



Events data collected September 2006 to February 2007

Fragile States Country Report No. 1

Indonesia

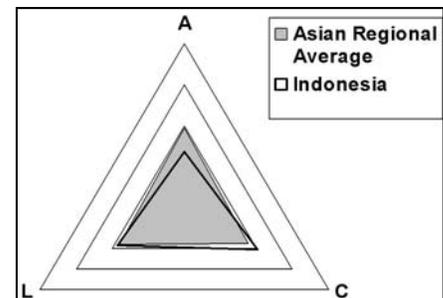
Released Oct 2007

**FRAGILITY IN BRIEF** Indonesia is a fragile but stable state with elements of weakness in all clusters. Indonesia exhibits weakness in **authority** through its ongoing security challenges from ethnic and terrorist groups. Its political institutions remain unable to consolidate democracy with sufficient protections for minorities; as a result various minority groups citing grievances continue to struggle against the central government — in some cases, such struggles remain violent, and contribute to the country's overall insecurity. In 2006, Transparency International ranked Indonesia 134th out of 163 countries on its corruption scale. Indonesia's limited achievements with respect to human development underscore the country's underdeveloped **capacity**. The country has still not fully recovered from the Asian Financial Crisis of 1997; it is the only country in the region in this position. A majority of the population live in poverty with inadequate housing and sanitation. The recent election of President Yudhoyono's has restored some **legitimacy** to the government.

Though designed to improve government legitimacy at the local level, an extensive decentralization process in 2001 to accommodate regional autonomy demands has resulted in new complications. A large number of governance issues are now being addressed with at the provincial and local levels, but with minimal involvement from the central government the result has been a lack of resources and coordination with which

to address the problems. The 2004 tsunami created new economic and human development challenges that have yet to be fully addressed. While Indonesia may still meet some of its MDG targets, it has largely been falling further behind according to reports by the Asian Development Bank and others.

An analysis of recent events reveals negative tendencies in some important areas as well. Governance was the only cluster that showed a moderately positive tendency for the period monitored — this score was in part due to successful elections in the province of Aceh. Corruption allegations and sporadic violence between Muslims and Christians in Central Sulawesi were common occurrences. Bird flu continues to be a concern as well, though a sustained outbreak has not yet occurred



Indonesia Authority (A), Legitimacy (L), and Capacity (C) Triangle

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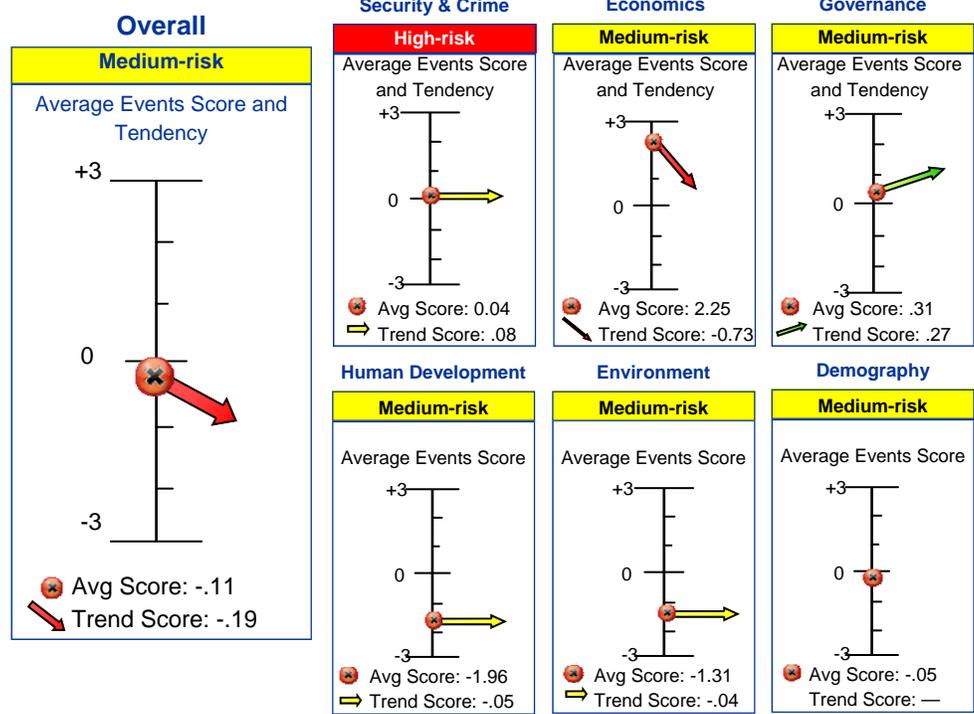
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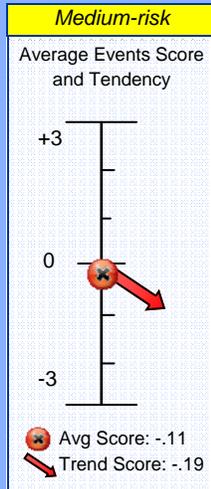
MILLENNIUM DEVELOPMENT GOALS (MDGs): LIKELIHOOD OF ATTAINMENT (UNDP, Asian Development Bank)						
Extreme Poverty and Hunger	Universal Primary Education	Gender Equality	Child Mortality	Maternal Mortality	HIV/AIDS & Malaria	Environmental Sustainability
Medium	Medium	Medium	High	Low	High	Low

STRUCTURAL BASELINE & EVENTS SUMMARY



## SUMMARY

**STRUCTURAL ANALYSIS** CIFP's structural baseline performance measures indicates medium levels of risk for Indonesia in all indicator clusters except Security and Crime, where conflict intensity, risk of ethnic rebellion and the physical integrity of human rights are particular areas of concern. The high risk rating for Security and Crime hinders progress in all other areas, though positive and negative factors can be identified in other areas of state performance. With respect to governance, corruption remains problematic. While the black market is an area of high risk within the economic cluster, there are a number of positive indicators including the relative level of FDI, foreign aid, and GDP. In terms of human development, health infrastructure rates poorly, but primary school enrolment and completion rates score better. Within the Demography cluster, Indonesia's religious diversity is an area of low-risk, while ethnic diversity is an indicator of high risk; the high urban growth rate is also an area of concern. The use of solid fuels, which contributes to environmental degradation, raises concern for Indonesia's environmental situation.



**EVENTS** Events show an overall moderately negative tendency due to an increasing number of destabilizing security and human development issues. The security environment is characterized by worsening relations between political and religious groups punctuated by acts of terror attributed mostly to religious militants in Central Sulawesi. Frequent natural disasters have destroyed housing and infrastructure. The government is having difficulty in minimizing and preventing the spread of diseases. Governance is the only area that exhibits a positive tendency, largely attributable to the recent successful elections in Aceh. Overall, our analysis indicates a centralized state apparatus that is slow to respond to human development needs.

*“Indonesia’s high risk rating for Security and Crime hinders progress in all other clusters.”*

### KEY ISSUES AND FACTS

#### Overall:

- Indonesia cannot maintain effective control of its borders to ensure the safety of its citizens
- Ongoing economic challenges, coupled with weaknesses in government structure, hinder human development

#### Security and Crime:

- Violent clashes between Christians and Muslims in Poso
- Increased security cooperation with neighbouring states
- Terrorist operations within state territory

#### Economics:

- Ethnic tensions surrounding Chinese minority's economic dominance
- Increasing trade with Russia and China
- Assistance for tsunami recovery and fighting bird flu
- Rising unemployment rate

#### Governance:

- Aceh holds first elections to directly elect governor
- Rampant corruption
- Protests over visit of U.S. president
- Establishment of new Reform Management Unit

#### Human Development:

- Bird flu cases and deaths continue to rise, though slowly
- Outbreaks of other diseases
- Clean water crisis in some regions due to dry weather
- Lower quality of life for females
- Increasing HIV/AIDS rates

#### Environment:

- Hundreds of fires rage across the country
- Devastating twisters and earthquakes; mud spill in East Java
- Flooding in Southeast Aceh

#### Demography:

- Tensions between different ethnic and religious groups
- Urban growth rate

# PRIMARY DRIVERS

## SECURITY & CRIME

**STRUCTURAL ANALYSIS** Though security remains an area of high-risk, there have been improvements in recent years with regional autonomy laws for Papua and the peace agreement between the government and the Free Aceh Movement. However, a number of international terrorist groups operate out of Indonesia, and violent clashes between Christians and Muslims are still common in certain regions. With the exception of military spending and dependence on external military force, all indicators in this cluster are worrisome, particularly the intensity of the conflict, respect for human rights related to individual physical integrity and the risk of ethnic rebellion.

