

## **Failed and Fragile States**

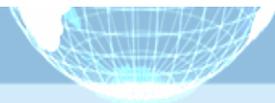
### **A Concept Paper for the Canadian Government**

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## About CIFP

Since 1997, CIFP has been working with the Canadian government and its international partners to develop effective policies for responding to intrastate conflict. In the last five years, CIFP has broadened the scope of its activities beyond its initial focus on country level, structural indicator-based conflict risk assessment. The project has developed a private sector component, which includes a methodology for evaluating the role that companies play in and around conflict. Training is another capability CIFP has sought to develop. The project has been engaged in a number of training exercises aimed at teaching analysts, typically in developing countries but also within Canada, how to employ an integrated risk assessment and early warning methodology.

In 2005, the project embarked on an initiative in response to the significant challenge posed by fragile and failing states, particularly in the face of continuing emphasis on streamlining aid effectiveness. In addition to assisting the development community to identify, assess, and monitor fragile states, CIFP is addressing the government's need for guidance on focusing their efforts, identifying lead departments, relevancy and impact assessment and evaluation.

### CIFP Work to Date

- ◆ **Phase 1:** The initial stage of the project, when the first set of conflict risk assessment indicators was identified, a web presence was established, and partnership and outreach activities were initiated (1997-1999).
- ◆ **Phase 2:** The initial conflict risk assessment template was developed and networking and activities were solidified. CIFP's relationship with the FEWER network led to a pilot project implemented in two regions to test the CIFP methodology and the development and operationalization of CIFP's training techniques (1999-2000).
- ◆ **Phase 3:** The third phase of the project should be understood as a strengthening and consolidation phase. The project's web presence was revised to make it more user friendly, several risk assessment reports were generated, CIFP expanded its outreach and training activities and number of training sessions were conducted (2001-2003).
- ◆ **Phase 4:** Phase four can be considered a phase of consolidation and development. CIFP team members are actively engaged in networking and outreach activities to strengthen existing partnerships and explore new opportunities. CIFP has introduced a new division into its structure designed to expand its activities and clientele in the private sector. Increased awareness has enhanced CIFP's reputation as a valuable source of information and research and an increase in the demand for training workshops (2003-present). CIFP's unique methodology for the identification and analysis of conflict potential makes it a leader in the field of risk assessment. Our goal is to facilitate informed and timely decision-making in foreign policy and business and serve as an educational tool for those working in the field of conflict prevention. To fulfill these objectives, CIFP engages in a continuously expanding range of activities: collecting and analysing data; conducting research; producing risk assessment reports, watchlists, and country briefs; and engaging in regional, national, and sub-national monitoring. Over the last four years, over three thousand individuals, organizations, think tanks and Universities have registered on the project's website.

## Executive Summary

CIFP has been tasked by the Canadian international Development Agency (CIDA) to assist in the development of a number of wide-ranging tools that encompass, among other things, the monitoring, forecasting and evaluation of failed and fragile states, as well as the assessment of supporting policies intended to address the challenges they represent.

This document specifies how such tools can be used to:

*Assist the Canadian government in resource allocation;*

*Improve whole-of-government approaches to state fragility and failure;*

*Develop comprehensive country-specific engagement strategies; and*

*Enhance information-sharing with allies and partners within multilateral fora.*

More generally, the purpose of the CIFP Failed and Fragile States project is to:

*Provide guidance to the Canadian government, private sector, and NGO community regarding potential action in failed and fragile states;*

*Identify and adapt new information technologies that can provide reliable and timely early warning and risk analysis capability;*

*Draw on the expertise of CIFP analysts and a network of capabilities across Canada to improve the quality of CIFP's state fragility methodology, research, and findings; in turn, utilize these enhanced CIFP resources to create a network of research capabilities across Canada focused on failed and fragile state analysis and policy;*

*Develop the methodological basis for an indicators-based early warning and risk assessment capability; and*

*Integrate Canadian capabilities into a global network of early warning and risk assessment capabilities.*

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Once supported by CIDA's Executive Committee, this Concept Paper will be recommended as a Government of Canada Discussion paper and be tabled as such with the START Advisory Board.

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<sup>1</sup> With additional support from Adam Fysh, Liz St Jean, Kate Press, Aleisha Arnusch, Aleisha Stevens, and Sarah Houghton.





## I - Current Policy on Failed and Fragile States

With the passing of the Cold War as the primary threat to international order, failed and fragile states have emerged as perhaps the greatest threat to international security and stability. Noted academics and policy makers alike have drawn attention to the complex relationship between state failure and both poverty and terrorism.

Michael Ignatieff characterizes weak and collapsing states as the chief source of human rights abuses in the post-Cold War world.<sup>1</sup> James Wolfensohn, formerly of the World Bank, calls for a global strategy that includes measures designed to address “the root causes of terrorism: those of economic exclusion, poverty and under-development.”<sup>2</sup> Others note the mutually reinforcing nature of poverty and state failure: weak governments deprive the poor of the basic means of survival even as the desperately poor are forced to engage in illicit activities such as drug production in order to survive.<sup>3</sup>

11 September 2001 fundamentally altered Western nations’ approach to failed states. Disengagement disappeared as an option as Western nations in general, and the US in particular, came to equate their own national security with stability and order in the world’s poorest and poorest-governed regions. The goal would no longer be purely developmental, but also related to security at the local, regional, and global levels as well.<sup>4</sup>

Though the concept of state failure is relatively new, it has quickly established itself as an indispensable part of the international lexicon.

Variously characterized as difficult partners,<sup>5</sup> difficult environments,<sup>6</sup> fragile states,<sup>7</sup> Low

### Are failed and fragile states a security risk? Yes – in different ways.

1. They are a risk to their people because:
  - They lack capacity, resulting in a lack of basic security;
  - They lack governance, resulting in the inefficient and inequitable distribution of public goods; and
  - They lack control over violence within their territory, resulting in further division and weakness, and the diffusion of conflict from other jurisdictions.
2. Failed and Fragile States are vectors for transnational threats and global problems because:
  - They lack capacity to prevent the transmission of diseases such as avian flu;
  - They are unable to control the transmission of AIDS;
  - They host base-camps for transnational criminal networks;
  - Their weak border control provides opportunities for human, drug trafficking, and other forms of smuggling; and
  - Their internal conflicts create refugee flows that upset the demographic balance of neighbouring states.
3. Failed and fragile states are regional and international risks because:
  - They are more likely to engage in risky behaviour in violation of international laws, rules and principles;
  - They provide support for the diffusion of weapons of mass destruction;
  - They engage in hostile interactions with their neighbours;
  - Their weakness attracts foreign intervention; and
  - Their diaspora groups may become conduits of conflict diffusion and contagion.

<sup>1</sup> Michael Ignatieff, “Intervention and State Failure”, *Dissent*, Vol. 49, No. 1 (2002), 115.

<sup>2</sup> James Wolfensohn, “Making the World a Better and Safer Place: The Time for Action is Now”, *Politics*, Vol. 22, No. 2 (2002) 118.

<sup>3</sup> Jessica West, “Concept Paper: Fragile States and Poverty”, unpublished research paper for CIDA (February 2005).

<sup>4</sup> See for example the policy of the United States Government, “The National Security Strategy of the United States of America,” (Washington D.C.: The White House, 2002), available, <<http://www.whitehouse.gov/nsc/nss.html>>. Some recent research suggests that aid decisions have become even more politicised since 11 September 2001. See for instance Mark McGillivray, “Aid Allocation and Fragile States,” Background Paper for the Senior Level Forum on Development Effectiveness in Fragile States, 13-14 January, 2005, available: <[www.oecd.org/dataoecd/32/43/34256890.pdf](http://www.oecd.org/dataoecd/32/43/34256890.pdf)>.

<sup>5</sup> OECD, “Poor Performers: Basic Approaches for Supporting Development in Difficult Partnerships – Note by the Secretariat”, OECD DAC, (November 2001), available: <[www.oecd.org/dataoecd/26/56/21684456.pdf](http://www.oecd.org/dataoecd/26/56/21684456.pdf)>.

<sup>6</sup> Magüi Moreno Torres and Michael Anderson, “Fragile States: Defining Difficult Environments for Poverty Reduction”, PRDE Working Paper, No. 1, (August 2004), available: <[www.oecd.org/dataoecd/26/56/21684456.pdf](http://www.oecd.org/dataoecd/26/56/21684456.pdf)>.

<sup>7</sup> Jack Goldstone et al., State Failure Task Force Report: Phase III Findings, (McLean, VA: Science Applications International Corporation (SAIC), 2000), available: <<http://www.cidcm.umd.edu/inscr/stfail/>>.

Income Countries Under Stress (LICUS),<sup>8</sup> poor performers,<sup>9</sup> weak performers,<sup>10</sup> failing and/or failed states,<sup>11</sup> and countries at risk of instability,<sup>12</sup> the phrase encompasses a number of partially overlapping, yet analytically distinct concepts regarding vulnerability.

**Are conflict and failure related? Sometimes, often indirectly.**

1. When properly channelled, non-violent conflict is a normal facet of political and social life in all states.
2. Organized large-scale violence on the other hand is present in many fragile states, though it is often a symptom of fragility rather than a cause.
3. Violent conflict is too narrow a lens through which to understand why states become fragile and why some fail. It is one facet of the much broader phenomenon of state fragility.
4. Violence is a poor trigger for international response. By the time it does erupt, it is usually too late to respond effectively except through costly operational responses such as military intervention.

Operationalization issues are obviously problematic when dealing with a class of events that are relatively rare, politically sensitive, ill-defined, and poorly understood. State failure, the overarching concept, is defined by the CIA's State Failure Task Force (now known as the Political Instability Task Force) as the collapse of authority of the central government to impose order in situations of civil war, revolutionary war,

genocide, politicide, and adverse or disruptive regime transition. The Task Force definition weights conflict and governance factors significantly in its analysis and as a result, its key concern is with questions of instability. For its part, the recently released Human Security Report does not tackle the question of state failure. However, over the last decade, the research programmes on which the Report draws have documented both the decline of organized political violence and the reasons for it.

Over the last seven years, various reports from the Center for International Development and Conflict Management, the Stockholm International Peace Research Institute, and the Peace Research Institute of Oslo have shown that large scale violence is in decline globally. These reports indicate that the world is now a less risky place to live for a majority of the world's population than it had been at the end of the Cold War. Three positive trends contributed to this transformation.

First, the number and magnitude of armed conflicts within and among states significantly decreased after the early 1990s. Second, ethnic groups are gaining greater autonomy and power globally. Third, democratic governments now outnumber autocratic governments two-to-one and continue to be more successful in resolving violent societal conflicts.

Thus far, efforts at government-to-government collaboration on human security policy have been modest. The human security agenda has encompassed a broad range of issues but remains at the periphery of most states' core concerns. Issue-based approaches to human security provide no real sense of priority or an appreciation of what matters most.

The consequences of the failure to develop and apply a comprehensive approach to human security are clearly visible. The majority of sub-Saharan African states have only limited capacity and authority to effectively address threats to individuals. These efforts are consistently undermined by a host of domestic political and governance factors, armed conflict, weak international linkages, demographic instability, poor economic growth, environmental degradation and low human development.

If they are to have any significance, human security policies will require a multifaceted

<sup>8</sup> World Bank, "World Bank Group Work in Low-Income Countries Under Stress: A Task Force Report" World Bank LICUS Task Force, (September 2002), available:

<[www1.worldbank.org/operations/licus/documents/licus.pdf](http://www1.worldbank.org/operations/licus/documents/licus.pdf)>.

<sup>9</sup> AUSAid, "Australian Aid: Investing in Growth, Stability and Prosperity", AUSAid, (September 2002), available:

<[http://www.ausaid.gov.au/publications/pubout.cfm?Id=6624\\_6294\\_3682\\_4822\\_1275](http://www.ausaid.gov.au/publications/pubout.cfm?Id=6624_6294_3682_4822_1275)>.

<sup>10</sup> Asian Development Bank, "ADB's Approach to Weakly-Performing Developing Member Countries", Discussion Paper for the Asian Development Fund (ADF) IX Donors' Meeting, (March 2004), available: <[www.adb.org/Documents/Reports/ADF/IX/weakly\\_performing.pdf](http://www.adb.org/Documents/Reports/ADF/IX/weakly_performing.pdf)>.

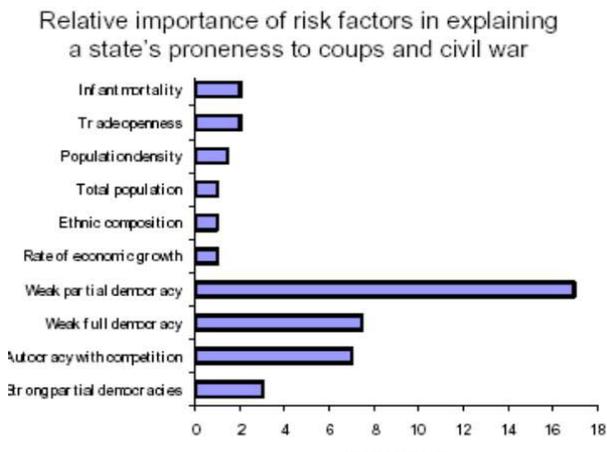
<sup>11</sup> Robert Rotberg (ed.), *When States Fail: Causes and Consequences*, (Princeton N.J.: Princeton University Press, 2004).

<sup>12</sup> Prime Minister's Strategy Unit, "Investing in Prevention: An International Strategy to Manage Risks of Instability and Improve Crisis Response", A Prime Minister's Strategy Unit Report to The Government of the U.K. (February 2005), available: <[www.strategy.gov.uk/work\\_areas/countries\\_at\\_risk/index.asp](http://www.strategy.gov.uk/work_areas/countries_at_risk/index.asp)>.

analysis and an appreciation of the relative risks that exist within and between states. Small arms, child soldiers, human trafficking and land mines are important in themselves but they are symptoms, not causes, of fundamental structural problems.

Failing the identification of a fundamental set of causal factors that generate human insecurity, donor nations and international organizations will remain divided on how to address fragile and failing states such as those in sub-Saharan Africa. Required is what former State Department official Bruce Jentleson has called the "Realism of Preventive Statecraft."<sup>13</sup>

**Findings from Instability Task Force**



If the peak point in organized armed violence measured over the last two decades occurred in the aftermath of the break-up of the Soviet Union, with a gradual decline since the mid-nineties, can we conclude that the world is a now safer place to live?

