



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



Ethiopia's performance on the UNCTAD Productive Capacities Index (PCI) in comparison to the African and other developing countries: What policy implications?

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Outline of the presentation:-

- I. Key messages from the presentation
- II. Ethiopia's performance (scores) on:
 - ✓ the composite PCI and along the 8 categories
 - ✓ in comparison with SSA, Africa, & Other Developing Countries (ODCs)
- III. Conclusions with policy implications to Ethiopia

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

Key messages from the Ethiopian performance

- Ethiopia's made tangible progress on:

- ✓ Composite PCI and

- ✓ Transport and human capital categories

However, the progress observed needs to be understood in the context:

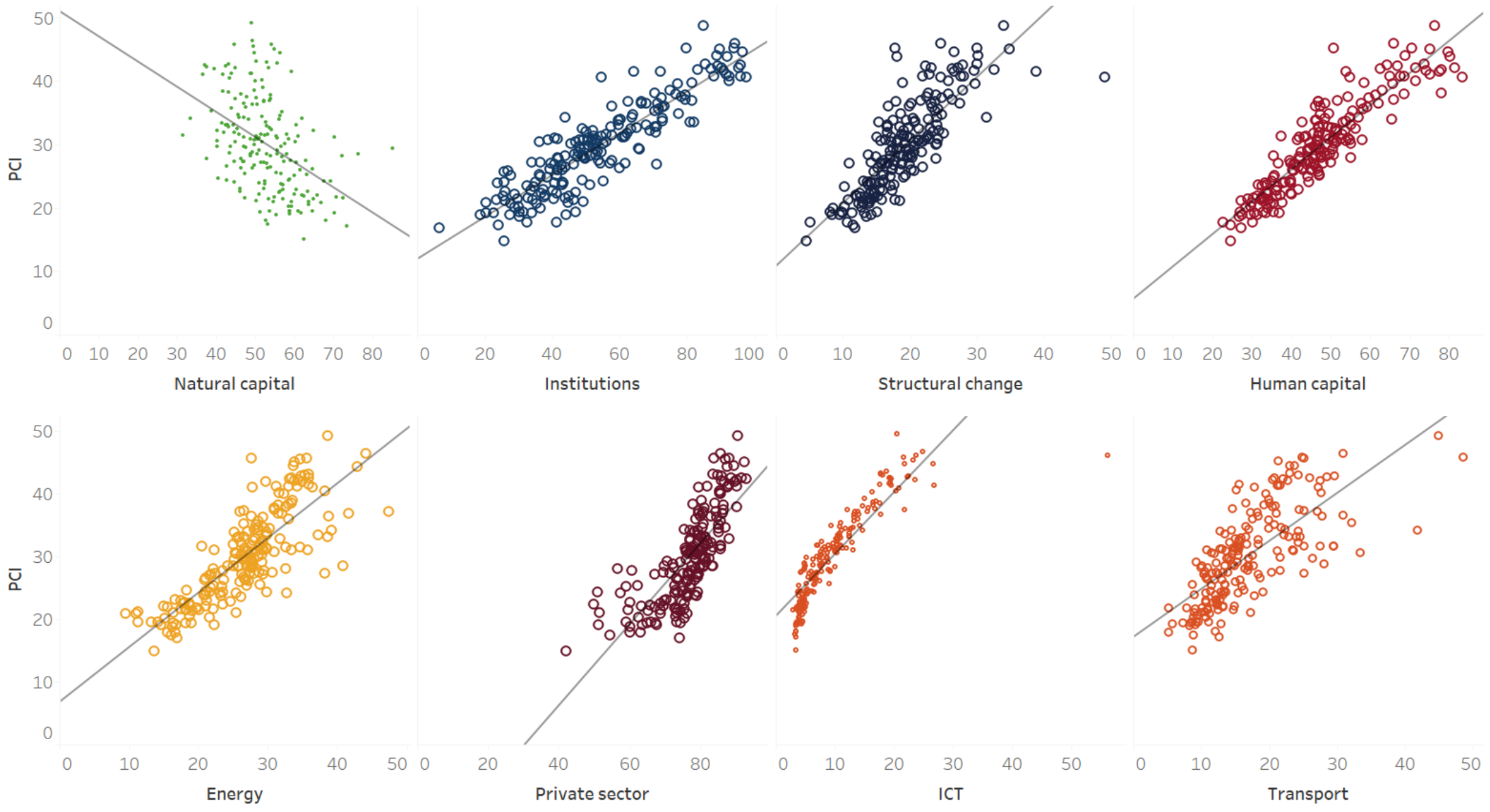
(a)...Ethiopia's progress is in comparison with SSA or African average;

(b)... When compared with ODCs, Africa lagged in 7/8 categories (except natural capital);

(c)...Improvements seen are incremental (insufficient to kickstart transformation);

