

The Commitment to Development Index for the Czech Republic

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Abstract: This paper evaluates the Czech Republic's development friendliness towards developing countries and presents the first application of the Commitment to Development Index methodology for the Czech Republic. The Commitment to Development Index, published annually by the Center for Global Development for 22 developed countries, views the approach of developed to developing countries in a complex way and, for example, considers development aid as only one of its seven components. The other six components are trade, investment, migration, environment, security, and technology. The results reveal that the Czech Republic does relatively well in the environment and trade components, but not so well in the development aid and security component. The total results put the Czech Republic at 20th place out of 23 countries, which is below all the other evaluated member states of the European Union.

Keywords: development; developing countries; development economics; Commitment to Development Index; Czech Republic; public policy; evidence based policy

JEL classification: C43, C80, O20, O57, P30.

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1 Introduction

Reducing poverty is one of most important goals set by the international community and the commitment of developed countries to improve the conditions of developing countries seems quite strong.² Yet development aid should also be supported by other policies that seemingly have only a weak connection with development, when in fact³ most domestic policies of developed countries affect developing countries in one way or another.⁴

The objective of this article is to find out how the policies of the Czech Republic affect the developing countries. The evaluation is based on the Commitment to Development Index (the Index or the CDI) methodology that assesses developed countries in policies that influence developing countries.⁵ Our results will enable us to assess whether and how much the Czech Republic's score is comparable with countries already included in the Index. Furthermore, the strengths and weaknesses of the Czech Republic in this area should be used in evidence-based policy making.

The Czech Republic has quite recently undergone transformations similar in one way or another to those that any developing country experiences before becoming a developed country and, therefore, it might be an example for

² For example, in September 2000, 147 UN member states committed to achieving significant measurable improvements in people's lives by 2015 when they signed The Millennium Declaration.

³ Agricultural policy is a good example, as (OECD 2009) documents, with 65% of world's poor are directly or indirectly dependent on agriculture as a source of their income whereas in the OECD countries the share is only 10%. In a stark contrast, OECD farmers in 2006 received financial support of USD 268 billion, whereas the amount of total financial aid provided by OECD countries was only USD 104 billion.

⁴ In addition, good practice in policy of developed countries could, besides directly helping the developing countries, help indirectly and serve as a good example for the developing countries' policies.

⁵ Ideas behind both policy coherence for development and the CDI are similar, but CDI does not assess coherence as it does not punish countries for scoring high in one and low in the other field and it does not attempt to assess cooperation between different policies.

developing countries.⁶ Of course, this holds more for some eastern European or central Asian countries than African ones. Given its background, the Czech Republic could potentially bring new views on development cooperation as well as other policy areas that might be important for developing (and transition) countries.

The official development cooperation strategy of the Czech Republic put emphasis on other policies towards developing countries than just development cooperation. The conception also states that all policies should adhere to policy coherence for development as detailed for example in (OECD 2009).⁷ The Czech government should therefore pay even more attention to development goals when setting its policies in other areas, which is in line with the recommendations from some of the recent additions to the Czech development discussion such (Horký 2011) and as discussed also by (Profant 2011) or (Glopolis 2009).

The evaluation tool that we employ in this paper, the Commitment to Development Index, is a policy composite index created and annually updated by the Center for Global Development and by Foreign Policy magazine.⁸ The Index currently rates 22 developed countries (OECD DAC member states) and we use its 2010 edition.⁹ Unfortunately, the Czech Republic is not one of the

⁶ The Czech Republic graduated from the World Bank's financial assistance in spring 2006.

⁷ The other relevant documents are Conception for 2002-2007 and a Special Review of Czech international development co-operation that was conducted at the request of the Czech Ministry of Foreign Affairs in 2006 by the OECD Development Assistance Committee (DAC).

