

4.6 The roles of foreign aid and multilateral development assistance

Sub-topic	SL/HL core	HL
Foreign aid		
Classifications and types of aid	<ul style="list-style-type: none"> • Explain that aid is extended to economically less developed countries either by governments of donor countries, in which case it is called official development assistance (ODA), or by non-governmental organizations (NGOs). • Explain that humanitarian aid consists of food aid, medical aid and emergency relief aid. • Explain that development aid consists of grants, concessional long-term loans, project aid that includes support for schools and hospitals, and programme aid that includes support for sectors such as the education sector and the financial sector. • Explain that, for the most part, the priority of NGOs is to provide aid on a small scale to achieve development objectives. • Explain that aid might also come in the form of tied aid. • Explain the motivations of economically more developed countries giving aid. • Compare and contrast the extent, nature and sources of ODA to two economically less developed countries. 	
Evaluation of foreign aid	<ul style="list-style-type: none"> • Evaluate the effectiveness of foreign aid in contributing to economic development. • Compare and contrast the roles of aid and trade in economic development. 	

Sub-topic	SL/HL core	HL
Multilateral development assistance		
The roles of the International Monetary Fund (IMF) and the World Bank	<ul style="list-style-type: none"> Examine the current roles of the IMF and the World Bank in promoting economic development. 	

4.7 The role of international debt

Sub-topic	SL/HL core	HL
Foreign debt		
Foreign debt and its consequences	<ul style="list-style-type: none"> Outline the meaning of foreign debt and explain why countries borrow from foreign creditors. Explain that in some cases countries have become heavily indebted, requiring rescheduling of the debt payments and/or conditional assistance from international organizations, including the IMF and the World Bank. Explain why the servicing of international debt causes balance of payments problems and has an opportunity cost in terms of foregone spending on development objectives. Explain that the burden of debt has led to pressure to cancel the debt of heavily indebted countries. 	

Theory of knowledge: potential connections

For each factor, what would you consider to be sufficient evidence that it plays a role in enhancing or inhibiting development?