

# IB Economics – Development Economics

## Exam Practice Questions: 4.6 Foreign Aid



IB Economics: [www.IBDeconomics.com](http://www.IBDeconomics.com)

### 4.6 FOREIGN AID: EXAM PRACTICE QUESTIONS

Answer the questions that follow.

#### IB ECONOMICS PAPER 2 EXAMINATION QUESTIONS – DEVELOPMENT ECONOMICS

Paper 2. Duration: 1 hour 30 minutes. Weighting: Higher Level 40%, and Standard Level 30%.

IB Economics exam Paper 2 is divided into Section A and Section B. Section A – International Economics – assesses the IB Economics student's knowledge, analytic and evaluative skills.

Students are expected to demonstrate the following assessment objectives.

#### Section A

The principal focus is on section 3 of the syllabus – **development economics**.

While the principal focus of the questions is on section 3, it is likely that students will be required to draw on other sections of the syllabus.

The command terms used in each question, or part thereof, indicate the depth required.

**Part (a)** of each question requires knowledge and understanding. It is subdivided into (i) and (ii). The maximum for each of these is 2 marks, with a combined maximum of **4 marks**.

**Part (b)** of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

**Part (c)** of each question requires knowledge and understanding, application and analysis, and selection, use and application of a variety of appropriate skills and techniques. The maximum for this part is **4 marks**.

**Part (d)** of each question requires knowledge and understanding, application and analysis, and synthesis and evaluation. The maximum for this part is **8 marks**.

The section A question is worth a total of **20 marks**.

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Study the extract below and answer the questions that follow.

#### ITEM 1: BREAKING BUSINESS NEWS

News item appearing in all major English-language newspapers and global media.



Business Tues Nov 15, 2016 6:56am EST

## China to extend over \$12 bln in aid to Africa

NEW YORK



Chinese Premier Li Keqiang and Ethiopian Prime Minister Hailemariam Desalegn. November 16, 2017.  
REUTERS/Teresa Johnston

Chinese Premier Li Keqiang unveiled extra aid for Africa totalling at least \$12 billion on Monday and offered to share advanced technology with the continent to help with development of high-speed rail, state media reported. Much of the aid is tied aid with much of the Chinese aid earmarked as being tied aid where recipient countries are expected to purchase Chinese technology and capital equipment in return.

While multilateral development assistance and NGOs provide most aid to African countries, the aid package extended by China was welcomed by the African leaders present.

Often aid to African countries comes in the form of concessional loans for project aid and programme aid – two different subcategories of development aid. Other countries in Africa such as Ethiopia (drought) and Democratic Republic of the Congo (civil wars) receive large amounts of humanitarian aid. The Chinese Premier, Li Keqiang stated that China continues to support such aid, but in the long-term China's focus is on aid that will lead to the economic development of African countries to increase GNI per capita and reduce poverty.

#### EDITOR'S CHOICE



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[Facebook prohibits private gun sales on its site](#)

#### PHOTOS OF THE WEEK



Our top photos from the past week. [Full Coverage >](#)

#### TRENDING ON REUTERS

- [IB Students show very elevated levels of stress compared to other students](#) 1
- [Sarah Palin and Donald Trump announce birth of new daughter, Freedom Hilton](#) 2
- [Queen Margaret College rocked by rampant student lethargy during mocks](#) 3

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### QUESTIONS

- a. Define the following terms from the newspaper extract above, concerning economic growth and development:
- i. Official development assistance [2 marks]
  - ii. Tied aid [2 marks]
- b. Explain the role of non-governmental organisations (NGOs) in delivering aid **and** in the economic development process of less economically developed countries. [4 marks]
- c. Explain motivations of countries that provide aid. [4 marks]
- a. Using information in the text and your knowledge of economics, examine the how effective foreign aid in economic development. [8 marks]

### QUESTIONS

- a. Define the following terms from the newspaper extract above, concerning economic growth and development:
- i. Humanitarian aid [2 marks]
  - ii. Concessional loan [2 marks]
- b. Outline the **two** different categories of aid. [4 marks]
- c. In terms of countries being classified as being “economically more developed” or “economically less developed”, explain whether GNI per capita is an effective indicator of which country belongs to which category. [4 marks]
- d. Compare and contrast the extent, nature, and sources of ODA to two economically less developed countries. [8 marks]

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