



David Roodman and Scott Standley

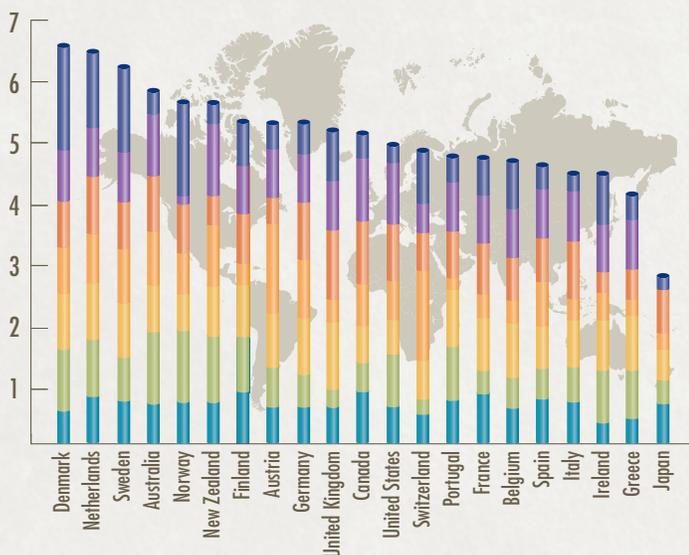
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

## Netherlands' 2005 CDI performance

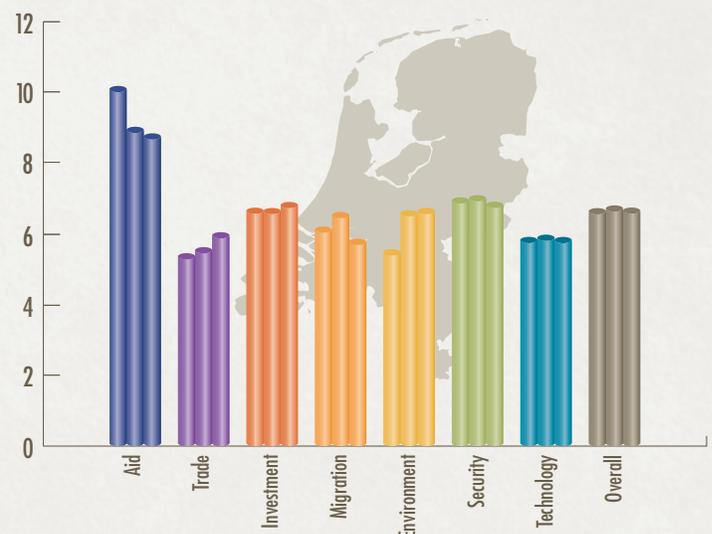
- ▶ Overall score: 6.6
- ▶ Overall rank 2005: 2
- ▶ Change since 2003: -0.1

The Netherlands ranks 2<sup>nd</sup> overall in 2005. The Netherlands places in the top third of CDI countries in all seven components. Its best score is on aid, as it gives a large amount of aid as a share of its income and the quality of its foreign aid program is high. The Netherlands also has policies that promote productive investment in poor countries and has made significant contributions to international peacekeeping and humanitarian interventions over the past ten years.

COMMITMENT TO DEVELOPMENT INDEX, 2005



NETHERLANDS' 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: 8.7**

► **Rank: 4**

### STRENGTHS

- Very high net aid volume as a share of GDP (0.78%; rank: 4)
- Strong on selectivity; large share of aid to poor recipients with democratic governments (rank: 6)
- Large amount of private charitable giving, attributable to tax policy (rank as a share of GDP: 7)

### WEAKNESSES

NA

## 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: 5.9**

► **Rank: 6**

### STRENGTHS

- Low barriers against textiles (rank: 3)
- Low barriers against apparel (rank: 3)

### WEAKNESSES

NA

## 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: 6.8**

► **Rank: 3**

### STRENGTHS

- Provides wide official insurance coverage against political risk
- Provides official support for design of securities regulations and institutions in developing countries
- Provides official support for outflows of portfolio investment

### 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: 5.7**

► **Rank: 7**

### STRENGTHS

- Large increase during the 1990s in the number of unskilled immigrants from developing countries living in the Netherlands (rank as a share of population: 6)
- Bears large share of the burden of refugees during humanitarian crises (rank: 5)

### WEAKNESSES

- Small share of foreign students from developing countries (49%; rank: 14)

## 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: 6.6**

► **Rank: 4**

### STRENGTHS

- Large decline in greenhouse gas emission rate between 1999-2003 (*average annual growth rate/PPP GDP, -3.5%; rank: 5*)
- High gas taxes (*rank: 3*)
- Low fishing subsidies (*\$1.86 per person; rank: 9*)

### WEAKNESSES

- High coffee imports (*8.8 kg per capita; rank: 17*)

## 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: 6.8**

► **Rank: 5**

### STRENGTHS

- Significant financial and personnel contributions during interventions in Bosnia, Kosovo and Afghanistan (*overall contribution rank over last 10 years as share of GDP: 7*)
- Military ships stationed in sea lanes important to international trade (*rank as a share of GDP: 3*)
- Few arms exports to poor and undemocratic governments

### WEAKNESSES

NA

## 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: 5.8**

► **Rank: 4**

### STRENGTHS

- High government expenditure on R&D as a share of GDP (*rank: 4*)

### WEAKNESSES

- Low tax subsidy rate for business R&D (*5%; rank: 12*)
- Offers patent-like proprietary rights to developers of data compilations, including those assembled from data in the public domain

## 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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