ICP 2011
Regional Coordinators Meeting

Chellam Palanyandy, ADB

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Washington, DC
2005 ICP Asia Pacific
Regional Experience
Outline of the Presentation

- Governance in the 2005 ICP Asia Pacific
- Country participation
- Product list
- Results validation
- Experts’ help
- Regional meetings
- Publications
ICP Governance: Asia Pacific Region

- ADB set up a Regional Advisory Board as the chief policy-making body

  Chair: the Administrator, NSO, Philippines
  Co-chair: Chief Economist, ADB
  Vice Chair: Director General, Stat Bureau, Japan

  Members:
  Director General, CSO, India
  Director General, Statistics Indonesia
  Deputy Australian Statistician, ABS
  Commissioner, NBS, China
  Commissioner, Census & Stats. Dep, Hong Kong, China
  Director, Statistics Division, ESCAP
  Director, SIAP

  Ex-officio Member: ICP Global Coordinator, WB
  Member Secretary: Regional Coordinator, ICP Asia Pacific, ADB
ICP Governance: Asia Pacific Region

Main responsibilities of the RAB were:

- Provide guidance on regional goals, priorities & objectives
- Monitor and guide annual work programs prepared by the regional coordinating agency
- Reviewed reports on ICP progress
- Seven RAB meetings were held
  - June 2003 (first meeting)
  - June 2007 (last meeting prior to the release of the Preliminary PPP Results in July 2007)
ICP Governance: Asia Pacific Region

- A “Framework of Partnership” (FoP) with all participating countries was also established.

- The FoP defined the roles and responsibilities of participating countries and the regional coordinator.

- At the national level there was 2 levels of coordination:
  - A national coordinating agency
  - An ICP national coordinator
Participating Countries in the Asia Pacific region

23 countries participated

Bangladesh  Macao, China
Bhutan        Malaysia
Brunei Darussalam  Maldives
Cambodia       Mongolia
PRC            Nepal
Fiji Islands    Pakistan
Hong Kong, China  Philippines
India          Singapore
Indonesia      Sri Lanka
Iran           Taipei, China
Lao PDR        Thailand
Viet Nam
### Number of products in the Asia Pacific product list

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household products</td>
<td>656</td>
</tr>
<tr>
<td>Construction</td>
<td>34</td>
</tr>
<tr>
<td>Machinery &amp; Equipment</td>
<td>91</td>
</tr>
<tr>
<td>Government compensation</td>
<td>50</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>831</strong></td>
</tr>
</tbody>
</table>
Ensuring Product Comparability for Household Consumption Products

- Implemented Structured Product Descriptions (SPDs)
- Consultative approach in the Development of Product Lists
- Comparability vs Representativity was the most difficult element
Comparability vs. Representativity

- Initial specifications by each country were reviewed
- RO generated regional product specifications based on the revised country specifications
- Countries indicated products they could price and classified them as either:
  - *Representative*; or available for pricing but *not representative*; or *not available* for pricing
- Conducted workshops for product lists
- Product catalogue with pictures was prepared and circulated to participating countries
- Prepared “what to price guides”
- Whenever trade off was required, comparability was given higher priority
Data review & validation procedures

- Intra-country validation:
  - Formulated price data validation and guidelines
  - Developed an automated country-level data validation procedures

- Inter-country validation:
  - Conducted data review workshops
  - Conducted bilateral and cooperative missions
  - Circulated Quaranta tables to all countries for comments and review
Sub-Regional Comparison

For the purpose of inter-country data validation, countries were classified into sub-regions:

- **High Income**: Brunei Darussalam; Hong Kong, China; Macao, China; Singapore; and Taipei, China.

- **Southeast Asia**: Cambodia, People’s Republic of China, Fiji Islands, Indonesia, Lao People’s Democratic Republic, Malaysia, Mongolia, Philippines, Thailand, and Viet Nam.

