



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

A joint ESCAP-UNCTAD Workshop on “Promoting Structural Economic Transformation in Asia-Pacific Landlocked Developing Countries

Mussie Deleegn,
Chief, LLDCs' Section,
Division for Africa, Least Developed Countries and
Special Programmes, UNCTAD

4-7 November 2019, Bangkok, Thailand



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

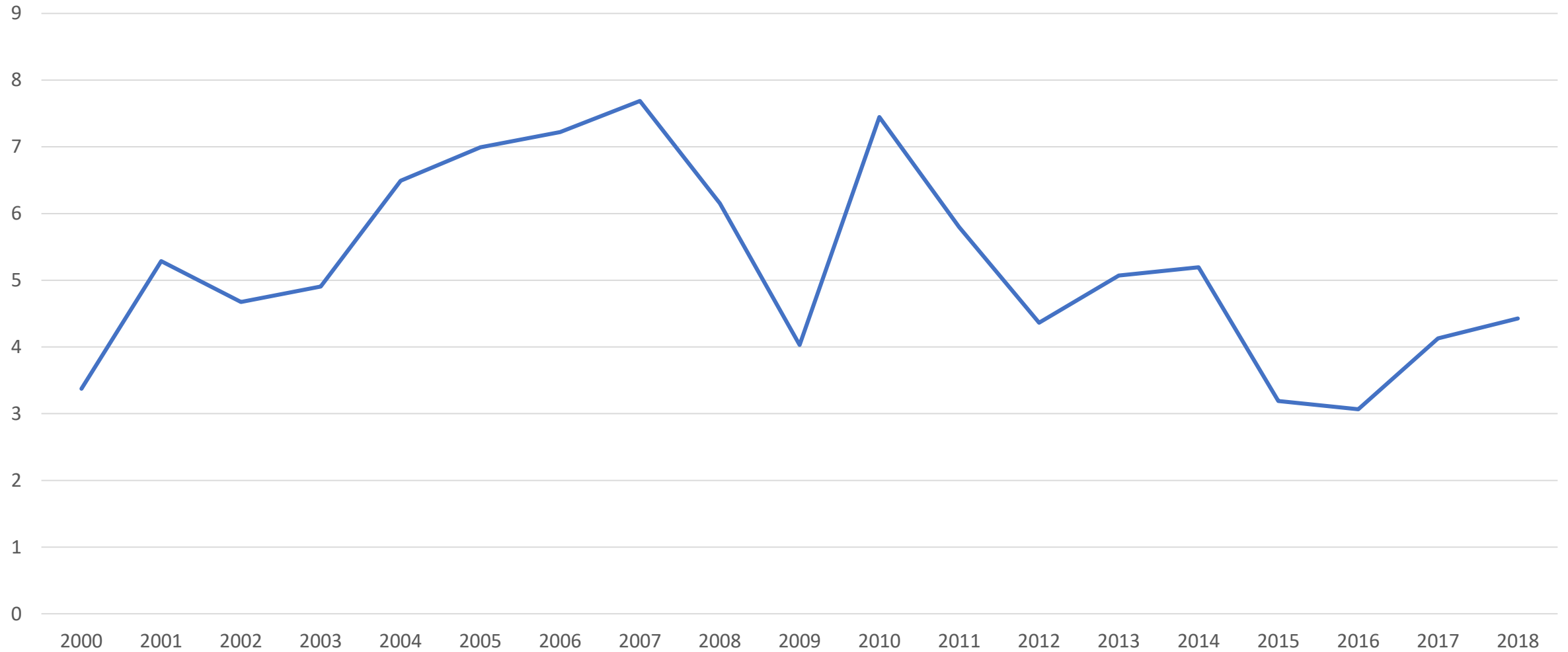
Session I: Productive Capacities for Inclusive Growth

Measuring Productive Capacities in LLDCs: How do Asian LLDCs perform on UNCTAD's Productive Capacities index (PCI) and what Policy implications?

Structure of the presentation

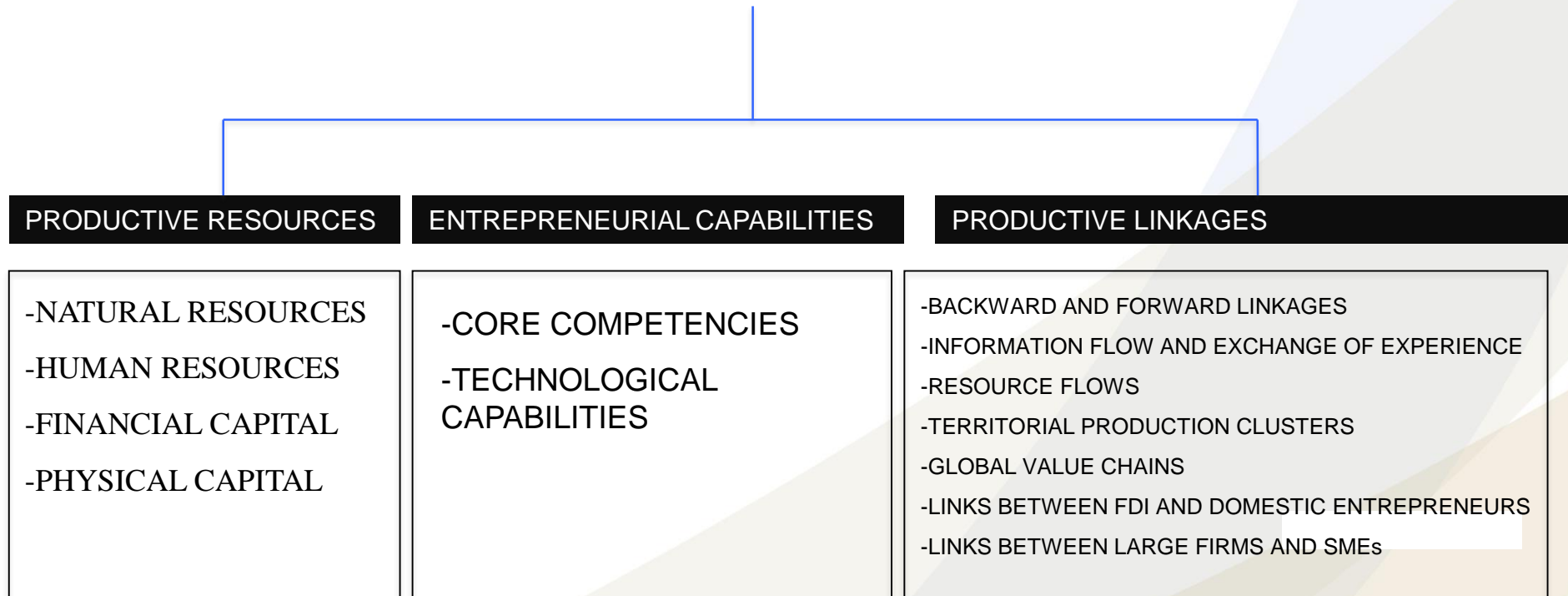
- I. Weak and vulnerable growth performances in LLDCs
- II. What are Productive capacities, and how do we measure them?
- III. How do LLDCs compare with ODCs and Transit Countries?
- IV. Performance of Asian LLDCs in comparison with African LLDCs
- V. Concluding remarks and implications for policy making

