



UNITED NATIONS
INDUSTRIAL DEVELOPMENT ORGANIZATION

Application of the Productive Capacities Index in policy formulation for inclusive and sustainable industrial development

UNIDO
Statistics Division

16 March 2022

Why is industrial performance important?

- Historically, an economic transition towards manufacturing has enabled improvements in productivity and accelerated economic growth
- **Structural transformation** is still considered the main engine of sustained growth in developing countries
- A solid industrial base is the foundation of stable and prosperous economies

Why is industrial performance important?

- To be able to compete in a globalised landscape, economies need to progress on the efficient use of comparative advantages and sophistication of economic activities
- For the industrial sector, this translates to higher productivity, diversification, technological content, innovation and transition to advanced digital production (4IR)

In other words, a higher **industrial competitiveness** is needed

What do we mean by industrial competitiveness?

“The capacity of countries to increase their presence in international and domestic markets while developing industrial sectors and activities with higher value added and technological content”

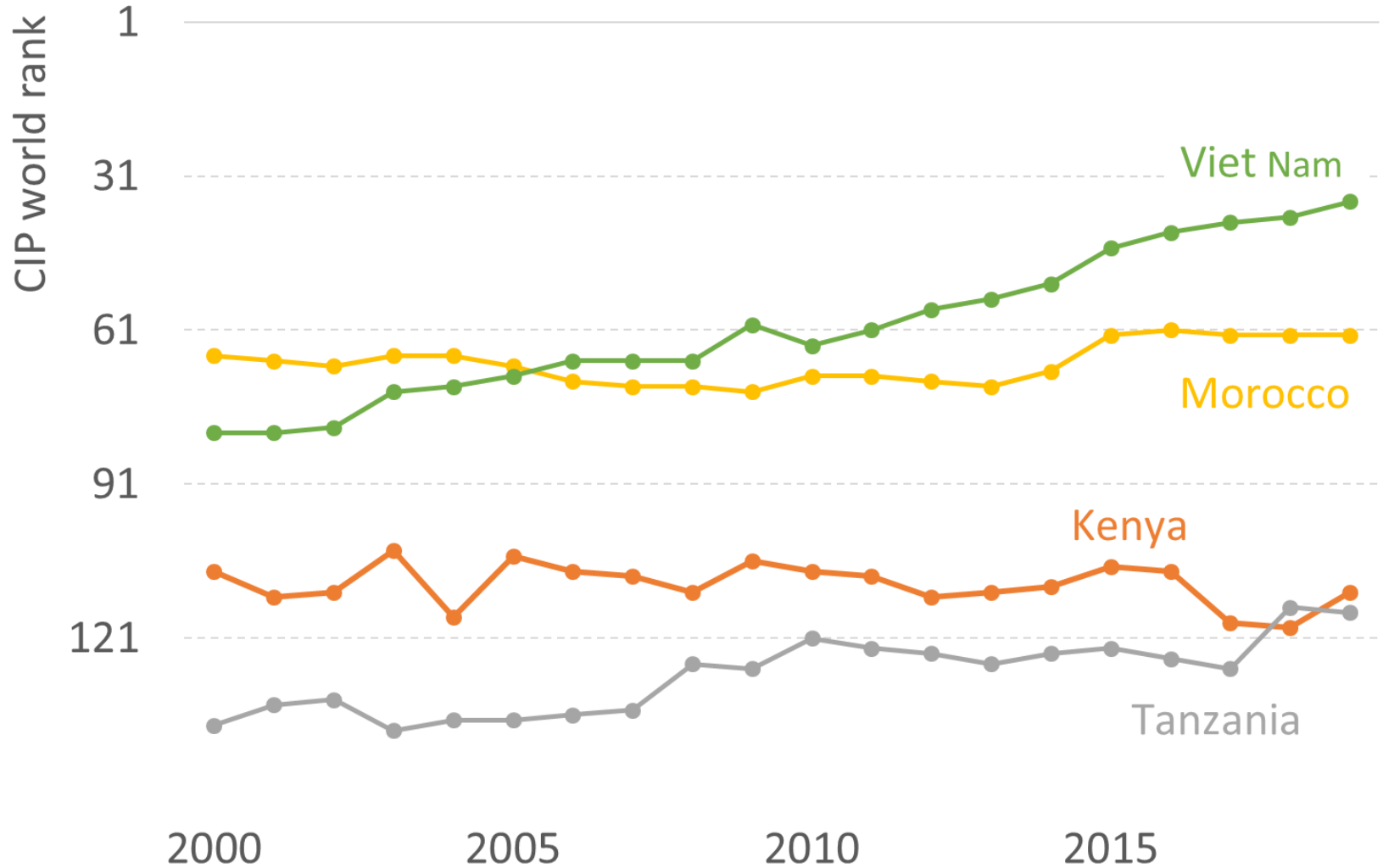
Measuring industrial competitiveness?

