BRIDGING THE DEVELOPMENT GAP

There are several ways of attempting to bridge the development gap, but it usually involves help from MEDC's for LEDC's

1. AID

TYPES OF AID

- MULTILATERAL
- BILATERAL
- VOLUNTARY
- EMERGENCY
- SELF HELP

Multilateral aid involves many countries giving help and aid. This help, aid and finance is administered by large international organisations such as the United Nations (UN), the World Health Organisation (WHO) or organisations that administer funding such as the World Bank, or the International Monetary Fund (IMF) which both offer funding and technical aid for schemes particularly to bring economic stability and progress towards the Millennium Development Goals involving improving water supply, improving health and reducing hunger.

Bilateral aid is between two countries, one the donor country is usually the MEDC, giving aid to the LEDC. The funding and technical aid and experts are usually for a specific project. This type of aid has been criticized in the past because it is often TIED AID, in that the recipient country has to buy certain goods and services from the donor country. Such as the Pergau dam in Malaysia which was dependent on Malaysia purchasing British military aircraft.

Voluntary aid is given by Non-Governmental Organisations (NGO's) such as Oxfam and Action Aid. Money is usually raised in MEDC's and distributed to LEDC's, often to specific schemes to improve water supply, educate local farmers or decrease infant mortality.

Emergency aid is given in any of the above ways, but usually in response to a natural disaster and is usually short term, food, shelter, water supplies etc.

Self Help schemes are usually on a smaller, more local scale, where help is given not just in terms of finance and materials but also in terms of technical help and education. They are less capital intensive, concentrating on education and training and aiming to give locals the ability to continue the development process themselves. Technology is usually intermediate/appropriate and fewer negative social or environmental impacts are expected.

Aid has been criticized especially when it is tied and when it has involved large scale developments such as HEP schemes which often involve negative environmental and social impacts. Some aid has also been criticized when it has gone to countries with unstable political situations or dictatorships where corruption was thought to be rife.

2. INVESTMENT

Foreign Direct Investment (FDI) is when large companies such as Trans National Corporations (TNC's) make specific investments in LEDC'S by buying local companies or by building their own factories. This is encouraged by the LEDC's as investment by the TNC's brings many benefits such as jobs and a boost to the economy (Multiplier Effect / Cumulative Causation). The TNC's also benefit due to the lower wages in the LEDC and the fact that they are given a foothold into the market of the developing country

FDI can be encouraged by the LEDC in the following ways:-

- Lower taxes
- Free land
- Low interest loans
- Preferential tarrifs
- Export Processing Zones (EPZ's) areas near ports where good can be manufactured and exported without incurring local costs and taxes
- Maquiladora – free trade zones which allows manufacture and export of goods similar to EPZ's
- Special Economic Zones where the usual tarrifs, taxes and regulations are relaxed to encourage firms to relocate there.

3. TRADE

Trade can aid the development of LEDC's
The traditional pattern of trade was seen to exploit the LEDC's. Based on **Colonialism** it involved the exploitation and export of primary products from the LEDC's which were transformed into manufactured goods in the MEDC's who then exported the manufactured goods around the world including to the LEDC's which formed a growing and reliable market for the manufactured goods.

The drawback to LEDC's was that they concentrated on the production and export of a limited range of primary products which were liable to large fluctuations in the market price and a correspondingly large impact on the economy.

Some LEDC''s such as Malaysia used trade as a method of developing the country and the economy. Initially using tarrifs as trade barriers to imports they developed their industries through Import Substitution, producing goods locally which had been imported; followed by export led development when the growing local industries took advantage of the world market for products.

Protectionist policies such as tarrifs and quotas (limits on imports) are now frowned on by the international community and the World Trade Organisation (WTO) which most countries belong to encourages **FREE TRADE**, unlimited by any trade barriers. Some parts of the world have developed free trade zones such as the EU, NAFRA (North American free trade area), ASEAN and China free trade zone, which encourage free trade between groups of countries.

A recent development is **FAIR TRADE**. This encourages sustainable production of primary products in LEDC's by certificating and labeling products that have been grown or produce sustainability and have been bought and sold at a higher, fairer price. The higher prices or Social Premium is used to provide money to invest in education and health programmes in the developing country.

4. MILLENIUM DEVELOPMENT GOALS (MDG's)

The UN has set up 8 Development goals which they aim to achieve by 2015

1) ERADICATE EXTREME HUNGER AND POVERTY
2) ACHIEVE UNIVERASAL PRIMARY EDUCATION
3) PROMOTE GENDER EQUALITY
4) REDUCE CHILD MOTRTALITY
5) IMPROVE MATERAL HEALTH
6) COMBAT DISEASE (HIV/AIDS, MALARIA)
7) ENSURE ENVIRNOMENTAL SUSTAINABILITY
8) DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

These are not strategies, but goals or aims that can only be achieved through aid, trade, investment etc.

5. DEBT RELIEF

High levels of debt and high cost of financing debt are common features in many LEDCS's. This has led to a dependency on MEDC's and on the IMF and the World Bank. For instance until recently many African countries spent more on repaying debt and the interest on debt than they did on health care.

In the 1990's and this century some countries have been relieved of all or part of their debts to help them Concentrate on improvements such as those outlined in the MDG'S.
This relief has been given if the countries concerned have guaranteed that the money saved would be spent on improvements, as with the Debt FOR Health Swaps.
Some of this has been done through Structural Adjustment Policies (SAP's) where debts have been written of if counties have agreed to certain stipulations about how the money is spent, the captivation of public utilities such as water and electricity, and ensuring economic stability.

However it has been argued that this has widened the development gap, especially that between the rich and the poor in the LEDC, and that much of the money does not reach the poorest especially in countries governed by corrupt administrations.

6. TOP DOWN OR BOTTOM UP

Traditionally development has involved a top down approach; money and expertise have been directed to Governments and to large scheme such as multi-purpose dams and reservoirs. The aim has been to try to stimulate development and help the spread effect by the multiplier effect and cumulative causation. Too often this has been less than successful:-

- Capital intensive, large sums of money from abroad have increased dependency
- Profits have often been taken abroad by large TNC'S
- Local negative social and environmental impacts have been devastating
- Technology has been advanced increasing the dependency on the Developed World.
- Aid has often been TIED to other trade links

The move is towards a bottom up approach. The bottom-up approach means that local people participate in decision-making about the strategy and in the selection of the priorities to be pursued in their local area. Experience has shown that the bottom-up approach should not be considered as alternative or opposed to top-down approaches from national and/or regional authorities, but rather as combining and interacting with them, in order to achieve better overall results.

One way to ensure this is to invite local stakeholders to take the lead and participate. This involvement of locals includes the population at large, economic and social interest groups and representative public and private institutions.

Bottom up development is more often done through NGO'S who are more likely to be in touch with the people at grass roots level, and the technology involved is more likely to be intermediate /appropriate for locals rather than hi-tech.

7. THE PLAYERS

It is clear from the above information that their are a number of key players or involved stakeholders

- Governments, both of MEDC's and LEDC's
- Politics of Governments: democratic, Marxist/socialist, etc
- TNC'S
- United Nations
- World Bank / IMF
- NGO's ; charities etc
- Local government
- Cooperatives and local organisations
- Individuals ; entrepreneurs and local people