

THE UNIVERSITY OF ZAMBIA

SCHOOL OF HUMANITIES & SOCIAL SCIENCES

DEPARTMENT OF DEVELOPMENT STUDIES

DEV 1150: INTRODUCTION TO DEVELOPMENT STUDIES

LECTURE HANDOUT


TOPIC: NOMENCLATURE OF DEVELOPING COUNTRIES

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OUTLINE


1. Developing countries
 2. Nomenclature of developing countries
 3. Characteristics of developing countries
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1. DEVELOPING COUNTRIES


❑ WHAT ARE DEVELOPING COUNTRIES?

- Countries that are still attaining economic transformation and aspiring to be developed economies in future
- Countries that are not fully industrialised
- The definition of developing country is not universal and in some cases it is a self-declared status.

❑ WHY DEVELOPING COUNTRIES?

- The effects of WW2 were devastating on the economies of most countries
 - Developing countries were not spared and were badly affected even if they never directly participated the war.
 - There was need to find a way of assisting them.
 - Most assistance came from developed countries (war pioneers) and helped in form of foreign aid and capacity building
 - Hence, the focus in Development Studies appears to be on Developing countries yet Developed countries are also part of the studies in development.
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2. NOMENCLATURE OF DEVELOPING COUNTRIES


- ❑ By nomenclature, we mean way of naming , labelling or identifying developing countries by different institutions
 - ❑ Countries are classified and labelled based on a number of factors;
 - ❑ UNIDO (United Nations Industrial Development Organization) classifies countries based on their level of industrialization
 - ❑ The World Bank and IMF classifies countries based on many economic indicators such as GDP and income per capita.
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Most developing countries are also known as;

- ❑ **Third world countries** (U.S and allies [NATO-North Atlantic Treaty Organization]) were the first, USSR (Union of Soviet Socialist Republics to which Russia was part of) were the second; the rest became the third world countries.

However, with the collapse of the USSR in the 1991, the second world countries have been disbanded, thus this nomenclature becomes archaic/obsolete.

- ❑ **Global South** - most developing countries tend to be on the southern hemisphere of the globe and Africa has the largest number of developing countries in the world
 - ❑ **Poor countries** – majority of developing countries still have a large number of their population living in abject poverty.
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- Low Income countries based on GDP per capita and GNP per capita
 - Tropical countries- based on their geographical features; very hot and often with a high humidity
 - Least developed countries (LDCs)
 - Underdeveloped countries
 - Less industrialised countries
 - Backward countries
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Quiz Question:

Name any five (5) examples of Developing Countries that you know?



DEVELOPED COUNTRIES

How are developed countries labelled?

- Industrialised countries – their economies are industrialised with stable manufacturing base
- Advanced countries – technologically they are advanced
- Rich countries – their economies are wealthy in physical and financial assets
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- High Income Countries – the people living in these countries have higher income per capita
- Global North Countries - the majority are on the Northern Hemisphere of the globe

“NEITHER DEVELOPED NOR DEVELOPING”

- 1. Emerging economies/ Emerging Markets-** these have some characteristics of a developed economy visa vis well established industrial base, but are not yet Developed. E.g BRICS- Brazil, Russia, India, China and South Africa. China and India are the largest emerging markets (by economic size [GDP])
- 2. Frontier economies-** these are countries with an established industrial base, stable economic growth but still fragile to economic shocks. [it is less developed than an emerging economy] E.g Egypt, Pakistan, Nigeria, Botswana, Qatar, etc
- 3. LDCs (Least Developed Countries)** – these are countries with a weak economic base and predominantly agrarian with very low economic indicators such as GDP and GDP per capita. They are less developed than a developing country. Most countries at this stage graduate to developing countries when their development indicators improves. Examples: Burkina Faso, Bhutan, Burundu, Myanmar, Haiti, Benin etc

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❑ Progression: LDC>Developing country > [Frontier economy/market >Emerging economy/market]> Developed country

❑ The list of LDCs is updated every after five years by a United Nations Committee for Development Policy .

