

Productivity Growth for Reducing Vulnerability and Promoting Equitable and Sustainable Development

Where we are, where we need to be and How?



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Reduced Vulnerability with Productive Capacity and Productivity Growth to...

Increase employability

Reduce under-employment and disguised employment

Reduce the number of working poor

Increase labor share of income

Promote resilient and sustainable livelihood



How?

Productive Capacity

- Enhanced investments in human capital - MDGs
- Enhanced investments in physical capital- BPOA and IPOA
- But inadequate policy orientation

Productivity

- Targeting and improving labor productivity
- Targeting and improving Total Factor Productivity
- Very little strategic focus

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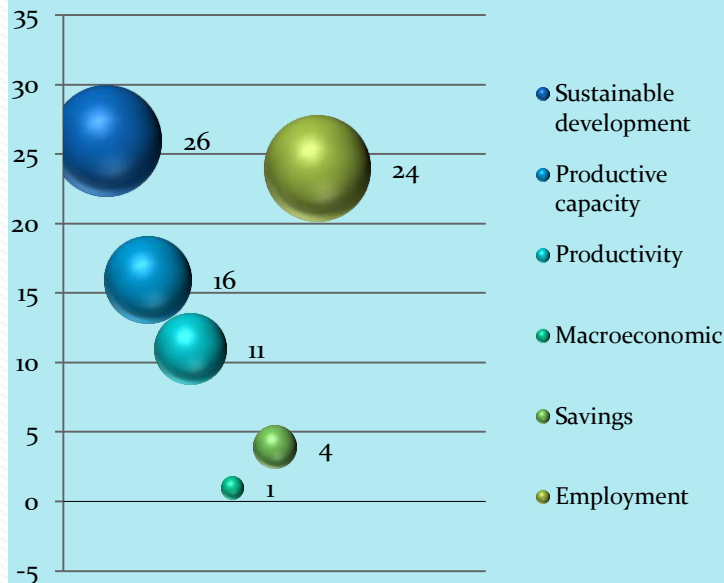
Are We Paying Attention to Enhance Productive Capacities and Productivity?



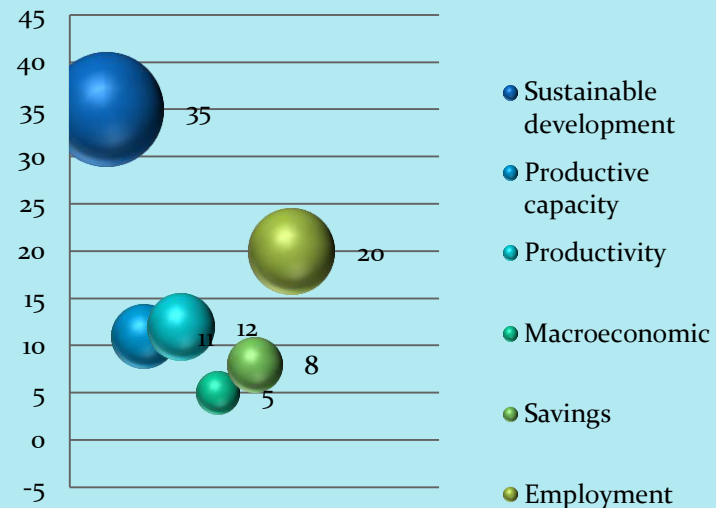
Yes

- At least, in our commitments if not in practice!!

Istanbul Programme of Action for LDCs, 2011-2020



Brussels Programme of Action for LDCs, 2001-2010



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But What has been the Productivity Growth in LDCs?

Relative to OECD, labor productivity growth in LDCs remained relatively stagnant

- OECD labor productivity 19.7 times higher in 1991 and now 17.4 times higher in 2010 – because OECD productivity growth slowed down

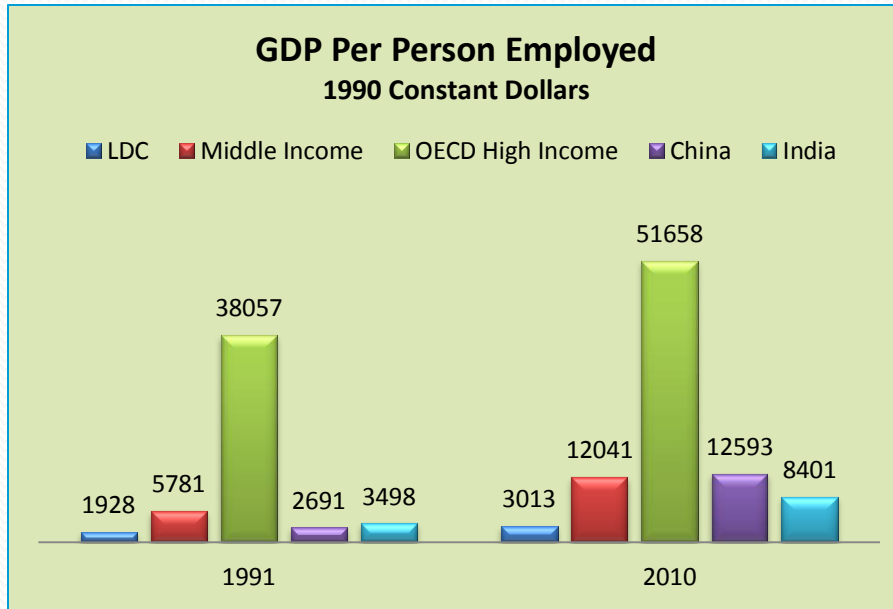
Relative to middle income countries, LDCs are lagging behind

