



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



Asia-Sub-regional Meeting on Fostering Structural Transformation and Export Diversification in Selected Asian Landlocked Developing Countries

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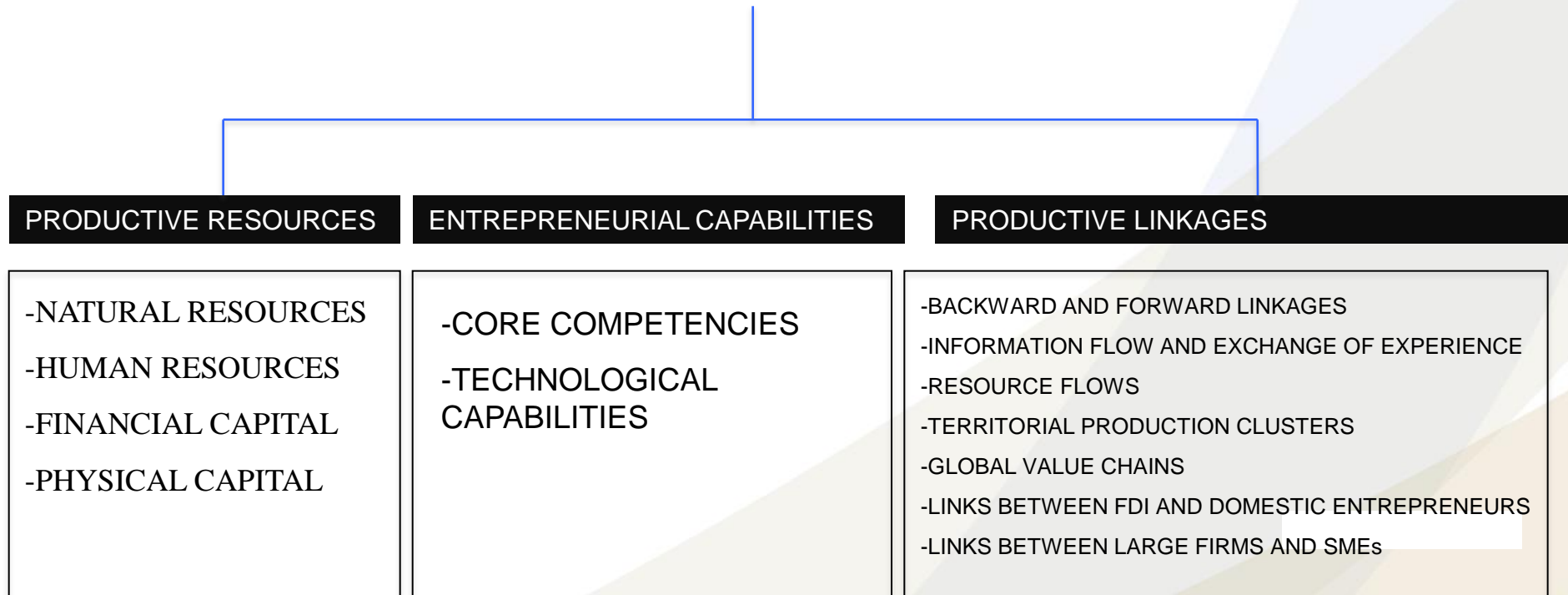
UNCTAD's Productive Capacities Index (PCI) and the performance of Asian LLDCs: Policy implications

