

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.

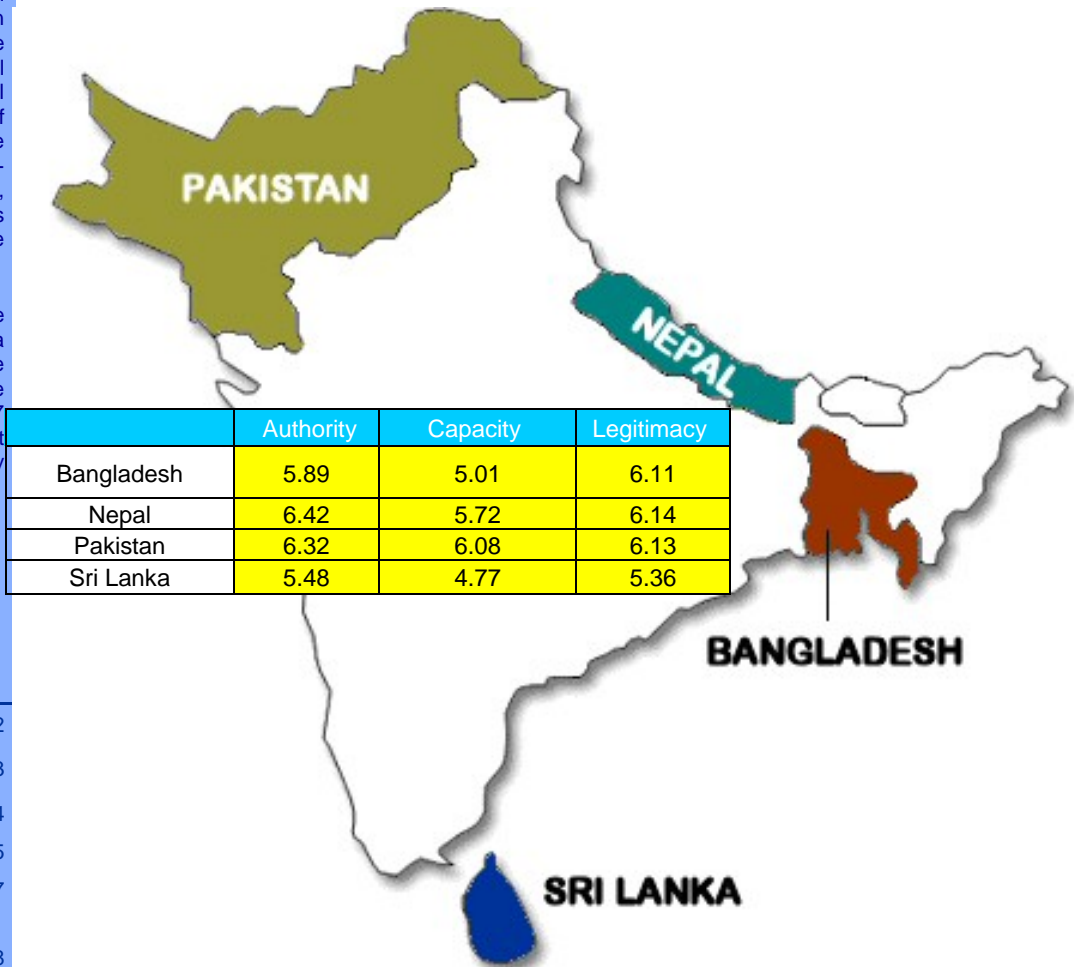
The CIFP database includes statistical data in the form of over one hundred performance indicators for 197 countries. Report prepared by Lindsey Higgs.

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**REGIONAL FRAGILITY ASSESSMENT:
PAKISTAN, NEPAL, BANGLADESH, AND SRI LANKA**



Key Findings

- Overall, Bangladesh, Nepal, Pakistan, and Sri Lanka exhibit moderate-to-high fragility scores.
- When disaggregated by sector, specific and significant areas of weakness become apparent to varying extents in all four countries.
- Governance is a primary area of weakness in the region, particularly with regards to inclusiveness, transparency and accountability; Sri Lanka is the only country of the four scoring relatively well in this category.
- Security concerns, both domestic and regional, undermine attempts to strengthen governance and economic performance in all countries; poor governance in turn forms a major grievance of groups engaged in violent conflict
- Nepal, Bangladesh, Sri Lanka, and Pakistan are caught in a battle for influence between India and China. All four states lie within areas claimed by both regional powers. The effects of this struggle for influence are in many ways destabilizing for other countries in the region.

Why a regional assessment of fragility?

The conflict in Afghanistan, our growing economic relations with India and the political situation in Pakistan dominate our understanding of South Asia, .

However, structural data and recent events highlight significant potential for instability and opportunity in other areas of the region as well, signifying a need to monitor the rest of the region more closely and focus on the interlocking dimensions of fragility on a regional level. Spillover effects from internal conflicts, trade flows, transmigration, environmental challenges, and international crime in the region all demand analysis and problem-solving at the regional level.

Until recently, regional integration was limited. Even today, trade restrictions make South Asia the least integrated economic region in the world, with interregional trade

accounting for less than 2% of regional GDP, compared with 20% for East Asia (World Bank). The unprecedented growth in the past decade has increased momentum for closer regional integration, however.

Though the context varies significantly, there are common drivers of fragility in Bangladesh, Nepal, Pakistan, and Sri Lanka that are revealed through a regional assessment. The overall medium risk scores assigned to each country mask areas of pronounced weakness in each state that are mitigated by other areas of relative stability. These areas of relative strength and weakness are identified in table 2 and figures 1-4.

Identifying shared challenges and opportunities allows for a comprehensive understanding of potential points of entry that take into account regional strengths and weaknesses.

Table 1: Relative Fragility Ranks

Country	Fragility Rank out of 193 countries
Nepal	23rd
Pakistan	26th
Bangladesh	40th
Sri Lanka	78th



Table 2: Comparing Fragility in Different Areas

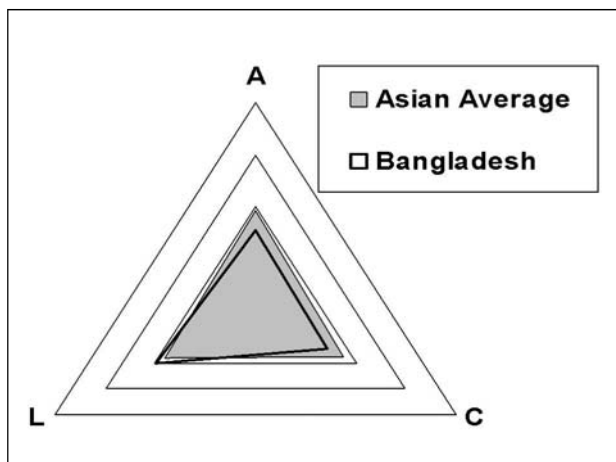
Cluster	Bangladesh	Nepal	Pakistan	Sri Lanka
Governance	6.38	6.87	6.74	4.43
Security and Crime	5.83	7.18	7.44	6.93
Human Development	5.81	6.30	6.15	5.00
Demography	6.27	6.16	6.62	4.29
Economics	5.74	5.95	5.47	5.63
Environment	4.73	4.55	5.64	5.22
Gender (cross-cutting theme)	5.59	6.50	6.42	6.16
OVERALL	5.79	6.15	6.18	5.29

Table 3: Fragility Index Scoring Scale

Score	Description
1-3.5 (Low Risk)	Country performing well relative to others
3.5-6.5 (Medium Risk)	Country performing at or around the median
6.5+ (High Risk)	Country performing poorly relative to others

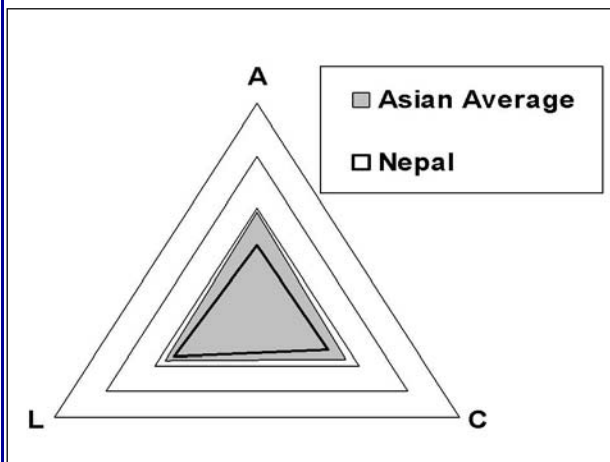
Country Profiles

BANGLADESH



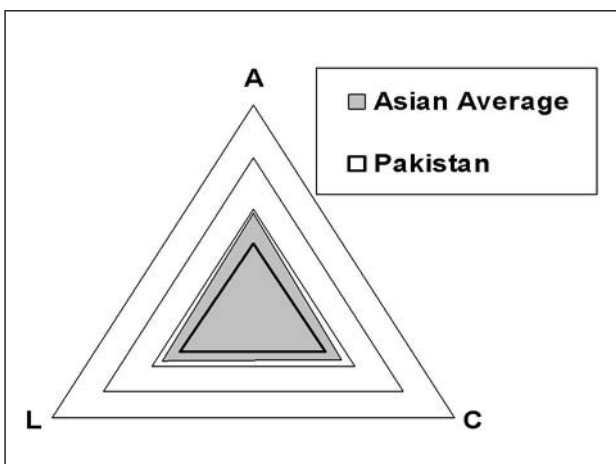
Bangladesh scores the lowest when it comes to Capacity (6.11), only slightly better than Pakistan and Nepal. Capacity is undermined, along with Authority (5.89) by the rivalry between the leading political parties—the Awami League and the Bangladesh Nationalist Party. Legitimacy has fared better, with a score of 5.01. The upcoming elections will test the Legitimacy of the state however. Continued regime Legitimacy will require not only that elections are pronounced free and fair by international observers, but also that both major parties accept and abide by the result.

