



Division for Africa, Least Developed Countries and
Special Programmes (ALDC)
UNCTAD



UNCTAD Short Courses (Under) P166 for Permanent Missions in Geneva

The UNCTAD Productive Capacities Index (PCI): A New Tool for Policy Formulation in Developing Countries (Session II)

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Outline

- I. What is the Productive Capacities Index (PCI)?
- II. PCI Categories and indicators
- III. Performances and gaps between groups of countries
- IV. Key messages with implications for policymaking
- V. Concluding remarks

Please visit: <https://pci.unctad.org> for all the resources on the index

I. What is the PCI and what does it indicate?

The PCI is a multidimensional composite index
(8 categories and 46 indicators)

It helps to

- Measure and benchmark economywide productive capacities;
- Assess the degree of structural economic transformation;
- Identify gaps and limitations in each of the 193 economies; and
- Therefore:-
 - The Index is a tool to guide evidence-based policy formulation and implementation;
 - It is designed to place productive capacities at the center of domestic policies and global partnerships; and
 - It enables to track socioeconomic progress or lack thereof.

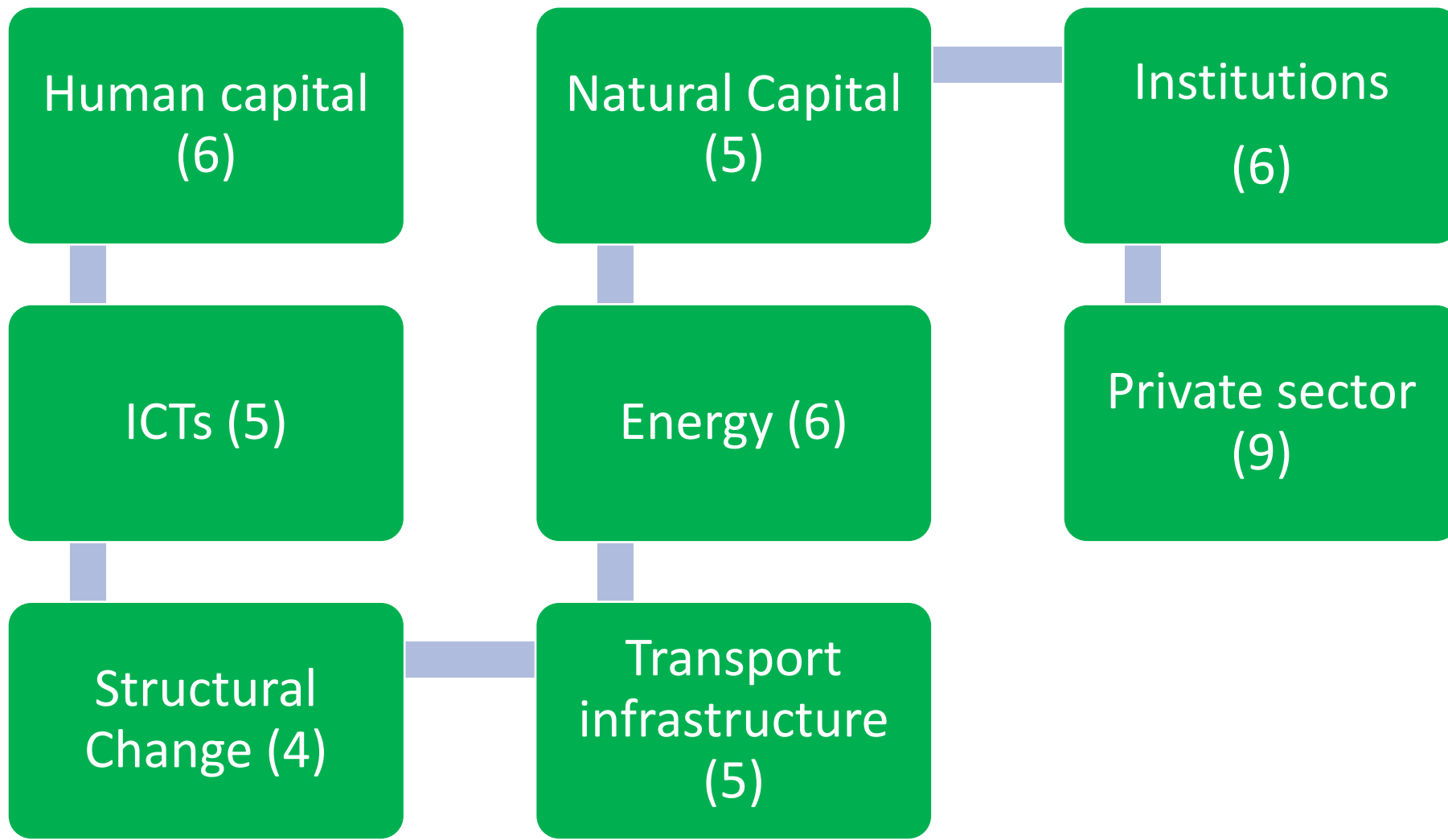


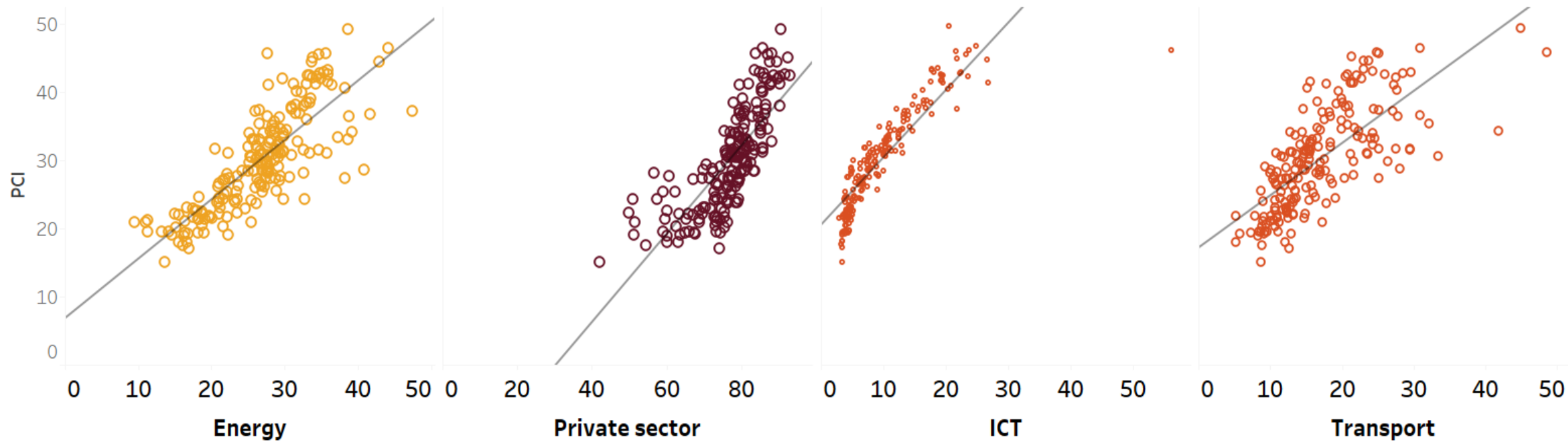
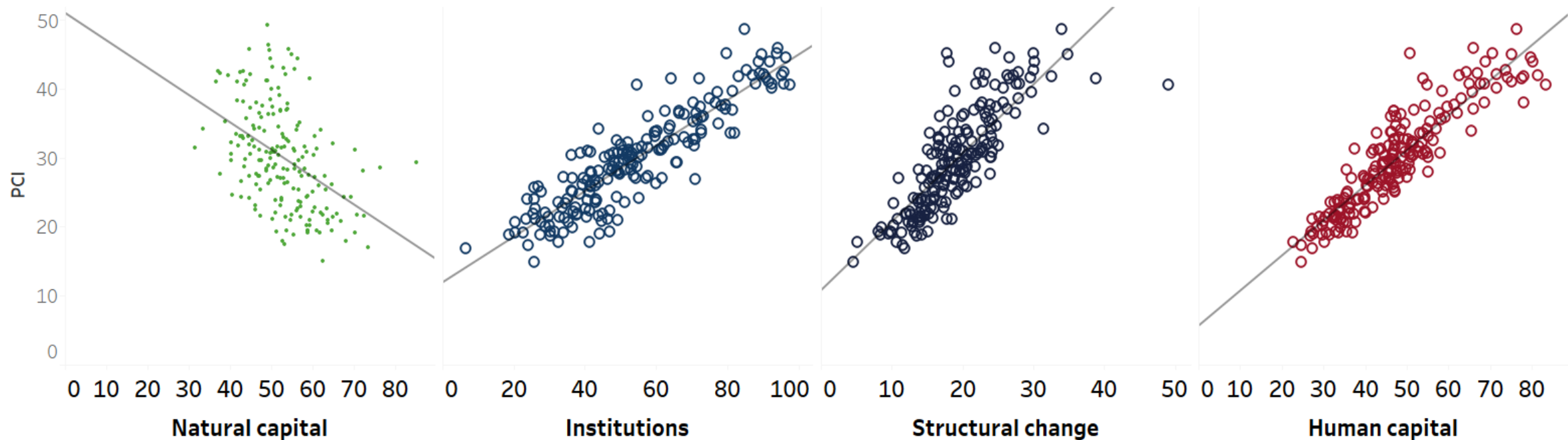
UNCTAD's Productive Capacities Index (PCI) is a new diagnostic tool to inform development policy choices



