



PART 5

CONCLUSION AND THE WAY FORWARD

Conclusion and the Way Forward

5.1 CONCLUSION

The results generated from this ICP-Africa round resulted in improved data to assess the relative standing of the countries in the region and are essential for comparing their economic performance and the potential well-being of their respective populations. Country GDPs can now be compared using PPPs, which provide a more robust set of comparisons than was previously the case when only exchange rates were used. Additionally, ICP-Africa provided an opportunity to strengthen human resource skills in the region.

The ICP-Africa results constitute a critical input in the policy-making and decision-making processes at national and international levels. Besides the usefulness of the data for facilitating cross-country comparison of GDP and related aggregates, the results are useful for poverty measurement (the PPP-adjusted poverty line of \$1 per day), comparing regional poverty incidences and analyzing poverty across countries. They can also be used for the analysis of countries' comparative advantage to foster regional trade and integration, and in the investment and employment decisions of various economic agents.

The same countries predominantly determine the overall picture for Africa on gross macroeconomic indicators. South Africa is ranked first, followed by Egypt, Nigeria and Morocco. The picture changes considerably when the comparison is made on a per capita basis where Gabon, Botswana, Equatorial Guinea and Mauritius, which belong to the group of African countries with the smallest population, take the lead, accounting for real per capita GDPs, respectively, of 12,748 US\$ (AFRIC 5,763); 12,060 US\$ (AFRIC 5,452); 12,000 US\$ (AFRIC 5,425) and 10,157 US\$ (AFRIC 4,592). Mauritius has the highest living standard, followed by South Africa, Tunisia, Egypt and Gabon. The actual final consumption expenditure (AFCE) in these countries is two to three times higher than the regional average. The countries with the lowest living standards—Democratic

Republic of Congo, Liberia, Zimbabwe and Guinea-Bissau—have an AFCE of less than one-third of the regional average. Accordingly, these countries also have the lowest real GDP per capita, just US\$ 264 in Democratic Republic of Congo.

Although Africa began participating in the ICP program in 1970, this is the first time that an African institution has managed the program and provided support to the 48 participating countries in the region. This support included the design of price survey instruments for price data collection and office editing tools for data validation at the national and regional levels, as well as resources to undertake price and national accounts data collection. The end result is that the potential scope of the benefits for participating in ICP-Africa is wider than the specific objective for which ICP was initially conducted, namely cross-country comparison of GDP and its subaggregates. ICP-Africa has helped improve price and national accounts data by harmonizing statistical concepts according to international norms and standards and providing a comprehensive and integrated platform for statistical capacity building. It should be used by all African countries, the AfDB and all development partners in the region as the reference framework for the harmonization of GDP and price statistics and the timely generation of relevant indicators for all African countries.

In view of the importance of ICP-Africa data for development policy management, the AfDB and African countries must sustain ICP activities beyond the current round. In particular, countries must make ICP activities an integral part of their regular activities with a specified resource envelope. Some countries have committed resources for ICP activities, and the heads of national statistical offices made a commitment in the Accra Declaration of December 2007 to integrate the core ICP-Africa activities into their routine statistical activities. The international community should ensure that country efforts are adequately supported to maintain the credibility of the process and the results.



The interaction through meetings, workshops and retreats among regional statisticians has tremendously increased the efficiency of the implementation of the program and the leverage effects on national statistical institutes programs. In addition the synergy between ICP and CPI and the spillover of the former onto the latter should be furthered with a view to establishing harmonized CPIs for countries in the same economic groupings as well as for Africa as a whole.

The ICP-Africa partnership model in which all Africa statistical development stakeholders operated as an integrated system with interdependent parts should be used in the implementation of any subregional or regional statistical initiatives.

5.2 THE WAY FORWARD

The Bank committed to estimate and to publish yearly PPPs from 2006 up to the next global round. Most countries participating in 2005 ICP-Africa also collected data in the first semester of 2006. The estimation of the 2006 PPPs can be done by extrapolating the 2005 PPPs through some modeling or by using the 2006 first semester data after using CPIs to adjust them to annual averages. The 2007-2008 PPPs will be done through modeling. Before the next ICP-Africa round in 2011, the AfDB plans to take advantage of the synergy created between the ICP-Africa and the CPI data collections to publish ICP-Africa results for the years 2009, and 2010 on the basis of a reduced list and coverage. The 2005 regional list will be reduced and price data will be collected in the capital city (and in one or two big cities) only. The list reduction will be achieved through an investigation and the 2005 data will be used to calibrate the price averages from capital city to a national scale.

The determination of GDP expenditure weights was carried out by all countries participating in the ICP-Africa under the close supervision and coordination of the Bank. It entails compiling GDP estimates and its main aggregates as well as their breakdown into detailed categories of expenditures. Relevant information for the period 2003-2006 was provided to the Bank by almost all of the 48 countries that took part in the 2005 ICP round. Provisional estimates for 2007 have also been provided. Data for 2008 and 2009 are expected to be respectively processed in 2009-2010 and 2010-2011.

In view of preparing for the 2011 round the following actions will be undertaken by December 2009: (i) reviewing and improving SEMPER for data entry and processing; (ii) reviewing and updating the regional list to take into consideration new products, the new implementation structure of the program and lessons learned from the 2005 round; and (iii) reviewing the 2005 data collection

manuals on the basis of lessons learned from the 2005 round with an emphasis on the CPI-ICP synergy.

It is envisaged to conduct the ICP-Africa 2011 on the basis of sub-regional economic groupings: AFRISTAT (including two sub-regions, CEEAC and WAEMU), ECOWAS, COMESA and SADC. A linking procedure needs to be defined beforehand as it has a great influence on the list of products and the data collection process. In addition, the AfDB will intensify its statistical capacity-building initiatives through the Regional Reference Strategic Framework and the National Strategies for the Development of Statistics with the sole objective of maintaining and sustaining the momentum that has been built.

