



New Zealand



Commitment to Development Index 2007

New Zealand

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The Commitment to Development Index (CDI) ranks 21 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 2007 CDI.

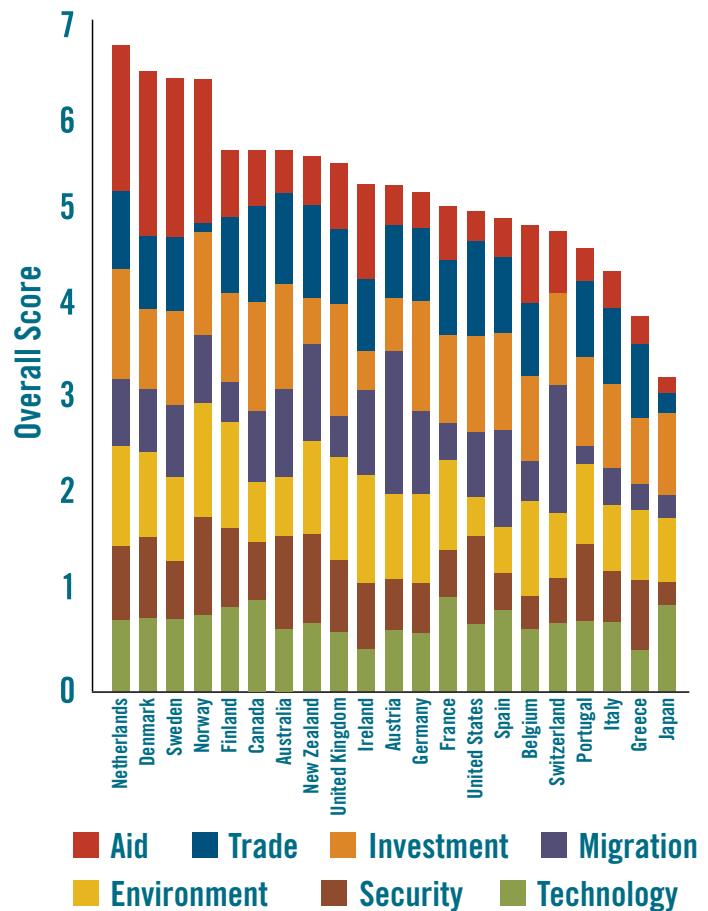
New Zealand's 2007 CDI Performance

- Overall rank 2007: 5
 - Overall score 2007: 5.6
 - Change since 2003: -0.3
- (using 2007 methodology)

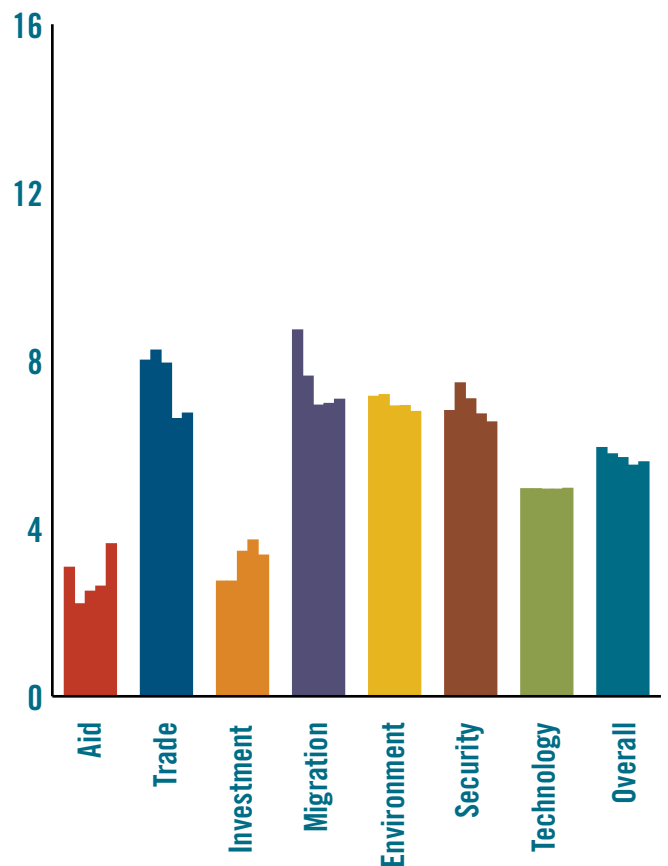
New Zealand ranks 5th overall in 2007. New Zealand has among the lowest trade barriers of CDI countries. For its size, New Zealand also contributes significant finance and personnel to internationally sanctioned security operations and admits a large number of immigrants from developing countries. Yet New Zealand's overall score is brought down by its small foreign aid program, poor donor practices, and weak policies toward investment in poor countries (New Zealand is one of just two rich countries lacking a national agency offering political risk insurance).

www.cgdev.org/cdi

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New Zealand's CDI Performance, 2003-2007



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 uncorrupt recipients, and penalizes overloading poor governments with many small projects.