Growth Performance of LLDCs: Average Annual Real GDP Growth in LLDCs (2000-2018)

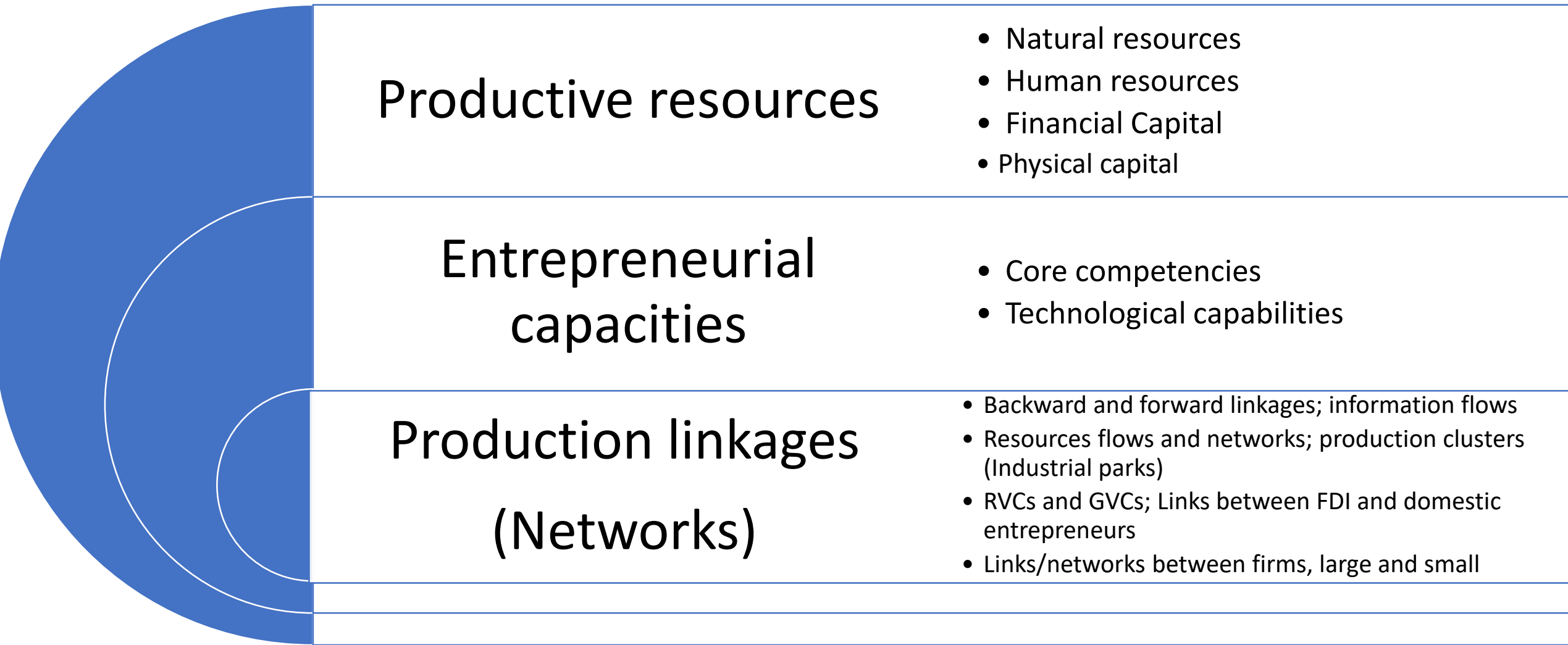


I. What are Productive Capacities? Components of Productive capacities: Elements and components

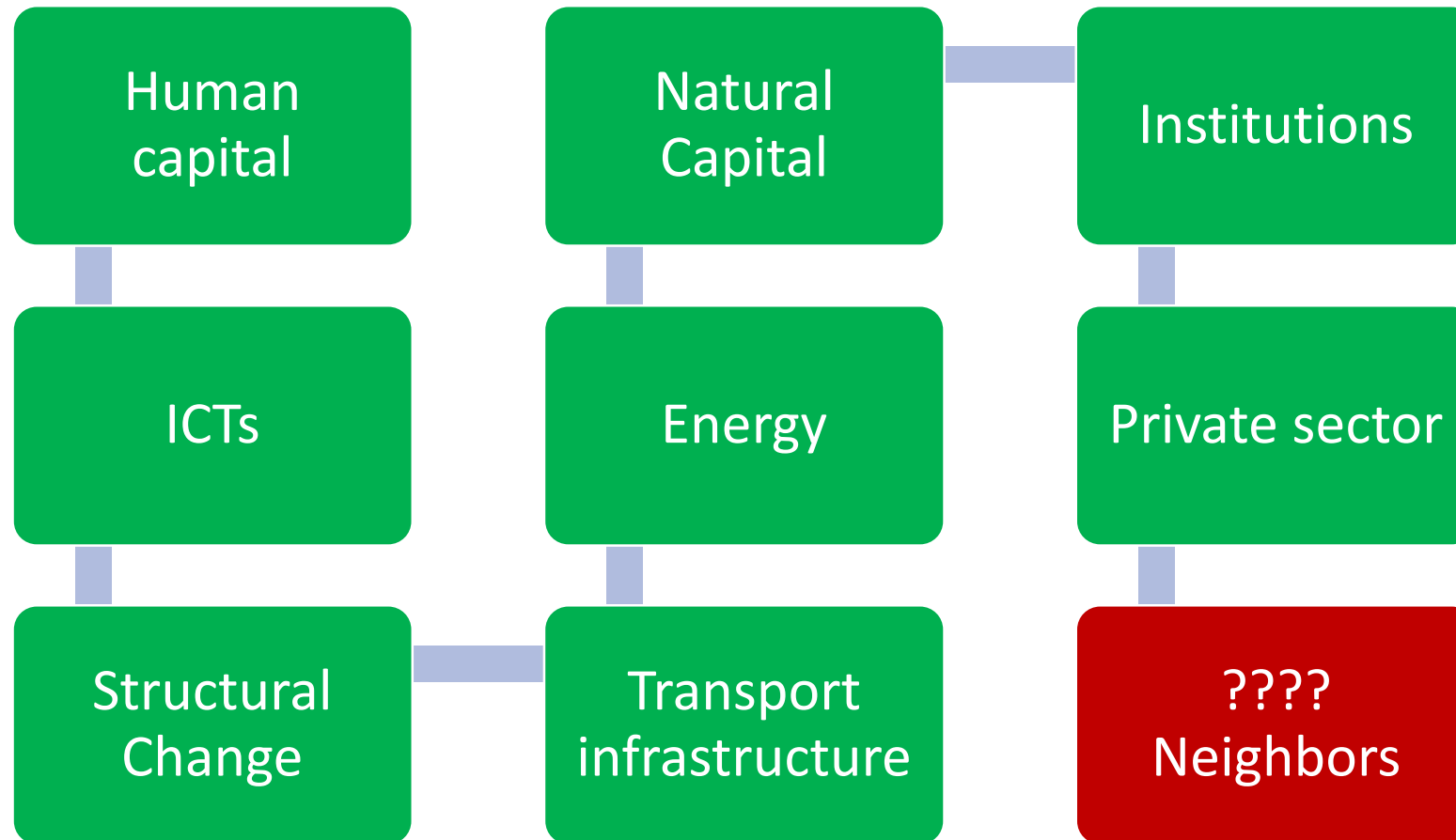
