



THE DEVELOPMENT GAP

Introduction

In general incomes are rising globally but whether this is leading to a real improvement in the standards of living for the poorer people of the world is a matter of debate. Many of the countries identified as Newly Industrialising Countries (NICs) have seen real improvements in the standard of living for the majority of their inhabitants, but the gap between the quality of life enjoyed by most people in High Income countries like the USA and those in the poorest countries like Afghanistan is widening. Also, within countries wide variations exist in the standard of living enjoyed by different groups of people. This is particularly noticeable in many LEDCs where an internal development divide can be seen, with 10% of the people obtaining 90% of the wealth. This opens up the important issue of what exactly is meant by the term the **Development gap**. This Factsheet will discuss the various causes of, and attempts to narrow, the development gap. Most authorities agree that it necessary to look at social as well as economic factors.

The development gap – how is it caused?

Many of the poorest countries of the world are former colonies of countries like Great Britain or France. During their colonial periods, their economies were geared to producing **primary produce** for their colonial rulers. So in the West Indies large plantations growing sugar or bananas for sale in France or Britain were established. Ghana grew cocoa that was shipped to Britain to be manufactured into chocolate. To this day, the majority of the LDCs and many LEDCs are primary producers, growing crops for exports or mining minerals. In most cases the prices of these **commodities** are determined by the amount the buyers are prepared to pay rather than by a realistic consideration of the cost of production. Tanzania's earnings from exporting its chief products, coffee, cotton and tea, have been declining since 1996 but the price of commodities the country needs to import, like oil, has not fallen.

The influence of the large transnational corporations (TNCs) is considerable. They fix prices and often control the marketing and selling of the primary products. For instance, Del Monte owns most of the banana plantations in Guatemala and can fix prices at which bananas are bought and sold.

Measuring the development gap.

Figures alone do not give the complete picture but using them with discretion it is possible to see contrasts between countries. It is essential to look at a range of statistics, covering social as well as economic factors. The World Bank categorises all countries into four main groups based upon their Gross National Income per capita:

Low income	<i>GNI per capita \$745 or less (this group includes countries known as Least Developed Countries (LDCs), e.g. Ethiopia, and Less Economically Developed Countries (LEDCs), e.g. Bangladesh)</i>
Lower middle income	<i>GNI per capita \$746 - \$2,975 (Recently Industrialising Countries are in this group. e.g. Thailand)</i>
Upper middle income	<i>GNI per capita \$2,976 - \$9,205 (Newly Industrialised countries belong to this group e.g. Taiwan)</i>
High income	<i>GNI Per capita \$9,206 or more (all the More Economically Developed Countries, e.g. USA and Germany, are in this group)</i>

Even the World Bank acknowledges that the level of income enjoyed by a country need not reflect its level of development accurately. *Table 1* compares the United Kingdom, high income country with Tanzania, a country with a low income per capita.

Table 1 UK and Tanzania - comparable statistics.

	UK	High Income countries – mean figures where available	Tanzania	Low income countries – mean figures where available
Poverty and social				
• 2001 Population (millions)	59.9	-	34.5	-
• GNI per capita (US\$)	24,230	-	270	-
Average annual growth rate 1995-2001				
• Population %	0.4	0.7	2.5	1.9
• Labour force %	0.5	0.9	2.5	2.3
Most recent estimates (latest year available 1995-2001)				
• Poverty (% of population below national poverty line)	N/A	-	35	-
• Urban population (% of total population)	90	77	29	31
• Life expectancy at birth	77	78	44	59
• Infant mortality (per 1000 live births)	6	6	93	71
• Child malnutrition (% of children under 5)	Negligible	-	29	-
• Access to an improved water sourced (% of population)	100	99	54	76
• Illiteracy (% of population age 15+)	-	<5	24	37
• Gross primary enrolment (% of school aged children)	99	103	65	96
Key economic ratios and long term trends				
• Total debt/GDP US\$	-	-	66.2	-
• Present value of debt/exports	-	-	137.0	-

The data in *Table 1* require careful analysis. Firstly, it is necessary to distinguish between economic development and human development. There is general agreement that merely improving the economy of a country need not bring about an improvement in the quality of life for the majority of the population, which is now regarded as the main aim of development.

