



New Zealand

David Roodman, Julie Walz, and Tejaswi Velayudhan

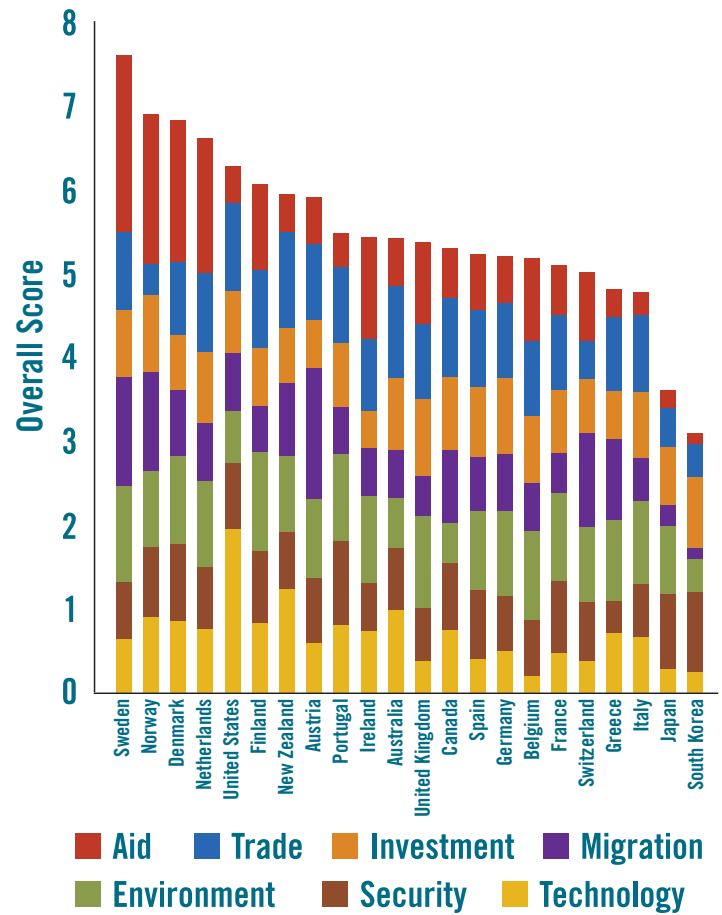
The Commitment to Development Index (CDI) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

New Zealand's 2011 CDI Performance

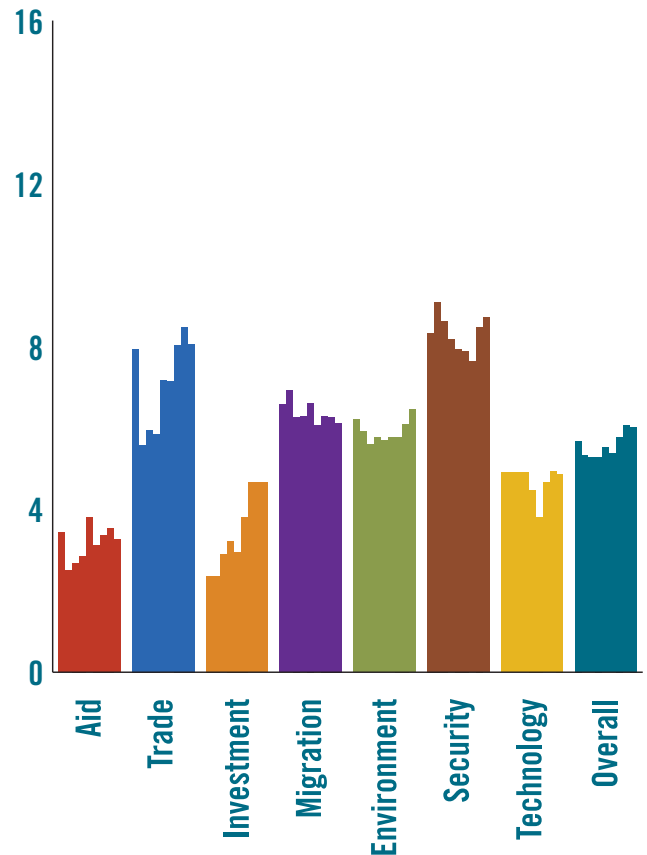
- Overall rank 2011: 7
- Overall score 2011: 6.0
- Change since 2003: +0.3
(using 2011 methodology)

New Zealand ranks 7th overall in 2011. New Zealand has among the lowest agricultural trade barriers of CDI countries. For its size, New Zealand also contributes significant finance and personnel to internationally sanctioned security operations, exports few arms to poor and undemocratic governments, and admits a large number of immigrants from developing countries. Yet New Zealand's overall score is brought down by its small foreign aid program, poor donor practices, low government expenditure on research and development, and weak policies toward investment in poor countries (New Zealand is one of just three rich countries lacking a national agency offering political risk insurance).

Commitment to Development Index 2011



New Zealand'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: 3.3**

■ **Rank: 16**

Strengths

- Selectivity: large share of aid to poor and relatively well-governed recipients (rank: 7)

Weaknesses

- Low net aid volume as a share of the economy (0.28%; rank: 15)
- Contributes to project proliferation; small average project size (rank: 14)
- Large share of tied or partially tied aid (15%; rank: 14)

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: 8.1**

■ **Rank: 1**

Strengths

- Low tariffs on agricultural products (0.5% of the value of imports; rank: 1)
- Low agricultural subsidies (equivalent to a tariff of 0.9% of the value of imports; rank: 1)

Weaknesses

- High barriers against apparel (14.3% of the value of imports; rank: 22)
- High barriers against textiles (7.8% of the value of imports; rank: 17)

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: 4.7**

■ **Rank: 16**

Strengths

- Provides support for outflows of portfolio investment
- Does not impose restrictions on pension fund investments in emerging markets
- Employs foreign tax credits to prevent double taxation of corporate profits earned abroad

Weaknesses

- Does not provide political risk insurance through a national agency
- Does not actively participate in the Extractive Industries Transparency Initiative (EITI)

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: 6.1**

■ **Rank: 7**

Strengths

- Large increase during the 1990s in the number of unskilled immigrants from developing countries living in New Zealand (rank by share of population: 3)
- Large number of immigrants from developing countries entering New Zealand (rank by share of population: 5)

Weaknesses

- Bears small share of the burden of refugees during humanitarian crises (rank: 17)
- Tuition for foreign students higher than for nationals

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: 6.4**

■ **Rank: 16**

Strengths

- Few tropical wood imports (\$7.34 per person; rank: 3)
- No fishing subsidies (rank: 1)

Weaknesses

- Low gas taxes (\$0.56 per liter; rank: 19)
- Greenhouse gas emissions grew almost as fast as GDP in 1999–2009 (average annual growth rate/GDP, -1.6%; rank: 16)

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: 8.7**

■ **Rank: 2**

Strengths

- Significant financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 3)
- Few arms exports to poor and undemocratic governments (rank by share of GDP: 3)

Weaknesses

- Provides little protection of global sea lanes that are important to international trade (rank by share of GDP: 17)

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: 4.9**

■ **Rank: 15**

Strengths

- No attempt to incorporate into bilateral free trade agreements “TRIPS-Plus” measures that would restrict the flow of innovations to developing countries
- No government R&D expenditure on defense

Weaknesses

- Low government expenditure on R&D (rank by share of GDP: 20)
- Low tax subsidy rate to businesses for R&D (rank: 21)
- Allows patents on plant and animal varieties

Background Papers and Contributors

See “The Commitment to Development Index: 2011 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.

Commitment to Development Index 2011

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.