2005 Commitment to Development Index Country Report

Greece

David Roodman and Scott Standley

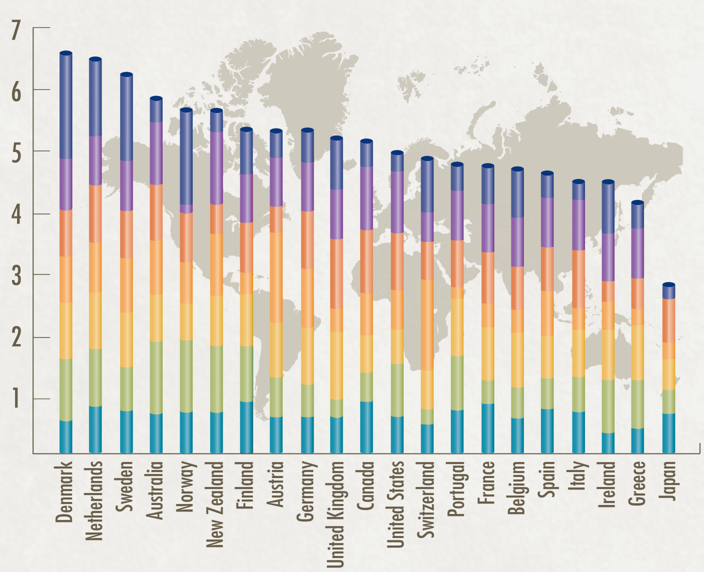
*The **Commitment to Development Index** (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: aid, trade, investment, migration, environment, security and technology. This report reviews Greece's performance on the 2005 CDI.*

Greece's 2005 CDI performance

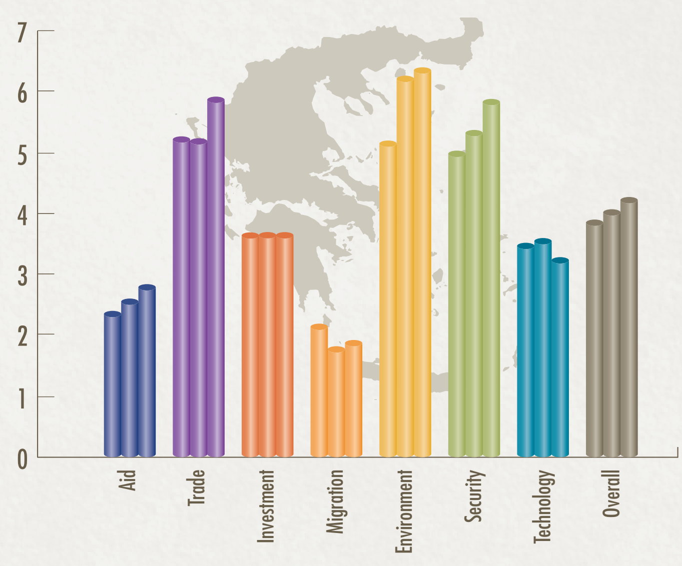
- ▶ **Overall score: 4.2**
- ▶ **Overall rank 2005: 20**
- ▶ **Change since 2003: +0.7**

Greece ranks 20th overall in 2005. Greece places in the bottom half of CDI countries in every component except environment and security. Most notably, the migration inflow from poor countries is one of the lowest in the CDI and the Greek government's support of investment in poor countries is low.

COMMITMENT TO DEVELOPMENT INDEX, 2005



GREECE'S CDI PERFORMANCE, 2003–05



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: 2.8**
▶ **Rank: 15**

STRENGTHS

■ Small share of tied aid *(5%; rank: 9)*

WEAKNESSES

■ Low net aid volume as a share of GDP *(0.26%; rank: 12)*
■ Small amount of private charitable giving, attributable to tax policy *(rank as a share of GDP: 17)*
■ Weak on project proliferation; funds many small aid projects *(rank: 19)*
■ Weak on selectivity; large share of aid to less poor and undemocratic governments *(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.

▶ **Score: 5.8**
▶ **Rank: 12**

STRENGTHS

■ Low barriers against textiles *(rank: 3)*
■ Low barriers against apparel *(rank: 3)*

WEAKNESSES

■ High total aggregate protection of agricultural commodities *(rank: 12)*
■ High agricultural subsidies *(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: 3.6**
▶ **Rank: 18**

STRENGTHS

■ Provides official support for outflows of portfolio investment

WEAKNESSES

■ Political risk insurance eligibility limited to nationally-owned firms
■ Does not allow domestic investors to take advantage of developing country tax incentives
■ Does not participate in the Extractive Industries Transparency Initiative (EITI) or other anti-corruption programs
■ Imposes 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: 1.8**
▶ **Rank: 19**

STRENGTHS

■ Large share of foreign students from developing countries *(94%; rank: 2)*

WEAKNESSES

■ Only a small increase during the 1990s in the number of unskilled immigrants from developing countries living in Greece *(rank as a share of population: 20)*
■ Small number of immigrants from developing countries entering Greece in 1998 *(rank as a share of population: 21)*
■ Bears small share of the burden of refugees during humanitarian crises *(rank: 17)*

Environment

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

- **Score: 6.3**
- **Rank: 8**

STRENGTHS

- Low coffee imports *(2.7 kg per capita; rank: 5)*

WEAKNESSES

- Small decrease in greenhouse gas emission rate between 1999-2003 *(average annual growth rate/PPP GDP, -1%; rank: 15)*

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: 5.8**
- **Rank: 10**

STRENGTHS

- No arms exports to poor and undemocratic governments

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: 3.2**
- **Rank: 20**

STRENGTHS

- Small share of government R&D on defense *(0.4%; rank: 4)*
- Revocation procedures for patents not sufficiently "worked" on the domestic market

WEAKNESSES

- Low business expenditure on R&D as a share of GDP *(rank: 21)*
- Low government expenditure on R&D as a share of GDP *(rank: 21)*
- Low tax subsidy rate to businesses for R&D *(-2%; rank: 19)*
- 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

For more information

For details of the 2005 CGD/FP Commitment to Development Index, see "The Commitment to Development Index: 2005 Edition" by David Roodman, available at **www.cgdev.org/cdi**. The CGD website contains reports on each of the 21 countries in the index, as well as background papers organized by 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.

David Roodman is a Research Fellow and Scott Standley is a Research Assistant at the Center for Global Development.
For more information about the 2005 Commitment to Development Index, visit **www.cgdev.org/rankingtherich**.

www.cgdev.org

Independent Research and Practical Ideas for Global Prosperity

1776 Massachusetts Ave., NW • Third Floor • Washington, D.C. 20036
Tel: (202) 416-0700 • Fax: (202) 416-0750