



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

# Briefing at the 70th Executive Session of the TDB on Productive Capacities Index (PCI) with a focus on Least Developed Countries (LDCs)

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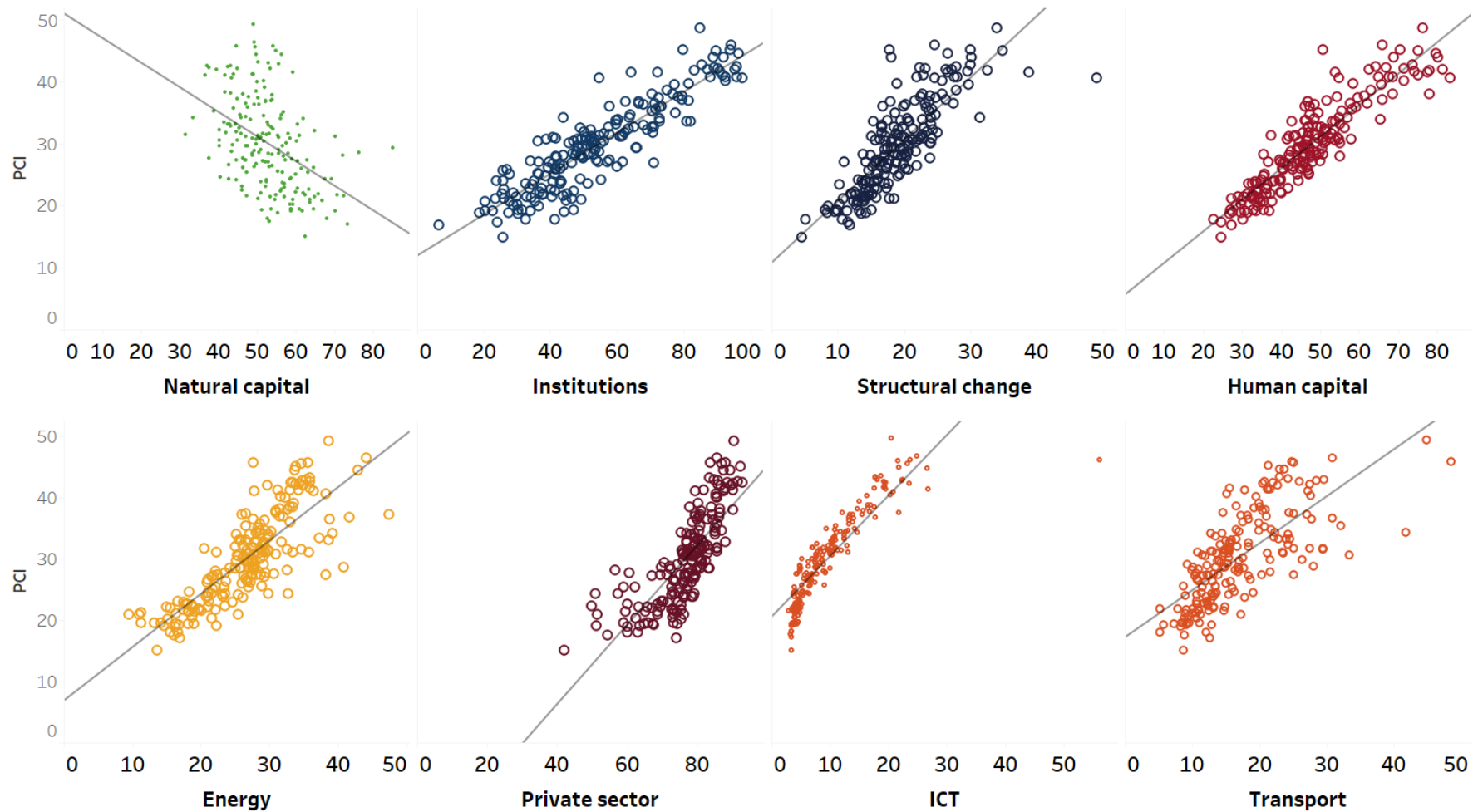
# Outline

- I. Key messages from the presentation
- II. PCI categories and performances of country groups
- III. PCI scores of LDCs, graduated and would be graduating LDCs
- IV. Concluding remarks