⁸ CDI is one of the policy indices that indicate phenomena that are not otherwise easily measurable or that need to attract attention of the wider public. For an overview of composite indicators see (OECD 2008) or (Saisana 2002). The number of composite indicators is rising as (Bandura 2008) mentions 178 indices, but the European Union joint research centre, (Institute for Protection and Security of the Citizen 2011), estimates the number of composite indicators to be over 600.

⁹ DAC is a group of world's main donors and its members excluding Luxemburg are assessed in the CDI: Australia, Austria Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, South Korea (introduced in the 2008 edition), Spain, Sweden, Switzerland, United Kingdom and United States

members of the Development Assistance Committee (DAC) which contributes to the Czech Republic not being included in the Index. We compute the Index for the Czech Republic for the first time.

The Index evaluates seven policy areas represented by seven components: aid, trade, investment, migration, environment, security and technology. Each of them is computed using many different data sets. Consequently the final Index is complex not only in the global approach, but also in its design and solves problems such as lack of data or absence of a theoretical model.¹⁰ The index has been criticized by many experts and officials from different countries. For example, the linear and equal weighting of the seven components used by the author, (Roodman 2010), has been challenged by (Sawada et al. 2004), (Chowdhury & Squire 2006) or (Stapleton & Garrod 2008), but the conclusion seems to be that the existing equal weighting is the best option.¹¹

The CDI as a well-established and internationally-respected indicator is suitable for an evaluation of the Czech Republic's policies towards developing countries. Based on the Czech Republic's international cooperation conception for years 2010-2017 and the international aid conception for years 2002-2007, one would tend to think that the Czech Republic should score well in environmental policy as environmental protection is stated as one of the main goals of development policy. Other important sectors listed in the strategy are security and migration. Development cooperation is not a priority and support of investment in developing countries is mentioned only marginally in the strategy. Since the Czech trade policy is interconnected with other EU countries, we expect that it should have this score very similar to other EU countries.

¹⁰ There is no theoretical model explaining what influence developed countries and their policies have on development in less developed parts of the world. The best option would be to compare domestic policies based on their effect on developing countries (Cassara & Prager 2005), but such an approach is not feasible due to a lack of comparable data and therefore a set of indicators is necessary.

¹¹ The equal weighting discussion seems less important when we consider that all components are not equally weighted in the end because the variations of different components differ.

The rest of the article is structured in the following way: We start with an overview of the components of the Index and accompany it with the discussion of computation and estimation for the Czech Republic. We then present and discuss the results of the Index for the Czech Republic. The last section concludes.

2 Methodology

In this section we discuss the seven components of the Index separately in each sub-section.

2.1 Aid

Development aid is the most explicit way of trying to help developing countries.¹² The component uses the quantitative as well as qualitative data on tying, selectivity, or project proliferation. The complete methodology is described in detail in (Roodman 2009) and based also on (William Easterly 2002). The CDI, instead of using the most common measure of aid, the official development assistance, creates the gross aid transfers defined as gross aid = (grants – debt forgiveness grants) + (the official development assistance loans extended – rescheduled debt).¹³ Debt forgiveness grants and rescheduled debts are excluded because the transfers of funds happened a long time ago and therefore do not reflect current policies. Moreover, a part of forgiven debts was uncollectible anyway and not all former loans served aid purposes. Also, debt service actually received on the official development assistance loans is netted out of gross aid transfers and the net aid transfers are used and computed: net aid = gross aid transfers – the official development assistance loans received – (interest received – interest forgiven).

¹² There are areas where aid evidently helps but there are also arguments over whether development experts have failed in finding ways how to achieve development through international financial aid (William Easterly et al. 2004).

¹³ Gross disbursements of grants and concessional (low-interest) loans for each donor (bilateral or multilateral) and recipient is often called the official development assistance.

