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# Mitigating Structural Barriers to Global Economic Development in the Least Developed Countries

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## ABSTRACT

***Purpose:*** *The objective of this study explored policy measure to mitigate the structural barriers of global economic development in the least developed countries. The Sustainable Development Agenda 2030 and the Sustainable Development Goals indicate a stronger emphasis on the least developed countries (LDCs), compared to the Millennium Development Goals, which failed to include a precise goal in moving from LDC status.* ***Problem:*** *However, the growing range of environmental and societal challenges is prompted by the failure of the development strategies, with the continued proliferation of weak forms of production and utilization combined with the projected level of population. This encouraged the quest for a new conduit to achieve sustainable development as a possible solution.* ***Findings:*** *Despite the increasing exertions to promote both social and environmental challenges, to attain infrastructure and economic growth, progress remained aloof. This paper particularly looked at how the role of technological innovation plays in support of integrated sustainable development. Findings show that the Sub-Saharan Africa countries are still lacking the secure, adequate and sustainable infrastructure to support economic growth.* ***Methodology:*** *the study is qualitative and data are collected and analyzed.* ***Recommendation:*** *As an achievable solution, this paper suggests the insistent need for a socio-economic change as policy recommendations, this includes the facilitation of an integrated public discourse, scientific proposition, policy and broad use of advanced instruments that guarantee excellence in decision-making and development.* ***Originality****: this paper focused on how the role of technological innovation plays in support of integrated sustainable development.*

**Keywords:** Millennium Development Goals, Sustainability, Development, LDC status.

## INTRODUCTION:

Sustainable development began as a conceivable means of assimilating social infrastructure, environmental and economic growth, without endangering the likelihood of the next generation from achieving their own needs. The 2030 Agenda for Sustainable Development (2030 Agenda) and the Sustainable Development Goals indicate a stronger emphasis on the least developed countries (LDCs), compared to the Millennium Development Goals, which failed to include a precise goal in moving from LDC status. However, the growing range of environmental and societal challenges is prompted by the failure of the development strategies that led to the continuous proliferation of weak forms of production. This encouraged the quest for a new conduit to achieve sustainable development as a possible solution. Despite the increasing exertions to promote both social and environmental challenges, to attain infrastructure and economic growth, progress remained aloof (Haysom, 2018).

To lower their systemic vulnerabilities, encourage economic growth, improve their beneficial involvement


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in international commerce, and achieve considerable poverty reduction and mass changes in human well-being, LDCs must improve their productive capacities (United Nations, 2011). An interrelated policy framework that incorporates national policies, international policies, and South-South development cooperation is the best strategy to establishing effective capacity in LDCs. LDCs can take the lead in implementing specialised and coherent national policies to assist the expansion of manufacturing capability under this strategy (UN Women, 2017). Strengthened international finance mechanisms and growth-friendly global economic regimes, as well as expanded South-South development cooperation between LDCs and other developing nations, as well as among LDCs, are required to support such national initiatives (United Nations, 2011).

Due to the complexity of their economies, it is difficult to define a single effective capacity growth plan for all LDCs. However, The main question is how can LDC particularly in Africa build sustainable infrastructure? This question posed due to the existing structural barriers to global economic development in the least developed countries. As an achievable solution, this paper suggests the insistent need for a change to the policy measures that include the facilitation of an integrated public discourse, scientific proposition, policy and broad use of advanced instruments that guarantee excellence in decision-making and development. The data for this study was qualitatively collected through a secondary source and analyzed thematically based on content.

**Review: A Glance at the Obstacles Hindering The Development of the Global System:**

The pendulum should not swing too far in either direction, towards state control of economic and social matters or private laissez-faire, for good governance to sustain the capability to grow. However, it incorporates the private sector and civil society in policy creation, and it employs a mixed economy strategy execution approach in which markets and the government work together (United Nations, 2011). This study observed that the Sub-Saharan Africa countries are still lacking the secure, adequate and sustainable infrastructure to support economic growth. There are significant unrealized prospects for improved foreign funding structures for “LDCs and reforms in global economic regimes to encourage the growth of productive capacity in LDCs” (Rodrik, 2019). As the international community engages in political debates over “alternatives to the Millennium Development Goals (MDGs) after 2015 and the design of the Sustainable Development Goals (SDGs) mandated by the Rio+20 conference” (Mexican G20 Presidency, 2012). It is time to consider whether development is primarily a matter of individual effort on the part of nation-states or “whether there are other factors at play” (Montes, 2014).