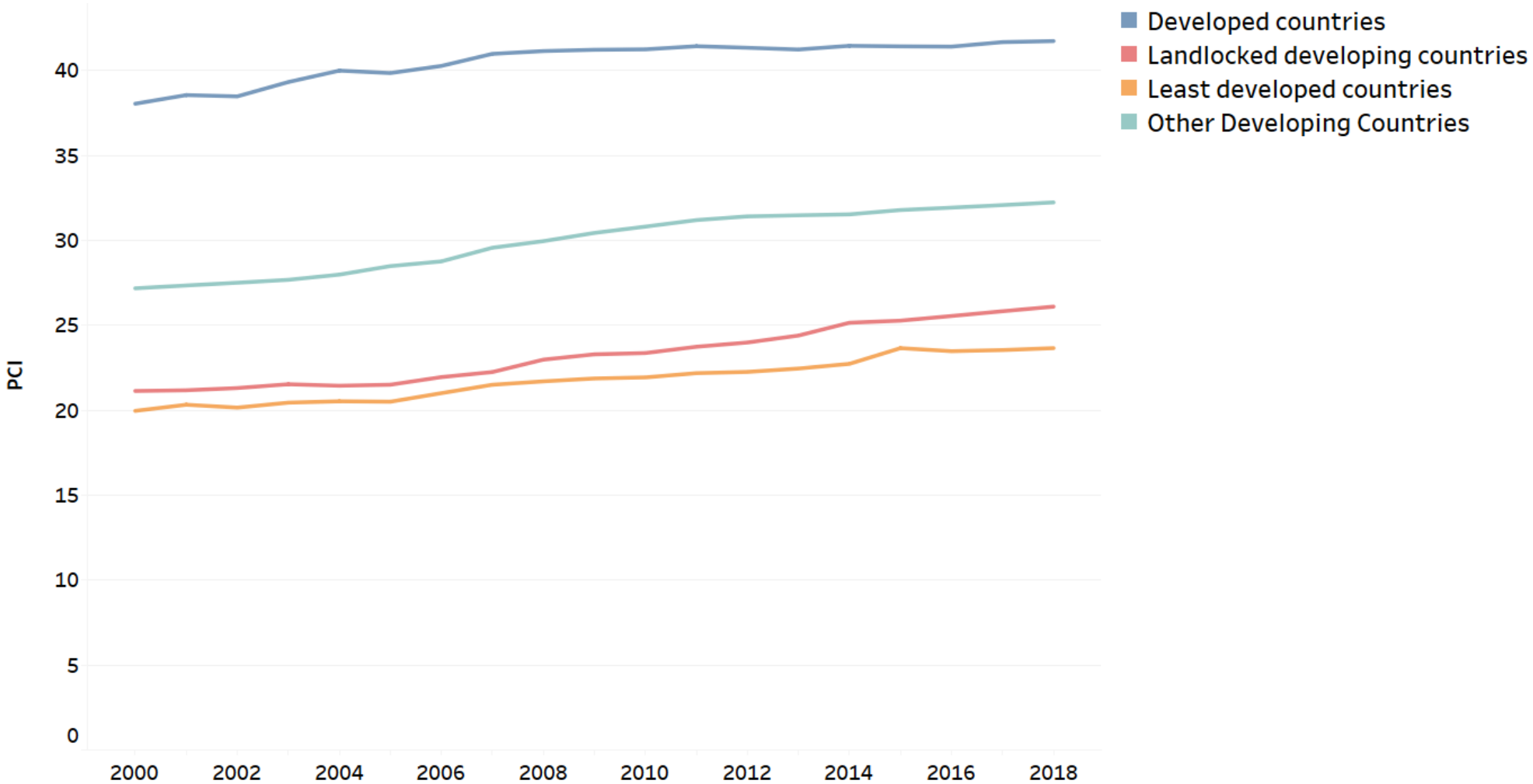
# Key Messages from the presentation

- ✓ PCI has shown incremental, but disproportionate improvements over the years for all country groups;
- ✓ LDCs continue to lag far behind other developing countries in 7/8 categories. The gap is significant in human capital, infrastructure (such as energy and transport), ICT, structural change and institutions;
- ✓ Graduated LDCs have made steady progress, but they have not yet reached the aggregate level attained by other developing countries;
- ✓ Fostering productive capacities can take a longer timeframe than (e.g.) meeting the graduation criteria;
- ✓ Low PCI scores of LDCs calls for a new generation of policies and strategies, as well as scaling-up of International Support Measures (ISMs).