**EVENTS** Despite its high risk baseline, security and crime experienced a general, though volatile, balance between stabilizing and destabilizing events. Positive events include further steps to depoliticize the role of the military (TNI), which has historically been very active in politics. Other advances include increasing border security through partnerships with neighbouring Malaysia and Australia. However, ongoing inter-tribal conflict in Papua and violent clashes between Christians and Muslims in Central Sulawesi remain issues of concern. The execution of three Christians convicted of attacks against Muslims sparked protests and increased religious tensions. Outbreaks of violence are a regular occurrence in Aceh where people are frustrated with the slow post-tsunami recovery process. Finally, towards the end of the monitoring period, security in Poso improved.

### KEY EVENTS

- **Third Tribe Joins Inter-Tribal Violence in Indonesia's Remote Papua**  
3 September 2006, AFP  
Renewed violence in Papua, a region with special autonomy
- **Military no longer potent political force**  
23 September 2006, AFP  
The current government has focused on depoliticizing the TNI
- **Blasts in Restive Town of Poso in Central Sulawesi**  
30 September 2006, AFP
- **Religious tensions run high in Poso; Indonesian Police Arrest 15 Terrorist Suspects in Central Sulawesi**  
1 November 2006, Xinhua  
Despite increased security, terrorists continue to operate out of Indonesia

## HUMAN DEVELOPMENT

**STRUCTURAL ANALYSIS** Primary school enrolment and completion rates for both males and females are positive indicators of Indonesia's human development. In 2005, gross primary school enrolment of the school age population exceeded 100% (World Bank). The prevalence of HIV/AIDS is also low, with an estimated 170,000 cases in 2004 that translates into a prevalence rate of 0.1-0.2% of adults aged 15-29 (UNAIDS). However, access to clean water is an area of great concern; in 2005 23% of the population lacked access to an improved water sources (World Bank). Health infrastructure is the weakest indicator among those surveyed; 28% of children under 5 are malnourished, as compared to the 15% average of the East Asia and Pacific region.

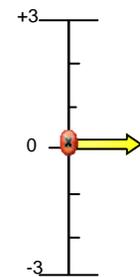
**EVENTS** Although events related to Human Development tended to be strongly negative, at least the situation has not worsened. Cases of and deaths from bird flu occur regularly, but at a low per capita level. The number of HIV/AIDS cases are slowly increasing and there continue to be outbreaks of other diseases caused by poor living conditions and lack of access to basic health services. Indonesia's vulnerability to natural disasters and outbreaks of violence worsens the quality of life for much of the population. Females of all ages in particular face significant challenges and enjoy a lower quality of life as a result.

### KEY EVENTS

- **Vaccination, Biosecurity Shortfalls Helping Bird Flu to Spread: Officials**  
15 September 2006, Jakarta Post  
Efforts to contain the spread of the disease have not proven effective
- **Clean water shortage due to current dry spell**  
22 November 2006, Jakarta Post  
The environment presents additional human development challenges
- **Number of HIV positive people in Indonesia in 2006 has grown by 30 percent**  
5 December 2006, Media Indonesia  
Though HIV/AIDS prevalence has been a positive for Indonesia, this is changing as infection rates increase

### High-risk

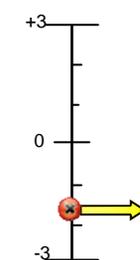
Average Events Score and Tendency



• Avg Score: 0.04  
➡ Trend Score: .08

### Medium-risk

Average Events Score and Tendency



• Avg Score: -1.96  
➡ Trend Score: -.05

## PRIMARY DRIVERS

### GOVERNANCE

#### STRUCTURAL ANALYSIS

Governance in Indonesia shows weakness with respect to the rule of law, level of corruption, and political instability. Poor scores in these areas are moderated to some extent by stronger results in terms of the number of refugees hosted, participation in international political institutions, level of democracy, and restrictions on civil liberties and political freedoms. High levels of corruption and a lack of rule of law in certain areas of the country are indicative of ineffective legal and political institutions. Such problems are exacerbated by the recent trend towards decentralization, which leaves local actors with inadequate resources to address the problems they face. In Indonesia human rights abuses such as torture and disappearances are not considered crimes, further weakening government legitimacy. The government has been criticized for failing to prosecute military officers who are alleged to have committed atrocities. Though a laudable focus on economic growth has driven many of these policy decisions, results in this cluster are nonetheless significantly hindered by the uncertain security climate and pervasive corruption.

#### EVENTS

Events related to governance tended to become more positive during the period observed. The election of a former Free Aceh Movement rebel, Irwandi Yusuf, in the landmark first direct elections for governor of Aceh province proved to be a significant and stabilizing event. The sharp drop recorded for November in table 4 reflects widespread protests against President Yudhoyono (SBY) during U.S. President George Bush's visit to Jakarta on 20 November 2006 to discuss a range of issues including bird flu, alternative energy sources and natural disaster preparedness. As a result, Yudhoyono was accused of being a U.S. puppet by many Islamist hardliners. Controversy over the Parliament's 'anti-pornography' bill has raised questions about the role of religion in Indonesian society. Parliament's controversial law requiring citizens to state their religion on official documents has also proved contentious, particularly as only the six official religions are recognized.

#### KEY EVENTS

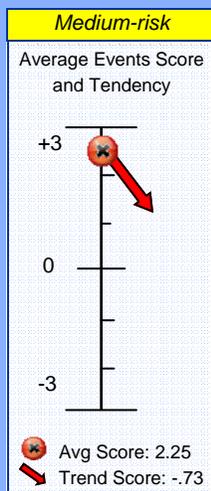
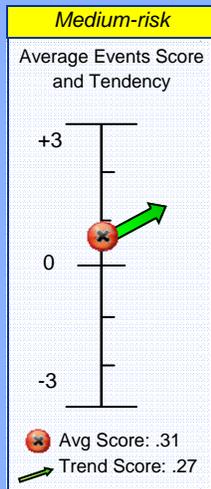
- **Papua: Corrupt Provincial Governments Impeding Efficacy of Special Autonomy**  
20 October 2006, *Jakarta Post*  
Regional autonomy laws concerning Papua are imperfectly implemented
- **'Hundreds' Rally Against Bush Visit, Call SBY US 'Puppet'**  
18 November 2006, *Antara*  
Many Muslims oppose closer ties with the U.S.
- **Controversial religion law passed by Parliament**  
9 December 2006, *AFP*  
Critics argue the bill goes against constitutional freedom to worship
- **Elections in Aceh have swept former rebel leader to victory**  
12 December 2006, *AFP*  
Landmark elections to directly elect governor of province

## SECONDARY DRIVERS

### ECONOMICS

#### SUMMARY

Indonesia has not yet recovered from the Asian Financial Crisis of 1997. The 2004 tsunami resulted in economic and humanitarian devastation in several regions. However, the country's \$287.2 billion (USD) GDP in 2005 (World Bank) is encouraging, as are levels of FDI and foreign aid. FDI increased by 277% between 2004 and 2005 (\$1,896 million and \$5,260 million respectively; UNCTAD). Trade with Russia and China has been increasing although the EU remains Indonesia's largest trading partner after Japan, and contributed US \$2 billion as part of the Multi-Donor Fund for Aceh and Nias for tsunami recovery (Jakarta Post). The EU is also the second biggest investor in Indonesia with \$2.09 billion in foreign direct investment after Singapore's \$3.93 billion (Jakarta Post). Not all is positive in the economic realm; indicators of concern include inflation and the black market. 60% of the labour force in Indonesia works in the informal sector (CIDA). The unemployment rate in 2006 was 11.8%, compared to 9.2% in 2005 (CIA Factbook). Indonesia's Chinese minority controls most of the country's wealth and this led to anti-Chinese riots in the late 1990's; however, the situation has since calmed. GDP growth is forecast to reach an average of 6.2% in 2007-08, boosted by a rebound in domestic demand and a recovery in investment (The Economist).