- **South Asia**: Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, and Sri Lanka.
Ensuring Product Comparability for Construction and Equipment

- Engaged domestic experts for price surveys
- Invited domestic & international experts for product list finalization
- Provision of technical guidance in conduct of price surveys & data validation by international experts
- Convened core group of experts to review price data
Ensuring Comparability for Compensation

- Developed Structured Product Descriptions (SPD)
- Provided Guidelines for Pricing
- Performed Consistency checks: inter- and intra-economy
Ensuring Comparability for National Accounts

Data validation was based on:

- Inter-country comparisons
- International consultant’s and RO’s evaluations
- Comparison of GDP expenditure aggregates from website, KI and UNSD
- GDP per capita at the 155 Basic Heading and 5-digit aggregates
Experts’ help

Experts’ assistance was utilized for:

- Product list development
- PPP computation
- Data validation
- GDP weights disaggregation
- Price surveys for construction; machinery & equipment
- Productivity adjustment
Regional Meetings

Conducted the following:

- 7 RAB meetings
- 12 training workshops
- 7 Tool Pack training workshops
- 21 data review workshops
- 2 meetings with heads of implementing agencies
Publication

Prior to publication:

- Preliminary PPP results were circulated to heads of implementing agencies for their review & comments.
Publications

- Purchasing Power Parities Preliminary Results (July 2007)
- Purchasing Power Parities and Real Expenditures (Dec. 2007)
- Analysis of Price Levels Across Regions in the Philippines: The PPP approach
- Integration of CPIs and the ICP for the Asia and Pacific Region: How Can They be Achieved?
- International Comparison of Prices: Why Should Countries Participate in the Surveys?
2005 ICP Asia Pacific

*Poverty PPPs*
The need for poverty PPPs

- PPP for household consumption component of GDP is generally used for poverty related work

- Two features of the PPPs for household consumption component of GDP that make it conceptually weak for poverty related work:
  - They are based on an international comparison of prices of the goods and services that make up household consumption at the GDP level.
  - The relative prices of various goods and services are “aggregated” using expenditure shares from the national accounts.
The need for poverty PPPs

- Ideally, PPPs used for poverty comparisons should be based on:
  - prices of products consumed by the poor
  - expenditure patterns of the poor.

- To find out how much difference poverty-specific PPPs would make to poverty estimates, ADB undertook a study as part of the 2005 ICP Asia Pacific in partnership with the national statistics agencies of 16 developing member countries:

  Bangladesh, Bhutan, Cambodia, Fiji Islands, India, Indonesia, Lao PDR, Malaysia, Maldives, Mongolia, Nepal, Pakistan, Philippines, Sri Lanka, Thailand, and Viet Nam.
ICP Asia Pacific 2005 Poverty PPPs

- Conducted a poverty specific price survey of products typically consumed by the poor and from outlets patronized by the poor

- Expenditure share weights for the poor was compiled from the household expenditure survey data

  - Latest household expenditure survey data for the 16 countries was used
  - World Bank provided assistance in mapping of HES product list to ICP Basic headings
Using data from 16 countries, three types of PPPs were considered:

- Consumption PPPs
- ICP-PPPs
- PS-PPPs

### Table: Number of Products and Basic Heading by Type of Purchasing Power Parity

<table>
<thead>
<tr>
<th>Full Form</th>
<th>Short Form</th>
<th>Type of PPP</th>
<th>Source of Expenditure Weights/Shares</th>
<th>Number of Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Final Consumption Purchasing Power Parities</td>
<td>Consumption PPPs</td>
<td>Consumption</td>
<td>National accounts (expenditure shares of the general population)</td>
<td>656 product prices from 2005 ICP Asia Pacific</td>
</tr>
<tr>
<td>International Comparison Program Poverty Purchasing Power Parities</td>
<td>ICP PPPs</td>
<td>Poverty</td>
<td>Household expenditure survey data (expenditure shares of the poor)</td>
<td>656 product prices from 2005 ICP Asia Pacific</td>
</tr>
<tr>
<td>Poverty Survey Poverty Purchasing Power Parities</td>
<td>PS PPPs</td>
<td>Poverty</td>
<td></td>
<td>155 product prices from poverty-specific price surveys</td>
</tr>
</tbody>
</table>
ICP Asia Pacific 2005 Poverty PPPs

- So how much difference do PPPs make?

