiced transport and insurance charges. Basic prices are the prices most relevant for decision-making by suppliers (producers).

bilateral or binary comparison. A price or volume comparison between two economies that draws on data only for those two economies.

bilateral or binary PPP. A PPP between two economies calculated using only the prices and weights for those two economies.

changes in inventories. The acquisition less disposals of stocks of raw materials, semi-finished goods, and finished goods that are held by producer units prior to being processed further

or sold or otherwise used. Semi-finished goods cover work in progress (partially completed products whose production process will be continued by the same producer in a subsequent accounting period), including the natural growth of agricultural crops prior to harvest and the natural growth in livestock raised for slaughter. Inventories also cover all raw materials and goods stored by government as strategic reserves.

characteristics. The technical parameters and price-determining properties of an item listed in an item specification.

Classification of the Functions of Government (COFOG). Classification of transactions by government, including outlays on final consumption expenditure, intermediate consumption, gross fixed capital formation, and capital and current transfers, by function or purpose. A major use of COFOG is to identify which final consumption expenditures of government benefit households individually and which benefit households collectively.

Classification of Individual Consumption According to Purpose (COICOP). Classification of the individual consumption expenditures of three institutional sectors— households, non-profit institutions serving households, and government—by the ends that they wish to achieve through these expenditures. Individual consumption expenditures are those that are made for the benefit of individual households. All final consumption expenditures by households and NPISHs are defined as individual, but only the final consumption expenditures by government on individual services are treated as individual.

collective consumption expenditure by government. The final consumption expenditure of government on collective services. It is a measure of the services that government provides to the community as a whole and that households consume collectively.

collective services. Services provided by government that benefit the community as a

whole: general public services, defense, public order and safety, economic affairs, environmental protection, and housing and community amenities. They also include the overall policymaking, planning, budgetary, and coordinating responsibilities of government ministries overseeing individual services and government research and development for individual services. These activities cannot be identified with specific individual households and are considered to benefit households collectively.

comparability. The requirement that economies price items that are identical or, if not identical, equivalent. Items are said to be comparable if they have identical or equivalent technical parameters and price-determining properties. Equivalent means that they meet the same needs with equal efficiency so that purchasers are indifferent between them and are not prepared to pay more for one than for the other. The pricing of comparable items ensures that the differences in prices between economies for an item reflect actual price differences and are not affected by differences in quality. If differences in quality are not avoided or corrected, they can be mistaken for apparent price differences, leading to an underestimation or overestimation of price levels and an overestimation or underestimation of volume levels.

comparison-resistant. A term first used to describe non-market services that are difficult to compare across economies because they have no economically significant prices with which to value outputs, their units of output cannot be otherwise defined and measured, the institutional arrangements for their provision and the conditions of payment differ from economy to economy, and their quality varies between economies but the differences cannot be identified and quantified. The term is used, for example, to describe construction and the rental of housing, whose complexity, variation, and economy specificity can make it difficult to price them comparably across economies.

compensation of employees. All payments in cash

and in kind made by employers to employees in return for work carried out during the accounting period. These payments comprise gross wages and salaries in cash and in kind, employers' actual social contributions, and imputed social contributions.

component. A subset of goods or services or both that make up some defined aggregate.

consumption expenditure by government.

The actual and imputed final consumption expenditure incurred by government on individual goods and services and collective services. It is the total value of the individual consumption expenditure and collective consumption expenditure by government.

consumption of fixed capital. The reduction in the value of the fixed assets used in production during the accounting period resulting from physical deterioration, normal obsolescence, or normal accidental damage.

country aggregation with redistribution (CAR)

procedure. A means of obtaining aggregate global volumes and PPPs for economies within each region that retain the relativities established between the economies in the regional comparison. In other words, each region's results for the aggregate remain fixed when linked with the results of other regions. The procedure is as follows. The global basic-heading PPPs for all economies in the comparison are aggregated to the level of the aggregate. The global PPPs for the aggregate are used to calculate global real expenditures for each economy, with which the total global real expenditure on the aggregate for each region can be determined. The total global real expenditure of each region is redistributed across the economies in the region in line with the distribution of real expenditures in the regional comparison. Global PPPs for economies are calculated indirectly with the redistributed global real expenditure.