Structure of the presentation

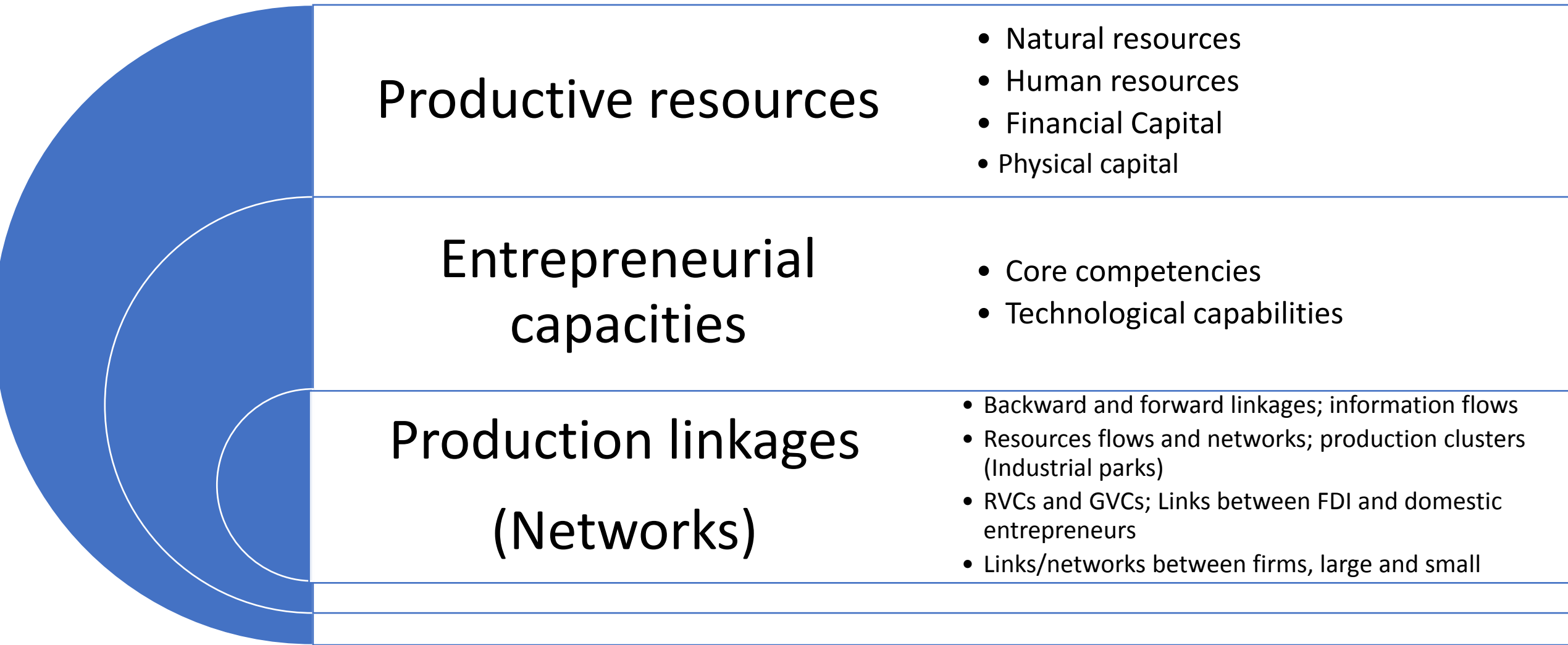
- I. Indicators and components of Productive capacities
- II. Measuring, benchmarking and galaxy of indicators used
- III. Results: performance of Asian LLDCs
- IV. Concluding remarks with Implications for policy making

