

IGCSE Addressing the Development Gap Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which statement best describes how urbanisation can drive growth when well planned?**
 - A. It can drive economic growth and specialization if well planned.**
 - B. It always reduces economic activity.**
 - C. It has no impact on development.**
 - D. It only leads to environmental degradation.**

- 2. Economic advantage of aid**
 - A. It can increase government revenue**
 - B. It can create dependency**
 - C. Aid can fund infrastructure, healthcare and education projects.**
 - D. It leads to inflation**

- 3. How does Fairtrade help producers?**
 - A. It guarantees free export rights for producers.**
 - B. It provides loans at market rates.**
 - C. By guaranteeing a minimum price and providing a Fairtrade premium.**
 - D. It ensures producers can set any price they want.**

- 4. Which term describes a tax on imported goods?**
 - A. Tariff**
 - B. Quota**
 - C. Subsidy**
 - D. Embargo**

- 5. Which term refers to the total amount of money a country owes to lenders at a given time?**
 - A. Debt**
 - B. Debt Outstanding**
 - C. Debt Service**
 - D. Why is debt a problem for LICs?**

- 6. What is Fairtrade Premium?**
- A. Extra money paid to producers for equipment purchases.**
 - B. A tax deduction for exporter groups.**
 - C. A government subsidy for national industries.**
 - D. Extra money paid to producer groups for community projects and development.**
- 7. Which term describes the percentage of export earnings used to repay debt?**
- A. Debt Relief**
 - B. Debt Service Ratio**
 - C. Why is debt a problem for LICs?**
 - D. Debt Outstanding**
- 8. What is the definition of microfinance?**
- A. The provision of small loans to people who cannot access traditional banks.**
 - B. Large government loans for infrastructure.**
 - C. Short-term credit cards for businesses.**
 - D. Equity financing for multinational firms.**
- 9. What is Bilateral Aid?**
- A. Bilateral Aid**
 - B. Relief Aid**
 - C. Multilateral Aid**
 - D. Tied Aid**
- 10. Which strategy empowers individuals to improve their own economic situation?**
- A. Debt Relief as a development strategy**
 - B. Industrial Development as a development strategy**
 - C. Microfinance as a development strategy**
 - D. Fairtrade as a development strategy**

Answers

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1. A
2. C
3. C
4. A
5. B
6. D
7. B
8. A
9. A
10. C

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Explanations

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1. Which statement best describes how urbanisation can drive growth when well planned?

- A. It can drive economic growth and specialization if well planned.**
- B. It always reduces economic activity.**
- C. It has no impact on development.**
- D. It only leads to environmental degradation.**

Urbanisation, when guided by good planning, can drive growth by creating agglomeration economies. When people and firms cluster in cities, transport and communication become cheaper and faster, services and infrastructure improve, and firms can specialize more easily. This clustering raises productivity, helps industries develop specific strengths, and expands job opportunities, which together push incomes up and development forward. Planning supports this by ensuring housing, transport, utilities, and schools keep pace with growth, so the benefits of concentration aren't offset by congestion or shortages. The other ideas aren't a good fit because they imply negative or no effects. Urbanisation doesn't have to reduce activity; with proper planning it can boost it. It isn't neutral either—cities tend to change how economies work through access to markets and ideas. And while environmental problems can arise, well-planned urban growth can mitigate or even reduce impacts through good public transport, green spaces, and efficient land use, rather than focusing only on degradation.

2. Economic advantage of aid

- A. It can increase government revenue**
- B. It can create dependency**
- C. Aid can fund infrastructure, healthcare and education projects.**
- D. It leads to inflation**

Aid has the strongest economic advantage when it funds long-term investments that raise a country's capacity to grow. Funding infrastructure, healthcare, and education directly expands the economy's productive potential. Good infrastructure lowers transport and energy costs, boosts trade, and makes it easier for businesses to operate and invest. Healthy workers miss fewer days and are more productive, so a healthier population supports stronger economic activity. Education increases skills and innovation, helping people adapt to new technologies and improve productivity across sectors. When these areas are funded, the economy can expand more sustainably, lifting living standards over time. Other possible effects, like changes in government revenue, potential dependency, or inflation, are context-dependent and not inherent advantages of aid in the same clear, long-term way.

3. How does Fairtrade help producers?

- A. It guarantees free export rights for producers.
- B. It provides loans at market rates.
- C. By guaranteeing a minimum price and providing a Fairtrade premium.**
- D. It ensures producers can set any price they want.

Fairtrade helps producers by providing a safety net through a minimum price and a Fairtrade premium. The minimum price acts as a floor, shielding farmers from falling market prices and giving them more financial stability to cover the costs of sustainable farming. In addition, the Fairtrade premium is extra money paid on top of the sale price, which producers and their communities decide how to use—often investing in things like better equipment, storage, education, healthcare, or environmental improvements. This combination gives producers steadier income and resources to invest in their farming and communities, reducing vulnerability to price swings. The other options don't fit because Fairtrade does not guarantee free export rights, does not provide loans at market rates as a standard feature, and producers cannot set any price they want—prices are guided by the minimum price plus the premium, with other terms set by the Fairtrade system.