■ **Score: 3.6**

■ **Rank: 12**

Strengths

- Large amount of private charitable giving attributable to tax policy (rank as a share of GDP: 7)
- Selectivity: large share of aid to poor recipients with relatively democratic governments (rank: 4)

Weaknesses

- Contributes to project proliferation; small average project size (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: 6.7**

■ **Rank: 3**

Strengths

- Low tariffs on agricultural products (0.6% of the value of imports; rank: 2)
- Low agricultural subsidies (equivalent to 2.6% tariff; rank: 1)

Weaknesses

- High barriers against apparel (13.4% of the value of imports; rank: 19)

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: 3.4**

■ **Rank: 20**

Strengths

- Provides support for outflows of portfolio investment
- Does not impose restrictions on pension fund investments in emerging markets.

Weaknesses

- Does not provide insurance against political risk
- Lacks policies to prevent double taxation of corporate profits earned abroad
- Has yet to complete Phase 2 monitoring of implementation of the OECD Anti-Bribery Convention
- Does not participate in the Extractive Industries Transparency Initiative (EITI) or the Kimberley Initiative on blood diamonds
- Does not provide assistance in identifying direct investment opportunities

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: 7.1**

■ **Rank: 3**

Strengths

- Large increase during the 1990s in the number of unskilled immigrants from developing countries living in New Zealand (rank by share of population: 4)
- Large number of immigrants from developing countries entering New Zealand (rank by share of population: 4)
- Large share of foreign students from developing countries (88%; rank: 3)

Weaknesses

- Bears small share of the burden of refugees during humanitarian crises (rank: 16)
- 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: 6.8**

■ **Rank: 7**

Strengths

- Small number of endangered species imports (rank: 4)
- Few tropical wood imports (\$7.83 per person; rank: 8)
- No fishing subsidies (rank: 1)

Weaknesses

- High greenhouse gas emissions rate per capita (13.0 tons of carbon dioxide equivalent; rank: 15)
- Greenhouse gas emissions grew only slightly slower than GDP during 1995–2005 (average annual growth rate/GDP, -1.9%; rank: 13)
- Low gas taxes (\$0.42 per liter; rank: 18)



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: 6.5**

■ **Rank: 3**

Strengths

- Significant financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 4)
- No arms exports to poor and undemocratic governments (rank by share of GDP: 1)

Weaknesses

- No protection of global sea lanes

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: 5.0**

■ **Rank: 11**

Strengths

- Limited patent coverage for software programs
- No attempt to incorporate into bilateral free trade agreements “TRIPS-Plus” measures that would restrict the flow of innovations to developing countries
- Does not offer patent-like proprietary rights to developers of data compilations, including those assembled from data in the public domain
- Small share of government R&D expenditure on defense (0.68%; rank: 6)

Weaknesses

- Low government expenditure on R&D (rank by share of GDP: 18)
- Low tax subsidy rate to businesses for R&D (rank: 20)
- Allows patents on plant and animal varieties

Background Papers and Contributors

See “The Commitment to Development Index: 2007 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
Netherlands	1	10.7	5.7	8.0	4.8	7.3	5.4	5.2	6.7	-0.1
Denmark	2	12.0	5.4	5.8	4.6	6.1	5.9	5.4	6.5	-0.4
Sweden	3	11.6	5.4	6.9	5.2	6.1	4.2	5.3	6.4	+0.3
Norway	3	10.5	0.7	7.5	4.9	8.4	7.1	5.6	6.4	+0.4
Finland	5	4.9	5.5	6.5	2.9	7.7	5.7	6.2	5.6	+0.5
Canada	5	4.1	7.1	8.0	5.1	4.0	4.3	6.7	5.6	+0.4
Australia	5	3.1	6.7	7.6	6.5	3.8	6.8	4.6	5.6	-0.3
New Zealand	5	3.6	6.7	3.4	7.1	6.8	6.5	5.0	5.6	-0.3
United Kingdom	9	4.8	5.5	8.1	3.0	7.5	5.2	4.3	5.5	+0.3
Ireland	10	6.9	5.3	2.8	6.2	7.9	4.8	3.1	5.3	+0.6
Austria	10	2.9	5.4	3.9	10.4	6.2	3.8	4.4	5.3	0.0
Germany	12	2.6	5.4	8.0	6.0	6.5	3.6	4.3	5.2	-0.1
France	13	4.0	5.4	6.5	2.7	6.5	3.4	6.9	5.1	+0.2
United States	14	2.2	7.0	7.0	4.7	2.9	6.4	4.9	5.0	+0.3
Spain	15	2.9	5.5	7.1	7.1	3.3	2.7	6.0	4.9	+1.1
Belgium	15	5.7	5.4	6.2	2.9	7.0	2.4	4.5	4.9	+0.2
Switzerland	17	4.5	0.0	6.7	9.3	4.8	3.3	4.9	4.8	-0.6
Portugal	18	2.4	5.5	6.5	1.3	5.8	5.6	5.2	4.6	+0.2
Italy	19	2.7	5.6	6.1	2.7	4.8	3.8	5.0	4.4	+0.3
Greece	20	2.0	5.4	4.9	1.9	5.1	5.1	3.0	3.9	+0.2
Japan	21	1.2	1.5	5.9	1.7	4.7	1.7	6.3	3.3	+0.7

This table ranks the 21 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 2007 methodology.

The CGD website (www.cgdev.org/cdi) has reports on each of the 21 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 research fellow at the Center for Global Development.

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