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II. Productive Capacities Index (PCI): Categories and indicators

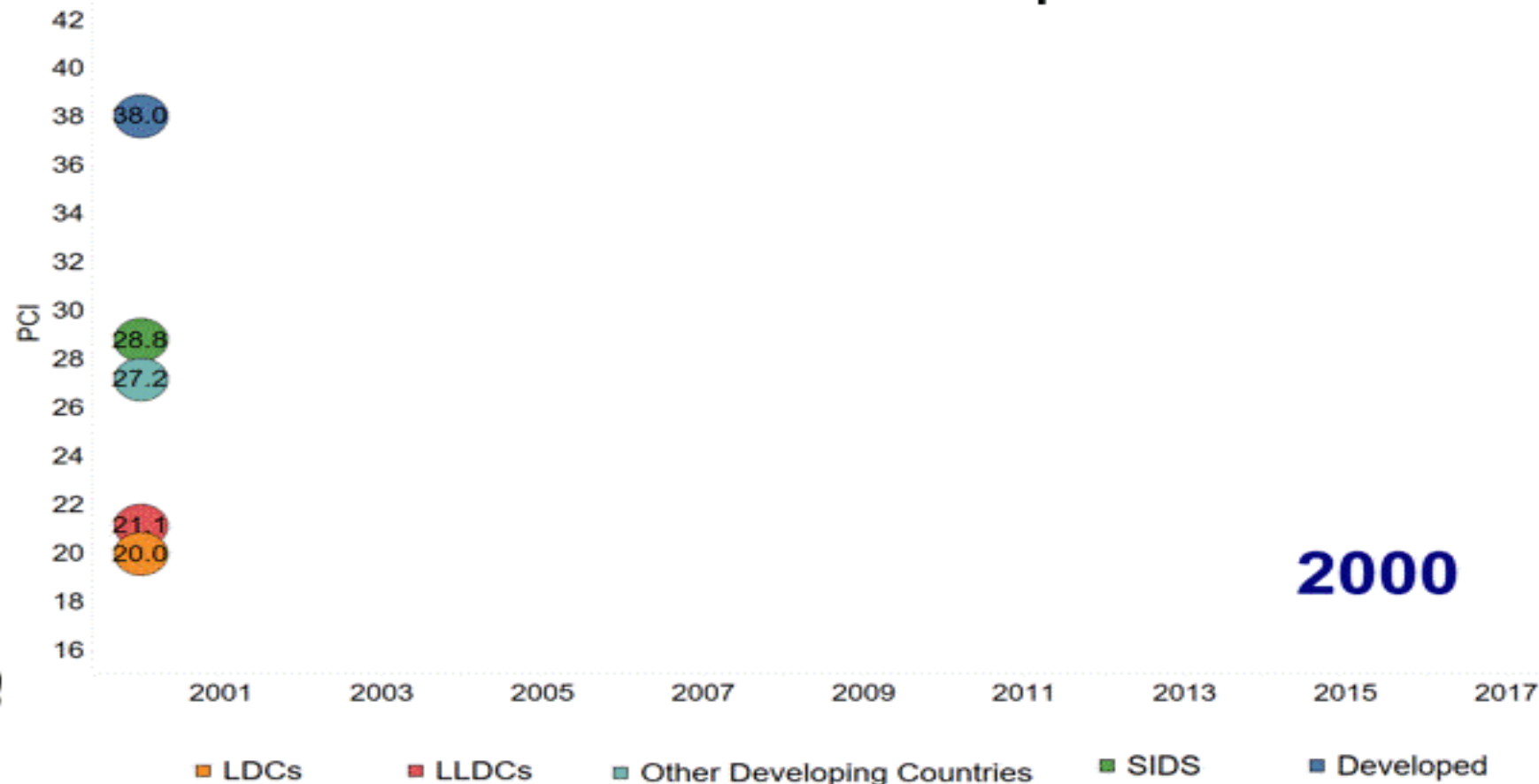




III. Performances and gaps: Developed Countries, Other