The most commonly used indices are: -

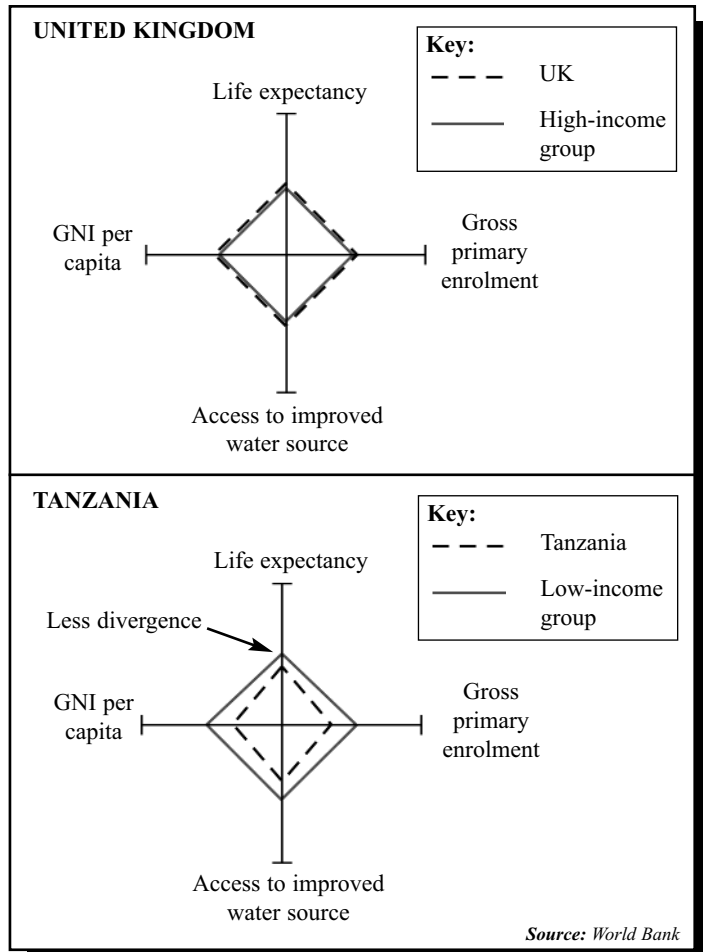
- **GNP** - Gross National Product
- **GNI** (Gross National Income) - the index used by the World Bank - includes a trade adjustment component.
- **HDI** - a composite index looking at:
 - real income per capita – what a person can actually buy with that income
 - adult literacy combined with the mean number of years of schooling – useful because not everyone starts school at 5
 - life expectancy at birth

The World Bank is providing a great deal of analytical information and is following the trend to include a wide range of indicators. For each country it produces a **development diamond** which compares four indices:

- Life expectancy
- GNI per capita
- Gross primary enrolment
- Access to improved water supplies

For each individual country these are compared with the average for the relevant income group. So in *Fig. 1* the United Kingdom is compared with all countries in the high income group, Tanzania with other countries in the low income group.

Fig. 1 Development diamonds for the UK and Tanzania.



A similar diagram is produced to show the economic ratios, which include the following information:

- Trade
- Investment
- Domestic savings
- Indebtedness

Exam Hint: If you are researching a topic like this, include examples of countries from different income groups and a wide range of development indicators that cover economic and social factors.

Most people living in LEDCs and LDCs have comparatively poor access to information and communications technology. Understandably this is a significant drawback. Consider in how many situations people living in high income countries like the United Kingdom use modern forms of communication in their daily lives let, alone the use made in education, health services and the business world.

Table 2 makes some simple comparisons between Tanzania and the United Kingdom. The World Bank and the United Nations are using information like this to identify the countries that need help to develop these aspects of their infrastructure. Many people agree that differences in the technology attainment index reinforce the Development Gap.

Table 2 ICT at a glance, United Kingdom and Tanzania, selected figures for 2000/2001.

	UK	Tanzania
ICT Infrastructure and access:		
• Telephone mainlines per 1,000 people	589	5
• Waiting time (years)	-	1.3
• Cost of local call (\$ per 3 minutes)	0.08	0.17
• Mobile phones per 1,000 people	727	5
• Cost of call to USA (\$ per 3 minutes)	1.10	13.30
• Television sets per 1,000 people	653	20
Computers and the Internet:		
• Personal computers per 1,000 people	337.8	2.8
• Internet users (thousands)	18,000	115
• Monthly off-peak access charges:		
<i>Service provider charges(\$)</i>	14.3	69.0
<i>Telephone usage charge (\$)</i>	0.00	0.79
ICT Business & government environment (ratings from 1 to 7; 7 is the highest):		
• Internet speed and access	5.7	-
• Internet effects on business	4.2	-
• Highly skilled IT job market	6.3	-
• Government on line services availability	5.5	-

Source: Development Data Group, World Bank

Exam Hint: In the exam, don't get bogged down with a discussion of one particular type of criterion. The secret is to appreciate both the social and economic dimensions.

