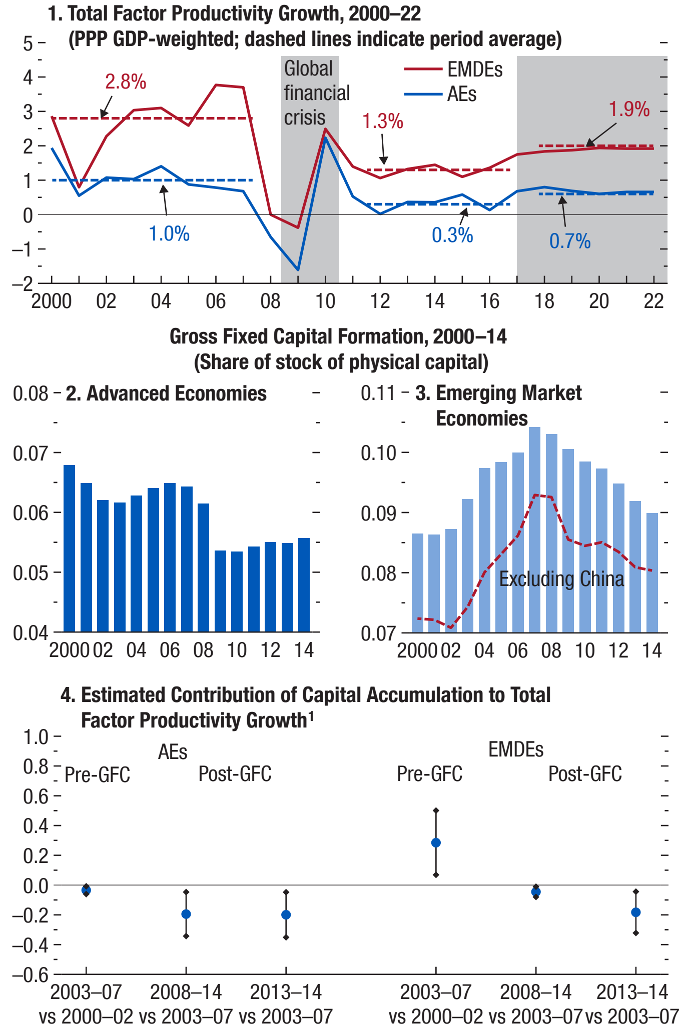
Figure 1.14. Total Factor Productivity

(Percent)

Total factor productivity slowed sharply following the 2008–09 crisis, both in advanced and emerging market economies. While some recovery is expected, productivity growth is not projected to return to its precrisis pace. A key factor behind the slowdown has been weak investment—and the associated slow pace of adoption of capital-embodied technologies. The drop in investment was abrupt and sustained in advanced economies, but more gradual in emerging market economies.



Sources: Penn World Table 9.0; and IMF staff estimates.

Note: Weighted averages are reported for each income group. AEs = advanced economies; EMDEs = emerging market and developing economies. GFC = global financial crisis; PPP = purchasing power parity. Advanced economies comprise Australia, Austria, Belgium, Canada, Denmark, France, Germany, Israel, Italy, Japan, Korea, the Netherlands, Norway, Singapore, Spain, Sweden, Switzerland, Taiwan Province of China, the United Kingdom, and the United States. Emerging market and developing economies comprise Brazil, Chile, China, Colombia, Egypt, India, Indonesia, Iran, Malaysia, Mexico, Pakistan, the Philippines, Poland, Russia, South Africa, Thailand, Turkey, and the United Arab Emirates. In panel 1, TFP growth data for 2015 and 2016 are estimates, and those for 2017–22 are forecasts based on projections in the *World Economic Outlook* for GDP, gross fixed capital formation, and employment.

[1]Panel 4 shows the estimated contribution of capital accumulation to the change in total factor productivity growth between stated periods. 90 percent confidence bands are reported. See details in Adler and others (2017).