- Middle income labor productivity was 3 times higher in 1991 and now it is 4 times higher

LDC Productivity Gaps with China and India widened



LDC Relative Labor Productivity



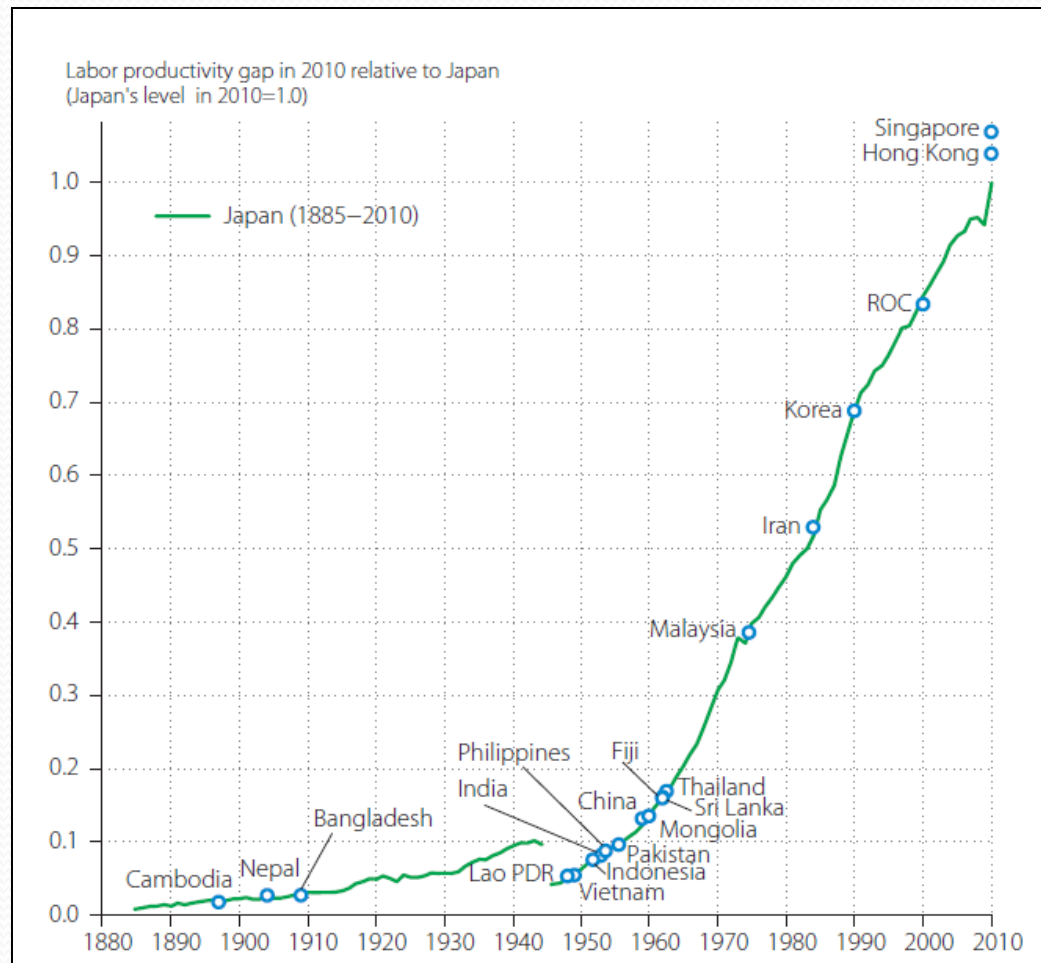
Source: World Development Indicators, World Bank 2012



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And the Asian LDCs....



Source: Asia Productivity
Organization Data book, 2011

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Why Labor Productivity Matters?

Countries that managed to overcome under-development managed to do so largely by improving their labor and total factor productivity

- Labor and total factor productivity improvements accounted for nearly 3/4 of per capita growth in China, Korea, Thailand, Malaysia and Thailand during the past 40 years
- Higher growth rate of labor productivity is associated with higher growth in per capita income

In contrast, labor productivity and TFP played a significantly less role in the growth of real income in LDCs

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https://www.yunbaogao.cn/report/index/report?reportId=5_5732