## SECONDARY DRIVERS

### ENVIRONMENT

**SUMMARY** Indonesia is faced with serious environmental degradation on a variety of fronts, including air and water pollution, deforestation, and destruction of resources as a result of natural disasters. The rapid loss of land is largely due to the size of the population, rampant forest fires and illegal logging. In 2006, the president declared a crack-down on illegal logging and the head of a major illegal logging network was arrested in China. The transnational haze from forest fires has a detrimental impact on the economies of Indonesia and neighboring states, and ASEAN is supporting Indonesia's attempts to address the haze problem. The use of solid fuels is a particular area of high-risk as solid fuels are major contributors to air pollution. Effectively addressing the myriad of environmental problems facing Indonesia is made more difficult by the geographical and governmental decentralization, as well as the frequent occurrence of natural disasters.

### DEMOGRAPHY

**SUMMARY** Indonesia is one of the most populous countries in the world with a population of over 219 million (DFAIT) that is growing at a rate of approximately 1.2% (CIA Factbook). Almost 29% of the population is between the ages of 0-14 (CIA Factbook). Indonesia is predominantly Muslim (88%); the second largest religion is Christianity (8%, CIA Factbook). Urban growth rate, population density, and the ethnic diversity of the population are high-risk indicators, and there have been massive internal displacements as a result of political, ethnic, and religious conflict. Encouragingly, the urban growth rate fell by 18% from 2000 to 2005 (4.74% to 3.88%, Globalis).

## CANADA AND INDONESIA

### CANADIAN CONTRIBUTIONS

- **National Community Justice School**  
Project duration: 2003–2008  
CIDA contribution: \$1.4 million  
Capacity building for the Network for Community Justice and Conflict Resolution; community justice programs
- **Housing Reconstruction and Rehabilitation- Tsunami**  
Project Duration: 2006-2009  
CIDA Contribution: \$67 million  
Reconstruct or repair up to 4300 safe and permanent houses in selected areas of Aceh Province and Nias Island through an integrated, community based approach.
- **Strengthening Civil Society Organizations – tsunami**  
Project Duration: 2006-2009  
CIDA Contribution: \$3.7 million  
Rebuilding and strengthening local governance in Nanggroe Aceh Darussalam province through civil society.
- **Carbon storage and sequestration**  
Project Duration: 2001-2007  
CIDA Contribution: \$5,132,670  
Sustainable management of Indonesia's globally important peatlands
- **Community water and health (I) –tsunami**  
Project Duration: 2005-2009  
CIDA Contribution: \$5 million  
Improve the health status of about 500 low-income communities by providing rural water supply and sanitation facilities

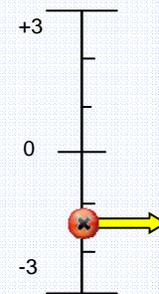
(Data from CIDA, 2007, and DFAIT, 2006)

### LINKS

- **Canadian exports to Indonesia (2006):** CAD 794 million (0.18% of Canada's total) with cereals, pulps and fertilizers leading; up from CAD 693 million in 2005 (Statistics Canada)
- **Canadian imports from Indonesia (2006):** CAD 946 million (0.24% of Canada's total) with rubber, electrical material and woven clothing leading; down from CAD 956 million in 2005 (Statistics Canada)
- **Canadian direct investment in Indonesia (2005):** CAD 3,171 million (Asia Pacific Foundation)
- **Indonesian Diaspora in Canada (2001):** In the 1996-2001 period there were 1925 immigrants and 1080 non-permanent residents making a current total of 10,455 (Statistics Canada).
- **Development engagement:** In 2004-2005, Canadian ODA to Indonesia was approximately 100 million, including funds in response to the 2004 tsunami in Aceh Province. Indonesia is one of Canada's 25 priority countries for development assistance (CIDA).

### Medium-risk

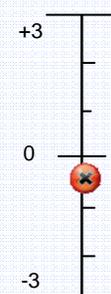
Average Events Score and Tendency



• Avg Score: -1.31  
➡ Trend Score: -.04

### Medium-risk

Average Events Score and Tendency



• Avg Score: -.5  
Trend Score: —

## 6—12 MONTH SCENARIOS

### BASELINE LIKELY CASE

*BASED ON BEST ASSUMPTIONS FOR EACH CLUSTER*

Tsunami recovery and development in Aceh increase as a result of the newly—and directly—elected government. However, violent clashes and allegations of human rights abuses continue as the role and application of Sharia law remains uncertain. With international support, the efforts of the government to combat the spread of bird flu lead to a reduction in the number of cases and deaths reported. New and strengthened security partnerships with neighbouring states allow for better monitoring of terrorist suspects and decreases incidents of illegal border crossing. The improved security climate encourages more foreign investment, which helps strengthen Indonesia's economy. Corruption remains a problem at all levels of government; however, efforts by the President to improve accountability do decrease corruption at the highest levels.

### ALTERNATIVE LIKELY CASE

*BASED ON VARIATION IN WEAKEST ASSUMPTION*

The most uncertain assumption regarding Indonesia's near future concerns developments in Aceh under the newly elected government. If ex-rebels from the Free Aceh Movement do not accept the authority of the new government and launch violent attacks, the region will remain unstable. This will not only hinder tsunami recovery but also require additional efforts from the national government, in terms of security forces and humanitarian assistance. Many of the international organizations currently working in Aceh may have to pull out if the violence escalates, leaving the population of Aceh in dire humanitarian conditions. Human development in Aceh lags behind the national average and renewed violence would decrease Indonesia's chances of meeting some of its MDG targets. Though natural disasters will continue to occur and destabilize parts of the country, environmental concerns will take a backseat to pressing security and disaster response issues.

### BEST CASE

*BASED ON ASSUMPTION THAT POSITIVE TRENDS DOMINATE*

In Indonesia's best case scenario for the coming 6-12 months, the security climate in Papua, Aceh and Central Sulawesi remains peaceful. Gains are made in combating terrorist groups operating in Indonesia through regional security partnerships. Improvements in the security climate encourage foreign investment and economic growth. All levels of government begin discussing limited measures of recentralization to better address corruption, human development and economic needs and problems. An agreement is reached between the Muslim leaders and the newly elected Aceh government regarding an application of Sharia law that respects human rights and civic freedoms. The improving security and economic climates allow the government to focus on environmental problems. The efforts to stop illegal logging prove effective and initiatives, developed with support of ASEAN, significantly decrease the transnational haze problem.

### WORST CASE

*BASED ON ASSUMPTION THAT NEGATIVE TRENDS DOMINATE*

In the worst case, the current situation of relative peace is completely overturned with renewed secessionist violence in both Aceh and Papua, as well as Muslim-Christian violence in Central Sulawesi. The lack of coordination between different levels of government exacerbates the problems. International terrorist groups use the local outbreak of violence to stage new attacks. The security crisis consumes the government's energies, with few resources devoted to economic growth or healthcare. Human development initiatives are essentially halted. With the ensuing lack of medical supplies and control measures, bird flu spreads more rapidly, becoming a full-fledged national and regional health crisis. Natural disasters cannot be properly handled, and aid does not reach those affected. Indonesia is criticized internationally for failing to adequately deal with security problems, and aid donors and investors begin to pull out. In desperation, the Indonesian government resorts to brutal military and police crack-downs to put an end to the violence, which leads to widespread accusations of human rights abuses and distrust in the government.