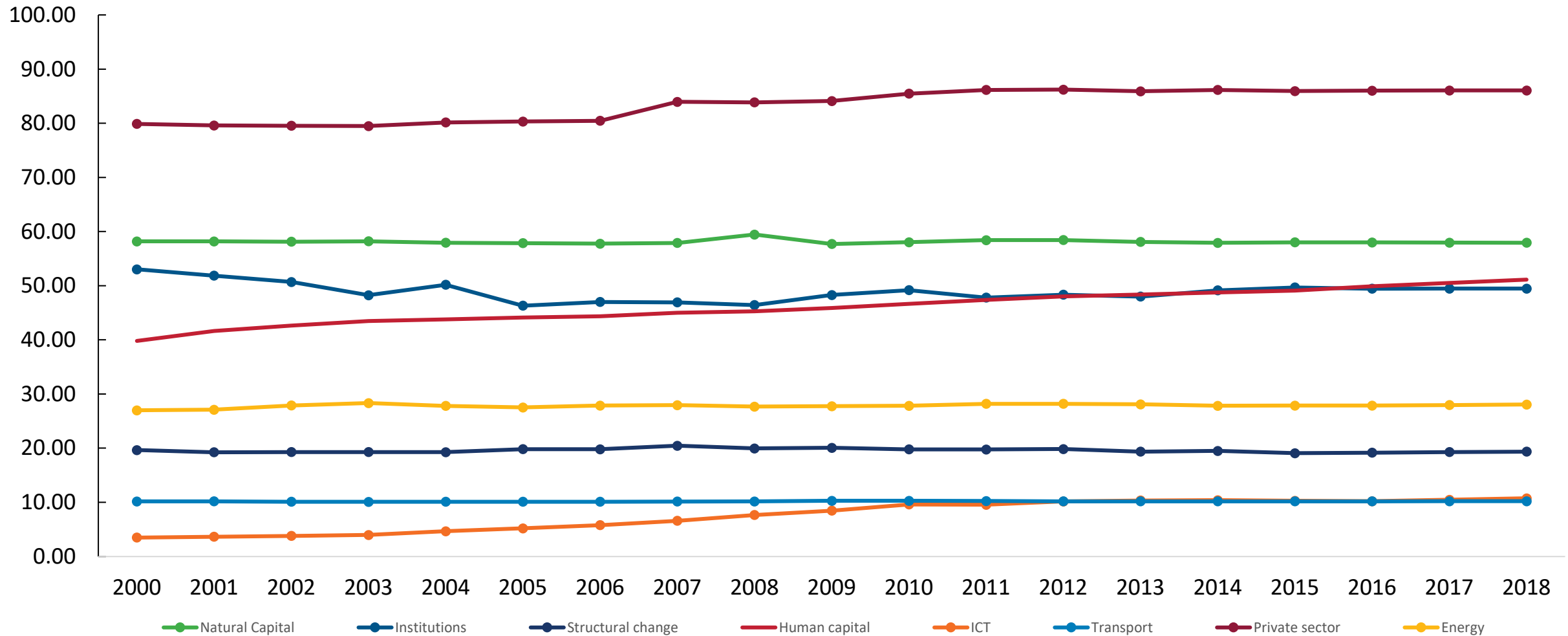
(d).. There is a long way to go for African countries to reach the level of productive capacities achieved by Other Developing countries;

