



CDI

Commitment to Development Index 2017

The Commitment to Development Index ranks 27 of the world's richest countries on policies that affect more than five billion people living in poorer nations. Because development is about more than foreign aid, the Index covers seven distinct policy areas:

Aid • **Finance** • **Technology** • **Environment**
Trade • **Security** • **Migration**

We use thousands of data points across more than a hundred indicators to measure each policy component and come up with overall rankings. Countries score well for things like generous and high-quality aid, financial transparency, low barriers to trade for developing countries, and migration policies that are open and promote integration. They also do well for policies that enhance global public goods, for example robust support for technological research and development, protecting the environment, and contributions to global security like peacekeeping contributions and avoiding arms sales to poor and undemocratic nations.

Like the Sustainable Development Goals, the CDI recognizes that development progress is holistic. But while the SDGs focus on outcomes and all nations, the CDI emphasizes how the policies of the richest countries can make a huge difference.

Why does Commitment to Development matter?

In our integrated world, decisions made by rich countries about their own policies and behaviour have repercussions for people in developing nations. At the same time, greater prosperity and security in poorer countries benefit the whole world. They create new economic opportunities, increase innovation, and help reduce risks posed by public health, security, and economic crises. The Commitment to Development Index (CDI) celebrates countries whose policies benefit not only themselves, but also the development of others, and promote our common good.

CDI 2017 Results: How well are countries doing?

Denmark tops this year's Commitment to Development Index; Scandinavian countries make up the top three

Denmark scores consistently well across the seven components of the CDI, ranking first on security and aid, and featuring in the top three for trade and finance. But Denmark has room for improvement in migration, where it ranks in the bottom half. Even though it takes a large share of international refugees, Denmark accepts the lowest proportion of students from developing countries of all countries assessed.

Sweden and Finland follow Denmark in the top three. These countries all show consistently good performance across nearly all categories. Sweden shows the biggest support for the global climate and biodiversity, ranking first on environment. Finland is top in finance.

Germany improves substantially but France is still top amongst G7 countries

Germany moves up to fifth on the 2017 Index, mainly thanks to policies on migration, including accepting a large number of refugees. Germany has also improved in the technology, trade, environment, and aid components, meeting the international commitment of 0.7 percent of national income on overseas development assistance. But it ranks in the bottom third on finance and security.

France maintains its position as the top-ranked G7 nation, performing above average in security, technology, trade, finance, and environment. France could improve by reducing barriers to service trade, integrating migrants, and building on its progress to increase the 0.38 percent of national income it spends on overseas aid.

The United Kingdom ranks joint seventh on this year's CDI, performing most strongly on aid and trade but below average on technology and migration. The UK has a relatively high proportion of students from developing countries but could improve by taking a larger share of asylum seekers and increasing its refugee acceptance rate.

The United States ranks 23rd of 27; outranked by Visegrád Central European countries

The United States is now outscored by each of the Central European Visegrád countries (Hungary, the Czech Republic, Slovak Republic, and Poland), whose income per head is less than

half that in the United States. Slovak Republic and Hungary do particularly well (second and third respectively) on environment.

The US's best performance is in the trade and security components. However, it scores poorly on finance, environment, and aid, giving 0.18 percent of national income—well short of the international agreement of 0.7 percent. The US withdrawal from the Paris Climate Accord will be reflected in future years, potentially taking the US score lower.

South Korea and Japan are at the bottom of the CDI

South Korea ranks last, with Japan just one place above at 26th. South Korea's scores on environment and security are the lowest in the CDI, while Japan is close to bottom on security, migration, environment, and trade. Both countries, however, score well on the technology component, with South Korea ranking first and Japan fifth.