## II. PCI categories and performances of country groups: a. The 8 categories of the PCI and correlation with the composite Index

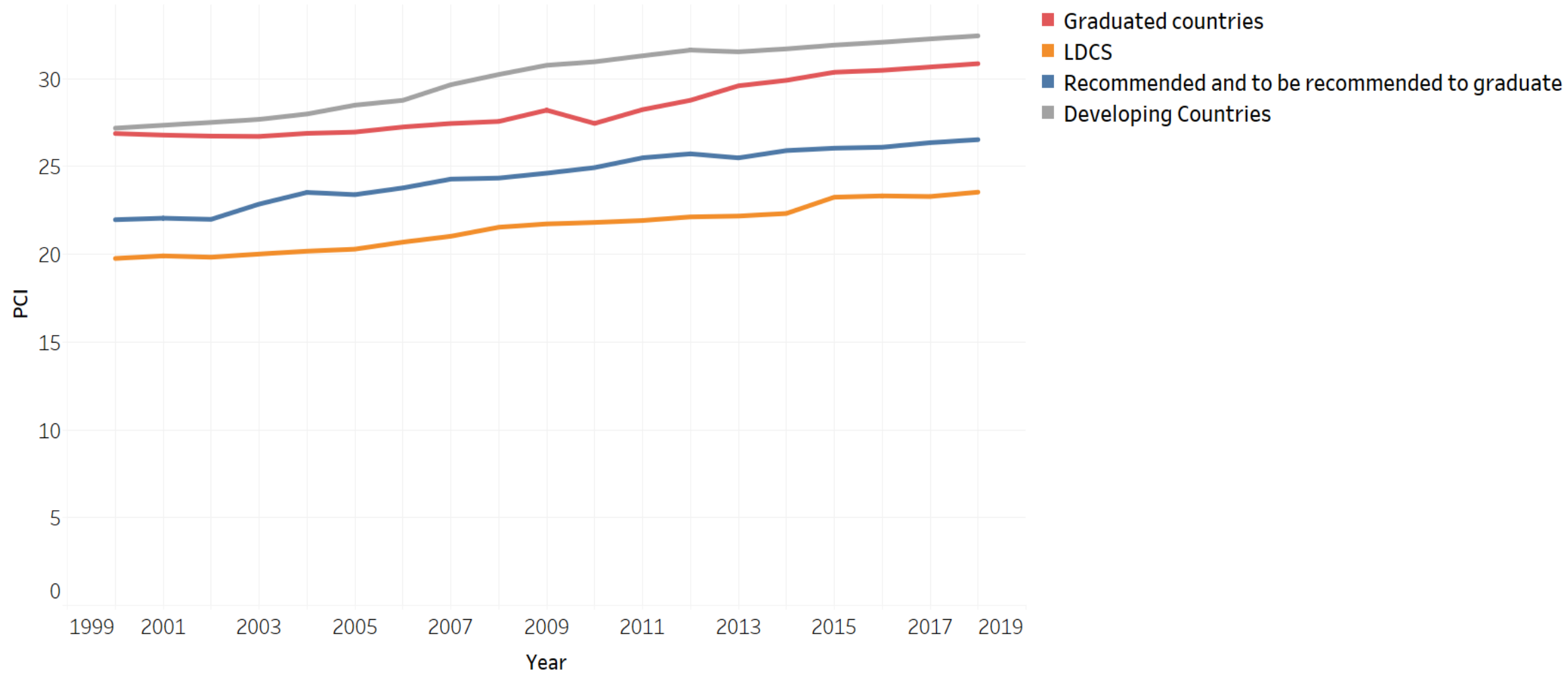


# b. Average PCI scores: Developed Countries, Other Developing Countries, LDCs and