



David Roodman and Scott Standley

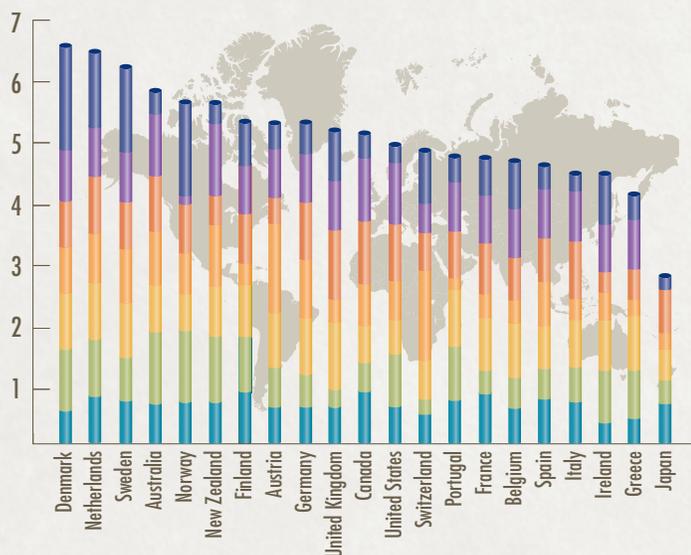
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

## Switzerland's 2005 CDI performance

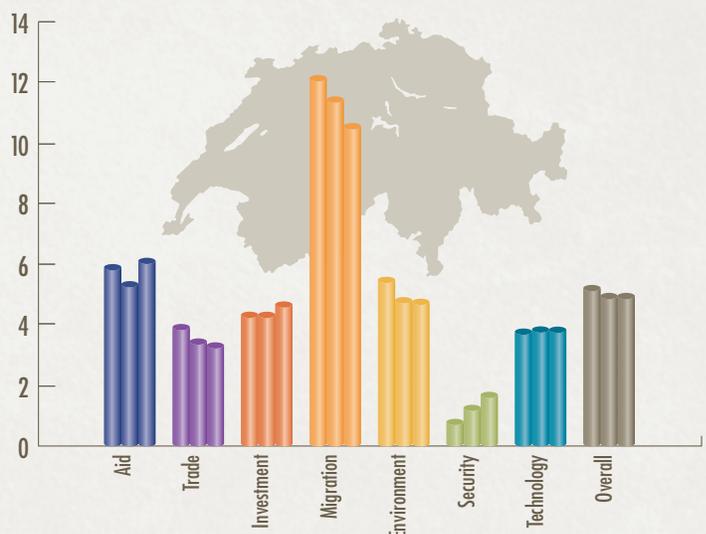
- ▶ Overall score: 4.9
- ▶ Overall rank 2005: 13
- ▶ Change since 2003: -0.3

Switzerland ranks 13<sup>th</sup> overall in 2005. Switzerland admitted many immigrants from developing countries in the 1990s and gives an above-average level of foreign aid for its size. But these contributions to development are offset by Switzerland's poor performance in all other CDI components. Switzerland is one of the smallest contributors to international peacekeeping operations, having only recently joined the United Nations, and sells arms to undemocratic nations. It also has high barriers to exports from developing countries, especially agricultural goods.

COMMITMENT TO DEVELOPMENT INDEX, 2005



SWITZERLAND'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: 6.0**

► **Rank: 5**

### STRENGTHS

- High net aid volume as a share of GDP (0.44%; rank: 5)
- Small share of tied aid (4%; rank: 8)
- Large amount of private charitable giving, attributable to tax policy (rank as a share of GDP: 4)

### WEAKNESSES

- Weak on project proliferation; funds many small aid projects (rank: 14)

## 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: 3.3**

► **Rank: 19**

### STRENGTHS

- Low barriers against textiles (rank: 2)
- Low barriers against apparel (rank: 2)

### WEAKNESSES

- High total aggregate protection of agricultural commodities (rank: 19)
- High tariffs on agriculture (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: 4.6**

► **Rank: 17**

### STRENGTHS

- Does not extend official insurance coverage against political risk to inefficient, import-substituting projects
- Has regulations to punish domestic bribe payers for actions abroad
- Provides official support for design of securities regulations and institutions in developing countries
- Provides official support for outflows of portfolio investment

### WEAKNESSES

- Official insurance coverage against political risk 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

## 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: 10.5**

► **Rank: 1**

### STRENGTHS

- Large increase during the 1990s in the number of unskilled immigrants living in Switzerland (rank as a share of population: 1)
- Large number of immigrants from developing countries entering Switzerland in 2004 (rank as a share of population: 6)
- Bears large share of the burden of refugees during humanitarian crises (rank: 3)

### WEAKNESSES

- Small share of foreign students from developing countries (34%; rank: 20)

## 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: 4.7**

► **Rank: 17**

### STRENGTHS

- Low greenhouse gas emission rate per capita (*7 tons of carbon dioxide equivalent; rank: 1*)
- Low consumption of ozone-depleting substances per person (*5 ODP metric tons; rank: 1*)
- No fishing subsidies (*rank: 1*)

### WEAKNESSES

- Only a small decrease in greenhouse gas emission rate between 1999-2003 (*average annual growth rate/PPP GDP, -1.2%; rank: 14*)
- Low gas taxes (*rank: 16*)
- No ratification of UN Fisheries Agreement
- Large number of endangered species imports (*rank: 19*)
- 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: 1.6**

► **Rank: 21**

### STRENGTHS

NA

### WEAKNESSES

- Small financial and personnel contributions to internationally sanctioned peacekeeping and humanitarian interventions (*overall contribution rank over last 10 years as share of GDP: 20*)
- No protection of global sea lanes
- Arms exports to poor and undemocratic governments (*rank as share of GDP: 16*)

## 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: 3.8**

► **Rank: 19**

### STRENGTHS

- High business expenditure on R&D as a share of GDP (*rank: 4*)
- Small share of government R&D expenditure on defense (*1.1%; rank: 7*)

### WEAKNESSES

- Low government expenditure on R&D as a share of GDP (*rank: 19*)
- Low tax subsidy rate to businesses for R&D (*-1%; rank: 17*)
- 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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