(a country's ability to produce high value-added goods and services efficiently and competitively)



II. Productive capacity Indicators: 3 Main categories and components.....



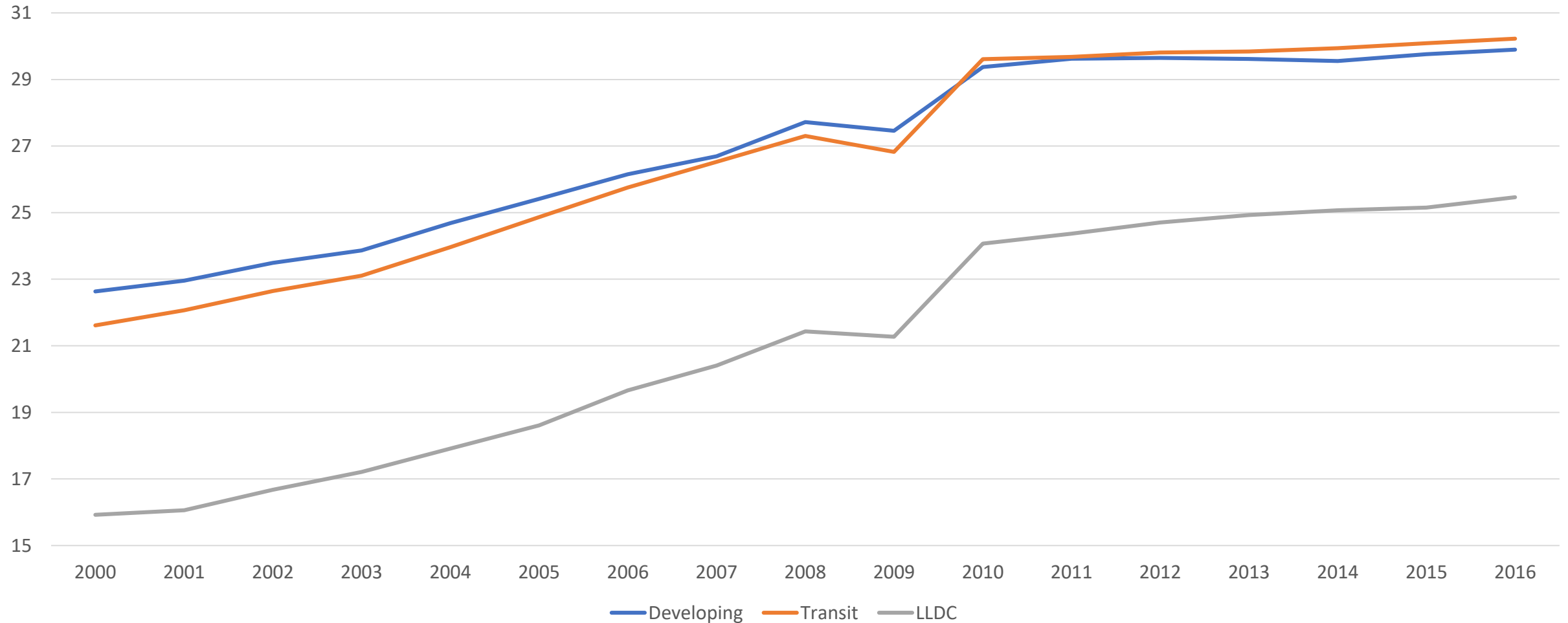
..... 8 Categories (without Neighbors)