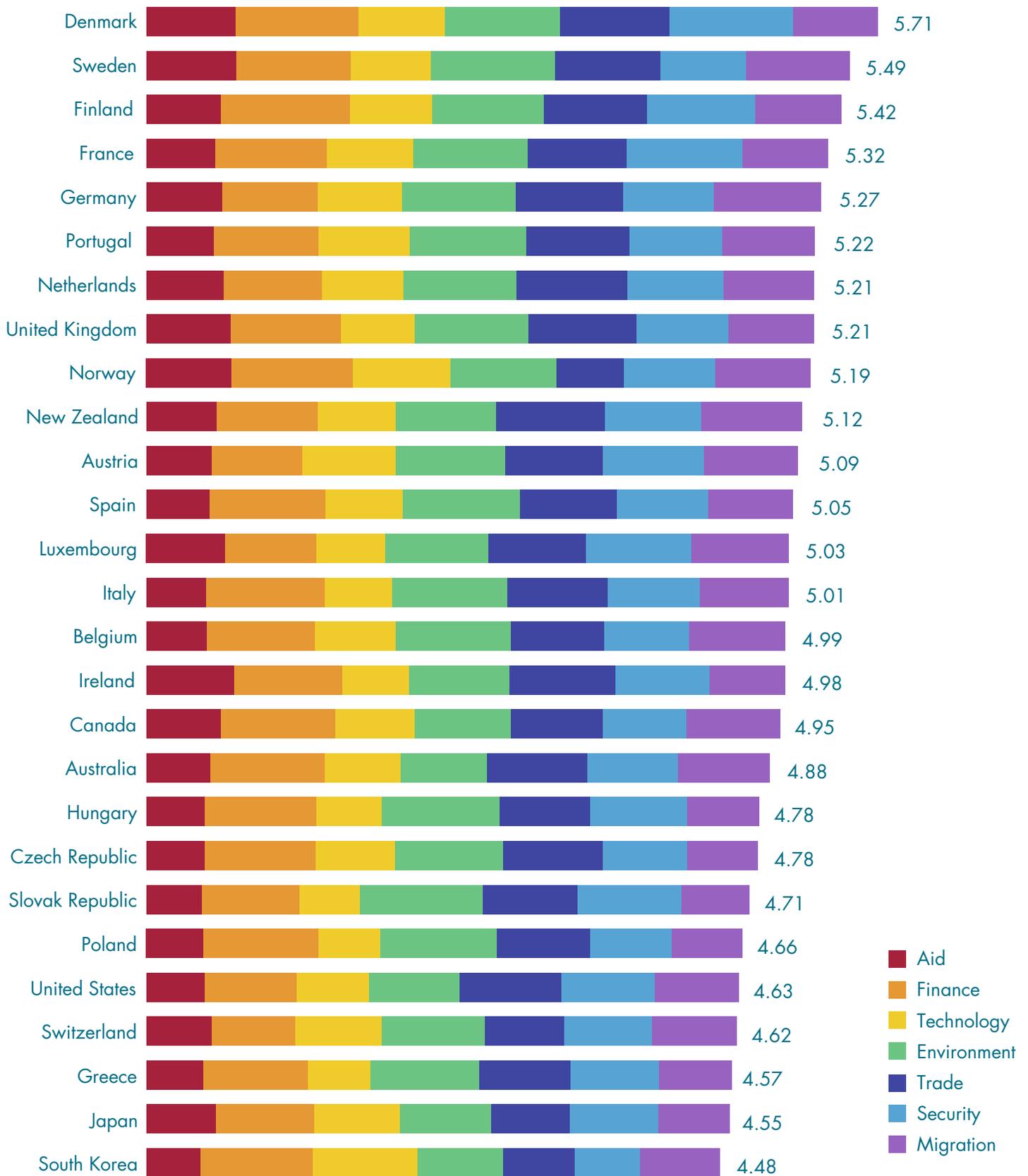
In fact, most countries in the CDI have one or more indicator where they perform much less well than in other areas. This shows how countries could spread prosperity simply by raising their performance to the level of other countries.

Overall progress on environment, technology, and lower agricultural subsidies

Several indicators—including technology, environment, and trade—have seen improvements from a majority of CDI countries since last year's index. On environment, almost all countries have seen reductions in greenhouse gas emissions and reductions in tropical wood imports, while some made new climate commitments under the Paris agreement. On technology, improvements in intellectual property rights have helped disseminate knowledge. Within the trade component, two-thirds of countries reduced their levels of agricultural subsidy.

