

**Regional capacity building training on the use of statistics and the  
Productive Capacities Index to inform evidence-based policy-making in  
landlocked developing countries and other structurally weak and vulnerable  
economies**

Windhoek, Namibia

9<sup>th</sup> – 10<sup>th</sup> April 2019

**Concept Note**



# **Regional capacity building training on the use of statistics and Productive Capacities Index to inform evidence-based policy-making in landlocked developing countries and other structurally weak and vulnerable economies**

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## **1. Background**

Fostering productive capacities and structural economic transformation are critically important for the inclusive and sustained economic growth, and development of landlocked developing countries (LLDCs) and other structurally weak and vulnerable economies. To that end putting productive capacities at the center of domestic policies and strategies has become urgent, more today than ever before. This requires, among other things, sound, up-to-date and internationally comparable data and statistics which inform policy making processes. With this in mind, UNCTAD has developed a composite Productive Capacities Index (PCI) to address the need for data and statistics as important ingredient for policy formulation and implementation.

The 2030 Agenda for Sustainable Development, adopted by all United Nations member States in 2015, provides 17 Sustainable Development Goals (SDGs) as a shared blueprint for peace and prosperity for people and the planet. In 169 agreed targets, all countries are called to act in global partnership to end poverty, improve health and education, and spur economic growth. In sum, the SDGs cut across the economic, social and environmental pillars of development. Tracking progress and monitoring and evaluation of outcome require availability of comprehensive data. In this context, the 232 indicators outlined in the 2030 Agenda for Sustainable Development are useful tools to track progress towards SDG targets. As a result, Governments must identify and implement policies and strategies to achieve the SDGs and related targets. Tracking the progress based on input (e.g., policy intervention) and outcome (a given SDG) requires the systematic collection, organization and analysis of data and statistics. Given the multi-sectoral nature of the SDGs (economic, social and environmental), as well as their relevance for policy making, the need for robust data and statistics is critical, more now so, than ever before.

Furthermore, UNCTAD's work on developing a PCI indicates some gaps or mismatch between policy ambitions and implementation in LLDCs and other structurally weak and vulnerable economies. There are several reasons for this. Generally, policymakers do not have adequate, consistent and up-to-date data and statistics at policy formulation, implementation, and monitoring and evaluation (M&E) stages. In some cases, data and statistics are unavailable to inform policies and strategies. When they are available, often they are not consistent or complete. In some other cases, the targets set by policies are not realistic or quantified. The paucity of data also makes the effective M&E of policy outcomes difficult. With a view to address such challenges, UNCTAD has developed a PCI to positively influence evidence-based policy making in LLDCs, and other structurally weak and vulnerable economies, the majority of which are in Africa. The PCI will be an important tool, not only in formulating and implementing domestic policies, but also global

programmes of action, including the 2030 Agenda for Sustainable Development, and the Sustainable Development Goals (SDGs).

To fill the gap dividing data and statistics on given indicators on the one hand, and link policies and policy actions to SDGs targets, on the other hand, UNCTAD developed a PCI. Built on the core concept of productive capacities, the PCI will not only serve as a major M&E tool to track progress towards the SDGs, it will also identify critical areas for possible policy interventions. The PCI can also be very important in understanding the causal relationships between policy interventions and outcomes by clearly identifying the weight of a given policy intervention or action in achieving a particular SDG outcome. In other words, analysis of the PCI and its underlying performance indicators would enable policy makers and development partners to respond to questions such as what proportion of the change in the performance indicator can be attributed to the policy intervention, and what proportion is due to exogenous factors?

Productive capacities are an important part of the Istanbul Program of Action (IPoA) for the Least Developed Countries: of the eight highlighted areas identified in the IPoA, productive capacities are listed as the first. In UNCTAD's recent formulation, they are defined as "*the productive resources, entrepreneurial capabilities and production linkages which together determine the capacity of a country to produce goods and services and enable it to grow and develop*".

As defined, the concept is complex and multidimensional. Productive capacities encompass three core elements: productive resources, entrepreneurial capabilities and production linkages. These elements are not only vital determinants of the growth-prospects of any economy, they also contribute to SDG indicators. For this reason, improving productive capacities is a step forward towards achieving the targets enshrined in the SDGs.

The PCI frames the multidimensional concept of productive capacities in eight main components, namely:

- Natural Resources;
- Information & Communication Technologies;
- Structural Change;
- Private Sector Development;
- Energy;
- Institutions;
- Human Development; and
- Transport.

An analysis of the PCI vis-à-vis the growth performance, and the SDG indicators of a country is crucial for understanding the sources of systemic vulnerabilities, and for identifying the enablers of both economic development and progress towards the SDGs. However, there is a need for country specific data and statistics to inform the PCI and continuously update it to support domestic policy formulation and implementation. The PCI becomes even more useful when accompanying

an apparent shift from traditional “project-based” interventions towards “programme-based” policy actions.

In conclusion, an analysis of PCI components can directly contribute to evidence-based policy making and help close the gap between data, statistics or indicators on SDGs and development policies. As a measure of productive capacities, the PCI benchmarks the state of the economy and reveals the underlying factors limiting structural transformation, diversification and growth. Therefore, the PCI can play an important role in informing the design of development policies for the SDGs.

## **2. Objectives**

The regional capacity building training will provide an opportunity to share experiences and best practices in data collection, organization and validation for policy input. It will help review and validate the methodology behind the UNCTAD PCI, and the possible contribution of the index to evidence-based policy-making, including its implementation and M&E of policies and strategies, including tracking the progress towards the SDGs. More specifically the training can help participants to learn the latest data collection, organization and aggregation systems and techniques. Furthermore, it aims to train participants in how best to use available data for evidencebased policy making.

The regional capacity building training is a follow-up to the previous national and regional workshops held in Africa and Asia on fostering productive capacities, structural economic transformation, and on the use of PCI as a tool for evidence-based policy making.

The specific objectives of the meeting are to:

- Facilitate the sharing of successful experiences and best practices in data collection and validation processes;
- Contribute to effects aimed at building capacities on how to best make use of data and statistics including the UNCTAD PCI for evidence-based policy formulation;
- Advance the work of UNCTAD to refine and agree on the PCI methodology;
- Help in forging understanding on the use of data and statistics not only for policy formulation, but also for monitoring and evaluating policy outcomes, including tracking progress towards the SDGs;
- Exchange views on the findings and policy implications of UNCTAD’s PCI, including on its periodic revisions and updating; and

- Discuss ways and means of improving collection, organization and interpretation of data and statistics for the formulation and implementation of policies.

### **3. Key questions to be addressed during the regional capacity building training**

- What are successful experiences and best practices in data collection, organization and interpretation for improved policy making at national level?
- How can data and statistics, as well as UNCTAD's PCI be used in evidence- based policy making, and for an integrated implementation strategy towards achieving the SDGs?
- How can landlocked developing countries and other structurally weak and vulnerable economies use the PCI to track progress towards the SDGs?
- What policy lessons could be drawn from PCI measurement, benchmarking and performance?
- What other composite indices could facilitate the formulation and implementation of policies on trade and economic development?

### **4. Participants**

The regional capacity building training will bring together policy specialists, experts, academics and practitioners, as well as statisticians from African and Asian landlocked developing countries. Participants and speakers from several United Nations entities will also be invited.