NEPAL



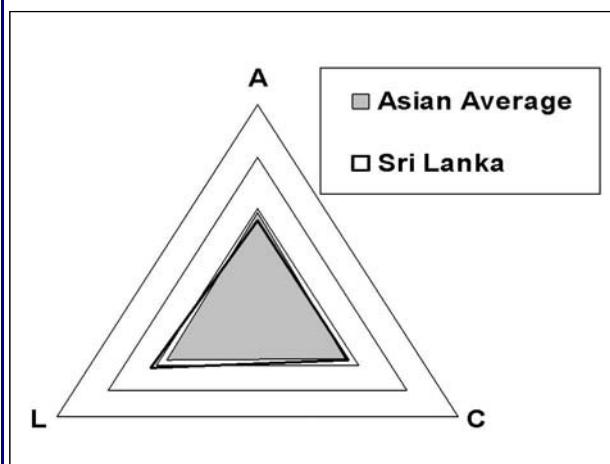
Though Nepal has medium risk rankings, it's scores are comparatively the lowest in the region with Authority at 6.42, Legitimacy at 5.72 and Capacity at 6.14. This is largely due to the long-running Maoist insurgency and the strong opposition to the monarchy that resulted in the king stepping down after months of protests that often turned violent. However, a caretaker coalition government was formed that integrated the Communist party and conditions in Nepal appear to be improving, though the upcoming elections are key to continuing on the road to stability.

PAKISTAN



Pakistan has the 15th lowest Authority ranking of all 193 countries in the database, and the 40th lowest Capacity ranking. Moreover, Pakistan has three areas of high risk, Governance, Security and Crime, and Demography. Taken together, such findings provide cause for concerns. The growing and multifaceted opposition to Musharraf's government now includes Islamic fundamentalists, moderates, former Prime Ministers, as well as representatives of Pakistan's legal profession. As a result, the state's Authority, already weakened by violence along the western border with Afghanistan, is likely to decline further.

SRI LANKA



Sri Lanka is the most stable country of the four surveyed. Although it still has medium risk scores in Authority (5.48), Legitimacy (4.77), and Capacity (5.36), its scores are towards the lower end of the scale. Security and Crime represents the only area of high concern, a result of the continuing civil conflict between the government and the LTTE (Tamil Tigers) in the North of the country. The conflict continues to weaken overall state authority, and also hinders the state's capacity to provide essential public services for the citizens living in affected areas, primarily Tamils and Muslims.

Governance

The lack of inclusive, accountable and transparent governance is the primary driver of fragility in South Asia. With the exception of Sri Lanka, where governance measures are relatively strong, the countries all exhibit systemic weakness with regards to governance.

Key Trends

High Levels of Corruption

High levels of corruption persist in Bangladesh, Pakistan and Nepal. According to Transparency International's 2006 Corruption Perceptions Index, Bangladesh ranks 156th out of 163 countries. Nepal and Pakistan fare little better, ranking 121st and 142nd, respectively. Again, Sri Lanka is the regional outlier, though with a rank of 84 it too continues to experience moderate levels of corruption. The ongoing efforts of Bangladesh's Caretaker Government to fight corruption within the political system could provide some interesting lessons for the region as a whole. On a regional level the issue is effecting human development and the attainment of the MDGs as development assistance becomes both less effective and less plentiful in countries experiencing endemic corruption.

Governance Indicators

	Bangladesh	Nepal	Pakistan	Sri Lanka
Freedom of the Press	6.9	6.9	6.0	5.8
Government Effectiveness	6.8	6.9	6.1	4.9
Level of Corruption	9.0	6.9	7.9	5.1
Level of Democracy	5.3	6.7	7.6	5.5
Level of participation in international political organizations	5.6	7.4	5.8	1.2
Percentage of Female Parliamentarians	6.8	7.6	2.6	8.1
Permanence of Regime Type	5.6	7.1	7.8	2.0
Refugees hosted	6.5	7.8	9.0	1.7
Restrictions on Civil Liberties	5.4	5.8	6.5	4.6
Restrictions on Political Rights	5.3	5.9	6.9	4.5
Rule of Law	7.1	6.4	6.8	4.3
Voice and Accountability in Decision-making	6.4	7.0	7.8	5.4

Refugees Hosted

The other area of high risk for three of the four countries is refugees hosted. In 2005, UNHCR reported over 21,000 refugees in Bangladesh, mainly from Myanmar. This number is likely to increase in 2007-08

Nepal hosts over 126,000 refugees, primarily from Bhutan and Tibet while Pakistan has more than 1 million refugees, with the vast majority coming from Afghanistan. By comparison, Sri Lanka had only 106 refugees in 2005,

according to UNHCR, with almost all coming from Pakistan. High levels of refugees hosted can place an enormous strain on the resources of a country as well as aggravating the sectarian violence raging in the region.

Female Parliamentarians

Involving women in political processes remains a challenge in most South Asia countries. According to World Perspective, between 1990-2005, only 5.9% of Nepal's parliamentarians were female. During the same

period, Bangladesh had only 2% and Sri Lanka was at 4.9%. By contrast, in Pakistan women represented 21.3% of parliamentarians between 1990-2005, among the best ratios in the world. Increasing the participation of women in politics is key to creating more inclusive styles of governance that will in turn increase the population's trust in and support for their government. However, the increasing Islamic extremism in the region could have a negative

Country	Highest Risk Cluster	Score	2nd Highest Risk Cluster	Score
Bangladesh	Governance	6.38 – Medium Risk	Security and Crime	5.83 – Medium Risk
Nepal	Security and Crime	7.18 – High Risk	Governance	6.87 – High Risk
Pakistan	Security and Crime	7.44 – High Risk	Governance	6.74 – High Risk
Sri Lanka	Security and Crime	6.93 – High Risk	Economics	5.63 - Medium

Security and Crime

Security and Crime represents either the first or second area of highest fragility risk in all four countries. Furthermore, unlike governance where indicators were rarely high risk across all four countries, there are a number of shared security and crime concerns. Security and crime is directly related to deficiencies in governance as groups feel marginalized and resort to violence to influence the agenda. In many cases,

insurgencies have been raging in the region for years, such as at LTTE in Sri Lanka and the militant groups such as the Baluchistan Liberation Army in Pakistan. The 2005 agreement reached between the government and the Maoist insurgency in Nepal may provide an important case study for the region, if the ceasefire holds and cooperation continues.

Security and Crime Indicators

	Bangladesh	Nepal	Pakistan	Sri Lanka
Conflict Intensity	1.0	8.9	1.0	4.6
Dependence on External Military Support	4.5	5.7	8.1	5.8
Human Rights—Empowerment	6.1	6.3	8.0	5.4
Human Rights—Physical Integrity	8.2	8.8	8.5	7.7
Military Expenditures –percentage of GDP	1.5	3.8	7.5	6.9
Political Stability	7.5	8.6	8.3	7.6
Refugees Produced	5.6	4.7	6.9	8.0
Risk of Ethnic Rebellion	7.3	...	8.7	6.7
Terrorism—Number of Fatalities	8.2	8.8	8.7	8.3
Terrorism—Number of Incidents	8.4	8.9	8.7	8.4

Human Rights—Physical Integrity

Disappearances, torture and police abuse are all relatively common occurrences in South Asia. As governments seek to combat sectarian violence, they often resort to oppressive, all-encompassing tactics that violate human rights. Though the passing of the Women’s Protection Bill in Pakistan in 2006 was a positive step, human rights in Pakistan have been rapidly deteriorating, with widespread reports of arbitrary detention, mistreatment, and lack of due process. The situation is likely to worsen in Pakistan as

Musharraf’s government confronts a restive population spurred on by both Islamic fundamentalists and liberals calling for renewed respect for the rule of law. Nepal scored the highest for fragility with respect to human rights; though the situation has improved somewhat since the April 2006 declaration of war by CPN- Maoists following King Gyanendra’s usurpation of authority, the situation remains precarious. In Sri Lanka, renewed conflict between the LTTE and the government resulted in massive violations of human rights and forced displacements of

Tamil and Muslim populations living the northern and eastern regions. The creation of the South Asia Human Rights Documentation Centre, which collects information on civil and political rights abuses represents a regional attempt to improve human rights. It is a positive initiative, spurred on by the efforts of networked individuals, but does not enjoy the active support of governments.

