

**ICP Asia Pacific  
Third Regional Advisory Board Meeting**

**Highlights of Proceedings  
July 9, 2004**

ADB Headquarters, Manila, Philippines

**Election of the new RAB Chair**

1. Mr. Frederick Ho, Commissioner of the Hong Kong Census and Statistics Department, was unanimously elected as the new RAB chair which had remained vacant following the resignation of Mr. Paul Cheung, Chief Statistician of the Department of Statistics, Singapore.

**Invitation for the Philippines as new RAB member**

2. The RAB unanimously approved the membership of the Philippines to the RAB of ICP Asia Pacific, substitution for Singapore which had opted out of the RAB. The Philippines will be represented by the Administrator of the National Statistics Office.

**Preparation of the product list for household consumption**

3. The regional product list for household consumption for phase I (food, clothing and footwear) has been finalized with 289 products and 21 rice varieties. Translation into 18 languages is nearly complete with the catalogues to be ready by mid August.

4. Phase II product list, with 327 items, was finalized in the 5-15 July workshop with the translation and catalogue preparation also expected to be finalized in mid August.

5. The meeting strongly recommended the inclusion of photographs for both the regional product list and the outlets for data collection. The photographs of the regional product list will help in enhancing comparability among the countries while the photographs of the outlets might help in explaining price variations, if they exist, in the prices collected in different outlets.

**ICP Price Surveys**

6. The Executive Board approved the start of price surveys in October 2004 for the household product list for all regions. The price surveys will also be an opportunity to evaluate the product specifications in the product lists and also to validate the "R" matrix. There was a discussion on whether the countries would be required to undertake price collection for the 5 quarters in order to have price data for the entire year of 2005. However, it was agreed that four quarters of price data to cover one calendar year would suffice.

**ICP Survey Preparation**

7. Two sub-regional workshops for the training of trainers for price surveys were held. One for East and Southeast Asian countries was held in Kuala Lumpur, Malaysia and another for South Asian countries, China and Fiji in Goa, India. The governments of Malaysia and India co-sponsored the workshops. The services of the consultant to these workshops were provided by SIAP.

8. At the request of country participants, the ICP Regional Coordinator prepared the draft "Practical Guidebook for Conducting the ICP Surveys" which aims to help price collectors. It contains the following:

- An overview of the ICP
- ICP in the countries (to be written by the countries as this will describe the field collection methodology, describe timetables, headings included, etc)
- Collecting ICP prices (selection of products in the outlets, schedule of price collection, how to deal with actual transaction prices, bargains, discounts, etc.)
- National and regional editing of data.

In addition, the Regional Coordinator has also prepared a set of "Frequently Asked Questions for ICP". Both documents are being currently reviewed by a consultant and will be provided to countries once finalized.

#### **Level of details for the submission of price data**

9. The meeting discussed the level of detail that the countries would be requested to send to the regional coordinator. The meeting noted that the GO had earlier suggested a minimum requirement for countries, to submit average prices, minimum and maximum prices including standard deviations. However, the meeting recognized that submission of average prices would eliminate the possibility of matching locations and outlets, which are useful for poverty studies.

10. The meeting noted that individual prices would be extremely useful in understanding price variations. Thus, it was agreed that countries would submit individual prices, except when one or only two quotations are available, to preserve confidentiality. It was also noted that the countries would have to trust the regional coordinator. Related to this, the regional coordinator needs to work out a data access procedure with the countries especially for those where data confidentiality is an issue.

#### **GDP expenditure weights**

11. The Board noted that the reference year has been moved from 2004 to 2005 and preliminary PPPs will now be computed using 2004 weights. However, the countries in ICP Asia Pacific will still be requested to submit 2003 GDP expenditure weights as originally planned with the 2004 reference year, to allow for preliminary calculations and identifying problems/issues as early as possible in 2005. Moreover, the experience gained from the estimation of weights for the 155 basic headings would be extremely useful for computing the 2004 and 2005 GDP expenditure weights. It is anticipated that 2004 weights will be available in 2006 for a number of countries.