*** *Low score does not mean fatality . Rather it is an opportunity.***

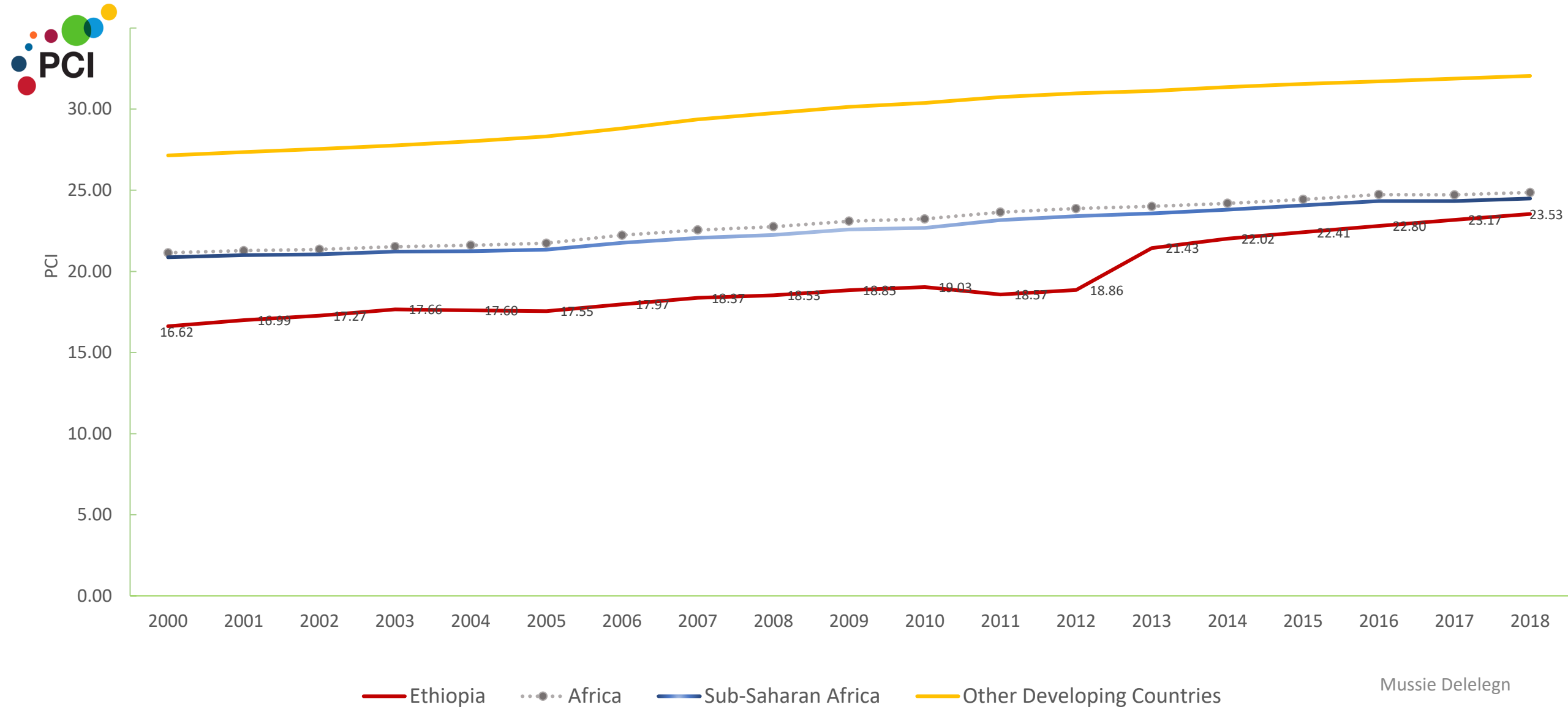


I. Ethiopia's performance on the PCI: Mixed progress

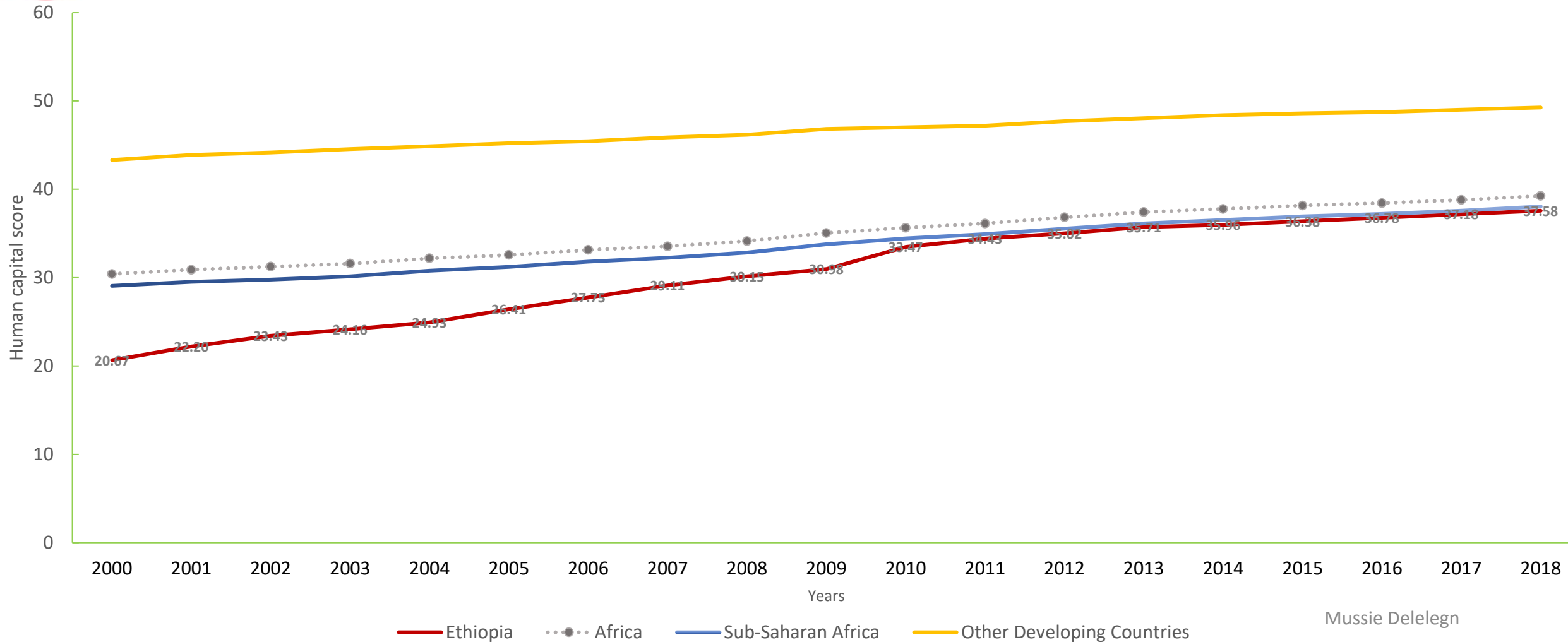
a. Ethiopia's performance across 8 categories of the PCI (2000-2018)