#### POSSIBLE POLICY ENTRY POINTS

##### Security & Crime:

- Improve the capacity of local police to handle violent clashes, while still respecting human rights
- Encourage the government in its efforts to depoliticize the TNI
- Support regional counter-terrorism exercises
- Strengthen the counter-terrorism capabilities of the TNI

##### Economics:

- Small business training in urban and rural areas, particular for women

##### Governance:

- Support regular information sharing between the different levels of government, with limited recentralization to address the most pressing human development, security, and economic problems
- Support measures aimed at reducing corruption and improving accountability and transparency

##### Human Development:

- Provide funding and research support to fight the spread of bird flu
- Strengthen health infrastructure and ensure adequate levels of healthcare in all provinces

##### Environment:

- Support the government's efforts to stop illegal logging
- Provide research and implementation support for reducing transnational haze
- Educate people in rural areas about the dangers of using fire as a means of clearing land; support programs encouraging rural non-farm employment
- Support projects to improve water quality in urban areas that lack proper sewage facilities

##### Demography:

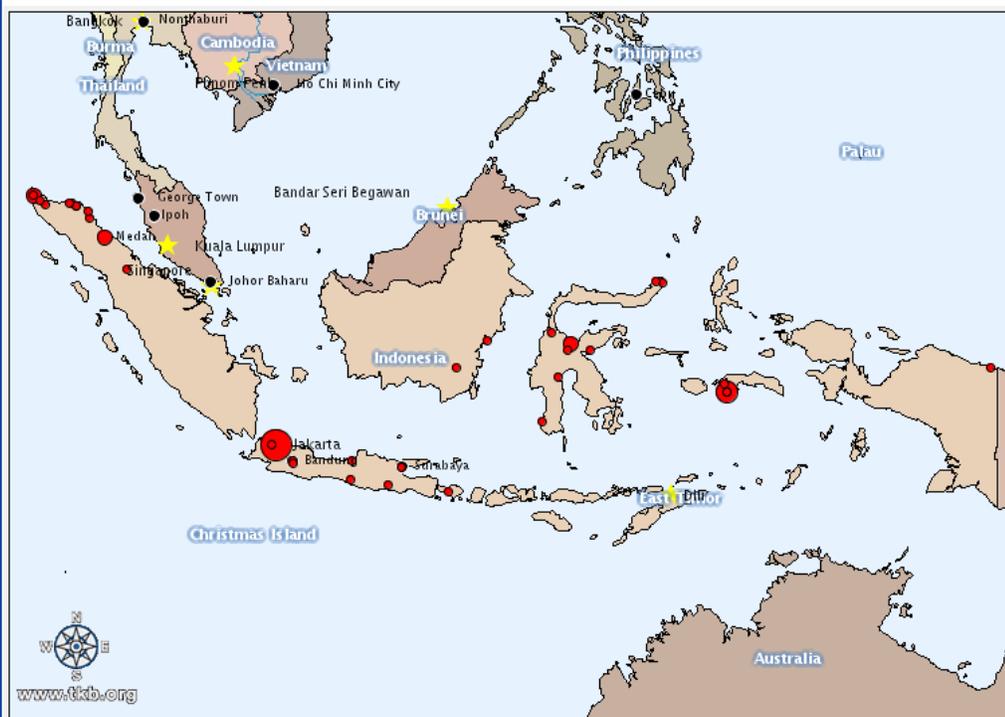
- Support inter-religious dialogue between leaders
- Seek inter-religious cooperation on projects to address environmental, economic, or human development issues
- Encourage celebrations of Indonesia's diversity; promote awareness of cultural, religious diversity

# MAPS

MAP 2: THE PROVINCES OF INDONESIA



MAP 2: TERRORIST INCIDENCES IN INDONESIA (1968—2007)



**Terrorist Incidents**

- < 5
  - 5 - 15
  - 15 - 30
  - > 30
- / major rivers   
 ★ capitals   
 ● major cities

## INDEX METHODOLOGY

Like its predecessor the CIFP conflict risk index, the fragility index employs a methodology of relative structural assessment. The analysis begins with a structural profile of the country, a composite index that measures overall country fragility along six dimensions or clusters: governance, economics, security, human development, demography and environment. Each of these clusters is based on a number of indicators; for example, indicators under the 'economics cluster' include economic growth, gross domestic product, inflation and unemployment, etc. The data is further analyzed to provide insight into relative state strength and weakness along three dimensions of 'stateness', namely authority, legitimacy, and capacity. This multidimensional assessment methodology is a direct response to the multi-causal nature of fragility and failure; states can weaken in any number of ways, such that any attempt to attribute fragility to a single deterministic set of causal variables inevitably remains underdetermined, capturing only a limited subset of all fragile states. Instead, CIFP adopts a more inductive approach, identifying areas of relative strength and weakness across all measures of state performance.

In ranking state performance on a given indicator, global scores are distributed across a nine-point index. The best performing state receives a score of one, the worst a score of nine, and the rest continuously distributed between these two extremes based on relative performance. As country performance for some types of data can vary significantly from year to year – as in the case of economic shocks, natural disasters, and other externalities – averages are taken for global rank scores over a five-year time frame. Once all indicators have been indexed using this method, the results for a given country are then averaged in each fragility cluster to produce the final scores for the country.

In general, a high score – 6.5 or higher – indicates that a country is performing poorly relative to other states. Such a score may be indicative of an arbitrary and autocratic government, a history of non-transparent government, the presence of significant barriers to political participation, the absence of a consistently enforced legal framework, or a poor human rights record.

A low score – in the range of 1 to 3.5 – indicates that a country is performing well relative to others, or that a country's structural conditions present little cause for concern. Values in the moderate 3.5 to 6.5 range indicate performance approaching the global mean.

Score	Description
1-3.5	Country performing well relative
3.5-6.5	Country performing at or around
6.5+	Country performing poorly rela-

## EVENTS MONITORING METHODOLOGY

### SUMMARY

The purpose of CIFP event monitoring is to observe and report on events within a country to better understand the dynamic trends affecting democratic processes and governance in the country. This data, when combined with structural data, provides a more comprehensive analysis of both the underlying conditions and recent developments, thereby informing a more nuanced and ultimately policy-relevant analysis.

In CIFP event monitoring methodology, events are all coded using a number of criteria. First, each event is assigned to the specific cluster area to which it is *most directly* related, either governance, economics, security and crime, human development, demography, or environment. Second, the event is coded as being either stabilizing or destabilizing to the state. The event score is then determined by answering the following three questions:

1. How direct is the impact of the event on state stability?
2. How broad is the impact of the event?
3. How intense is the event, in comparison with past events in the country?

Each question is answered quantitatively using a three-point scale.

# EVENTS MONITORING METHODOLOGY

## COMPONENTS OF THE COMPOSITE EVENT SCORE

- CAUSAL RELEVANCE**
1. Event is relevant, but with no clearly delineable direct causal linkage to state stability or fragility (e.g. an announcement of funding, or an international soccer friendly).
  2. Event is relevant, with a delineable, though indirect causal linkage to state stability or fragility (e.g. New legislation enhancing minority rights is passed, or a bomb detonates within an ethnically divided region).
  3. Event is relevant with a delineable and direct causal linkage to state fragility (e.g. Declaration of a ceasefire or the assassination of a government minister.)

**CENTRALITY**

1. Event affects less than 25% of political stakeholders.
2. Event affects 25% - 75% of political stakeholders.
3. Event affects more than 75% of political stakeholders.

