



Commitment to Development Index 2011

Germany

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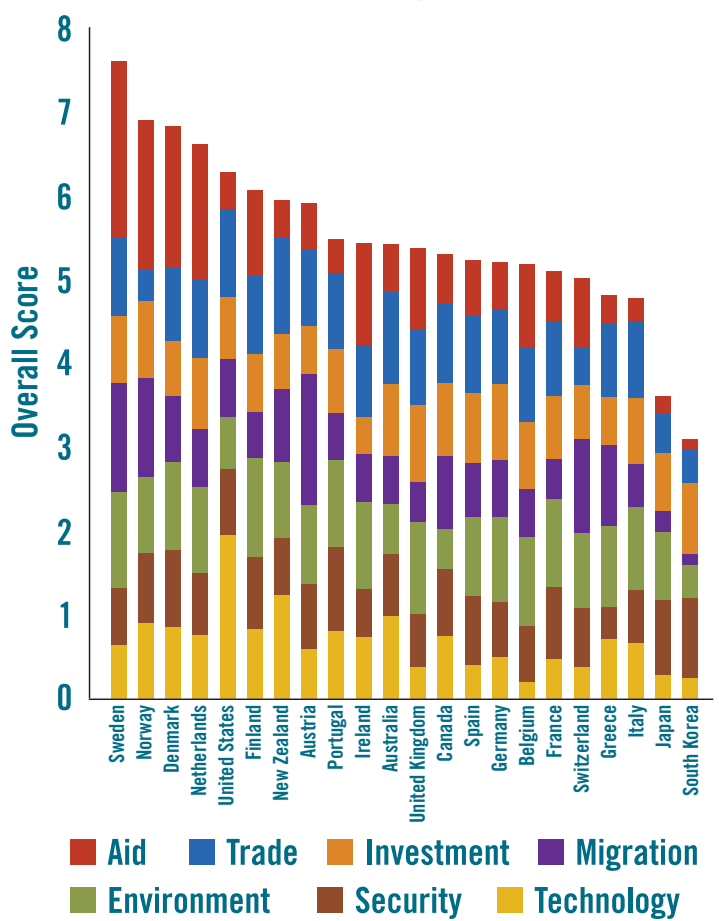
The Commitment to Development Index (CDI) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

Germany's 2011 CDI Performance

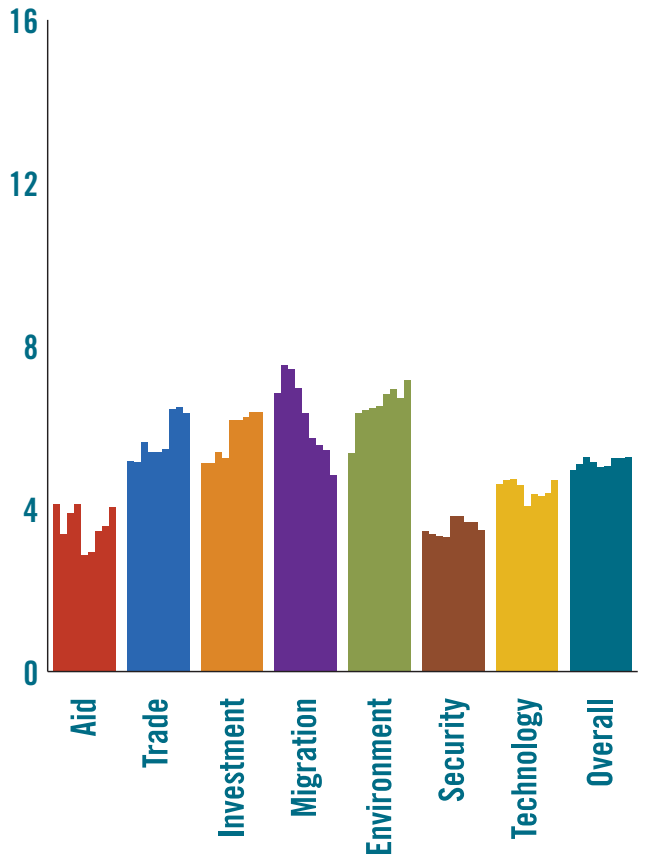
- Overall rank 2011: 14
- Overall score 2011: 5.3
- Change since 2003: +0.3 (using 2011 methodology)

Germany ranks 14th overall in 2011. Germany finishes at the top on the investment component thanks to policies that promote healthy investment in developing countries. The German government also bears a large share of the burden of refugees during humanitarian crises. But Germany would score higher if it gave more, and higher-quality aid, lowered barriers to agricultural imports from developing countries, increased participation in international peacekeeping efforts, and provided more support for the creation and dissemination of technological advances.

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Germany'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: 4.0**

■ **Rank: 14**

Strengths

- Large amount of private charitable giving attributable to tax policies (rank by share of GDP: 10)

Weaknesses

- Large share of tied or partially tied aid (24%; rank: 16)
- Contributes to project proliferation; small average project size (rank: 18)
- Selectivity: large share of aid to less poor and worse-governed recipients (rank: 13)

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: 6.3**

■ **Rank: 13**

Strengths

- 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)

Weaknesses

- High agricultural subsidies (equivalent to a tariff worth 12.7% of the value of imports; rank: 15)

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: 6.4**

■ **Rank: 1**

Strengths

- Provides insurance against political risk for both domestic and foreign firms
- Employs tax treaties to prevent double taxation of corporate profits earned abroad
- Particularly active in the Extractive Industries Transparency Initiative (EITI) and in the G-8 Anti-Corruption and Transparency Action Plan

Weaknesses

- Does not provide support for outflows of portfolio investment
- Political risk insurance also given to inefficient, import-substituting projects

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: 4.8**

■ **Rank: 11**

Strengths

- Bears large share of the burden of refugees during humanitarian crises (rank: 5)
- Large share of foreign students from developing countries (79%; rank: 8)
- No tuition fee for foreign students

Weaknesses

- Small number of immigrants from developing countries entering Germany (rank by share of population: 20)

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: 7.2**

■ **Rank: 10**

Strengths

- High gas taxes (\$1.17 per liter; rank: 4)
- Low fishing subsidies (\$0.00 per person; rank: 1)
- High compliance with mandatory reporting requirements under multilateral environmental agreements relating to biodiversity (rank: 3)

Weaknesses

- Greenhouse gas emissions grew almost as fast as GDP in 1999-2009 (average annual growth rate/GDP, -1.5%; rank: 20)

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: 3.5**

■ **Rank: 15**

Strengths

- Military ships stationed in sea lanes that are important to international trade (rank by share of GDP: 5)

Weaknesses

- Small financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 17)
- High arms exports to poor and undemocratic governments (rank by share of GDP: 16)

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: 4.7**

■ **Rank: 17**

Strengths

- High government expenditure on R&D (rank by share of GDP: 7)

Weaknesses

- Low tax subsidy rate to businesses for R&D (rank: 21)
- Large share of government R&D expenditure on defense (0.5%; rank: 17)
- Does not issue compulsory licenses for purposes of expanding access to technology
- Offers patent-like proprietary rights to developers of data compilations, including those assembled from data in the public domain
- Imposes strict limitations on anti-circumvention technologies that can defeat encryption of copyrighted digital materials

Background Papers and Contributors

See “The Commitment to Development Index: 2010 Edition” by David Roodman, available at 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) 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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