

Additional resources:

- Video: Hans Rosling's 200 Countries, 200 Years, 4 Minutes - [The Joy of Stat](#)
- Video: How To End Poverty in 15 years' Hans Rosling - [BBC News](#)
- Video: Economic growth and development [explained](#)

Topic:
Economic development and
growth

Economic Growth v. Economic development

- **Economic development:** is defined as an increase in the level of income standard of living / output / GNP per person accompanied by a change in the structure of society.
 - Eg, improvement in education, income per person, or health care. Measured using HDI
- **Economic growth:** is defined as an increase in output per person and does not involve a change in structure in society.
 - Measured using GDP, GNP, GNDI

Implications of Economic Growth

Economic Benefits	Economic costs
1. Increased employment 2. higher incomes 3. higher standards of living - better health care, education, quality of life 4. improved infrastructure; better roads, public transport, broadband 5. increased choice and variety of goods and services	1. Unequal distribution of wealth 2. Environmental sustainability - negative externalities - air pollution, plastic waste, degradation of natural resources 3. Rapid urban growth - overcrowding of cities (social sustainability) 4. unbalanced regional development 5. loss of local culture - social sustainability 6. Economic sustainability - gov. can't continuously run budget deficits or have large national debt (burden on future generations)

Benefits of Economic Growth for LEDCs

Benefits	Explanation
Increased standard of living	• Higher incomes will enable people buy more goods and services and so their standard of living will increase.
Better services	• Better education, improved health services, better housing should mean increased life expectancy.
Employment increases	• Employment / less reliance on primary sector. • Increased opportunities for employment through increased demand. Less reliance on agriculture / the primary sector to create jobs.
Tax revenue increases	• Resources available to the government • Increased tax revenues will allow the government scope for further investment in the country.
Increased standard of living	• Alleviation of poverty • More schools and houses and other essentials services will help reduce poverty.
Reduced reliance on aid	• With economic growth LDCs will need less foreign aid / may be able to reduce foreign borrowing.

LEDs

Research Project 2027 link: Identify *Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia* on the map.



Task 1: Country Profile One Step Forward Activity

Task 2: Find a student with information on each country

Country	Life Expectancy	Literacy Rate	Primary export	Economic challenge	Name of Irish Agency/NGO & Specific Intervention
Bangladesh	73–74	76%	38% - but mostly secondary	High population density and labour pressure on public services.	Irish NGOs Trócaire and Concern Worldwide focus heavily on community disaster risk reduction.
Ethiopia					
Lesotho					
Malawi					
Mozambique					
Rwanda					
Sierra Leone					
Tanzania					
Uganda					
Zambia					

Challenges / Characteristics of LEDCs

Research Project link: What do countries like *Bangladesh, Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia* have in common

Brainstorm:

Challenges / Characteristics of LEDCs

Research brief link 2027: Think about these implications for LDC's *Bangladesh, Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia*.

Characteristic	Explanation
High Population	High fertility rates and rural-to-urban migration strain urban infrastructure and public services
High Unemployment	Deficits in job creation prevent human capital from being productively utilised. Huge level of underemployment.
Low literacy levels	Inadequate Education & Low Literacy, this impairs overall labor productivity and structural transformation
Inadequate Infrastructure	Shortages across digital networks, energy grids, healthcare facilities, or water/sanitation systems
Low Incomes	- Low per capita income for the majority of the population. - This results in a poor standard of living and a consequent low demand for goods and services.
Over-dependence on one crop	Heavy reliance on primary commodity exports leaves economies vulnerable to price volatility and adverse trade shifts
Foreign Debt Burden	High debt servicing obligations divert fiscal revenue away from public investment in health and education
Over-dependence on one crop	Some LDCs are over-dependent on one crop. The country may be subject to crop failure and/or a wide variation in export prices .
Dependence on primary industries	This results in not enough workers in secondary & tertiary sectors, resulting in low standards of living.
Food Insecurity & Climate Vulnerability	Susceptibility to severe weather events disrupts agricultural productivity, leading to malnutrition.
Dependence on Foreign Aid	High reliance on external assistance can create fiscal dependencies

Measuring Standard of Living: Human Development Index (HDI)

- **HDI:** Human development index is a composite index that measures [LDCs](#) countries standard of living in terms of health, education, and income. [Video](#) and [video 2](#) and HDI for
 - Health: Life expectancy ([example](#) and [EU comparison](#))
 - Education: Mean years of school ([EU comparison](#))
 - Income: GNI per capita

Pick two countries from the 2027 brief *Bangladesh, Ethiopia, Lesotho, Malawi, Mozambique, Rwanda, Sierra Leone, Tanzania, Uganda, Zambia*, and complete the table

Standard of living variables		
Life expectancy		
Expected or mean years of schooling		
GNI per capita		
Rank on HDI		

HDI V. GDP

- The HDI is a more accurate indicator of **human welfare**.
 - It is a **composite indicator** which reflects the **income per person, education and healthcare** of inhabitants of the country
 - This impacts on human welfare rather than simply considering the overall production level of the country.
 - The HDI measure considers more variables which impact human welfare. GDP alone only reflects the level of economic activity within the country.