**INTENSITY/ESCALATION**

1. Event is comparable to others experienced in the state in the previous six months.
2. Event is more intense than others experienced in the state in the previous six months.
3. Event is more intense than others experienced in the state in the previous five years.

**STAKEHOLDERS**

As part of the initial country profile, the analyst compiles a list of stakeholders. Stakeholders are those individuals or groups that possess an identifiable, broadly similar political agenda and either have an effect on or are affected by state stability or fragility. They often have an organizational structure in addition to sufficient resources to pursue explicitly or implicitly articulated goals.

## EVENT ANALYSIS

The analysis occurs in both aggregate (all events) and disaggregate (events analysed by cluster) by using quantitative data in two ways. First, **summary statistics** provide the analyst with an overview of the average event scores. Positive average event scores are indicative of an environment that experiences more or more significant positive events than negative events. Negative average scores indicate the opposite.

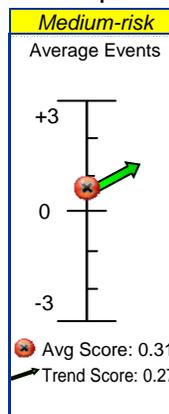
Tendency Key	Negative Slope	Status quo Slope	Positive Slope
OLS Slope value	Below -0.1	Between -.1 and .1	Above +0.1
Symbol			

The second avenue of analysis is via **regression lines** to observe whether the events demonstrate any positive or negative tendency over time (left).

These two types of information — average event score and event tendency — are combined into a single graph (see right). The graph may be thought of as analogous to a thermometer and

barometer. The risk score given at the top of the graph — colored as green, yellow, or red — is based upon the structural analysis for a given cluster. The colour indicates the relative level of risk in the cluster, and may be thought of as the “thermometer,” providing an indication of the overall risk in the country. The arrow and bar below may be thought of as the “barometer”, providing both the average event score and the event tendency, which are akin to the level and direction of barometric pressure, respectively.

**Example Summary Graph**



## SCENARIO GENERATION

The report includes scenarios for the country's fragility over the short term, normally 6-18 months. Normally, the analysis includes four scenarios: a baseline case, an alternative case, a best-case, and a worst-case. Each is based on an analysis of overall and cluster summary statistics and trends, as well as stakeholder interests. The best-case identifies the most positive outcome possible (most conducive to stable democratic governance and poverty reduction) in the near future. Conversely, the worst-case scenario identifies the opposite. These two scenarios are intended to highlight different facets of the situation for the reader, by considering the strongest trends among stabilizing and destabilizing events, drawing attention both to dominant threats and potential points of entry. Finally, the baseline and alternative scenarios extrapolate future tendencies based on analysts best assumptions for the state, again combined with likely stakeholder interaction. Dominant trends—those most likely to continue in each of the 6 dimensions of fragility over the next six to eighteen months—become underlying assumptions. These are then combined to form an overall portrait of the country for the near term, providing a baseline “likely” scenario. The alternative case simply considers what would happen if the weakest of these assumptions did not hold, thereby giving some indication of the scenarios’ robustness. Taken together, the scenarios define both the probable and potential developments in the country over the near term. Such insights may inform contingency policy planning processes, and provide some basis for benchmarks with which to evaluate the success of initiatives intended to improve state fragility.

<b>STRUCTURAL DATA (SOURCE AND SCALE OF RAW DATA IN PARENTHESES)</b>	<b>Cluster avg.</b>	<b>Fragility index score</b>	<b>Fragility index rank</b>	<b>Raw Data -- Five year avg</b>	<b>Last Year of Data</b>	<b>Trend Score</b>
<b>1. Governance</b>	<b>5.72</b>					
Freedom of the Press (FH, index, 0-100)	5.8	76	56.0	2006	s.q.	
Gov't Effectiveness (WB Governance Matters, index, Deviation from mean)	6.0	72	-0.5	2005	*	
Level of Corruption (TI, index, 0-10)	8.3	16	2.1	2006	s.q.	
Level of Democracy (Polity IV, index, (-10 - 10))	5.1	86	6.4	2004	pos	
Level of participation in international political organizations (CIFP)	2.5	140	4.7	2005	*	
Percentage of Female Parliamentarians, index, (WB WDI)	6.5	62	8.7	2005	s.q.	
Permanence of Regime Type (Polity IV, years since regime change)	7.8	25	3.0	2004	s.q.	
Refugees hosted (UNHCR, total)	4.1	92	20527.6	2005	pos	
Restrictions on Civil Liberties (FH, index, 1-7)	5.1	77	3.8	2005	s.q.	
Restrictions on Political Rights (FH, index, 1-7)	4.3	103	2.8	2005	pos	
Rule of Law (WB GM, Deviation from mean)	7.2	42	-0.9	2005	*	
Voice and Accountability in Decision-making (WB GM, Dev. from mean)	5.9	74	-0.4	2005	*	
<b>2. Economics</b>	<b>5.10</b>					
Economic growth — Percentage of GDP (WB WDI)	4.0	123	4.7	2005	s.q.	
Economic Size — Relative (WB WDI, GDP per capita, constant 2000)	6.3	60	876.5	2005	s.q.	
Economic Size — Total (WB WD, GDP, constant 2000 US\$)	2.1	157	1.88E+11	2005	pos	
External Debt — percentage of GNI (WB WDI)	6.1	49	60.9	2004	*	
FDI — percentage of GDP (WB WDI)	1.4	160	-0.9	2004	neg	
Foreign Aid — percent of Central Government Expenditures (WB WDI)	4.0	46	3.0	2004	*	
Foreign Aid — Total per capita (WB WDI)	2.5	138	5.9	2004	pos	
Inequality — GINI Coefficient (WB WDI)	3.5	83	34.3	2003	*	
Inflation (WB WDI)	7.4	25	9.3	2005	pos	
Informal Economy — Black Market (Heritage Fund, Index, 1-5)	7.5	15	4.5	2006	s.q.	
Informal Economy — Ratio of PPP to GDP (WB WDI)	6.4	52	3.7	2005	s.q.	
Infrastructure — Reliability of Electricity Supply (WB, % output lost)	5.3	61	13.6	2003	neg	
Infrastructure — Telephone mainlines per 1000 inhabitants (WB)	6.6	58	37.8	2004	s.q.	
Infrastructure — Internet Usage per 1000 inhabitants (WB)	5.7	76	31.0	2004	s.q.	
Investment Climate — Contract Regulation (Heritage Foundation, Index, 1-5)	4.9	20	4.0	2006	s.q.	
Level of participation in international economic organizations (CIFP)	8.0	24	2.0	2005	*	
Paying Taxes (WB Doing Business, global rank)	6.9	46	131.0	2006	*	
Regulatory Quality (WB GM, deviation from mean)	6.4	64	-0.6	2005	*	
Remittances Received — percentage of GDP (WB)	3.9	99	0.0	2004	s.q.	
Reserve Holdings — Total (WB)	2.0	152	3.35E+10	2005	s.q.	
Trade Balance — percentage of GDP (WB)	2.8	122	3.5	2004	s.q.	
Trade Openness — percentage of GDP (WB)	6.6	51	61.8	2005	s.q.	
Unemployment — Total (WB)	5.4	47	8.6	2004	neg	
Percentage of Women in the Labour Force (WB)	6.7	52	37.8	2005	s.q.	
<b>3. Security &amp; Crime</b>	<b>7.12</b>					
Conflict intensity (Uppasala PRIO, number of conflict-related deaths)	8.5	9	385.3	2005	*	
Dependence on External Military Support (FFP, Index, 1-10)	5.2	61	6.2	2006	*	
Human Rights — Empowerment (CIRI, Index, 0-10)	7.1	54	3.4	2004	s.q.	
Human Rights — Physical Integrity (CIRI, Index, 0-8)	8.7	10	1.0	2004	s.q.	
Military Expenditure — percentage of GDP (WDI)	1.5	98	1.0	2005	s.q.	
Political Stability (WB GM, deviation from mean)	8.3	14	-1.6	2005	*	
Refugees Produced (WB, total)	6.7	37	14436.9	2004	neg	
Risk of ethnic Rebellion (CIFP, based on MaR dataset)	8.6	7	10.1	2005	*	
Terrorism -- Number of fatalities (US NCTC, number of fatalities)	8.3	15	64.0	2005	*	
Terrorism -- Number of Incidents (US NCTC, number of incidents)	8.4	15	64.0	2005	*	