If there are impediments in the international economic framework, the post-2015 growth plan and the SDGs must resolve the issue of removal or reduction of these obstacles. The small number of developed developing countries since the 1950s has sparked discussion on how these countries' progress was contingent on their ability to overcome international development barriers. The following debate is not required to take one side or the other. It assesses the aspects of an international framework based on how well they facilitate long-term investment in economic diversification (Enaifoghe & Maramura, 2018). Import substitution, industrialisation, critical requirements, institutional transformation, the Washington Consensus, and the Millennium Development Goals (MDGs) are only a few of the terms used by previous planning orthodoxies in the policy literature (Montes, 2014). One of these orthodoxies arose in response to perceived defects or missing features in the previous one. The most recent consensus is that development is about alleviating poverty, as demonstrated by the Millennium Development Goals (United Nations, 2020). Poverty eradication is a desirable outcome of growth, but it can only be achieved in the long run if a sufficient percentage of the population switches from traditional, subsistence labour to profit-generating jobs.

The relation of growth with poverty reduction gave the donor community pride of place in developing-country foreign policy (Montes, 2014). However, this role could come at the expense of donor countries' commitment to facilitating sustainable development, in an enabling international climate, for the growth of commerce, finance, human capital development, and technology. These issues are crammed into the MDGs' "MDG8," the so-called "global alliance for growth," which has a very limited and imprecise set of objectives. Not only do improved income, food, education, and health outcomes demand development, but so do higher levels of efficiency and capacity. Only economic systemic change can lead to higher levels of production and capabilities (United Nations, 2020). As a result, in most civilizations, such demographic shifts are "related with a shift in population from rural to urban areas and a progressive reallocation of labour within the urban economy to higher-productivity industries" (UNCTAD, 2011, p. 6).


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Not simply anti-poverty programmes, but structural reform requires large and sustained investment in new activities and goods spanning decades (Khor, 2012). The international economic system's features inhibit growth wherever it is unfriendly to investment in contemporary, productivity-enhancing economic practices. Instability is one symptom of an externally induced constraint that has been shown to have a major detrimental impact on macroeconomic stability and domestic spending (Kharas, 2008). The processes by which the international system is hostile to investment in new, productivity-enhancing economic practices are discussed in greater detail in the following section. This section addresses how developed countries' economic relations with the international community hinder participation in new, productivity-enhancing economic activities. It illustrates the recent developments in which the export system of many developing countries has been less diverse, meaning that investment is being channelled into existing industries rather than new activities.
This paper firstly reclassifies how the international environment impedes or inhibits investment in emerging, productivity-enhancing economic practices. As a result, thinking of the issues in terms of defective institutions, missing structures, and domestic policy barriers that may be overcome with appropriate reforms in the international economic system becomes easier (United Nations, 2020). Any of these impediments are in the form of "unfinished business" changes that are widely acknowledged to be essential in the international community but have yet to be implemented due to opposition from influential interests. Others, such as the lack of policy space, may reflect the accumulated effects of broad-reaching liberalisation reforms implemented in the aftermath of previous decades' debt crises, which now seem to be misplaced (United Nations, 2020). Given the foregoing perspective, the 2007-2008 financial crisis, which originated in emerging markets and eventually consumed the global economy, demonstrates the absurdity of expecting that private financial markets will automatically encourage long-term investments if left to their own devices.
The state's ability to leverage and redirect the activity of private economies toward national development goals was constrained in industrialised countries due to a lack of policy space. Capital and technology investments are expected to close the global economy's immense growth gap between emerging and developed countries. In 2008, the OECD's total Gross National Income (GNI) per worker outweighed that of the least developed countries (LDCs) by a factor of 22:1. (UNCTAD, 2010, p. 174). In comparison to the early days of capitalist development, inequality has increased by a factor of five. In the eighteenth century, the productivity deficit was only between 2 and 4 to 1 if the richest countries were the Netherlands and the United Kingdom (UK), and the poorest countries were Finland and Japan (Chang et al., 2003).

