



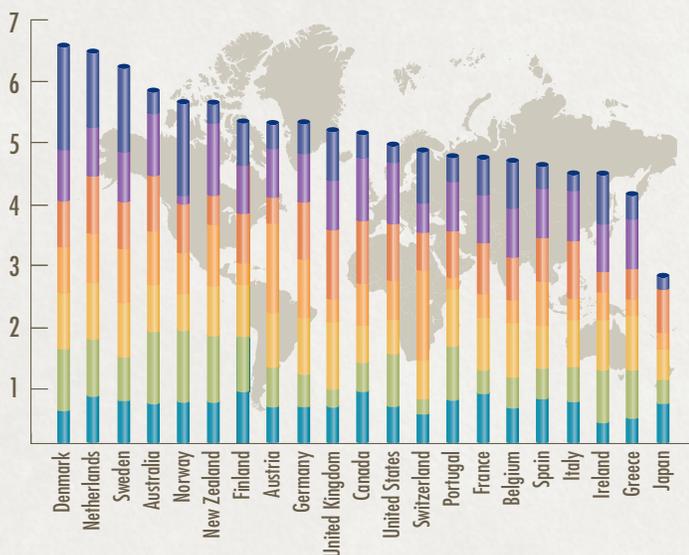
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

## Canada's 2005 CDI performance

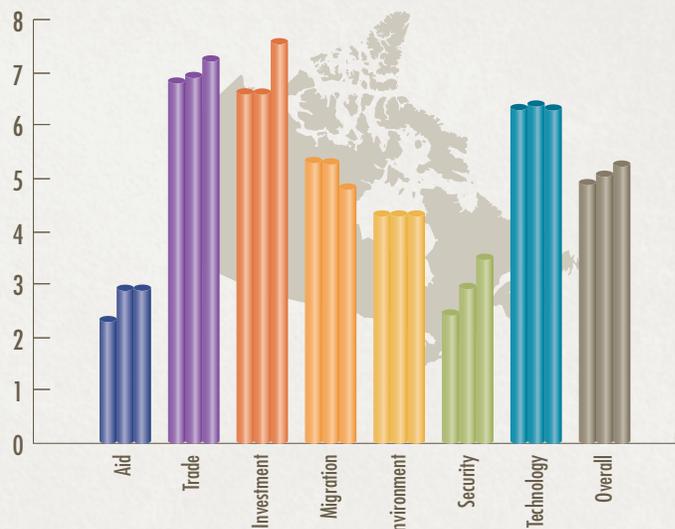
- ▶ Overall score: 5.3
- ▶ Overall rank 2005: 10
- ▶ Change since 2003: +0.4

Canada ranks 10<sup>th</sup> overall in 2005. Canada's strongest contributions to the development of poor countries come through government support of technological innovation and dissemination, policies that promote productive investment in poor countries, and low barriers against developing country exports. But Canada's positive impact is lessened by its arms exports to undemocratic governments and its poor environmental record from the standpoint of developing countries.

COMMITMENT TO DEVELOPMENT INDEX, 2005



CANADA'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: 2.9**

► **Rank: 13**

### STRENGTHS

- Large amount of private charitable giving, attributable to tax policy (*rank as a share of GDP: 6*)

### WEAKNESSES

- Large share of tied aid (*47%; rank: 18*)
- Low net aid volume as a share of GDP (*0.24%; rank: 15*)

## 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: 7.3**

► **Rank: 3**

### STRENGTHS

- Low total aggregate protection of agricultural commodities (*rank: 4*)
- Low tariffs on agriculture (*rank: 4*)
- Low agricultural subsidies (*rank: 3*)

### WEAKNESSES

- High barriers against textiles (*rank: 20*)
- High barriers against apparel (*rank: 20*)
- High barriers against dairy products (*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: 7.6**

► **Rank: 2**

### STRENGTHS

- Provides wide official insurance coverage against political risk
- Employs tax-sparing arrangements to prevent double taxation of corporate profits earned abroad
- Provides official support for design of securities regulations and institutions in developing countries

### WEAKNESSES

NA

## 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: 4.9**

► **Rank: 11**

### STRENGTHS

- Large number of immigrants from developing countries entering Canada in 2003 (*rank as a share of population: 5*)

### WEAKNESSES

- Only a small increase during the 1990s in the number of unskilled immigrants from developing countries living in Canada (*rank as a share of population: 11*)

## 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: 4.3**

► **Rank: 18**

### STRENGTHS

- Few tropical wood imports (*rank: 1*)

### WEAKNESSES

- High greenhouse gas emission rate per capita (*23 tons of carbon dioxide equivalent; rank: 19*)
- Low gas taxes (*rank: 20*)
- High fishing subsidies (*\$25.63 per person; rank: 20*)
- No policy to regulate illegal timber imports

## 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: 17**

### STRENGTHS

NA

### WEAKNESSES

- No protection of global sea lanes
- Arms exports to poor and undemocratic governments (*rank as a share of GDP: 18*)

## 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: 6.3**

► **Rank: 1**

### STRENGTHS

- High tax subsidy rate to businesses for R&D (*25%; rank: 3*)
- No attempt to incorporate "TRIPS-Plus" policies in bilateral free trade agreements with developing countries

### WEAKNESSES

NA

## 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](http://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.

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For more information about the 2005 Commitment to Development Index, visit [www.cgdev.org/rankingtherich](http://www.cgdev.org/rankingtherich).

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