



Evolution of major African economies in light of ICP comparisons from 2005 to 2011

Yuri Dikhanov*

World Bank – ydikhanov@worldbank.org

Oliver Chinganya

African Development Bank – o.chinganya@afdb.org

Starting in 2005, the International Comparison Program (ICP) adopted new methodology and new organizational structure which was further modified for ICP 2011. Methodological changes in ICP in Africa were implemented mostly in construction and housing. Nevertheless, the country ICP rankings of major economies changed dramatically.

Apart from the effects of ICP methodologies, an additional factor to consider in Africa was rapid changes and revisions to the National Accounts. In some cases this factor was predominant. This paper analyses several major African economies, trying to decompose the changes in country rankings into the effects of ICP methodology (construction, housing, etc.) and SNA revisions. To that end, the regional comparison is to be rerun using common methodology (i.e., the 2005 methodology in 2011 and vice versa), using common set of countries. The effect of changing expenditure weights will be studied as well.

Finally, for two or three major economies, including South Africa (the base country in African comparison), it is possible to look further into household consumption detailed expenditure and price data to check the ICP-CPI consistency at the most detailed level.

Keywords: Purchasing Power Parities; International Comparison Program; African development.