**Upgrading the Domestic Policy Space:**
In terms of domestic policy space, a radical implementation of Structural Adjustment Programs (SAPs) and Poverty Reduction Strategy Papers (PRSPs) in the developed world was based primarily on relying on private incentives and markets to solve social problems and underdevelopment, based on profound doubts about the capacity of other organisations, particularly the government, to address these issues. The MDG system assigned crucial and essential tasks of spending on social sectors to governmental bodies to the extent that they were aligned with the MDGs. However, this system kept the initial goals of lower tariffs and tax rates, strict fiscal deficit restrictions, and a concentration on achieving international competition, and ambitious capital account opening. The resulting division of responsibilities as defined by Nayyar (2011, p. 19) as follows:

> *"In reality, the focus on social development meant that governments in LDCs relied on external capital to finance expenditure on social sectors but did not mobilise domestic resources to finance investment in infrastructure, agriculture, or productive activities".*

Stock markets have been the exclusive arbiters of real industry outcry as a result of global deregulation unlike in the 1950s and 1960s. The Bretton Woods economic framework gave a clear reference to the real sector as the engine of prosperity, rather than the financial sector. International interests have moved away from policies that encourage increased jobs, commerce, and productivity since the 1980s. As mentioned in the previous section, FTAs, such as those negotiated in the EU's Economic Partnership Agreements, aim to limit developed world authorities' ability to create domestic enterprises as a foundation for expanded foreign trade. As a result of national and foreign strategies toward financial deregulation, the resulting


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change in the tradition of international economic policy toward a definitive influence by private financial markets over global choices has limited public tools and processes for resolving world boom-bust cycles (Erten and Ocampo, 2012). Financial markets now wield tremendous power over asset rates and credit availability. The term "policy room was first used in an official document in paragraph 16 of the UNCTAD XII Accra Accord" (UNCTAD, 2008). Policy space is described in that formulation in terms of the effect of international rules and arrangements.

> *"Policy space is needed to implement a variety of policies for building domestic productive capacities and local technology, as well as to provide the structures and support initiatives to distribute the resulting gains" (UNCTAD, 2011: 41).*

There are two origins of policy space limitations in developed countries, these include the constraints resulting from foreign agreements and the limits arising from the general state of access to the international economy (Rodrik, 2019). These two channels, of course, interact in an ethos that values transparency. Commodity-dependent economies, for example, are more vulnerable to the procyclicality of international markets due to their transparency. During market booms, many commodity-exporting countries have easier access to external financing, and many do so. Rodrik (2019) claimed that these markets are especially vulnerable to circumstances in standby programmes with foreign financial institutions during times of commodity price falls, which have often resulted in policy room limits in the guise of extending access to the international market. As an *ex-ante* debt reduction strategy, Nissanke and Ferrarini (2004) recommend state-contingent debt contracts based on commodity prices.

**Global Commitments Domestic Policy:**

The global commitments domestic policy is taking on foreign commitments, as a decision made by a sovereign country. In principle, these obligations keep the multilateral mechanism valuable for all actors, though some prosper more so than others. Global rules shield governments from special administration in economic matters, such as the treatment of their goods in international markets, in return for a derogation of sovereign powers (Erten and Ocampo, 2012). When foreign commitments are inequitable in design, implementation, or practice, it means they expect more in terms of output and contribution from developing and weaker countries than from developed economies (United Nations Conference on Trade and Development (2017). Inequitable laws among nations, in addition to inequalities among groups and women, are a barrier to prosperity and poverty eradication. "It is also clear that unequal game rules in the modern world economy will encroach on policy space, which is critical for development" (Nayyar, 2011: 19). Established countries have kept agricultural subsidies in exchange (Enaifoghe and Adetiba, 2018).

The "developing countries have fewer finances to fund agricultural subsidies" and have made agreements to reduce agricultural import restrictions. The new WTO members have been forced to put a cap on and eventually remove agricultural subsidies. Established members of the WTO have the authority to place obligations on countries requesting membership that they do not meet. The WTO includes a diverse variety of economies, industries, and stages of growth. Developing nations have struggled to make substantial progress in the Doha Declaration's accord, despite the GATT's well-defined legacy of "special and differentiated treatment" (SDT) (WTO, 2001). "All special and differential treatment needs shall be checked to improve and make them more accurate, efficient, and operational," the declaration adds (WTO, 2001, paragraph 44). It's worth remembering that the inaugural Millennium Declaration (UN, 2001, paragraph 13) said that "we are committed to a transparent, fair, rule-based, predictable, and non-discriminatory multilateral trading and financial organisation," incorporating equality as a criterion for the international system.