## STRUCTURAL DATA (CONT'D)

<b>4. Human Development</b>	<b>4.80</b>				
Access to Improved Water (WB, percent of the population)	6.6	52	77.0	2004	*
Access to Sanitation (WB, percent of the population)	6.0	62	55.0	2004	*
Education — Primary Completion — female (WB, percent)	3.3	110	98.7	2004	s.q.
Education — Primary Completion — total (WB, percent)	3.5	102	98.5	2004	s.q.
Education — Primary Enrolment — total (WB, percent)	3.5	102	98.5	2004	s.q.
Education — Primary Enrolment — Ratio Female to Male (WB)	5.2	79	97.7	2004	s.q.
Food Security — Aid as percentage of total consumption (FAO STAT)	4.3	73	0.3	2001	*
Gender Empowerment Measure (UNDP, index, 0-1)	..	..	..	..	..
Gender-related Development Index (UNDP, index, 0-1)	5.9	59	0.7	2004	s.q.
Health Infrastructure — Expenditures as a percentage of GDP (WB)	8.6	9	2.9	2003	s.q.
HIV/AIDS — New AIDS Cases Reported (UN, total)	5.4	43	103.4	2001	*
HIV/AIDS — Percent of Adult Females Infected (WB)	1.4	106	15.3	2005	*
HIV/AIDS — Percent of Adult population infected (WB)	2.3	112	0.1	2005	*
Human Development Index (UNDP, index 0-1)	6.0	67	0.7	2004	s.q.
Infant Mortality (WB, per 1000 live births)	5.5	81	32.8	2004	*
Literacy (WB, percent of population age 15 and above)	4.4	67	90.4	2004	*
Literacy — female (WB, percent of female population age 15 and above)	4.9	60	86.8	2004	*
<b>5. Demography</b>	<b>5.61</b>				
Life Expectancy — Female (WB)	6.1	70	68.7	2004	*
Life Expectancy — Total (WB)	6.0	72	66.7	2004	*
Migration — Estimated Net Rate (UN)	6.1	68	-0.9	2005	*
Population Density (WB, population per square km)	6.5	60	118.5	2005	s.q.
Population Diversity — Ethnic (CIFP)	8.5	11	0.8	2005	*
Population Diversity — Religious (CIFP)	3.4	111	0.2	2005	*
Population Growth (WB, annual percent)	4.9	99	1.3	2005	s.q.
Slum Population — proportion of population (WDI, UN)	2.5	81	0.1	2001	*
Urban Growth Rate — Annual percent (WB)	7.8	28	4.1	2005	s.q.
Youth Bulge — Percent aged 0-14 of total population (WB)	4.2	108	29.0	2005	s.q.
<b>6. Environment</b>	<b>5.24</b>				
Arable/fertile land availability (WB, hectares per person)	6.4	63	0.1	2004	s.q.
Consumption — Commercial energy consumption per capita (UN, kg of oil equivalent)	4.2	110	483.8	2003	s.q.
Consumption — Use of solid fuels (UN, percent of population using)	6.7	48	72.0	2003	*
Disaster Risk Index, (UNDP, average number of deaths per million)	6.1	64	2.1	2001	*
Ecological Footprint — Global hectares per capita (WWF, Global Footprint Network)	3.4	103	1.0	2003	*
Water — Annual withdrawal (FAO STAT, percent of total renewable)	4.2	94	2.9	2002	*
Water — Available renewable per capita (FAO STAT, m <sup>3</sup> /inhabitants/year)	3.5	121	12833.1	2006	*
Forest — Annual percent change in area (FAO)	8.4	12	-2.0	2005	*
Pollution — CO <sub>2</sub> emissions per capita (WB, metric tons per capita)	4.0	111	1.1	2002	neg
Pollution — CO <sub>2</sub> emissions per dollar PPP (WB, kg per 2000 US\$ PPP)	5.4	73	0.4	2002	neg
<b>TOTAL</b>	<b>5.46</b>				

For trend scores, (s.q.) indicates continuation of status quo, (pos) indicates a positive trend toward stability, and (neg) indicates a negative trend toward fragility. (\*) indicates insufficient data for calculation of trend and volatility scores.

# STAKEHOLDER ANALYSIS

## INDONESIAN CENTRAL GOVERNMENT

- President Susilo Bambang Yudhoyono (SBY), elected in September 2004 (National Elections Commission). First directly elected president.
- Vice President Jusuf Kalla. After Golkar won the most seats in the DPR, SBY encouraged Kalla to run for Chair of Golkar. His win strengthened SBY position in the legislative assembly (DPR)

### Interests

- Increasing economic prosperity
- Root out corruption from the top down
- Political stability and reduced poverty

### Recent Actions and Attitude

- Committed to economic development
- Tensions between secular and Muslim preferences in law-making
- Peace agreement with Free Aceh Movement held, and the province had its first direct elections for governor
- President faced protests, threats of a no-confidence motion over welcoming US President George Bush

## INTERNATIONAL DONORS

- US
- Japan
- Australia
- World Bank
- Asian Development Bank
- Canada
- Netherlands
- Germany
- EU
- UN agencies

### Interests

- Economic growth and prosperity in Indonesia to benefit regional economy
- Adequate security capabilities to counter insurgencies and terrorism
- Tsunami recovery and rehabilitation
- Increased human development levels in Indonesia

### Recent Actions and Attitude

- US offers Indonesia more Bird Flu funding
- MOU Signed With Qatar Government for infrastructure projects
- The Indonesian government settled remaining debts to the International Monetary Fund (IMF)
- China donates 60 sets of prefabricated houses
- UNDP and Dutch government provide US\$ 24 million to help eradicate poverty in Papua

## CHRISTIAN MINORITY

- Approximately 8% of the population

### Interests

- Freedom to worship without persecution from the Muslim majority

### Recent Actions and Attitude

- Three Christians executed for 2000 massacre of Muslims, sparking riots
- Christian-Muslim violence in restive town of Poso in Central Sulawesi

## NEIGHBOURING STATES

- Singapore
- Malaysia
- Philippines
- Australia
- Papua New Guinea
- Cambodia
- Thailand
- Vietnam
- East Timor
- Brunei

### Interests

- Regional economic prosperity
- Sustainable management of shared natural resources and coordination on shared environmental problems
- Secure borders and the security of the bodies of water
- Political stability in Indonesia

### Recent Actions and Attitude

- Improvements in security and peacekeeping with East Timor, Australia
- Malaysia, Indonesia, Singapore to boost Malacca Strait security
- Papua New Guinea, Indonesia plan highway link
- Singapore Ex-Premier stated Jakarta discriminates against its Chinese minority
- ASEAN to fight transboundary haze that originates in Indonesia
- Agreement signed for a Sustainable Development Strategy for the Seas of East Asia

## INDONESIA POPULATION

- Over 219 million people, with 88% of the population identifying as Muslim and approximately 8% as Christian (CIA Factbook)

### Interests

- Political stability and economic prosperity
- Democratic government that is accountable and transparent
- Improved human development levels

### Recent Actions and Attitude

- Bird flu continues to spread
- Unemployment rising
- Clean water crisis in several regions due to prolonged dry spell

## TNI

- Armed Forces Supreme Commander General Djoko Suyanto

### Interests

- Ensuring the security of Indonesia from internal and external threats
- Adjusting to the new depoliticized role for the military, as advocated by the president

### Recent Actions and Attitude

- Military demanding voting rights for its personnel, rejecting civilian court trials
- TNI eliminated the social and political function of the military in its doctrine
- Anti-terrorism operations being carried out throughout Indonesia and joint training with India, France and others

# STAKEHOLDER ANALYSIS

## CHINESE MINORITY

- Chinese make up only about 3% of the population but control most of the economy.