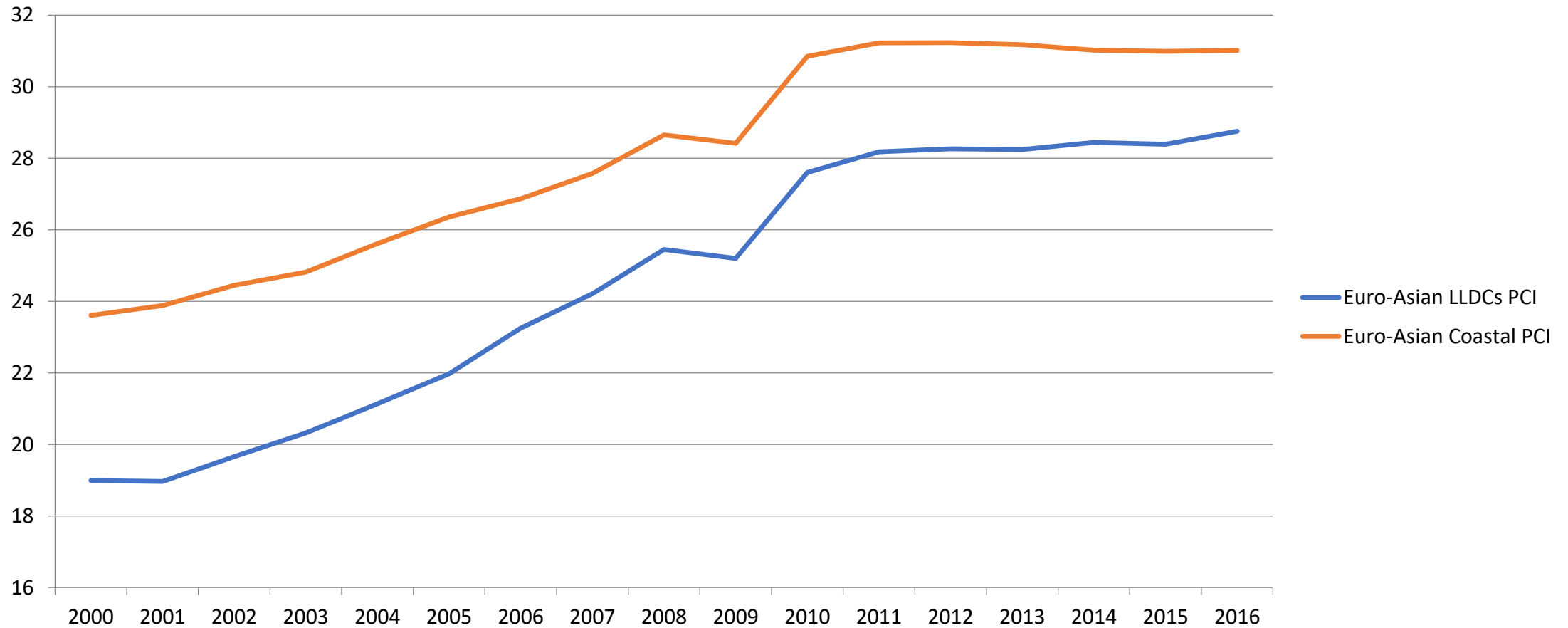
Number of indicators used across 8 categories

- Energy (4 indicators)
 - Human Capital (7 indicators)
 - ICTs (7 indicators)
 - Institutions (6 indicators)
 - Natural Capital (4 indicators)
 - Private sector (7 indicators)
 - Structural transformation (7 indicators)
- Total 46 indicators

Comparing Productive Capacities in LLDCs with ODCs and Transit Countries (2000-2016)