Political Stability

Growing Islamic extremism in Pakistan and Bangladesh, the renewed fighting between the Sri

Lankan government and the LTTE, and the tenuous transition away from the institution of the Monarchy in Nepal—coupled with a fragile peace agreement with the Maoist insurgents, have made political stability an area of grave concern. In particular, the situation in Pakistan has the international community concerned, with many uncertain regarding the domestic and regional consequences of a potential electoral victory by Islamic fundamentalists in November 2007.

Security and Crime Cont'd

Risk of Ethnic Rebellion

Though data was not available for Nepal, the risk of ethnic rebellion is nonetheless an area of concern in all four countries. As current events make clear, ethnically motivated violence or rebellion is still very much a possibility in Nepal, and is to varying degrees occurring in Pakistan, Sri Lanka, and Bangladesh. Since January 2006, a growing movement among the Madhesi people in the Terai region of Nepal have demanded greater economic opportunity and representation in the government. In Sri Lanka, the LTTE continue to fight for the cause of the Tamil people—though the conflict disproportionately affects the very people they are fighting for. The Baloch tribes in Pakistan are another example. It is common for a particular ethnic group to dominate as political elites, such as the Sinhalese population in Sri Lanka and the Punjabi elite of Pakistan, and with one main ethnic group holding the reins of power, it becomes very easy to marginalize and oppress other ethnic groups. However, as recent events have demonstrated, the status quo of elite rule is being challenged in Pakistan, and support for the opposition is often galvanized, at least in part, by particular ethnic groups. In Bangladesh, a similar pattern prevails; reports suggest that the minority Bengali Hindu and Chakma communities continue to feel the effects of state-sanctioned discrimination. There have also been repeated reports of violence perpetrated by both the army and Islamic groups. Ethnic rebellion is related to minority rights across the region. According to Equitas, "lack of respect for minority rights has fuelled tensions and sown the seeds for conflict in South Asia."

Terrorism

The region as a whole is vulnerable to international terrorist groups as a result of inadequate regional and domestic security arrangements, combined with a preoccupation with internal disputes and insurgencies. Fatalities and incidents of terrorism are areas of high risk concern for all four countries. A number of international Islamic terrorist organizations operate in the region, particularly in Pakistan and increasingly, in Bangladesh, forming alliances with local militant organizations. The 2007 US National Security Estimates point to Pakistan's tribal territories as being a breeding group for Islamic terrorists. According to the World Bank, more than 64,000 lives have been lost, and an estimated 800,000 people have been displaced in the conflict between the government and the LTTE in Sri Lanka. The LTTE has been banned in many countries because of its use of suicide bombers and child soldiers, but this classification also serves to impede opportunities for dialogue and negotiations. In Nepal, the militant groups of the Madhesi movement have engaged in kidnapping for ransom, extortion and

killing of political party actors and have clashed with the police, the Maoists, and each other. The region remains volatile and transnational links between many terrorist organizations pose a threat to the international community.

Drug Trafficking

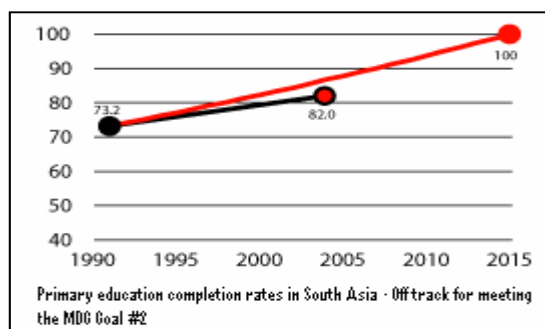
Thought not specifically highlighted in the structural data due to difficulties in obtaining reliable and scalable measurements, drug trafficking is an important regional concern. According to a report published by the Institute for Peace and Conflict Studies published in 2003, South Asia is the principal transit route for narcotics. The proximity of Afghanistan, the world's largest producer of opium, to the four countries being assessed in this report provides lucrative trafficking opportunities. Pakistan has been working with neighboring governments in India, Iran and Afghanistan to try and curb drug trafficking but political instability and lack of government territorial control in the region make this difficult. The Chittagong port in Bangladesh has emerged as a major drug trafficking centre. In the past, the Maoists insurgents in Nepal have turned to drug trafficking for funding. According to a report from the International Narcotics Control Board in 1999, 70 per cent of the cannabis cultivated in Nepal entered international trafficking routes and Sri Lanka is increasingly being used as a transit point for illicit consignments of cannabis and heroin from South Asia and South-West Asia. There have not been any comprehensive regional attempts to control drug trafficking; however, individual countries have taken steps to address it and there have been joint efforts between states sharing a border.

Designated Terrorist Organizations (Government of Canada)

Pakistan	Lashkar i Jhangvi (LJ); Lashkar-e- Tayyiba (LT); Harakat ul-Mujahidin (HUM); Jaish-e-Mohammed (JEM) Al-Qaida
Sri Lanka	Liberation Tigers of Tamil Eelam (LTTE)

Human Development

There are more than one billion people living in South Asia today. The annual per capita expenditure on priority areas of basic education, primary health care, family planning, safe drinking water, and nutritional programs is just \$3 in Pakistan and \$2 dollars in Bangladesh. Comparatively, other Asian nations such as Malaysia spend over \$100 per capita per year (Human Development Foundation). Notably, Sri Lanka has made more progress than the other three countries; this may be partially attributable to the tentative ceasefire with the LTTE that lasted until the summer of 2006 when violent attacks from both sides began once more.



Key Trends

Lack of Gender Empowerment and Development

All four countries are facing challenges with regards to gender empowerment and development. Women have traditionally been marginalized in these societies, be it for religious or cultural reasons. According to a 2000 UNDP report on gender in South Asia, women are bearing the brunt of the region's increasing poverty. They are often discriminated against based on customs and tradition, and disproportionately affected by civil and military strife. Women constitute the majority of the region's poor, illiterate, and unemployed.

Low Participation in Primary Education

Despite improvements there are still 42 million children out of school in South Asia (UNICEF). In 2001, South Asia accounted for more than a third of all the world's children out of school; India accounted for 23 per cent but Pakistan had 7.8 million (7 per cent) and Bangladesh 3.8 million (3 per cent) (UNICEF). However, it is important to note that Sri Lanka has achieved universal primary education. Social structures, particularly in Nepal and Pakistan present a barrier to girls attending school.

2006 UNDP Human Development Index Rankings (Out of 177 countries)	
Sri Lanka	93rd
Pakistan	134th
Bangladesh	137th
Nepal	138th

Human Development Indicators - Areas of high risk

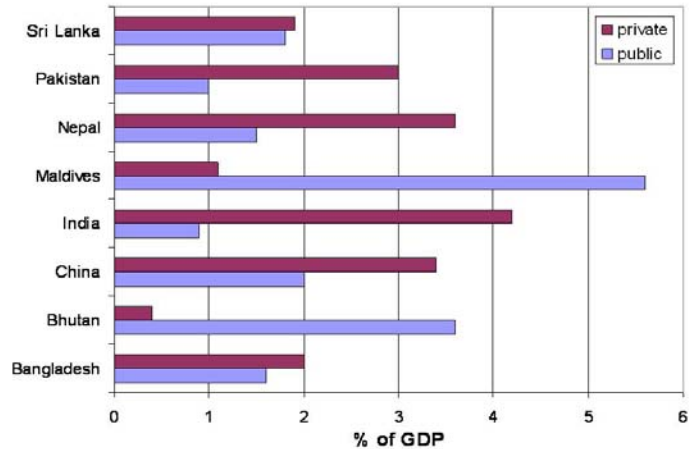
Bangladesh	<ol style="list-style-type: none"> 1) Access to improved water 2) Access to sanitation 3) Primary education completion rates 4) Gender empowerment 5) Gender-related development index 6) Health infrastructure 7) Human Development Index 8) Infant Mortality
Nepal	<ol style="list-style-type: none"> 1) Access to sanitation 2) Primary education completion rates 3) Primary education – male/female ratio 4) Gender-related development index 5) Human Development Index 6) Infant Mortality 7) Literacy—total 8) Literacy—female 9) Data unavailable for gender empowerment measure
Pakistan	<ol style="list-style-type: none"> 1) Primary education—male/female ratio 2) Gender empowerment measure 3) Gender-related development index 4) Health infrastructure 5) Human Development Index 6) Infant mortality 7) Literacy—total 8) Literacy—female
Sri Lanka	<ol style="list-style-type: none"> 1) Gender empowerment measure 2) Health infrastructure 3) Data unavailable for HIV/AIDS infection rates among female adults, education primary completion rates and male-female ratios, and food security

Bangladesh has made remarkable progress in recent years; net enrolment is now more than 80 per cent. The 2006 MDG Progress Chart indicated the region is on track to meet the goal of universal primary education.

Health Infrastructure

According to BMJ, the countries in South Asia face common health challenges, including persistent infectious diseases, an increase in the number of people with chronic conditions, and a growing recognition of the toll taken by injuries and violence. Ongoing demographic transitions, HIV and AIDS, massive unplanned urbanization, and a host of social determinants of health compound these problems. National estimates of health often mask large variations within countries. For instance, the northern region in Sri Lanka is much less developed than the rest of the country because of the ongoing conflict with the LTTE. Bangladesh and Pakistan have also been contracting health services out to NGOs.