Developing Countries, SIDS, LDCs and LLDCs

(a) Composite PCI

UNCTAD's Productive Capacities Index



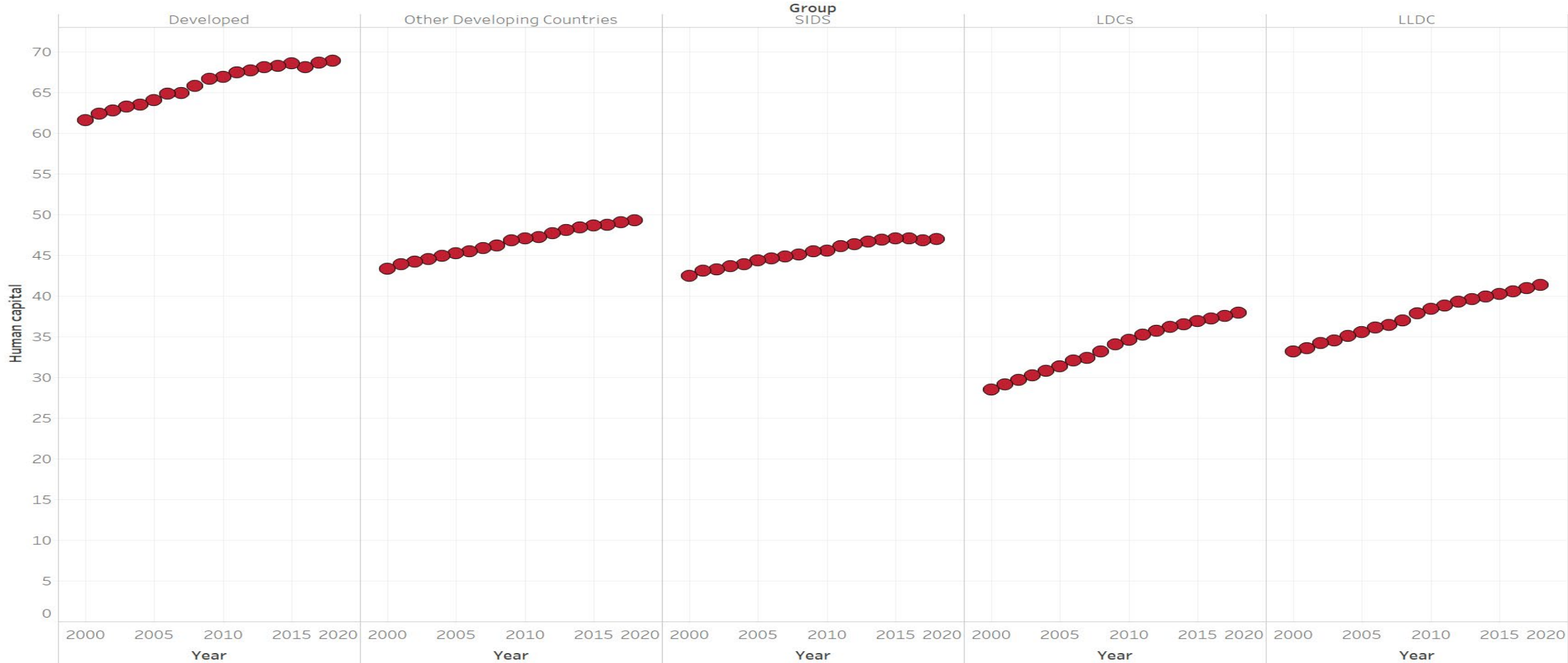
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Human
Capital