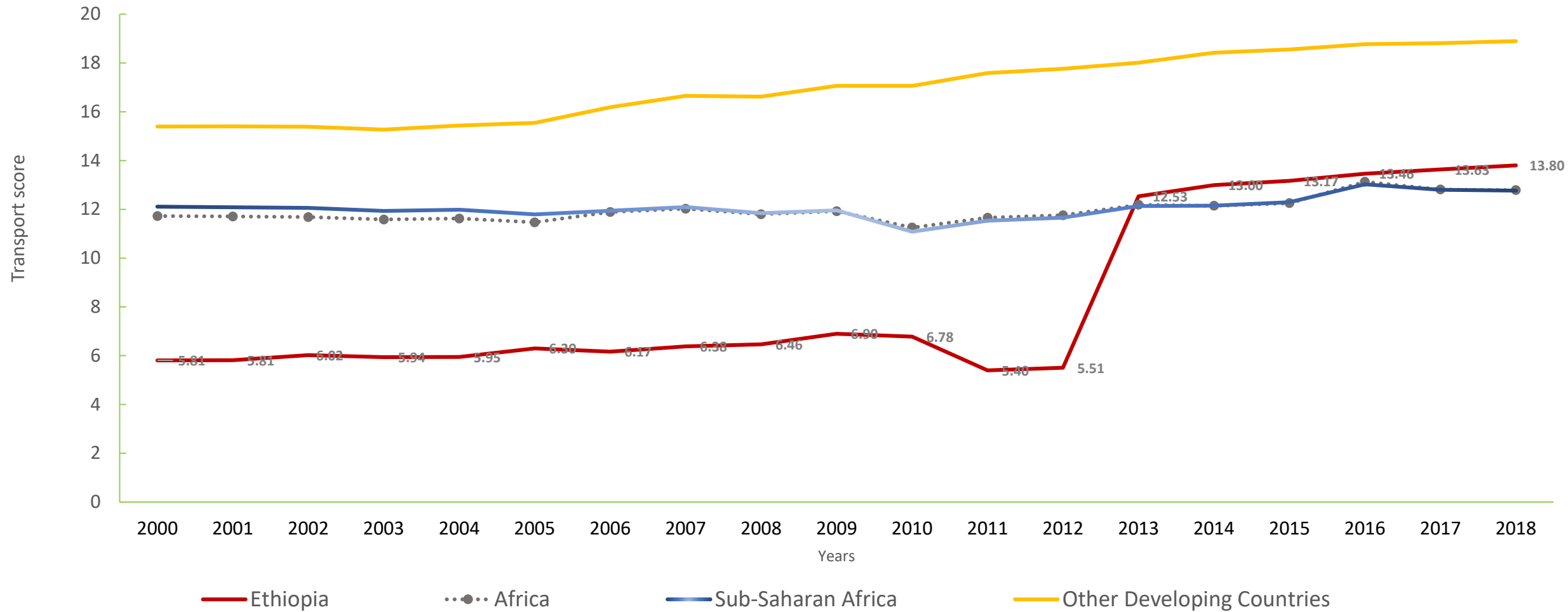
b. Composite PCI: Ethiopia, SSA, Africa & ODCs



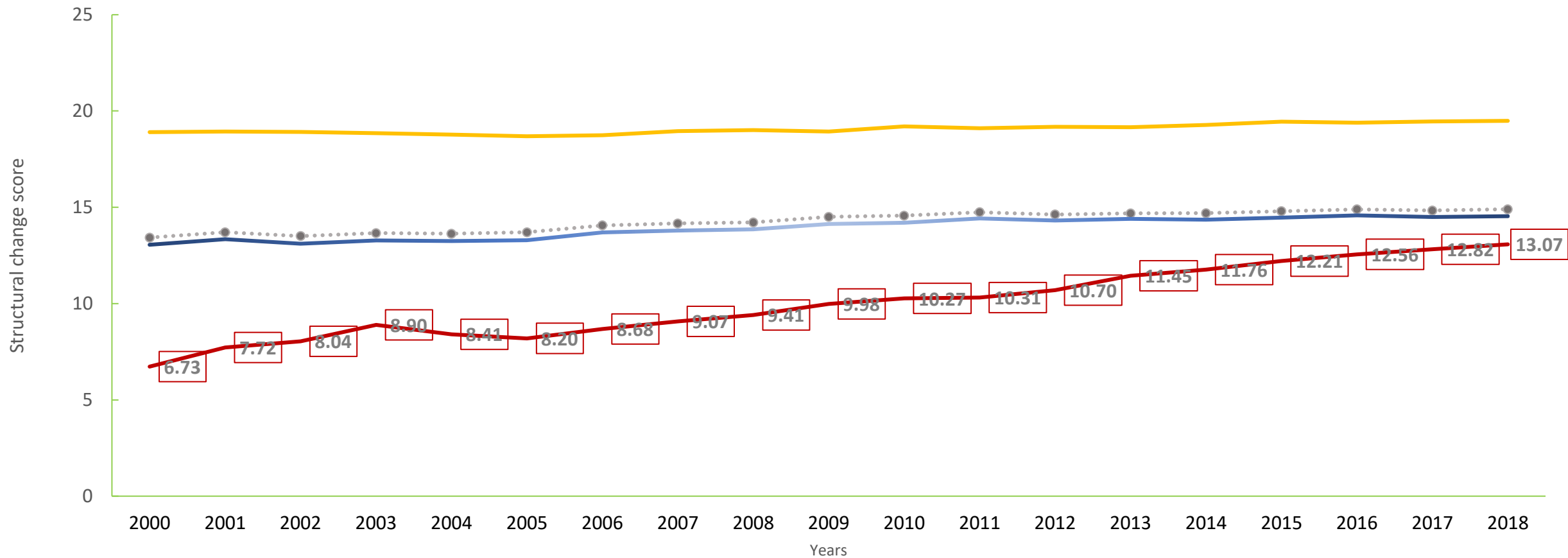
c. Human capital category: Ethiopia.....



d. Transport category: Ethiopia.....