### Interests

- Maintaining share of economic wealth
- Freedom from ethnic persecution
- Strong ties between China and Indonesia

### Recent Actions and Attitude

- Indonesia Pledges Closer Strategic Partnership With China
- President announced Chinese Indonesians have equal rights with other Indonesian citizens.

## ISLAMIST TERRORIST GROUPS

- Jemaah Islamiyah, active terrorist threat in Southeast Asia. Suspected of role in a triple-suicide bombing in Bali on October 1st, 2005 (MIPT).
- Front for Defenders of Islam - Dedicated to the application of strict Sharia law in Indonesia
- Mujahideen KOMPAK Jemaah Islamiya (JI): wants an Islamic government in Indonesia.

### Interests

- The creation of an Islamic state in Indonesia, and in some cases the entire region, with the strict application of Sharia Law

### Recent Actions and Attitude

- Threat of attacks has dropped but remains a danger
- Indonesian police arrest 15 terrorist suspects in Central Sulawesi and three Malaysians suspected of being couriers for fugitive Noordin Mohammad Top in East Java province
- Indonesia's anti-terror laws on combating terrorism is the worst among others in the world, but radical Muslim groups oppose tougher laws saying they would violate human rights

## OPPOSITION

- Indonesian Democratic Party-Struggle (PDI-P), led by Megawati Sukarnoputri, the daughter of Indonesia's first president, Sukarno. PDI-P won 18.5% of the vote in the 2004 legislative election and 39.1% in the 2004 presidential elections (Carter Center).

### Interests

- Recovering or consolidating electoral support
- Promoting the Pancasila, the philosophical basis of the Indonesian states. The fundamental principles are: belief in one God, just and civilized humanity, unity of Indonesia, democratic decision-making through consensus, social justice through the equitable sharing of welfare in a progressive, dynamic way

### Recent Actions and Attitude

- Parties striving for recentralization so that central party boards will have more influence on local chapters

## MUSLIM ORGANIZATIONS

- Nahdlatul Ulama (NU) and Muhammadiyah, two major groups with 30 million and 20 million members respectively

### Interests

- Encouraging cooperation and understanding between the different religious groups in Indonesia;
- Opposing radical Islamist groups that wish to turn Indonesia into a Muslim state or carry out violent attacks
- Share and teach Muslim values and teachings
- Reducing poverty through charitable acts in the community activities

### Recent Actions and Attitude

- Indonesian Islamic Leaders condemn Pope's comments about jihad and Islam but urge restraint
- Nahdlatul Ulama Leader stresses need for inter-faith dialogue

## SPECIAL AUTONOMY PROVINCES

- Papua: Received Special Autonomy Status in 2002. Free Papua Movement maintains persistent insurgent activity. Governed by the directly elected governor, Barnabas Suebu
- Aceh: Peace agreement between the government and the Free Aceh Movement in 2005. A form of Sharia law was introduced in Aceh in 2003. Landmark elections to directly elect the governor were held in December 2006 and brought Irawandi Yusef, a former rebel, to power.

### Interests

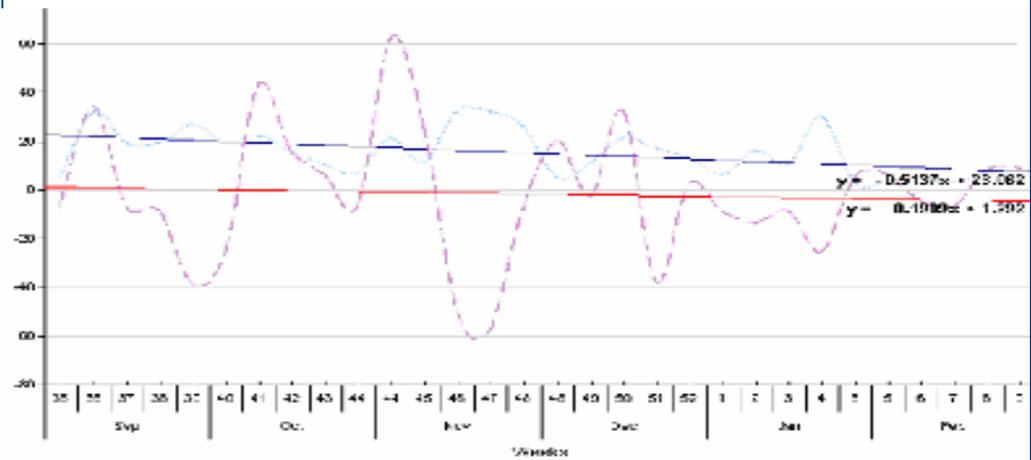
- Freedom to govern affairs with minimal, or no, interference from the central government
- Forcing the central government to thoroughly uphold their special autonomy status

### Recent Actions and Attitude

- Third Tribe Joins Inter-Tribal Violence in Indonesia's Remote Papua
- Morality police get tough implementing Sharia law in Aceh
- Police kill one in Papua in fracas over people being denied government assistance
- Indonesian police seize illegal firearms from civilians in Aceh Province
- Corruption in Papua impeding efficacy of Special Autonomy
- Papuan separatists Mark 'Declaration of Independence' peacefully
- The 30th anniversary of the Free Aceh Movement (GAM), passed peacefully

# EVENT GRAPHS

TABLE 1: EVENTS CHART

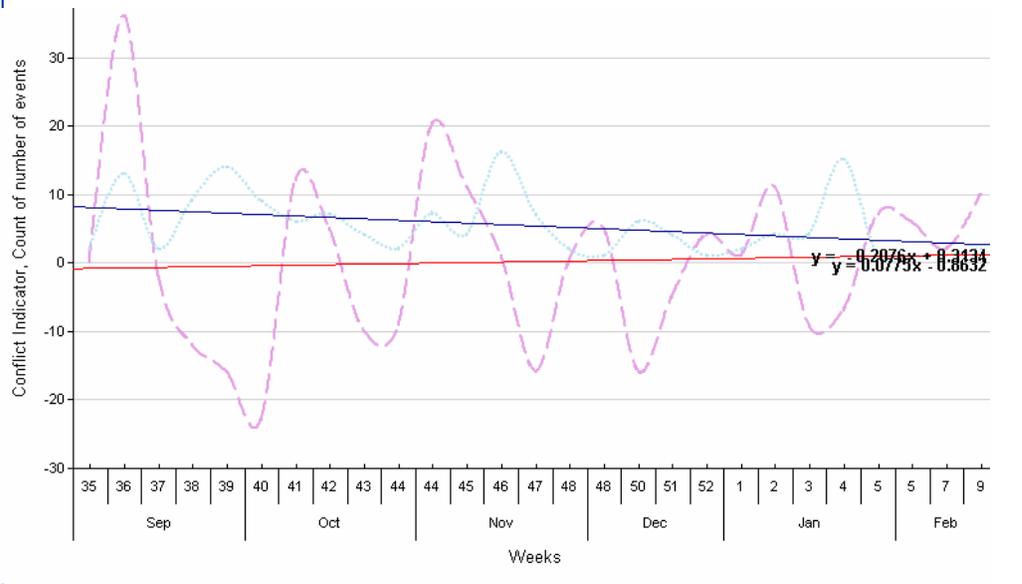


**READING THE EVENTS CHART**

- Red line (solid):** Trend line for events; downward slope left to right is negative
- Blue line (solid):** Trend line for number of events
- Purple line (dotted):** This indicates the sum total scores of events (positive or negative), as coded in the event monitoring process; the red trend line is derived from these values.
- Blue line (dotted):** The total number of events; the blue trend line is derived from these values