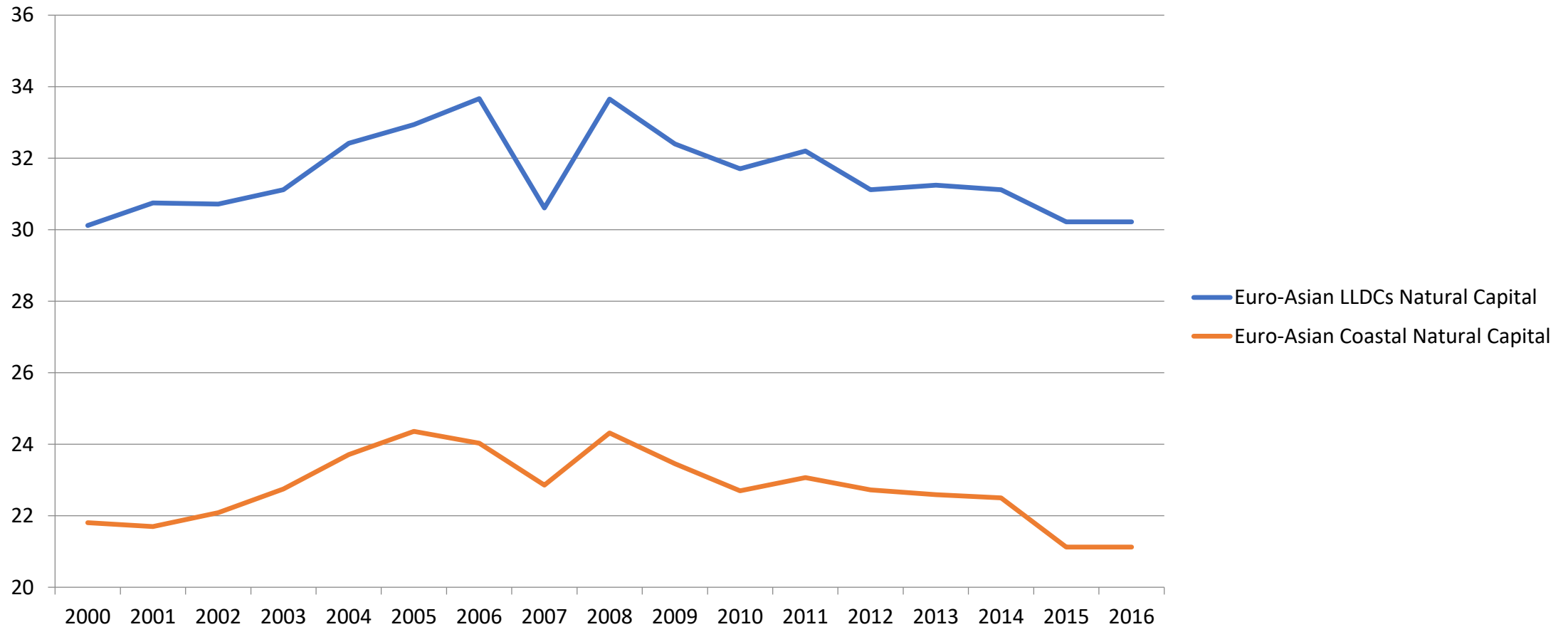


PCI within Asia Pacific LLDCs Vs Transit countries

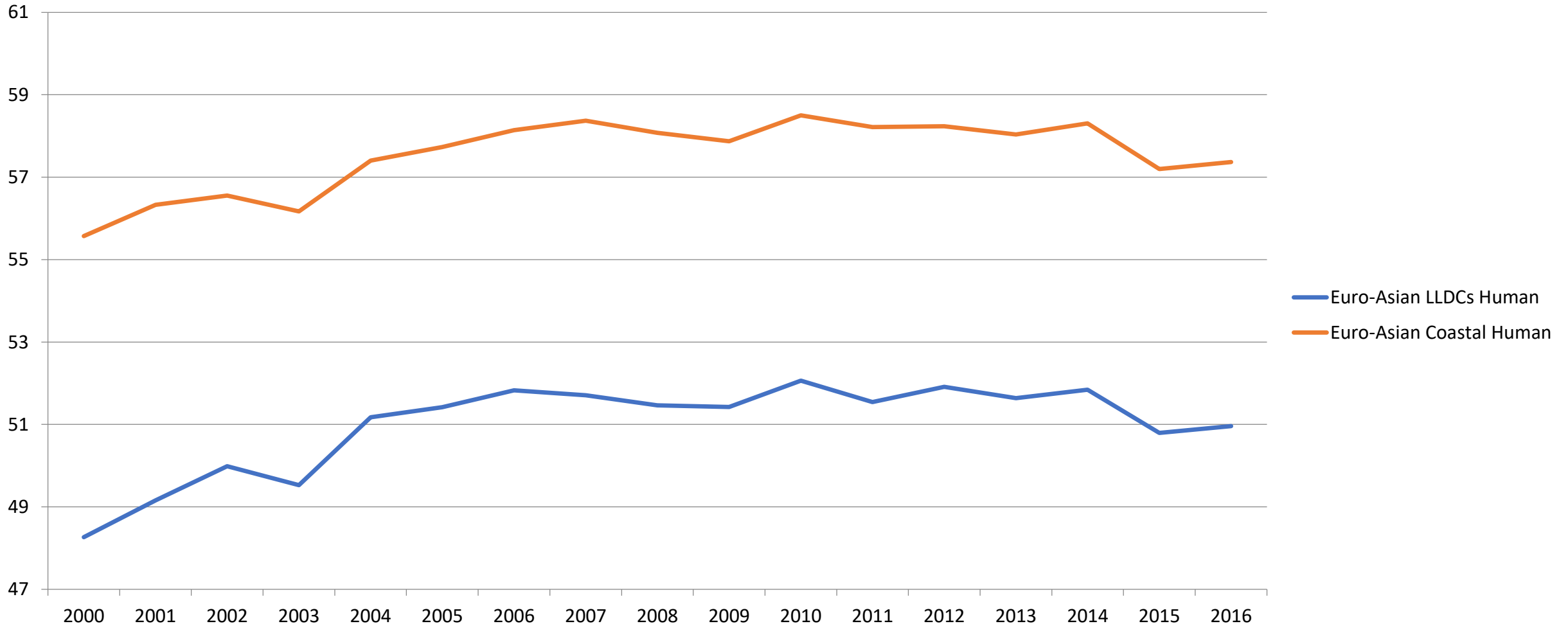


PCI Components within Asia-Pacific: LLDCs Vs Transits

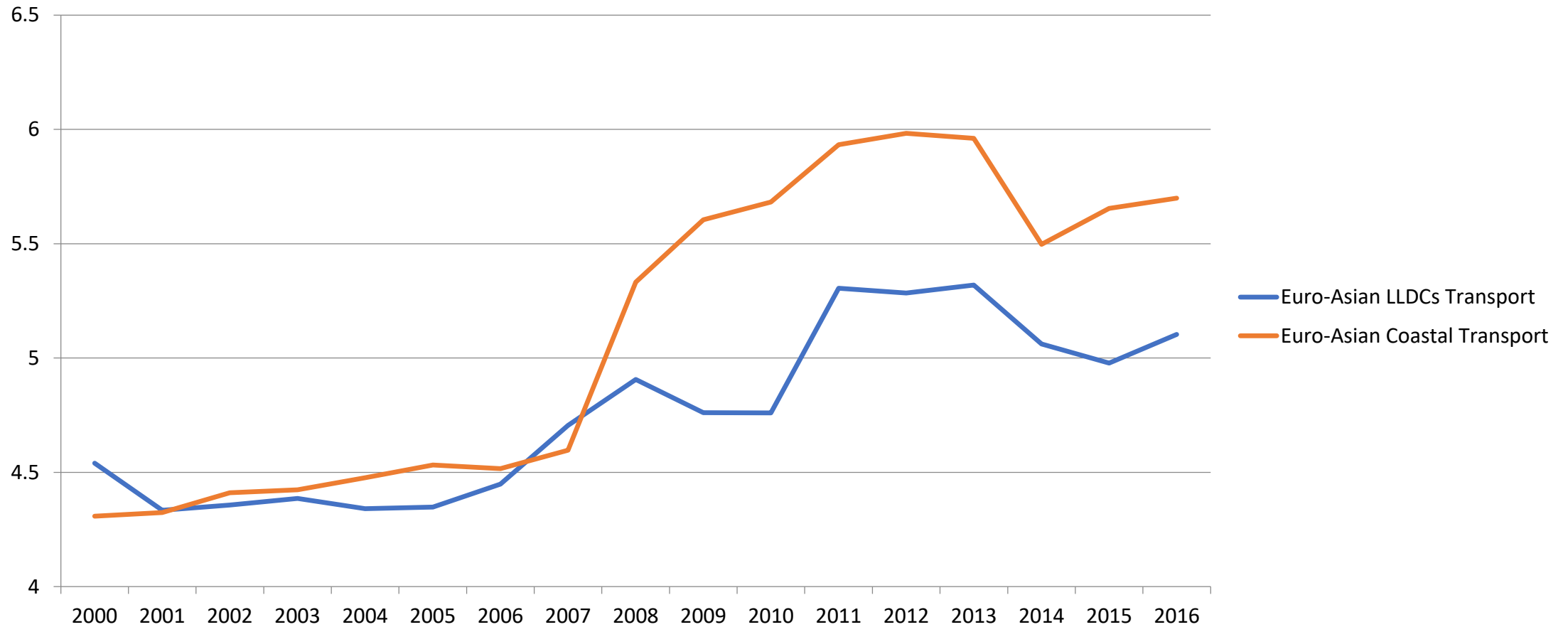