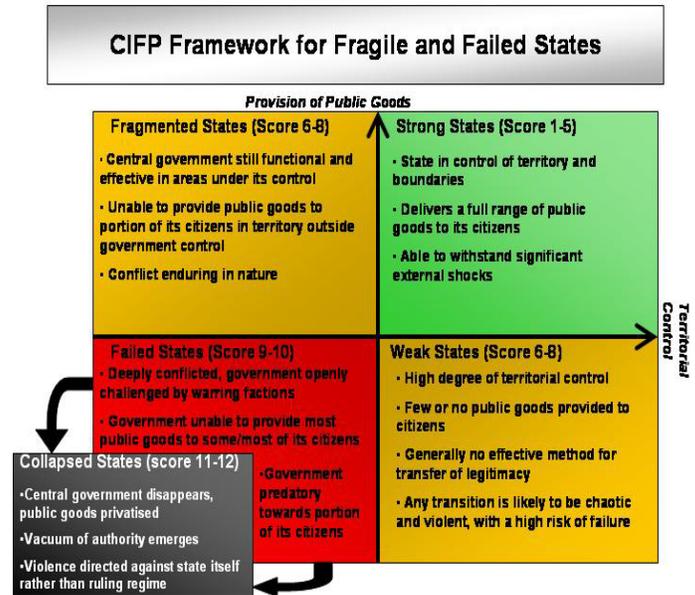
Unfortunately, the answer is likely no. Armed violence is too narrow a construct to fully capture the varied foundations of human insecurity. By many measures, the world has become more dangerous, rather than less, for the majority of the global population.

**Approaches**

Though the view that failure and conflict go hand-in-hand is predominant, it is not the only one. Rotberg for example, characterizes failed states as being marked by an inability to

<sup>13</sup> See Jentleson, B. "The Realism of Preventive Statecraft," in Carment, D. and Schnabel, B. *Conflict Prevention: Path to Peace or Grand Illusion?* (UNU Press, 2003).

provide basic political goods, including human security and security of the state, dispute resolution and norm regulation, essential political freedoms, and economic opportunity to most, if not all, of the population.<sup>14</sup>



Capturing the diversity of failed state environments, Jean-Germain Gros specifies a detailed taxonomy of five different failed state types: chaotic, phantom, anaemic, captured, and aborted. The various types derive their dysfunction from different sources, both internal and external, and require different policy prescriptions as a result.<sup>15</sup>

According to a French government report:

"The situation of a "fragile state" is assessed in negative terms, on the basis of two main criteria: (1) poor economic performance (the 46 fragile states listed in the paper are all low-income countries, and most of them are among the less developed countries [LDCs]); (2) the effective impotence of government (the DFID paper refers to the World Bank's Country Policy and Institutional Assessment [CPIA] ranking<sup>16</sup>). Another approach to the same problem is to use

<sup>14</sup> Robert Rotberg, "The Failure and Collapse of Nation-States: Breakdown, Prevention, and Repair," in Rotberg (ed.), *When States Fail*, 5-10.

<sup>15</sup> Jean Germain Gros, "Towards a taxonomy of failed states in the New World Order: decaying Somalia, Liberia, Rwanda and Haiti", *Third World Quarterly*, Vol. 17, No. 3 (1996) 548-461.

<sup>16</sup> The CPIA ranking is an aggregate quantitative indicator of the quality of macroeconomic management, of the government and public sector, and of structural and poverty-reduction policies. It is criticised, however, for its static nature, its failure to take structural handicaps into account and its connection with the Washington consensus (Severino and Charnoz, 2005).

the Millennium Development Goals (MDGs) as the point of reference, in order to underscore the fact that “fragile states” are in fact those where the MDGs will not be achieved, or to highlight deficiencies in service delivery to the population. The degree of “fragility” is defined according to a few simple criteria (the rule of law, control over the country’s territory, respect for minorities, delivery of basic services), used exclusively within the national context. Such definitions pay little attention to the country’s external vulnerability or the harmful consequences of certain policies of the developed countries or large private-sector firms. The “fragile states” approach does, however, allow for the inclusion of the notion of preventive action, whereas previously the conceptual debate had been restricted to countries emerging from crisis or in post-conflict situations.<sup>17</sup>

Focusing on development issues, the Organization for Economic Cooperation and Development (OECD) defines fragile states as “countries where there is a lack of political commitment and insufficient capacity to develop and implement pro-poor policies.”<sup>18</sup>

The British Department for International Cooperation (DfID) defines state weakness in broadly similar terms, focusing on states in which “the government cannot or will not deliver core functions to the majority of its people, including the poor.”<sup>19</sup>

For its part, the German Government’s “Action Plan on Civilian Conflict Prevention, Conflict Resolution, and Post-Conflict Peace-Building,” describes failed and failing states as being “characterized by a gradual collapse of state structures and a lack of good governance.”<sup>20</sup>

<sup>17</sup>Jean-Marc Châtaigner François Gaulme, “Beyond the fragile state: Taking action to assist fragile actors and societies,” (unpublished paper, November 2005).

<sup>18</sup> Karim Morcos, “Chair’s Summary”, Senior Level Forum on Development Effectiveness in Fragile States, London, 13-14 January 2005, (January 2005), available: <<http://www.oecd.org/dataoecd/60/37/34401185.pdf>>.

<sup>19</sup> DfID, “Why We Need to Work More Effectively in Fragile States”, DfID (January 2005), available: <[www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf](http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf)>.

<sup>20</sup> German Federal Government, “Action Plan: ‘Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building’” (2004) 64, available: <<http://www.auswaertiges-amt.de/www/en/infoservice/download/pdf/friedenspolitik/AP%20EN.pdf>>

**Are rankings of failed states useful? By themselves, no. Rankings must be combined with an early warning system that:**

- Identifies the relative risks that each state faces internally and poses externally;
- Combines real time dynamic analysis with structural information;
- Provides policy relevant diagnosis;
- Matches the analysis to the operational capacity of the end user; and
- Provides an evaluative framework for assessing policy impact.

Clearly, state failure defies simple definition. For example, there is an inevitable tension between the inclusiveness found in the German definition and the specificity of the Instability Task Force definition. While the latter may provide greater analytical power, the former may be of greater political utility.

One element that appears in all of the definitions is that failed and fragile states are qualitatively different than other types of developing states, with unique problems that require novel policy responses.

Moreover, as Gros points out, a failed state environment is itself unique, facing challenges unseen in other failed states. Current development, security, and diplomatic tools have proven insufficient to the task of stabilizing and rehabilitating these failed states; ultimately, “business as usual” has not worked, and will not work.

Given the enormous difficulties associated with programming in such environments, many governments now believe that outside involvement must be coordinated at the strategic level. Accordingly, there have been some attempts to reach a level of consensus on issues of vital importance to programming in failed and fragile states.

The first area of consensus is that policy must be grounded in an ongoing process of risk assessment and monitoring. Such tools must be able to identify countries at risk of impending crisis and provide guidance as to the type of engagement required to either stave off or mitigate that crisis.

Further, the assessment must draw on the widest range of possible indicators of

instability. To focus on a single factor such as governance or violence is to invite incomplete analysis of the problem, and ineffective engagement as a result.

In addition, the monitoring capability must provide some type of early warning to allow for policy deliberation and resource mobilization, vital prerequisites of timely and effective engagement.

A second area of emerging consensus is that a “whole-of-government” response is necessary to overcome the particular difficulties faced by failed and fragile states. Development alone cannot succeed in stabilizing a failed state any more than a military intervention can rebuild destroyed political infrastructure.

Defence, diplomacy and development must work towards a common end, and that common end must be coordinated with other diplomatic international efforts in a given fragile state.

### Analytical Frameworks

In the United States, USAID has taken the lead in preparing the country’s strategy on fragile and failed states, including the development of a fragility-oriented analysis and monitoring capability.<sup>21</sup> However, their focus thus far has been on the intended result of the monitoring and assessment. Thus, their methodology gives much attention to states’ political legitimacy and effectiveness in extracting and distributing resources.<sup>22</sup> On a positive note, the document expresses USAID’s intention to continue to improve its analytical framework.<sup>23</sup>

<sup>21</sup> USAID, “Fragile States Strategy”, 3-5.

<sup>22</sup> There are a number of references to the intention to draw on multiple and external sources of information, but no specifics on the manner in which the various sources of information and analysis are to be integrated into a coherent, comprehensive assessment. The USAID website is equally unrevealing. There is a reference in the policy statement to a document - A Strategy Framework for the Assessment and Treatment of Fragile States - prepared by the University of Maryland, with the support from USAID’s Policy and Program Coordination division. According to the University of Maryland, the objective of the Agency funded research is to ‘develop a methodology for conducting rigorous, generally field-based, investigations into the dynamics of fragility and translating that analysis into effective and actionable programme options.’

<sup>23</sup> USAID, “Fragile State Strategy”, 4.

## The Lexicon of State Failure

**Fragile states** lack the functional authority to provide basic security within their borders, the institutional capacity to provide basic social needs for their populations, and/or the political legitimacy to effectively represent their citizens at home and abroad.

**Weak states** are susceptible to fragility or failure because of limited governance capacity, economic stagnation, and/or an inability to ensure the security of their borders and sovereign domestic territory.

**Failing States** exhibit key elements of fragility, and are experiencing organized political violence. Peace processes are weak or non-existent.

**Failed States** are characterized by conflict, humanitarian crises, and economic collapse. Government authority, legitimacy, and capacity no longer extend throughout the state, but instead are limited either to specific regions or groups.

**Collapsed States** possess no meaningful central governments. These nations exist purely as geographical expressions, lacking any characteristics of state authority, legitimacy, or capacity.

**Recovering States** exhibit key elements of fragility, but substantial and at least partially successful “nation building” efforts are present.

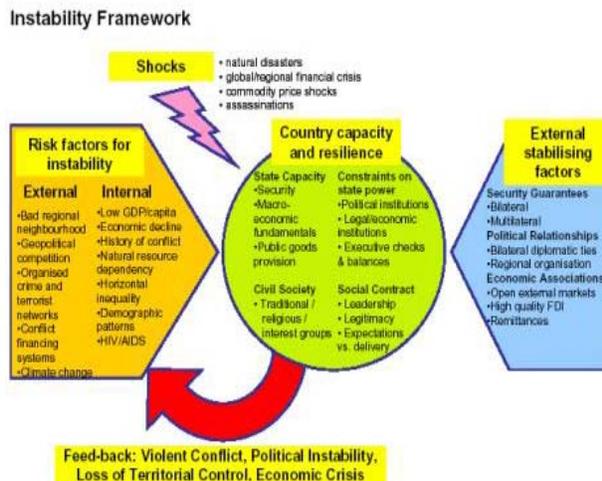
In the United Kingdom, both the Department for International Development (DfID) and the Prime Minister’s Strategy Unit (SU) have released analytical documents in response to the growing concern over state failure.

While the DfID statement is largely policy oriented and focuses on the development and aid related aspects of state failure and fragility, it does contain a call for closer cooperation between all relevant sectors of government.<sup>24</sup> The DfID document also identifies a need for improved early warning and better analysis, but nothing on the mechanics for assessing instability.<sup>25</sup>

<sup>24</sup> DfID, “Why we need to work more effectively in fragile states”, 16.

<sup>25</sup> Prime Minister’s Strategy Unit. “Investing in Prevention: A Prime Minister’s Strategy Unit Report to the Government. An International Strategy to Manage Risks of Instability and Improve Crisis Response.”

## PMO Strategy Unit Analytical Framework



The SU documents outline a detailed process intended to generate better prevention and response strategies for such states, with an assessment model that incorporates endogenous and exogenous (de)stabilising factors, country capacity, and potential shocks into the analysis of stability.<sup>26</sup> The response strategy also contains a component for the identification and assessment of UK interests in intervention and the potential consequence of action or inaction.<sup>27</sup>

Another comprehensive framework has been prepared by the Conflict Research Unit of the Netherlands Institute of Foreign Affairs (Clingendael) for the Dutch Ministry of Foreign Affairs.<sup>28</sup> At the core of the Clingendael methodology is the Stability Assessment Framework (SAF).<sup>29</sup>

The SAF integrates a number of elements into the analysis: macro-level structural indicators; institutional capacity; political actors; and policy interventions. In addition, the assessment process incorporates a workshop component to bring together policy-makers, staff members, and local partners.<sup>30</sup> The workshop is intended to provide an opportunity

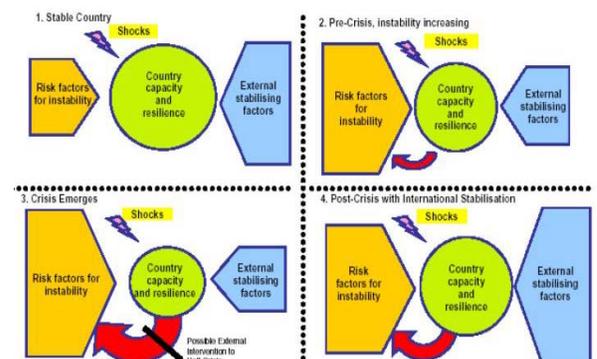
for dialogue, information sharing and consensus building. It serves to consolidate the stability assessment and constitutes a forum in which to explore options for international policy intervention.

One strength of these assessment methodologies is their reliance on multiple sources of data and a variety of analytical approaches. This type of approach was developed by the London-based Forum on Early Warning and Early Response (FEWER) working in partnership with research organisations, such as CIFP, and NGOs in the conflict prevention field. FEWER promoted a highly integrated and comprehensive framework, combining risk assessment and early warning.

Although FEWER has disbanded, the integrated approach employed by the network has since become the basis for a number of methodological frameworks. Not surprisingly, the FEWER framework continues on in slightly different guises at Clingendael and DfID, both of whom contributed to FEWER's analytical and financial capacity building. Additional inputs came from various core members: structural indicators from CIFP; events-based data from FAST based at the Swiss Peace Foundation; and country expertise from local NGOs like the West African Network for Peacebuilding (WANEP) and EAWARN in the Caucasus.

The FEWER methodology was built on the understanding that no single analytical approach, whether data- or judgment-based, was capable of adequately capturing the complexity of risk potential or of providing a sufficient foundation upon which to develop early warnings to emerging crises.

## UK PMO Strategy Unit Analytical Framework



<sup>26</sup> Ibid, 16-39.

<sup>27</sup> Ibid, 42-46.

<sup>28</sup> Clingendael, "The Stability Assessment Framework: Designing Integrated Responses for Security, Governance and Development", (January 2005), available: <[http://www.clingendael.nl/publications/2005/20050200\\_cru\\_paper\\_stability.pdf](http://www.clingendael.nl/publications/2005/20050200_cru_paper_stability.pdf)>.

<sup>29</sup> Ibid, 5.

<sup>30</sup> Ibid, 54.