Health Care Expenditure



Economics

South Asia has been experiencing impressive growth, but there is also rising inequality. Since 1996, GDP growth in Bangladesh, Nepal and Sri Lanka has exceeded 5 percent a year on average; Pakistan has been growing at this pace since 2000 (World Bank). World Bank analysts have argued that strong economic growth in the region is creating the political space for policy and institutional reforms that will sustain the growth. However, the ongoing conflict in most of the countries, as well as the sectarian tensions surrounding the upcoming elections in Pakistan, Bangladesh, and Nepal threaten to hinder the political changes needed to maximize the benefits of economic growth.

Key Trends

Lack of Trade Openness

Trade openness is an area of concern for Pakistan, Bangladesh and Nepal, but less of a concern in Sri Lanka, which has cultivated a number of trade relationships with countries in the region and around the world. These liberalizing reforms have focused on the manufacturing sector but have excluded agriculture however, leading to uneven gains from trade. South Asia has been making progress in liberalizing trade policies since the 1990's but it remains the most highly protective region in the world, particularly in Pakistan and Bangladesh (World Bank). However, Pakistan and Bangladesh are involved in multilateral trade negotiations associated with the World Trade Doha Development Round.

Lack of Adequate Infrastructure

All four countries exhibit institutional weakness associated with poor infrastructure. A report in 2006 from the Asian Development Bank identified electricity provision as a critical weakness in infrastructure with private generators providing a large proportion of electric consumption. Transport infrastructure was also identified as an area requiring improvement.

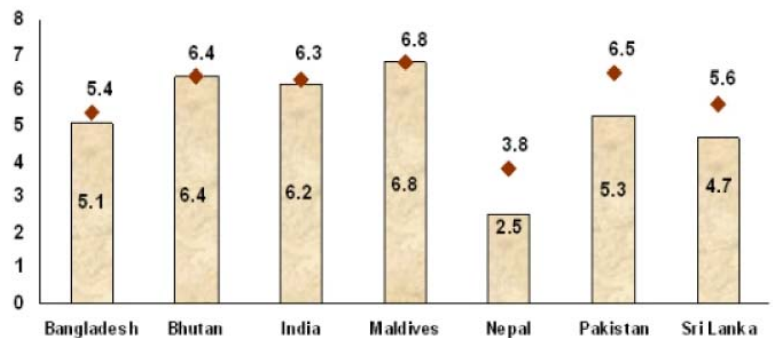
Reliance on Foreign Aid

Dependence on foreign aid can distort the market and lead to corruption. Bangladesh witnessed a drop in foreign aid in 2005-2006, mainly due to slow project implementation. Nepal, one of the world's poorest countries, receives two-thirds of its development budget from foreign donors and requested more aid in May 2006 due to a budget shortfall of more than US \$170 million (BBC). People in the north of Sri Lanka are particularly dependent on external support, though a portion of the

funding in Tamil areas stems from international remittances. This is an area of controversy due to ongoing allegations that this aid also goes to support the military activities of the LTTE.

Pakistan received \$1.761 billion as foreign aid in the first nine months of the current fiscal year, revealing its continuing dependence on foreign aid even as it tries to become a regional stakeholder (Daily Times).

Figure 1: Real GDP growth in South Asia has been impressive in the recent past



World Bank Real GDP Growth 2001-2003 Real GDP Growth 2004

Environment

Weaknesses associated with governance mean that these countries are rarely in a position to prepare for and react to natural disasters. Furthermore, though agriculture remains an important economic sector in the region, especially for the rural poor, there is generally poor management of natural resources.

Susceptibility to Natural Disasters

Bangladesh, Pakistan and Nepal rank among the top states globally in terms of people exposed to and killed by floods. Bangladesh, along with India, are rated as the most disaster prone countries (OneWorld). Traditionally disaster management in the region has only taken place in response to a disaster but in recent years there has been a move towards advance disaster preparedness, facilitated by funds and training from donors.

Poor Management of Natural Resources

The limited availability of fertile land is an area of significant risk in Sri Lanka, Bangladesh, and Nepal and is a medium risk issue in Pakistan. Though agriculture has declined in importance to the economies of the region it continues to significantly contribute to GDP and employment, and supports the subsistence of the large rural populations. Food security is a growing concern, especially in Nepal. The political instability and ongoing conflicts in the region often results in natural resources management being ignored.

Recent Natural Disasters

Pakistan—2005 earthquake in Kashmir caused the death of more than 73,000 with more than 100,000 injured and more than 3 million homeless.

Sri Lanka—2004 tsunami caused the death of more than 35,000 and the displacement of more than 516,000

Bangladesh—2007 flooding resulted in the death of more than 400 people and more than 10 million people lost their homes.

Reliance on Solid Fuel Consumption

Economic growth is coming at the expense of the environment in South Asia where countries maintain a high consumption of solid fuels. A World Health Organization survey found that more than 65% of the population use of solid fuels in all four countries. Such activity puts pressure on natural resources, and often disproportionately affects the poor, who depend on such resources for their livelihoods.

Demography

All countries in South Asia have rapidly growing populations, which puts tremendous strain on available land and other resources. Governance institutions have little or no capacity to manage or even cope with this population growth, leading to decreases in human development levels.

High Population Growth Leads to High Population Density

Rapid population growth and the associated high population density is an area of significant concern in all states with the exception of Sri Lanka, where population density is a concern but population growth is occurring at a more measured pace. Bangladesh is the second most densely populated country in the world after Singapore. Its growth rate in 2006 was 1.9%, according to the Population Reference Bureau. By comparison, Pakistan had a growth rate of 2.4%; Nepal's population was growing at a rate of 2.2% and Sri Lanka at 1.3%.

lead to low life expectancies. As Sri Lanka has the highest levels of human development among the four countries, it is not surprising that life expectancy is quite high at 74 and an area of low risk. However for the other three countries this an area of concern. In Pakistan, life expectancy is 62; in Nepal it is also 62; and in Bangladesh it is 61 (Population Reference Bureau). Of particular concern within total life expectancy is the specific life expectancy of women which is often lower as women are often disproportionately affected by poverty and civil and military strife.

Bangladesh. Pakistan is one of the top ten receiving countries for international migrants. Migration in the region is often a result of both internal displacement and cross-border movements due to conflict, and may be both legal and illegal. The fluidity with which people move in the region increases the need for cooperation among the countries, particularly given the destabilizing effect population movements can have on both the sending and receiving countries. There are no regional standards in place to coordinate the movement of people.

Migration

Net migration is an area of high risk in Sri Lanka and Pakistan and an area of medium risk in Nepal and

Low Life Expectancies

Low levels of human development

Canadian Linkages

Canada and Pakistan

Trade: In 1996, Team Canada made history as the largest trade mission to ever visit Pakistan, signing deals worth \$2.1 billion.

Canadian exports to Pakistan (2006): CAD\$397 million, with vegetable products, machinery and electrical products leading; up from CAD\$317 million in 2005

Canadian imports from Pakistan (2006): CAD\$277 million, mainly textile products, up from CAD\$248 million in 2005

Development engagement: During fiscal year 2004-2005, Canada allocated CAD\$49.78 million in official development assistance to Pakistan

Pakistani Diaspora in Canada (2001) is estimated at 300,000; in 2006, 20,000 Pakistanis entered Canada as immigrants or non-permanent residents.

Diplomatic Relations: In 2000, then Foreign Affairs Minister Lloyd Axworthy called for Pakistan to be "kicked out" of the Commonwealth after the army coup that brought current President Pervez Musharraf to power. In 2002, then Foreign Affairs Minister Bill Graham expressed regret over Pakistan's testing of several short and medium-range ballistic missiles, fearing it would heighten regional tensions. In April 2007, current Minister for Public Safety, Stockwell Day, visited Pakistan and expressed Canada's appreciation of its growing ties with Pakistan.

Security: The Defence Program in Pakistan has two principle objectives: to establish and maintain effective contacts with the Pakistan Armed Forces and the Pakistan Ministry of Defence; and be the point of contact for defence and security matters of interest to Canada. The Canadian Defence Adviser (CDA), who is located in the Canadian High Commission in Islamabad, is responsible for the Defence Program. In January 2007, Canada joined the UN in pressuring Pakistan to stop a plan to plant landmines on parts of its border with Afghanistan to prevent Taliban fighters from crossing into Pakistan.

Canada and Bangladesh

Trade: Canada - Bangladesh trade has grown to record levels, reaching approximately CAD\$700M in 2006.

Canadian exports to Bangladesh (2006): Canadian exports of goods increased by 61% to \$164.7M from 2005. The main Canadian exports to Bangladesh include compressed natural gas stations, ICT equipment, other machinery, agriculture commodities, steel and paper products.

Canadian imports from Bangladesh (2006): Canadian imports from Bangladesh rose 10% to \$543M in 2006. Bangladesh is the second largest exporter of goods from South Asia to Canada, after India. Canada's primary imports from Bangladesh include ready-made garments, fish and crustaceans, bicycles, textile fabric and yarn, footwear and ceramics.