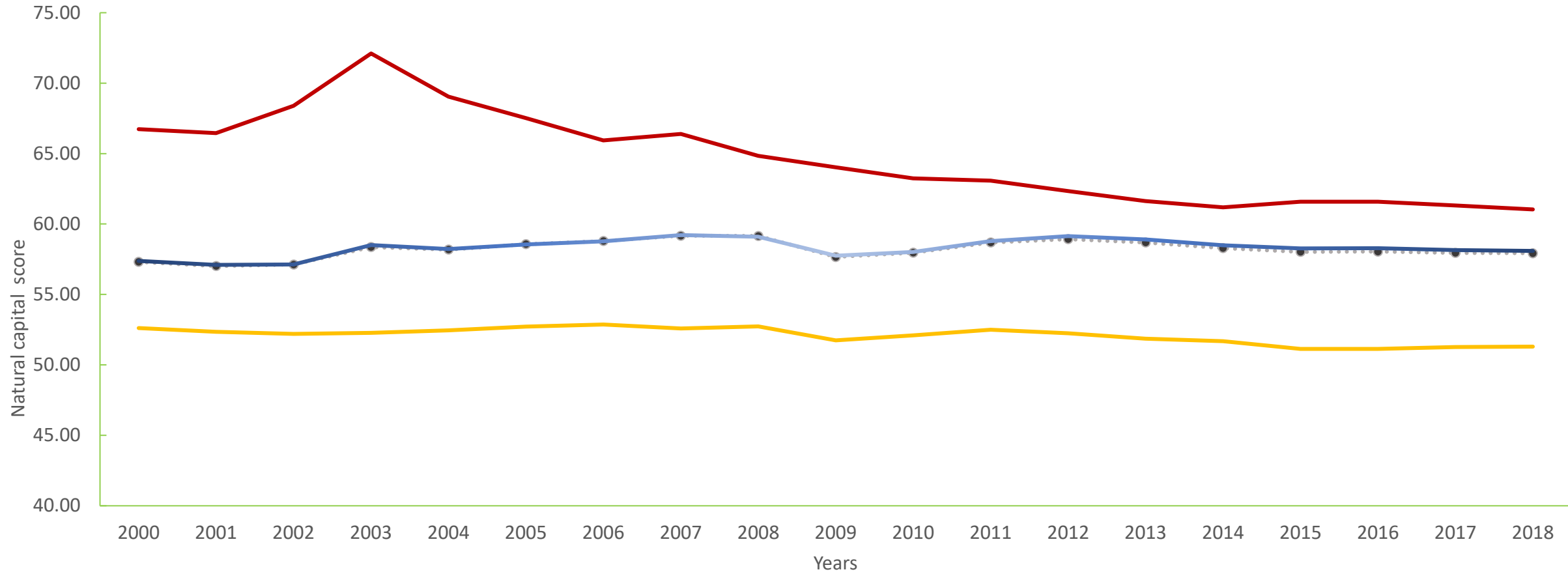


e. Structural change: Ethiopia.....



— Ethiopia ··· Africa — Sub-Saharan Africa — Other Developing Countries

f. Natural Capital category: Ethiopia.....