country product dummy (CPD) method. The multilateral method used to obtain transitive PPPs

at the basic-heading level through regression analysis. It treats the calculation of PPPs as a matter of statistical inference—that is, an estimation problem rather than an index number problem. The underlying hypothesis is that, apart from random disturbance, the PPPs for individual items within a basic heading are all constant between any given pair of economies. In other words, it is assumed that the pattern of the relative prices of different items within a given basic heading is the same in all economies. It is also assumed that each economy has its own overall price level for the basic heading and that this overall price level fixes the levels of absolute prices of the items in the basic heading for the economy. By treating the prices observed in the economies for the basic heading as random samples, the PPPs between each pair of economies and the common pattern of relative prices can be estimated using classical least square methods. The method allows the estimation of sampling errors for the PPPs.

country product dummy-weighted (CPD-W)

method. A variant of the CPD method in which important items receive a higher weight in the calculation than less important items. The choice of weights is arbitrary, as it is in the Gini-Éltető-Köves-Szulc (GEKS) method. However, the weight of 1 for an important item and 0 for a less important item used in the GEKS method cannot be used in a weighted CPD because assigning a weight of 0 to the prices of less important items will remove them from the calculation. In ICP 2011 and ICP 2017, important items were given a weight of 3 and less important items a weight of 1.

deflation. The division of the current value of an aggregate by a price index—the deflator—in order to value its volumes at the prices of the price reference period.

economically significant price. A price that has a significant influence on the amounts that producers are willing to supply and the amounts that purchasers wish to buy. This is the basic price for producers and the purchase price for purchasers.

economic territory. The geographic territory of an economy plus any territorial enclaves in the rest of the world. By convention, it includes embassies, military bases, and ships and aircraft abroad. The economic territory does not include extraterritorial enclaves—that is, the parts of the economy’s own geographic territory used by government agencies of other economies or by international organizations under international treaties or agreements between states.

editing. The first step of validation, which entails scrutinizing data for errors. It is the process of checking survey prices for non-sampling errors by identifying those prices that have extreme values—that is, prices whose value is determined to be either too high or too low vis-à-vis the average according to certain criteria. The price may score a value for a given test that exceeds a predetermined critical value, or its value may fall outside some prespecified range of acceptable values. Both are standard ways of detecting errors in survey data, and both are employed by the ICP. Prices with extreme values are not necessarily wrong. But the fact that their values are considered extreme suggests that they could be wrong. They are possible errors, and as such they need to be investigated to establish whether they are actual errors.

employers’ actual social contributions. Payments actually made by employers to social security funds, insurance enterprises, or autonomous pension funds for the benefit of their employees.

error. The difference between the observed value of a PPP or volume index and its correct value. Errors may be random or systematic. Random errors are generally called errors; systematic errors are called biases.

expenditure weight. The share of nominal expenditure of a basic heading in GDP.

final consumption expenditure. The expenditure on goods and services consumed by individual households or the community to satisfy their individual or collective needs or wants.

financial intermediation services indirectly measured (FISIM). An indirect measure of the value of the financial intermediation services that financial institutions provide clients but for which they do not charge explicitly.

Fisher-type PPP. The PPP for an aggregate between two economies that is defined as the geometric mean of the Laspeyres-type PPP and the Paasche-type PPP for the aggregate.

fixity. The convention whereby the relativities between a group of economies that were established in a comparison covering just that group of economies remain unchanged, or fixed, when the economies of the group are included in comparisons with a wider group of economies. For example, the price and volume relativities of the ICP regions and Eurostat–OECD remain unchanged in the global comparison. If fixity were not observed, there would be two sets of relativities for the participating economies that would not necessarily be in agreement because the relativities and ranking of economies can change as the composition of the group of economies being compared changes. Fixity ensures that participating economies have only one set of results to explain to users.

Gerschenkron effect. An effect applicable only to aggregation methods that use either a reference price structure, whereby each economy’s quantities are valued by a uniform set of prices to obtain volumes, or a reference volume structure, whereby each economy’s prices are used to value a uniform set of quantities to obtain PPPs. For methods employing a reference price structure, an economy’s share of total GDP—that is, the total for the group of economies being compared—will rise as the reference price structure becomes less characteristic of its own price structure. For methods employing a reference volume structure, an economy’s share of total GDP will fall as the reference volume structure becomes less characteristic of its own volume structure. The Gerschenkron effect arises because of the negative correlation between prices and volumes.