A second strength of the above analytical frameworks stems from the fact that each one provides the state conducting the analysis with an assessment of the impact that particular instances of fragility or failure may have on national interests and an analysis of potential consequences that may follow from engagement.<sup>31</sup>

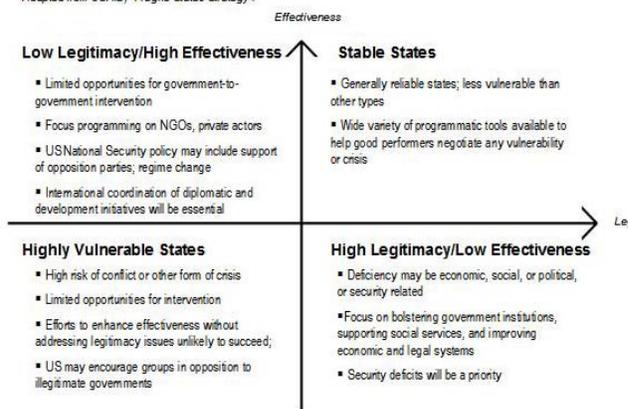
Building response strategies on such a foundation of relevancy enhances the likelihood that states will engage in a sufficiently robust and sustained manner to have a positive and measurable impact on the incidence of state fragility or failure.

### From Analysis to Policy

Two basic policies have come to dominate responses to state fragility and failure, each driven by a different motivation and resulting in distinct policy recommendations.<sup>32</sup>

The first, typified by USAID and the US National Security Strategy, begins with the assumption that fragile and failed states are a threat to individual nations' national security and the international order.<sup>33</sup>

**Diagram 1 – USAID Analytical Framework for Fragile States**  
Adapted from USAID, "Fragile States Strategy".



<sup>31</sup> The impact assessment element is an outgrowth of the work on absorptive capacity, the ability of developing countries to absorb and effectively utilize development assistance. However, the focus is shifting to how donors can craft response strategies that are more appropriately attuned to the specific needs and capabilities of developing partners.

<sup>32</sup> Some writers also identify a third formulation, driven primarily by current inadequacies in the provision of aid in fragile state environments. See for instance Torres and Anderson, op. cit. This third stream has become closely linked with the poverty-centred approach advocated by DfID and the OECD, however.

<sup>33</sup> USAID, "Fragile States Strategy", USAID (January 2005), available: <[www.usaid.gov/policy/2005\\_fragile\\_states\\_strategy.pdf](http://www.usaid.gov/policy/2005_fragile_states_strategy.pdf)>.

The second approach, grounded in the development literature, is most concerned with the significant challenge that fragile and failed states pose to efforts to alleviate poverty and achieve the Millennium Development Goals (MDG).<sup>34</sup> Examples of this second approach include the OECD Learning Advisory Process on Difficult Partnerships (LAP) and the Fragile State Strategy released by DfID.<sup>35</sup>

Grounded within the development approach, German policy maintains that though the terms poor performers and difficult partnerships have global applicability, they have particular relevance for sub-Saharan Africa.

Many poor performers, including some of the most fragile, are located in the region. Accordingly, Stephan Klingebiel and Huria Ogbamichael examine the nature of poor performing states within the sub-continent.<sup>36</sup> Their discussion, in some ways reminiscent of the German government's own position, distinguishes between states that lack a minimum governmental capacity and those that are unwilling to implement development-related policy.

Though clearly sensitive to security concerns caused by poor performers, they nonetheless consider the problem primarily through the lens of international development, examining the goals, effects, and limitations of development policy in fragile and failed states. In an effort to capture the variety of ways in which states may fail, they classify conflict-ridden, failing, failed, and rogue states as subsets of the poor performers, emphasizing the need for a context specific approach for each poor performer.

In addition, they identify a generalized set of basic goals to guide government-oriented development in such regions: enhanced legitimacy to justify policy, sufficient will to create policy, and effective authority to

<sup>34</sup> United Nations General Assembly, "United Nations Millennium Declaration," Resolution A/55/L.2, 18 September 2000, available: <<http://www.un.org/millenniumgoals/>>.

<sup>35</sup> OECD DAC, "Principles for Good International Engagement in Fragile States", DAC Learning and Advisory Process on Difficult Partnerships (LAP) High Level Meeting, 3 March 2005, available: <[www.oecd.org/dataoecd/59/55/34700989.pdf](http://www.oecd.org/dataoecd/59/55/34700989.pdf)>; DfID, "Why We Need to Work More Effectively in Fragile States", DfID, January 2005, available: <[www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf](http://www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf)>.

<sup>36</sup> Stephan Klingebiel and Huria Ogbamichael, "Poor Performers in Sub-Saharan Africa," African Security Review, Vol. 13, no. 1 (2004) 13-19.

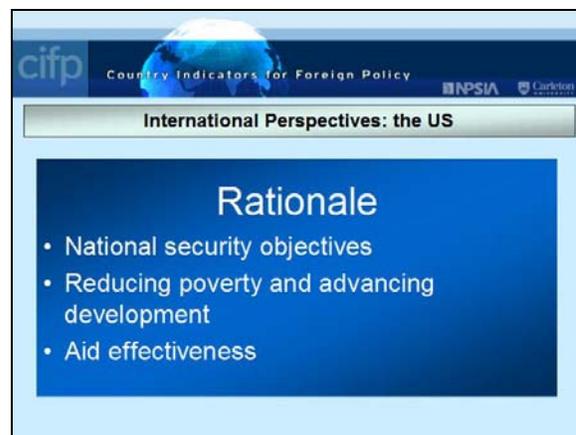
implement policy. In describing methods to achieve such ends, Klingebiel and Ogbamichael echo many of the themes found elsewhere in current development literature, including cooperation among actors at all levels, programming flexibility, and an emphasis on points of entry and leverage most likely to produce results.

In contrast to the German development-centred approach, current U.S. efforts at policy coordination in failed and fragile state environments focus more on considerations of short term intervention during periods of crisis than on medium-to long-term development goals. In particular, the newly-created Office of the Coordinator for Reconstruction and Stabilization within the Department of State (S/CRS) is the new locus for American response to fragile states.<sup>37</sup> The office is intended to coordinate all civilian government efforts within states deemed to be at particular risk of instability, to pose the greatest risk of regional destabilization, or to impact most seriously on American national security. Though some emphasis is placed on preventive action, the core mission of S/CRS is to quickly mobilize and coordinate the American response to any emerging conflict situation.

Towards this end, the office coordinates efforts of both the State Department and USAID, and draws on resources from Department of Defense, the intelligence community, and other relevant government departments. As a new policy initiative, S/CRS is still evolving, with questions regarding funding and other resource still in process. Ultimately, its success will

**Are terrorism and failure related? Yes, though primarily indirectly.**

1. There are a few states which are thought to directly harbour and support terrorist activity.
2. There are many more failed or fragile states that provide assistance for terrorist groups in other states through training, material support and humanitarian assistance.
3. Failed and fragile states experiencing extreme violence can become a source of recruitment from divided and hardened groups.



largely depend on its authority and ability to actively and effectively harness the resources of diverse governmental departments; a difficult task given the departments' differing, sometimes conflicting institutional priorities.

For the US, security strategies are paramount. The President's National Security Strategy (NSS), promulgated one year after 11 September, identifies failing states as the primary threat facing the United States.

It then proceeds to discount strategies of deterrence and containment in a world of amorphous and ill-defined terrorist networks, arguing that the threats in the world are so dangerous that the US should 'not hesitate to act alone, if necessary, to exercise our right of self-defense by acting pre-emptively'.<sup>38</sup> The strategy also states that the US aims to create a new world order that favours democracy and defeats terror at the same time.

The NSS document is laudable in recognizing the importance of addressing state failure as an immense structural and global problem that is unlikely to disappear in the short-term. According to the NSS, the list of failing and failed states is extensive and growing, and all regions of the world are affected by the multiple consequences of these failures.

Much of the concern with failing states in the NSS is motivated by the argument that such environments serve as potential breeding grounds for extremist groups. In the immediate aftermath of 11 September, media reports indicated that primary countries harbouring terrorists included Afghanistan,

<sup>37</sup> Stephen Krasner and Carlos Pascual, "Addressing State Failure," *Foreign Affairs*, Vol. 84, no. 4 (July/Aug 2005) 153-163.

<sup>38</sup> US Government, "National Security Strategy," 6.

Sudan, and Algeria. However, dismantling the *Al-Qaeda* network now involves intelligence and law enforcement efforts in the over thirty countries where the terrorist network is believed to have cells.

As a result of this evolution, current American efforts to counter such threats take a variety of forms beyond military intervention. Initiatives include training foreign armies and police forces trying to deal with terrorism, as in the Philippines, Pakistan and Yemen; increased American participation in bilateral and multilateral aid programs in which aid is tied to 'good governance' by recipient countries; and the pursuit of global integration through assistance countries attempting to join the international flow of trade and finance.

Thus, the UK and US approaches are driven by divergent imperatives and arrive at different policy prescriptions as a result. Failed and fragile state policies most concerned with national and international security tends to encourage policies that provide immediate stability, such as strengthening domestic military and police forces, limiting opportunities for international terrorist activities, and suppressing transnational crime. Policies most concerned with achieving the MDGs will focus on programming that enhances opportunities for education and employment, reduces disease and malnutrition, increases standards of living, and supports concepts such as "good-enough" governance.<sup>39</sup>

At best, these two dominant approaches result in policy approaches that are only partially complementary. They define fragile and failed states differently, generate different lists of at-risk states, and prescribe different policy approaches. Clearly, they require close coordination to ensure that the pursuit of one does not undermine the efforts of the other.<sup>40</sup>

<sup>39</sup> DfID, "Why we need to work more effectively in fragile states," 19.

<sup>40</sup> To cite just one example, efforts to suppress terrorism and crime in Afghanistan included campaigns to eradicate poppies, thereby removing a source of income for transnational criminals and terrorists alike. Unfortunately, the poppies also provided much of the income for Afghans in the poorest parts of the country. The UN's "Afghanistan Opium Survey 2004" estimates that the opium economy is worth 60% of the nation's total licit GDP, making opium production the dominant engine of growth in the country. Clearly, this is a complicated issue, in which efforts to combat drug production will inevitably have drastic consequences for economic development over a significant area of the country. See UN Office on Drugs and Crime (UNODC), "Afghanistan Opium

The slide content is as follows:

**International Perspectives: the US**

USAID uses the term fragile states to refer generally to a broad range of failing, failed, and recovering states.

The USAID strategy distinguishes between fragile states that are vulnerable from those that are already in crisis.

**Vulnerable states** - unable or unwilling to adequately assure the provision of security and basic services to significant portions of their populations and where the legitimacy of the government is in question.

**Crisis states** - the central government does not exert effective control over its own territory or is unable or unwilling to assure the provision of vital services to significant parts of its territory, where legitimacy of the government is weak or nonexistent, and where violent conflict is a reality or a great risk.

Efforts to synthesise or reconcile the two approaches have thus far made only limited progress; most have been marked by a reluctance to cross departmental boundaries.

For instance, though the recent document, "Principles for Good International Engagement in Fragile States" produced as part of OECD Learning Advisory Process (LAP) acknowledges that a secure environment is a necessary prerequisite of effective aid, the document gives very little indication of how this might be achieved.<sup>41</sup>

Though the LAP process has made considerable progress towards harmonizing and aligning donor agency actions in failed state environments, there is no similar process in place to enhance coordination between development agencies and security forces operating in the same theatre. All such efforts are left to individual governments, with inconsistent results. Conversely, USAID's policy clearly places poverty reduction within the context of the overall US NSS, with the former ultimately subordinate to the latter.<sup>42</sup>

Survey 2004" UNODC, (November 2004), available: <[http://www.unodc.org:80/pdf/afg/afghanistan\\_opium\\_survey\\_2004.pdf](http://www.unodc.org:80/pdf/afg/afghanistan_opium_survey_2004.pdf)>.

<sup>41</sup> OECD DAC, "Principles for Good International Engagement in Fragile States", DAC Learning and Advisory Process on Difficult Partnerships (LAP) High Level Meeting, 3 March 2005, available: <[www.oecd.org/dataoecd/59/55/34700989.pdf](http://www.oecd.org/dataoecd/59/55/34700989.pdf)>.

<sup>42</sup> USAID, "Fragile States Strategy". Tellingly, the first footnote in the USAID Fragile State Strategy refers to the US National Security Strategy. The document also draws on another USAID report, entitled "Aid in the National Interest: Promoting Freedom, Security, and Opportunity", which stresses the need for aid to align with American national strategic priorities. See "Aid in the National Interest: Promoting Freedom, Security, and Opportunity",

There are, of course, a number of other important concerns emanating from fragile and failed state environments. Though not always included in the fragile states literature, the recent report "A More Secure World: Our Shared Responsibility," drafted by the UN's High Level Panel On Threats, Challenges, and Change offers perhaps the most complete justification currently extant for international engagement in failed and failing states. In its account of the most pressing threats to national and international security, the panel goes beyond traditional concerns of interstate conflict, and includes:

"economic and social threats, including poverty, infectious disease and environmental degradation; internal conflict, including civil war, genocide and other large-scale atrocities; nuclear, radiological, chemical and biological weapons proliferation; terrorism; and transnational organized crime."<sup>43</sup>

All of these threats are likely to emerge in fragile and failed states, and any truly comprehensive strategy must take them all into account. Though many nations' policies mention these other important considerations in failing and failed state environments, few specify how such factors can be systematically incorporated into fragile state analysis and policy.

There are also issues surrounding the US focus on government legitimacy and democratization in fragile state policies.<sup>44</sup> There is a plethora of academic literature either advocating or discounting the link between peace and democracy or trade, or a combination of the two. The effect is not as simplistic as some academics formulate.<sup>45</sup> Several recent studies

suggest that democracy's relationship to peace is in fact non-linear; poor countries that make the transition to democracy are actually *more* likely to engage in conflict, either civil or interstate, in the years immediately following the transition.<sup>46</sup>

Research into proximate causes of conflict and state failure indicates that elections and regime change, whether legitimate or not, are often trigger events for instability.<sup>47</sup> Though democracy and trade may create peaceful states over the long term, fragile states often have short-term vulnerabilities that make transition to effective democratic governance extremely problematic, and even destabilizing. Thus, any failed state strategy advocating democratization, good governance and economic modernization must take into account the possibility that such efforts may themselves trigger conflict and possibly even state failure in the short term, thereby denying the promise of long term democratic stability.

Unfortunately most donor policies either lag behind such basic findings or choose selectively from them. For example, donor assistance *may* have a stabilizing effect on failed and failing states as Wolfensohn and others suggest. But the answer depends on whether the country has the absorptive capacity to direct aid towards poverty reduction and good governance.<sup>48</sup>

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European Journal of International Relations, Vol. 9, No. 2 (June 2003), 277-314; and Goldstone et. al, op. cit. Other key writings include Edward Mansfield and Jack Snyder, "Democratization and the Danger of War," *International Security* 20 (Summer 1995), 5-38; Christopher Layne, "Kant or Can't: The Myth of the Democratic Peace," *International Security* 19 (Fall 1994) 5-49; John Owen, "How Liberalism Produces the Liberal Peace," *International Security* 19 (Fall 1994) 87-125; David A. Lake "Powerful Pacifists: Democratic States and War", *American Political Science Review* 86 (March 1992) 24-37; and Bruce M. Russett, *Grasping the Democratic Peace: Principles for a Post-War World*, (Princeton: Princeton University Press, 1993).

