



Commitment to Development Index 2011

# Finland

David Roodman, Julie Walz, and Tejaswi Velayudhan

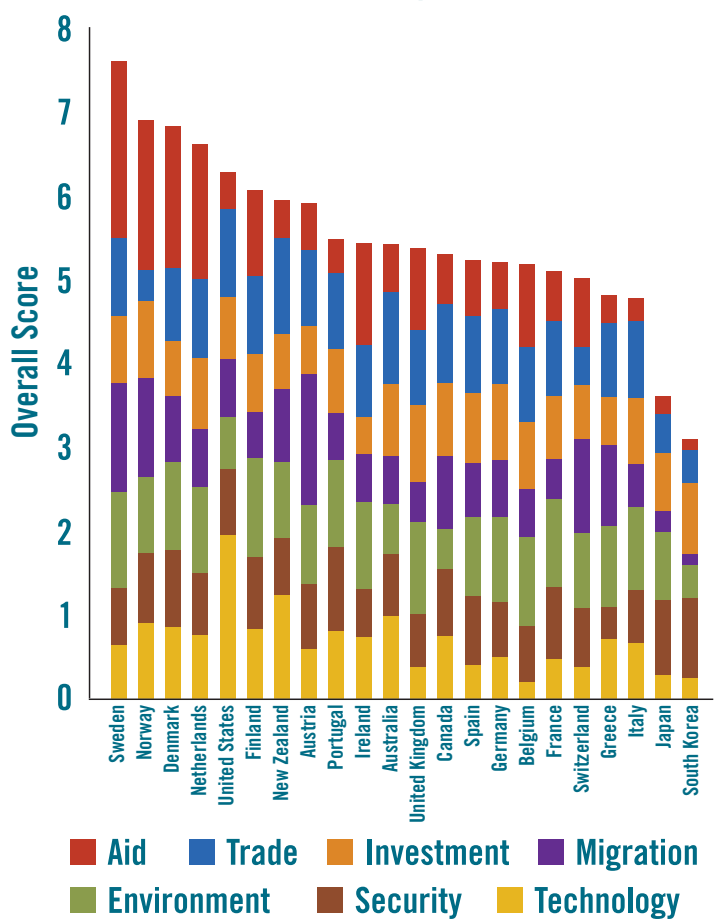
The Commitment to Development Index (CDI) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security and technology. This report reviews Finland's performance on the 2011 CDI.

## Finland's 2011 CDI Performance

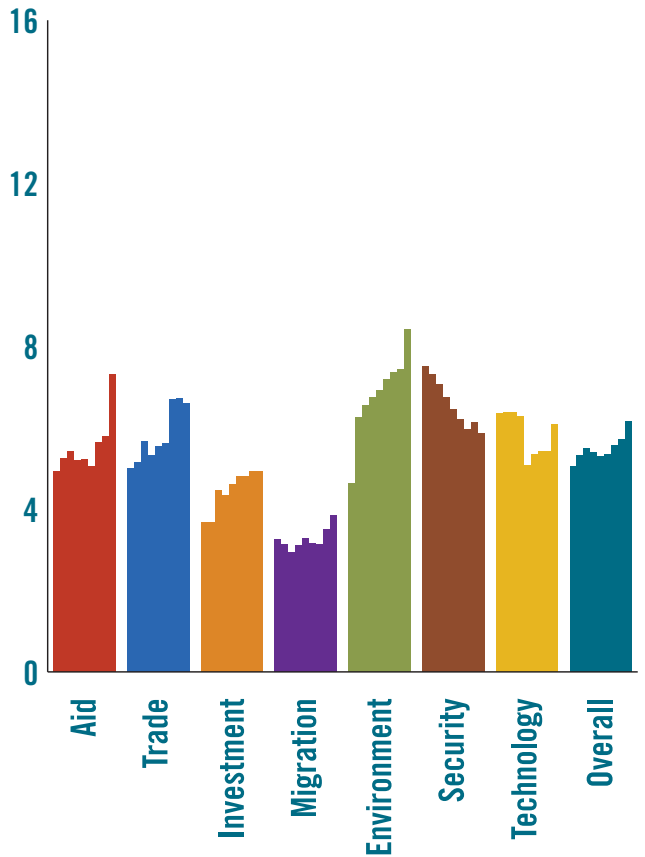
- Overall rank 2011: 6
  - Overall score 2011: 6.1
  - Change since 2003: +1.1
- (using 2011 methodology)

Finland ranks 6<sup>th</sup> overall in 2011. Finland has a strong environmental record due in part to low greenhouse gas emissions and high gas taxes, finishing first in the environment component. The Finnish government also gives a relatively large amount of high-quality aid and is a strong supporter of technological innovation and dissemination to the developing world. But Finland's performance is negatively affected by a below-average score in the migration component. Due to high barriers that restrict entry, the flow of immigrants from poor countries to Finland is low as a share of country population.