Gini-Éltető-Köves-Szulc (GEKS) method. A method used to calculate PPPs for basic headings or to aggregate basic-heading PPPs to obtain PPPs for each level of aggregation up to GDP. There are two versions of the GEKS at the basic-heading level: one that takes account of the importance of the items priced and one that does not. The version that takes the importance of items into account is referred to as GEKS in the literature. Strictly speaking, the GEKS is a procedure whereby any set of intransitive binary index numbers are made transitive and multilateral while respecting characteristicity (the property in which the resulting multilateral indices differ as little as possible from the original binary indices). The procedure is independent of the method used to calculate the intransitive binary indices. But as used in the current literature, GEKS covers both the way in which the intransitive binary PPPs are calculated and the procedure used to make them transitive and multilateral. The intransitive binary PPPs for a basic heading or an aggregate are obtained by calculating first a matrix of Laspeyres-type PPPs and a matrix of Paasche-type PPPs and then taking the geometric mean of the two, a matrix of Fisher-type PPPs. The Fisher-type PPPs are made transitive and multilateral by applying the GEKS procedure, which involves replacing the Fisher-type PPP between each pair of economies by the geometric mean of itself squared and all the corresponding indirect Fisher-type PPPs between the pair obtained using the other economies as bridges. The resulting GEKS PPPs provide real expenditures that are not subject to the Gerschenkron effect and are not additive. GEKS results are considered better suited to comparisons across economies of the price and volume levels of individual basic headings or aggregates. See Laspeyres-type PPP and Paasche-type PPP (their formulation depends on whether they are being used to calculate basic-heading PPPs or to aggregate basic-heading PPPs).

global core item. An item priced for the specific purpose of providing a link or overlap between regional comparisons at the basic heading

level in order to combine them in a single world comparison. For ICP 2017, lists of global core items were compiled for consumer goods and services, government services, and capital goods by the Global Office in consultation with the regions, participating economies, and subject matter experts. Regions selected items from the global core item lists and added them to their regional item lists in line with each item's availability and importance in their region. The global core items priced by the regions were included in the regional comparisons as well as the world comparison.

goods. Physical objects for which a demand exists, over which ownership rights can be established, and whose ownership can be transferred from one institutional unit to another by engaging in transactions on the market. They are in demand because they may be used to satisfy the needs or wants of households or the community or used to produce other goods or services.

government. General government, which is the institutional sector that consists of federal, central, regional, state, and local government units together with the social security funds imposed and controlled by those units. It includes non-profit institutions engaged in non-market production that are controlled and financed mainly by government units or social security funds.

gross capital formation. The total value of gross fixed capital formation, changes in inventories, and acquisitions less disposals of valuables.

gross domestic product (GDP). When estimated from the expenditure side, the total value of the final consumption expenditures of households, non-profit institutions serving households, and government plus gross capital formation plus the balance of exports and imports.

gross fixed capital formation. The total value of acquisitions less disposals of fixed assets by resident institutional units during the accounting period, plus the additions to the value of

non-produced assets realized by the productive activity of resident institutional units.

gross operating surplus. The surplus or deficit accruing from production before taking into account (1) consumption of fixed capital by the enterprise; (2) any interest, rent, or similar charges payable on financial or tangible non-produced assets borrowed or rented by the enterprise; or (3) any interest, rent, or similar charges receivable on financial or tangible non-produced assets owned by the enterprise.

gross wages and salaries. The wages and salaries in cash and in kind paid by enterprises to employees before the deduction of taxes and social contributions payable by employees.

household. A small group of persons who share the same living accommodation, who pool some or all of their income and wealth, and who consume certain types of goods and services collectively, mainly food and housing. A household can consist of only one person.

importance. A concept that is defined in terms of a specific economy within a basic heading. An item is either important or less important in the economy for the given basic heading. An important item is one that accounts for a significant share of the expenditure on the basic heading in the economy in question. Weighted PPP estimation methods use importance as an indication of weight.

imputed rent. The imputations that have to be made when owners occupy a dwelling to produce housing services for themselves. In effect, owner-occupiers are renting the dwelling to themselves, and the value of the rent has to be imputed. The imputed rent should be valued at the estimated rent a tenant pays for a dwelling of the same size and quality in a comparable location with similar neighborhood amenities. When markets for rented accommodations are virtually nonexistent or unrepresentative, the value of the imputed rent has to be derived by some other objective procedure, such as the user cost method.