Productive capacity building: Elements and components

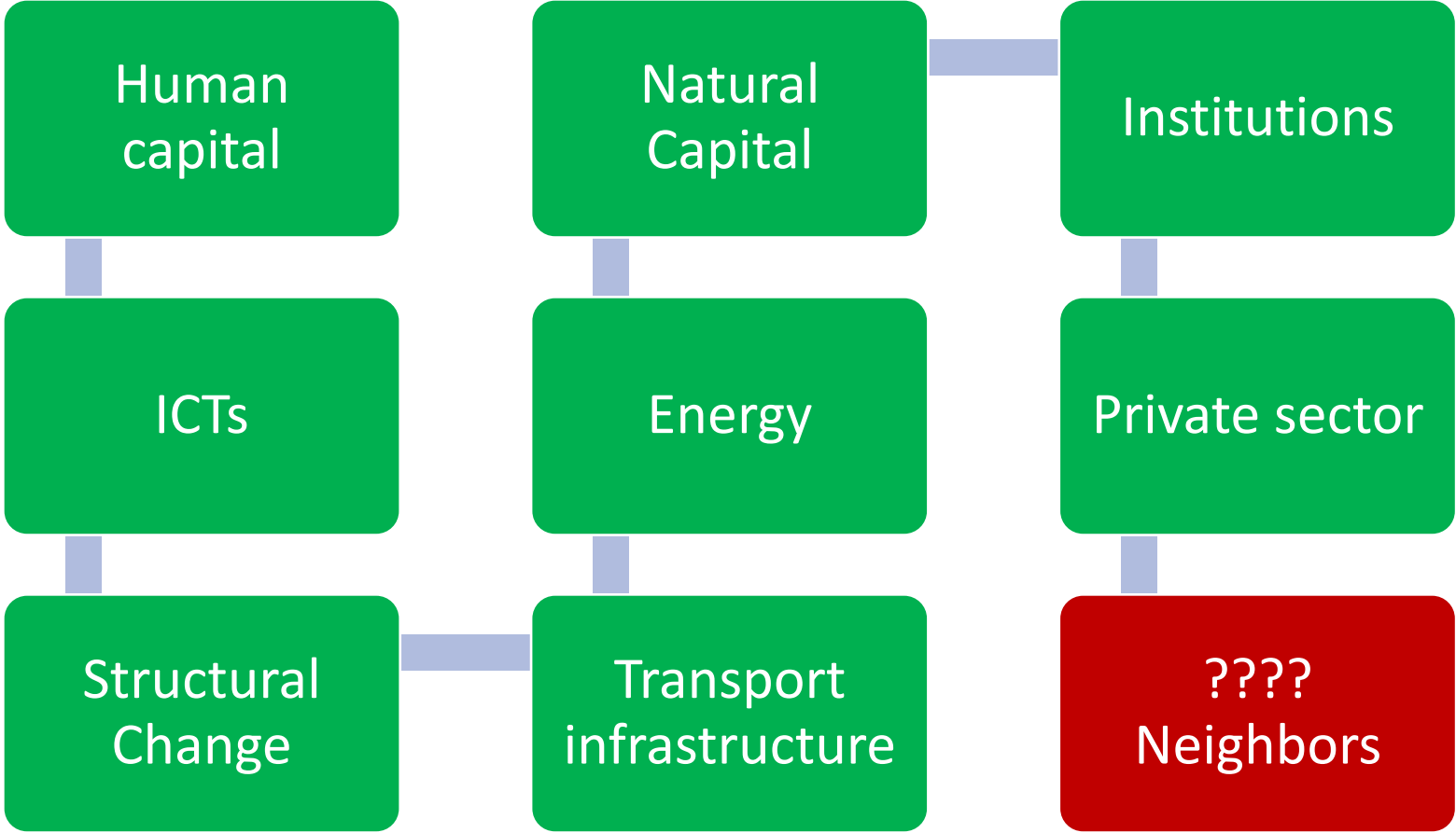
(a country's ability to produce high value-added goods and services efficiently and competitively)