<sup>46</sup> For articles regarding democratization and civil violence, see Helen Fein, "More Murder in the Middle: Life-Integrity Violations and Democracy in the World, 1987", *Human Rights Quarterly*, Vol. 17, No. 1 (February 1995), 170-191; or Scott Gartner and Patrick Regan, "Threat and Repression: The Non-Linear Relationship Between Government and Opposition Violence", *Journal of Peace Research*, Vol. 33, No. 3 (1996), 273-287.

<sup>47</sup> For more on the role of accelerators and triggers in onset of crises and state failure, see Barbara Harff, "Early Warning of Humanitarian Crises: Sequential Models and the Role of Accelerators", in John L. Davies and Ted Robert Gurr (eds.), *Preventive Measures: Building Risk Assessment and Crisis Early Warning Systems*, (Oxford: Rowman and Littlefield Publishers, 1998), 70-94.

<sup>48</sup> Though the idea had been around for some time, the concept of aid effectiveness being dependent on a sound policy framework

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USAID Task Force Report (2002), available: <[www.usaid.gov/fani/Full\\_Report--Foreign\\_Aid\\_in\\_the\\_National\\_Interest.pdf](http://www.usaid.gov/fani/Full_Report--Foreign_Aid_in_the_National_Interest.pdf)>.

<sup>43</sup> UN, High Level Panel on Threats, Challenges, and Change, "A more secure world: Our shared responsibility," (2004), 2, 14-16, available: <[www.un.org/secureworld](http://www.un.org/secureworld)>.

<sup>44</sup> USAID, "Fragile State Strategy".

<sup>45</sup> The literature on the democratic peace is extensive, beginning with Doyle's seminal articles in 1983. More recently, writers have explored the linkages between economic factors and interstate peace; see for instance Mousseau, Hegre, and Oneal. The State Failure Task Force exhaustively documents data exploring the linkages between, among other things, regime type, economic performance, and state failure. See Michael Doyle, "Kant, Liberal Legacies, and Foreign Affairs", *Philosophy and Public Affairs*, Vol. 12 No. 3 (1983), 205-235; M. Mousseau, H. Hegre, and J.R. Oneal, "How the Wealth of Nations Conditions the Liberal Peace",

**Is poverty a good indicator of failure?  
By itself, no.**

1. Poverty is usually a symptom of a host of causal factors related to a state's authority, capacity and legitimacy.
2. It is true that many failed and fragile states are poor but they also suffer from unequal distribution and weak governance among many other problems.
3. There is a strong link between a country's GDP/capita and the negative effect that has on neighbouring states.
4. It is important to understand how a state is performing in a regional comparative context and not just in absolute terms.

Conditional aid that fails to take the absorptive capacity of a state into account rarely induces desired changes. Though aid can have an indirect effect on patterns of governance and poverty reduction in recipient governments, without strong domestic leadership, the effect is relatively weak and even somewhat ambiguous.

In general, the high level of fungibility associated with most development financing ensures that uncooperative recipient governments will be able to arrogate targeted support, regardless of the conditions placed on it.<sup>49</sup> The answer to this problem, according to Collier and Dollar, is to make selectivity a core part of effective aid policy.<sup>50</sup>

Current examples of aid policies incorporating selectivity, in which the donor nations factor the strength of potential recipients' policy

frameworks into their decision-making processes, include Canada's Strengthening Aid Effectiveness (SAE) effort and the US Millennium Challenge Fund.<sup>51</sup> Such considerations are broadly reflected in the Monterrey consensus as well.<sup>52</sup>

As a consequence, the latter half of the 1990's witnessed a wide and, in some cases, growing inequality in aid allocation. Levin and Dollar confirm that aid flows to OECD difficult partnership countries (DPC) have been, and continue to be, both smaller and more volatile than those to other countries in broadly similar economic and geographical circumstances.<sup>53</sup>

McGillivray shows that fragile states are under-aided even when taking their limited absorptive capacity into account.<sup>54</sup> Using the poverty-efficient allocation benchmark developed by Collier and Dollar, the authors find that fragile states receive at least 40% less aid than their levels of poverty; population; and policy effectiveness, as measured by the World Bank Country Policy and Institutional Assessment (CPIA), would justify.<sup>55</sup>

Even when taking donor responses to rapidly changing situations into account, aid flows to fragile states are nearly twice as volatile as to other developing nations. Levin and Dollar also highlight the growing presence of aid "darlings" and "orphans" among fragile and failed states, whereby the darlings – generally nations emerging from conflict or otherwise considered strategically important – receive far more aid than one would otherwise expect.

The orphans – typically very large or very small countries, or those considered

became truly entrenched in the literature through David Dollar and Lant Pritchett, *Assessing Aid: What Works, What Doesn't, and Why*, World Bank Policy Research Report (New York, Oxford University Press for the World Bank, 1998). Other significant contributions include J. Isham and D. Kaufmann, "The Forgotten Rationale for Policy Reform: The impact on projects," *Quarterly Journal of Economics*, (1999) Vol. 114, No. 1, 149-184; Craig Burnside and David Dollar, "Aid, Policies, and Growth", *American Economic Review*, Vol. 90, No. 4, (2000) 847-868; Paul Collier and Anke Hoeffler, "Aid, Policy and Growth in Post-Conflict Societies", *European Economic Review*, Vol. 48, No. 5, (2004), 1125-1145.

<sup>49</sup> David Dollar and Lant Pritchett, op. cit.

<sup>50</sup> Paul Collier and David Dollar, "Aid Allocation and Poverty Reduction", *European Economic Review* Vol. 46, No. 8, (2002), 1475-1500. David Dollar and Victoria Levin provide evidence that nations have been practicing increasing selectivity over the last 20 years. See "The Increasing Selectivity of Foreign Aid, 1984-2002," World Bank Policy Research Working Paper No. 3299, (2004).

<sup>51</sup> Current policy examples include CIDA, "Policy Statement on Strengthening Aid Effectiveness", CIDA, (September 2002), available: <<http://www.acdi-cida.gc.ca/aideffectiveness>>; and USAID, "Millennium Challenge Account", USAID, (January 2004), available: <<http://www.mca.gov>>.

<sup>52</sup> See UN, "Report of the International Conference on Financing for Development", (March 2002), available: <<http://www.un.org/esa/ffd/aconf198-111.pdf>>.

<sup>53</sup> Victoria Levin and David Dollar, "The Forgotten States: Aid Volumes and Volatility in Difficult Partnership Countries", Summary Paper Prepared for the DAC Learning and Advisory Process (LAP), (January 2005), available: <[www.oecd.org/dataoecd/32/44/34687926.pdf](http://www.oecd.org/dataoecd/32/44/34687926.pdf)>.

<sup>54</sup> Mark McGillivray, "Aid Allocation and Fragile States", Background Paper for the Senior Level Forum on Development Effectiveness in Fragile States, 13-14 January 2005, Lancaster House, London, (January 2005), available: <[www.oecd.org/dataoecd/32/43/34256890.pdf](http://www.oecd.org/dataoecd/32/43/34256890.pdf)>.

<sup>55</sup>Ibid; Levin and Dollar, op. cit.

strategically insignificant – receive comparably smaller amounts of aid.<sup>56</sup>

Other research begins to quantify some of the costs associated with total disengagement from fragile and failed states. For instance, Chauvet and Collier provide a calculation of costs associated with failed states. Their analysis incorporates direct costs such as investment in post-conflict reconstruction, as well as indirect costs associated with regional destabilisation, endemic poverty, disease and famine; the results indicate that the total costs of state failure are prohibitive whether calculated at the national, regional, or global level.<sup>57</sup>

When combined with concerns of national security emanating from failed states since 11 September, such studies provide compelling evidence that the price of disengagement is simply too high to be contemplated as a serious policy alternative.<sup>58</sup>

Moreover, they further affirm arguments that state failure can be reversed or ameliorated through conventional donor assistance, demonstrating that, to date, such efforts have been at best ineffective and at worst counterproductive.

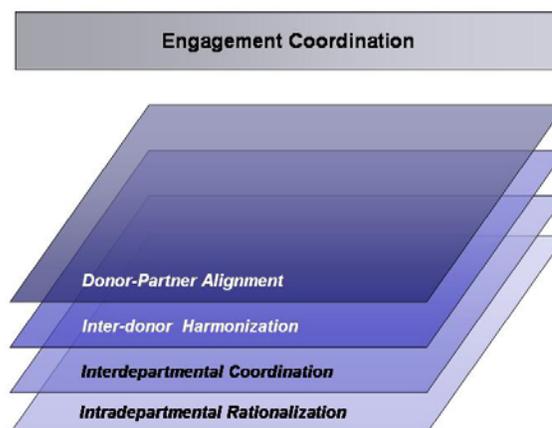
### The Coordination Issue and Whole of Government

For governments and multilateral institutions, policy coordination has emerged as one of the key obstacles to creating an effective international response to fragile states. Much recent work in the donor community has focused on overcoming such problems in the context of aid allocation.

The “Principles of Engagement,” for instance, were developed and agreed to by the OECD/DAC, UNDP, World Bank, European Commission and several bilateral aid agencies

working collaboratively.<sup>59</sup> This interagency collaboration represents a concerted effort by a large part of the development community to coordinate problem-solving efforts and to combine research programmes rather than focusing on independent agendas. This is clearly a positive development with respect to problems such as development harmonization and alignment, as consensus, and therefore coordination, is achieved during the research and analysis phases rather than negotiated afterward.

Unfortunately, such coordination represents only one facet of a much larger problem, one that cannot be addressed completely, or even primarily, within the confines of the international donor community. Picciotto et al. identify four different levels of coordination in fragile state policy.<sup>60</sup>



The first, intradepartmental rationalization, calls for coordination of all development programs targeting a given nation within each donor department, ensuring that all projects in a given fragile state share complementary objectives and methods.

The second level, known as whole-of government coordination, denotes coordination

<sup>56</sup> Levin and Dollar, *Ibid.*, 14-22.

<sup>57</sup> Lisa Chauvet and Paul Collier, “Development Effectiveness in Fragile States: Spillovers and Turnarounds,” Centre for the Study of African Economies, Department of Economics, Oxford University, (January 2004), available: <[www.oecd.org/dataoecd/32/59/34255628.pdf](http://www.oecd.org/dataoecd/32/59/34255628.pdf)>.

<sup>58</sup> For a clear argument on the dangers of disengagement from an American national security perspective, see Jeremy M. Weinstein, John Edward Porter and Stuart E. Eizenstat, “On the Brink: Weak States and US National Security”, Report of the Commission on Weak States and US National Security, Center for Global Development (CGD) (June 2004), available: <[www.cgdev.org/docs/Full\\_Report.pdf](http://www.cgdev.org/docs/Full_Report.pdf)>.

<sup>59</sup> High Level Forum, “Paris Declaration on Aid Effectiveness: Ownership, Harmonisation, Alignment, Results and Mutual Accountability”, High Level Forum, Paris, 28 February - 2 March, 2005, available: <[www1.worldbank.org/harmonization/Paris/FINALPARISDECLARATION.pdf](http://www1.worldbank.org/harmonization/Paris/FINALPARISDECLARATION.pdf)>.

<sup>60</sup> Robert Picciotto, Charles Alao, Eka Ikpe, Martin Kimani, and Roger Slade, “Striking a New Balance: Donor Policy Coherence and Development Cooperation in Difficult Environments”, Background Paper for the Senior Level Forum on Development Effectiveness in Fragile States, 13-14 January 2005, Lancaster House, London, (January 2005), available: <[www.oecd.org/dataoecd/31/62/34252747.pdf](http://www.oecd.org/dataoecd/31/62/34252747.pdf)>.

between aid and non-aid agencies within individual donor governments.

The third, inter-donor harmonization, refers to coordination between both aid and non-aid agencies across donor governments; and the fourth, donor-partner alignment, describes efforts to coordinate the efforts of various external actors with the needs and priorities of the recipient government's own strategic priorities.

Each of these levels has both national and international dimensions. Taken together, they represent an unprecedented challenge in international policy coordination. Several nations are engaging in coordination efforts, with varying degrees of commitment and success. Examples include: Germany's Action Plan on "Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building," which provides a policy based on the country's extended security concept.<sup>61</sup>

With its focus on civilian efforts however, the German policy stops short of a true "whole-of-government" approach, limiting itself instead to ensuring that "the interface between military and civilian crisis prevention be taken into account."<sup>62</sup> The UK government has created two Conflict Prevention Pools (CPPs), one for Sub-Saharan Africa (ACPP) and one for outside Africa (Global CPP or GCPP), to improve department coordination and priority-setting. The CPPs are jointly funded administered by the Ministry of Defence (MOD), Department for International Development (DfID) and the Foreign and Commonwealth Office (FCO).<sup>63</sup>

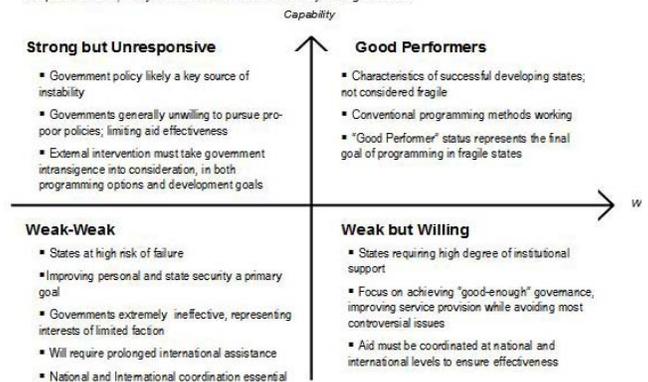
<sup>61</sup> German Federal Government, op. cit.

<sup>62</sup> Ibid., 2.

<sup>63</sup> The main new organizational additions were an inter-departmental steering mechanism and a process for joint priority-setting for each conflict. Once established, the CPPs brought together budgets for programme spending and peacekeeping costs. Although still in development, this coordinated effort is an example of a commitment to cooperation between departments to ensure an intervening effort that includes all aspects of reconstruction, from security to economics, participation and social development.

**Diagram 2 – DfID Analytical Framework for Fragile States**

*Adapted from DfID, "Why we need to work more effectively in Fragile States".*



USAID's recent Fragile States Policy suggests that the method and level of interagency coordination for a given fragile state will likely depend on the country's strategic importance to American security interests.<sup>64</sup> Areas of key concern to US national security are coordinated through the Defense and State Departments, while high priorities not involving military assets are to be coordinated through the newly created Office of the Coordinator for Reconstruction and Stabilization at the Department of State. Efforts in less strategic areas may be coordinated through an interagency administrative council.

In all of these models, interagency cooperation depends on agreement between the various arms of government in a number of different areas. First, they must have a mechanism for shared assessment and early warning to determine which countries to intervene in, and when to do so.