What is preventing development in LEDCs and LDCs?

The aspects upon which there is general agreement:

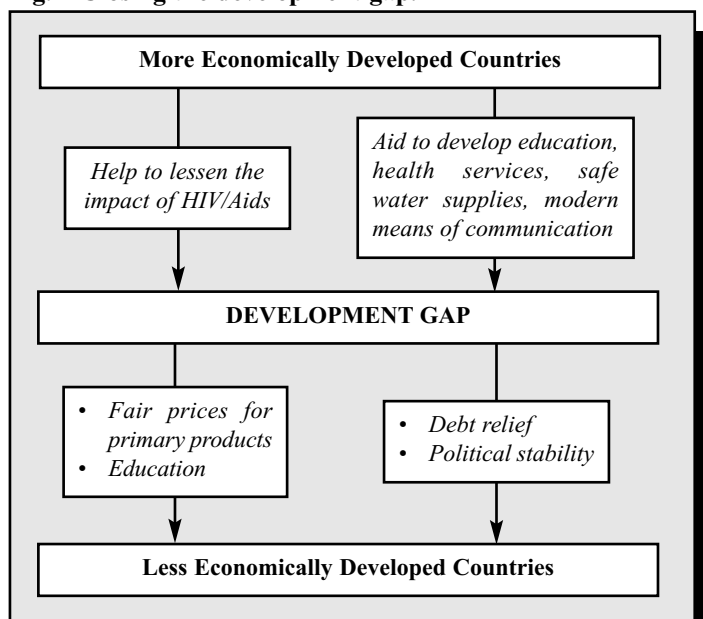
- **Debt.** The figures for Tanzania reflect the situation in many countries. Despite the attempts by international bodies and the goodwill of some governments, for instance that of the United Kingdom, the debt burden still weighs heavily on many countries. More than 10% of Ethiopia’s governmental revenue is used to repay international debt.
- **Many are primary producers.** The price of primary products fluctuates widely. Whenever there is over-production prices paid to the producer fall. For instance, the price of coffee has fallen by almost 50 per cent over the last three years to a 30 year low.
- **International trade.** Multi national corporations control the markets for many primary products. Tariff barriers between countries tend to favour those in the high-income group.
- **Rapid population growth.** Tanzania’s population is growing at the rate of 2.2% per annum. Any rates above 3% mean that any improvements are soon ‘swallowed up’.
- **The lack of capital** to purchase necessary technological equipment and expertise. This includes access to modern forms of communication. Technology merely increases the gap.
- **Impact of AIDS** – becoming particularly apparent in Sub-Saharan Africa. The average life expectancy in Sub-Saharan Africa is now 47 years. Without HIV/AIDS it is estimated it would be 62 years.
- **Political instability.** The present day political situations in countries like Zimbabwe and the long-running civil war in the Sudan are hampering development.
- **Climatic disasters.** In November 2002 drought was affecting much of Africa, probably the most severe situation to face many countries since 1992. It is estimated that in Angola alone 1.5 million are suffering from food shortages. Other countries severely affected are Ethiopia, Malawi, Mozambique, Zambia and Zimbabwe.

Exam Hint: Take each of these features and then identify a detailed example which shows how it can be a constraint.

How can the gap be narrowed?

There is a growing recognition by the world community of our collective responsibility for development. A concerted effort is needed on many fronts if the gap is to be narrowed. Some of the possible strategies are shown in Fig.2 below.

Fig. 2 Closing the development gap.



The United Nations Millennium Declaration

The United Nations Millennium Declaration adopted by the fifty-fifth session of the General Assembly clearly put development at the forefront of change:

“We believe that the central challenge we face today is to ensure that globalisation becomes a positive force for all the world’s people. For while globalisation offers great opportunities, at present its benefits are unevenly shared, while its costs are unevenly distributed. We recognise that developing countries and countries with economies in transition face special difficulties in responding to this challenge. Thus, only through broad and sustained efforts to create a shared future, based upon our common humanity in all its diversity, can globalisation be made fully inclusive and equitable.”