Productive capacity Indicators: 3 components and composition



II. Measuring and benchmarking Productive capacities: 8 Categories (without Neighbors)



Galaxy of indicators used across categories

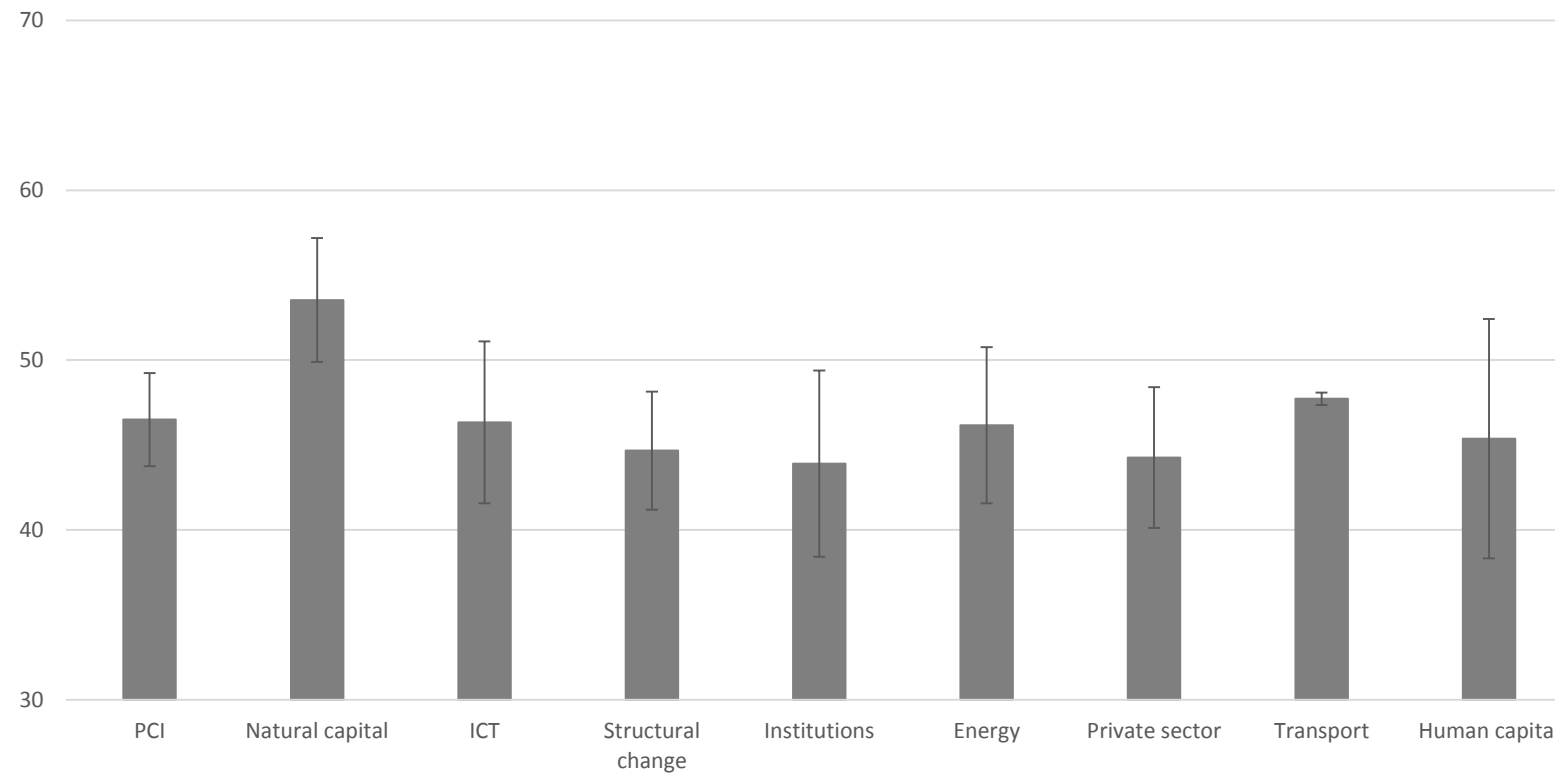
- Energy (4 indicators)
- Human Capital (10 indicators)
- ICTs (5 indicators)
- Institutions (6 indicators)
- Natural Capital (9 indicators)
- Private sector (5 indicators)
- Structural transformation (15 indicators)
- ❖ Data for each indicator is aggregated (linear additive aggregation) and weighted through the latest statistical methods

Evolution of PCI scores in LLDCs, Transit and other developing economies, (2000-2016)