Once in, they must share a general conceptualization of the problem, including the primary sources of instability in the country; a strategy on how best to intervene that specifies both short-term priorities for action and long term goals for the national effort; a common pool of resources, ensuring that funding flows to the true priority areas in the country; and an integrated administration and decision-making structure to ensure that the efforts of each government department do not impede, or even actively undermine, the efforts of the others. Clearly, no country has yet demonstrated the ability to sustain such a high level of coordination over an extended period of time.

<sup>64</sup> USAID, "Fragile States Strategy", 1-3.

**Is the international community responsible for the emergence of failed states? Yes and no.**

1. International neglect - both political and economic – is a source of state weakness but not failure.
2. Many states that have failed or are failing have done so because they are relatively new successor states created during the break-up of collapsed empires.
3. There have been many failed states since the inception of the modern state system. State failure is not new. There are more now than ever before because there are more states in the system and some have lost the support of their patrons.

As noted, there are a number of rationales behind the emerging focus on fragile and failed states: the Americans view state failure through a national security lens;<sup>65</sup> the British have adopted a development-oriented perspective<sup>66</sup>; and the Germans, while largely in line with the British approach, encourage broad engagement with civil society and include a particular focus on environmental elements of instability.<sup>67</sup>

Despite these differences, there are a number of common themes that thread themselves through the various approaches to state failure. First, as already mentioned, there is a shared understanding of the need to improve coordination among donor government aid programmes. A more important step is to improve coordination between all relevant arms of government.<sup>68</sup>

Secondly, there is agreement on the necessity of improving the analysis that underpins efforts to respond to fragile states.<sup>69</sup> There is so much that is implied in government policies regarding the causes and manifestations of state failure

that these points need to be clarified in two ways.<sup>70</sup>

On the one hand, the theories chosen to explain the causes of state failure have implications for theory development. If one emphasizes root causes – for example, mass mobilization relative deprivation, or intra-elite competition – then one should be able to comment satisfactorily on the implications the findings have for the validity of those theories. Alternately, if one emphasizes dynamic interactions within a given state, then the contending theoretical explanations stressing environmental constraints and opportunities must be considered.

On the other hand, even though the choice of policy responses to state fragility and failure depends on the explanations used to account for their onset, decay and collapse, to be policy relevant those responses must be matched to the needs of decision makers who are in a position to act. This means that analysis must mesh with the existing capabilities of state institutions.

Anticipating failure is like peeling an onion in which each analytical layer reveals progressively longer time lines: long term fundamental dynamics relating to macro-level structural pre-conditions, intermediate behavioural patterns, and immediate micro-level events such as political crises and genocides. A key goal is to provide decision makers with a choice of viable policy options and to do so well in advance of the onset of crisis. As the time frame decreases, so too do the array of response strategies.

### **UK PMO Strategy Unit – Timeline**

As the PMO SU time-line noted above points out, long term strategies require adequate forewarning in the range of 5-25 years. Warning must come several years in advance to respond strategically to structural problems (development, institution building, establishing infrastructure) but a year (or less) when escalation is imminent and when the tasks are

<sup>65</sup> Ibid.

<sup>66</sup> DfID, “Why we need to work more effectively in fragile states”.

<sup>67</sup> German Federal Government, op. cit.

<sup>68</sup> Picciotto et al., op. cit.

<sup>69</sup> DfID, “Why we need to work more effectively in fragile states”, 14. USAID, “Fragile States Strategy”, 3-5. At the 8<sup>th</sup> Annual Peacebuilding and Human Security Consultations, Ambassador Carlos Pascual, the coordinator of the US State Department’s newly created Office of Reconstruction and stabilization, issued a call for improved analysis to support his organisation’s efforts to respond to failing states.

<sup>70</sup> OECD DAC, “Principles for Good International Engagement in Fragile States”, 3. According to the OECD DAC, the Whole of Government approach is intended to promote ‘policy coherence within the administration of each international actor.’ 3D – Defence, Development, Diplomacy – is the term applied to the approach of pursuing coherence among the international efforts of the Canadian Government.

to engage in preventive diplomacy, dialogue and mediation.

Figure 3.1: Impact Horizons for Action to Promote Stability



The obvious advantage in providing a sound analysis of structural indicators and adequate forewarning is that the range of response strategy options, both structural and operational, will be much broader as a result. Advance warning ensures that there is an optimal combination of interest and capacity.<sup>71</sup> Unfortunately questions of when, where and how to respond are difficult to answer, and there have been few systematic efforts to provide the kind of systematic forecasting necessary to inform effective response strategies.<sup>72</sup>

<sup>71</sup> Long-term conflict prevention is associated with structural transformations and developmental aid and faces a time lag of approximately 20-30 years before results are easily visible. Positive change can be achieved through partnerships and linkages that emphasise clear, comprehensive strategic plans for high risk regions and priority areas of concern within them.

<sup>72</sup> In particular, the “greed vs. grievance” argument has grown in importance, and become more nuanced over time. For example, conflicts can be generated by the absolute scarcity of resources, an abundance but maldistributed resource base or quick access to lucrative resources. It is well known that dependence on a single commodity can lead to economic stagnation and regional conflagration wherein smuggling, black markets and illicit trade flows are encouraged. Compounding elements include the widespread availability of unemployed youths and collusion between rebel groups for personal gain. Both can prolong conflict through the creation of conflict entrepreneurs, dependents and exploiters. For applications of the Country Indicators for Foreign Policy (CIFP) template see: [www.carleton.ca/cifp](http://www.carleton.ca/cifp): *Conflict Risk Assessment Report: Cambodia, Indonesia, Philippines* (01/01/2002); *Conflict Risk Assessment Report: West Africa: Mano River Union and Senegambia* (01/04/2002); *Conflict Risk Assessment Report Sub-Sahara Africa* (4/11/2002); *Conflict Risk Assessment Report African Great Lakes* (6/9/2003); *Conflict Risk Assessment Report: Bulgaria, Romania, Slovakia, and Ukraine* (8/11/2002).

There is the related analytical challenge of identifying the independent effects of specific causal mechanisms that give rise to state failure. As noted above, there are often contending and conflicting interpretations of the causes of state fragility and failure, with inequality, insecurity, private incentives and perceptions being key elements. International neglect, in both its political and economic forms, is also touted as a contributing factor to state failure.

With respect to policy implications, one of the key criticisms directed towards the preventive forecasting literature in general is how poorly it translates into meaningful policy-related results. In this regard the central deficiency is under-specification of how risk assessment results can be rendered meaningful to policy analysts as a complementary tool in their strategic arsenal.

While part of this dilemma relates to the need for enhanced organizational resources (human, diplomatic and budgetary) it also involves the fact that risk assessment and early warning are not properly utilised within government structures.<sup>73</sup>

To confront these analytical challenges, methodologies of risk assessment and early warning need to be *practicable, standardised and accessible*. Some of this work is provided by think tanks, academic organizations and the private sector working in close consultation with local NGOs in zones of conflict, while other work is being designed in-house by conflict prevention secretariats.

<sup>73</sup> See David Carment, and Albrecht Schnabel. *Conflict Prevention, Vols. 1 and 2* (Lexington, 2004). Adelman and Suhrke, *Early Warning and Conflict Management*, see Ruddy Doom and Koen Vlassenroot, “Early Warning and Conflict Prevention: Minerva’s Wisdom?,” *Journal of Humanitarian Assistance* ([www-jha.sps.cam.ac.uk](http://www-jha.sps.cam.ac.uk)), July 1997, section II.2; Alexander L. George and Jane E. Holl, *The Warning-Response Problem and Missed Opportunities in Preventive Diplomacy*, Washington, DC: Carnegie Commission on Preventing Deadly Conflict, May 1997, pp. 10-12; and Howard Adelman, “Difficulties in Early Warning: Networking and Conflict Management,” in van Walraven, *Early Warning and Conflict Prevention*, pp. 56-57.

**Is lack of political will the real issue?****The reasons behind inaction in situations of state fragility and failure**

1. The traditional governmental separation between analysis/intelligence and policy/operations;
2. The difficulty in planning multi-sectoral responses to problems with such complex causes;
3. The tendency for immediate crises to crowd out strategic consideration of future issues and potential problems;
4. The lack of a structured model for systematic, rather than *ad hoc*, early warning and risk analysis;
5. Deficiencies in the manner in which warnings are transmitted to decision-makers, and
6. The difficulty in deriving assessments of the operational implications of such warnings.

Responding to states that are either deeply fragile or in the midst of failure (as opposed to those that have failed or collapsed already) can be significantly more complex and will, out of experience, require a more multifaceted and potentially more risky approach. In strategic terms, forestalling a failing state requires long-term structural techniques.

The goal is to encourage behavioural change which can be induced by the promotion of sustainable development, support of human rights, arms control mechanisms, membership in international organizations, security pacts and local participation in political decisions. In order to respond to failing states and take an active role, there must be detailed risk analysis.

Risk analyses must be completed by all relevant departments, preferably in conjunction and consultation with one another. It is also necessary to consider whether the country is amenable to outside involvement, and to assess the opportunity structures for effective engagement.

In this sense donor states must use a risk calculation that first looks to the potential for failure and its gravity or consequences as noted above. A second risk calculation then determines the costs of pursuing outside involvement, e.g. whether or not engagement by a third party would be at all effective given

the array of opportunity structures within the country.<sup>74</sup>

This risk calculation must be derived from the feasibility of preventing the outbreak of violent conflict and potential collapse of the state. Country selection would be based on an identification of those failing and fragile states that are amenable to third party influence. However, it remains an open question whether there is space in policy formation for such a process.<sup>75</sup>

The relative significance of process opportunities cannot be underestimated. Conceivably, one process area may be of greater salience or importance relative to the potential outbreak of violent conflict than another area both within a given country and across countries. Similarly, some pressure points may be more salient than others and may be more malleable to outside influence.

It is also important to reflect on how complementary analyses (for example – structural data, events data, country surveys and local reports) can be integrated into a dynamic exchange of information. Such an approach might provide a more comprehensive and more accurate picture than would any single methodology. Ultimately, these common elements flow from the nature of failed and fragile states.

The wide-ranging and varied challenges dictate the necessity of employing an equally multifaceted analytical framework when identifying, monitoring, assessing, and responding to instances of fragility and instability.

<sup>74</sup> The Government of Canada is often described as using “soft-power” in situations such as failing states. Soft power should not be a substitute for hard military power but as a positive complement, and in the case of failing states, knowledge, brokerage, public relations campaigns, strategic alliances with the like-minded partnerships with NGOs, and coalition-building with element of civil society (key aspects of soft power) can be very effective.

<sup>75</sup> There is also the danger that emphasis will be placed on immediate military solutions, while the long term prevention of emergent threats is a lesser priority. As a consequence, making the domestic military a preferred partner of co-operation may upset civil-military relations in various countries (e.g. Pakistan, Philippines, Colombia). The implications for countries with weak, fragile or emerging democracies are serious. Hard-won civilian control over the military may be compromised. Hard-earned achievements towards democracy, progress, and regional integration could be lost.

## II - A Way Forward for Canada

Canada's current efforts to develop its analytical capacity with respect to failed and fragile states did not emerge in a vacuum. The list of similar initiatives extends from the Human Security agenda advanced by successive Ministers of Foreign Affairs and International Trade in the latter half of the 1990s to the current initiatives enunciated in the IPS, including the Responsibilities Agenda, the new Global Peace and Security Fund (GPSF), and the Stabilization and Reconstruction Task Force (START).

CIFP's Fragile States Analysis and Assessment project is successor to previous attempts by CIDA, along with various domestic and international partners, to create analytical and assessment tools to aid in policy and programming decision-making in unstable or otherwise conflict-prone areas.

Between 1997 and 2003, CIDA's Peacebuilding Unit (now Peace and Security), in partnership with CIFP and FEWER, played a role in advancing a framework for analysis-driven, conflict-sensitive programming in conflict-plagued regions.

Together with a number of international partners – the German Agency for Technical Co-operation (GTZ), the Dutch Foreign Ministry and the Swedish International Development Agency (SIDA), and a variety of NGOs including International Alert and Saferworld from the UK; the Africa Peace Forum (APFO) in Kenya, the Center for Conflict Resolution (CECORE) in Uganda, and the Consortium of Humanitarian Agencies (CHA) in Sri Lanka – CIDA pioneered the mainstreaming of conflict prevention analysis and training into government agencies.

Domestic partners included the International Development Research Centre (IDRC) and DFAIT-AGP. For example, its Peace and Conflict Impact Assessment initiative sought to create a series of tools to aid in programming and policy decision-making.

Though not concerned with fragile states *per se*, the initiative's focus on early warning and early response, driven by objective analysis and risk assessment, clearly has much in common with current efforts to enhance monitoring and assessment capability in fragile state environments.

In addition to its efforts to develop tools to aid policy, both CIDA and AGP sought to develop networks in Canada, bringing together academics, policymakers, and representatives of the NGO community with expertise in monitoring for, and responding to, conflict. Again, though the present remit to monitor and assess fragile state environments goes far beyond issues of peace and conflict, the latter are nonetheless important pieces of the fragile state puzzle.

### Key Findings from the Canadian Experience

- ◆ Conflict Prevention and Failed States Policies are in a nascent stage. There remains a need to mainstream effective early warning and early response into the policy domains of government agencies, but there is imperfect understanding of how to do so. While there are “pockets” of expertise throughout the private and public spheres, there remains limited synergy and sharing across the field and between the public and private sectors.
- ◆ Early warning and response are still characterised as “extractive” practices through the lens of an interventionist paradigm. Northern institutions analyse conflicts in the South and thereby define and implement responses. There is still limited support for both Southern early warning and response initiatives, and the inclusion of Southern perspectives into Northern decision-making processes. In this regard, CIFP's partnerships and collaborations have positioned the project to address this challenge. However, success in overcoming this obstacle requires long-term resource commitments.
- ◆ Failed and fragile state policies are often not informed by regular situation analyses. Where such analyses are factored into programming, it is often a “one-off” exercise or an external analysis that does not reflect monitoring. Given the dynamic and complex nature of conflict, systematic monitoring and analysis in combination with structural risk assessments are prerequisites for appropriate and sustainable action.
- ◆ The impact of prevention activities is often reduced because of a lack of co-ordination and strategy. Frequently, key actors (NGOs, governments, multilateral organisations, civil society groups, etc.) operate in isolation or do not co-ordinate activities across sectors. This often results from a lack of common analysis and the lack of multi-agency planning forums for the development of joint prevention strategies.

The following tables contain a list – albeit non-exhaustive one – of various training sessions, analytical tools, and project partners connected with previous Canadian initiatives that remain relevant to the current fragile and failed states project.