#### **Tool Pack**

12. The updated Tool Pack software which incorporates comments/suggestions from the countries as well as the results of the field-test in India is now available from the World Bank website. The meeting noted that India offered to help the countries on the use of Tool Pack. The Regional Coordinator will conduct in-country trainings in the People's Republic of China on 26-30 July and in the Philippines on 21-23 July. The GO will provide the services of a resource person to assist in Tool Pack training.

13. Should the Tool Pack not be ready by October, the countries may use Excel-based data encoding. However, the Global Office expects to develop a bridge program to convert the Excel-based data files from the countries into the Tool Pack format.

### **Development of the product list other than household consumption**

14. The specifications for the "comparison resistant" product list will be developed separately, such as the following:

Health, core medicines, procedures – WHO

Government – ILO

Education – UNESCO

The TAG will discuss other specification issues related to housing; equipment and construction in its meeting on 22-24 September 2005 meeting.

15. The meeting noted that two approaches are being considered for construction; the input project and output project estimation. The applicability to Asia Pacific of the output approach used by OECD was doubtful because the construction outputs specified in the OECD list do not exist in the Asia Pacific region. It was then suggested that the component approach would be more viable for the region.

### **Ring countries**

16. The meeting noted that the TAG has invited four countries in Asia Pacific – Hong Kong, China; Malaysia; Singapore and Sri Lanka to participate in the ring comparison. Singapore, however, has opted out as a ring country. In this regard, the meeting agreed that the Chair would informally communicate with concerned officials in Singapore with the aim of convincing them to reconsider its decision. Nonetheless, the RAB proposed the inclusion of the Philippines as an additional ring country.

17. There might also be a need to spell out the benefits that could be derived from being a ring country in order to convince others to participate as ring countries. Other countries may be overwhelmed by the work involved in being a ring country, thus giving them second thoughts at participating as such.

18. It was noted that the SPDs and the Tool Pack would also be used in the development of the product list for the ring comparison, which shall start with the regional product list. All the regions are expected to send their product lists to the Global Office by 1 August with the ring list for food, clothing and footwear expected to be ready in October 2004.

19. Price collection for the product list in the ring comparison will be for only one round in the third quarter of 2005. While the issue of seasonality was raised if only one round of price data were to be used, there is also a need to consider the trade-off between doing a one-year price data collection that would delay the program for another

year. Anyway, it is possible to annualize the prices based on the prices obtained from the regular ICP product list.

### **Advocacy workshop and advocacy activities**

20. The meeting agreed to have more serious discussions on what to present; who to invite, and other relevant matters for the advocacy workshop to reach the target audience and create the impact that the workshop seeks to achieve. It is very important to identify the target audience first. Only then, can the decision be made on the type of materials that should be prepared. Essentially, the materials should only be catalysts for discussions and should not be in tone of lectures.

21. The meeting noted that the ICP Asia Pacific is starting a process that should be sustained in the future. ICP Asia Pacific should take the lead; and set the tone and direction for this kind of activity.

22. Advocacy materials in the form of press releases, articles, newsletters and website improvement have been initiated and continued.

### **Poverty PPPs**

23. The Board noted that the product list for the PPP-based poverty PPPs is just a subset of the final regular ICP product list for household consumption.

24. The Board strongly endorsed the proposed framework by the ICP poverty consultant and suggested further research on linking the regional PPPs to the US dollar.

25. Views were expressed that the item specifications as well as the markets for the poor would be different from the product specifications (namely the SPDs) and the outlets being finalized for the compilation of PPPs by the participating countries in the current ICP round. Thus, integration of poverty PPPs with the regular ICP is not desirable as it may contaminate the price data for the latter. As such, integration should not be attempted.

26. It was also emphasized that the activity on the estimation of poverty PPPs only intends to improve the estimation of more comparable poverty data across countries as well as intra-country comparison.