LLDCs

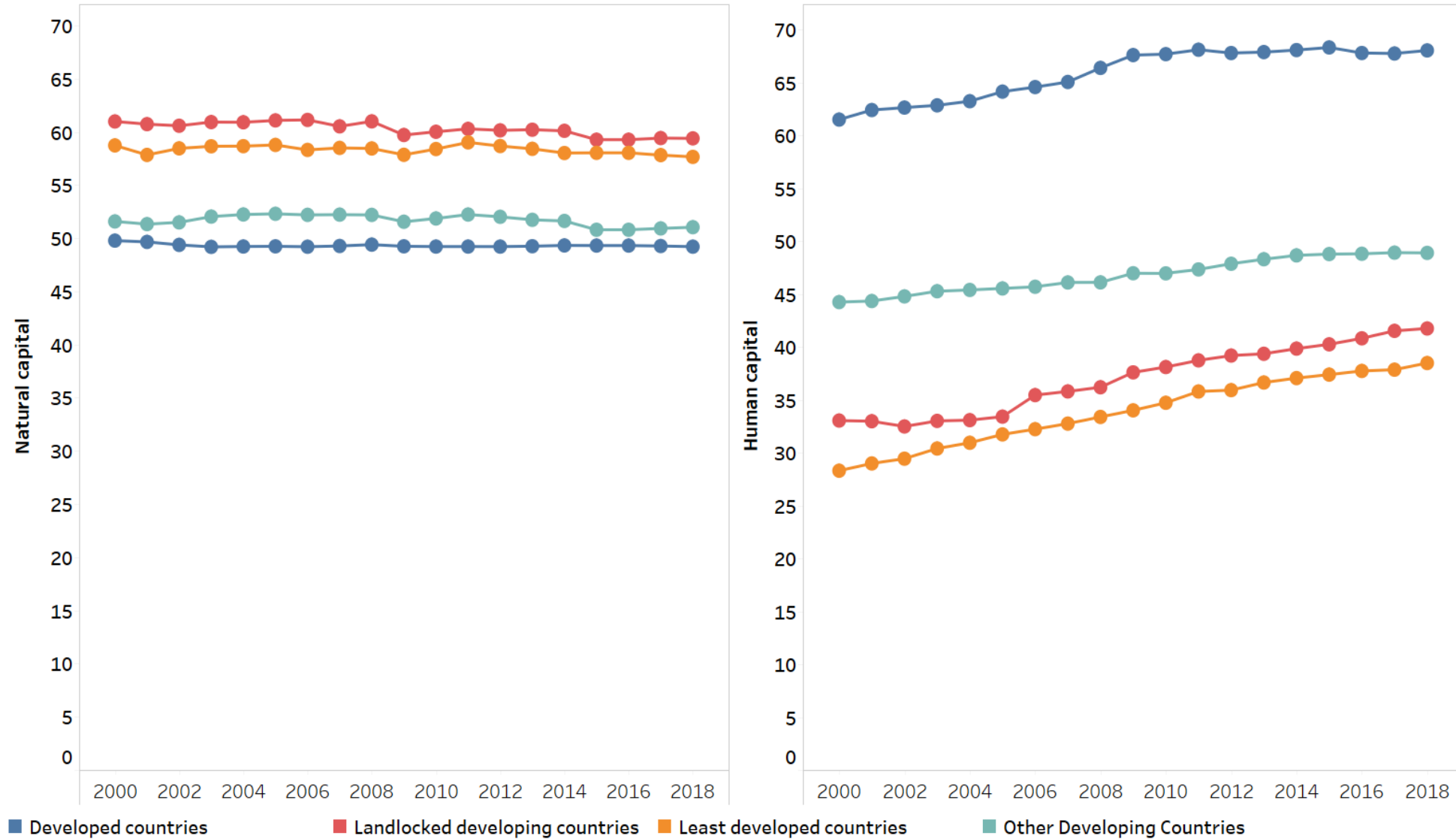


# C. Comparison of graduated LDCs, recommended LDCs, LDCs and ODCs

Evolution of PCI by group



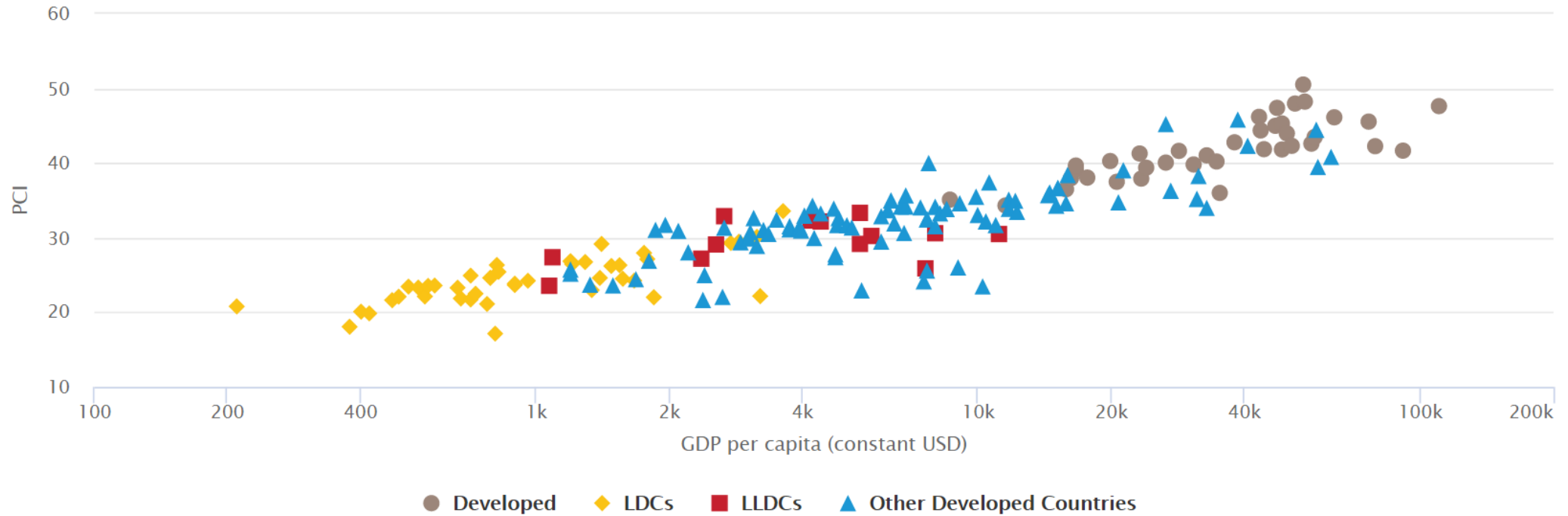
## d. Contrast between natural and human capital



Correlation