

**International Comparison Program for Asia and the Pacific
Second Regional Advisory Board Meeting
ADB Headquarters, Manila
December 15-16, 2003**

Highlights of Proceedings

FUNDING ISSUES

1. The Board recognized the high level of commitment given by the participating countries for ICP Asia Pacific activities in spite of severe financial and staffing constraints. It noted that so far, only 8 countries have requested for their seed funds, but almost all of them have already completed their respective product lists for food, clothing and footwear.

2. The meeting was highly concerned with the funding situation of ICP Asia Pacific. So far, the program has been managed with \$1.2 million from ADB and \$0.5 million from the Australian government. It noted that ADB has been exerting efforts to obtain additional funds, particularly from DFID (poverty related study), CIDA, and Japan Special Fund but has not received any favorable response, so far. Should additional funds not be available, the implementation of the 2004 ICP round in Asia Pacific is likely to be seriously affected.

3. The meeting noted that developing countries of the region have actively been participating in ICP Asia Pacific with limited funding assistance received from ADB and have agreed to put substantial resources, mostly in kind, on their own, for implementing the 2004 ICP round, thereby showing their strong commitment for the program. The meeting noted that chances of the countries participating in the program were high even without further financial assistance. They will of course appreciate any increased funding assistance or other donor agencies for implementing ICP.

4. The meeting suggested that should there be no augmentation of funds in the immediate future, a staged PPP comparison could be undertaken. The first phase should cover household consumption only, and the second phase, to cover the rest of GDP expenditure, i.e. capital formation, government consumption, and net exports. On the whole, the present funding scenario is appropriate to cover the finalization of the product list and price collection for household consumption. Phase 2 would be undertaken as additional funds become available.

5. The meeting noted that for the full GDP comparison, the Global Office would need to initiate a study on the costing of construction, machinery and equipment to assist developing countries in their price collection.

STAFFING

6. There was some concern on the staffing situation of ICP Asia Pacific. At the moment there are only 2 regular ADB staff working for the program (but not full time), as well as a domestic consultant (working full time). The board acknowledged that 3 regular staff of the Australian Bureau of Statistics (ABS) are working full time on the product list. ADB is actively pursuing the recruitment of additional staff for the program.

TOOLPACK

7. The meeting had some concern with the suggestion of a member of the Executive Board to make the use of the Toolpack mandatory. The body was unanimous in recommending that its use in the collection of prices be voluntary. This means that countries can do their price collection using their own software. However, the data must be submitted to the Regional Coordinator in the required Toolpack format. This will provide the vehicle for consistent data handling and thus, facilitate, checking and data validation of the prices submitted by the countries.

8. Since an improved version of Toolpack has already been developed, the software will be pre-tested in Tunis. The meeting suggested that it also be pre-tested in India (sometime in February 2004) as CSO, India had provided technical comments on the preliminary version of Toolpack. ABS will be requested to provide the actual product list for the pre-test in India. Based on the experience in Tunis and India, the revised version can then be demonstrated in the Sub-regional Workshops for the forthcoming Training of Trainers for Price Collectors in India and Malaysia. The proposed training of ADB staff in the use of Toolpack will provide another opportunity to determine whether Toolpack is of sufficient quality to proceed with its use.

9. While it was suggested that the use of Toolpack should not be a requirement for price collection, it, nevertheless suggested that some countries especially the less developed countries would need Toolpack for their price collection activities. In this case, these countries may not be able to start their price collection unless the final version of the Toolpack is available. This may again affect the schedule for price collection.

WORKSHOP on the FINALIZATION of the REGIONAL PRODUCT LIST

10. It noted that the Workshop on the Finalization of the Regional Product List for food, clothing and footwear will be held on 26 Jan to 6 Feb 2004 in AIT Bangkok to (i) review and finalize the product specifications (PS) for food, clothing and footwear; (ii) discuss the new Structured Product Description (SPD) software; (iii) prepare the PS for the remaining items, and (iv) discuss other matters including training and translation requirements. An introduction to the use of PPP in poverty assessment will be also be discussed as well as the identification of products for the poverty basket.

11. ABS suggested to conduct a workshop to complete and finalize the regional product list for the rest of the household consumption items such as housing; electricity, gas & water; household furnishing & equipment; services; balance of expenditures of residents abroad. Suggested date is May 2004.

WORKSHOP ON “USING PPP FOR NATIONAL POLICY PURPOSES”

12. The body agreed to postpone the proposed workshop to a later date. It was suggested to have the meeting in a roundtable environment instead of the usual workshop set-up. In the meantime, the Global Office was requested to:

- (i) contact persons who are users of PPPs and ask them how they use the data
- (ii) work with OECD countries to learn how their policymakers use PPPs.

13. The Global Office will liaise with ESCAP and SIAP, the organizers of the workshop. More thought should be given as to who should attend the workshop and that the materials to be used should relate to different countries at various levels of development. Further, important personalities such as the Chief Economists of ADB and the World Bank were suggested to be invited to grace the occasion, to attract policymakers to attend the meeting.