Development engagement: In 2004-2005, Canadian Official Development Assistance to Bangladesh totaled \$95.63 million. Bangladesh has been one of Canada's largest aid recipients for the last three decades. Bangladesh was identified as one of Canada's 25 development partners in the world and is our second largest development assistance program is located here. Canada has focused on development cooperation, trade and investment, immigration and educational links.

Bangladeshi Diaspora in Canada (2006): The Bangladeshi-Canadian community is estimated at over 100,000.

Diplomatic Relations: Canada established relations with Bangladesh after independence in 1971. Relations between Canada and Bangladesh are excellent. Bangladesh was identified as one of Canada's 25 development partners in the world and is our second largest development assistance program is located here. Canada has focused on development cooperation, trade and investment, immigration and educational links.

Security: Bilateral security cooperation is increasing. Canada is looking for ways to increase Bangladesh's counter-terrorism capacities to increase domestic and regional security.

Governance: Canada is closely monitoring preparations for upcoming parliamentary elections in Bangladesh. In 2005 Canada Corps in engaged in a project called SCORE: Strengthening Communities Rights and Empowerment; it will continue until March 2008. The project aims to build the capacities of poor communities to help them influence government policy making.

Debt Forgiveness: In 1999, Bangladesh was the first country to benefit from the Canadian Debt Initiative; its debt to Canada of \$600,000 was forgiven.

Canada and Sri Lanka

Trade: Canada-Sri Lanka trade totaled 0.06% of Canada's total bilateral trade in 2006.

Canadian exports to Sri Lanka (2006): CAD\$255 million, up from \$121 million in 2005. Cereals are the main export.

Canadian imports from Sri Lanka (2006): CAD\$113 million, up from \$109 million in 2005. Apparel, rubber and rubber products are the main exports.

Development engagement: In 2004-2005, Canadian Official Development Assistance to Sri Lanka totaled \$56.29 million. In addition to its regular and post-tsunami programs, CIDA has worked since 2002 with the United Nations Development Programme and UNICEF. Sri Lanka was the #49 Canadian ODA/OA recipient in 2003 at 5.82 million dollars. CIDA has identified Sri Lanka as one of the 25 priority development partner countries. In addition to funding, Canada sent its Disaster Assistance Response Team to the Ampara region in 2005 to assist with international tsunami relief efforts.

Sri Lankan Diaspora in Canada (2001): In the 1996-2001 period Statistics Canada reports 25,245 immigrants and 4360 non-permanent residents making a current total of 91,670. The Tamil diaspora now numbers approximately 600,000-800,000 worldwide. The largest portion of the diaspora are said to reside in Canada with an estimated total of 150,000-200,000. Following the 2004 tsunami, Canada's Sri Lankan community expressed concern that aid might not be equally distributed between the minority Tamils in the north and the majority Sinhalese.

Diplomatic Relations: The High Commission in Colombo represents Canadian interests in Sri Lanka and the Maldives.

Security: The renewed outbreak of violence between the government and the Tamil Tigers in 2006 prompted calls from the Tamil community in Canada to become engaged in putting an end to the conflict. Harper's government put the Tamil Tigers on the list of banned terrorist groups, which is something Martin's government did not want to do. In 2002, the government heralded the successful negotiation of an agreement to end hostilities between the Government of Sri Lanka and the Tamil Tigers. Canada now maintains that no military solution exists to the conflict, and is promoting some form of political power-sharing within a united country offers the most realistic framework for a permanent solution to the conflict.

Canada and Nepal

Trade: The Canadian High Commission in New Delhi manages Canada's trade relationship with Nepal, supported by the CCO. Many business opportunities for Canadian companies are linked to developed projects, funded by CIDA, World Bank, Asian Development Bank, and other bilateral donors.

Canadian exports to Nepal (2006): CAD\$3.5 million, down from CAD\$6 million in 2005. The primary exports are pharmaceutical products, agriculture and food products, paper, electric machinery, and aluminum.

Canadian imports from Nepal (2006): CAD\$13 million, up slightly from CAD\$12.6 million in 2005. The major export is ready-made garments.

Development engagement: Since 1964, Canada has contributed more than CAD\$232 million in development assistance, including CAD\$19.29 million in 2004-5. The initial focus of Canada's engagement was on infrastructure development but that has evolved to community-based development and the empowerment of women and marginalized groups, particularly in the health and agriculture sectors. These activities are also designed to mitigate the local impact of Nepal's civil war.

Nepalese Diaspora in Canada (2001): In May 2007, Canada announced that it would resettle up to 5,000 Bhutanese refugees, of ethnic Nepalese descent, who have been living in camps in Nepal since the 1990s.

Diplomatic Relations: Canada and Nepal established diplomatic relations in 1965. Canada maintains a presence in Katmandu through the Canadian Co-operation Office (CCO) that oversees Canadian aid projects in Nepal.

Governance: The Canadian Bar Association is involved in a project called Engaging Civil Society in Democratic Development which aims to support Nepal in its movement towards democracy by strengthening the capacity of the Nepal Bar Association (NBA).

Canada and the Region

Overall, Canada has three main areas of interest and linkage with South Asia:

- **The role of diaspora communities in Canada:** Remittances from diaspora communities are key to the South Asia economy and often circumvent the formal banking systems. There is also the question of insurgencies being funded by sympathetic members of the diaspora. For instance, in the case of Sri Lanka, members of the Tamil diaspora has been accused of providing financial and logistical support to the Tamil Tigers.
- **Trade relations and investment:** The unexpectedly high growth rates in South Asia since the 1990s have fuelled a desire for greater trade integration; South Asia has a concentration of Canadian finance capital, foreign aid, and development assistance, making further integration a possibility.
- **Afghanistan mission:** instability in Pakistan has a direct influence on the Afghan mission as the two countries share a long border that is poorly controlled by either government. Furthermore, the rise of Islamic fundamentalism across the region, particularly in Pakistan and Bangladesh, could conceivably provide additional support to the Taliban in Afghanistan. Simultaneously, fundamentalist groups in South Asia may also provide a vector along which the conflict in Afghanistan may diffuse throughout the region.

Potential Entry Points

The primary driver of fragility in South Asia is **governance**, particularly the lack of inclusive, accountable governance that empowers and involves all segments of society. In much of South Asia, government is largely beholden to elite interest groups; in several cases, it is also weakened by personal and ideological rivalries. Feelings of frustration and isolation among marginalized groups with regards to the governing processes have enabled the growth of militant and extremist organizations, which in turn have led to the emergence of **security**, both state and human, as a second significant element — both causal and caused — of fragility in the region. It is also notable that, given the rising Islamic extremism in the region, countries from outside South Asia who wish to become involved must be conscious of the risks involved. Such involvement may be characterized as 'Western interference' and may actually fuel the resentment giving rise to Islamic fundamentalism, thereby further destabilizing the government in that particular country.

STRENGTHENING INCLUSIVE GOVERNANCE

The grievances of many of the insurgent groups in the region, including the LTTE in Sri Lanka, the Baluchistan Liberation Army in Pakistan, and the Maoists in Nepal stem from a desire to have greater influence over governance processes. Generally, procedures need to be put in place to engage the population more widely in issues of governance. This is directly related to and complicated by the counter-reform stance of a significant portion of the social, political, and economic elite in the region. Given the many opportunities they have to benefit from the corrupt systems currently in place, the elite often have little interest in challenging the status quo by soliciting diverse input.

FIGHTING CORRUPTION

Pervasive corruption has soured the general populations' perceptions of their governments; it also hinders economic and social development. Bangladesh's caretaker government has been vigorously trying to purge the political ranks of corruption, but without careful measures in place, there is the risk that influential accused parties will be able to stymie such efforts, further polarizing opinion and weakening the political country's political system. Proper planning and established procedures can help avoid accusations of one-sided, politically motivated prosecution, thereby providing additional support for anti-corruption efforts. Care must be taken that anti-corruption efforts, in their zeal to prosecute guilty parties, do not end up penalizing the poor through the loss of services or support payments.

ENSURING FREE AND FAIR ELECTIONS

One clear test of the state of governance will be the next elections, set to take place before the end of 2007 in Nepal and Pakistan and before the end of 2008 in Bangladesh. Sri Lanka will hold general elections in 2010. Free and fair elections will demonstrate improvements in inclusiveness and fighting corruption, and time is of the essence with elections quickly approaching in three of the four countries. In particular, there is a need to involve women in the governance process and also to seek the input of the rural populations who are often the most susceptible to extremist forces and manipulation of votes.

Regional Scenario Analysis (6-12 months)

Most Likely

When one looks beneath the overall risk scores to identify the pressing areas of weakness within the different clusters, some concern is warranted for the region. However, this is clearly a crucial period for all four countries, as they are to varying extents in transitional periods with caretaker governments or increased political turmoil in response to upcoming elections. Depending on the outcomes of those elections in three of the four countries, the situation may begin to improve.

The most likely scenario for the region is that stability will increase slightly, following elections in Pakistan, Nepal, and Bangladesh. The elections in Nepal are likely to go a long way to bolstering peace as the Communist party is already working with the coalition government. Likewise in Bangladesh, providing the elections are deemed free and fair and there are no scandals involving the caretaker government before the election date, then the election process should help consolidate support and legitimacy for the new government. Elections in Pakistan have the potential to further destabilize the country if Musharraf is seen to be illegally trying to maintain his hold on power, but domestic actors and the international community will be monitoring the situation quite closely.