The norm of equity was not carried over when the MDGs were drafted, in principle, drawing from the Millennium Declaration, and aim 8A under MDG8 needs only to "[d]evelop further a transparent, rule-based, predictable, non-discriminatory trading and financial system". However, the absence or lack of a well-developed understanding of what equality means in the architecture, implementation, and practice of a rule-based international exchange and financial structure is a clear gap in the international system. The international financial system only allows for enforceable adjustments in debtor countries, which are primarily made up of wealthy countries, in the case of global imbalances. The preferred area of policy conditionality for debtor countries is political conditionality, which has provoked substantial international debate in the context of aid efficacy (Erten and Ocampo, 2012). SAPs, which were motivated by the


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developing-country debt problems of the 1980s, saw the proliferation of conditionality. These conditions pervaded development programmes and plans, going beyond what could be described as donors' legitimate concerns about preventing inefficient use of debtors' funds to finance their transition programmes. The OECD-led aid-effectiveness initiative initially seemed to have bold intentions to overhaul the conditionality framework for true cooperation between recipients, as well as the realisation of "country ownership" of development programmes.

The country ownership framework begins with debtor/recipient governments stepping up to the plate in assessing and planning their development programmes. In reality, all of the programmes were designed to align national strategies with those favoured by foreign financial institutions (UNCTAD, 2011). An earlier, more delicately phrased conclusion of a World Bank appraisal office study on PRSPs (2004, p. viii) states: "The Bank management's mechanism for introducing a PRSP to the Board undermines ownership." Stakeholders see this trend as "Washington signing off" on an ostensibly national approach. The growing field of bilateral investment treaties (BITs) and private investor rights embedded in FTAs is a significant source of policy space constriction. Advanced economies, especially the United States and Europe, have demanded investor rights when negotiating FTAs and EPAs. Private investors gain standing under BITs to file direct lawsuits against states over breaches of investors' interests, which have been widely construed to cover measures that affect predicted future profits. This gives private actors, often multinational corporations, unprecedented control over the decisions of their host countries, above and above domestic democratic structures and oversight.

Despite the reality that all emerging and industrialised countries are signatories of these conventions, the asymmetry stems from three causes. The first factor is emerging countries' more scarce resources; the second factor is the much larger number of multinational firms based in developed countries, and the third factor is the greater demand for growth interventions in impoverished countries. Obligations under these conventions will bind developed countries to sanctions in the exercise of foreign policy, such as imposing capital outflow controls during a BOP crisis (Montes, 2013a). The international community must recognise the importance of these disparities as growth impediments, as well as the importance of government policy space for all countries, developed and developing. For civic society and international research institutes, using indices of these asymmetries to score patterns will be useful practise.

**Understanding the Nature and Level of Economic Openness:**

Developed countries profit much from international communication, exchange, and investment. The presence and degree of economic openness, on the other hand, have a substantial impact on the amount of policy flexibility available to developing-country governments. Capital account liberalisation has resulted in the most significant absence of policy alternatives in industrialised countries. The amount of room available for monetary and exchange rate management is severely limited due to the extent to which capital accounts are available. Surges in foreign capital flows will surpass the available resources if exchange rate policy is used to maintain exchange rate stability in order to meet trade and domestic industrial growth goals. Authorities often risk the right to use interest rates to assess credit supply and implement a countercyclical approach while capital accounts are completely available. Capital controls continue to be a sovereign right of Member States under the IMF Articles of Agreement. However, some of these privileges have been ceded by the Member States by BITs. As part of their SAP obligations, they have also given up many of the mechanisms for regulating capital accounts.

The law enforcement agencies in many developing economies have been hesitant to reintroduce capital account management tools. Financial accounts in Asian countries have been more available in the years following their economic crisis in the late 1990s (Akyüz, 2012a). Accepting currency appreciation by open capital markets has helped many Latin American countries reach inflation expectations, but at the expense of medium- and long-term priorities in productivity growth, wages, and industrial development. Open capital accounts have a mechanism through which they boost the cost of lending to developed countries, contrary to the popular notion that they reduce losses for lenders by increasing the likelihood that their claims would be paid. Because most developed countries are unable to invest in their currencies in other countries, "during recessions, the actual value of their currency continues to fall, increasing the risk of a currency trend while lowering the cost of servicing foreign debt precisely when the capacity to pay is diminished" (UNCTAD, 2011, p. 41). The competence to manage capital accounts in developing countries must be regained. Among "capital account laws, macro-prudential instruments and strategies are used to safeguard the prudential stability" of their domestic financial sector.