4. Which term describes a tax on imported goods?

- A. Tariff**
- B. Quota
- C. Subsidy
- D. Embargo

A tariff is a tax on imported goods. It raises the price of imports, making domestically produced items relatively cheaper and encouraging people to buy local. It also provides government revenue and can help protect developing industries. The other terms describe different trade controls: a quota limits the amount that can be imported; a subsidy is money given to domestic producers to support them; an embargo is a complete ban on trade with a country. Since the item describes a tax on imports, the tariff is the correct term.

5. Which term refers to the total amount of money a country owes to lenders at a given time?

- A. Debt
- B. Debt Outstanding**
- C. Debt Service
- D. Why is debt a problem for LICs?

Debt outstanding focuses on the total sum currently owed. It's a stock measure, counting all borrowing that has been issued and not yet repaid, such as government bonds and outstanding loans. This differs from debt service, which refers to the payments due to cover interest and principal in a given period (a flow). While people may loosely say "the debt," the precise term for the amount still owed at a point in time is debt outstanding. The remaining option describes payments or a broader question about problems, not the size of the amount still owed.

6. What is Fairtrade Premium?

- A. Extra money paid to producers for equipment purchases.
- B. A tax deduction for exporter groups.
- C. A government subsidy for national industries.
- D. Extra money paid to producer groups for community projects and development.**

Fairtrade Premium is extra money paid on top of the selling price to producer groups, agreed with buyers, to fund community development and business improvements. It isn't a tax deduction or a government subsidy, and it isn't intended as payment for equipment purchases alone. The premium is used by producer organizations to fund projects that benefit the wider community—things like clean water, schools, healthcare, training, and diversification—according to plans agreed by the producers themselves. This collective approach helps improve living standards and sustainability, not just individual profits.

7. Which term describes the percentage of export earnings used to repay debt?

- A. Debt Relief
- B. Debt Service Ratio**
- C. Why is debt a problem for LICs?
- D. Debt Outstanding

Debt service ratio is the proportion of export earnings that must be used to repay debt. It adds up all annual debt service payments (interest plus principal) and compares them to export earnings, giving a percentage. This shows how much of a country's foreign exchange from exports goes to debt payments. A high ratio means a large share of export income is tied up in servicing debt, which can limit imports, investment, and growth—especially for low-income countries with limited and volatile export earnings. The other terms refer to different ideas: debt relief reduces what has to be paid; debt outstanding is the total amount still owed; and the question about why debt is a problem for LICs is about consequences rather than a specific metric.

8. What is the definition of microfinance?

- A. The provision of small loans to people who cannot access traditional banks.**
- B. Large government loans for infrastructure.
- C. Short-term credit cards for businesses.
- D. Equity financing for multinational firms.

Microfinance is about providing financial services to people who cannot access traditional banks, usually in small amounts that are affordable and repayable. This approach targets low-income individuals or those without formal credit histories, helping them start or grow very small businesses, manage emergencies, or improve livelihoods. The emphasis is on inclusion and accessibility, with loan sizes, terms, and support tailored to people who wouldn't qualify for mainstream banking. That's why the option describing small loans to people who cannot access traditional banks fits best. The other choices involve large-scale government infrastructure funding, short-term consumer credit cards for businesses, or equity financing for multinational firms—areas that operate at a different scale and purpose than microfinance.

9. What is Bilateral Aid?

- A. Bilateral Aid**
- B. Relief Aid**
- C. Multilateral Aid**
- D. Tied Aid**

Bilateral aid is aid given directly from one country to another, usually through the donor country's government, as development assistance. It involves a government-to-government flow of funds or support for projects like infrastructure, health, or education, rather than going through an international body. This distinguishes it from relief aid, which is emergency humanitarian help to respond to disasters; from multilateral aid, which is pooled from many countries and channeled through international organizations; and from tied aid, which is aid with conditions to spend the money on goods or services from the donor country.

10. Which strategy empowers individuals to improve their own economic situation?

- A. Debt Relief as a development strategy**
- B. Industrial Development as a development strategy**
- C. Microfinance as a development strategy**
- D. Fairtrade as a development strategy**

Access to financial services that individuals can use to create and grow their own income is being tested here. Microfinance does exactly that by providing small loans, savings, and other financial tools to people who lack access to traditional banking. With these resources, individuals can start or expand a small business, invest in skills, or cushion unexpected costs, giving them practical power to improve their economic situation from within. Debt relief helps by removing or reducing existing debt, but it doesn't automatically equip someone with ongoing resources or credit to invest in new income opportunities. Industrial development aims to boost the economy at a larger scale, creating jobs, but that doesn't always reach individuals directly or provide them with personal financial tools. Fairtrade improves prices and terms for producers, which supports income, but it doesn't necessarily give people the capital or financial services to grow a business themselves. So microfinance is the strategy that most directly empowers individuals to improve their own economic situation.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://igcseaddressingdevgap.examzify.com>

We wish you the very best on your exam journey. You've got this!

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