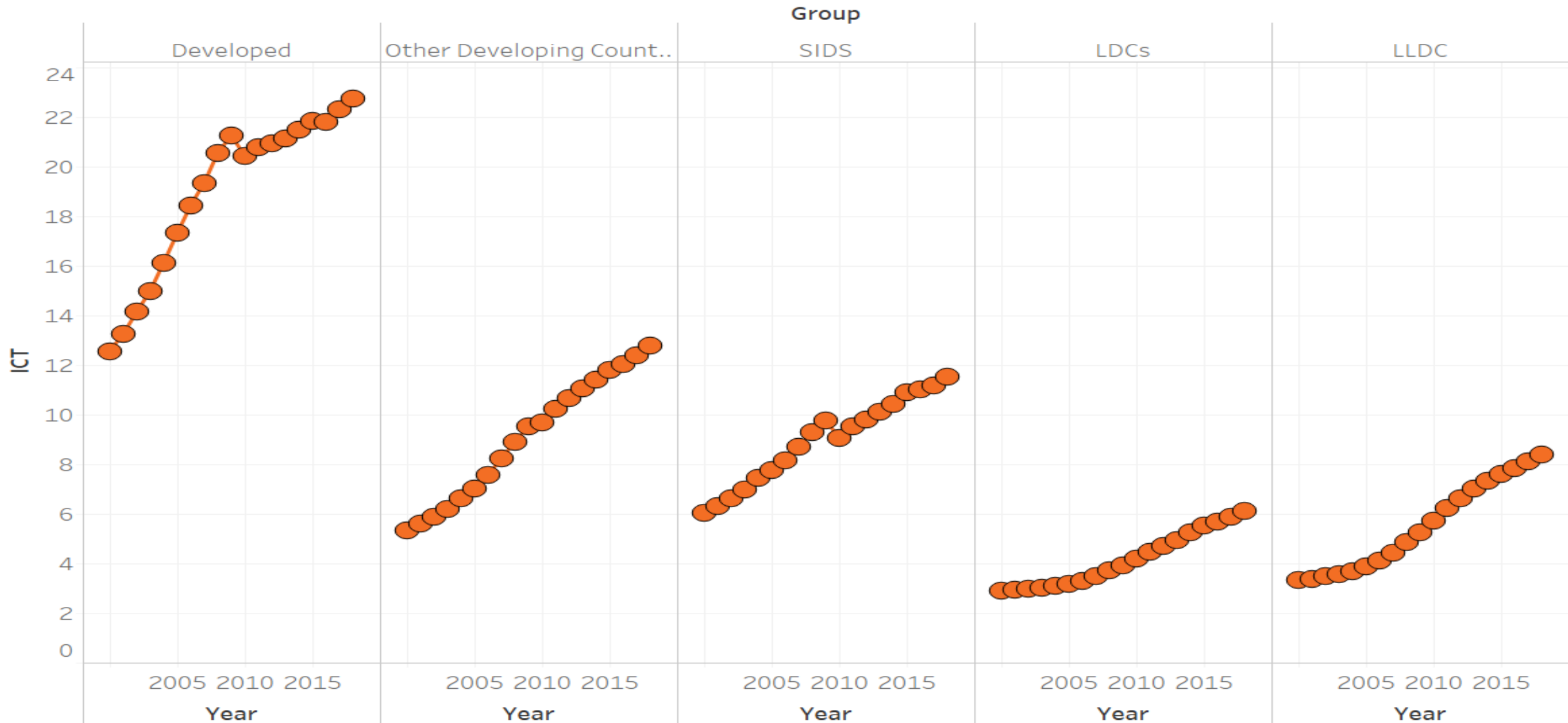
(b) Gaps between county groups in human capital