Democratically derived stability may provide the impetus to address major areas of fragility in the region, including corruption, involvement of minority groups in the governance processes, health infrastructure, and interregional trade and investment and security concerns. Sri Lanka is not due to hold elections until 2010 and the conflict with the LTTE will likely continue with intermittent bursts of violence, but the Sri Lankan government will not receive additional pressure from the international community to resolve conflict so long as the clashes remain largely contained to one region of the country and spillover effects appear unlikely. Sri Lanka is doing well in terms of economic growth and social infrastructure, suggesting that should a lasting peace settlement be found, prospects for the country are bright. The susceptibility of the region to natural disasters, combined with inadequate social infrastructure will continue to weaken overall fragility.

Best Case

The best case would be the free and fair elections held in Pakistan, Nepal, and Bangladesh where the results are deemed fair and free and accepted by the populations as well as the international community. With new governments in place, violent opposition movements restrain activities, while waiting to see what the new governments would do, and whether accommodation would be either possible or advisable. During the time, the newly elected governments would take steps to increase the transparency, accountability and inclusiveness of their state processes to bring minority groups, and other marginal populations, including women, into the political system. This would increase the overall cohesiveness of the political system in each country, allowing for better responses to social challenges and decreased support for insurgencies. The newly elected governments would place increased emphasis on regional approaches to trade and security, particularly among the smaller countries that do not wish to be dictated to by India, and in seeking to involve Sri Lanka, would exert some pressure to resolve the situation with the LTTE.

Worst Case

The worst case scenario involves the defeat or capture of embattled governments in all countries by insurgencies, or alternatively the imposition of martial law and suspension of democracy as a response to increased political opposition. Military rule would become a distinct possibility as governments attempt to restore control. Musharraf has already attempted such measures in Pakistan with unfavorable results, as has the king in Nepal; resorting to brute force to address governance and security concerns will likely result in the complete collapse of the political system with no discernable gains with respect to peace. Transmigration rates would greatly increase and the insurgency groups may also begin to work across borders to gain support for their cause — this is an area of particular concern in Bangladesh, where support for Islamic fundamentalists has been increasing and could begin to cooperate with the Islamic opposition in Pakistan and the Taliban Afghanistan.

Facts at a Glance

Bangladesh



Official Name: People's Republic of Bangladesh
Government Type: Parliamentary Democracy currently under caretaker government
Population: 151 million
Population Growth Rate: 2.06%
Life Expectancy: 62.8 years
Majority Ethnic Groups: 98% Bengali
Religion: 83% Muslim, 16% Hindu
GDP Growth Rate (2006): 6.6%
Population living below the poverty line (2004): 45%

Nepal



Official Name: Nepal
Government Type: Parliamentary Democracy
Population: 29 million
Population Growth Rate: 2.13%
Life Expectancy: 60.6 years
Majority Ethnic Groups: None
Religion: 80.6% Hindu, 10.7% Buddhist
GDP Growth Rate (2006): 1.9%
Population living below the poverty line (2004): 31%

Pakistan



Official Name: Islamic Republic of Pakistan
Government Type: Federal Republic
Population: 165 million
Population Growth Rate: 1.83%
Life Expectancy: 63.8 years
Majority Ethnic Groups: Over 50% Punjabi
Religion: 97% Muslim
GDP Growth Rate (2006): 6.6%
Population living below the poverty line (2005-6): 24%

Sri Lanka



Official Name: Democratic Socialist Republic of Sri Lanka
Government Type: Republic
Population: 21 million
Population Growth Rate: 0.98%
Life Expectancy: 74.8 years
Majority Ethnic Groups: 73.8% Sinhalese
Religion: 69.1% Buddhist
GDP Growth Rate (2006): 7.5%
Population living below the poverty line (2002): 22%

Regional Stakeholders

South Asia is a region of great economic and strategic importance. The prevailing instability only serves to increase incentives for neighboring states to play a more prominent role in the domestic affairs of Sri Lanka, Nepal, Bangladesh, and Pakistan. Pakistan is also a growing regional stakeholder in its own right, given its large population, status as a nuclear power and recent economic growth, as well as its inability to effectively control its own borders. The following pages provide information about the specific stakeholders in each country but below is a brief summary of the drivers of the primary regional stakeholders.

Regional Powers	
India China Pakistan	India has long regarded the South Asian countries as falling within its sphere of influence, but that dominance is being challenged by the growing economic clout of China—a country eager to extend its influence around the globe. Countries in the region are well aware of this tension and use it to their advantage to play one regional power off against the other. Increasingly, Pakistan is also exerting its influence in the region, particularly in its relations with other Muslim majority countries. However, Pakistan is motivated as much by a desire to act independently, and at times contrarily, to India as it is by national economic or social interests. The ongoing battle over spheres of influence means that the needs of individual countries and of the region as a whole are often ignored in favour of zero-gains type competition among countries wielding the greatest influence and power in the region, leading to sub-optimal and often destabilizing outcomes.
The Global Power	
United States	The ongoing conflict in Afghanistan as well as the rising Islamic extremism in the region has the US deeply engaged in the region; US policy focuses primarily on providing military and economic support to governments attempting to combat insurgency groups and contribute to the War on Terror.
Economic and Social Development	
South Asian Association for Regional Development South Asia Regional Initiative for Energy Cooperation and Development (USAID) World Bank Asian Development Bank	South Asia's rapid economic growth and progress in human development have raised the possibility that the region with the world's largest concentration of poor people could end mass poverty within a generation. Thanks to domestic reforms and external assistance, South Asia's GDP has grown at nearly 6 percent a year for the past decade; however, South Asia still has some of the worst levels of human deprivation on the planet (World Bank). The stakeholders involved in economic and social development seek to help the region develop, though their activities are rarely coordinated and often do not address the root causes of the instability hindering development.

Country Stakeholders

Nepal	
Communist Party of Nepal (Maoist) CPN-M Armed wing—People's Liberation Army	<p>In 1996, the Maoist Communist Party of Nepal left the government and initiated its "people's war" against the monarchy in the countryside, under the leadership of Puspa Kamal Dahal, widely known as "Comrade Prachanda". Estimates of the area controlled by the rebels range from 50 to 80 percent of the country (UNICEF and Refugees International, respectively). Ideologically, it believes in the rule of the proletariat. However, it has expressed a commitment to multi-party democracy and human rights, and reached to 12-point agreement with the parliamentary political parties in November 2005. Holding elections for a constituent assembly to draft a new constitution, which was a key political demand of the CPN (Maoists).</p>
Seven Party Alliance (SPA) <ul style="list-style-type: none"> • Nepali Congress • Nepali Congress (Democratic) • Communist Party of Nepal (United Marxist-Leninist) • Nepal Workers and Peasants Party • Nepal Goodwill Party (Anandi Devi) • United Left Front • People's Front 	<p>The alliance of the seven major parliamentary parties was formed to oppose the absolute rule imposed by the King in February 2005. Although the governing Seven Party Alliance-Maoist coalition has offered to address electoral representation for marginalized groups, it has been reluctant to create inclusive constitutional framework. As of 15 January 2007, SPA and Maoists serve together in an Interim legislature under the new Interim Constitution of Nepal awaiting elections set to take place on 22 November 2007—a change from the original date of June 2007 due to lack of security.</p>
United Nations Mission in Nepal (UNMIN)	<p>Established in January 2007 to monitor the ceasefire and assist with the election of the Constituent Assembly, as well as monitor the management of arms and armed personnel. The Joint Monitoring Coordinating Committee (JMCC), chaired by UNMIN and comprising membership of the Nepalese Army and People's Liberation Army, is the mechanism for coordinating all decisions on the process of monitoring arms and armies.</p>
Monarchy	<p>King Gyanendra unexpectedly assumed the throne in 2001 after the heir apparent shot and killed his parents and then turned the gun on himself. Following the 2006 democracy movement in reaction to the king's attempts to take over government and oppose martial law — claiming that the politicians were not able to deal with the Maoist insurgency — the king agreed to relinquish the sovereign power back to the people and reinstated the dissolved House of Representatives on April 24, 2006. The former king has already lost his powers as head of state and head of the army and the government has decided to stop paying all allowances. However, the monarchy has not yet been legally abolished, though Parliament amended the Constitution to enable it to legally abolish the institution of the monarchy by a two-thirds majority vote. The fact that the monarchy is not yet abolished means there is still a possibility that supporters of the institution will attempt to block reforms.</p>
India	<p>Indians see Nepal as being within its sphere of influence. India's own Maoist rebels, the Naxalites, have proven to be an threat in a number of Indian states, including a stronghold in the Bastar region of Chattisgarh. The possibility of a successful Maoist coup in Nepal caused the Indian government to provide extensive training and aid to the king's military but now India supports the reestablishment of a democratic government in Nepal. India has also been accused of encouraging the Madhesi movement as the Madhesi people are similar to Indian people residing in Bihar and Uttar Pradesh State of India. The Hindu vote is critical in India, so any attempt to influence Nepal, including action against the king, can impact election results in India as Hindus there consider the Nepalese king to be the king of all Hindus rather than just the king of Nepal (OneWorld).</p>