(Roodman 2009) makes a number of adjustments to arrive at a quality-adjusted aid quantity. (Jepma 1991) estimates that tying raises aid project costs by 15–30%, which leads to a reduction in aid *value* of 13–23% and therefore for the inclusion in the CDI tied aid is discounted by 20% and partially untied aid is discounted by 10%. Furthermore all aid data except for those on emergency and aid to improve governance are multiplied by a selectivity weight so that they reflect the recipient’s appropriateness for aid. The selectivity weight consists of the country’s composite governance score¹⁴ and the country’s log GDP per capita. The idea behind this is that the poorer and better-governed countries are more appropriate for aid, which is similar to the argument in (Burnside & Dollar 1997). The result is then multiplied by another factor that reflects concerns the problem of project proliferation, donor fragmentation, and other problems connected with aid effectiveness. The discount factor is based on each donor’s average log project size.

The calculations are done for each donor recipient pair and then aggregated. The result is a quality-adjusted aid quantity for each country.¹⁵ Although the Czech Republic is not a DAC member country, the data on aid do follow most of the DAC methodology and are only less detailed and sometimes missing. Therefore, the aid component is the one where we have to make the largest estimation because of the lack of data. We did not calculate bilateral aid for every donor-recipient pair and used already aggregated numbers given by the authors of the Index (Roodman 2009). We have data on the allocation of Czech multilateral aid, but we are missing information about the share of the Czech contribution. Therefore, we considered the DAC burden sharing data for three years, computed the average budget and then found the share. We were able to

¹⁴ It is also called Worldwide Governance Indicators and it is a set of indicators introduced by (Kaufmann et al. 2009). The indicators measure six dimensions of governance: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption.

¹⁵ The CDI computes the aid for bilateral and multilateral donors separately and the quality-adjusted aid totals of multilaterals are then allocated back to bilateral pairs in proportion to the bilateral pairs’ net contributions to the multilateral agencies during the year.

use this method for two European institutions and the World Bank that form about 97% of the Czech contribution and we extrapolated for the remaining 3%.

The Index also rewards policies that encourage private charitable giving. To do so it estimates the proportional increase in giving caused by each country's fiscal policies, compare that to actual giving, and then estimates how much actual giving is a credit to the tax policy. There are two taxes that matters – tax incentives for charity and corporate tax or tax revenue/GDP ratio. The lower the ratio the more money companies have and can spend on charitable giving. The giving supported by the tax policy is discounted by the simple average of the quality discounts for bilateral pairs' own aid programs (i.e. 60%). and to compute this part for the Czech Republic, where we encountered problem with the original methodology due to the lack of data on private giving to non-governmental organizations.¹⁶

2.2 Trade

Trade policies of developed countries are very important for the developing ones if only because half of the developing countries' exports go to developed countries (Pugel 2009).¹⁷

The trade component as described in (Roodman 2010) and (Roodman 2005) consists of two main parts – aggregate measure of protection, weighted by 75%, and revealed openness, weighted by 25%. The first part estimates how tariffs, non-tariff measures and domestic subsidies would change if converted into ad-valorem tariffs. Tariffs and tariff equivalents are weighted using the value of

¹⁶ We employ the result (P. Krylová et al. 2012) got when they examined reports of NGO's that are members of the FoRS (Czech Forum for Development Cooperation) and estimated charitable giving for 2008 to be US\$9.95 million.

¹⁷ (Rodrik 2007) lists cases when countries with liberal trade policies stagnated and countries with illiberal ones grew at very quick pace, but in the long run in majority of cases the situation with freer trade is better than it was before. Some economists, such as (W. Easterly 2003), consider trade more important than development aid.

exporters' production. This method increases the importance of highly protected sectors.¹⁸

For the Czech Republic we converted subsidies to ad valorem tariffs in the same way as (Roodman 2005), using the formula derived by (Cline 2002) in an effort to find a uniform ad valorem tariff level that would have the same impact on imports as a given production subsidy. The Czech Republic has effectively the same level of protection as other EU countries because all the EU countries have common tariffs and differ only in agricultural subsidies. Despite the differences in the agricultural subsidies, the final protection scores of different EU members vary only little.