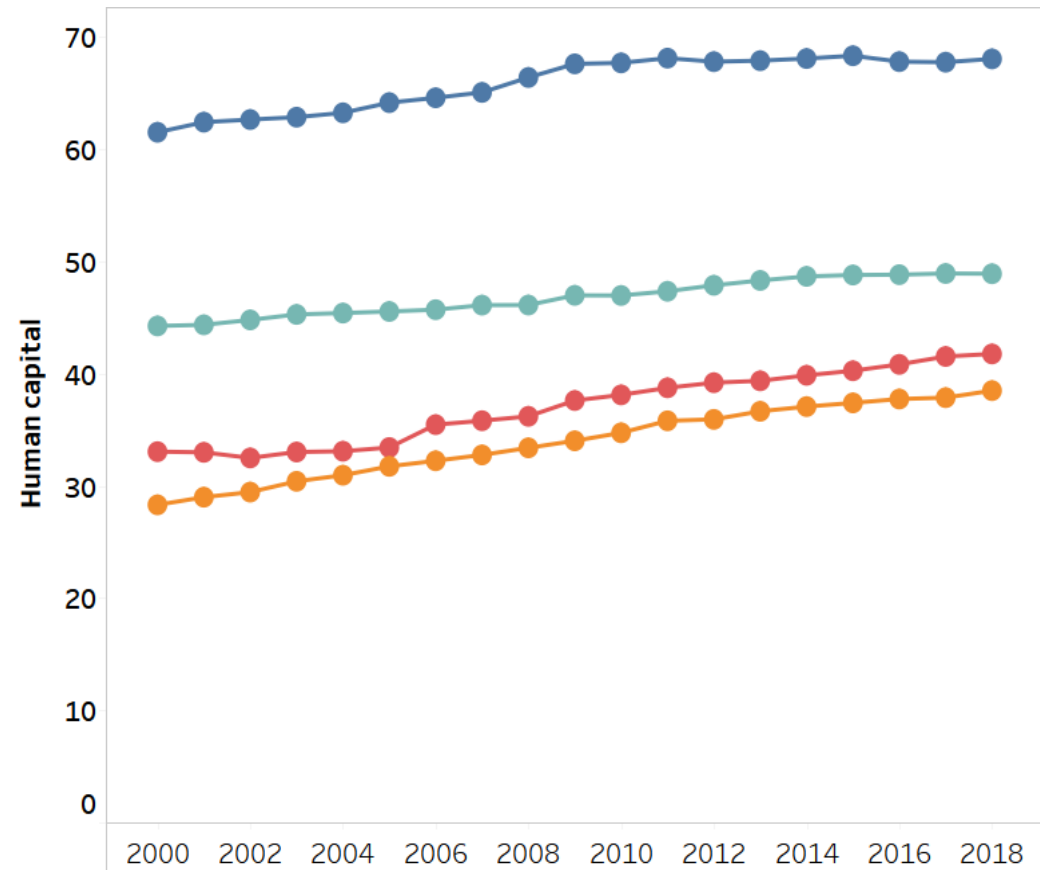
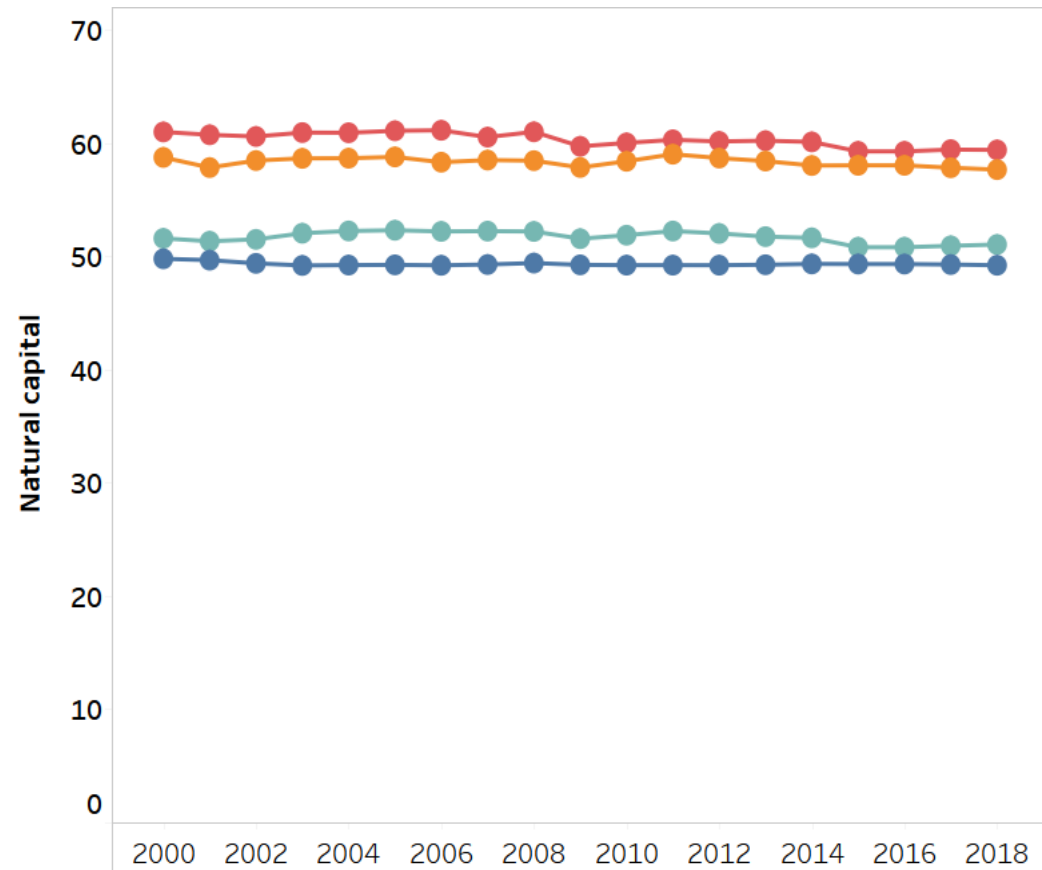