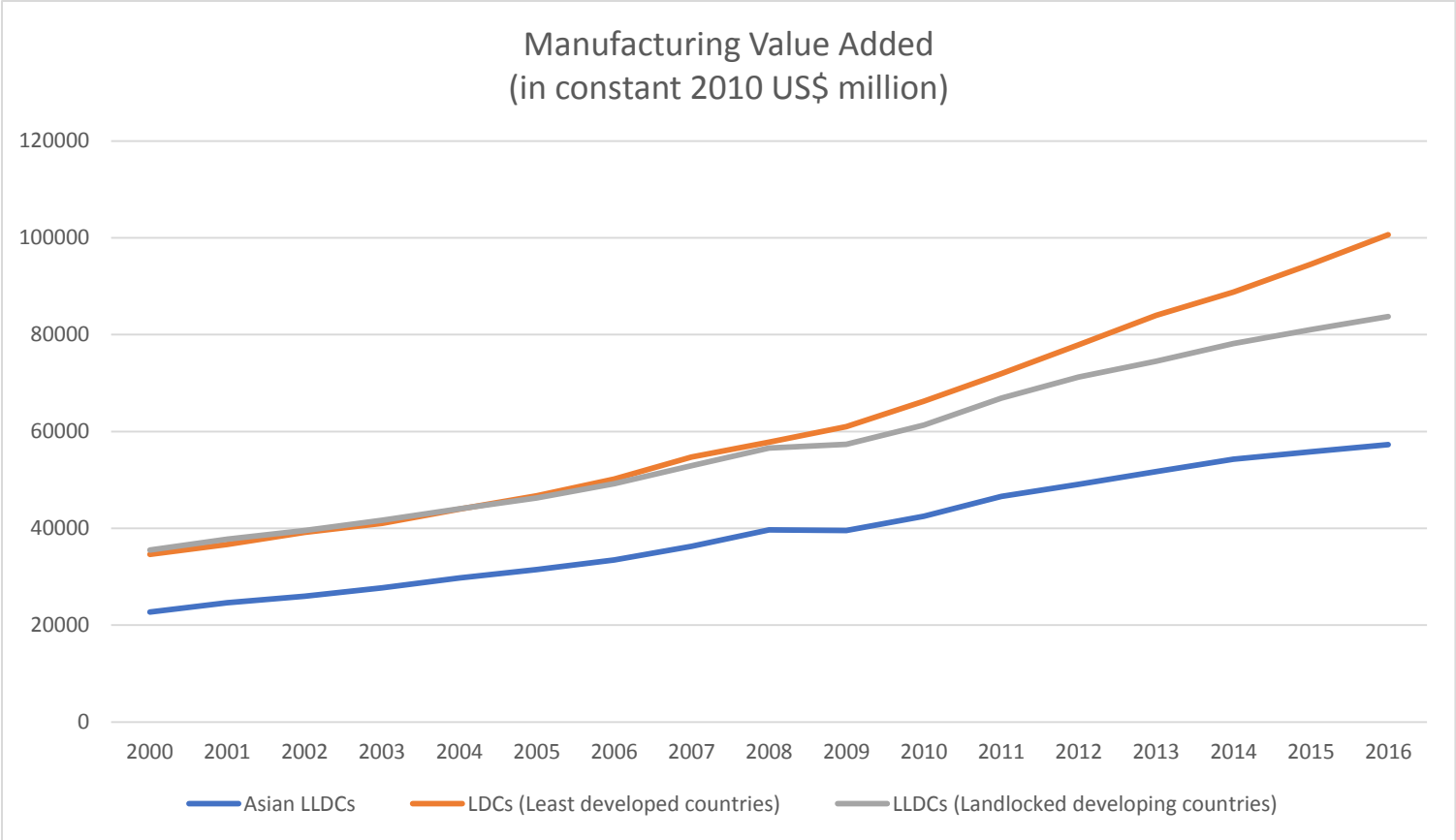


3.) The Performance of LLDCs