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## Finland's CDI Performance, 2003-11



## Aid

Aid quality is just as important as aid quantity, so the CDI measures gross aid as a share of GDP adjusted for various quality factors: it subtracts debt service, penalizes “tied” aid that makes recipients spend aid only on donor goods and services, rewards aid to poor but relatively well-governed recipients, and penalizes overloading poor governments with many small projects.

■ **Score: 7.3**

■ **Rank: 6**

### Strengths

- High net aid volume as a share of the economy (0.54%; rank: 5)
- Selectivity: small share of aid to less poor and worse-governed recipients (rank: 5)

### Weaknesses

- Small amount of private charitable giving attributable to tax policy (rank by share of GDP: 20)

## Trade

International trade has been a force for economic development for centuries. The CDI measures trade barriers in rich countries against exports from developing countries.

■ **Score: 6.6**

■ **Rank: 5**

### Strengths

- Low agricultural subsidies (equivalent to a tariff worth 7.9% of the value of imports; rank: 5)
- Low tariffs on textiles (6.0% of the value of imports; rank: 3)
- Low tariffs on apparel (6.0% of the value of imports; rank: 3)

## Investment

Rich-country investment in poorer countries can transfer technologies, upgrade management and create jobs. The CDI includes a checklist of policies that support healthy investment in developing countries.

■ **Score: 4.9**

■ **Rank: 14**

### Strengths

- Employs foreign tax credits to prevent double taxation of corporate profits earned abroad
- Participates in the Extractive Industries Transparency Initiative (EITI) and the Kimberly Initiative on blood diamonds

### Weaknesses

- Political risk insurance also given to inefficient, import-substituting projects
- Imposes some restrictions on pension fund investments in emerging markets

## Migration

The movement of people from poor to rich countries provides unskilled immigrants with jobs, income, and knowledge. This increases the flow of money sent home by migrants abroad and the transfer of skills when the migrants return.

■ **Score: 3.8**

■ **Rank: 17**

### Strengths

- No tuition fee for foreign students

### Weaknesses

- Only a small increase during the 1990s in the number of unskilled immigrants from developing countries living in Finland (rank by share of population: 14)
- Small number of immigrants from developing countries entering Finland (rank by share of population: 16)
- Bears small share of the burden of refugees during humanitarian crises (rank: 13)

# Environment

Rich countries use a disproportionate amount of scarce resources, and poor countries are most vulnerable to global warming and ecological deterioration, so the CDI measures the impact of policies on the global climate, fisheries, and biodiversity.

■ **Score: 8.4**

■ **Rank: 1**

## Strengths

- Significant decline in greenhouse gas emissions in 1999–2009 (average annual growth rate/PPP GDP, –6.0%; rank: 2)
- High gas taxes (\$1.18 per liter; rank: 3)
- Low greenhouse gas emissions rate per capita (4.9 tons of carbon dioxide equivalent; rank: 2)
- Low fossil fuel production per capita (0.0 tons of carbon dioxide equivalent; rank: 1)

# Security

Since security is a prerequisite for development, the CDI rewards contributions to internationally sanctioned peacekeeping operations and forcible humanitarian interventions, rewards military protection of global sea lanes, and penalizes arms exports to poor and undemocratic governments.

■ **Score: 5.9**

■ **Rank: 6**

## Strengths

- Significant financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 8)

# Technology

Rich countries contribute to development through the creation and dissemination of new technologies. The CDI captures this by measuring government support for R&D and penalizing strong intellectual property rights regimes that limit the dissemination of new technologies to poor countries.

■ **Score: 6.1**

■ **Rank: 6**

## Strengths

- High government expenditure on R&D (rank by share of GDP: 2)

## Weaknesses

- Low tax subsidy rate to businesses for R&D (rank: 18)

## Background Papers and Contributors

See “The Commitment to Development Index: 2011 Edition” by David Roodman, available at [www.cgdev.org/cdi](http://www.cgdev.org/cdi). The website also has background papers for each policy area: David Roodman on foreign aid, William R. Cline on trade, Theodore H. Moran on investment, Elizabeth Grieco and Kimberly A. Hamilton on migration, Amy Cassara and Daniel Prager on environment, Michael E. O’Hanlon and Adriana Lins de Albuquerque on security, and Keith Maskus on technology.