### Partnerships and Outputs

Tools	Description	Possible contribution to Fragile States Project
"Conflict and Peace Analysis and Response (CAPAR) Manual," (FEWER, July 1999)	This manual provides a basic qualitative risk assessment template. It does not provide a definitive list of indicators, or even indicator clusters; instead, it employs sectoral analysis (economic, political, socio-cultural, and institutional), using a framework of drivers, accelerants, and triggers to operationalize assessment and warning. Its simplicity enhances its adaptability, but limits its stand-alone ability to provide complete and comprehensive risk analysis and early warning.	The manual may provide some guidance in establishing an analytical programming methodology in situations of fragility and failure. More importantly, those involved in the forum represent an important source of expertise in the field of conflict analysis, some of which will undoubtedly be of use to the current project. Given its international nature, successful rekindling of FEWER networks may significantly enhance efforts to increase policy harmonization at an international level through shared analytical techniques and possibly even shared analysis. The manual also includes a recommended set of indicators identified through the Africa Peace Forum; the PIOOM Foundation; the Russian Academy of Sciences, Institute of Ethnology and Anthropology; the United Nations High Commissioner for Refugees, Centre for Documentation and Research; CIFP, and the University of Maryland.
"Developing Capacity for Conflict Analysis and Early Response: A Training Manual," (UNDESA,	Based upon FEWER manual, it provides a framework for a 5 day intensive training course for policymakers, members of the NGO community, as well as parties to the conflict. Further, it provides a thorough grounding in then-current conflict theory, while also building analysis and assessment capacity among participants.	Both documents represent previous practical applications of the PCIA approach; they may be reviewed as efforts to both integrate recent conflict theory into the FEWER assessment manual, and broaden and operationalize the FEWER methodology for practitioners.
"Preventive Peacebuilding in West Africa," (WANEP, October 2000)	This document is a region-specific adaptation of the FEWER CAPAR manual.	
PCIA – Peace and Conflict Impact Assessment Resource Package; also known as Conflict Sensitivity Approach	A thorough tool supporting conflict sensitive approaches to development programming, humanitarian assistance and peace building, including tools for peace and conflict impact assessment.	This methodology could be incorporated into the CNA Impact Assessment; it provides an important resource for assessing the impact of current projects within a fragile state, as well as the potential impact and consequences of deeper engagement.
ICISS – R2P	A response to the perceived failure of the international community to respond to several internal conflicts of the 1990's, R2P lays out a new definition of sovereignty that includes both rights and responsibilities for sovereign states. It outlines avenues for international intervention should states fail to meet those responsibilities.	R2P and the Fragile States strategy are largely complementary given that the states most likely to fall under the mandate of R2P are fragile and failed states. Thus, R2P could prove an extremely valuable resource as governments develop strategies to respond to fragile and failed states.

## Cooperation and Networks

Partner	Role	Potential contribution to Fragile States Project
CIDA-PBU	The PBU coordinated CIDA's policy on conflict prevention and post-conflict reconstruction. It was the bureau responsible for the PCIA initiative, organizing a series of broadly attended workshops focusing variously on the Philippines, the Great Lakes region, Sierra Leone, and the Congo. These workshops provided case studies for the conflict sensitivity resource package.	Resources remaining from PCIA may be of use to SF project in developing methodology for instability and impact assessments; networks established during the project should be renewed where possible and appropriate
DFAIT-AGP	AGP coordinated DFAIT policy on issues of Global Peace and Security, and was therefore involved in the PCIA initiative.	
IDRC	The IDRC was a major founder of the PCIA initiative.	The IDRC may be interested in promoting elements of the fragile state strategy applicable and beneficial to NGO community both domestically and internationally.
FAC-GPSF	GPSF is a new \$100 million funding envelope within FAC; it includes funds for the emerging START initiative. Undoubtedly, the GPSF be a key part of Canada's response to fragile states as they weaken further and exhibit signs of failure. In funding secondments from all 3 D's, the GPSF will also provide a natural nexus for interdepartmental coordination that extend beyond its formal role.	To be effective, GPSF and START will require a risk assessment and early warning system that allows for preventive deployment, one that incorporates development, security, and political facets of effective engagement. Such analysis is a necessary prerequisite of any coordinated and rationalized response by the Canadian government.
DND	CFEC	Effects-Based Planning and Operations
FEWER	Until its demise in 2003, FEWER was an intergovernmental, interorganizational forum dedicated to improving policy through the integration of early warning and early response into decision-making cycles when programming in situations of potential conflict.	The results of FEWER may be mined for insight into effective early warning and response strategies; the contacts established between CIDA, IDRC, and other international agencies and organizations may be revisited for input into the fragile states project.
CPCC	A network bringing together Canadian NGOs dedicated to the prevention of conflict.	CPCC will be an important nongovernmental player in mobilizing support for CIDA's current state failure project. Given that CIDA's approach focuses on the prevention of conflict whenever possible, CPCC is likely to be relatively receptive and supportive.
The West Africa Network for Peacebuilding (WANEP)	The lead FEWER organization in West Africa, WANEP is still functioning in the region.	Familiar with early warning and risk assessment methodologies, WANEP may be a potential partner when implementing initial state fragility pilot projects.

### Consultations and Collaboration (CIFP Phases I-III)

<b>November 2000: Geneva, Switzerland</b>	CIFP representatives participated in a joint session on early warning at the International Security Forum, hosted by the International Security Network in co-operation with the Federated Fact database project located at SIPRI. The reports for this presentation and the panel are available at the ISN website.
<b>January 2001: London, United Kingdom</b>	CIFP participated in the Annual General Meeting of FEWER in a week long session and consultation on the integration of CIFP into the FEWER network.
<b>March 2001/May 2001 –Berlin- Germany- The Hague – Holland.</b>	CIFP was tasked with the responsibility for organizing the annual conference of the Conflict Prevention Network. Initial consultations took place at the SWP in Berlin and the subsequent conference co-hosted by the Clingendael Institute took place at the Hague in May 2001.
<b>October 2001:NY,New York.</b>	A CIFP representative participated in a one day workshop hosted by OCHA and the IPA to discuss the feasibility of creating a UN-based internal risk assessment capability.
<b>December 2001: Cambridge, USA.</b>	The Principal investigator (PI) participated in a two day workshop hosted by Harvard University and organized by the Human Security Consortium to discuss a Human Security Report. CIFP has subsequently become a member of the CCHS.
<b>December 2001: Belgrade, Serbia.</b>	The PI conducted a week-long internal review of the UNDP's SEE-EWS generally, and the Serb/Montenegrin EW initiative specifically. Recommendations for overhauling the current initiative were submitted based on interviews with key players in the region and an assessment of their current early warning reporting mechanisms.
<b>June 2002 – London, UK</b>	CIFP's Principal Investigator participated in the Annual General Meeting of the FEWER in a week-long session and consultation on the continued integration of CIFP into the FEWER network.
<b>November 2002:Vienna, Austria.</b>	A CIFP representative participated in a two day workshop on early warning and artificial intelligence hosted by the Centre for Artificial Intelligence in Vienna. A book chapter drawing on the CIFP methodology was presented.

### Training (CIFP Phases I-III)

<b>August 2001: Accra, Ghana</b>	CIFP's PI participated in a one week training of trainers in partnership with FEWER, FAST and WANEP in order to both prepare local analysts in the methodologies of early warning, risk assessment and response strategies, and to facilitate the introduction of the CIFP Risk Assessment reporting mechanism into the FEWER early warning framework. Participants were drawn from all of the West African States as well as Nigeria and Cameroon.
<b>October 2001: Bratislava, Slovakia</b>	In his role as a member of the UNDP/SEE-EWS advisory board CIFP's PI participated in a three day presentation and overview of the CIFP methodology for the UNDP South East Europe Early Warning System. Participants were drawn from the UNDP's Balkan's EWS. A CIFP risk assessment report on SEE was prepared as a follow-on activity.
<b>January 2002: Manila, Philippines</b>	CIFP's PI participated in a one week training of trainers in partnership with FEWER, FAST and the GZO Peace Initiative in order to both prepare local analysts in the methodologies of early warning, risk assessment and response strategies, and to facilitate the introduction of the CIFP Risk Assessment reporting mechanism into the FEWER early warning framework. Participants were drawn from all of the Philippines but specifically Mindanao.

<b>March 2002: Ottawa, Canada</b>	A CIFP team member participated in the first of several three day training sessions for the Development Assistance Community organized by the Peacebuilding Unit of CIDA and FEWER. Participants were drawn from major donor country programmes. In preparation for the training, CIFP completed a West Africa Risk Assessment report.
<b>May 2002: Ottawa, Canada</b>	CIFP's PI participated in the second of several three day training sessions for the Development Assistance Community organized by the Peacebuilding Unit of CIDA and FEWER. Participants were drawn from major donor country programmes. In preparation for the training CIFP completed a South East Asia Risk Assessment report.
<b>October 2002:Abu Dhabi, UAE</b>	CIFP's PI participated in a three day risk assessment and early warning training for the Emirates Centre for Strategic Studies in Abu Dhabi in collaboration with FAST and FEWER. Participants included members of the UAE military command and government.
<b>February 2003: Nairobi, Kenya</b>	The PI participated in a one week training of trainers in partnership with FEWER and the Nairobi Peace Initiative in order to prepare local analysts in the methodologies of early warning, risk assessment and response strategies and to facilitate the introduction of the CIFP Risk Assessment reporting mechanism into the FEWER early warning framework. Participants were drawn from all of the Great Lakes region An external assessment of this training is available from FEWER. A Great Lakes Risk Assessment was prepared in advance.

#### Online Training Presentations

- ◆ [Early Warning and Risk Assessment](#) (01/03/2002)
- ◆ [Bosnia and Beyond](#) (01/03/2002)
- ◆ [Towards a Risk Assessment and Early Warning Capability](#) (13/12/2001)
- ◆ [Conflict Sensitive Approaches to Development, Humanitarian Assistance and Peace-Building](#) (26/11/2002)
- ◆ [Afghanistan Conflict Diagnostic](#) (17/11/2002)
- ◆ [CPR: Early Warning and Preventative Measures Workshop](#) (December 5-7 2001)
- ◆ [Training of Trainers II: Mano River Union Report to the Westminster Foundation for Democracy](#) (September 2003)

## Evaluating the Private Sector in Failed and Fragile States

INFLUENTIAL FACTORS	HOW THESE FACTORS AFFECTS MNC INVESTMENT	POSSIBLE INDICATORS TO MEASURE THESE FACTORS
Geographic impact of conflict	- if the conflict is contained in specific area of country, companies are less concerned about the risks of investing, whereas uncontained violence poses a major hazard to MNC operations	- location of armed groups and conflict zones
Severity of conflict	-only MNCs with their own military capabilities invest in countries experiencing territorial conflict in which opposition groups effectively control portions of the country. - MNCs widely tolerate risks posed by incursional conflict (government in control but armed opposition engages in frequent attacks) and by terroristic conflict (government in control but opposition groups engage in isolated acts of violence)	- number of deaths due to violent conflict, indicators that measure the rule of law and legitimacy of government, government expenditures on military
Attitude and policies of the government and opposition	- MNCs are sensitive to governments and will invest if they have confidence in the business-friendly regulatory environment, receive close communication of policies, and are supported by government actions (including traditional economic incentives as well as military activities) - MNCs also pay attention to the ideology of opposition groups (some ideologies are more threatening to the private sector), and monitor opposition attacks on specific infrastructure (in particular, MNC operations will be significantly affected by attacks that disrupt travel, shipping, telecommunications, utilities, or the availability of essential inputs such as labour)	- tariff structures, business regulations, labour laws, union activities, level of corruption -power outages, telecommunications disruptions, worker's strikes, ideological background of opposition groups
Sector of industry	- MNCs are less vulnerable to conflict if they produce essential products for the domestic economy - Within states experience conflict that could result in government/regime transfer, MNCs that rely on stable technology are more at risk than companies that rely on constantly evolving technology - MNCs may overlook conflict risk if the supply potential of inputs (especially natural resources) is especially significant or if the domestic market is critical to the MNCs' larger operations	- size of market, availability of natural resources, intellectual property rights
Investment structure	- if MNCs are able to structure their investments in a way that mitigates the risk of conflict losses, they may not be averse to investing in conflict-prone countries - a common strategy is "venture progression" whereby MNCs move from lower risk investments (such as license agreements, contract manufacturing) to higher risk investments (such as post-production assembly, joint ventures, small wholly-owned investments) - another risk mitigation tool is political risk insurance & additional security (export credit agencies can provide these services at a subsidized cost)	- willingness of political risk insurers to cover MNC insurance policies in the host country, flexibility of laws pertaining to foreign investment

### Private Sector and Conflict Prevention Background and Methodology Reports

- ◆ *Private Sector Risk Analysis and Conflict Impact Assessment: Measuring the Reverse Flow of Risk (01/12/2002)*
- ◆ *The Private Sector and Conflict Prevention Mainstreaming (24/10/2002)*
- ◆ *Fuelling Conflict or Financing Peace and Development: Part 1 (25/10/2002)*
- ◆ *Fuelling Conflict or Financing Peace and Development: Part 2 (25/10/2002)*
- ◆ *Measuring the Reverse Flow of Risk: Monywa Copper Project in Burma (23/08/05)*
- ◆ *Commerce and Conflict: The Case of DiamondWorks (21/08/05)*

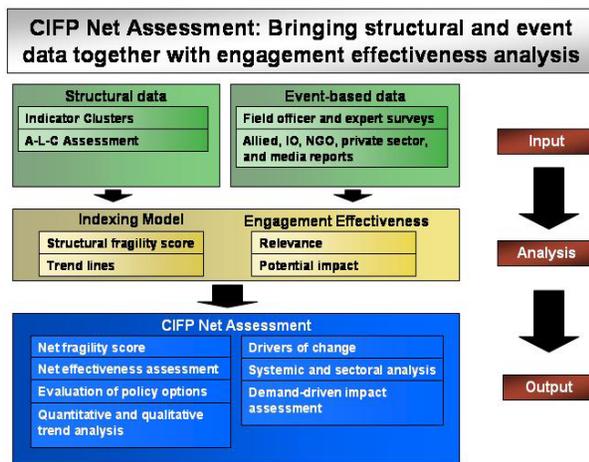
### III - CIFP Net Assessment (CNA) Framework

#### Nature of the Problem

When an escalation or a change in a state's level of fragility is expected to generate crises in the short-term analysis with a focus on broad underlying structural indicators and conjoining events and stakeholder interests is required. Here the challenge is to match the analyses to specific operational, as opposed to structural, tasks such as preventive diplomacy, dialogue, mediation and possibly intervention.<sup>77</sup>

Providing policy makers with a comprehensive and complementary set of analytical tools to address both the short and long term has several advantages.

First, by providing a sound analysis of structurally-based long term indicators, the range of response options, both structural and operational, will be much broader.