— Ethiopia

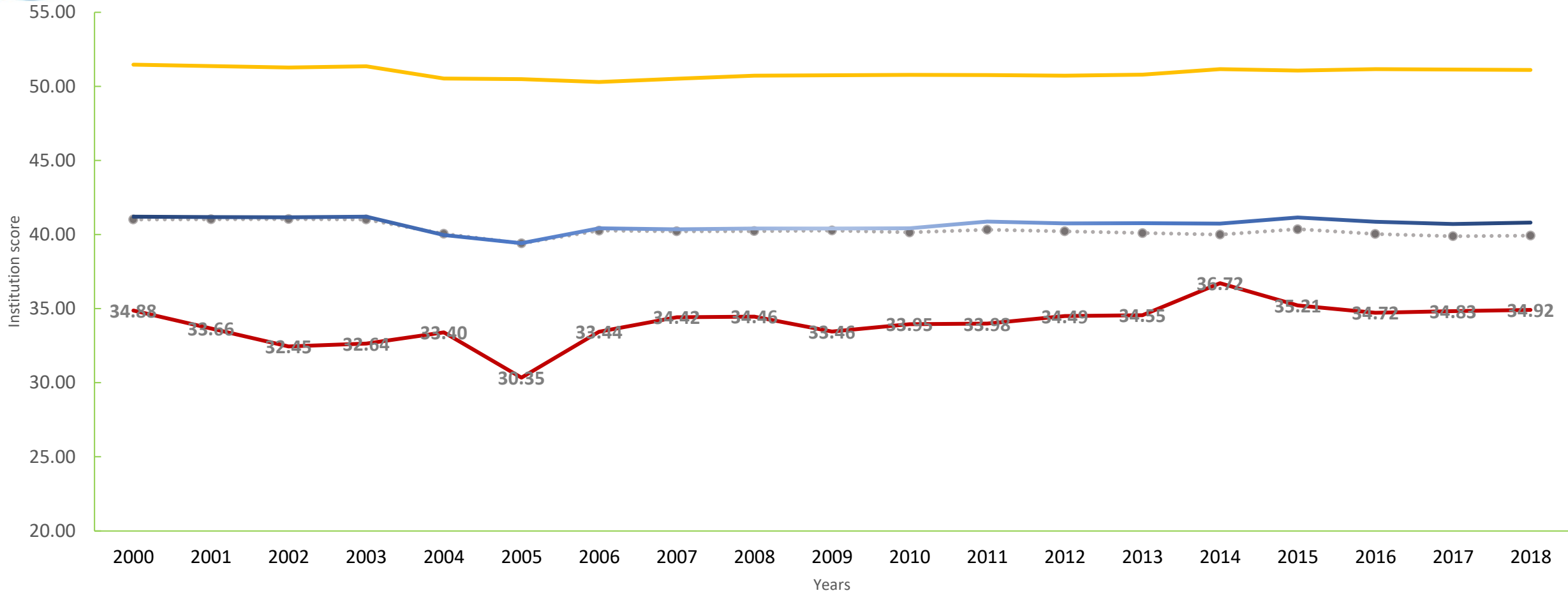
···●··· Africa

— Sub-Saharan Africa

— Other Developing Countries

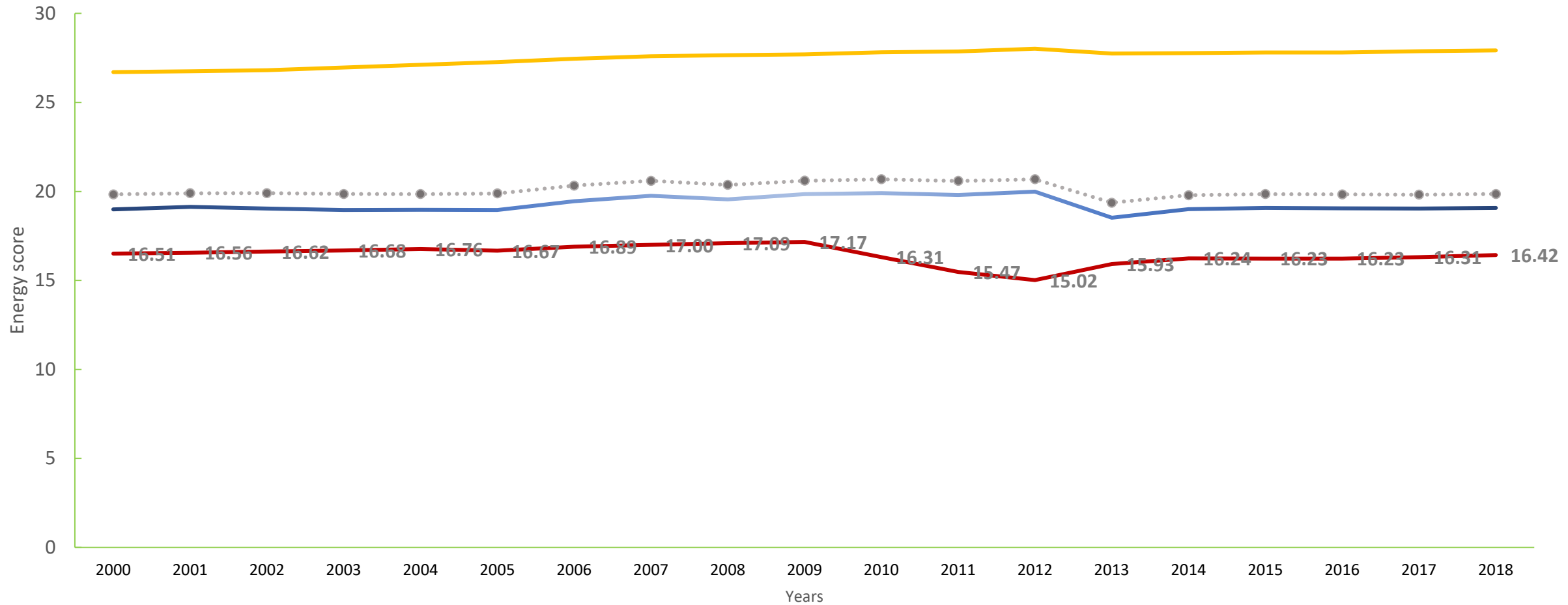
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g. Institutions' category: Ethiopia.....



— Ethiopia ··· Africa — Sub-Saharan Africa — Other Developing Countries

h. Energy category: Ethiopia.....