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However, a significant amount of capital flows, such as portfolio positions in local stock markets and international purchases of local bonds, do not occur in the banking sector (though banks may act as conduits for these transactions) and are not normally regulated. Capital controls are especially important when a country is facing a payment crisis because foreign reserves are still limited. In these conditions, developed countries need to be able to enforce orderly standstills and have access to external financing. Improved source market supervision, as well as greater currency rate and interest rate stability in reserve-issuing countries, have the potential to considerably reduce capital rush pressures in developed countries and enhance international capital account control.

**Improving Development for Accountability of Governance:**

To improving development for accountability of governance, it is significant for the global economy to be interdependence, in holding foreign governance systems accountable to development needs. Narratives founded on the presumption that unilateral liberalisation is in the self-interest of developing countries, as well as formulations regarding establishing a "level playing field," have continued to explain reduced responsibility on the part of developed countries in real growth. Voice and participation are being updated to match the global economic system. One solution that has received a lot of attention from reformers is adjusting the vote weights and management systems in current international organisations. Also widely agreed-upon overdue efforts have proved ineffective in this case. In the 2000s, researchers working in Bretton Woods institutions (Kose et al., 2008) predicted that emerging economies had 'decoupled' from rich countries. These debates continued to imply that emerging countries were less vulnerable to a potentially significant financial transition in the aftermath of the US economy's massive credit growth and macroeconomic deficits in the mid-2000s.

The immediate and severe effect of the Lehman Brothers collapse on emerging economies by "trade and financial retrenchment has cast doubt on cyclical decoupling as a foundation for international economic cooperation and coordination" (Akyuz, 2012b). Beginning in the second half of 2013, the emerging danger stems from the possible reversal in capital movements away from developed countries caused by the United States' withdrawal from "quantitative easing policies" (Akyuz, 2013). Many people in developed countries are familiar with the drill of capital transfers reversing following a time of capital excess, creating widespread foreign payments difficulties. Since developing economies are negatively affected by developed countries' solely domestic policies, international processes must ensure that developing countries have a proper voice in key international organisations such as the IMF as a matter of good governance. Aside from cyclicality, much has been written about the evolving dynamics of the global economy, with developed countries responsible for a larger share of global production and trade.

In certain ways, these findings have not resulted in changes to legislative weight and authority in foreign organisations, most notably the Bretton Woods organisations. In another way, these elevated shares may have been foreseen that higher growth rates in emerging countries as compared to developed countries would inevitably result in accounting for a larger amount of overall global income. For some nations, such as China and India, the movement toward contributing a greater share of global production is aimed at regaining the share they had before European colonisation in the 1500s (Montes and Popov, 2011). Asian markets are yet to reclaim their historical share. In 1500, China accounted for roughly 20% of global output; today, it barely accounts for 10%. The leading emerging countries' per capita economies are only 25% or less than the developed countries' per capita incomes. The figures highlight the importance of expanding the role of the population dimension in the design of world economic governance structures. They imply that, even in the most prosperous countries, the per capita difference between emerging and industrialised countries remains large.

One reason for giving developed countries more clout in international governance is that ensuring accountability for those with the highest need for convergence compensates for the international community's limited understanding of how to close the per capita growth gap. The proper concern is whether the economic economy should have been best structured to allow for higher development and catch-up for developing countries than has occurred. The author is aware of recent troubling developments, such as the strengthening of exchange sanctions-enforced limits on developed countries' exposure to innovative technology. Many developed countries that managed to increase their industrial productivity in subsequent years have reverted to relying on unpredictable product exports and transactions earnings. A concerning trend is that the diversity of developed countries' export goods has decreased dramatically since the 1980s when liberalisation and deregulation policies were paramount. The developing countries


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continue to be the final destination of the majority of finished products. Reforms aimed at addressing the shortcomings of multinational governance systems must first resolve the conundrum that certain existing frameworks breach standard principles of good governance and policy transparency.