On migration, the Index is the only measure that takes a holistic look at countries' policies on migration as well as their openness to refugees, asylum seekers, and overseas students. In the last two years, there have been significant improvements in migration scores as several countries accommodated large numbers of asylum seekers and refugees. Despite this, there remain remarkable variations in approach; for example, some countries, like Austria and Spain, gave positive decisions to over three-quarters of asylum seekers, while for four countries that fraction is under one in ten.

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Aid

Although only a handful of countries meet the internationally accepted target of spending 0.7 percent of gross national income on aid, foreign assistance remains an important source of finance for some of the poorest countries. The CDI rewards countries that give more aid than their peers as a share of their GNI, but it also rewards the quality of aid as measured by the most recent Quality of Official Development Assistance (QuODA) assessment. QuODA examines each donor's development assistance on 31 indicators of the accepted aid-effectiveness principles of development impact, fostering institutions, reducing burdens on recipients, and promoting transparency.

Denmark's first place is a combination of generosity (it provides 0.75 percent of national income, although less than in previous years) and the effectiveness of its aid. In terms of quantity, **Norway** and **Luxembourg** are very generous, giving 1.11 and 1 percent of GNI respectively, and **Spain** has doubled its aid contributions to 0.33 percent of GNI. South Korea (0.14 percent) and the Slovak Republic (0.12 percent) perform poorly, along with the United States, which is the biggest donor in absolute terms but spends just 0.18 percent of national income on aid.

Aid quality measures relate to the latest available QuODA assessment. This shows that **Ireland** ranks highest, with the best bilateral program, while Canada is fourth, with the most effective multilateral assistance (based on the quality of the multilateral agencies countries chose to fund). **Denmark** (second) and the **United Kingdom** (third) also do well on aid quality. Italy and Belgium score at the bottom on bilateral aid quality, while New Zealand and the United States could improve their scores by stepping up their share of funding to multilaterals.

Finance

Foreign direct investment is the largest source of financing for many developing countries, with benefits to infrastructure, housing, transport, energy supply, and many other areas. Successful investment in the developing world can benefit everyone. The CDI therefore rewards wealthy countries with investment-promotion policies that are good for the investors and for the developing country by protecting their public policy interest and sustainable development. This is assessed through considering the balance in international investment agreements. Policies that allow for financial secrecy, in contrast, enable tax evasion, money laundering, and corruption that are estimated by some experts to cost developing countries billions of dollars and degrade governance and international security. Using data from the Financial Secrecy Index (FSI), the CDI recognizes countries that have regulations in place to promote transparency in financial transactions within their jurisdiction and their sphere of influence.

Finland's first place on finance is thanks to sustainable support to investment and transparency in the financial sector; **Denmark**, **Norway**, and **Italy** take the next three places. Despite its strong commitment to international investment frameworks, where it occupies the top position, **Switzerland** ranks last on finance because of its poor score on the Financial

Secrecy Index. The Netherlands, the United Kingdom, and the United States are penalized for enabling secrecy jurisdictions within their sphere of influence. **Canada** has the most sustainable bilateral international investment agreements with developing countries in place, while South Korea reports the highest investment to developing countries which do not qualify as ODA (other official flows).

Technology

Medicine, sustainable energy, information and communication technology, and other technological advances improve the lives of all of us. Technologies invented in rich countries, such as vaccines, the Internet, mobile phones, and high-yielding grains have improved—and saved—many lives. But rich countries can also impede the diffusion of knowledge and technology with overly restrictive protections for intellectual property rights.

The CDI rewards government support for research and development (R&D) and policies that facilitate the creation and dissemination of innovations of value to developing countries. It marks countries down for policies on intellectual property rights that can inhibit the international flow of innovations.

South Korea, **Norway**, and **Austria** are top performers on the technology component, thanks mainly to government and business expenditure on R&D, with Portugal close behind in fourth. South Korea's business expenditures on R&D exceed 1 percent of GDP even discounting research on defence. Its government spends 1.47 percent on R&D. Poland and the Slovak Republic rank last on technology, spending only around 0.4 percent of GDP on government support to R&D. Alongside **Greece**, the Slovak Republic has one of the lowest business expenditures on R&D.