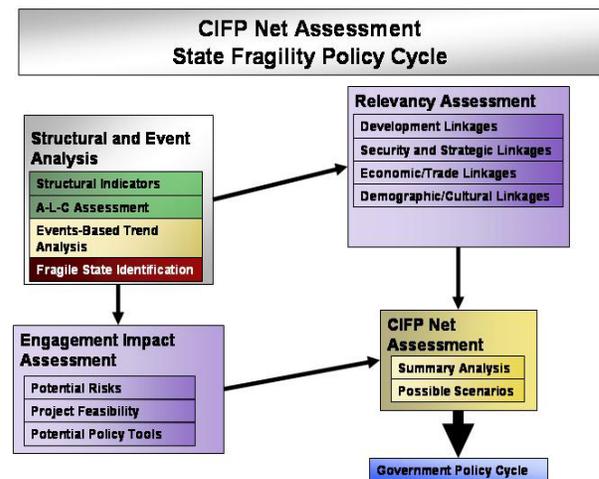
Advance warning ensures that there is an optimal combination of Canadian interests and capacity. In strategic terms, forestalling a failing state requires long-term structural techniques that extend beyond the purview of any one department. The goal is to encourage behavioural change that can be induced by the promotion of, among other things, sustainable development, support for human rights, arms control mechanisms, membership in international organizations, security pacts and

<sup>77</sup> The methodology provided here relates to Canadian government policy priorities and actions. For an impact assessment tool and analyses pertaining to the private sector please see our Angola and Burma MNC reports available at [www.carleton.ca/cifp](http://www.carleton.ca/cifp).

local participation in political decisions and governance.

The results of these changes cannot be ascertained overnight. Nor can any single source of information provide a complete picture of whether the intended effects are indeed being achieved. In sum, responding to fragility and failure requires large investments in time and money, an unparalleled degree of precision in the development of evaluation techniques and above all sustained and broad political support for long-term engagement.

Second, such tools can assist Canadian decision-makers in knowing when, where and how to respond and help in the strategic allocation of resources. In this regard, there is a need to reduce both Type I and Type II errors, situations that arise when a misdiagnosis occurs and resources are not allocated appropriately.<sup>78</sup> In-depth structured analyses can assist in reducing the potential for both types of errors.



Third, such tools, if translated into meaningful policy-related results, can be rendered relevant to policy analysts as part of their country-wide (as opposed to operational or project level)

<sup>78</sup> These errors are derived from unintended consequences and incomplete information. There has been substantial research conducted on unintended consequences and moral hazard problems. Moral hazards can arise from a number of different causes and the first source of moral hazard is the traditional one of incomplete information. There are also moral hazards in not only intervening militarily but also in providing humanitarian assistance to vulnerable populations. Researchers have noted that outside assistance can do more harm than good or can become entangled in the local political economy that fuels the conflict.

strategic arsenal. While part of the solution relates to the need for enhanced organizational resources (human, diplomatic and budgetary), it also involves the fact that risk assessment and early warning must be properly utilised within government structures.<sup>79</sup>

“3D” (Defence, Diplomacy and Development) is now touted as *the* strategy to deal with state failure and, to be sure, the concept looks promising on paper. However, the concept must be fully incorporated into the decision-making and planning processes of various departments.

The British example of Conflict Prevention Pools (CPPs) is an incentive-based model which Canada is using to organize itself but it is not a substitute for overarching strategic guidance and decision-making.<sup>80</sup> In fact, the Canadian government has put in place a variety of funding pools designed to create incentives for integrated responses.

The most notable example is the Global Peace and Security Fund outlined in the IPS. However, for these pools to function properly, all relevant departments must clearly understand their objectives, their mandates and how their capabilities correspond to those of other departments. Pooled resources can only be effective in the context of a shared

understanding of both the problem and the potential policy solutions available.

This unprecedented level of cooperation requires an overarching country strategy, strong leadership to enforce that strategy and a full understanding of the costs and risks of pursuing a particular course of action.

Only after these conditions are met will departments recognize that they are working together for a common goal and that they are not competing with, but complimenting each other. Identifying lead departments at the earliest possible stage is crucial to avoid confusion and duplication of efforts.

Given the perceived advantages in developing a demand-oriented approach to analysis and response, what are the main constraints that now impede progress? The primary ones are attitudinal and bureaucratic. How can the attitudinal issue be addressed?

Any quantitative or qualitative risk analysis tool that expects to be policy relevant must do three things.

*1. It must specify which elements of its models are best able to assist policy-makers in designing more effective policies.*

*2. It must aid policy by helping decision-makers think through or analyze problems in a manner that is better than that which they would have used otherwise.*

*3. It should identify systematic deviations from optimal decision-making and the identification of certain correcting principles.*

In each of these areas there has been some progress. Political science and econometric ideas regarding state failure permeate Washington and, to a lesser extent, Ottawa and the decision-making centres of other Western nations. Like the State Department and the CIA in Washington, the Department of National Defence, the PCO and FAC in Ottawa have some people who understand theories from political science and economics and the findings derived from them. Some use these theories implicitly to evaluate proposals and model outcomes, but they are rarely, if ever, employed explicitly and consistently by those devising policy options.

In many instances, such behaviour is understandable; theories and models without

<sup>79</sup> Such reasons for the gap include: the traditional governmental separation between analysis/intelligence and policy/operations; the difficulty of planning multi-sectoral responses to complex causes of fragility and failure; the problem that dealing with immediate operations tends to “crowd out” strategic consideration of future issues and potential problems; the lack of a structured model for systematic, rather than ad hoc, early warning and risk analysis; and the ad hoc manner in which warnings are transmitted to decision-makers, and the consequent difficulty in deriving assessments of the operational implications of these warnings. See Ruddy Doom and Koen Vlassenroot, “Early Warning and Conflict Prevention: Minerva’s Wisdom?,” *Journal of Humanitarian Assistance* (www-jha.sps.cam.ac.uk), July 1997, section II.2; Alexander L. George and Jane E. Holl, *The Warning-Response Problem and Missed Opportunities in Preventive Diplomacy*, Washington, DC: Carnegie Commission on Preventing Deadly Conflict, May 1997, pp. 10-12; and Howard Adelman, “Difficulties in Early Warning: Networking and Conflict Management,” in Klaas van Walraven, ed., *Early Warning and Conflict Prevention*, (London: Brill, 1998) pp. 56-57.

<sup>80</sup> The main new organizational initiatives introduced with CPP structure are an inter-departmental steering mechanism and a process for joint policy priority-setting for each conflict in the region of responsibility. To that end, the CPPs bring together budgets for programme spending and peacekeeping costs. Although still evolving, this coordinated effort is an example of a commitment to cooperation between departments to ensure an intervening effort that includes all aspects of reconstruction, from security to economics, participation and social development.

clear policy implications or actionable forecasts are just not useful to policymakers on a day-to-day basis.

The absence of training within the policy-making community itself also generates resistance to applying different approaches to evaluating state failure and fragility. With even a modest amount of training, policy makers would be able to engage the theory and theory-builders directly, providing direction and content in terms of how their analyses may need to be modified, refined, or repackaged in order to be useful in policy-making. The extent of these modifications may be minimized by the presence of a common analytical and terminological framework for discussion.

The problems of bureaucratic intransigence and awareness are ones of information-sharing and the lack of a common problem definition. In this regard, the government of Canada would benefit greatly from a joint "lessons learned" and "impact assessment" process. Currently, each department carries out its own monitoring and evaluation of operations or projects.

However, in situations where there are multiple departments and other partners involved, there are no joint "lessons learned" documents that would help facilitate the process.<sup>81</sup>

For example, the concept of Effects-Based Operations (EBO) emanates from the Canadian Forces Experimental Centre in Kanata. EBO are a valuable analytical tool to ensure that all aspects of security, development and diplomacy are incorporated into the planning and implementation of failed state operations. EBO are necessary to enhance a nation's (or coalition's) strategic capabilities at the political, economic, technological, and information networking levels in order to achieve politically

satisfactory outcomes for that nation or coalition.<sup>82</sup>

Success depends on the ability to forecast the end-state or *effects* desired and deploying in advance the appropriate resources to achieve such effects. EBO provide a method for leveraging the resources available to achieve maximum impact and they allow a nation or coalition to achieve its strategic objectives at minimal costs. Further, EBO are advantageous because they go beyond the initial military campaign to include economic, human development and participation. EBO-based planning also requires acknowledgement of, and consequently a contingency plan for, any unintended consequences or negative externalities the campaign may encourage.

Due to the inherent riskiness of intervening in a failed state, planning must include an analysis of all potential consequences, both intended and unintended. This analysis also includes the identification of the resources required to handle unfavourable situations, a broad mandate to escalate in deteriorating situations and, under extreme circumstances, generate political support for the possibility of early withdrawal.<sup>83</sup>

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<sup>81</sup> For example, it has been suggested that the CF should only be deployed in situations where there are human security issues. Citizens who have had their human rights violated, displaced persons and refugees may require international security forces, in which the CF could be deployed to monitor and patrol the situation. This may also include aiding in the distribution of humanitarian aid. However, as in the case of failed states, the CF's first concern is security. Any military participation should be in consultation with the development community to ensure that short-term military programs contribute to longer-term development strategies, are culturally integrated and sustainable. Peace Support Operations Joint Doctrine Manual, Department of National Defence, November 6, 2002: 206.

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<sup>82</sup> Robert Vermaas, "Future Perfect: Effects Based Operations, Complexity and the Human Environment" Directorate of Operational Research Note, Department of National Defence, January 2004, p. 4.

<sup>83</sup> This would include the ability of the military to provide security and to control escalating situations in failing states, or when the use of force is authorized as a substitute for a comprehensive peace treaty as in the United Nations Transitional Administration for Eastern Slavonia, Baranja and Western Sirmium (UNTAES) in Croatia or the United Nations Interim Administration Mission in Kosovo (UNMIK), respectively. This may require stronger mandates than are sometimes initially requested. It is much easier to respond when required than to try and upgrade a mandate once it is too late. An obvious example of this is in Rwanda and the inability of the UNAMIR to effectively respond to an increasingly violent situation.

**How do we measure state failure and fragility?**

All risk is relative.

- Indicators are useful for defining state failure only if there are appropriate reference cases from which to compare.
- Failure and fragility are relative terms that have meaning only with respect to state performance at specific points.
- A proper reference for understanding state failure and fragility is a state's past, present and future performance in absolute terms and its performance relative to other states at any given point.
- The rate of change whether progressive or regressive tells us whether a state is moving towards either greater stability or collapse.

The following section outlines a methodological framework for conducting operational net assessment of state fragility and failure: the CIFP Net Assessment. The 'net' element denotes the intention of assessing the intended and unintended consequences of policy impacts in a failing or failed state, as well as the various nodes of activity towards which such efforts are directed.

**What is State Fragility?**  
CIFP Structural Data Methodology

Fragile states lack the *functional authority* to provide basic security within their borders, the *institutional capacity* to provide basic social needs for their populations, and/or the *political legitimacy* to effectively represent their citizens at home and abroad.

<p><b>Cluster Analysis</b></p> <ul style="list-style-type: none"> <li>- Governance</li> <li>- Economics</li> <li>- Security and Crime</li> <li>- Environment</li> <li>- Human Development</li> <li>- Population and Demography</li> </ul>	<p><b>Institutional Analysis</b></p> 
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This type of assessment is essential when evaluating the various factors that contribute to the incidence of state fragility and the potential for state failure, along with the interplay between policy prescription and instability. To be effective, a net assessment approach must be comprehensive, drawing on quantitative and qualitative sources of data, as

well as judgement-based analytical frameworks.

The CNA involves casting as wide a net as practicable in order to capture, to the greatest degree possible, the complex nature of state fragility, failure and collapse.<sup>84</sup>

The CNA framework thus provides an integrated approach with which to identify and analyse the potential for, and incidence of, state fragility and failure. The objective is to provide a research-based, policy relevant mechanism that promotes the timely and effective sharing of knowledge and expertise, thereby contributing to the planning and implementation of appropriate responses to state fragility and failure.

At the CNA core is the instability assessment, an approach that incorporates structural and dynamic elements to create nuanced and country-specific analyses of country fragility. This instability assessment is then supplemented with relevancy and impact assessments. The resulting net assessment can serve to inform the strategic, sectoral, and programme level planning and response options of an international actor.

**Instability Assessment**

The instability assessment is composed of findings based on structural country performance indicators and events-based monitoring. The tools for conducting the two elements of the instability assessment were developed by CIFP using the project's existing methodologies as a foundation ([www.carleton.ca/cifp](http://www.carleton.ca/cifp)).<sup>85</sup>

CIFP's earlier methodologies focus on "structural factors" as a means to identify a country's potential for violent conflict;<sup>86</sup> the

<sup>84</sup> The methodological framework presented below was developed by the Country Indicators for Foreign Policy (CIFP) project at Carleton University, Ottawa, in part, to respond to the specific needs of the Canadian International Development Agency (CIDA), and those of the Government of Canada as a whole, to meet the challenges posed by fragile states in an analysis-led and policy coherent manner. However, like any robust methodology, the framework is flexible and can be generalised and adopted by other donor governments interested in implementing a more analytical and integrated approach to fragility.

<sup>85</sup> Country Indicators for Foreign Policy, "Risk Assessment Template", (August 2001), available: <http://www.carleton.ca/cifp/docs/studra1101.pdf>.

<sup>86</sup> The issue areas in the earlier conflict-oriented methodology include: History of Armed Conflict; Governance and Political

current project widens the net to collect structural factors related to the varied root causes of state fragility and failure in six key sectors: Governance, Economics, Security and Crime, Environment, Human Development, and Demography and Population. The objective of the risk assessment is to assess the prevalence and intensity of underlying causes of fragility or failure, providing a balanced assessment not only of the potential for state breakdown, but also information on the form that breakdown is likely to take. The Instability Assessment collects more than one hundred performance indicators related to various facets of state fragility; each one is identified, collected, ranked and indexed for each country globally.

“Risk potential” is a relative term that has meaning only with respect to a country’s performance and risk vis-à-vis other countries in the international system. Accordingly, each lead indicator is converted to a 9-point score on the basis of its performance relative to a global sample of countries.

This global sample of countries is ranked from highest to lowest level of performance, divided into nine equal groups, then assigned score numbers ranging from 1 to 9 based on their rank position within the sample.

This scoring procedure facilitates the identification of key areas of concern and directing attention to potential problem areas. In general, a higher score (in the 7 to 9 range) indicates that the country is performing poorly relative to other countries (e.g. high levels of armed conflict, autocratic governments, poor economic performance, or low levels of human development) or that a country’s standing is a cause for concern (e.g. a significant youth bulge or high levels of ethnic diversity).

A lower score (in the 1 to 3 range) indicates the country is performing well relative to other countries (e.g. little or no armed conflict, democratic governments, strong economic performance, or high levels of human development) or that a country’s standing is not a particular cause for concern (e.g. no

youth bulge or low levels of ethnic diversity). Values in the middle 4 to 6 range indicate moderate levels of performance approaching the global mean.