Nepal (continued)	
China	China initially sought to strengthen the king's waning grip on power, signing several arms deals with Kathmandu. Close relations with Nepal help ensure support on the border with the Tibetan region and also challenge India's presumed sphere of influence. The monarchy has been known to turn to China when tensions rise with India.
Pakistan	Pakistan's influence in Nepal is still fairly minimal, though it increased when Pakistan expressed willingness to furnish arms support after India suspended military support in February 2005. This in turn prompted criticism from India. Pakistani attempts to increasing its influence in Nepal can be seen more as an artifact of competition with India than a pursuit of any core economic or cultural goals.
The Madhesi movement in the Terai	The past six months have seen outbreaks of violence in the Terai (lowlands) region of Nepal, fueled by a growing Madhesi movement. Concerns exist that the violence will threaten the country's peacebuilding process and disrupt the constituent assembly elections scheduled for November. The Madhesi are culturally and ethnically linked to northern groups of India; their grievances include economic discrimination, poor electoral representation and under-representation in the civil service, army, police and civil society organizations. A number of armed groups claiming to support Madhesi grievances have clashed with each other, police, and the Maoists. They have also engaged in kidnapping for ransom, extortion and killing of political party actors.
Civil society	The activities of civil society in Nepal date back to 2000BC and are present in many fields including the fight against violence, human rights abuses, social inequality, gender discrimination as well as corruption, economic, social and cultural problems. However, a lack of skills, fragmentation of initiatives and widespread distrust have prevented civil society from becoming a more powerful player in the country (One World).
Royal Nepalese Army and police force	The army has traditionally been loyal to the monarchy and must now come to terms with the new political reality. There is an additional 20,000-strong "Armed Police Force" and 40,000 police. Allegations regarding frequent human rights abuses follow both organizations, and they are a frequent target of the Maoists (OneWorld).
United States	The U.S. sees close relations with Nepal as part of an encirclement and containment strategy against China, as part of a broader effort to contain Beijing's influence in southwestern Asia. The U.S. supports the reestablishment of a democratic government in Nepal.

Sri Lanka	
Government President—Mahinda Rajapakse Prime Minister — Ratnasiri Wickremanayake	Since November of 2005, Mahinda Rajapakse has been president of Sri Lanka, representing the minority People's Alliance (PA) government. At the time of elections there was an alliance between the PA and the Marxist Janatha Vimukthi Peramuna (JVP or People's Liberation Front) called the UPFA, but it has now dissolved as the JVP left the government (but remains a weak supporter of the president). The government has negotiated with the LTTE for peace, but responded to violence in the summer of 2006 with extreme military force.
The Liberation Tigers of Tamil Eelam (LTTE) AKA Tamil Tigers	The Liberation Tigers of Tamil Eelam (LTTE), led by Velupillai Prabhakaran, is an armed guerilla group that is ethnically Tamil and has a stronghold in the north of Sri Lanka. The LTTE has claimed it wants self determination for the Tamil population, as the minority Tamils are oppressed by the majority Sinhalese population and government. The group has participated in ceasefires and negotiations, but to date has always returned to terrorist bombings and attacks on both the government armed forces and civilian populations.

Sri Lanka (continued)

Political Parties against negotiation with LTTE	The Janatha Vimukthi Peramuna (JVP) is traditionally Marxist and against economic liberalization and negotiation with the LTTE, but has sided with the People's Alliance (PA) when it suits their wider interests. Like the JVP, the Sri Lankan Muslim Congress (SLMC), and the Jathika Hela Urumaya (JHU) are against compromise with the LTTE.
Political Parties in favor of negotiation with LTTE	Two parties have generally favored negotiations with the LTTE, though for different reasons. The United National Party (UNP) has traditionally supported peace talks and negotiations with the LTTE in anticipation of increasing stability and economic growth, while the Tamil National Alliance (ITAK) is the unofficial representative for the LTTE and has pushed for negotiations on their behalf. The Ceylon Workers Congress represents the Tamils working in the plantation sector of the economy.
Sinhalese population	With a different language and religion, Sinhalese constitute about 75% of the island's population, with 68% of these being Buddhist. Living in the south-central-western parts of the island, the Sinhalese population's influence is clear both within government and the majority of the states.
Hindu Tamils	Hindu Tamils make up about 18% of the population and inhabit the coastal regions of the north and east. While some Tamils came to Sri Lanka as labourers during British colonial rule, the majority have been said to live on the island since ancient times. Hindu Tamils make up the LTTE and the wider liberation movement.
Muslim Population	Muslims and Moors (of Arabic descent and Muslim faith) live to the east of the Tamil region. Even as a small percent of the population, Muslims claim to be caught in the cross fire between the LTTE and the government; many have become IDPs as the LTTE has forced Muslims to move south as part of their campaign to restore the Tamil "homeland" and consolidate power in the North.
Sri Lankan Tamil Diaspora	The Sri Lankan Tamil diaspora comprises an estimated 700,000 people living mainly in Canada, the US, Europe, India and Australia. This community has provided vital support to Tamils living in the north of the country in the form of remittances; however, members of the diaspora have reportedly also assisted in sustaining the conflict by providing support to the LTTE (Embassy of Sri Lanka in Washington).
International and local NGOs	While many local and international NGOs work in Sri Lanka regularly, the number rose dramatically following the 2004 tsunami. More recently, the shooting of 17 Action Against Hunger French aid workers in the summer of 2006 and the increase of violent attacks has resulted in many NGOs pulling out of Sri Lanka as a result of safety concerns.
Sri Lanka Monitoring Mission (SLMM)	The SLMM was created in 2002, following the signing of the Ceasefire Agreement (CFA). The SLMM is composed of representatives from various Nordic countries. Currently Iceland and Norway share responsibilities for monitoring the CFA, and enquire into reports of violations.
Trading partners	The trade of tea, textiles, fish, and tourism have a significant impact on the economy. Tea exports continue to grow to Russia, UAE, Syria, Iraq, while the trade of garments to the US, UK, and India are significant. The EU has reworked its tariff scheme in order to benefit nations like Sri Lanka.
India	India regards Sri Lanka as being within its sphere of influence and continues to push for a negotiated, political solution to the conflict with the LTTE. India was seen as a party to the island's civil war by many when conflict broke out in 1983. Motivated by the demands of its own Tamil population living in the south of the country, India provided the LTTE with training and materiel. A subsequent Indian "peace-keeping" foray into Sri Lanka's Tamil-held areas in 1987 quickly turned into open war with the LTTE; conflict continued until an Indian pullout in March 1990, ending the mission.

Sri Lanka (continued)

China	China's presence in Sri Lanka is increasing. In March 2007, an agreement was finalized between Sri Lanka and China to help develop the port at Hambantota on the south coast. The project is estimated to cost US \$1 billion, with China financing more than 85% of the cost. This project will consolidate China's presence in the Indian Ocean.
Pakistan	Military cooperation with Pakistan is increasing. A group of Pakistan Air Officers are stationed in Colombo and have been accused by India and the LTTE of guiding the Sri Lanka air force, or actually flying the planes, in carrying out air attacks against the LTTE. Sri Lankan armed forces personnel of different ranks also undergo training at different training institutions in Pakistan.

Bangladesh

Caretaker Government	Led by female Prime Minister Khaleda Zia for the past 5 years, in October 2006 the Bangladesh Nationalist Party (BNP) government handed over power to a Caretaker Government as part of a 90-day pre-parliamentary election period. The interim government, led by President Iajuddin Ahmed, was accused of BNP bias by the Awami League and its coalition, who organized nationwide protests and shutdowns. In January 2007, Iajuddin Ahmed stepped down. Fakhrudin Ahmed, former World Bank economist, was selected to lead the new Caretaker Government and has committed himself to rooting out corruption and preparing a better voter list. Emergency law was declared and a massive campaign to crack down on corruption is underway. By July 2007 some 200,000 people had been arrested. The government says it will hold elections before the end of 2008.
Joint Strategy Partners	The Joint Strategy Partners (ADB, Japan, United Kingdom's Department for International Development [DFID] and the World Bank) accounted for approximately 82 percent of gross ODA in 2003-04. The Joint Strategy Partners created as 2005-2009 strategy for Bangladesh focusing on core governance, expediting energy and transport sector reforms, responding to the avian flu situation, and unlocking aid flows. The strategy is in line with the national strategy for poverty reduction (PRSP).
Bengali elites	Bengali-speaking upper class enjoyed vast privileges compared to their non-Bengali speaking counterparts in the formative years of Bangladesh, as the country was created on the basis of linguistic exclusivity. The resulting group of elites continue to hold the balance of economic and political power in the country.
Workers Unions	Protests, boycotts, and blockades are fairly common and are mobilized mainly through workers unions. Such activities can bring production, transportation, access, etc. to a standstill, as they are often quite massive. Additionally, the rioting can turn violent, resulting in vandalism, injuries, or deaths and is responded to forcefully by the authorities with tear gas and/or extreme force.
Local and international NGO's	Bangladesh has long had an active NGO sector. The country has many prominent domestic NGOs like BRAC (Bangladesh Rural Advance Committee), Grameen, and ASHA; these groups have made noteworthy contributions in various spheres like education, health, rural development, and particularly the empowerment of women, a field often neglected in most South Asian nations. Their influence extends far beyond Bangladesh's borders.
Bangladesh Army	The army took power in 1975 after the assassination of Sheikh Mujibur Rahman and this move transformed the army into a political player. The growing political power and financial autonomy of the army was curtailed by the Bengalis in the 1990s. The army remains entrenched in politics, society and the economy and has backed the Caretaker Government, actively enforcing the government's anti-corruption agenda. The army is also very active in participating in UN missions.
Bangladesh Nationalist Party (BNP)	BNP allies with Islamist parties like Jamaat-e-Islami Bangladesh and Islami Oikya Jot. BNP was previously the governing political party of Bangladesh, before the caretaker government took over, as part of an alliance with Jamaat-e-Islami Bangladesh. The feud between BNP and AL has been the at the root of much of the instability in Bangladesh's political system.