The participating weights in the Bretton Woods organisations, which essentially serve as a gatekeeper for developed countries seeking access to foreign assistance and finance, are out of sync with the global economic system. The 2008 package of quota and speech legislation, which was eventually ratified in March 2011, offered just a 2.7% intensification in voting power for developed and emerging economies as a whole. The weights of rapidly developed countries are increased by reducing the weights of less prosperous developing countries. There was no improvement in the number of board seats. Many analysts and developed countries believe the kit is insufficient (Bryant, 2008). The complexity of the quota formula, which further specifies how countries are actually "overrepresented" and therefore must give up voting weight, is also being debated. The change of European countries' voting weights decrease has been controversial. The immense impact of developing countries in setting policy standards undermines the legitimacy of these agencies. The Republic of Korea's IMF transition programmes specifically contained proposals to ease international investment entry following the interests of dominant manufacturing groups in the United States and Europe. In a broader sense, the value of these concerns is what drives opposition to capital account controls and support for multilateral trade in financial services.

**Accountability in Governance and South-South Regional Cooperation:**

The United Nations Economic and Social Council (ECOSOC) was created to centralise the debate of these issues after WWII, on the principle that representation and transparency should go hand in hand. Recognizing this predicament, the G-20 has placed a special focus on preserving a relationship with the United Nations. According to Montes (2014), there have been various demands for new organisations to solve flaws in international governance, such as the Stiglitz Commission's recommendation for a Global Economic Coordination Council (GECC) supported by an International Panel of Experts (United Nations, 2010, p. 87). A more basic option would be to revamp and strengthen internal institutions, which would require a renewed commitment by dominant economic countries to utilise these entities. Restoring ECOSOC's strong supervision of global governance institutions and processes should be a clear priority of a post-2015 growth agenda. The enhanced economic interdependence has been characterised by an unequal growth trend, as partially documented in the first section of this article.

In the long run, the deteriorating trend is neither economically nor environmentally viable, nor strategically viable (Vos and Montes, 2014; UNCTAD, 2011; and United Nations, 2010). Despite the GSP's original aims, there has been renewed interest in the possibilities of economic links among developed countries, as well as greater reliance on regional systems (GSTP). Within the context of economic diversification and industrial expansion, the GSTP debates recognised the significance of implementing measures to broaden and diversify trade among developed countries (UNCTAD, 2011: 88). The regional frameworks promise increased cooperation among regional economies in the treatment of foreign direct investment (FDI), the avoidance of self-defeating competition, and the facilitation of development efforts complementing one another, although there has been limited success in this area. Small and medium-sized firms will benefit from reduced technology trade barriers at the regional level.

Developed countries can also use economies of scale to provide import credits, insurance, and other trade-related services, as well as promote regional technology exchange among countries with similar growth rates and organise infrastructure development to promote regional trade. Despite many declarations to the contrary, the most significant barrier to increased regional cooperation has been overcoming an attitude that prioritises trade and investment links with developed economies. In Africa, decisions by the United States and the European Union to offer trade facilitation to the region as a whole shine a light on past local intentions to deepen economic integration (Rodrik, 2019). As previously said, several plans from outside the country can stymie regional integration. MFN terms in the EPA plans, for example, would apply to EU members if African countries agreed to boost their trade transparency.

Provisions necessitating the purchase of manufactured inputs from developing nations, such as textiles, limited regional integration's potential. "The benefits of non-reciprocal preference schemes are provided regionally or to all members of customs unions, regardless of the socio-economic condition of the countries involved," the African Union (2011) suggested in 2011. The goal is to ensure that trade helps LDCs and regional organisations overcome their lack of manufacturing capacity. The EU, for example, petitioned the World Trade Organization (WTO) for a waiver to grant Moldova non-reciprocal preferential treatment,


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claiming that Moldova, as Europe's poorest territory, lacked the economic power to embrace the reciprocal responsibilities of an FTA with the EU (WTO, 2010). Western Balkan countries had been granted a similar exception. WTO consistency of the plan can be achieved by a concession or an appeal to the enabling provision, according to a South Centre historical paper.
The likelihood of prolonged slow growth in the developed world as a result of the global crisis adds to the pressure on developing countries to seek alternate sources of growth, such as increased trade with other countries in the South and regional cooperation. A shift in development strategy toward greater dependence on domestic demand rather than exports is logically a catalyst for a renewed focus on widening South-South and international trade and investment ties since the most open markets for true developed world goods are in other developing countries.

