



David Roodman and Scott Standley

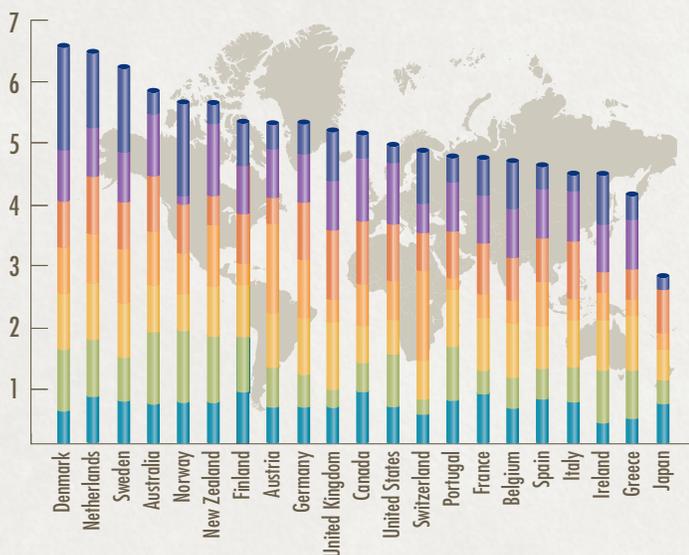
The Commitment to Development Index (CDI) ranks 21 of the world's richest countries based on their dedication to policies that benefit poor nations. Looking beyond standard comparisons of foreign aid flows, the CDI measures national effort in seven policy areas that are important to developing countries: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

## United States' 2005 CDI performance

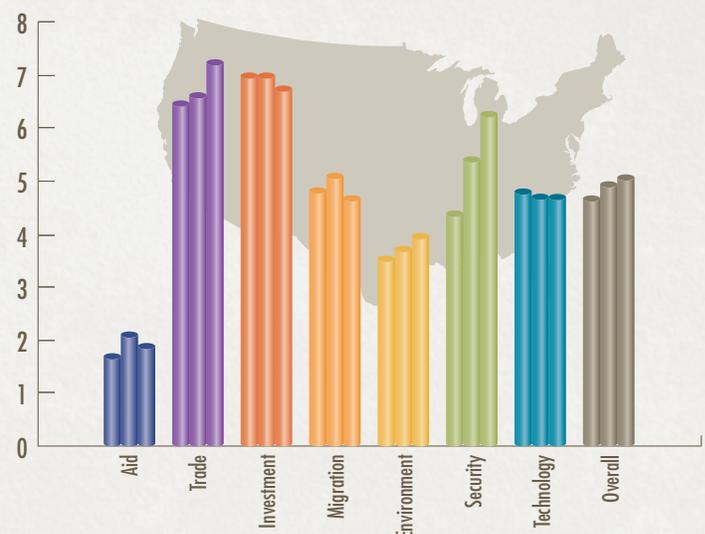
- ▶ Overall score: 5.0
- ▶ Overall rank 2005: 12
- ▶ Change since 2003: +0.1

The United States ranks 12<sup>th</sup> overall in 2005. U.S. barriers against developing country agricultural exports are lower than those of most CDI countries, and some U.S. policies promote healthy investment in poor countries. But the United States finishes near the bottom of the rankings in both the foreign aid and environment components. U.S. foreign aid is small as a share of its income and it "ties" a large share of this aid to the purchase of U.S. goods and services. The United States also has the lowest gas taxes and among the highest greenhouse gas emission rates per person. Along with Australia, it is one of only two CDI countries that have not signed the Kyoto Protocol.

COMMITMENT TO DEVELOPMENT INDEX, 2005



UNITED STATES' 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: 1.9**

► **Rank: 19**

### STRENGTHS

- Strong on project proliferation (*less than 1% of U.S. development projects cost under \$100,000; rank: 3*)
- Large amount of private charitable giving, attributable to tax policy (*rank as a share of GDP: 3*)

### WEAKNESSES

- Small net aid volume as a share of GDP (*0.14%; rank: 20*)
- Large share of tied aid (*72%; rank: 20*)
- Weak on selectivity; large share of aid to undemocratic and less poor governments (*rank: 17*)

## 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: 7.2**

► **Rank: 4**

### STRENGTHS

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

### WEAKNESSES

- High barriers against textiles (*rank: 19*)
- High barriers against apparel (*rank: 18*)

## 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: 6.7**

► **Rank: 5**

### STRENGTHS

- Participates in international anti-corruption agreements
- Provides official support for design of securities regulations and institutions in developing countries
- Provides official support for outflows of portfolio investment

### WEAKNESSES

- Limits official insurance coverage against political risk to nationally owned firms
- Has state 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: 4.7**

► **Rank: 12**

### STRENGTHS

- Large increase during the 1990s in the number of unskilled immigrants from developing countries living in the United States (*rank as a share of population: 5*)
- Large share of foreign students from developing countries (*77%; rank: 7*)

### WEAKNESSES

- Small number of immigrants from developing countries entering the United States in 2003 (*rank as a share of population: 16*)
- Bears small share of the burden of refugees during humanitarian crises (*rank: 16*)



## 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: 4.0**

► **Rank: 20**

### STRENGTHS

- Large decline in greenhouse gas emission rate between 1999-2003 (*average annual growth rate/PPP GDP, -2.4%; rank: 9*)
- Few tropical wood imports (*rank: 3*)

### WEAKNESSES

- High greenhouse gas emission rate per capita (*25 tons of carbon dioxide equivalent; rank: 20*)
- Low gas taxes (*rank: 21*)
- No ratification of Kyoto Protocol on climate change
- Large number of endangered species imports (*rank: 16*)
- No ratification of UN Convention on Biodiversity
- 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: 6.2**

► **Rank: 8**

### STRENGTHS

- Has the most military ships in the world stationed in sea lanes important to international trade (*rank as a share of GDP: 1*)

### WEAKNESSES

- Arms exports to poor and undemocratic governments (*rank as share of GDP: 19*)

## 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: 4.7**

► **Rank: 13**

### STRENGTHS

- High business expenditure on R&D as a share of GDP (*rank: 5*)
- High government expenditure on R&D as a share of GDP (*rank: 2*)

### WEAKNESSES

- Large share of government R&D expenditure on defense (*46%; rank: 21*)
- Allows patents on plant and animal varieties
- Allows patents on software programs
- Pushes to incorporate "TRIPS-Plus" policies in bilateral free trade agreements with developing countries
- 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](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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