between the Productive Capacities Index and gross domestic product per capita, 2018



$\rho = 0.91$



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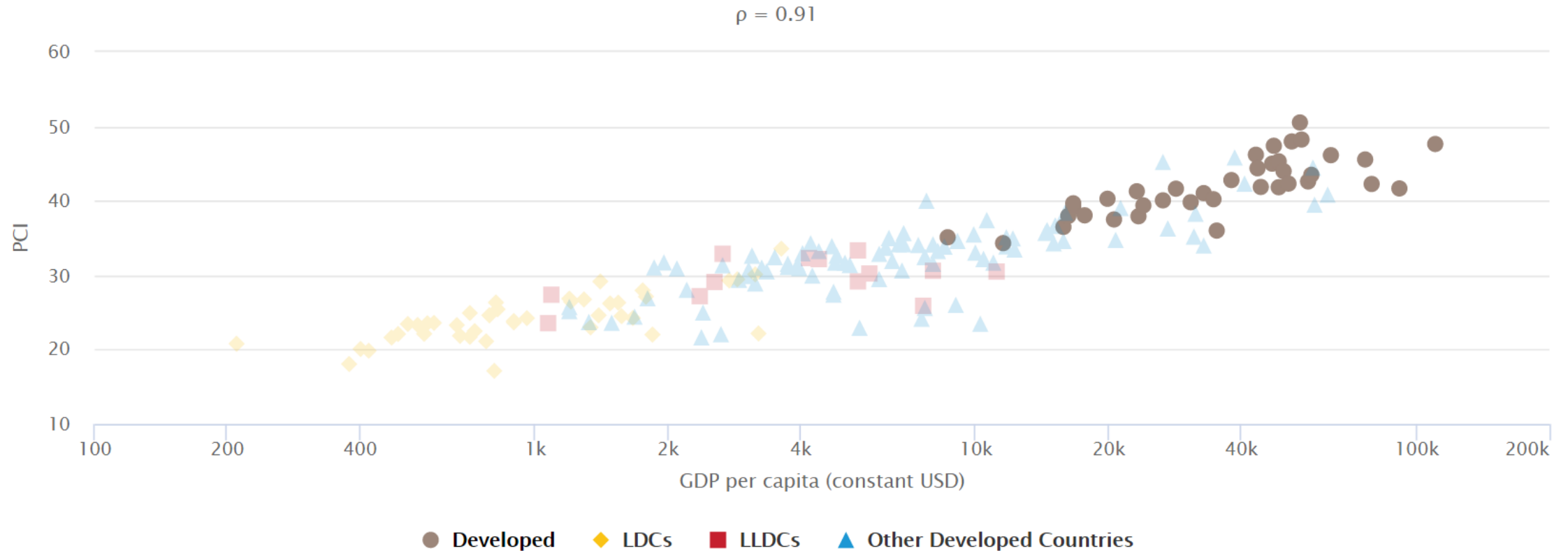
## Key regression results

e. PCI and GDP per capita (log)