Bangladesh (continued)

Awami League (AL)	AL, the main opposition party, aligns with leftist and secularist parties. There is a bitter rivalry between AL and BNP that at times turns violent. In the 2001 general election AL received 40 percent of the vote and won 62 of 300 parliamentary seats, becoming the second-largest party in the parliament behind the Bangladesh Nationalist Party.
Mastaans	<i>Mastaans</i> or 'middlemen' have come to occupy the space between the alienated voter and the ruling class and this imposes huge transaction costs on economic activity, with the poor being the worst affected. The 'middlemen' norm is tied to Bangladesh's high levels of corruption.
India	Bangladesh-India relations have fluctuated. India first assisted with Bangladesh's quest for independence and then with reconstruction, but there have since been a number of border disputes and insurgencies that have caused tension. Ongoing economic ties and peace agreements maintain the overall relationship but India is building a fence along most of its border with Bangladesh to address security and immigration issues.
Pakistan	In 2002, General Musharraf was the first Pakistani president to visit Bangladesh since 1971. His expression of regret for the atrocities that occurred during the 1971 Liberation War marked an important turn in the relationship between the two countries. Growing Islamic fundamentalism is a concern for both countries.
China	For China, Bangladesh is a doorway into India's turbulent northeastern region, including the Indian state of Arunachal Pradesh, to which China lays territorial claims. There are also enormous natural gas reserves in Bangladesh.
Islamic Fundamentalists	Fundamentalist activism in Bangladesh received a boost in 2001 when general elections brought a four party coalition to power led by the center-right BNP and including two fundamentalist parties — Jamaat-e-Islami and the Islamic Oikya Jote. Both of these parties are suspected of having links to the Taliban and al-Qaeda (PINR). Extremists instigate violence against politicians with a secular platform, thus contributing to the government's inability to maintain secular principles (Yale Global). The population of Bangladesh is over 88% Muslim.

Pakistan

Coalition Government	President Pervez Musharraf assumed power in a coup in 1999; he was previously a general in the Pakistan Army. He has pushed an agenda of modernization and has denounced Islamic extremism in the country. However, he has failed to deliver on some of his promises, facilitating an increase in support for Islamic extremism and violent clashes between fundamentalists and government forces. The Pakistan Muslim League—Quaid-e-Azam – (PML) Q, and the Pakistan People's Party Patriots (PPP – Patriot) support Musharraf.
Opposition Parties Pakistan Muslim League—Nawaz (PML—N) Pakistan Peoples' Party (PPP), aka Pakistan Peoples' Party Parliamentarians (PPPP) Tehreek-I-Insaaf (TI) Muttahida Majlis-e-Amal (MMA)—a Coalition of Religious Parties Muhajir Quami Movement (MQM)	The PPP, PML-N and TI have formed the Alliance for the Restoration of Democracy (ARD), which constitutes the main opposition to the government. ARD's opposition to the PML-Q is due to ideological and personal differences, not religious reasons. The MMA is fundamentally opposed to Musharraf's support for the US, and are in power in the unstable provinces of Baluchistan and NWFP. The MMA and MQM have previously cooperated with the PML-Q led government, but departed from the coalition government due to irresolvable differences (CIFP 2007 Pakistan Democratic Processes and Governance Report).
Armed Forces	Pakistan's armed forces are considered elite and efficient, with Pashtuns and Punjabis dominating the army. The Officer Corps is loyal to Musharraf. Senior officers hold important bureaucratic and diplomatic positions. Pakistan also currently contributes more peacekeepers to UN missions than any other nation (UN).

Pakistan (continued)

<p>Militant Groups</p> <ul style="list-style-type: none"> • Tanzeem-e-Nifaz • Lashkar-e-Jhangvi • Sipah-e-Sahaba • Tehrik-e-Jafria • Balochistan Liberation Army 	<p>There are a number of militant groups in Pakistan, varying in size and strength from small tribal groups to national militant organizations. Tanzeem-e-Nifaz, Lashkar-e-Jhangvi, and Sipah-e-Sahaba are Sunni Muslim groups, Tehrik-e-Jafria is a Shia Muslim group. Baluchistan Liberation Army is a rebel insurgent group in Baluchistan province. There are many pro-Taliban militant groups situated in North and South Waziristan and the North West Frontier Province. These groups occasionally cooperate but are often engaged in low intensity violent conflicts with other militant groups. The Sunni Muslim groups demand the strict application of Islamic laws by the government. The Baluchistan Liberation Army desires autonomy for the Baluchistan province (CIFP 2007 Pakistan Fragility Brief).</p>
<p>Islamic Fundamentalists</p> <p>The Ulema (clergy); Waziristan Tribesmen; Factions of the ISI; members of the MMA; extremist Shia and Sunni groups; madrassa populations</p>	<p>The Islamic fundamentalists oppose Pakistan's alliance with the US in the War on Terror. They are sympathetic towards the Taliban and seek Sharia law and an Islamic way of life. They pose an assassination threat to Gen. Musharraf and are opposed to his modernization policies. Islamists effectively control certain regions in Pakistan, such as the Federally Administered Tribal Areas (FATA). Given their pursuit of autonomy, Islamists have the most to gain from the political destabilization of Pakistan. Sectarian violence between Shias and Sunnis is common. (CIFP 2007 Pakistan Democratic Processes and Governance Report).</p>
<p>Pakistani Diaspora</p>	<p>Around 130,000 leave the country each year through legal channels but at least double that number leave illegally (IRIN). There are more than 4 million Pakistanis living abroad (Global Council of Pakistan). According to official estimates, remittances from overseas Pakistanis total around \$7 billion to \$8 billion each year. Of this, less than \$1 billion goes through the official banking system; the rest is remitted through the unofficial but efficient 'hundi' network (IRIN).</p>
<p>Afghanistan</p>	<p>Pakistan supported the Taliban government and has had cool relations with the current Karzai government, who has accused militant groups in Pakistan and the ISI of fuelling the insurgency in Afghanistan. Pakistan's intent to mine the border with Afghanistan met with outcries from the international community.</p>
<p>China</p>	<p>Since late 2001, China has been engaged in constructing and developing a deep-sea port and a special economic zone at Gwadar in Baluchistan province. China's interest in Gwadar is motivated by the latter's strategic location, from which Beijing can monitor the American presence in the Persian Gulf (Asia Times). Gwadar is just 72km from the Iranian border and 400km east of the Strait of Hormuz, a major conduit of global oil supplies. China is Pakistan's strategic ally against India. China is suspected of having supplied Pakistan with missile technology.</p>
<p>Iran</p>	<p>There have been allegations that Iran supports militant Shia groups in Pakistan but the two countries have also shared nuclear technology, indicating an improvement in relations.</p>
<p>India</p>	<p>Pakistan-India relations are currently quite amicable, though historically there has been a bitter rivalry since independence in 1947, exacerbated by the dispute over Kashmir. Pakistan also accuses India of encouraging the insurgency in Baluchistan. Nuclear tensions heightened in 1998.</p>
<p>United States</p>	<p>The US strongly supports Musharraf's government to ensure the help of Pakistan in the War on Terror. Since 2001, the US has provide large amounts of military and economic aid as well as supporting humanitarian projects.</p>

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 to others
3.5-6.5	Country performing at or around the median
6.5+	Country performing poorly relative to others

Events Monitoring Methodology

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.

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.

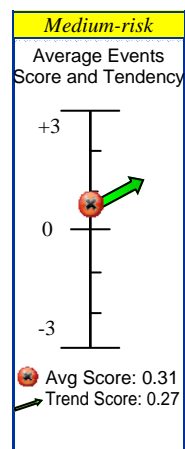
EVENT ANALYSIS

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. 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 — color-coded 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.

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

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.

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Pakistan Fragility Draft Brief (2006) by Nicholas Stewart

Bangladesh Fragility Draft Brief (2006) by Heidi Carruba

Sri Lanka Fragility Draft Brief (2006) by Heidi Carruba

ABOUT THE STATE FRAGILITY PROJECT

This project is intended to contribute to a better understanding of fragility in Afghanistan, 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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