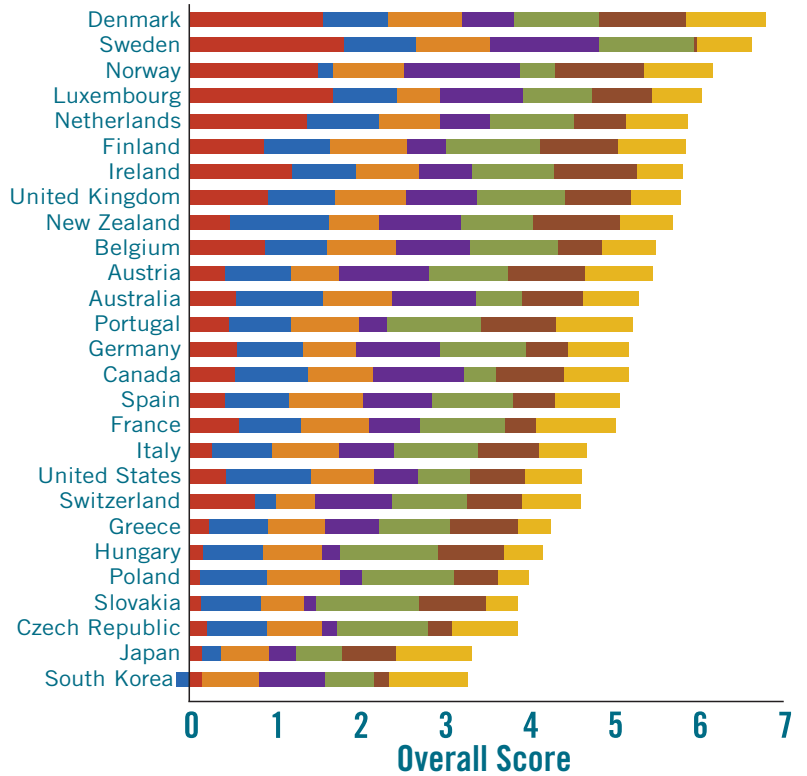




Luxembourg

The Commitment to Development Index (CDI) ranks 27 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 policies in seven areas that are important to developing countries: aid, trade, finance, migration, environment, security, and technology. This report reviews Luxembourg's performance on the 2013 CDI. For more details, visit cgdev.org/cdi.

Commitment to Development Index 2013



■ Aid ■ Trade ■ Finance ■ Migration
■ Environment ■ Security ■ Technology

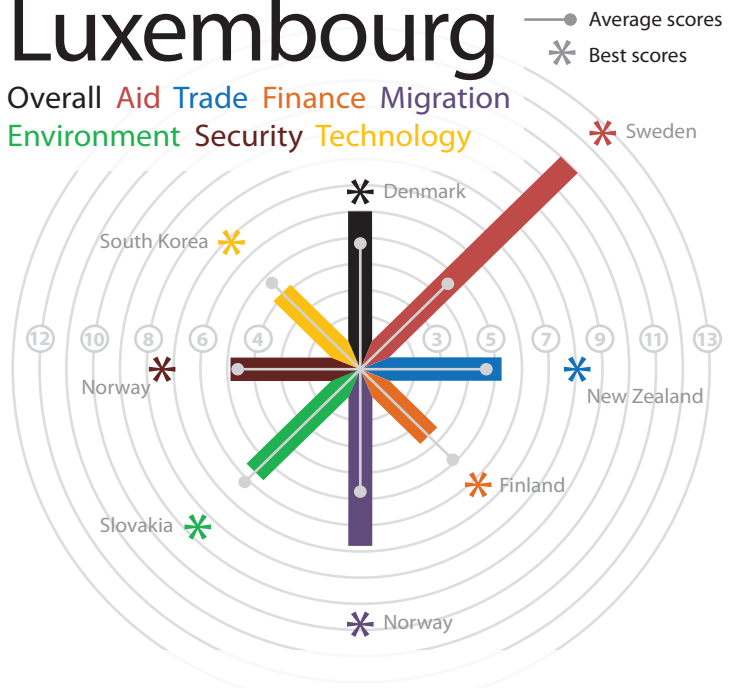
Luxembourg's 2013 CDI Performance

- Overall rank 2013: 4
- Overall score 2013: 6.0
- Change since 2012: 0.1
(using 2013 methodology)