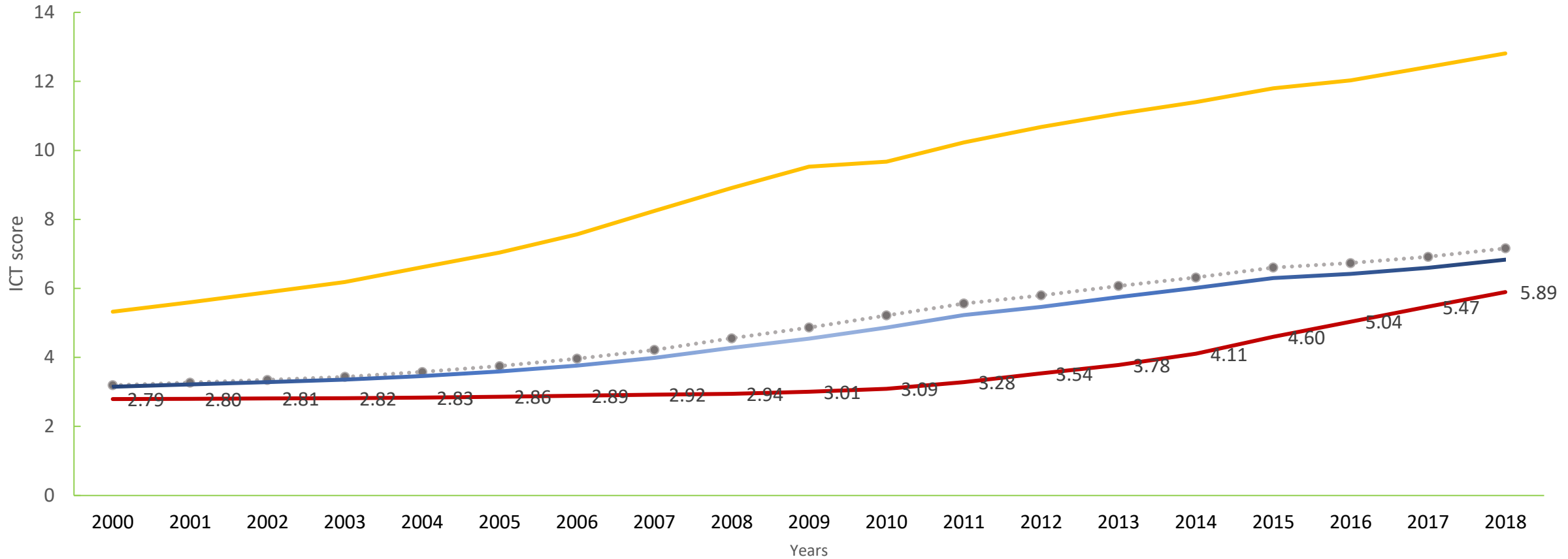


— Ethiopia ··· Africa — Sub-Saharan Africa — Other Developing Countries

i. ICTs category: Ethiopia.....