Alternatives to HDI

- **IHDI:** the inequality adjusted human development index. It combines health, education and income and how these are distributed amongst the economy.

Policies to Improve HDI figures

Policy	Explanation
Improve education in the country	• If the governments of these countries invest into the primary, secondary and tertiary education systems in the country it will help to lift people out of poverty, improve their employment prospects and increase the productive capacity of the economy. • Overall improving their position on the HDI.
Improve national healthcare system:	• If the government of the country invests into the healthcare system in the country they will improve the standard of living of the residents of the country. • They will be better protected from endemic diseases and will see improved practices in medicine in general, leading to an increased life expectancy and an improvement on their ranking on the HDI.
Improve distribution of income	• If more progressive and transparent taxation policies are enacted in these countries, it will increase disposable income of lower income earners. • this will improve their standard of living
Reduce corruption in the country	• If the government of the country cracks down on corruption within government and within the country in general it will lead to greater trust from the citizens of the country and will encourage them to participate in legitimate employment opportunities and to pay taxes

Exam Question

The data below has been extracted from the HDI 2020.

Rank	Country	Human Development Index. (HDI) (value)	Life expectancy at birth (years) SDG 3	Mean years of schooling (years) SDG 4.6	Gross national income (GNI) per capita (PPP \$) SDG 8.5
187	Chad	0.398	54.2	2.5	1,555
188	Central African Republic	0.397	53.3	4.3	993
189	Niger	0.394	62.4	2.1	1,201

Adapted from hdr.undp.org

Question 6

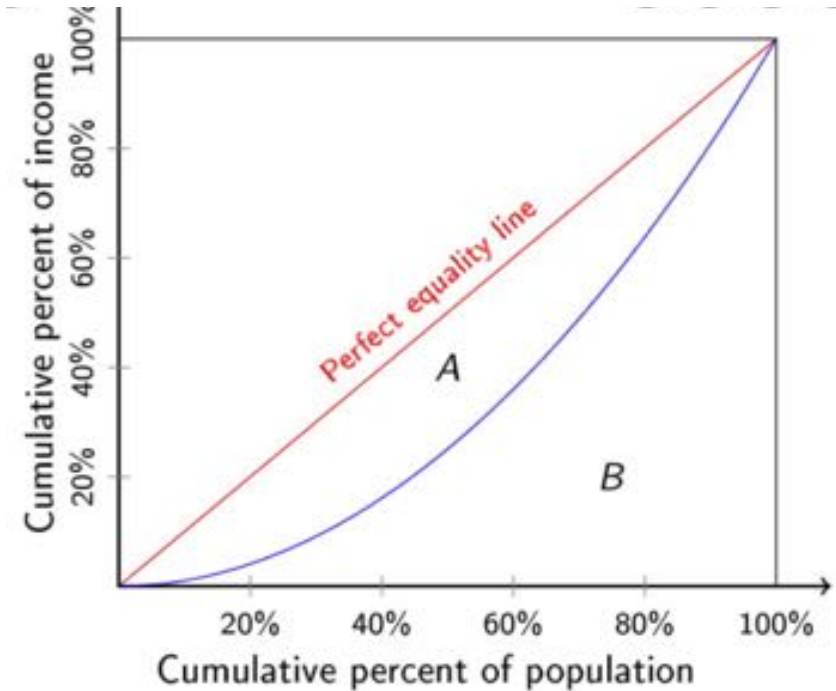
- (a) Explain why the Human Development Index (HDI) may provide a more accurate profile of human welfare in a country than the Gross Domestic Product (GDP) figure of that country.

- (b) Using the data provided above, advise the governments of these countries on one policy they could use to improve their HDI ranking.

Measuring inequality

- **Inequality:** Inequality undermines fairness.
 - **Activity:** Inequality (10 chairs)
- **S80/S20 share ratio:** This ratio measures the annual income of the wealthiest 20% compared to the poorest 20% and [Gini coefficient](#). See [examples](#)

Measuring Inequality: The Gini Coefficient



- 1-Full inequality
- 0 - perfect equality

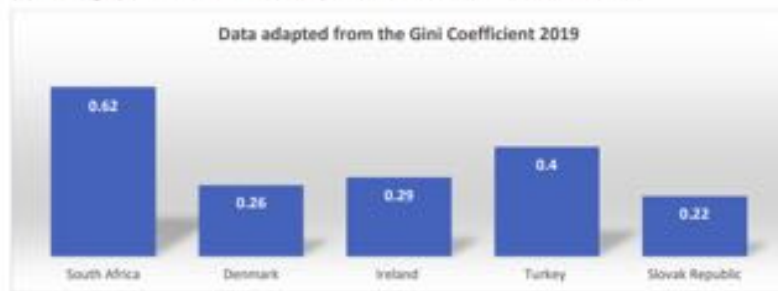
Country	Gini Coefficient
Belgium	0.27
Ireland	0.32
USA	0.41
South Africa	0.63

How to Reduce Inequalities of Income / Measures to reduce inequality

1. Progressive taxation
2. Social welfare to assist the most vulnerable people in society, eg. unemployed, pensioners
3. Spending on healthcare
4. Education and social services to help people on lower income
5. Minimum wage legislation to ensure a living wage for all
6. Invest in education
7. Increase minimum wage
8. Increase social welfare payments
9. Control rents
10. Reduce health care costs

Exam Question:

(b) The graph below shows data adapted from the Gini Coefficient for 2019



(i) Using the data in the diagram above, name the country which is the **closest** to perfect inequality of income and which country is **closest** to perfect equality of income.