imputed social contributions. The imputations that have to be made when employers provide social benefits directly to their employees, former employees, or dependents out of their own resources without involving an insurance enterprise or autonomous pension fund and without creating a special fund or segregated reserve for the purpose.

indirect binary comparison. A price or volume comparison between two economies made through a third economy. For example, for economies A, B, and C, the PPP between A and C is obtained by dividing the PPP between A and B by the PPP between C and B, so that $PPP_{A/C} = PPP_{A/B} / PPP_{C/B}$.

individual consumption expenditure by government. The actual and imputed final consumption expenditure incurred by government on individual goods and services.

individual consumption expenditure by households. The actual and imputed final consumption expenditure incurred by resident households on individual goods and services. Includes expenditures on individual goods and services sold at prices that are not economically significant. By definition, all final consumption expenditures of households are for the benefit of individual households and are individual.

individual consumption expenditure by non-profit institutions serving households (NPISHs). The actual and imputed final consumption expenditure incurred by NPISHs on individual goods and services. Because most final consumption expenditures of NPISHs are individual, all final consumption expenditures of NPISHs are treated by convention as individual.

individual good or service. A consumption good or service acquired by a household and used to satisfy the needs and wants of members of that household.

individual services. A term used to describe the services (and goods) provided to individual

households by non-profit institutions serving households and government. Such services include housing, health care, recreation and culture, education, and social protection. They do not include the overall policymaking, planning, budgetary, and coordinating responsibilities of the government ministries overseeing individual services. Nor do they include government research and development for individual services. These activities are considered to benefit households collectively and are therefore classified under collective services.

input price approach. The approach used to obtain PPPs for non-market services. Because there are no economically significant prices with which to value the outputs of these services, national accountants follow the convention of estimating the expenditures on non-market services by summing the costs of the inputs required to produce them. PPPs for non-market services are calculated using input prices because these prices are consistent with the prices underlying the estimated expenditures. In practice, prices are only collected for labour, which is by far the largest and most important input.

institutional sector. The five sectors identified by the System of National Accounts: nonfinancial corporations, financial corporations, government, households, and non-profit institutions serving households.

intercountry validation. The validation that takes place after participating economies have completed their intracountry validation and submitted their survey prices to the regional coordinator. It is an iterative process consisting of several rounds of questions and answers between the regional coordinator and participating economies. It involves editing and verifying the average survey prices reported by participating economies for a basic heading and assessing the reliability of the PPPs they produce for the basic heading. The objective is to establish that the average survey prices are for comparable items, that the items have been priced accurately, and that the allocation of important indicators

is correct. In other words, it seeks to ascertain whether economies have interpreted the item specifications in the same way and whether their price collectors have priced them without error. The Quaranta and Dikhanov editing procedures are employed for this purpose. Both procedures entail detecting outliers among the average survey prices by identifying outliers among the corresponding price ratios. Economies verify the outliers found in order to ascertain whether they are valid observations. If they are not, the economy either corrects or suppresses them.

intermediate consumption. The value of the goods and services, other than fixed assets, that are used or consumed as inputs by a process of production.

intracountry validation. The validation that precedes intercountry validation. It is undertaken by participating economies prior to submitting their survey prices to the regional coordinator. Each economy edits and verifies its own prices without reference to the price data of other economies. Validation is carried out at the item level. The objective is to establish that price collectors within the economy have priced items that match the item specifications and that the prices they have reported are accurate. This entails an economy searching for outliers first among the individual prices that have been collected for each item it has chosen to survey and then among the average prices for these items. Subsequently, the economy verifies the outliers found in order to ascertain whether they are valid observations. If they are not, the economy either corrects or suppresses them.

item. A good or service that is the result of production. Items are exchanged and used for various purposes—as inputs in the production of other goods and services, for final consumption, or for investment.

item list. The common list of well-defined goods and services from which economies participating in a comparison make a selection of items to price for the purpose of compiling PPPs.

item specification. A list of the physical and economic characteristics that can be used to identify an item selected for pricing, thereby ensuring that economies price comparable items. An item specification can be either brand and model specific (that is, a specification in which a particular brand and model is stipulated) or generic (that is, a specification in which only the relevant price-determining and technical characteristics are given and no brand is designated).

Jevons index. An elementary price index that is defined as the unweighted geometric average of the current to base period price relatives.