“Shared responsibility: Responsibility for managing worldwide economic and social development as well as threats to international peace and security must be shared among the nations of the world and should be exercised multilaterally. As the most universal and most representative organisation in the world, the United Nations must play the central role.”

Source: Resolutions adopted by the UN General Assembly 18th September 2000

United Nations Millennium Declaration on World Poverty - main goals - adopted by the United Nations General Assembly, 2000:

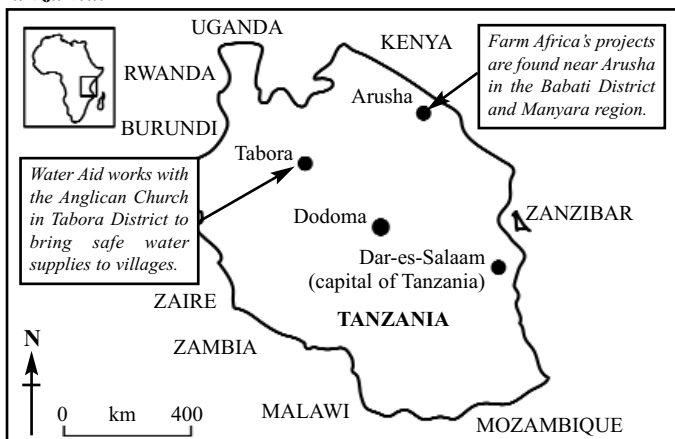
- Halving, between 1990 and 2015, the number of people whose income is less than \$US1 a day.
- Halving, between 1990 and 2015, the proportion of people who suffer from hunger.
- Achieving universal primary education by 2015.
- Eliminating gender disparity in primary and secondary education by 2015.
- Reducing under-five mortality by two thirds between 1990 and 2015.
- Reducing maternal mortality by three quarters between 1990 and 2015.
- By 2015 to have halted and begun to reverse the spread of HIV/AIDS.
- Halving the proportion of people without access to safe drinking water by 2015.
- Ensuring environmental sustainability.
- Developing a global partnership for development, with targets for aid, trade and debt relief.

Source: www.undp.org/mdg/

Success in achieving all these goals would go along way to reducing the development gap. The United Nations Development Programme is working closely with the UN Development Agencies and the World Bank to monitor and report on the rate at which individual countries are achieving the Millennium goals. Tanzania was the first country where this effort began, in 2001 (see the Case Study on page 4).

Case Study: Tanzania – working to narrow the Development Gap

Fig. 3 Location of Farm Africa and Water Aid projects in Tanzania.



Factfile

- Agriculture accounts for about 50% of GDP and between 1996-1999 agriculture accounted for 55% of exports. Main products are coffee, cotton, tea, tobacco, cashew nuts and sisal.
- Total value of exports has been declining since 1996. The chief reason has been the decline in agricultural exports. Many crops have been damaged by severe weather. NB: this shows how a country so dependent upon agriculture for its exports can be affected very easily.

But

- Industrial exports are rising
- Tourism is booming – bringing in US\$500 million annually. This is largely in National Parks and Zanzibar.
- Minerals exports at present amount to about US\$50 million a year but it is expected this will rise considerably because there has been so much foreign investment. But this will have to be managed carefully if Tanzania is to really benefit from this development.

Government policy

The Government has carried out **The Tanzanian Household Budget Survey** covering 22,000 households. The introduction to the report states: “Poverty reduction is a main objective of Tanzanian Government policy. In the last decade it has placed considerable emphasis on equitable and sustainable economic growth, poverty reduction and improvement of basic social services.”

It compared data collected in 1991/92 with that from 2000/01. Development partners helped to finance the project.

These were the main findings of the survey:

- People in rural areas are significantly poorer than those in urban areas and this difference is widening.
- Regional differences are variable.
- Women are poorer than men but the differences are less significant than those between the poor rural areas and the urban areas.
- More households are headed by women, 18% in 1991/92, 23% in 2000/01.
- Adult women have lower levels of education than men.
- There are modest signs of improvement chiefly in urban areas like Dar es Salaam.
- Households in which the head of the household is economically inactive or uneducated are growing poorer.

Table 3 Statistical information to back up these statements.