The second part of the component focuses on revealed trade openness and measures import from developing countries as a share of the importer's GDP¹⁹ It is again the same for all EU member countries in order to deal with the so called Rotterdam effect, when Dutch scores can be high because of their ports serving as points of entry for other countries.

2.3 Investment

Foreign investment can bring not only capital but also new technologies, better productivity, and knowledge about management and human resource allocation.²⁰ The Investment component, as detailed by (Moran 2006) and

¹⁸ To minimize the influence of existing tariffs authors have made the aggregation of Harmonized System 6 lines in three steps. First countries within a region were weighted by exchange-rate GDP. Then regions were weighted by the value of exporter's (whole region's) production in each product category. Finally product groups were aggregated using again the weighting by the value of exporter's (again whole region) production.

¹⁹ Usually, the import per GDP ratio is bigger for smaller countries and smaller for big ones. There is no such relationship for imports from developing countries (Cline 2002) therefore by using this indicator countries are not punished for being small.

²⁰ This all can help domestic companies that can consequently support economic growth and developing countries do attract investors using various fiscal, financial or other incentives (Gergely 2003). Nevertheless this is not universal recipe for growth and much depends on situation in developing country and its ability to absorb the investments as discussed in (Thirlwall 2006).

(Roodman 2010), includes 20 questions assessing whether country is doing what it can to assure that the foreign direct investment of its companies will be beneficial. For each question there are plus or minus points to be assigned. Questions are divided into five groups: Official provision of political risk insurance, Procedures to prevent double taxation of profits earned abroad, Actions to prevent bribery and other corrupt practices abroad, Other measures to support foreign direct investors in developing countries, Policies that affect portfolio flows.

2.4 Migration

Globalization and technological development have made transportation easier in the last few decades and immigration waves are often too big to be easily absorbed. Consequently immigrants may end up in worse conditions than in their home country. That is only one of the reasons why the CDI both remunerates and at the same time punishes countries for having liberal migration policies.²¹ The positive view sees migration as a chance for people from developing countries to get a job or an education in a developed country and send back money or in case of education return to their own country to help their society. (Clemens 2011) documents some of the most important benefits of migration. The basic logic behind the negative view is very similar: it does not include any returning and not much sending back. It is called brain drain. However, even this kind of emigration can have a positive effect on the host country since it raises expected returns to education and therefore the motivation to study (Mountford 1997). The discussion is without a firm conclusion. Developing countries rarely publish data on migration flows and developed countries often undercount it because of significant level of illegal immigration (Adams 2005). Therefore, using different or improved dataset (Dumont 2010) can change the results quite substantially, especially for tertiary education,.

²¹ The acceptance of refugees that were under persecution in their home country or fled because of war is an important part of international solidarity and is always rewarded by the CDI.

The component based on (Roodman 2010) consists of five parts. Two of them - change in net stock of unskilled non-DAC Immigrants between 1990 and 2000 and gross inflow of immigrants from non-DAC countries - are each weighted by 32.5%, and further adjusted for the poverty in the country of origin of the immigrant.²² The share of foreign students from non-DAC countries in the total number of foreign students is weighted by 10%, the level of tuition paid by foreign students has the weight of 5%.²³ The final 20% comprises of a simplified version of the UNHRC index, which is computed as the sum of the number of refugees hosted domestically, the number of other people “of concern” to UNHCR, such as those internally displaced, and the number of asylum applications, all in relation to the receiving country’s GDP.²⁴

2.5 Environment

The environment is a major issue for many developing countries and not only those that have rich natural resources or low altitude. On the one hand, strict regulation in developed countries may reduce the level of, for example, pollution produced by the country. On the other hand, it may also mean that producers will move to states with less strict rules, that is mainly developing countries and

²² There are two similar indicators because there is lack of data for one that would provide sufficient information. Net stock difference distinguishes between skilled (with tertiary education) and unskilled (lower than tertiary education) immigrants and includes illegal migration. Unluckily the data are old and do not reflect current policies. The most recent data available are used for the flow indicator on the other hand it does not distinguish between skilled and unskilled immigrants. That is a problem as authors consider unskilled migration as a good one whereas skilled as neutral or even bad.