(a) Natural Capital Component



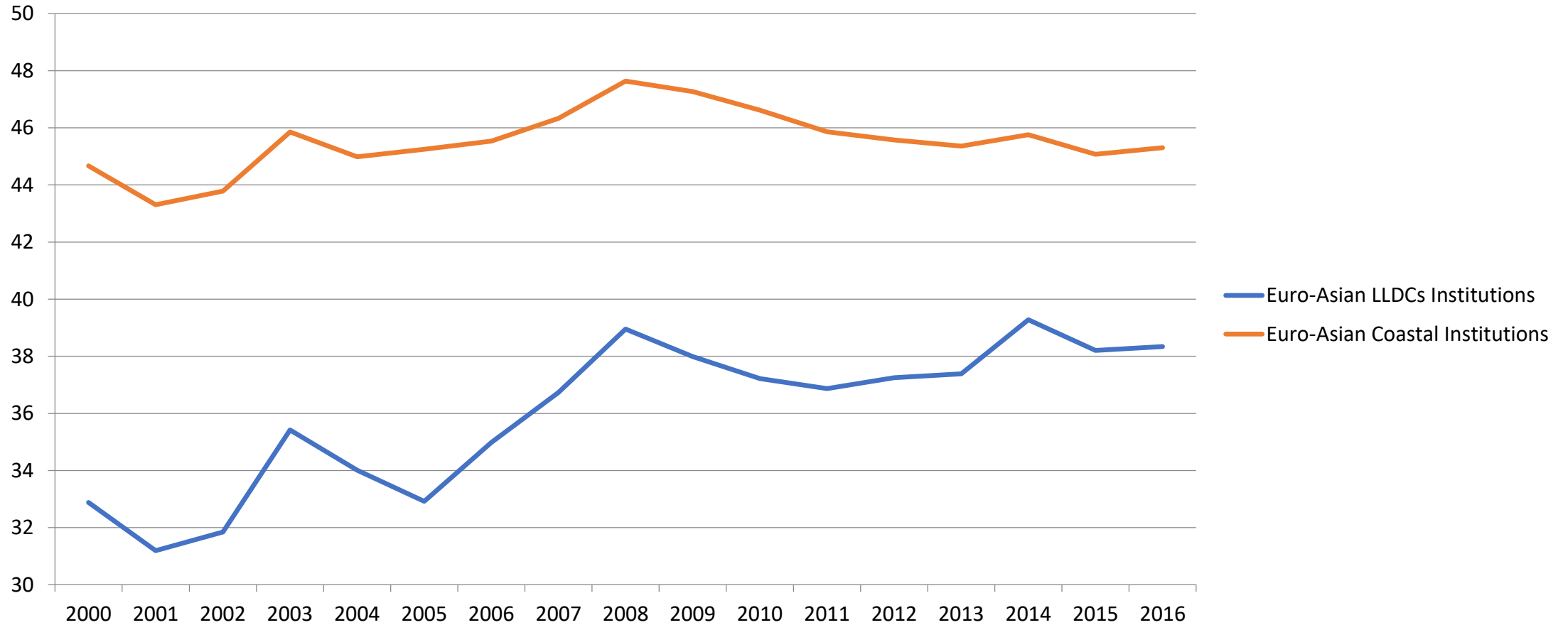
b) Human Capital Component: Asia-Pacific LLDCs and Transits



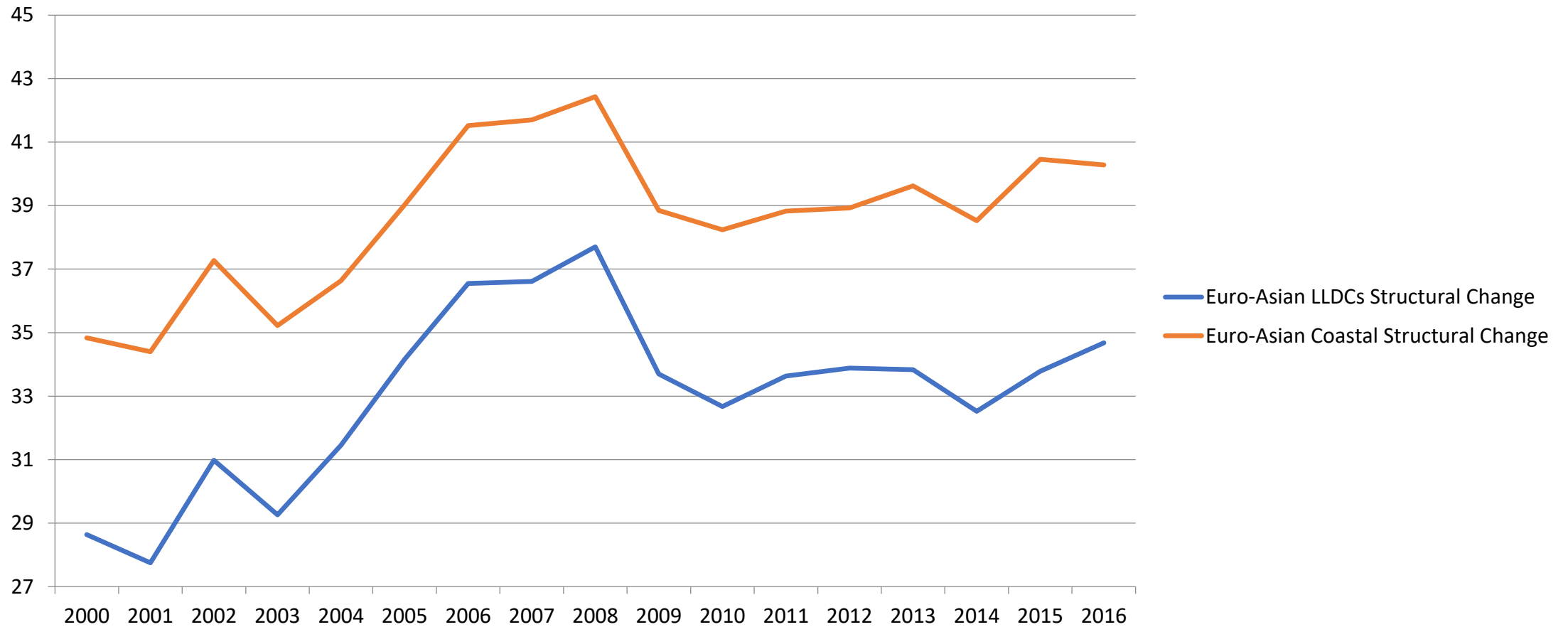
(c)Transport Component: Asia-Pacific LLDCs and Transits