New Zealand's legislation on intellectual property rights (IPR) is the most development friendly, followed by Canada and **Australia**. Greece performs poorly on the IPR sub-component, along with the category leader South Korea. Greece could improve its right loss provisions and South Korea its stringent patent coverage laws, which currently limit the spread of technology to developing countries.

Environment

Rich countries are most responsible for man-made climate change, but poor countries will suffer the most. They are more susceptible geographically, have less money and capacity to deal with the effects, and many more of their people depend directly on their surrounding environment to meet their daily needs. Healthy ecosystems provide shelter, clean water and energy, food security, and income opportunities. Many policies and actions of richer countries degrade the natural resources on which the poor depend. The CDI rewards countries for decreasing greenhouse gas emissions, implementing high gas taxes, not subsidizing the fishing industry, cutting imports of illegally harvested tropical timber, and committing to important international conventions. These measures benefit all countries.

Sweden is the CDI leader on environment policies, nudging the **Slovak Republic** into second. Sweden's greenhouse gas

emissions are the lowest and it reports the biggest average annual cut in these emissions in the last years. The Slovak Republic performs well partly because of its high gasoline taxes. **Hungary, Portugal, and Poland** share third place. Canada and New Zealand are rewarded for low tropical timber imports. **Belgium** improved its score significantly this year, with progress on biodiversity treaties and timber imports.

South Korea takes last place with its limited commitment to biodiversity treaties' obligations and its high imports of tropical timber. **Japan** and Australia also import a lot of tropical timber and so also lag on the environment component. Australia also ranks poorly because it produces a large amount of greenhouse gas emissions. The United States ranks 24th, partly due to having the lowest gasoline taxes of all CDI countries.

Trade

Trade provides poorer countries with opportunities to attract investment, create jobs, and reduce poverty. With rich countries in control of the largest markets, some goods that poor countries are best at producing still face trade barriers. High tariffs, domestic subsidies that create an uneven playing field for agricultural goods from poor countries, and burdensome red tape and legal restrictions all make trade harder for developing countries. The CDI rewards wealthy countries most open to goods from developing countries, with low tariffs, few subsidies for agriculture and streamlined importation processes. Like much of the CDI, these are policies that benefit consumers and taxpayers in all countries.

The Netherlands takes the top spot on trade mainly because of its openness to trade in services and relatively few restrictions to imports. **Denmark** and **Germany** rank second and third respectively. Norway, South Korea, and Japan are at the end of the trade table. South Korea and Japan have the highest tariff rates, limiting market access for developing country producers. Norway, Ireland, and Switzerland have high subsidies on agriculture, with support exceeding a quarter of the sector's output. Still, Switzerland did well to cut subsidies from 38 percent in 2015 to 28 percent in 2016.

Germany and Ireland have the fewest restrictions on imports of services, according to the Service Trade Restrictions Index, whereas Denmark has the least burdensome import procedures. In contrast, both the Czech Republic and Slovak Republic strain importers with the most red-tape measures. The United States is ahead of the pack on low import tariffs.

Security

Security and development are closely linked. War and political violence can destroy livelihoods and public institutions, while poverty and institutional weakness make it easier for political violence and war to erupt. Such conflicts do not respect borders; it is therefore in the interest of all countries to support peace and international security. The CDI rewards countries for contributing to peacekeeping and humanitarian interventions, for basing naval fleets where they can secure sea lanes, and for participating in international security regimes that promote non-proliferation,

disarmament, and international rule of law. The CDI penalizes countries for some exports of arms, especially to nations with undemocratic regimes, and for not publishing data on arms exports.

Denmark leads the ranking on security as it is a significant contributor to internationally sanctioned peacekeeping and humanitarian interventions. It has also ratified all nine international security conventions measured in the CDI. **France** ranks second despite its relatively numerous arms exports. The **United States** contributes the largest proportion of GDP to peacekeeping missions and international sea lanes protection. However, it is penalized for not ratifying the Arms Trade Treaty, the Ottawa Convention, and the Convention on Cluster Munitions, and for not being party to the Comprehensive Nuclear Test Ban Treaty and the International Criminal Court.