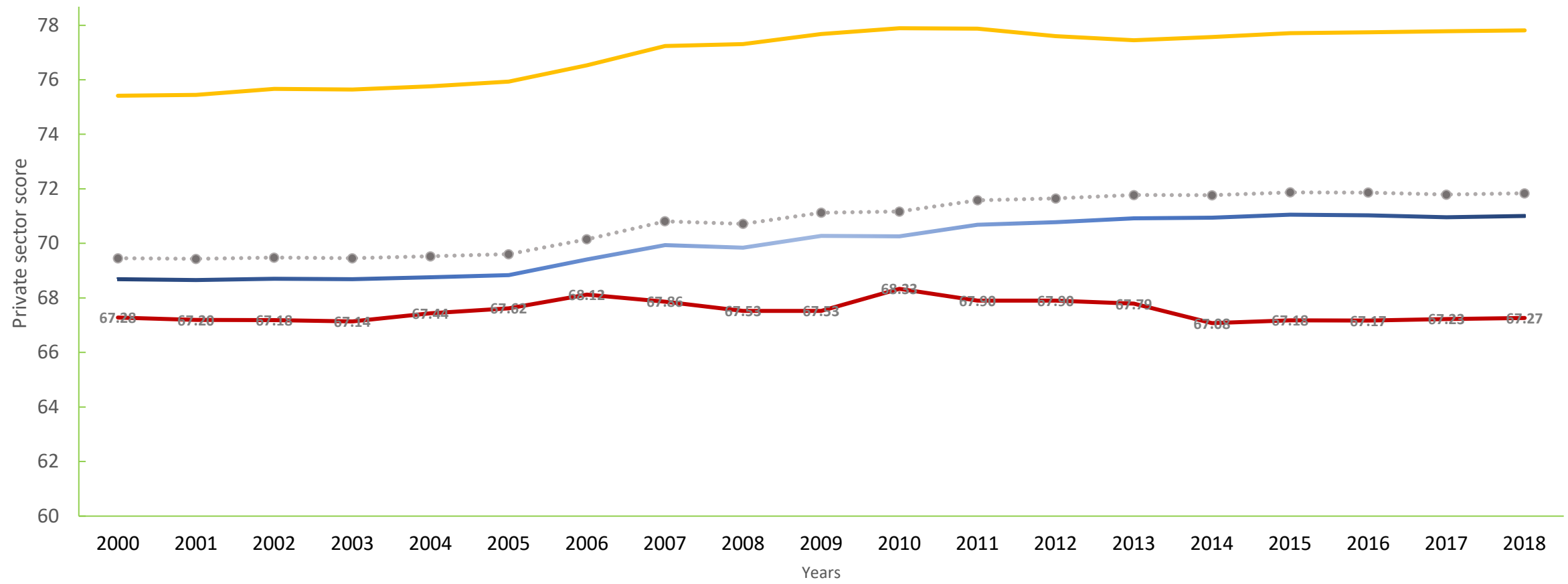


ICT



— Ethiopia ··· Africa — Sub-Saharan Africa — Other Developing Countries

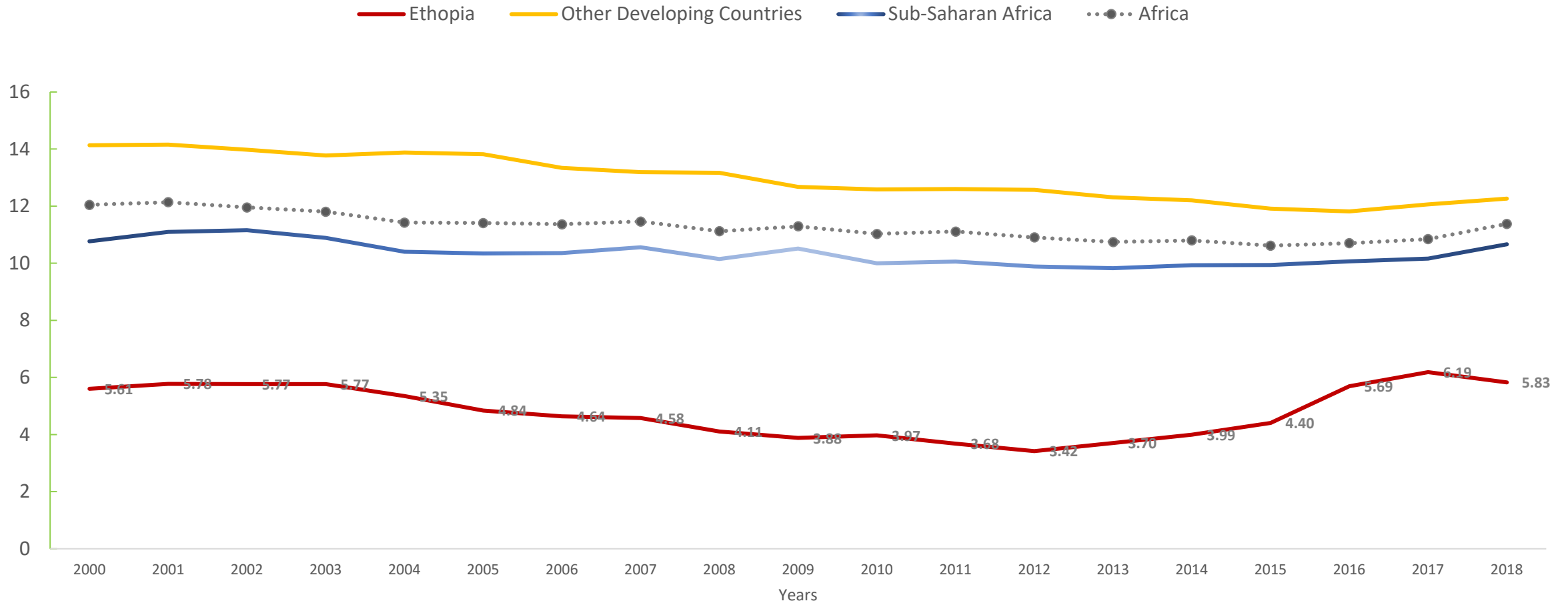
j. Private sector category: Ethiopia.....



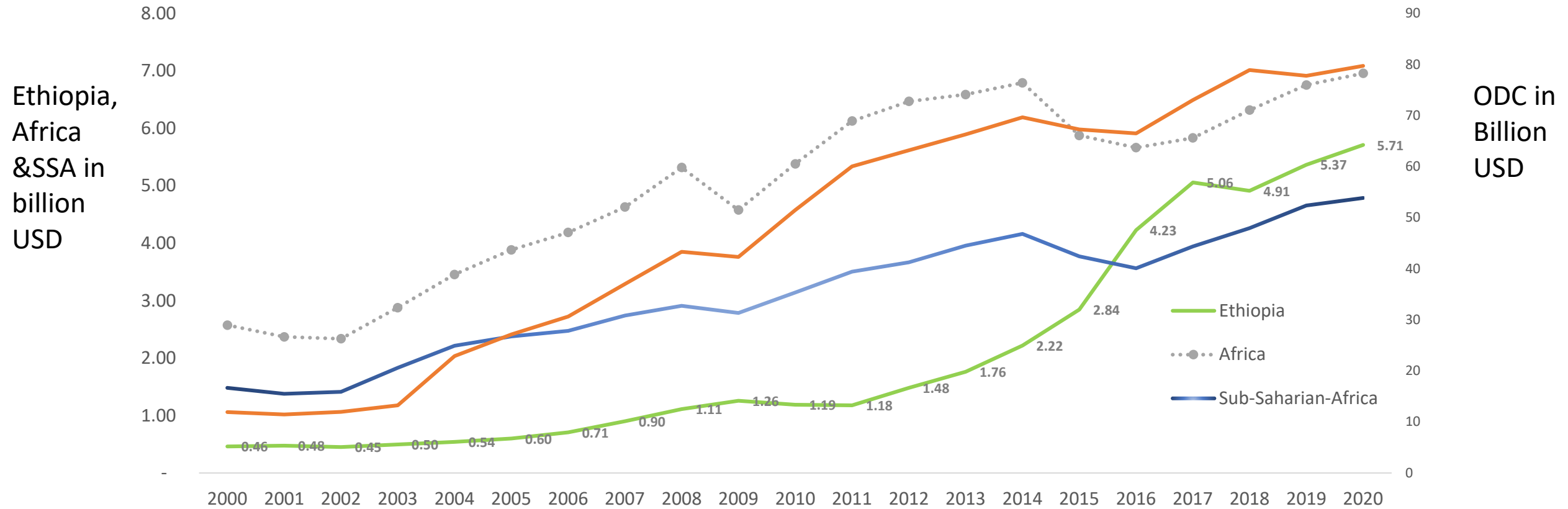
— Ethiopia ··· Africa — Sub-Saharan Africa — Other Developing Countries

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K. Manufacturing Value Added in GDP (%)



L. Manufacturing Value Added (current USD)



What are the policy implications of Ethiopia's performance on PCI?

- Ethiopia's composite index has improved over the last 18 years by SSA's standard
- Ethiopia has exceeded SSA's average in transport category
- It performed almost as equal with SSA in human capital formation and structural change.
- However, when compared to ODCs Ethiopia lagged in 7/8 categories on the PCI (except natural capital);
- Generally, low PCI means poor policy outcomes and heightened vulnerability of to external (negative) shocks;
- Covid-19 pandemic is a wake-up call for Ethiopia that "business as usual" approach is no longer an option;
- Ethiopia could possibly be locked for long in the LDCs' group and in a low-level equilibrium trap, if "business as usual" approach to development continues.
- Ethiopia's lag in institutions, private sector, energy and ICTs categories is significant and requires enhanced efforts to address.