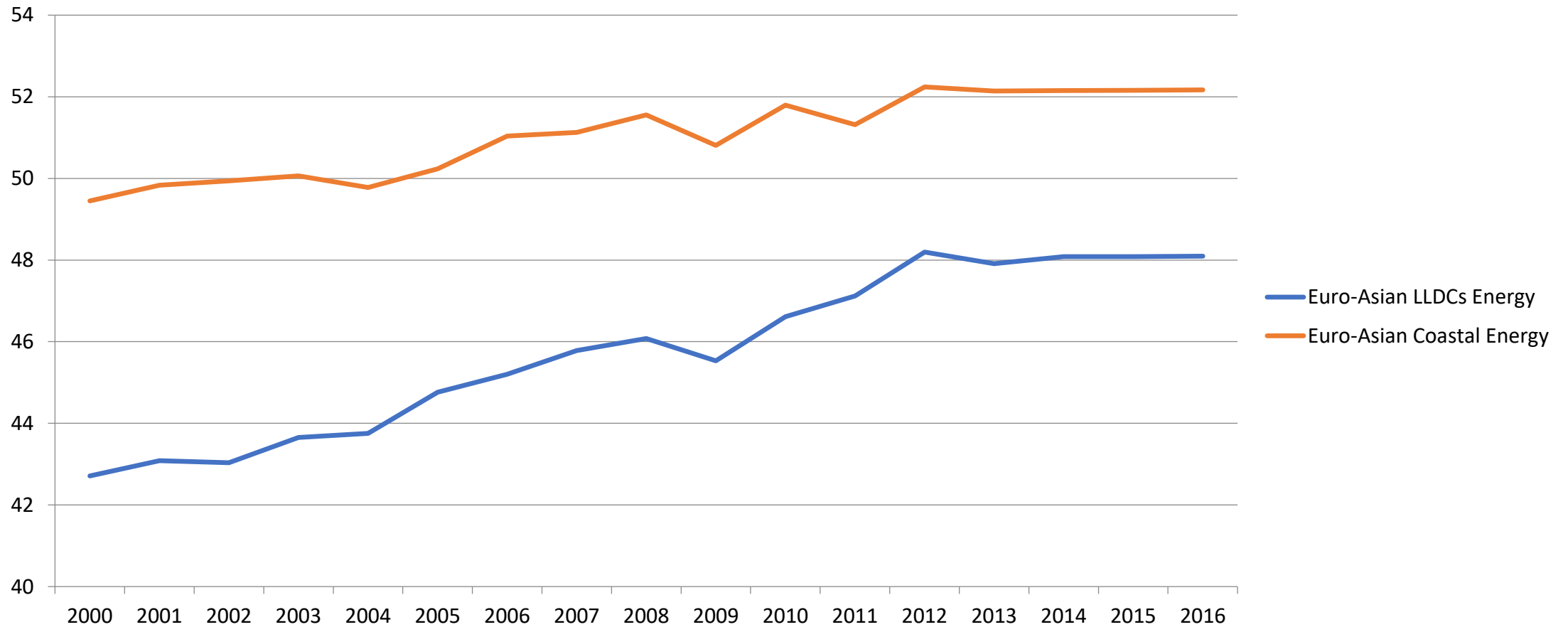
(d) Institutions: Asia-Pacific LLDCs and Transit countries



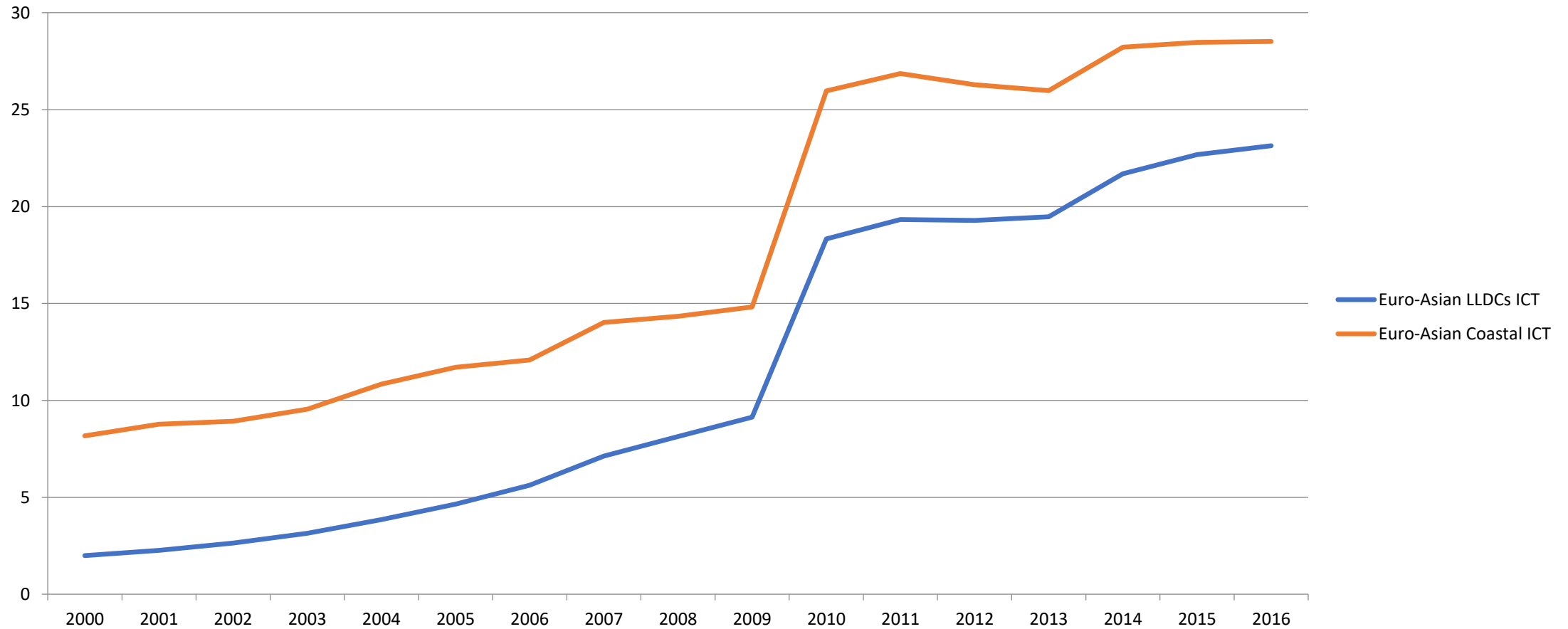
(e) Structural Change Component: Asia-Pacific LLDCs and Transits