²³ A rate of non-DAC students per whole population would be better indicator of total approach of developed countries as this measure will highly favour countries with commonly spoken languages. Difficult language is a barrier for students but it does not depend on any policy decisions. Therefore the share of foreign students from non-DAC countries on foreign students is taken as a measure. The measure concerning tuition fee simply punish countries whose universities charge higher fee to foreign than to home students.

²⁴ UNHCR is UN refugee agency and collects data on refugees, asylum seekers and other people of concern. The authors of CDI are probably referring to one of Indicators of host country capacity and contributions Refugees to GDP per capita. (UNHCR 2010)

which will lead to a “race to the bottom” and a worse final outcome than without any regulation (Wheeler 2001).

The environment component consists of three categories: Global Climate, Fisheries and Biodiversity and Global Ecosystem. The part assessing Global climate accounts for 60%, and is based on (Cassara & Prager 2005). It focuses on preserving the ozone layer.²⁵ It includes Greenhouse gas emissions per capita plus the carbon equivalent of fossil fuel production, the change in greenhouse gas emissions per unit GDP for the last 10 years, Consumption of ozone-depleting substances per capita, Ratification of the Kyoto Protocol and Gasoline taxes in PPP dollars per liter.²⁶ Fisheries have 10% weight on the environment component and it favors countries that do not encourage overexploitation of fish stocks by subsidizing fisheries and those that support the idea of sustainable fisheries. The two measures of this are: fishing subsidies per capita and ratification of the UN convention on fisheries.²⁷ Biodiversity and global ecosystems, 30% of the total, is a problematic part with respect to available data and therefore it only assesses the completeness of required reporting to multilateral treaties relating to biodiversity and it punishes late submission of reports and non-participation on treaties included.²⁸

2.6 Security

The security component is very controversial. It is clear that peace and stability are necessary conditions for development and that policies helping to restore or

²⁵ Different GHG are expressed as carbon dioxide equivalents. They are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulfur hexafluoride (SF₆).

²⁶ The importance of first four indicators for developing countries is obvious. The fifth - Gasoline taxes stand for energy taxation and the logic behind including it is simple. Higher taxes mean higher price and therefore preference for energy-saving technologies and products.

²⁷ The UN convention in question is “United Nations Agreement for the Implementation of the Provisions of the United Nations Convention on the Law of the Sea relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks”.

²⁸ CITES, the Convention on Biodiversity (CBD), the Convention on Migratory Species, and the Ramsar Convention on Wetlands of International Importance

preserve stability in poor countries can be significantly beneficial. But the problem is that it is extremely difficult to decide when the intervention is needed because even the best intentions may run ill. Therefore the Index takes into account only peacekeeping and humanitarian actions and interventions. The authors of the Index decided to include only interventions endorsed by international bodies such as the UN Security Council, NATO, or the African Union.

The component is computed based on (Roodman 2010) and (O’Hanlon & Albuquerque 2004), using spending on peacekeeping and humanitarian interventions, spending on sea lines protection. It also includes penalty for arms exports. The Security component includes average dollar contributions to the UN peacekeeping budget, annual average direct and indirect costs of personnel contributions to peacekeeping operations run by the UN and those not run by the UN but with an international approval. All costs are discounted using 7% per annum discount rate because the CDI evaluates policies now and not ten or more years ago. Protected and safe ocean trade lines enable better trading possibilities for developing countries. The indicator is computed as a fraction of a country’s Navy ships typically deployed for such purposes multiplied by the country’s navy budget per the country’s GDP. The argument for punishing arms exports to developing countries may seem straightforward, but not all exports are bad since, for example, a well-equipped police force can help promote stability and security. Exports of arms to non-DAC countries are weighted according to a formula including the (Kaufmann et al. 2009) index on voice and accountability and the recipient country’s military expenditures and GDP per capita.

