

Reducing the Global Development Gap

Reducing the global development gap is a **massive task** — but there are **quite a few ways** to go about it...

There are Lots of Strategies that can Reduce the Development Gap

Aid

- 1) Aid is **given** by one country to another as **money** or **resources** (e.g. food, doctors).
- 2) It is spent on development projects, for example constructing **schools** to **improve literacy** rates, building **dams** and **wells** to **improve clean water supplies** and providing **farming knowledge** and **equipment** to **improve agriculture**.
- 3) Aid can definitely help, but sometimes it is wasted by **corrupt governments**. Or once the **money runs out**, projects can **stop working** if there isn't enough **local knowledge** and **support** to keep the projects going.

Fair Trade

- 1) The **fair trade movement** is all about farmers getting a **fair price** for goods produced in **LICs**, e.g. **coffee** and **bananas**, allowing them to **provide** for their **families**.
- 2) Companies who want to **sell products** labelled as 'fair trade' have to **pay producers** a **fair price**.
- 3) **Buyers** also pay **extra** on top of that to **help develop** the area where the goods come from, e.g. to **build schools** or **health centres**.
- 4) But there are problems — only a **tiny proportion** of the extra money reaches the original producers. Much goes to **retailers' profits**.

Using Intermediate Technology

- 1) **Intermediate technology** includes tools, machines and systems that **improve quality of life** but are also **simple** to **use**, **affordable** to **buy** or **build** and **cheap** to **maintain**.
- 2) For example, **solar powered LED lightbulbs** are used in parts of **Nepal** where the only other lighting options are polluting and dangerous **kerosene lamps** or **wood fires**.
- 3) This allows people to **work** in their **homes** or **businesses**, and **children** to **study**, after **dark**. As a result, **skills**, **incomes** and **industrial output** can increase, which helps **reduce** the **development gap**.

Debt Relief

- 1) **Debt relief** is when some or all of a country's debt is **cancelled**, or **interest rates** are **lowered**. This means they have **more money** to **develop** rather than to **pay back the debt**.
- 2) For example, **Zambia** (in southern Africa) had **\$4 billion** of **debt cancelled** in **2005**. In 2006, the country had enough money to start a **free healthcare** scheme for **millions of people** living in **rural areas**, which **improved** their **quality of life**.

Investment

- 1) **Foreign-direct investment (FDI)** is when **people** or **companies** in one country buy **property** or **infrastructure** in **another**.
- 2) FDI leads to better access to **finance**, **technology** and **expertise**, and improved **infrastructure**, **improved industry** and an increase in **services**.

Industrial Development

In countries with a **very low** level of development, **agriculture** makes up a **large portion** of the economy. Developing industry **increases GNI** and helps improve levels of development as **productivity**, **levels of skill** and **infrastructure** are **improved**.

Tourism

Tourism can also provide **increased income** as there will be **more money** entering the country. Countries like **Kenya** are using **tourism** to **increase** their **level of development** (see next page).

Microfinance Loans

- 1) **Microfinance** is when **small loans** are given to people in LICs who may not be able to get loans from **traditional banks**. The loans enable them to **start** their own **businesses** and become **financially independent**.
- 2) Although microfinance **works** for **some people**, it's **not clear** that microfinance can **reduce poverty** on a **large scale**.

Invest time in this and it'll aid exam success — now that's a fair trade...

Don't be glum, you're halfway through this gem of a topic now. There's just a little bit more revision to go until you're a fully-fledged development guru — something I know you've wanted to be since you were little...

Increasing Development — Tourism and TNCs

Time for a short but refreshing break to **Kenya**. Then it's time for **TNCs** — a stone cold geography **classic**.

Tourism is Helping Kenya to Increase its Development

- 1) **Kenya** is a low-income country in **East Africa**. It attracts **tourists** because of its **tribal culture**, **safari wildlife**, **warm climate** and **beautiful unspoilt scenery**. Kenya's **government** is trying to **boost tourism** as a way of **increasing its development**.
- 2) **Visa fees** for **adults** were **cut by 50%** in **2009** to make it **cheaper** to visit the country. They were also **scrapped** for **children under 16** to encourage **more families** to visit.
- 3) **Landing fees** at airports on the Kenyan **coast** have been **dropped** for charter airlines.
- 4) Tourism has increased from **0.9 million** visitors per year in **1995** to **1.8 million** in **2011**.

Effectiveness — Benefits

- 1) Tourism now contributes **over 12%** of Kenya's **GDP** — money that can be spent on **development** and **improving quality of life**.
- 2) Nearly **600 000 people** are **directly** or **indirectly employed** by the **tourism industry** — that's **10%** of **all employment** in Kenya.
- 3) The **24 national parks** charge **entry fees** to tourists. This money is used to **maintain** the national parks, which helps to protect the **environment** and **wildlife**.
- 4) Since 2000, Kenya's score on the **Human Development Index** has **increased** from **0.45** to **0.55**.

Effectiveness — Negatives

- 1) Only a **small proportion** of the money earned goes to **locals**. The rest goes to **big companies**, often based in **HICs overseas**, so **doesn't** help to **close** the development gap.
- 2) Some Maasai tribespeople were **forced off their land** to create national parks for tourists.
- 3) Tourist vehicles **damage** the **environment**, e.g. **safari vehicles** destroying vegetation and disturbing animals.

Trans-National Corporations have Advantages and Disadvantages

- 1) TNCs (trans-national corporations) are **companies** that are located in, or **produce and sell products** in **more than one country**. E.g. Sony is a TNC — it makes electronic products in China and Japan.
- 2) TNC **factories** are usually located in **poorer countries** because **labour is cheaper**, and there are fewer environmental and labour regulations, which means they make **more profit**.
- 3) They can **improve** the **development** of countries they work in by **transferring jobs**, **skills** and **money** to less developed countries, **reducing the development gap**.
- 4) TNC **offices** and **headquarters** are usually located in **richer countries** because there are **more people** with **administrative skills** (because **education is better**).

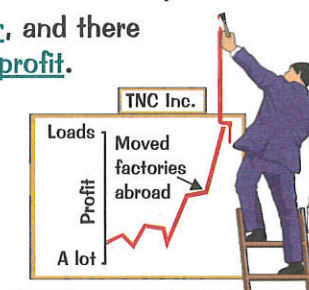
TNCs have **advantages** and **disadvantages**:

Advantages

- TNCs **create jobs** in all the countries they're located in.
- Employees in poorer countries get a **more reliable income** compared to jobs like farming.
- TNCs **spend money** to **improve** the **local infrastructure**, e.g. airports and roads.
- New technology** (e.g. computers) and **skills** are brought to poorer countries.

Disadvantages

- Employees in poorer countries may be **paid lower wages** than employees in **richer countries**.
- Employees in poorer countries may have to work **long hours** in **poor conditions**.
- Most TNCs **come from richer countries** so the **profits go back there** — they **aren't reinvested** in the **poorer countries** the TNC operates in.
- The **jobs created in poorer countries aren't secure** — the TNC could relocate the jobs to another country at any time.



"I'ma let you Finnish tourists boost our economy" — Kenya West...

These are two quite different ways the development gap can be reduced, neither totally effective...

- 1) Explain how growth in tourism can help an LIC reduce the development gap. [4]