$\rho = 0.91$



Correlation between the Productive Capacities Index and gross domestic product per capita, 2018 ☰



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## Key regression results

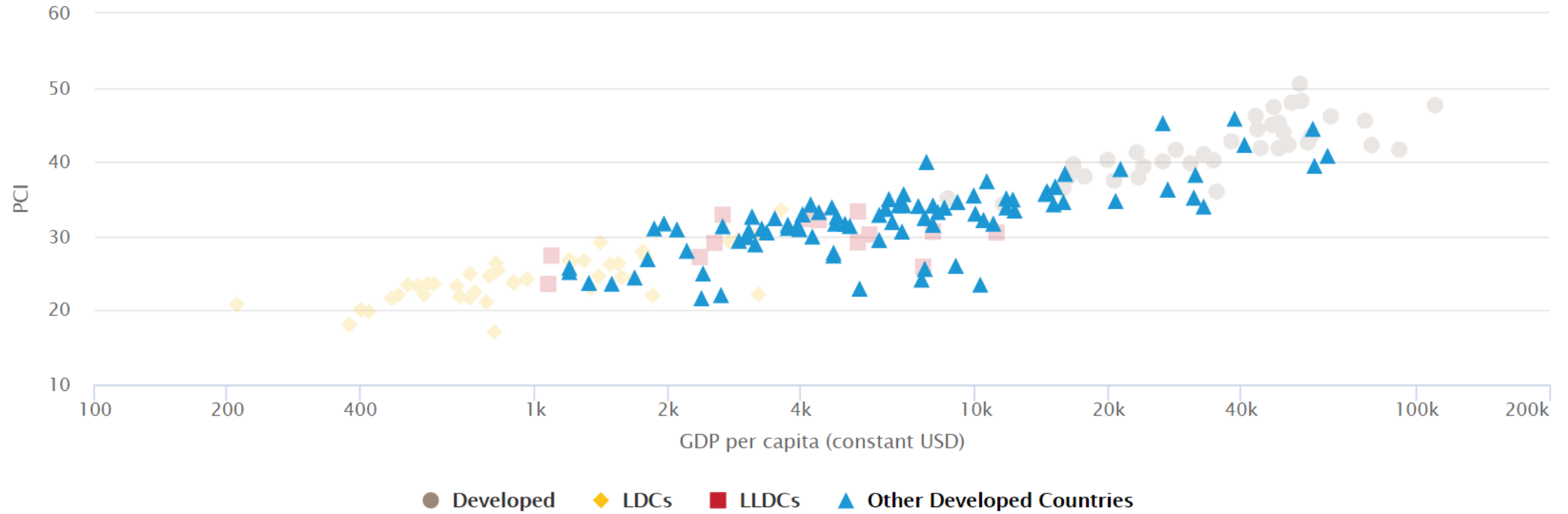
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Correlation between the Productive Capacities Index and gross domestic product per capita, 2018



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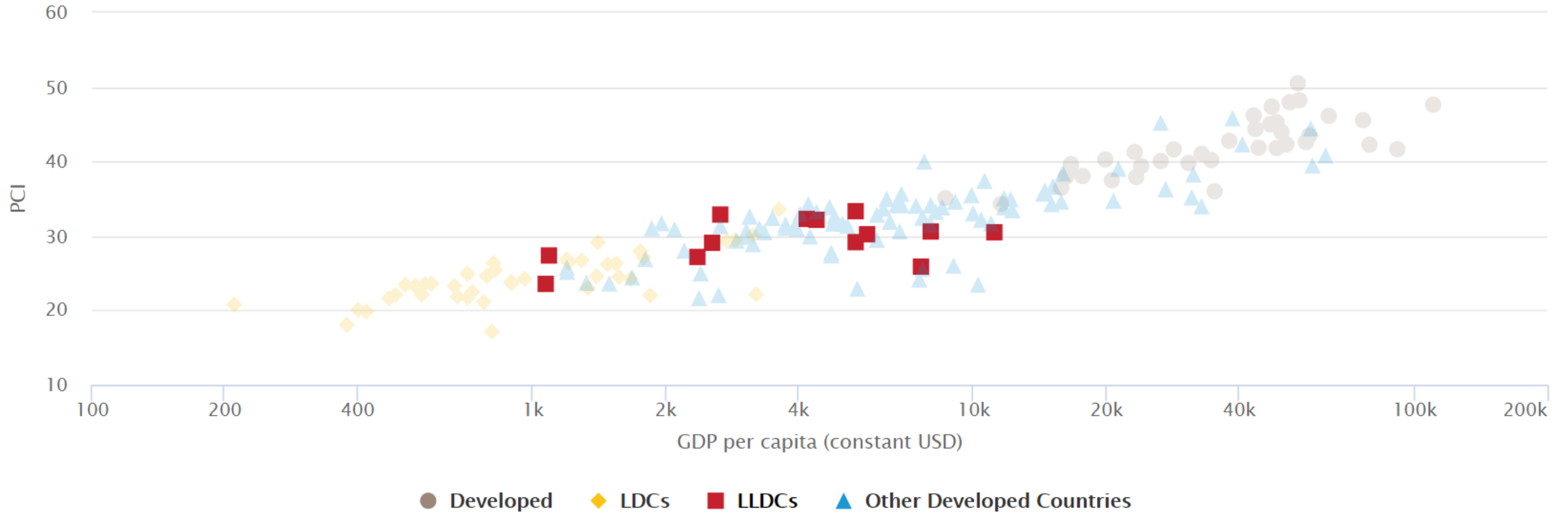
## Key regression results