2.7 Technology

Technology is arguably the channel with the greatest influence of developed on developing countries (Bannon & Roodman 2004). There are two main policies of developed countries that have an impact on developing countries: development of new technologies through government support for R&D and limits on technology diffusion through intellectual property rights protection.

The technology component, weighted by 67%, rewards direct government R&D performed either by public agencies or by private parties contracted by the government. R&D in certain fields of study is discounted by 25% as it is less useful for developing countries —namely in agriculture, energy, and industrial development. Military R&D is discounted by a half. Then there is an estimate of the subsidy value of tax incentives for private R&D. This is in the form of a simple average of the rates of the OECD “B index” for small and large companies. The B index measures the rate of tax subsidization for business expenditures on R&D. It can be either positive as in the case of subsidization or negative in the case of taxation. This part of the component also takes into account business expenditures on R&D.

Intellectual property rights are governed by the Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement that sets minimum standards for IPR protection for all WTO member countries. This part, suggested by (Picciotto 2005) and (Maskus 2005) and weighted by 33%, punishes a higher level of protection than the one given by the agreement because it may prevent developing countries from benefitting from new technologies. There are penalties divided into three groups: patent coverage (20% weight), lack of certain limitations (exceptions) on patent rights (30%) and other IPR extension (50%).

3 Empirical results

When computing the CDI for the Czech Republic, we make several compromises, that are described above for each of the components of the Index.²⁹ These compromises are due mostly to the lack of data. The final Index is standardized using the mean of the scores of previously included countries. In

²⁹ In some cases data for the Czech Republic are not available from the same source or year as the data for other countries and in some other cases data were missing and estimations are made.

cases when qualitative measures are included in a component, we try to find as much information as possible to decide what score to assign.³⁰

Table 1 and 2 show the scores and statistical properties of the Commitment to Development Index and its components for 2010 with the Czech Republic added on the basis of our computation and estimation, respectively. The higher the scores, the better are the policies towards developing countries and vice versa on the scale from around 0 to around 10. The results are based on the CDI methodology for all countries except for the Czech Republic, which is computed using the augmented methodology explained above.

The overall results of the CDI Index show that Czech efforts to help developing countries are relatively low, but still comparable with DAC countries. The Czech Republic finds itself 20th e out of 23 countries with the total score of 4.4, not far below the worst EU member country Greece. Moreover, the Czech Republic does not place the last in any component.³¹

The Czech Republic scores above average in two components, the environment and trade. In case of trade it is mainly caused by the common EU tariff policy and the low level of agricultural subsidies that are the measure that differentiate EU member countries in this component. The high score in the environment component is more interesting because it is actually influenced by the relatively environment-friendly policies. However, the design of the component also suits the Czech Republic rather well since it has no fishing subsidies, it has experienced a drop in CO₂ production since 1990 and has high gas taxes.

³⁰ While computing all parts of the Index for the Czech Republic we got to understand the methodology as well as its absurdities very well. For instance, the final index for one year is using at least four different GDPs from two data sources from various years. Moreover there is a problem with the existence of EU in the design of the index and its consequences that often end in similar results for EU countries and therefore not reflecting their policy efforts.

³¹ Also, it can be argued that the results of the CDI for the Czech Republic indicate the extent to what it is a developed country since (Faust 2008) finds significantly strong relationship between quality of democracy and institutions in given developed country and its overall score in CDI.

In two other components, technology and migration, the Czech Republic scores higher than its total score. In the case of technology the Czech Republic scores average or slightly below average in all components, and even government R&D expenditures relative to GDP are not extremely low. The scores inside the migration component are more varied and the Czech Republic scores low in refugee burden sharing. This is caused by the low popularity of the Czech Republic among immigrants and the fact that it is rarely the country through which refugees enter the EU. On the contrary, the Czech Republic scores very well in the case of the share of foreign students from non-DAC countries mainly because Slovakia does not belong to DAC countries. Slovak students form 68% of all foreign students in the CR, students from other non-DAC countries represent other 25%. When Slovakian students are not included the score in this sub component decreases and the CR ranks last among the included countries.³² The indicator of the stock change of immigrants between 1990 and 2000 also favors the Czech Republic because in 1990 the total number of foreigners was very low.