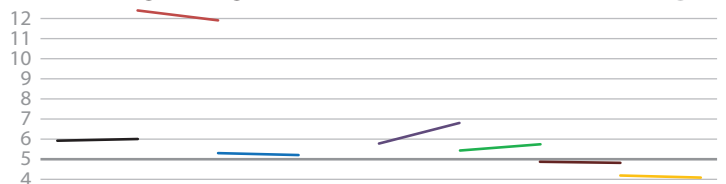
Luxembourg ranks 4th overall overall in 2013. Luxembourg's largest contribution to developing countries is its high-quality foreign assistance program and large share of aid as a proportion of GDP. It also scores well in migration due to a large increase of unskilled migrants from developing countries as a proportion of its population during the 1990s. However, Luxembourg performs poorly on trade, investment, environment, security and technology. It has large agricultural subsidies that hamper developing country exports, weak support for extractive industry transparency initiatives and peacekeeping, low gas taxes and high greenhouse gas emissions, little support for research and development, and lacks transparency in the financial sector.

Luxembourg

Overall Aid Trade Finance Migration
Environment Security Technology



Luxembourg's change over time, 2012–2013 (5 = 2012 average)



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: 11.9**

■ **Rank: 2**

Strengths

- High net aid volume as a share of the economy (0.97%; rank: 3)
- Small share of tied or partially tied aid (0.21%; rank: 6)
- Large share of aid to poor and better-governed recipients (selectivity rank: 4)

Weaknesses

- Allows project proliferation; small average project size (rank: 21)

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. It also penalizes costly importation processes and restrictions against purchasing services from foreigners.

■ **Score: 5.2**

■ **Rank: 15**

Strengths

- As a member state of the European Union, Luxembourg imposes low tariffs on agricultural products including wheat, dairy, some meats, textiles, and apparel
- Few documents required for importation (7 documents; rank: 6)
- Few days to import a shipping container (4 days; rank: 5)

Weaknesses

- As a member state of the European Union, Luxembourg imposes high tariffs on rice, sugar, and beef
- High agricultural subsidies (equivalent to a tariff worth 17.1% of the value of imports; rank: 25)

Finance

Rich-country investment in poorer countries can transfer technologies, upgrade management, and create jobs. Conversely, policies that permit financial secrecy of companies and banks can facilitate illicit activities and financial flows abroad. The CDI rewards policies that support healthy investment in developing countries and promote transparency in financial transactions at home.

■ **Score: 3.6**

■ **Rank: 25**

Strengths

- Strong support to identifying bribery and corrupt practices
- Provides official support for outflows of portfolio investment

Weaknesses

- Political risk insurance agency does not screen projects for violations of local environmental rights
- Weak leadership in extractive industry transparency initiatives
- Does not provide assistance to companies looking for investment opportunities in developing countries
- Scores below average in the Financial Secrecy Index for having few regulations in place to prevent illicit financial transactions within its jurisdiction (rank: 22)

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: 6.8**

■ **Rank: 7**

Strengths

- Large number of immigrants from developing countries entering Luxembourg (rank by share of population: 5)
- Bears large share of the burden of refugees during humanitarian crises (rank: 8)

Weaknesses

- Small share of foreign students from developing countries (21.3%; rank: 26)

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: 5.8**

■ **Rank: 21**

Strengths

- No fishing subsidies (rank: 1)
- Low fossil fuel production rate per capita (0 tons of carbon dioxide equivalent; rank: 1)