**Sustainable Global Economic Development in LDCs through productive capacities:**
Promoting sustainable global economic development in the least developing countries through the "productive capacities of a country, are essentially a matter of what that country can produce efficiently and competitively". As a country's ability to deliver an increasing variety of higher-value-added products and services effectively and competitively grows, so does its productive capacity. Increased investment in physical, financial, social, and environmental resources, as well as technical acquisition and innovation, are all contributing to this. In a virtuous cycle, the phenomena presents itself in the diversification of national economies, economic reform, and a more favourable integration into the global economy, and these changes, in turn, facilitate the potential for additional investment and innovation. Though the latter is clearly a component of the mechanism, the development of productive capacities should not be equated with the development of export supply capacities in these broad terms. Investments in the Millennium Development Goals (MDGs) should not be confined to increasing productive capacity.
Investments in the health sector, education, and other aspects of achieving the MDGs can all be considered components of building effective capacity. Building effective capacities, on the other hand, goes beyond these objectives and strives to achieve MDG targets in a long-term way by integrating the MDGs into a broader economic growth context. LDCs should also make use of their dynamic comparative advantage by making targeted investments in defined sectors that can help them break into competitive manufacturing and service industries. Besides, it imposes greater forward and backward correlation impact, to build substantive and sustainable productive potential. The significance of efficient capacities for LDCs is multifaceted. Developing LDC efficient capacities would help to fix institutional vulnerabilities and deter further marginalisation of LDCs in the global economy; foster economic competition and inclusion in international trade. This includes accelerating MDG achievement and poverty reduction; providing adequate sustainable and decent job opportunities; harnessing LDC innovation, especially youth power; and assisting LDCs in adapting to and mitigating climate change.
The LDCs' structural barriers and deficiencies are mostly due to a lack of growth of their economic potential. Despite comparatively strong growth rates before the current crisis, the LDCs have been unable to address institutional vulnerabilities. Any of the shortcomings have been exacerbated as a result of the type of convergence with the global economy. The LDC exports are now more centralized in a few goods, mostly commodities than they were ten years ago. Perhaps more significant is the LDCs' marginalisation in the global economy, as shown by the fact that their commodities exports today account for just 1.1 percent of global trade, down from 1.7 percent in the 1970s. These interconnected systemic flaws appear to limit the LDCs' long-term growth prospects. The LDCs' competition in most products and services is limited. They compete mostly on the global market for goods they manufacture or with services with relatively low value-added and labour-intensive manufacturing methods. In the example above, LDCs compete only based on extremely low labour costs. The performance gap between workers in OECD countries and workers in the least developed countries (LDCs) is roughly 22 to 1. LDCs would be unable to narrow the competitiveness gap and compete effectively on the global market with nations with much greater productivity despite significantly expanded use of technology and higher levels of spending.
The LDC engage on the global market mostly with goods they manufacture or with products with relatively low value-added and labour-intensive manufacturing methods. In the above scenario, LDCs compete exclusively based on very low labour costs. The productivity gap between workers in OECD countries and workers in LDCs is 22 to 1 on average in favour of the former. LDCs would be unable to close the gap and compete effectively on the global market with countries with far higher productivity even if they used much more technology and spent much more. The establishment of appropriate and equitable job opportunities


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for all is one of the most serious concerns confronting LDCs. With the demographic transition in full swing, LDCs have young and growing populations (about 70% of the population is under 30 years old), which require efficient and decent jobs. For example, it has been projected that the majority of additional entrants to the labour force in Mali was 171,800 in 2005 and would rise to 447,800 per year by 2045 (Montes, 2014; International Monetary Fund, 2012).

In Madagascar, the projections are 286,200 in 2005 and 473,400 in 2035. (IMF, 2012). Resolving this daunting employment problem is crucial for LDC economic development and poverty reduction. There will be little achievement until efficient capacities are created, and the generational dividend will be transformed into dynamic humanitarian crises. The accomplishments of the MDG would be more significant and long-lasting if they are added to the economic growth process of improving production efficiency. World Trade Organization (2010), indicated that progress in significantly and sustainably lowering poverty rates in LDCs "can only be made by broad economic progress that opens up the opportunity for far larger portions of the population than seems to be the case so far". Seeing LDCs not just in terms of their profound poverty mitigation requirements, but also in terms of their latent and untapped capacity, as well as their imagination, is key to focusing on the creation of productive capacities (WTO, 2010). This is especially true of their youth, who are frequently unemployed or underemployed. Young people are a powerful and diverse force, but they are also the most prone to crime and violence if they lack the resources to have a happy life (Montes, 2013).