Laspeyres-type PPP. A PPP for an aggregate between two economies, economy B and economy A, where the reference economy is economy A and the weights are those of economy A. The PPP is defined as the weighted arithmetic average of the PPPs between economy B and economy A for the basic headings covered by the aggregate. The expenditure shares of economy A are used as weights.

market price. The amount of money a willing buyer pays to acquire a good or service from a willing seller—that is, the actual price for a transaction agreed to by the transactors. It is the net price inclusive of all discounts, surcharges, and rebates applied to the transaction. Also called the transaction price.

multilateral comparison. A price or volume comparison of more than two economies simultaneously that is made with price and expenditure data from all economies covered and that produces consistent relations among all pairs of participating economies—that is, one that satisfies the transitivity requirement, among other requirements.

national annual average price. A price that has been averaged both over all localities of an economy in order to take into account the regional variations in prices and over the whole of the reference year in order to allow for seasonal

variations in prices as well as general inflation and changes in price structures.

net taxes on production. Taxes less subsidies on production.

nominal expenditure. An expenditure that is valued at national price levels. It can be expressed in local currencies or in a common currency to which it has been converted with market exchange rates. It reflects both volume and price differences between economies.

non-market service. A service that is provided to households free or at a price that is not economically significant by non-profit institutions serving households or by government.

non-profit institution serving households (NPISHs). A non-profit institution that is not predominantly financed and controlled by government, that provides goods or services to households free or at prices that are not economically significant, and whose main resources are voluntary contributions by households.

numéraire currency. The currency unit selected to be the common currency in which PPPs and real and nominal expenditures are expressed.

observation. An individual price, or one of a number of individual prices, collected for an item at an outlet.

outlet. A shop, market, service establishment, Internet site, mail order service, or other place from where goods or services can be purchased and from where the purchasers' or list prices of the items sold can be obtained.

outlier. A term generally used to describe any extreme value in a set of survey data. Extreme values are not necessarily wrong, but the fact that they are considered extreme suggests that they could be wrong. They are possible errors, and as such they need to be investigated to establish whether they are actual errors.

Paasche-type PPP. A PPP for an aggregate between two economies, economy B and economy A, where the reference economy is economy A and the weights are those of economy B. The PPP is defined as the weighted harmonic average of the PPPs between economy B and economy A for the basic headings covered by the aggregate. The expenditure shares of economy B are used as weights.

Penn effect. The overstatement of the economic size of high-income economies with high price levels and the understatement of the economic size of low-income economies with low price levels that result when market exchange rate–converted GDP is used to establish the relative sizes of economies. It arises because market exchange rates do not take into account price level differences between economies when used to convert their GDP to a common currency.

price approach. The approach whereby the price comparison between two or more economies is made by comparing the prices for a representative sample of comparable items. PPPs are generally derived using the price approach.

price-level index (PLI). The ratio of PPP to a market exchange rate. PLIs provide a measure of the differences in price levels between economies by indicating for a given aggregation level the number of units of the common currency needed to buy the same volume of the aggregation level in each economy. At the level of GDP, they provide a measure of the differences in the general price levels of economies.

price measure. PPPs and the price level indices to which they give rise.

price relative. The ratio of the price of an individual item in one economy to the price of the same item in some other economy. It shows how many units of currency A must be spent in economy A to obtain the same quantity and quality—that is, the same volume—of the item that X units of currency B purchase in economy B.

product error. An error that occurs when price collectors price items that do not match the item specification and neglect to report having done so. They may not have been aware of the mismatch, such as when the item specification is too loose, or they may have priced a substitute item as required by the pricing guidelines but failed to mention that they had done so on the price reporting form.

productivity adjustment. An adjustment made to the prices paid by a non-market producers for labour, capital, and intermediate inputs so that they correspond to a common level of multifactor productivity. In practice, it is an adjustment made to the prices (compensation of employees) paid by non-market producers for labour so that they represent the same level of labour productivity.

purchaser's price. The amount paid by the purchaser in order to take delivery of a unit of a good or service at the time and place required by the purchaser. It excludes any value added tax (or similar deductible tax on products) that purchasers can deduct from their own VAT liability with respect to the VAT invoiced to their customers. It includes suppliers' retail and wholesale margins, separately invoiced transport and insurance charges, and any VAT (or similar deductible tax on products) that purchasers cannot deduct from their own VAT liability. For equipment goods, it also includes the installation costs, if applicable. The purchaser's price is the price most relevant for decision-making by buyers.