The comparatively low score in the investment component is indirectly caused by a low level of foreign direct investment outflow. The low level of foreign direct investment outflow is currently associated with the rules that are not very well designed.³³ Although the conception of the development cooperation of the

³² Sub component score becomes 2.2 (instead of 5.4) and migration component score 4.0 (4.5) but the overall CDI score does not change as the small change is rounded up in total. Score mentioned in all tables and computations is the one including Slovak students as the Index for the Czech Republic was computed as if the Czech Republic was DAC member country, *ceteris paribus*. This approach is not ideal as for example Czech students studying in DAC countries are included in statistics of other countries but for simplicity turned out the best. This is also one of the major reasons why the Center for Global Development hesitates to include new countries to the Index - it would be difficult to compute components like this with a different group of countries since they would have to change methodology or compute again all the previous results.

³³ Nevertheless the score still might be understated because of the methodology and indicators used. For example, the CDI does not consider the amount of foreign direct investment that countries attract themselves. In case of the Czech Republic the inflow of foreign

Czech Republic recognizes security as one of its development priorities, the security score is relatively low. One possible explanation is that politicians do not really consider security issues – both generally and in relation to developing countries - their priority. The Czech Republic also does not fully control the destination of its arm exports and some supplies end up in countries that violate human rights.³⁴

The Czech Republic scores the lowest in the aid component, which is caused mainly by the low absolute level of aid, both official and private. Interestingly, the adjusted multilateral aid is more than twice the bilateral whereas in reality they are approximately the same. This would suggest that the quality of Czech bilateral aid is below the quality of aid provided by multilateral organizations, mainly the European Commission which has the biggest share of the Czech multilateral aid.

4 Conclusion

For the first time, this paper introduced the Commitment to Development Index for the Czech Republic and showed that even though the Index cannot be compared to most DAC countries concerning financial aid, it is comparable in the overall approach to developing countries. Using the 2010 edition of the Index, the Czech Republic ranks 20th out of 23 countries overall, and ranks between 5th (environment) and 21st (aid) place in individual components. We would be interested in the scores of other countries of Central Europe or the Baltic countries because their score would enable us to assess the efforts of the Czech Republic in comparison to other newly developed countries.

A potentially good sign might be that the importance that the Czech development policy gives to environmental issues is accompanied by a high

direct investment is more than eight times bigger than the outflow and this difference is bigger than for all countries included in the Index. Arguably, in some cases the Czech Republic could actually be attracting foreign direct investment that could have ended in developing countries.

³⁴ For example in 2007 the Czech Republic exported arms to Ethiopia and according to Amnesty International there is reason to believe that they might have actually ended in Somalia.

Index score. Nevertheless the design of the component favors the Czech Republic in such a way that a proper inference cannot be made. Even though the Czech Republic takes security as one of its priorities, the score does not confirm this and the Czech Republic should, for example, improve the monitoring of the final destinations of Czech arms exports.

Overall, we find the Index a useful tool and we think that it is a pity that only DAC member countries are included in the Index. Although we understand that including other countries is not possible mainly because of the lack of data³⁵, the example of the Czech Republic shows that even the newly developed countries could score well in some parts of the index and not bad on average. Inclusion of less developed countries could even augment the motivation effect of the Index for the currently included countries. We believe that hardly any country would be happy if it scored below the Czech Republic or another country from the former Eastern bloc. Even more importantly, for the newly developed countries the comparable scores could serve as an encouragement to further improve policies towards developing countries. This article brings for the first time the results of the Commitment to Development Index for one of the Central or Eastern European countries and therefore it is the first step in the right direction.

