

ICP Asia Pacific
Meeting of Heads of National Implementing Agencies
30 July 2007
ADB Headquarters, Manila, Philippines

Highlights of the Meeting

1. The countries reported on their respective ICP experiences and were unanimous in acknowledging the gains from participating in the program with Maldives having been encouraged to participate in the full GDP comparison in future rounds. Among the gains cited were promoting statistical capability not only for price collection but also for the compilation of GDP using the expenditure approach and improving their statistics to international standards.
2. It was highlighted that the 2005 PPP results are by far, the most robust PPP estimates, not only because of the simultaneous participation of the Peoples' Republic of China (PRC) and India, but more importantly because of improved methodology in product list formulation, data collection and validation, and PPP computation. The countries also pointed out that credibility of the institutions both at the regional and national levels were significant factors in further ensuring robustness of the PPP results of the current round.
3. The meeting emphasized that the PPP results are about relativities, providing insights on how one economy compares with the others. The economies are also encouraged to use PPP results in making evidence-based decisions. The meeting also stressed that the PPPs should be not used for decisions on exchange rate adjustment, membership in international organizations, and loan assignment at the international level.
4. There was a suggestion to refrain from using "real" when referring to the PPP-adjusted data as data users have been quite accustomed to using "real" to refer to GDP at constant prices. It was explained that both the PPP-based GDP and the GDP at constant prices refer to volume measures but they are used in different contexts. The PPP-based series refers to price differences across economies being eliminated for the reference year whereas the GDP at constant prices refer to price movement across time being removed. It was, also suggested to use "PPP-adjusted" to refer to the PPP-based GDP series.
5. The meeting agreed that the PPP data are very important in providing a cross-sectional comparison of the participating economies but felt that the use of "more expensive" and "less expensive" terms in the report may be used with caution as the terms connote a value judgment that may affect the impression on the countries being referred to.
6. The PRC reiterated its request to properly note in the report that their national level data for both price and national accounts were extrapolated by the ADB and World Bank based on their original submission for 11 cities only. They also suggested that the PPP results can only be used for research purpose.

7. The meeting also suggested that in the final report, the analysis of the results should include other non-household items which have not been included in the preliminary report.

8. It was recommended to request the IMF/WDI to have caveats on the PPP series they are publishing – to mention the difference between the series generated by this ICP round and theirs. In this connection the meeting was informed that the ICP Global Office has commissioned a study on the possible questions that may arise regarding the WDI estimates and the 2005 ICP round.

9. The meeting expressed a felt need to undertake intensive advocacy on the benefits of using PPPs for evidence-based decision making by the economies. The Global Office has foreseen this need and is now preparing a “packaged document” to address this concern. The meeting also encouraged ADB to make a presentation in participating economies for promoting advocacy on PPP use not only for the statisticians but more so for policy-makers.

10. There were proposals on how to improve the next round. This included the following:

a) Inclusion of more representative products in the regional ICP product list. Special care needs to be taken for collection of same/ similar quality products across participating economies. While it was clarified that this would make the regional list quite long, it was suggested to sub-regionalize the Asia and Pacific region in the formulation of the product list. With more representative products in the ICP list, this would account for a bigger overlap between the ICP and the Consumer Price Index (CPI) lists, thus, facilitating not only the harmonization of the CPI and the ICP, but also the comparability of the product list. Further, this would also be a step towards for the institutionalization of the ICP beyond the technical assistance of ADB.

b) On the ToolPack, the need to develop a bridge program to interface ToolPack with the existing CPI data processing systems was expressed. The meeting was informed that the CPI application of the ToolPack is also being prepared.

11. ADB acknowledged ICP Asia Pacific as the finest example of **Partnership and Professionalism for Progress**, thus giving a new meaning to “**PPP**”. The participating economies were cited for their unwavering support and commitment to the program without which the program would not have been successful. The heads of the national statistical organizations were specifically singled out for their initiative and patience in seeing the program through its conclusion. Ms. Ericta and Mr. Huang, as chair and member of the Regional Advisory Board (RAB), respectively, were cited for their efforts for placing the interest of the region as their main concern, and setting aside their interests as country representatives in the RAB.

12. The camaraderie, cooperation, trust and links established in this round must be nurtured and built upon. With sustained partnership, cooperation and understanding, the region is well-positioned to take the challenge of the next ICP round.

13. The Global Office also recognized the impressive work of the participating economies and the work done in the region as comparable to that of the industrialized countries.