- Essential tool for monitoring progress and guiding policy
- UNIDO has been measuring industrial competitiveness since the 1990s
- The Competitive Industrial Performance Index (**CIP Index**) has provided a consistent, comparable and stable tool for studying trends in industrial competitiveness

Measuring industrial competitiveness?

The CIP Index is composed of three dimensions:

1. Capacity to produce and export manufactures
2. Technological upgrading and deepening
3. World impact



Measures beyond industrial competitiveness

- Inclusive and sustainable industrial development, beyond narrow measures of competitiveness
- Indicators balancing input, process and outcome measurements
- Produce an index that is actionable and relevant for policy action
- Reconcile national, subnational and firm-level metrics

Starting point

- Current CIP Index

A large orange fan-shaped graphic with the text "Industrial competitiveness" centered inside it.

Industrial
competitiveness

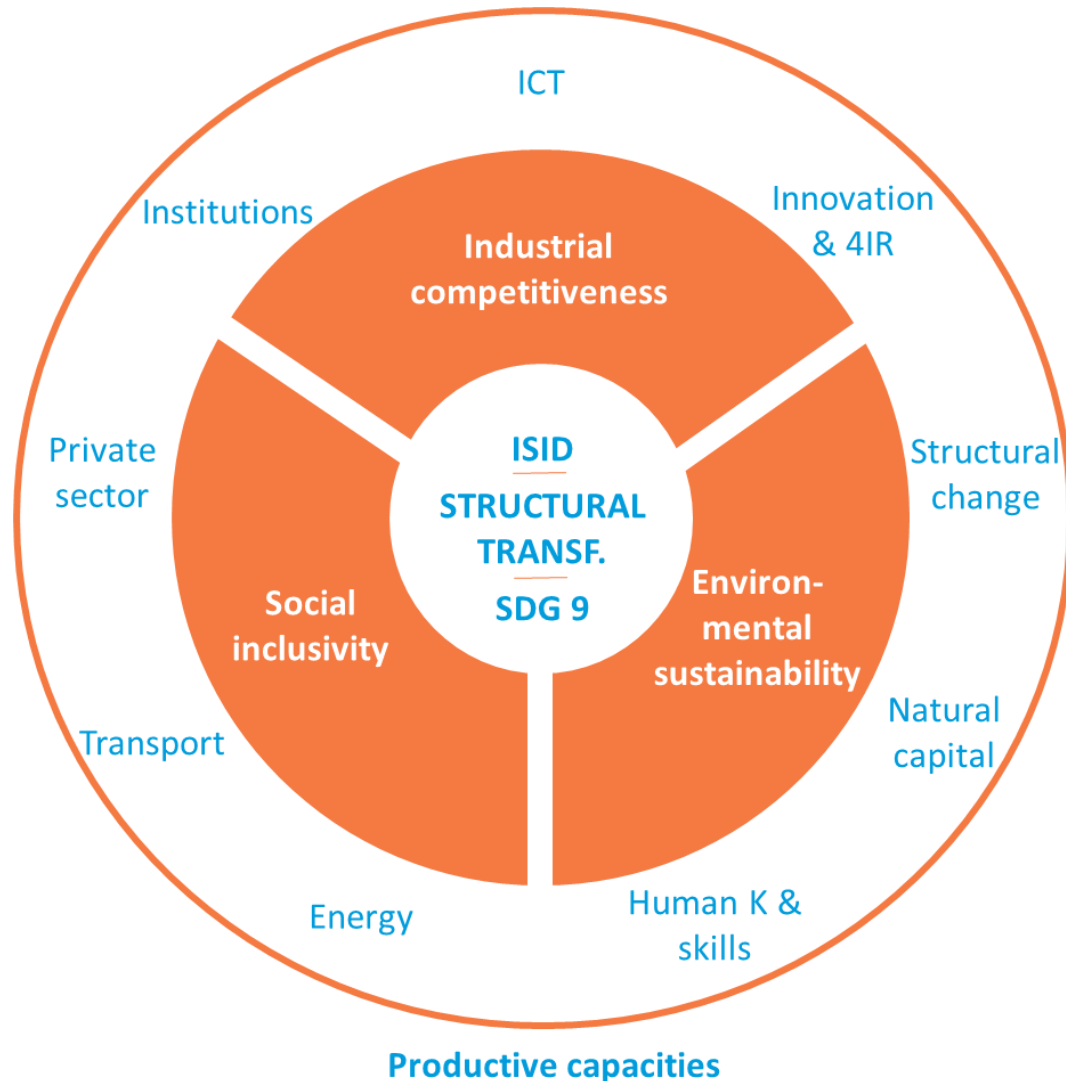
Broader concept

- All ISID dimensions
- Alignment with higher level goals



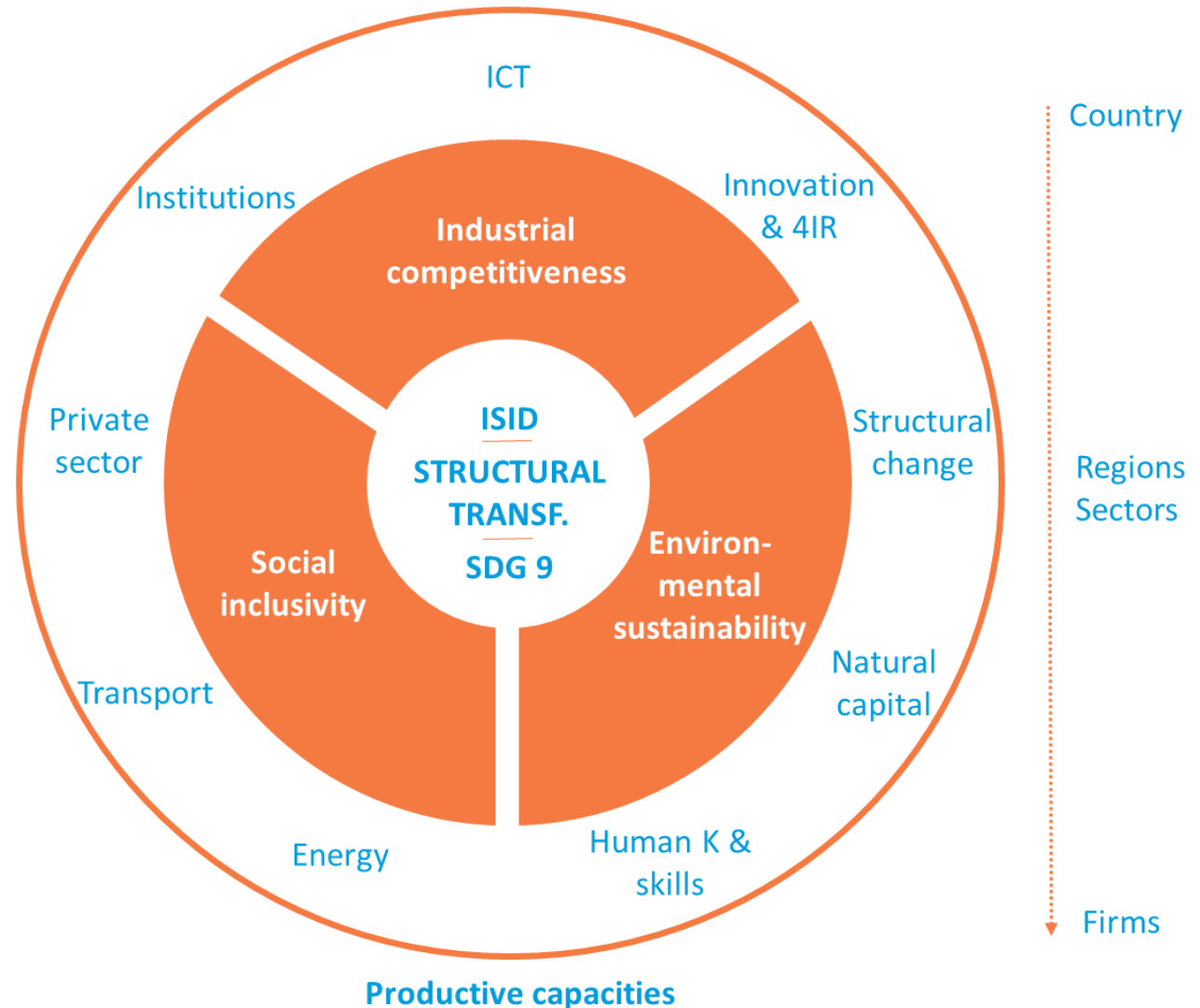
Policy relevance

- Productive capacities approach
- Links to policy action
- Dashboard presentation



Multi-coverage

- Aligning national, regional, sectoral and firm level metrics



New ISID Index

- Broad conceptual framework, encompassing all aspects of industry and its relationship with people and the environment
- Policy relevance and interpretation
- Inter-country comparability, with intra-country consistency
- Applying Productive Capacities index and pillars
- Forthcoming in **summer 2022!**



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