Country closest to perfect inequality of income:

Country closest to perfect equality of income:

(ii) Explain **two** measures taken by governments to reduce inequality of incomes.

1.
2.

Measure to help LEDCs

Measure	Explanation
Foreign Aid	- Governments can continue with aid to help in emergency situations. - They can also provide more long term aid to help with the development of infrastructure/provision of education, health programmes etc.
Reduce / Eliminate debt	If the national debts were cancelled then these funds would become available for the country to use for economic development.
Improve Trade Opportunities	Improve access to markets in the developed world/outlet for their exports. Improve the terms of trade available/higher prices for their exports.
Encourage MNCs Investment	These could provide the workers with skills. The fair wages received could help boost domestic demand and provide tax revenue for the state.
Invest in training / technology	The provision of skills / technologies to the LDCs would help with improving standard of living, increase productive capacity.
Promote political stability	Economic development requires a peaceful environment. Foreign countries could provide peacekeeping troops and encourage the movement towards political stability

International Aid

Types of Aid

Aid	Explanation
Direct Aid	- This is also known as official development assistance, grants and loans. - Governments may provide aid to help in emergency situations. They can also assist with the development of infrastructure and the provision of education, health programmes etc.
Voluntary Agencies / NGOs	- Non-profit, international development organisations - e.g., <i>Self Help Africa</i>, <i>Trócaire</i>, <i>Concern</i>, <i>GOAL</i> that deliver aid directly to communities at a microeconomic level, funded independently or through government partnerships.
Restructure debt	If national debts of LDCs are cancelled or re-structured, more funds would become available for the LDCs to use for economic development in their countries.
Tied Aid	Money that a rich country lends to a poor country, on condition that the poor country spends the money on goods from the rich country:

Evaluation of Aid

Advantages	Disadvantages
- Saves lives - Builds infrastructure, boosting industry - Improves health services - Supports agriculture - Provides clean water and sanitation - Enhances education and training - Reduces poverty	- May not reach those in need (wealth stays with elites) - Creates dependency, limiting growth - Spent on high-profile projects instead of essentials - Can increase national debt and restrict future policies - Risk of corruption and misuse by governments - Focus may be on food aid rather than long-term economic development

Research Project Link: Irish Aid by Country

Country	Agency / NGO Responsible	Type of Aid	Specific Economic & Development Focus
Bangladesh	Trócaire & Concern Worldwide	NGO Aid (Voluntary)	Flood defenses, climate adaptation, and emergency relief.
Ethiopia	Irish Aid, Self Help Africa & GOAL	Direct ODA & NGO Aid	Severe malnutrition, drought resilience, and climate-smart dairy.
Lesotho	Irish Aid	Direct ODA (Bilateral)	Primary healthcare systems, HIV/AIDS support, and female education bursaries.
Malawi	Irish Aid & Self Help Africa	Direct ODA & NGO Aid	Winter irrigation systems, crop diversification away from tobacco.
Mozambique	Irish Aid, VSO Ireland & Trócaire	Direct ODA & NGO Aid	Primary health delivery, coastal cyclone resilience, and debt support.
Rwanda	Concern Worldwide & Self Help Africa	NGO Aid (Voluntary)	Agricultural processing tech, micro-finance, and digital connectivity.
Sierra Leone	Irish Aid & GOAL	Direct ODA & NGO Aid	Maternal health clinics, urban sanitation, clean water, and literacy.
Tanzania	Irish Aid	Direct ODA (Bilateral)	Rural health infrastructure, smallholder farming, female empowerment.
Uganda	Irish Aid, GOAL & Irish Rule of Law	Direct ODA & NGO Aid	Youth vocational skills, refugee food security, and legal access.
Zambia	Irish Aid & Self Help Africa	Direct ODA & NGO Aid	Conservation farming, social protection cash transfers, debt relief lobbying.

Conflicts between NGOs and Governments

1. Different objectives
 - a. NGOs operate at an international level. They decide which region requires assistance and how much funds are allocated to that region. On the other hand, governments are only concerned with national level objectives.
2. NGOs may focus more on sustainability
 - a. NGOs may want to improve the human welfare of the the country, whereas governments may want to improve the economic growth of the country
3. Political corruption
 - a. Some LDCs spend a lot on bureaucratic administration / military spending which can result in civil unrest. Whereas, NGOs spend funds on improving infrastructure.
4. Decision on how to use resources
 - a. NGOs may want to improve environmental sustainability; improve the environment and use of resources sustainably so that future generations have use of the country's resources. Government may want to use resources now to make financial gain; such as oil/coal/soil.