purchasing power parity (PPP). Spatial price deflators and currency converters that eliminate the effects of the differences in price levels between economies, thereby allowing volume comparisons of GDP and its components.

quantity approach. The approach whereby a volume comparison between two or more economies is made by comparing the volumes of a representative sample of comparable items. Volume comparisons are usually made not directly but indirectly, by dividing the expenditure

ratios between economies by their corresponding price ratios.

real expenditure. An expenditure that has been converted to a common currency and valued at a uniform price level with PPPs. It reflects only volume differences between economies.

reference PPP. The PPP used for a basic heading for which no prices are collected and no PPP is calculated. It is based on prices collected for other basic headings and serves as a proxy for the missing PPP.

reference quantity. The quantity to which the prices collected for an item must be rebased to ensure that they refer to the same quantity being compared.

reference year. The calendar year to which the results of the comparison refer.

resident population. The number of people present in the economic territory at a given point in time.

services. Outputs that are produced to order and that cannot be traded separately from their production. Ownership rights cannot be established over services, and by the time their production is completed, they must have been provided to consumers. An exception to this rule is a group of industries, generally classified as service industries, some of whose outputs have the characteristics of goods. These industries are those concerned with the provision, storage, communication, and dissemination of information, advice, and entertainment in the broadest sense of those terms. The products of these industries, where ownership rights can be established, may be classified as either goods or services, depending on the medium by which these outputs are supplied.

social transfers in kind. Individual goods and services provided as transfers in kind to individual households by government units (including social security funds) and non-profit

institutions serving households. The goods and services can be purchased on the market or produced as non-market output by government units or non-profit institutions serving households.

subsidies on production. Subsidies on goods and services produced as outputs by resident enterprises that become payable as a result of the production of these goods or services (that is, subsidies payable per unit of good or service produced) as well as subsidies that resident enterprises may receive as a consequence of engaging in production (for example, subsidies to reduce pollution or to increase employment). The former are called subsidies on products; the latter are called other subsidies on production.

System of National Accounts (SNA). The internationally agreed-on standard set of recommendations on how to compile measures of economic activity. The SNA describes a coherent, consistent, and integrated set of macroeconomic accounts in the context of a set of internationally agreed-on concepts, definitions, classifications, and accounting rules.

taxes on production. Taxes on the goods and services produced as outputs by resident enterprises that become payable as a result of the production of these goods or services (that is, taxes payable per unit of good or service produced, such as excise duties and a nondeductible value added tax) as well as taxes that resident enterprises may pay as a consequence of engaging in production (for example, payroll taxes and taxes on motor vehicles). The former are called taxes on products; the latter are called other taxes on production.

transitivity. The property whereby the direct PPP between any two economies yields the same result as an indirect comparison via any other economy. For example, for economies A, B, and C, the ratio of the PPP between A and B and the PPP between C and B is equal to the PPP between A and C, so that $PPP_{A/C} = PPP_{A/B} / PPP_{C/B}$.

user cost method. The method of estimating the value of imputed rentals for owner-occupiers by summing the relevant cost items: intermediate consumption (current maintenance and repairs, insurance), consumption of fixed capital, other taxes on production, and net operating surplus (nominal rate of return on the capital invested in the dwelling and land).

value added tax (VAT). A tax on products collected in stages by enterprises. This wide-ranging tax is usually designed to cover most or all goods and services. Producers are obliged to pay the government only the difference between the VAT on their sales and the VAT on their purchases for intermediate consumption or capital formation. The VAT is not usually levied on exports.

verification. The second step of validation, which entails investigating the possible errors detected during the editing of survey prices to establish

whether they are actual errors and, if they are actual errors, correcting or suppressing them. In many cases, verification will require revisiting the outlets where the prices were collected to determine whether what was priced matches the item description and whether the correct price and quantity were recorded. Price observations found to be incorrect should be either eliminated or replaced by the correct observation.

volume index. A weighted average of the relative levels in the quantities of a specified set of goods and services between two economies. The quantities have to be homogeneous, and the relative levels for the different goods and services must be weighted by their economic importance as measured by their values in one or other or both economies.

volume measure. Volume measures are the real expenditures, the real expenditures per capita, and the volume indices to which they give rise.