Figures in % of total population	Dar es Salaam		Other urban areas		Rural areas		Mainland Tanzania	
	91/92	00/01	91/92	00/01	91/92	00/01	91/92	00/01
No education	9.0	7.6	13.0	13.0	28.0	29.0	24.9	25.2
Unprotected water supplies	1.8	3.6	10.1	11.2	63.9	52.2	52.1	43.6
Food - purchased	67.1	52.2	56.9	52.8	30.5	35.2	35.8	38.6
Food - home produced	0.7	2.1	9.4	7.9	41.8	31.8	35.5	26.8
Food poverty	13.6	7.5	15.0	13.2	23.1	20.4	21.6	18.7
Basic needs poverty	28.1	17.6	28.7	25.8	40.8	38.7	38.6	35.7

Table 4 Share of total household income by source (%).

Source	Dar es Salaam	Other urban areas	Rural areas	Mainland Tanzania
Employment	41.7	24.5	8.3	12.5
Self employment (excluding agriculture)	29.1	32.8	17.8	20.6
Agricultural income	1.9	19.6	60.4	51.4
Rent, interest, dividends	2.0	1.3	0.3	0.6
Transfers	12.1	10.1	7.1	7.8
Other receipts	13.2	11.7	6.0	7.2
Total	100.0	100.0	100.0	100.0

Source: Tanzania – Household Budget Survey Dar Es Salaam 2002

By itself, such a survey as this will not solve any of the problems facing Tanzania. However it is an important contribution because it is providing thorough analysis of the root causes.

Other partners in Development in Tanzania

Several Non-Government Organisations are also working in Tanzania. Most of these organisations specialise in certain aspects of development. The locations of their present work are shown in Fig. 3. For instance, Farm Africa, a small NGO based in Britain, is undertaking three schemes in rural areas of Northern Tanzania. Here are brief details of the three schemes:

1. Babati Rural Development Project

This is working with 125,00 people across the Babati region through an integrated set of activities, including village development planning, goat breeding and animal health schemes. Two local organisations have been established, the Toggenburg Breeders Association and the Animal Health Workers Association. The emphasis is upon local people participating in the scheme and it is being used as a model which can be adopted by other rural communities in Tanzania.

2. Babati agricultural and Environmental Education Project

FARM Africa is working to improve the quality of agricultural and environmental education in the region's schools. Well run school farms provide good experience to the school children which they can use when they return to their villages as well as providing an important source of food for the school and income, too.

3. Nou Participatory Forest Management Project

The Nou Forest Reserve is surrounded by 18 villages and 176,000 people. FARM Africa is working with people in the area to develop sustainable management plans which will protect the water supplies and biodiversity of the area. The scheme will be regulated by the Local Government in the area and will work with the local community and the Forest Department to train forestry staff.

WaterAid is another NGO working in Tanzania. It estimates that 70% of the rural population does not have access to a protected water supply. WaterAid is working with the Anglican Church of Tabora to provide hand pumps in villages like Chessa. The chief principle behind the scheme is that communities accept the responsibility for maintaining the pumps. In Chessa two brothers were given training and a tool kit comprising of a spanner, wrench and rods. Each year they take the pump apart and check the whole system. If there are any difficult problems, as happened one year when the water dried up, they can seek help from a specialist technician from the Anglican Church of Tabora.

Evaluating the role of the NGOs in development

Primarily they have two functions:

- To devise small-scale development projects which can provide blue prints for other organisations. Particularly important is the work they have done to empower local communities to take charge of their own development and most importantly the women in many communities - see references to the work of Farm Africa in Tanzania. These capacity building schemes can be particularly effective when they complement the work being done by governments and large international organisations like the United Nations. For instance the schemes being undertaken by WaterAid in Tanzania are aimed at bringing a safe water supply to rural communities which one of the United Nation’s Millennium Goals and fits into the development strategy of the Tanzanian government.
- Their role as educators and informers of opinion in the developed world. They influence individuals and governments. Organisations like Oxfam and Christian Aid usually come to the attention of the general public whenever there is a disaster and they are involved in bringing relief to the people affected. Their roll as lobbyists to bodies like the World Bank is important. At the Summit held in Johannesburg in September 2002 these organisations played a very active role in networking to try to influence the formation of policy.

Conclusion

Narrowing the development gap is extremely difficult because there are so many obstacles and constraints, all of which require a different type of response. Bottom-up projects which encourage sustainable development, like those being carried out by FARM Africa in Tanzania, are fashionable. Many have achieved considerable success albeit on a local scale particularly where there has been a strong commitment to encourage local leadership.

