



Comparative analysis of costs of some selected infrastructure components across Africa: Results from the 2011 International Comparison Program for Africa (ICP-Africa)

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In the past decade Africa has witnessed rapid economic growth but this has not ultimately contributed to reducing poverty and hunger in a number of countries. Sustained growth that will improve the lives of African people require inducing an economic transformation involving but not limited to, infrastructure development to dismantle Africa's enclave economies and link them so that Africans could trade more, communicate and exchange ideas.

Infrastructure development in Africa is poor and thus, regional institutions such as the African Development Bank (AfDB) have embarked on programs intended to facilitate regional integration and improvement of the continent infrastructure. To that end, the AfDB and other regional economic commissions (RECs) are engaged in supporting Energy, Transport, Information and Communication Technologies (ICT) and Trans-boundary Water Resources sectors. The Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC) and the Southern African Development Community (SADC) are also jointly implementing infrastructure projects. The projects of the trans-Saharan highway will connect North and sub-Saharan Africa. The Council of Accord (Conseil de l'Entente) is upgrading the railroad system to make a railway loop joining its five Member countries, namely Côte d'Ivoire, Benin, Burkina Faso, Niger and Togo. However despite these efforts, the infrastructure investments represent only 4% of Africa's total GDP, as compared with 14% in China and much remains to be done to open up landlocked countries' economies, in order to link them to facilitate trade and social exchange and foster regional economic integration.

According to the World Bank report, the cost of redressing Africa's infrastructure deficit is estimated at US\$38 billion of investment per year. The report further states that the total required to address the infrastructure deficit translates into some 12 percent of Africa's GDP. Various studies suggest that the price of infrastructure components vary across countries.

This paper analyzes the price levels of transport, energy, telecommunication, housing and water. Price level indices (PLIs) have been calculated to provide a comparison of the cost of these infrastructure components across African countries. The paper uses the data collected from the 2011 round of the International Comparison Program (ICP) in Africa, covering 50 out of a total of 54 countries.

Keywords: GDP, Price Level Index, purchasing power parities, infrastructure.