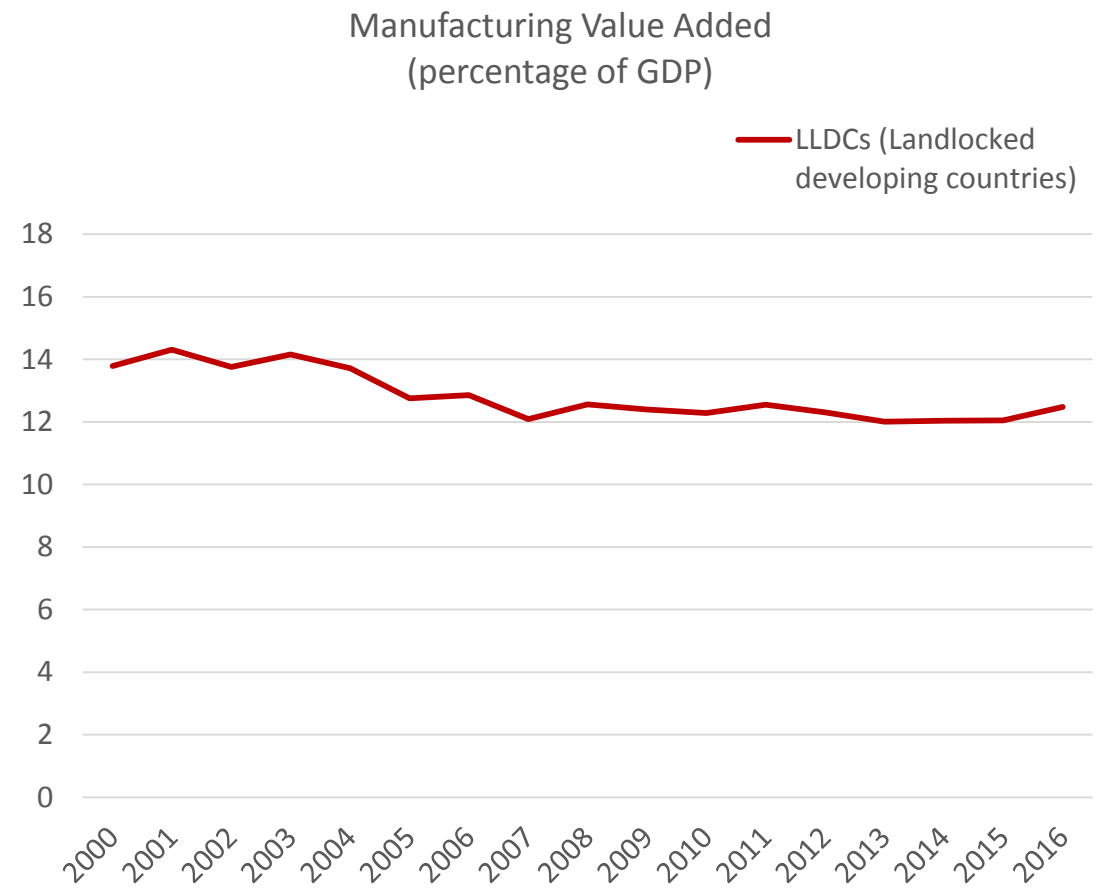