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| Country        | Rank | Aid  | Trade | Investment | Migration | Environment | Security | Technology | Overall Score | Change since 2003 |
|----------------|------|------|-------|------------|-----------|-------------|----------|------------|---------------|-------------------|
| Sweden         | 1    | 14.9 | 6.5   | 5.6        | 9.2       | 8.1         | 4.5      | 4.9        | 7.7           | +1.6              |
| Norway         | 2    | 12.7 | 2.6   | 6.4        | 8.4       | 6.5         | 6.4      | 5.8        | 7.0           | +0.9              |
| Denmark        | 3    | 11.9 | 6.2   | 4.7        | 5.6       | 7.4         | 6.1      | 6.5        | 6.9           | -0.2              |
| Netherlands    | 4    | 11.5 | 6.6   | 6.0        | 4.9       | 7.3         | 5.3      | 5.2        | 6.7           | +0.2              |
| United States  | 5    | 3.1  | 7.4   | 5.3        | 4.9       | 4.4         | 13.8     | 5.6        | 6.4           | +2.2              |
| Finland        | 6    | 7.3  | 6.6   | 4.9        | 3.8       | 8.4         | 5.9      | 6.1        | 6.1           | +1.1              |
| New Zealand    | 7    | 3.3  | 8.1   | 4.7        | 6.1       | 6.4         | 8.7      | 4.9        | 6.0           | +0.3              |
| Austria        | 7    | 3.9  | 6.5   | 4.0        | 11.1      | 6.7         | 4.2      | 5.5        | 6.0           | +0.6              |
| Portugal       | 9    | 2.8  | 6.5   | 5.4        | 4.0       | 7.3         | 5.7      | 7.0        | 5.5           | +1.0              |
| Ireland        | 9    | 8.6  | 6.1   | 3.1        | 4.1       | 7.4         | 5.2      | 4.0        | 5.5           | +0.4              |
| Australia      | 9    | 4.1  | 7.7   | 6.1        | 4.0       | 4.2         | 7.0      | 5.3        | 5.5           | -0.1              |
| United Kingdom | 12   | 7.0  | 6.3   | 6.4        | 3.5       | 7.7         | 2.7      | 4.5        | 5.4           | +0.2              |
| Canada         | 12   | 4.2  | 6.7   | 6.1        | 6.2       | 3.4         | 5.3      | 5.7        | 5.4           | +0.4              |
| Spain          | 14   | 4.8  | 6.4   | 6.0        | 4.6       | 6.6         | 2.8      | 5.9        | 5.3           | +1.0              |
| Germany        | 14   | 4.0  | 6.3   | 6.4        | 4.8       | 7.2         | 3.5      | 4.7        | 5.3           | +0.3              |
| Belgium        | 16   | 7.0  | 6.3   | 5.6        | 4.0       | 7.6         | 1.4      | 4.7        | 5.2           | +0.7              |
| France         | 16   | 4.3  | 6.4   | 5.3        | 3.4       | 7.4         | 3.3      | 6.1        | 5.2           | +0.6              |
| Switzerland    | 18   | 5.7  | 3.2   | 4.6        | 7.9       | 6.3         | 2.7      | 5.0        | 5.1           | +0.5              |
| Greece         | 19   | 2.3  | 6.3   | 4.0        | 6.8       | 6.9         | 5.1      | 2.7        | 4.9           | +1.1              |
| Italy          | 20   | 2.0  | 6.5   | 5.6        | 3.7       | 7.0         | 4.7      | 4.5        | 4.8           | +0.5              |
| Japan          | 21   | 1.5  | 3.3   | 4.9        | 1.8       | 5.7         | 2.0      | 6.3        | 3.7           | +1.1              |
| South Korea    | 22   | 1.0  | 2.8   | 5.9        | 1.0       | 2.8         | 1.7      | 6.8        | 3.1           | n/a               |

This table ranks the 22 countries in the CDI, showing their scores in seven policy areas. A country's overall score is the average of its seven policy scores. The final column shows the change in each country's overall score since the CDI began in 2003, using 2011 methodology.

The CGD website ([www.cgdev.org/cdi](http://www.cgdev.org/cdi)) has reports on each of the 22 countries in the CDI, as well as graphs, maps, spreadsheets, and background papers.

The Commitment to Development Index is designed by the Center for Global Development, an independent think tank that works to reduce global poverty and inequality by encouraging policy change in the United States and other rich countries through rigorous research and active engagement with the policy community.

David Roodman, the architect of the Commitment to Development Index, is a senior fellow at the Center for Global Development.

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[www.cgdev.org](http://www.cgdev.org)

1800 Massachusetts Ave., NW • Washington DC 20036

Tel: 202.416.4000 • Fax: 202.416.4050