<table>
<thead>
<tr>
<th>Poverty in 2005, 16 Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poverty Line = $1.35 Per Day</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Consumption PPP</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(1)</td>
</tr>
<tr>
<td>Headcount Index (%)</td>
</tr>
<tr>
<td>Magnitude (millions)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Poverty PPPs</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(2) ICP PPP</td>
</tr>
<tr>
<td>PS PPP</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>(3)</td>
</tr>
<tr>
<td>PL = poverty line; ICP = International Comparison Program; PPP = purchasing power parity; PS = poverty survey.</td>
</tr>
</tbody>
</table>

- Poverty PPPs based on prices of products consumed by the poor yield the lowest estimates of poverty
For details please refer to:

- Research Study on Poverty-Specific PPPs for Selected Countries in Asia and the Pacific, 2005
  ICP Asia and the Pacific

- Comparing Poverty Across Countries: The Role of PPPs

Available at: www.adb.org/economics
2009 PPP Update
2009 PPP Update

- Provide an inter-benchmark year PPP
- Capitalize on the synergy created in the 2005 round
- Address issue(s) raised during ICP-CPI 2005 harmonization workshop in Jan. 2008

  - Integration of ICP price collection with CPI
  - Advocacy: use of CPI information for intra-country PPP compilation (sub national PPP)
  - Enhance capacity building
Features of 2009 PPP Update

- Core product list is used in compiling the updates
- Adjustments to results based on the relationships in 2005 between core list priced in 2009 and the full list from 2005
- Price collection in capital cities
- Scaling factors to be used in scaling capital city prices to national average prices using the CPI information from the national sources and/or information from the price data collected as a part of the 2005 ICP
- Sub-national PPPs based on CPI/ICP information
Scope & Coverage

2009 PPP Update
- Household products
  - 269 products
  - Quarterly price collection
  - Price collection in capital cities
- Capital formation
  - Construction
    - 11 basic inputs
  - M & E
    - 39 items
- Govt. Compensation
  - Similar to 2005

2005 PPP
- Household products
  - 656 products
  - Monthly price collection
  - Price collection nation wide
- Capital formation
  - Construction
    - 34 basic inputs
  - M & E
    - 91 items
- Govt. Compensation
  - 50 items
  - Single price collection
Participating Countries

21 countries are participating

Bangladesh        Malaysia
Bhutan            Maldives
Brunei Darussalam Mongolia
Cambodia          Nepal
PRC               Pakistan
Fiji Islands       Philippines
Hong Kong, China  Singapore
India             Sri Lanka
Indonesia         Taipei, China
Lao PDR           Thailand
Viet Nam
Progress to date

- Price collection completed
  - 2 quarters - household products
  - Construction
  - Govt. Compensation for 2008/2009

- Work-in-progress
  - 3rd quarter price collection for household products
  - M&E price collection
  - Submission of GDP weights for most recent year available

- Target date for completion: Sept. 2010
Supply and Use Tables
From the 2005 ICP Asia Pacific

- Only four of the twenty one participating ADB-member countries reported full implementation of SNA 93.

- Data inadequacy is reportedly the main impediment to implementing SNA 93.

The SUT, an integral part of SNA 93, provides the framework to make a comprehensive assessment of data gaps and develop an integrated model to enable the DMCs to generate SNA 93 based GDP and satisfy the minimum required data set.
Supply and Use Tables

This project is intended to:

- Establish supply and use framework for data gaps assessment
- Identify most appropriate data sources to be used in the construction of a supply and use table
- Develop a framework to derive sufficiently detailed expenditure weights such as those required for PPP compilations
- Estimate GDP based on SNA 93 from the production account
- Increase compliance of participating DMCs to SNA 93 recommendations; and
- Improve technical expertise and expose DMCs to alternative approaches for compiling consistent and comparable GDP aggregates based on SNA 93.
Preparations for ICP 2011
Preparations for the ICP 2011

- Will be initiated after the MoU between ADB and GO has been put in place and funding has been procured

- Draft MoU is being reviewed by our legal department

- Expect to have the same governance structure as in 2005: RAB; MoU with participating countries; a national implementing agency and a national coordinator.
Preparations for the ICP 2011

Bangladesh  
Bhutan  
Brunei Darussalam  
Cambodia  
PRC  
Fiji Islands  
Hong Kong, China  
India  
Indonesia  
Iran  
Lao PDR  
Macao, China  
Malaysia  
Maldives  
Mongolia  
Myanmar  
Nepal  
Pakistan  
Philippines  
Singapore  
Sri Lanka  
Taipei, China  
Thailand  
Viet Nam
Thank you!