Weaknesses

- High greenhouse gas emissions rate per capita (23.5 tons of carbon dioxide equivalent; rank: 23)
- Poor compliance with mandatory reporting requirements under multilateral environmental agreements relating to biodiversity (rank: 25)
- Greenhouse gas emissions grew almost as fast as GDP over the last decade (average annual growth rate/GDP, -1.45%; rank: 23)
- Low gas taxes (\$0.71 per liter; rank: 21)

Security

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

■ **Score: 4.9**

■ **Rank: 15**

Strengths

- Participates in major international security treaties and regimes
- Few arms exports to poor and undemocratic governments (rank by share of GDP: 5)

Weaknesses

- Low personnel and financial contributions to UN and internationally sanctioned peacekeeping and humanitarian interventions over last decade (rank by share of GDP: 25)
- 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: 4.1**

■ **Rank: 21**

Weaknesses

- Low government support for R&D (rank: 19)
- Allows patents on plant and animal varieties
- Pushes to extend intellectual property rights in bilateral trade treaties ("TRIPS Plus" measures) that restrict the flow of innovations to developing countries
- Offers patent-like proprietary rights to developers of data compilations, including those assembled from data in the public domain

For More

Visit cgdev.org/cdi for the complete 2013 edition of the Commitment to Development Index. There, you can explore the numbers with our interactive graphing tool, view additional publications and background papers, and dive deeper into the CDI methodology by downloading our data and code.

Commitment to Development Rankings, 2013

Overall	Country	Aid	Trade	Finance	Migration	Environment	Security	Technology	Change 2012-2013
1	Denmark	3	12	2	18	12	2	2	0
2	Sweden	1	6	2	2	3	27	17	0
3	Norway	4	26	7	1	26	1	6	0
4	Luxembourg	2	15	25	7	21	15	21	0
5	Netherlands	5	5	16	19	13	19	12	1
5	Finland	9	8	1	21	4	5	7	0
7	Ireland	6	14	14	16	15	4	23	2
7	United Kingdom	7	7	6	11	8	12	20	-1
9	New Zealand	15	1	22	8	19	3	19	-3
10	Belgium	8	18	9	10	9	20	18	0
10	Austria	18	10	23	4	17	6	8	4
12	Australia	13	2	8	6	24	14	16	-2
13	Portugal	16	17	10	22	5	7	4	1
13	Germany	12	11	21	5	10	22	13	4
13	Canada	14	4	13	3	27	9	11	-1
16	Spain	19	13	4	12	16	23	9	-4
17	France	11	16	10	17	11	24	3	-1
18	Italy	20	20	12	14	14	13	22	0
19	United States	17	3	15	20	23	17	15	0
19	Switzerland	10	24	27	9	18	16	14	1
21	Greece	21	23	19	15	20	8	25	0
22	Hungary	24	19	18	25	2	11	24	0
23	Poland	27	9	5	24	6	21	27	0
24	Slovakia	26	22	25	27	1	10	26	0
24	Czech Republic	22	21	20	26	7	25	10	1
26	Japan	25	25	24	23	25	18	5	0
26	South Korea	23	27	17	13	22	26	1	1

= top third
 = middle third
 = last third

The above table lists ranks for each of the 27 CDI countries across seven policy areas. The final column shows the change in each country's overall rank since 2012 (using 2013 methodology).

About the CDI

The Commitment to Development Index has been compiled each year since 2003 by the Center for Global Development (CGD), an independent think tank that works to reduce global poverty and inequality through rigorous research and active engagement with the policy community. CGD Europe director and senior fellow Owen Barder directs the Index, building on the previous work of CGD former senior fellow David Roodman. Petra Krylova is the CDI coordinator. Collaborators have included William R. Cline on trade; Theodore H. Moran and Petr Janský on finance; Jeanne Batalova, Kimberly A. Hamilton, and Elizabeth Grieco on migration; Amy Cassara and Daniel Prager on environment; Michael E. O'Hanlon, Adriana Lins de Albuquerque, Mark Stoker, and Jason Alderwick on security; and Keith Maskus and Walter Park on technology. The Index is supported by the CDI Consortium.

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