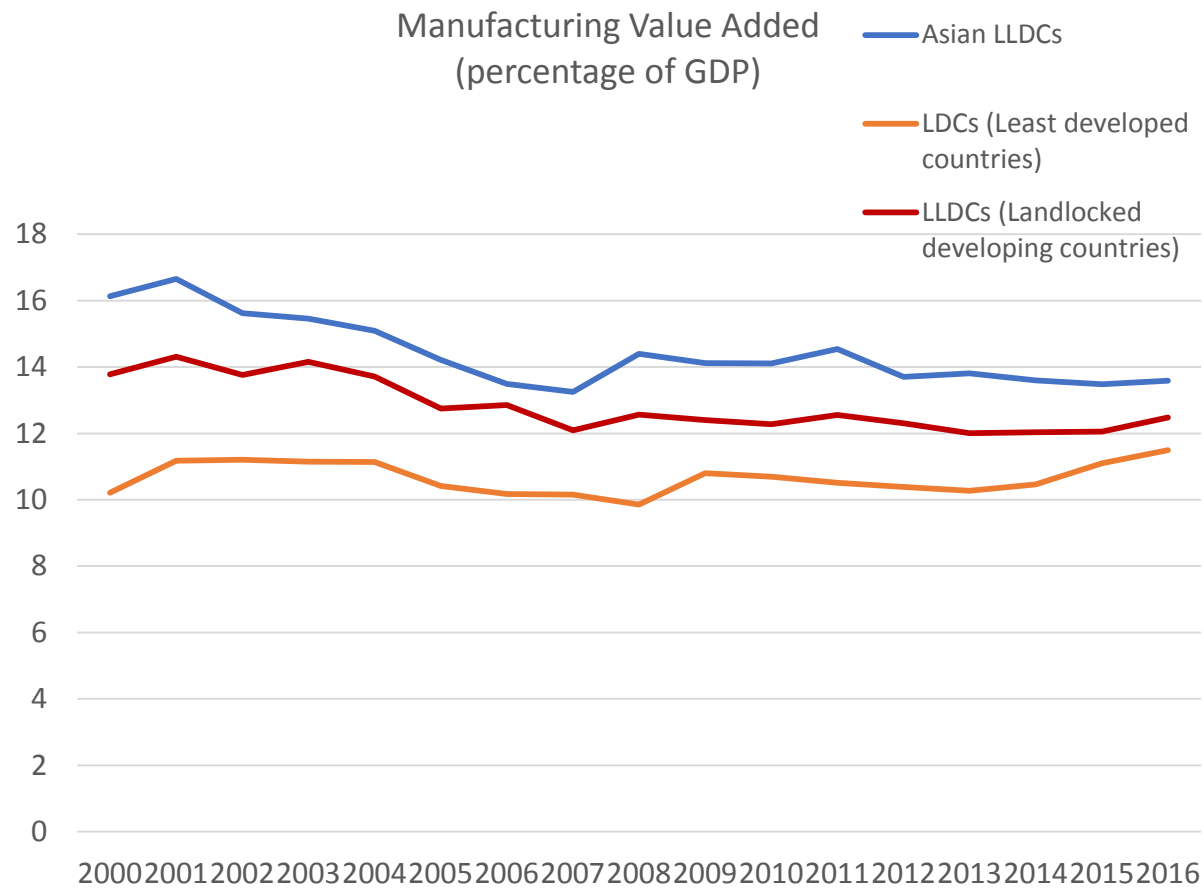
PCI performance of LLDCs by component:



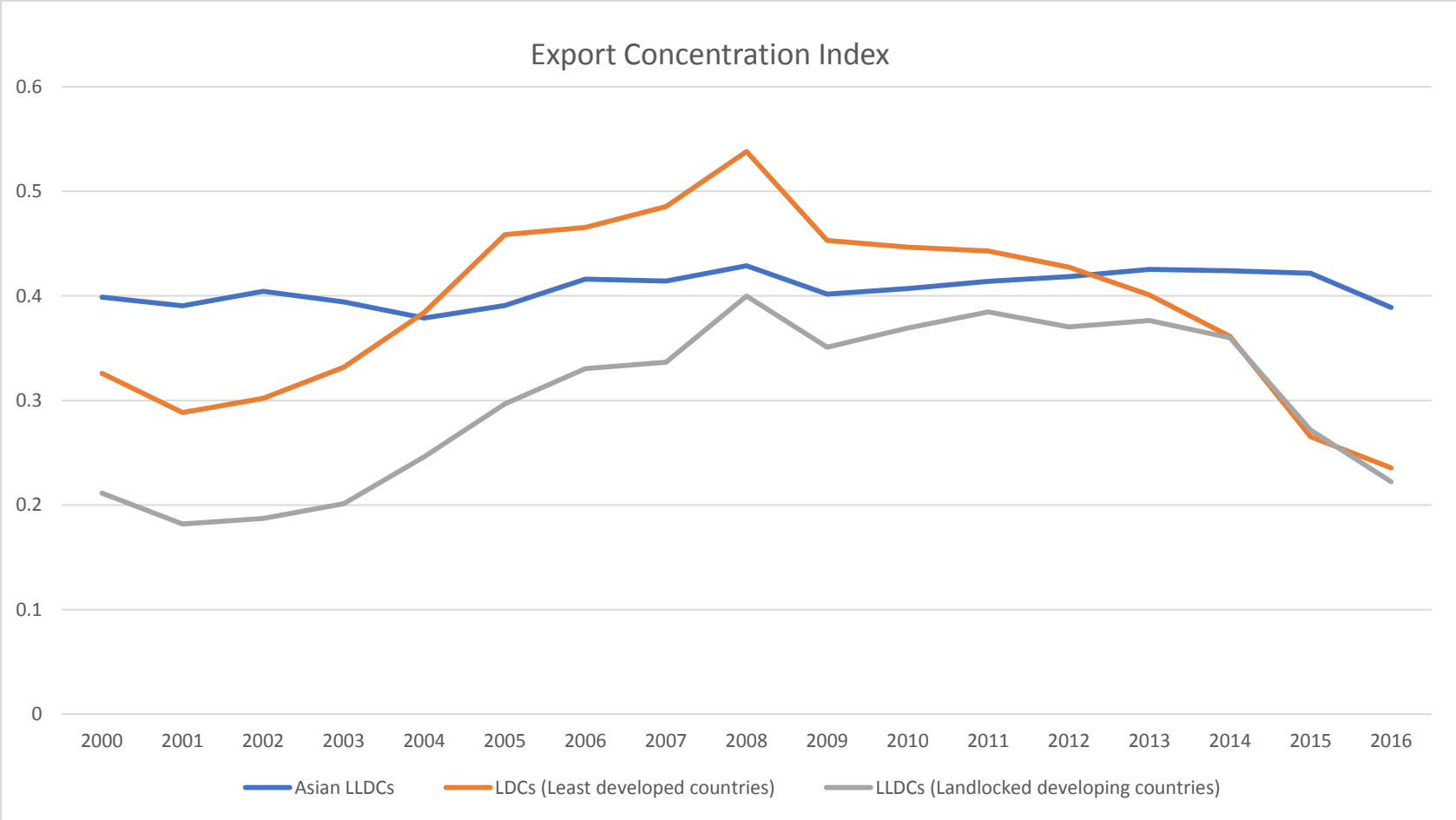
3.) The Performance of Asian LLDCs compared to all LLDCs



iii) Share of Manufacturing Value-added in LDCs, LLDCs and Asian LLDCs: Percentage of GDP (2000-2016)



3.) The Performance of Asian LLDCs compared to all LLDCs



IV. Concluding remarks and policy recommendations

(a) Concluding remarks

Overall, as with all LLDCs, in Asian LLDCs

- Productive capacities have shown improvement but not sufficient;
- Asian LLDCs lag behind the rest of the group in PCI with significant lags in export diversification or Structural Economic Transformation;
- Exports are concentrated a few products and destinations (markets);
- There is high degree of vulnerability to external shocks;
- These made an overall score of PCI for Asian LLDCs lower than the average for LLDCs.

b) Some policy implications

- Policies and strategies in Asian LLDCs need to focus on economic **diversification with a focus on export orientation**;
- They should also look for **intensive margin** for value addition and for hooking into RVCs and GVCs;
- Sectoral level - agriculture, agro-processing, light manufacturing, textiles and clothing, footwear, leather and leather products offer huge potential for economic diversification;
- There is a need to incentivize the private sector especially in sectors of comparative advantages;
- Increasing the share of MVA requires carefully sequenced and executed policies and strategies;