Since relative country performance can vary significantly from year to year, as in the case of economic shocks for example, averages are taken for global rank scores over a five-year time frame. The most recent five years contained in the CIFP data set are used for this index. Raw scores are converted to a 1 to 9 Global Rank score. This score forms the “base scale” upon which individual indicator risk scores are calculated. In addition to a relative measure of a country’s performance within the international system, an assessment of risk also requires consideration of the absolute development of a state’s performance demonstrated by changes over time.

### Georgia Example



The direction of change signifies whether a country’s performance along a given indicator is providing evidence of increasing stability or fragility.

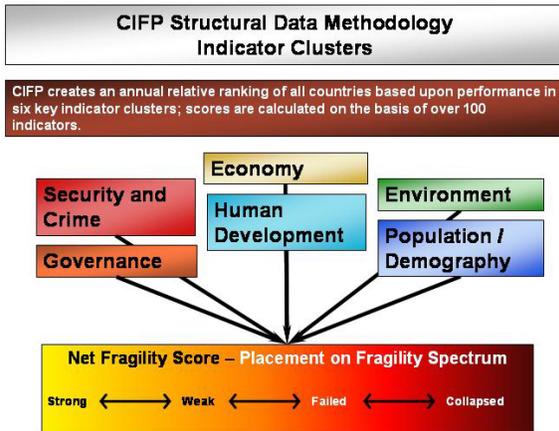
When adapting the risk assessment methodology to a focus on instability and fragility, as opposed to conflict potential alone, the principal modifications revolve around the selection and inclusion of structural indicators. While the pre-existing indicators were selected on the basis of their relevance specifically to the risk of violent conflict, instability and fragility require a much broader range of indicators.

Though violence is often associated with state collapse, the two should not be conflated. The predominant foci of research on state fragility

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Instability; Militarisation; Population Heterogeneity; Demographic Stress; Economic Performance; Human Development; Environmental Stress; and International Linkages. For a complete list and description of the basic set of indicators utilised in the CIFP conflict risk assessment methodology see CIFP, “CIFP Risk Assessment Indicator Definitions”, (2001), available: <[http://www.carleton.ca/cifp/docs/RiskAssessmentIndicators\\_FullDescriptions.pdf](http://www.carleton.ca/cifp/docs/RiskAssessmentIndicators_FullDescriptions.pdf)>.

and failure are issues of governance, security, and socio-economic development.<sup>87</sup>



### Measuring Fragility – Ranking System

**What is State Fragility?  
CIFP Fragility Spectrum**

	CNA Net Indicator Score
<b>Strong</b> States in control of territory and boundaries, willing and able to deliver a full range of public goods to their citizens. Such states are able to withstand significant external shocks without requiring large amounts of external aid. Examples: Czech Republic, Brazil	1 - 5
<b>Weak</b> States that are susceptible to fragility or failure because of limited governance capacity, economic stagnation, and/or an inability to ensure the security of their borders and sovereign domestic territory. Examples: Indonesia, Kenya	6 - 7
<b>Failed</b> States characterized by conflict, humanitarian crises, and economic collapse. Government authority, legitimacy, and capacity no longer extend throughout the state, but instead are limited either to specific regions or groups. Examples: Sierra Leone, Sri Lanka	8 - 10
<b>Collapsed</b> States in which central government no longer exists. These nations exist purely as geographical expressions, lacking any characteristics of state authority, legitimacy, or capacity. Examples: Somalia	11 - 12

<sup>87</sup> While international actors approach these issues through a number of different lenses, these three sectors are the principal focus of efforts to determine instability and the potential for state collapse. Governance Reference: USAID, DfID, Clingendael.

## Structural Indicators

### 1. ECONOMIC

Indicator of Fragility	Primary Consequences (for failed state)	Secondary Consequences (for region)
Economic	Poverty and unemployment Hunger / famine Inflation, deficits, debt Obstructed or withdrawn trade, aid, and investment Smuggling and black markets	Smuggling and black markets Increased competition for employment in neighbouring states Contagion – withdrawn investment from neighbours in anticipation of economic collapse

### Georgia Example

## Economic Performance

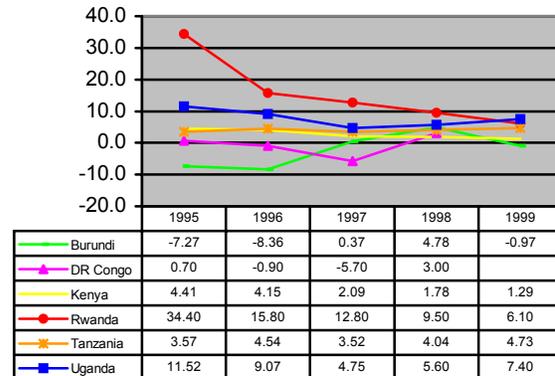
- GDP per capita was \$594 US in 2002
- Severe political and economic turbulence following independence in 1991. By 1994, Georgian production was at only 25% of total output recorded in 1990
- Economic activity and trade flows are below potential due to eroded investor confidence resulting from poor fiscal management, rampant corruption, and the arbitrary implementation of laws and regulations
- FDI decreased to 61.8 million in 2001 from 83.65 million in 1999
- Energy dependence on outside sources is causing acute shortages, undermining economic performance, and fostering popular unrest
- A large shadow economy constituting 40-42% of total industrial production is a major reason for the prolonged budget crisis.



Indicator	1998	1999	2000	2001	2002	Trend
GDP Growth Rate						Improving
GDP/Capita						Improving
Trade Openness						Stable

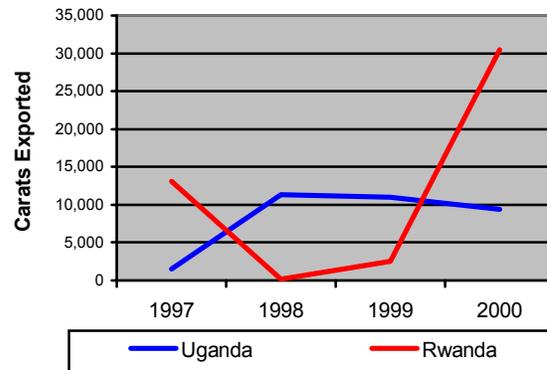
### GDP Growth Rate (% annual)

Source: World Development Indicators



### Rough Diamond Exports (Carats) 1997-2000

Source: World Diamond Council



### CIFP Indicator Clusters: Economy

#### Key Indicators:

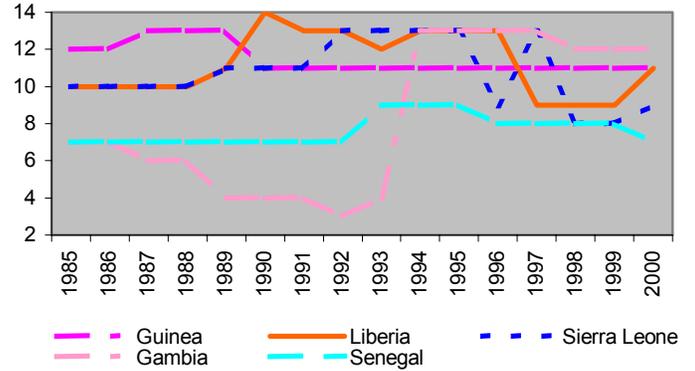
- Economic size, average wealth, and economic growth
- Stability, inflation and unemployment
- Economic inequality
- Female participation in the workforce
- Standard of living
- Level of remittances
- Infrastructure, service reliability
- Tax collection efficiency
- Investment climate
- External debt
- FDI
- Openness to trade
- Aid dependency
- Single commodity dependence
- Presence of informal economy/ black market

## 2. GOVERNANCE

Indicator of Fragility	Primary Consequences (for failed state)	Secondary Consequences (for region)
Governance	Parties competing violently for political power Widespread corruption and extortion Atrophy of state capacity Decaying national infrastructure Suspended provision of services Erosion of civil society	Regional power vacuum Political parties seeking sympathy in neighbouring states Destabilization of political authority in neighbouring states

### Restrictions on Civil and Political Rights

Source: Freedom House



### CIFP Indicator Clusters: Governance

Key Indicators:	
-Maturity of political system	-Freedom of the press
-Degree of ethnic political dominance	-Use of violence as a political tool
-Political representation of women	-Public perceptions of government
-Strength of civil society	-Political rights and civil liberties
-Quality of bureaucracy	-Party financing
-Budget transparency	-Participation in regional and international organizations
-Independent judiciary	-Presence of populations at risk, refugees, IDPs
-Corruption	-Commitment to human rights

### Georgia Example

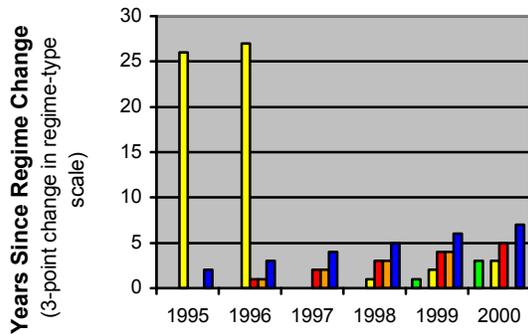
#### Governance and Political Instability

- Corruption continues to undermine the credibility of the government and its reforms and undermines economic growth and investment
- Highly centralized state. Power is focused in (and unchallenged within) the executive
- No power sharing consensus between central government and regions
- Violence against religious minorities and detainees remains a widespread problem
- Freedom of association is only sporadically respected

Indicator	1	2	3	4	5	6	7	8	9	10	Trend
Corruption Index	1	1	1	1	1	1	1	1	1	1	Stable
Press Freedom Score	8	8	8	8	8	8	8	8	8	8	Slight improvement 1998-2002, mild reversal 2003.
Political Rights	8	8	8	8	8	8	8	8	8	8	Stable

### Examples

Regime Durability (1995-2000) Source: Polity IV

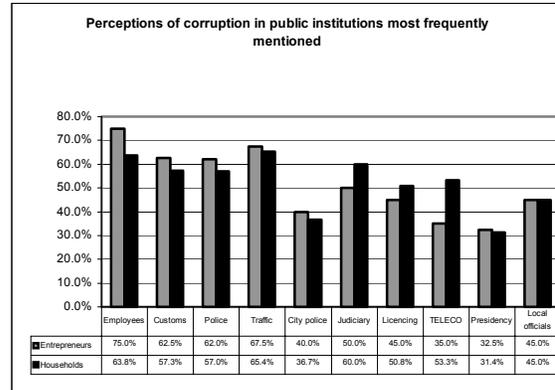


Burundi	DR Congo	Kenya
Rwanda	Tanzania	Uganda

### 3. SECURITY AND CRIME

Indicator of Fragility	Primary Consequences (for failed state)	Secondary Consequences (for region)
Security	Conflict over borders and territory Ongoing political disagreement, failed peace talks, broken treaties Looting of natural resources and apprehension of land by rebel groups	Insurgent bands operating and recruiting Deployment of peacekeepers in the region Aggravated inter-group hostility
Crime	Privatization of security and internal arms races, smuggling and trafficking, widespread human rights violations, disappearance of property rights	SALW and drug trafficking

#### Illicit Drug Production and Trafficking



#### CIFP Indicator Clusters: Security and Crime

(Source: CIA World Factbook, 2001)

<b>LIBERIA</b>
Trans-shipment point for Southeast and Southwest Asian heroin and South American cocaine for the European and US markets.
<b>SENEGAL</b>
Trans-shipment point for Southwest and Southeast Asian heroin moving to Europe and North America; illicit cultivator of cannabis.

Key Indicators:	
-Number and intensity of international disputes	-Military strength
-History of civil unrest / war	-Presence of organized crime
-Political instability and violence	-Level of enforcement / quality of police forces
-Army loyalty	-Crime rate
-Absolute, relative, and perceptual measures of terrorism	-Efficiency of legal system
-Military strength	-Drug production
-Dependence on foreign power	-Prevalence of sexual assault and gender-specific crime
-Regional instability	

#### Haiti Example

- Haiti is a deeply fractured society, with conflict occurring on multiple dimensions: local and national, political and military.
- Conflict is a recurrent problem, with few periods of peace in Haiti's 200-year history.
- Armed militias/gangs becoming increasingly important actors in Haitian political system, dominating entire regions.
- Criminal activity can be roughly divided into three mutually-reinforcing types: political violence and impunity, graft and corruption, and international trafficking.
- Haiti became a transshipment point for North America-bound drugs, particularly cocaine, during Duvalier regime; 7-10% of cocaine in North America currently passes through the country.<sup>88</sup>
- General availability of small arms also destabilises the country.
- System remains very unstable, with no clear source of central authority. Partial domination of country by militia/gang forces likely.
- Former alliances unstable following departure of Aristide. Some pro-Aristide forces remain loyal, while others seek to align themselves with current leaders.
- Importance as trafficking point increasing as drug cartels seek alternate routes and franchise out transport and distribution rights to criminal groups throughout Caribbean, including Haitians.
- Ongoing political unrest likely to create new criminal opportunities in the medium to long term.
- Should drug traffic increase further, the Haitian link to Montréal makes the city a natural target for market expansion.

#### 4. HUMAN DEVELOPMENT

Indicator of Fragility	Primary Consequences (for failed state)	Secondary Consequences (for region)
Human Development	Human rights abuses, esp. against women, children, and minorities Spread of infectious disease	Spread of infectious disease across borders

Life Expectancy	1997	1998	1999
<b>Burundi</b>	42.4	42.0	42.1
<b>DR Congo</b>	46.7	47.0	45.8
<b>Kenya</b>	49.7	47.7	47.5
<b>Rwanda</b>	40.5	41.0	39.9
<b>Tanzania</b>	47.9	45.0	44.0
<b>Uganda</b>	42.5	42.1	42.0
<b>Regional Average</b>	44.9	44.1	43.5
<b>International Average 1995-2000</b>			65.0

**CIFP Indicator Clusters:  
Human Development**

Key Indicators:	
•HDI ranking	•Health expenditures
•Child malnourishment	•Health infrastructure
•Consumption inequity	•Health professionals
•Absolute levels of poverty	•Food security and shortages
•Literacy	•Access to improved water
•Primary school enrollment by gender	•Gender empowerment
•Education expenditures	•Rate of HIV/AIDS infection
	•Infant mortality

**SS Africa Examples**

2001 Human Development Ranking (of 162 Countries) <sup>89</sup>	HDI Score 1980	HDI Score 1990	HDI Score 2001	2001 HD Ranking
Burundi	0.308	0.344	0.309	160
DR Congo	..	..	0.429	142
Kenya	0.488	0.531	0.514	123
Rwanda	0.378	0.344	0.395	152
Tanzania	..	0.422	0.436	140
Uganda	..	0.386	0.435	141

**West Africa Population Age Structure**  
Source: World Population Prospects, The 2000 Revision