South Korea ranks last on security because of its limited contributions to international peacekeeping efforts, incomplete support for the international security regime, and a lack of data on arms exports. Poland is also close to the bottom for its low contribution to peacekeeping operations and its failure to ratify the Convention on Cluster Munitions. Australia is penalized for not making arms industry export data publicly available, and the Czech Republic due to its large arms exports to poor or undemocratic countries.

Migration

Labour mobility is potentially the most powerful tool for poverty reduction and income redistribution. By migrating to richer countries, workers gain valuable skills and broaden their opportunities to earn higher incomes. They also send billions of dollars back home each year in remittances, a flow that surpasses foreign aid several fold. The receiving country also benefits from the contribution that migrants make to the economy and society. The CDI rewards countries for welcoming migrants and students from developing countries, accepting refugees and asylum seekers, embracing migrant-friendly integration policies, and signing up to important international conventions protecting the rights of migrants.

Germany takes first place on migration, mainly for accepting a large number of migrants, asylum seekers, and refugees. **Sweden** and **New Zealand** rank second and third. Sweden accepts a high share of refugees, New Zealand welcomes many foreign students, while they both offer good integration policies. South Korea and Greece have both improved their performance compared to last year. Luxembourg has the highest rate in accepting migrants overall (weighted by poverty of the country of origin of migrants).

The Slovak Republic ranks at the bottom of the migration component. Poland and Japan also rank poorly due to their low migrant acceptance rate and their low score on their integration policies. The Czech Republic also ranks close to the bottom of the table.

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Country	Overall Rank	Aid	Finance	Technology	Environment	Trade	Security	Migration
Denmark	1	1	2	7	8	2	1	14
Sweden	2	2	8	13	1	6	23	2
Finland	3	10	1	10	14	9	3	13
France	4	13	12	8	11	12	2	19
Germany	5	8	23	9	12	3	19	1
Portugal	6	14	17	4	4	10	11	9
Netherlands	7	6	21	11	13	1	7	11
United Kingdom	7	5	14	19	10	5	13	15
Norway	9	4	3	2	18	27	15	5
New Zealand	10	11	19	17	20	4	8	3
Austria	11	15	26	3	15	17	6	7
Spain	12	17	7	16	6	16	16	16
Luxembourg	13	7	24	21	19	15	4	4
Italy	14	19	4	22	7	13	14	12
Belgium	15	20	16	12	9	20	22	6
Ireland	16	3	15	23	22	7	10	21
Canada	17	9	6	14	23	21	25	8
Australia	18	18	5	18	26	8	17	10
Hungary	19	23	10	24	3	23	9	23
Czech Republic	19	21	11	15	17	14	24	24
Slovak Republic	21	26	22	27	2	18	5	27
Poland	22	24	9	26	5	19	26	25
United States	23	22	25	20	24	11	12	18
Switzerland	24	16	27	6	21	24	20	17
Greece	25	25	18	25	16	22	18	22
Japan	26	12	20	5	25	25	21	26
South Korea	27	27	13	1	27	26	27	20

The table above ranks each of the 27 CDI countries across seven policy areas.

For more – Country reports and full results

Visit cgdev.org/cdi to explore the Commitment to Development Index, including full country reports, interactive web portal, podcast, full calculations, and method paper.

About the CDI

The Center for Global Development (CGD) has compiled the Commitment to Development Index each year since 2003. CGD is an independent think tank that works to reduce global poverty and equality through rigorous research and active engagement with the policy community. CGD Europe deputy director and senior policy fellow Ian Mitchell directs the Index, building on the work of CGD vice president Owen Barder, and of former senior fellow David Roodman. Anita Käppeli, policy analyst, composes and leads the development of the CDI. The Index is supported by the CDI Consortium, which in 2017 included Australia, Canada, Denmark, France, Germany, and Norway. The content of this report does not reflect the official opinion of the Consortium members. Responsibility for the information and views expressed therein lies entirely with the authors.



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