In LDCs, especially in conflict-torn communities, youth-oriented policies and programmes should be prioritised. So far, the ingenuity of LDC societies has been used only slightly for productive purposes, but it has the potential to become a critical component of many countries' national growth strategies. Since the size of the climate change threat facing LDCs is expected to be immense, and since these countries will be overwhelmingly impacted, responding to that challenge would become increasingly important shortly. Because of their low degree of economic and human growth, the LDCs' various shortcomings must be approached holistically to train them for the task. The adaptation to and environmental management in LDCs may be better handled by developing efficient capacities in such a way that growing demand, access to, and usage of modern energy sources in LDCs (Guzmán et al, 2018). This is currently the main deficit, because it is accomplished whilst LDC economies effectively transition to a low-carbon growth direction is achieved. Following the financial, food, and fuel crises, there is an urgent need to concentrate on connecting finance to the growth of the real economy.

The growth of productive potential is at the core of this, as capital accumulation (investment in physical resources, plant and machinery, education and skills) is needed. Lundvall, (2016), indicated that technological advancement (new products, systems, internal mechanisms, and economies, as well as knowledge) and systemic reforms. That is, "from low-productivity, diminishing-returns sectors to high-productivity, increasing-returns sectors, and strengthening of the linkages within the national economy" (Montes, 2014: 8). During the conference, the following sectors were listed as potentially relevant:

> *"(a) agriculture, especially food production; (b) manufacturing; (c) upgrading primary commodity production; (d) creative industries; and (e) services, including tourism (FAO (Food and Agriculture Organization) (2010). However, two common goals for LDCs should be the development of the agricultural sector, as well as the diversification of the economy and promotion of structural transformation".*

Agriculture is significant since it is still the most critical source of employment in many LDCs. The sector's neglect over the last three decades must be reversed (FAO, 2010). The food crisis, which overwhelmingly affected LDCs, has reintroduced the problem of food security to policymakers' agendas. The availability of minimum pay commodities is critical for the non-inflationary growth of job opportunities. Agriculture growth, on the other hand, should be achieved in a way that promotes the diversification of LDC economies and systemic change. In this regard, previous experience implies that increasing manufacturing operations and accompanying producer resources will result in higher scalability returns and allow for more young people to be employed. With the ultimate automation of agricultural production systems, there will be a growing excess of labour in rural areas looking for long-term employment in cities (Lundvall, 2016). A thriving industrial sector, as well as other services like tourism and the creative industries, may be able to supply them with lucrative and decent work.

Finance, information, electricity, physical infrastructure, and water are all critical components of


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efficient capability growth. The data indicate that the LDCs have significant deficiencies in these ingredients. In 2000, the average years of schooling for adults in LDCs was just three years, which was less than in other developing countries in 1960. Only 16 percent of the population of LDCs had access to electricity in 2002, compared to 53 percent in other developing nations and 95 percent in OECD countries (FAO, 2010). These challenges must be addressed in the future since they are necessary for the growth of productive capacities in LDCs.

## CONCLUSION:

The study explored policy measures that can help mitigate the structural barriers of global economic development in the least developed countries. It finds that the Sustainable Development Agenda 2030 and the Sustainable Development Goals indicate a stronger emphasis on the least developed countries (LDCs), compared to the Millennium Development Goals, which failed to include a precise goal in moving from LDC status. It revealed that the growing range of environmental and societal challenges is prompted by the failure of the development strategies, with the continued proliferation of weak forms of production and utilization combined with the projected level of population. This encouraged the quest for a new conduit to achieve sustainable development as a possible solution. Finally, to be sure, there is no one solution, just a combination lock, with each country having to find its special combination number. As a result, development plans cannot be conceptualised at a wide level alone; they must also take into account the unique characteristics of each region. A detailed retrospective study, on the other hand, may offer useful advice in articulating prospective planning practices. Although developing countries bear primary responsibility for their growth, their economies' fortunes are heavily reliant on the international economy. The international system will stymie progress in two ways. Firstly by lacking, deficient, or counterproductive international institutional arrangements, and secondly by imposing limits on national policies as a result of the expansion of international commitments and policy laws. The study concluded that international coordination on poverty alleviation is insufficient.

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