

Development: Barriers + Strategies (Solutions)

	<b>Barriers/Problems:</b> Know the poverty cycle. This summarizes the key problems facing ELDC's in the areas of growth and development	<b>Strategies/Solutions</b>	<b>Real world examples:</b>
0	<ul style="list-style-type: none"> <li>● <b>Poverty Cycle: diagram explains poverty</b></li> <li>● <b>17 SDG's set clear targets for economic development</b></li> </ul>		
1	<b>Indebtedness</b>	<ul style="list-style-type: none"> <li>● Debt forgiveness</li> <li>● Debt relief</li> <li>● Debt rescheduling</li> </ul>	Guyana Uganda
2	<b>Poor Education + Healthcare:</b> Merit Good shortages: education + healthcare reduce incomes. See Poverty Cycle	<ul style="list-style-type: none"> <li>● Debt relief allows poor countries to finance public + merit goods</li> </ul>	Guyana
3	<b>Governance + Corruption:</b> Poor Governance + corruption (see item 8) reduce performance of the economy and reduces funding for Merit good spending.	<ul style="list-style-type: none"> <li>● IGO's e.g. United Nations and its institutional network e.g. ICC (international criminal court)</li> </ul>	(President Yahah Jammeh, former President of the Gambia (aids cure) See 4.9 VID 7.
4	<b>Informal markets</b> (parallel or black markets). Government revenue reduced fiscal policy is affected in terms of reduced spending on essential Merit goods	<ul style="list-style-type: none"> <li>● Legal enforcement (penalties + fines)</li> </ul>	<ul style="list-style-type: none"> <li>● Legislation + enforcement</li> </ul>
5	<b>Primary sector dependency.</b> Country depends on export of a small number of key primary products where markets are unstable due to weather conditions	<ul style="list-style-type: none"> <li>● Diversification</li> <li>● Protectionism to support growing industries</li> </ul>	(1) Greek Lemons i.e. where dependency on low priced agricultural products struggle to pay for high priced imports
6	<b>Capital flight</b>	<ul style="list-style-type: none"> <li>● Exchange controls</li> <li>● Legal enforcement (penalties + fines)</li> </ul>	Former President of the Gambia Yahah Jammeh removed huge levels of wealth before departing the country in 2017
7	<b>Climate issues:</b> (leading to extreme weather conditions + disease /disaster situations	<ul style="list-style-type: none"> <li>● NGO's such as the World Bank, IBRD can provide assistance to promote infrastructure development e.g. flooding barriers to reduce risk from flooding</li> </ul>	Droughts + flooding affecting farmers
8	<b>Social factors:</b> <ul style="list-style-type: none"> <li>● Institutional factors:               <ol style="list-style-type: none"> <li>(1) insecure property rights</li> <li>(2) poor legal system</li> <li>(3) weak banking sector</li> <li>(4) ineffective taxation system (low government tax revenues)</li> </ol> </li> <li>● poor governance + corruption</li> <li>● gender inequality, child labour</li> </ul>	<ul style="list-style-type: none"> <li>● Use of social enterprise See VIN opposite.</li> <li>● Role for IGO's and NGO's to improve institutional factors</li> </ul>	VIN network in Nepal to support local initiatives to promote growth and development. See 4.10 VID 4.
9	<b>Infrastructure:</b> <ol style="list-style-type: none"> <li>(1) poor Internet, road + rail systems. This slows down the movement of goods + services in the economy</li> <li>(2) poor technology e.g. broadband Internet</li> </ol>	<ul style="list-style-type: none"> <li>● Privatisation</li> <li>● Promoting FDI into the provision of key public sector investment in infrastructure</li> </ul>	Uganda: investment in road network helps to get G + S. See 4.10 VID 7.