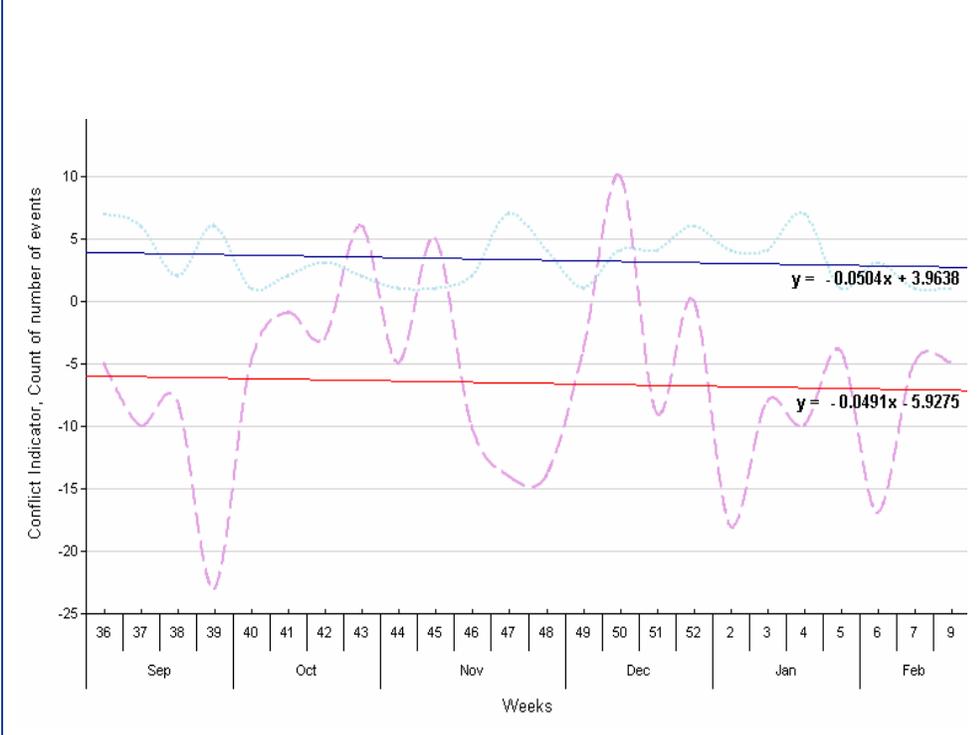
*A more detailed description of the methodology is provided as an annex to this report*

TABLE 2: SECURITY & CRIME EVENTS CHART

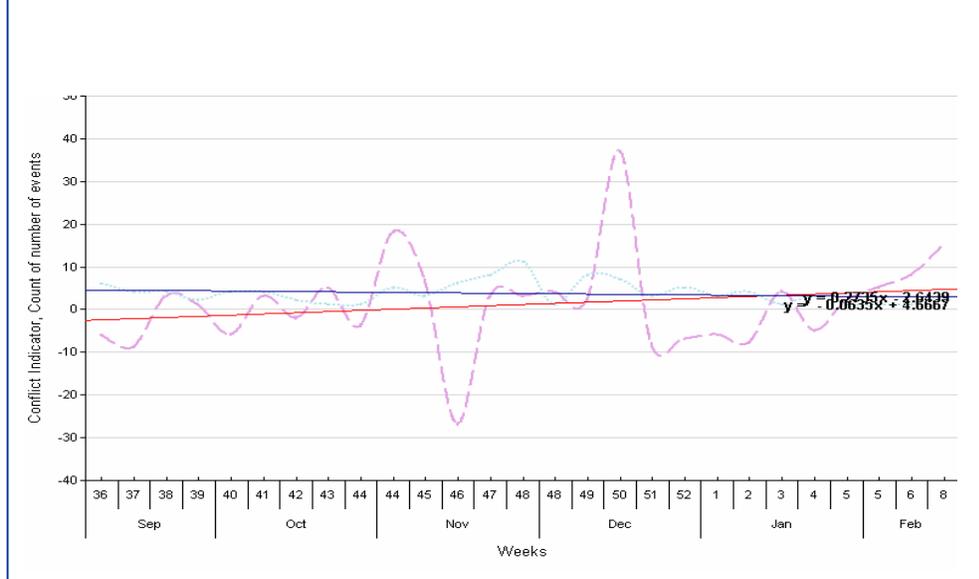


# EVENT GRAPHS

**TABLE 3: HUMAN DEVELOPMENT EVENTS CHART**



**TABLE 4: GOVERNANCE EVENTS CHART**



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## EVENT MONITORING SOURCES

Agence France Presse	Malaysiakini (Malaysia)
Antara (Indonesia)	Media Indonesia
Bernama (Malaysia)	MENA (Egypt)
Interfax (Russia)	MINDA News (Philippines)
IRNA (Iran)	Post Courier (Papua New Guinea)
INTER-TASS (Russia)	The Straits Times (Malaysia)
Jakarta Post (Indonesia)	Xinhua (China)
Komentar (Russia)	Yonhap (South Korea)
Kompas (Indonesia)	

## ABOUT THE STATE FRAGILITY PROJECT

This project is intended to contribute to a better understanding of fragility in Zimbabwe, thereby providing support to decision-making for Canadian foreign policy and development actors in the country. The project aims to support informed, evidence-based decision making for Canadian foreign policy and development assistance related to fragile states. The report is intended to communicate the preliminary findings of the project; its findings should not be considered definitive or final.

The report is based on three elements. First, structural indicators are grouped into six clusters capturing different facets of state fragility: Security and Crime, Governance, Economics, Human Development, Environment and Demography. The structural data includes more than 80 separate structural indicators providing a detailed quantitative baseline portrait of the country.

Second, the analysis draws on event monitoring data compiled by CIFP researchers over a six month period extending from September 2006 to February 2007. Collected from a variety of web-based news aggregators, which include both international and domestic news sources, the events are evaluated and assigned quantitative scores to identify fragility trends. Third, the report includes a series of analytical exercises, including stakeholder analysis and scenario generation. This multi-source data structure enables more robust analysis than any single method of data collection and assessment.

## ABOUT COUNTRY INDICATORS FOR FOREIGN POLICY

CIFP is a project located at Carleton University. Its core mandate is to develop analytical methodologies that will generate information on the key features of the political, economic, social and cultural environments of countries around the world, providing at-a-glance global overviews, issue-based perspectives and country performance measures. While the initial dataset focuses on measures of domestic armed conflict, as part of this project that database has been substantially revised to capture state fragility.

The CIFP database includes statistical data in the form of over one hundred performance indicators for 197 countries. With its focus on policy relevance, the CIFP provides a rich information resource to policy officers across all government departments. By offering a detailed assessment methodology for evaluating individual country performance, the CIFP provides guidance to program officers working in complex and fragile environments, enabling them to focus their efforts and resources on the root structural causes rather than the outward symptoms of a problem.

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## ABOUT FRAGILITY

CIFP employs fragility as the most effective lens through which to view state risk, broadly understood. Though the use of the concept of the concept remains controversial, when properly understood as a technical term of country analysis, it enables analysts to conduct a more thorough assessment of country risk than more specific concepts such as conflict or human development, both of which are effectively components of overall state fragility. Further, the concept allows the incorporation of environmental, demographic, political, and economic considerations, providing a more complete portrait of a state's overall risk than narrow examination of any one of those factors. In effect, the concept incorporates all such areas of study into a complete analysis of the risks present in a given state or region.

When understood in this sense, all states exhibit some elements of fragility, whether in the form of demographic stress, politicized ethnic divisions, high levels of pollution, the presence of internal conflict, or low levels of human development. Through the use of transparent and quantifiable data, CIFP strives to bring together all such phenomena into a coherent country narrative, thereby rendering the concept of fragility an objective aid to country analysis, rather than a divisive element of subjective political discourse.

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