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# Correlation between the Productive Capacities Index and gross domestic product per capita, 2018 ☰

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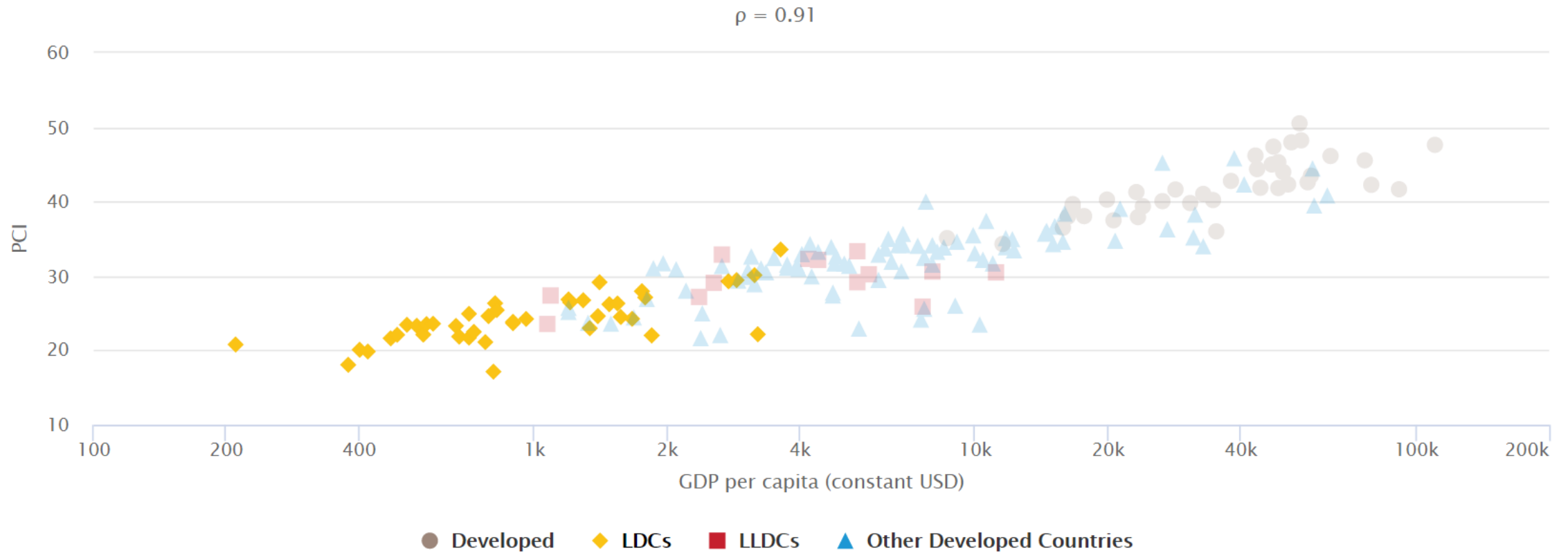


## Key regression results

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Correlation between the Productive Capacities Index and gross domestic product per capita, 2018 ☰