PROGRESS on the DEVELOPMENT of the PRODUCT LIST

14. The Board expressed its appreciation for the assistance of ABS in the development and preparation of the product list. The present contract ends in December 2003 but will need to be extended to complete the work related to the development of the product lists. Given ADB's present staff complement for ICP, ADB has requested ABS to consider providing long-term technical assistance not only for the development of the product list but also for training, data collection, processing and analysis. The ABS has committed to completing the work on the product list, and will give favorable consideration to any other ADB proposals, but specific ABS involvement will depend on; (i) the appropriate financing of ABS work; (ii) the availability of resources at the ABS to do the work; and (iii) the appropriateness of the ABS undertaking the work.

15. The meeting noted that there have been some issues associated with the product specifications:

- (i) problems with using the US CPI specifications as a basis for the SPDs
- (ii) language in the way things are described
- (iii) need for pictures for easier identification of commodities
- (iv) use of Excel spreadsheets for capturing CPI-based product specifications was not ideal.

16. In regard to point (iv), the new SPD software, which is to be used to develop the rest of the household consumption product list will obviate the need for the Excel spreadsheets. However, it is essential that the software perform capably. It was also noted that Toolpack would allow for the provision of pictures that will aid in the actual collection of prices.

17. The biggest risks to the development of the above product list are in the areas of; (i) the timely delivery of SPDs from the Global Office; (ii) having SPD software that performs capably; and (iii) dealing with the more complex products (eg housing) that are part of the household consumption list.

SCHEDULE FOR PRICE SURVEYS

18. The meeting noted that the Asia Pacific region, together with the African region, has made significant progress in preparing its product list and is ready for price surveys beginning April 2004 for food clothing and footwear. However, the CIS, Western Asian and Latin American countries were slightly behind in the preparation of their product lists and hence, are not likely to be ready to start their surveys in April 2004. Accordingly, the Global Coordinator informed the RAB that subject to the approval of the ICP Executive Committee, the ICP survey period was suggested to be moved to July 2004 - June 2005 from the original schedule of April 2004 - March 2005.

RING COUNTRIES

19. The meeting was of the view that the main concern of ICP Asia Pacific should be on producing a comprehensive comparison of PPPs in the region and at the same time, coming up with a strong link with OECD countries.

20. The Global Office reported that the TAG will determine the ring process that will be adopted as well as the countries that will participate in the ring comparison. It was, nevertheless, suggested that prior consultation should be initiated before the developing countries are selected as ring countries. The meeting also strongly recommended that the Global Office and the TAG consider the use of the Asian OECD countries in preparing the ring comparison.

SUB-REGIONAL TRAINING for the TRAINING of TRAINORS for PRICE COLLECTORS

21.. The proposed sub-regional meetings will be held in Goa, India and Kuala Lumpur Malaysia in February and March 2004, respectively. Aside from the training for price collection, a training on the revised Toolpack will be included. The meetings will also be used to progress the rest of the household consumption product list. There should be a scrutiny program for participating DMCs with regards to price collection such as close supervision of price surveys, and the imposition of consistency checks for price data. The Regional Office shall be responsible for responding to queries from the countries.

FRAMEWORK OF PARTNERSHIP (FOP)

22. There was considerable discussion on whether the countries could opt out before the release of the final PPP numbers. It was pointed out that it is the policy of the Global Office that once a country goes through the entire process in the computation of the PPPs and the data from the countries have been validated, the PPPs will be published. The meeting made it clear that the RAB of ICP Asia Pacific fully supports this policy. Accordingly, the meeting suggested that any country not willing to have the ADB/Global Office release its PPP numbers should not participate in the 2004 round of ICP.

23. The meeting noted that the Global Office would prepare a set of guidelines for all regional implementing agencies for the review and validation of the data from the countries, both for the price and national accounts data. The National Statistical Offices, which are the implementing agencies of ICP Asia Pacific, will then adapt these guidelines to their needs. These guidelines are inputs to assuring transparency in the processes involved and maintaining the integrity and quality of the data. Further, the countries will be involved in data validation.

24. Related to this, an additional statement will be added to Appendix A under Data Access, Analysis and Dissemination Policies and Procedures as letter (ix) to read as follows: *“The final PPPs for all participating countries will be published by the Regional Implementing Agency.”*

LEVEL OF PARTICIPATION OF COUNTRIES

25. Bhutan, Cambodia, Fiji, Lao PDR and Maldives are participating in the Household Final Consumption Expenditure comparison. While Maldives has expressed interest to participate in the full GDP round, no formal request has been received by ADB.

PARTICIPATION OF NON-ADB MEMBER COUNTRIES

26. Three non-ADB member countries, Brunei, Iran and Macau are participating in the Asia Pacific comparison. They are, however, participating at different levels. Brunei will not be turning in any numbers while Macau will be own-funded. Iran, however, will be informed that neither the Global Office nor ESCAP can fund its participation. They will also be requested to abide by the provisions of the FOP. However, ESCAP will be responsible for transmitting the FOB and sending out invitations and other information on ICP Asia Pacific to these countries. However, ADB will do the follow-up activities.

OTHER MATTERS

27. The Board strongly recommended a follow-up meeting sometime in 2004 for the heads of national statistical offices to keep them abreast of the developments in ICP Asia Pacific and to get their renewed commitment. It further noted that ADB will give a progress report on ICP Asia Pacific to the ESCAP Sub-Committee on Statistics in February 2004.

28. The Board agreed to have its third meeting in Manila sometime in June 2004.