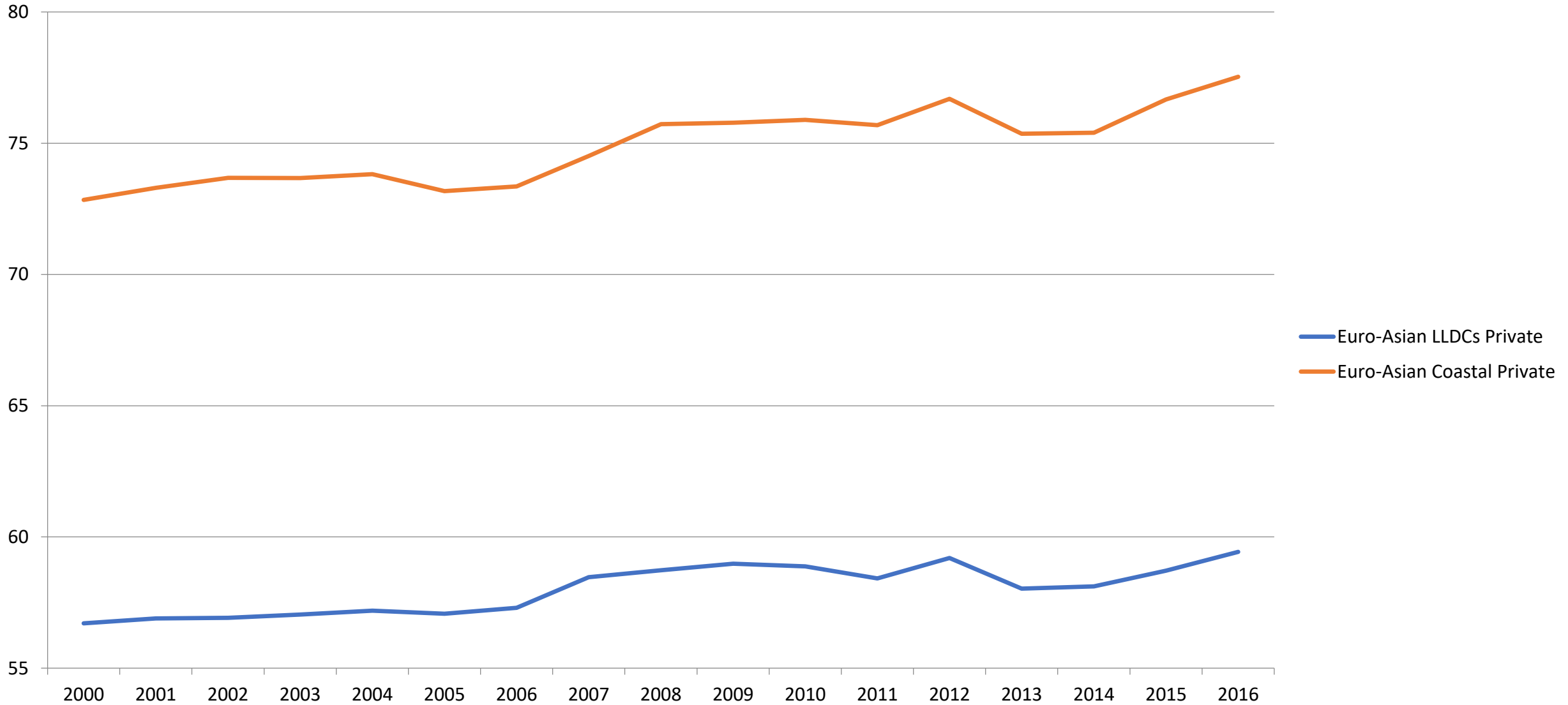
f) Energy Component: Asia-Pacific LLDCs and Transits



g) ICTs Component: Asia-Pacific LLDCs and Transits



h) Private Sector Component: Asia-Pacific LLDCs and Transits



V. Concluding remarks with policy implications

(a) Concluding remarks

- **Globally**, LLDCs lag behind other developing and transit economies in overall Productive Capacities Index (PCI), **except in natural capital**;
- This is the same for Asia-Pacific LLDCs (i.e. Asian transit developing countries outperformed the group of LLDCs of the region)
- The gap in PCI explains structural weakness and vulnerabilities of LLDCs including those in Asia-Pacific;
- Nevertheless, productive capacities **in Asian LLDCs have shown improvements** over the years (but slowly);
- The gap is larger in private sector, structural transformation, energy and human capital components-key pillars of productive capacities

b) Some policy implications

- There is high degree of vulnerability to external shocks among LLDCs as a whole;
- Policies and strategies in LLDCs need to focus on fostering productive capacities and structural economic transformation;
- Emphasis should be on **transport, structural change, energy and human capital development as well as the private sector**
- There is a need to incentivize the private sector especially in sectors of comparative advantages;
- Addressing gaps requires multipronged, carefully sequenced and effectively executed policies and strategies;
- Individual countries should move away from “project-based” problem solving approach towards “programme-based” interventions