³⁵ In addition, the design of some measures in components like migration or security, which consider all non DAC member countries as developing, would cause problems. If these components were left as they are inclusion of other countries would bring some absurdities (for insight see note nb. 32 concerning share of non-DAC students).

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Table 1: Commitment to Development Index for 2010 with the Czech Republic. Source: Authors and Centre for Global Development.

Rank	Country	Aid	Trade	Investment	Migration	Environment	Security	Technology	Overall
11	Australia	4,0	7,5	6,2	3,9	4,0	7,2	5,0	5,4
11	Austria	3,3	6,0	2,8	10,8	6,0	4,1	5,0	5,4
14	Belgium	6,7	6,0	5,6	3,7	7,0	1,5	4,8	5,1
9	Canada	5,1	7,1	6,2	5,9	3,2	5,4	5,8	5,5
20	Czech Republic	1,5	6,3	4,1	4,5	6,9	2,8	4,9	4,4
2	Denmark	13,1	5,9	4,7	5,7	6,3	6,2	5,7	6,8
6	Finland	6,3	6,3	5,0	3,4	7,9	6,0	5,4	5,8
17	France	4,6	6,1	5,2	3,1	7,1	2,0	6,0	4,9
14	Germany	3,8	6,1	6,4	5,4	6,7	3,2	4,4	5,1
19	Greece	2,9	6,0	4,1	6,5	5,8	5,3	2,7	4,7
6	Ireland	10,4	5,9	3,1	5,8	6,2	5,4	3,7	5,8
18	Italy	2,7	6,2	5,5	3,3	6,3	4,8	4,4	4,8
22 (21)	Japan	1,1	2,4	4,6	1,8	5,2	2,2	6,0	3,3
3	Netherlands	12,5	6,4	6,1	4,6	6,7	6,0	4,9	6,7
5	New Zealand	3,8	8,1	4,7	6,0	6,7	8,4	4,9	6,1
4	Norway	11,4	1,2	6,5	7,8	5,7	6,6	5,3	6,4
8	Portugal	3,5	6,2	5,4	4,5	6,3	5,7	7,3	5,6
23 (22)	South Korea	1,1	3,0	5,8	1,0	2,7	1,8	6,5	3,1
9	Spain	5,7	6,2	6,0	5,5	5,8	2,9	6,5	5,5
1	Sweden	13,6	6,2	5,7	8,8	6,2	4,0	4,4	7,0
21 (20)	Switzerland	5,3	0,6	4,6	6,6	6,2	2,9	2,8	4,1
16	United Kingdom	6,1	6,0	6,2	3,4	7,1	1,7	4,4	5,0
11	United States	2,8	7,3	4,9	4,6	3,6	9,9	4,9	5,4

Table 2: Statistical properties of the results of the Commitment to Development Index for 2010 with the Czech Republic. Source: Authors and Centre for Global Development

	Aid	Trade	Investment	Migration	Environment	Security	Technology	Overall
Average (incl. the Czech Republic)	5,7	5,6	5,2	5,1	5,9	4,6	5,0	5,3
without the Czech Republic	5,9	5,6	5,3	5,1	5,8	4,7	5,0	5,3
Standard deviation (incl. the Czech Republic)	3,8	1,9	1,0	2,1	1,3	2,2	1,1	1,1
without the Czech Republic	3,7	1,9	1,0	2,2	1,3	2,2	1,1	1,0
Lowest value	1,13	0,6	2,8	1,0	2,7	1,5	2,7	2,6
Lowest country	Japan	Switzerland	Austria	South Korea	South Korea	Belgium	Greece	
Highest value	13,6	8,1	6,5	10,8	7,9	9,9	7,3	7,0
Highest country	Sweden	New Zealand	Norway	Austria	Finland	United States	Portugal	
Weight	1,00	1,00	1,00	1,00	1,00	1,00	1,00	

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