The table below shows LDCs as of 2018 by the UN

❑ Most classification leave out Frontier and emerging markets because methods used to arrive at that are vague.

Note:

❑ LDCs and Developing countries are sometimes wrongly used interchangeably

❑ The developing country status is very complex to determine depending on what indicators are being used in the measurement

❑ Developing country status is self-imposed/declared by some countries in order to enjoy certain economic privileges, e.g. China still claims to be a developing country when infact could ,using other measures , be a developed and industrialised country. It uses this to enjoy preferential treatment accorded to developing countries in trade by the WTO (World Trade Organization)

WORLD BANK INCOME GROUP CLASSIFICATION USING GNI PER CAPITA

- ❑ GNI is a measure of a country's income from its people and their businesses in a period of one year.
- ❑ GNI divided by the population gives GNI per capita
- ❑ GDP- is the total value of goods and services produced in an economy (expressed in monetary form) in a period of 1 year. GDP divided by the population gives GDP per capita.

Components of GDP are Consumption (C), Investments (I), Government Expenditure (G) and Net Exports (NE).

Thus $GDP (Y) = C+I+G+NE$

GNP- is the total value of goods and services produced in an economy by its nationals (expressed in monetary form) in a period of 1 year by natives of that economy including those residing abroad. GNP divided by the population gives GNP per capita.

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2020 World Bank Classification (Updated yearly by 1July based on GNI/capita):

- ❑ **Low income country** - \$1,036 or less e.g Afghanistan, Togo, South Sudan, Ethiopia, Uganda, Burundi
- ❑ **Lower-middle income country** - \$1,036 to \$4,045 e.g Zambia (\$1,305 as of 2019), Ukraine, Egypt, Tanzania, Nigeria, Pakistan, Ghana, India
- ❑ **Upper middle income country** - \$4,046 to \$12,535 e.g South Africa, Namibia, Botswana, Libya, Brazil, China, Thailand, Turkey, Indonesia, Mexico, Lebanon etc
- ❑ **High income country** - \$12,535 or more e.g. Mauritius, South Korea, Japan, USA, Germany, France

*A country can graduate from one cohort to another (in either descending or ascending order) within one year. That means the status is not permanent especially for developing countries.

UNDP CLASSIFICATION

❑ The UNDP classifies countries based on their score on the Human Development Index (HDI).

HDI is a composite that measures non-economic (qualitative) aspect of development.

❑ It ranges from **0.0 to 1.0** or **0% to 100%**; the higher the index the more economically developed a country is.

Most African countries are below 0.5; Asia and South America between 0.5 and 0.7; Europe and North America 0.7 to 1.

It has the following composites;


❑ Income per capita (GNI per capita PPP)- decent standard of living

❑ Life Expectancy- long and health life


❑ Literacy- mean (average) years of schooling and expected years of schooling

3. CHARACTERISTICS OF DEVELOPING COUNTRIES

What are some of the major characteristics of developing countries?


- Monoeconomies (dependant on the export of one major commodity) e.g Copper, Oil, Tea etc
 - Low HDI below 0.5 (50%)
 - Low per capita income below \$1,036
 - Political instability due to poor political structures
 - Unemployment
 - High mortality rates
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- High Crime rates
 - High Corruption levels
 - Rapid Urbanization
 - Poverty
 - Poor Waste Management/Environmental degradation
 - Inadequate infrastructure – road and communication networks; housing, markets etc
 - Unplanned settlements/shanty compounds
 - Communicable diseases e.g. Cholera
 - Heavily indebted
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REVIEW QUESTIONS

Attempt the following questions ;

1. Describe various ways used to classify countries
 2. List any five (5) characteristics of developing countries in general
 3. List the countries that form the BRICS
 4. Name any five (5) Least Developed Countries (LDC).
 5. UNIDO classifies countries based on what parameters ?
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END!!

“Knowledge is like a Garden, it can only be harvested where it was cultivated”

African Proverb

