

- A decent standard of living is measured by GNI per capita
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The role of domestic factors

Education and health: The development of human capital

Benefits of education

- Increased labor productivity and greater output
- Improvements in physical capital from increases in technological advances and research and development
- Lower unemployment
- Political stability
- Lower crime rate and better life quality
- Promotes women power
- Healthier people

Benefits of health

- Greater work productivity
- Lower risk of spreading diseases
- More school attendance
- Longer lifespan: more contribution to economy

Government policies to improve education and health

- Provision of subsidies and direct government provision
- Investment in sanitation, clean water and sewage, and legislation making education compulsory to a certain age
- Advertising to promote education to parents

Role of appropriate technology in development

- Labor-using technologies – use more labor than capital.
 - increases local employment and the use of local skills and materials,
 - increase incomes and poverty alleviation
 - save on the use of scarce foreign exchange
- Capital-using technologies – use more capital in relation to labor.
 - displace workers
 - increase unemployment
 - reduce incomes
 - throw people into poverty

Banking, credit and micro-credit in development

Importance:

- Provide incentive for people to save
Returns (interest) → greater savings → greater funds available to be invested.
- Provide businesses and farmers with credit
Increased borrowing → greater investment → increased output and growth
- Provide consumers with credit can be used for investments in human capital (education and med. Care) → increase productivity of labor → growth and development

friendly (recyclable packaging). Takes responsibility for good working conditions)	per year. (2004) → contributes to water scarcity
Volkswagen - improve technology by teaching locals how to make the cars	

Foreign aid

The transfer of funds or goods and services to developing countries with the main objective to bring about improvements in their economic, social and political conditions.

- Must be *concessional* (Transfers involve more favorable conditions than could be achieved in the market)
- May involve *grants* (gifts of either money or goods and services that don't need to be repaid)
- Must be *non-commercial* (do not involve buying and selling or other activities involving profits)

Types of Aid

1. **Humanitarian Aid:** Aid extended in regions where there are emergencies caused by violent conflicts or natural disasters. Provides shelter, food, water and health-care.

Save the Children 2013 Typhoon Haiyan Philippines

- Providing temporary shelter supplies (blankets, water-proof sheeting, tents etc), four mobile clinics with all necessary medical equipments, and 500 newborn kits (diapers, lotions, baby clothes)
2. **Development aid:** Intended to help developing countries achieve their economic growth and development objectives. May take the form of:
 - a. **Project aid:** Financial support for specific projects like building schools, hospitals etc
EU fully financing Mozambique to improve food security, living standards for farmers and increasing agricultural production, local seed productions and introducing seed quality controls a project that will cost 7 million euros. (2009-2011)
 - b. **Programme aid:** Financial support to sectors like education, health-care, agriculture etc (as of January 16, 2014) Canada is looking at boosting aid to fund education in an area critical in Israel. Their aim is that they want to educate young Palestinians to stop hating their Jewish neighbors. Canada is donating 300 Million Canadian Dollars to fund the aid for education in Israel.
 - c. **Technical assistance:** Educated personnel, such as doctors are moved into developing countries to assist with a program of development.
Doctors Without Borders, or Medicines Sans Frontieres. They operate in several countries all over the world where healthcare has been deemed inadequate, or where there is war, poverty or famine and portions of the population do not have access to medical aid.
 - d. **Food aid**
The World Food Program (WFP) is USA's response to typhoon Haiyan which occurred in the Philippines on November 2013. A cargo (44 tons) of high energy biscuits (HEB) arrived in