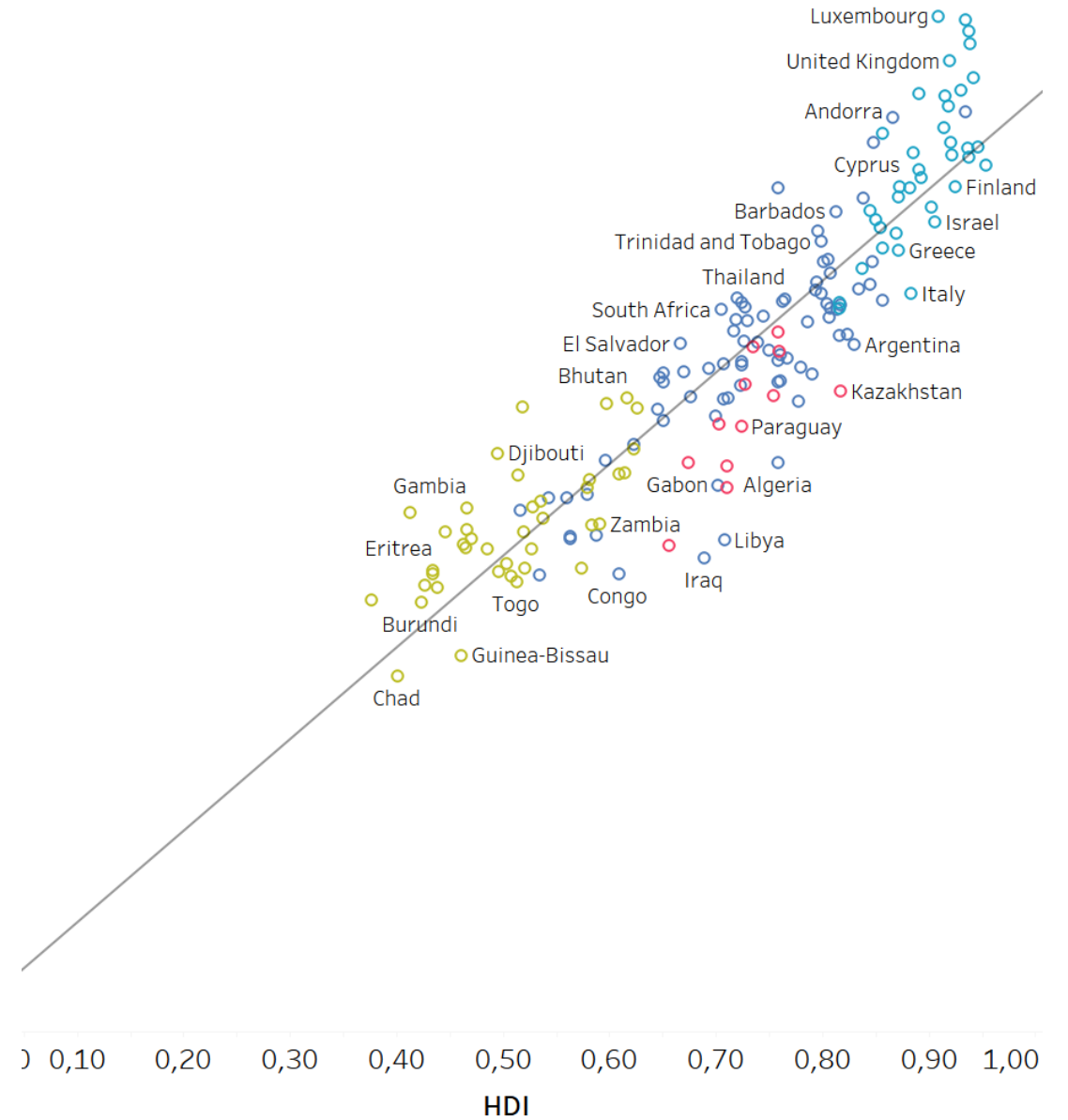
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## Key regression results

e. PCI and GDP per capita (log)

$\rho = 0.91$

f. PCI and HDI  
 $\rho=0.92$



## IV. Concluding remarks: Implications for LDCs

- Productive capacities must **be placed at the center** of domestic and global development policies with respect to LDCs
- “No nation has ever developed without fostering productive capacities and structural economic transformation”
- The lag of LDCs on PCI means that:
  - ❖ their economies are weak and vulnerable to shocks;
  - ❖ policy outcomes are too little to make a dent in socioeconomic challenges;
  - ❖ material extraction or commodity-driven growth failed to deliver promises;
  - ❖ fragmented/disjointed interventions could not unlock key binding constraints on development in LDCs
- Business as usual approach is no longer an option
- “**New generation policies**” are urgently needed b/c an existing **growth model** failed to deliver promises