ICT

(c) Gaps in ICT: Access and infrastructure



(d) Contrasts between natural and human capital



- Developed countries
- Landlocked developing countries
- Least developed countries
- Other Developing Countries

IV. Key messages from the PCI

- There have been improvements in the composite index for all country groups;
 - The magnitude and degree of change vary with respect to the level of development;
 - Not surprisingly, developed countries have the highest score on the PCI;
 - East Asian developing economies are converging with developed economies;
 - LDCs and LLDCs lag behind the rest of the world in 7/8 categories (except in natural capital);
 - The gap between developed and developing economies is high particularly on human capital, structural change, ICTs and institutions;
 - Socioeconomic vulnerability of weaker economies is the result of their weak productive capacities and lack of structural economic transformation.
- ***There is need to change policy narratives and interventions towards fostering economywide productive capacities to realize the development objectives of countries or economies.***

V. Concluding remarks

The PCI is:

- ✓ **multidimensional, capturing** key factors influencing development trajectories of countries;
- ✓ **consistent with empirical and historical conclusions:** “No nation has ever developed without fostering productive capacities and structural economic transformation”;

The PCI also argues for a paradigm shift in development policies that

- “**new generation policies**” are urgently needed b/c existing “**commodity-driven**” growth model failed to deliver promises;
- Productive capacities must **be placed at the center** of domestic and global development policies as well as partnerships.