Top-down schemes are vital too. The United Nations’ Millennium Declaration has provided a challenge for all governments of rich and poor countries alike to combat the problems of poverty and development while the World Bank is actively engaged in a wide variety of projects, twenty two in Tanzania alone.

Progress has been made. The World Bank estimates that globally the proportion of people living in extreme poverty fell from 29% to 23% between 1990 and 1999. Most of the gains were in East Asia, and the Pacific and South East Asia, the two regions with the fastest growing economies. On the other hand little progress was made in Sub-Saharan Africa, the Middle East or North Africa, all areas which are experiencing severe economic difficulties for one reason or another. The gap between the richest ten and poorest ten nations in the world appears to be widening.

Only one thing is certain. If this gap between the rich and the poor of the world is to be narrowed there has to be a concerted approach involving governments at national and international levels, multi national corporations and non governmental organisations.

Further Research

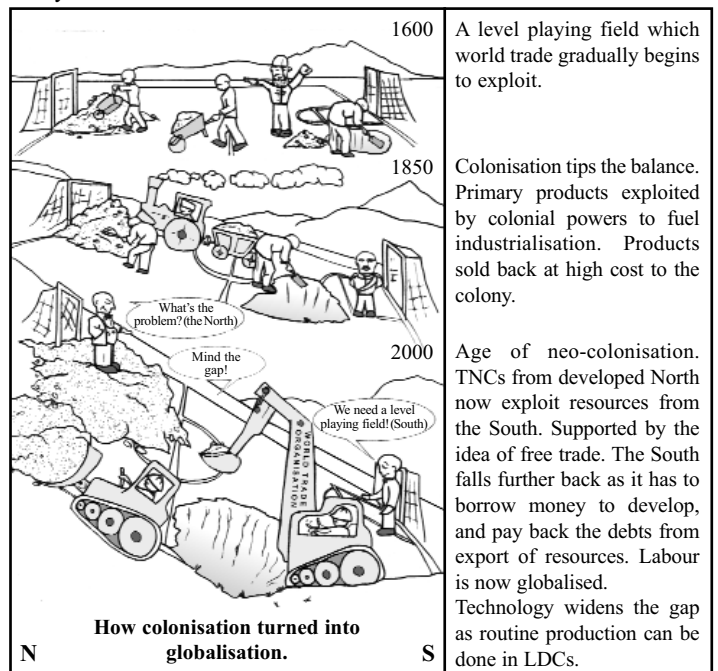
- Hodder, R. “Development Geography” Routledge Contemporary Human Geography Series ISBN0-415-14211-3.
- United Nations - United Nations Millennium declaration - resolution adopted by the 55th session of General Assembly September 2000.
- Household Budget Survey, National Bureau of Statistics, Tanzania, pub Dar es Salaam, July 2002.
- The Independent, November 12th 2002 “Crisis turns to catastrophe in a cycle of hunger and desperation.” Analysis Famine in Africa.
- The Independent, November 26th 2002 “Sale of child brides dooms Zambia to Aids disaster.”

Useful Websites

- www.tanzania.go/tz Useful information showing how one LEDC is tackling the problems of development.
- www.worldbank.org Good source for statistical information .
- www.farmafrica.org.uk Useful source for case study material.
- www.christian-aid.org.uk Wide range of articles including in depth reports on issues like Debt relief.
- www.oxfam.org.uk Like Christian Aid, Oxfam produces a wide range of articles and up-to-date comment on issues, particularly those concerned with Fair Trade.
- www.wateraid.org.uk Good source of material for case studies.
- www.undp.org United Nations Development Programme web site. Gives details of the UN’s approach to development.

Exam Question

Study the cartoon below.



- (a) Explain what the cartoon suggests about the Development Gap. (10 marks)
- (b) With reference to one or more named countries you have studied explain the range of strategies available to narrow the Development Gap. (15 marks)

Answer Framework

- (a) Cartoon shows widening Development Gap initially caused by colonisation, further exacerbated by the role of TNCs in facilitating globalisation and the global shift (include examples).
- (b) Strategies available could include:
 - types of untied aid to initiate a range of projects (e.g. Tanzania)
 - development of Fair Trade strategies to overcome problems caused by WTO free trade strategies.
 - debt restructuring strategies to get countries ‘out of impossible situation’.
 - revitalisation of particular sectors of the economy such as agriculture, manufacturing (industrialisation), concentration on service sector such as tourism or hi-tech services.

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