

Security, Development and the Fragile State: Bridging the Gap Between Theory and Policy

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Outline

- Haiti in Perspective
- Volume Outline and Impact
- Theory and Concepts
- Policy Relevance
- Determinants of State Fragility
- Policy Inputs in Fragile States
- Concluding Thoughts and Directions for Future Work

Haiti: A Fragile State in Perspective

Collier, Muggah etc. – a new Marshall Plan for Haiti, a concert of states working to rebuild the country;

Haiti – second largest recipient of aid behind Afghanistan, largest in the Western Hemisphere;

Current catastrophe exacerbated by fundamental weaknesses in key areas;

Beyond the immediate tasks of critical infrastructure, health and sanitation, need strategic allocation of resources, priority setting, monitoring and risk analysis.

cifp Country Indicators for Foreign Policy **NPSIA** Carleton UNIVERSITY

Fragile States Country Report No. 7 September 2007

Haiti **FRAGILITY IN BRIEF** *Haiti is strengthening, but still fragile*

Haiti is the most fragile state in the western hemisphere. Though there are some promising signs after a very difficult period of transition, Haiti nonetheless has not yet achieved a sustainable degree of stability and capacity, and continues to display weakness across all clusters. Challenges are political, environmental, social, and economic in nature, but security remains the overarching concern. Overall, Haiti ranked 13th out of 163 countries on the 2007 C/FP Fragility Index. Successful democratic elections in 2006, combined with subsequent attempts to reassert government authority in areas dominated by urban gangs and militias, provide hope for that Haiti is moving towards enhanced political stability and a secure environment, however, the rule of law is not yet enshrined and political institutions remain weak. Corruption plagues the government; Haiti was declared the most corrupt country of 163 countries in the 2006 Corruption Perceptions Index.

Haiti is weak in **Authority**, ranking 14th out of 193 countries. Violent gangs carry out kidnappings and terrorise civilians, particularly in urban areas, and the Haitian National Police do not yet possess adequate training and resources to respond in a comprehensive manner. The presence of the UN Stabilization Mission in Haiti (MINUSTAH), operating since 2004, serves as an essential support to government, though some Haitians have turned to violence in an expression of their resentment of what they consider an occupying force. Allegations of human rights abuses that have been leveled against UN troops and personnel further complicate MINUSTAH's relations with most Haitians.

Haiti is also weak in **Capacity**, ranking 28th out of 193 countries, as the state lacks the necessary resources and institutional capacity to meet the needs of the people. The majority of the population in Haiti lives in poverty, poor human development, high unemployment rates and the highest HIV/AIDS rates outside Africa.

Though still fragile, Haiti is stronger in terms of **Legitimacy** than in **Authority** and **Capacity**. The current government is generally accepted both domestically and internationally, and organizations that refused to recognize the interim government in 2004, have welcomed the elected government of René Préval.

Haiti Authority (A), Legitimacy (B), and Capacity (C) Triangle

MILLENNIUM DEVELOPMENT GOALS (MDGs) LIKELIHOOD OF ATTAINMENT (UNICEF, 2007)

Extreme Poverty and Hunger	Education	Gender Equality	Child Mortality	Maternal Mortality	HIV/AIDS & Malaria	Environmental Sustainability
Low	Low	Low	Low	Low	Medium	Medium

STRUCTURAL BASELINE & EVENTS SUMMARY

Overall
Medium-risk
Average Events Score and Tendency: +3
Avg Score: -0.12
Trend Score: 0.60

Security & Crime
Medium-risk
Average Events Score and Tendency: +3
Avg Score: -0.73
Trend Score: 0.80

Economics
High-risk
Average Events Score and Tendency: +3
Avg Score: 1.71
Trend Score: -0.18

Governance
High-risk
Average Events Score and Tendency: +3
Avg Score: 0.05
Trend Score: 0.13

Human Development
High-risk
Average Events Score and Tendency: +3
Avg Score: 1.10
Trend Score: —

Environment
Medium-risk
Average Events Score and Tendency: +3
Avg Score: -4.0
Trend Score: —

Demography
Medium-risk
Average Events Score and Tendency: +3
Avg Score: —
Trend Score: —

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STRUCTURAL DATA (SOURCE AND SCALE OF RAW DATA IN PARENTHESES)	Cluster avg.	Fragility Index score	Fragility Index rank	Raw Data -- Five year avg	Last Year of Data	Trend Score
1. Governance	7.12					
Freedom of the Press (FH, index, 0-100)		7.4	33	72.8	2006	pos
Gov't Effectiveness (WB Governance Matters, index, Deviation from mean)		8.8	6	-1.6	2005	*
Level of Corruption (TI, index, 0-10)		8.8	5	1.8	2006	s.q.
Level of Democracy (Polity IV, index, (-10 - 10))		8.7	48	-1.2	2003	neg
Level of participation in international political organizations (CIFP)		4.1	107	5.7	2005	*
Percentage of Female Parliamentarians, index, (WB WDI)		8.1	19	3.9	2005	*
Permanence of Regime Type (Polity IV, years since regime change)		8.4	15	1.2	2004	neg
Refugees hosted (UNHCR, total)		1.0	153	0.0	2005	*
Restrictions on Civil Liberties (FH, index, 1-7)		7.9	11	6.0	2005	s.q.
Restrictions on Political Rights (FH, index, 1-7)		7.4	18	6.4	2005	neg
Rule of Law (WB GM, Deviation from mean)		8.9	4	-1.7	2005	*
Voice and Accountability in Decision-making (WB GM, Dev. from mean)		8.0	23	-1.3	2005	*
2. Economics	6.55					
Economic growth — Percentage of GDP (WB WDI)		8.2	4	-0.4	2005	s.q.
Economic Size — Relative (WB WDI, GDP per capita, constant 2000 US\$)		7.5	40	440.5	2005	neg
Economic Size — Total (WB WDI, GDP, constant 2000 US\$)		6.4	58	3.65E+09	2005	neg
External Debt — percentage of GNI (WB WDI)		2.4	109	28.5	2004	*
FDI — percentage of GDP (WB WDI)		1.8	156	0.2	2004	s.q.
Foreign Aid — percent of Central Government Expenditures (WB WDI)		—	—	—	—	—
Foreign Aid — Total per capita (WB WDI)		4.6	94	23.9	2004	s.q.
Inequality — GINI Coefficient (WB WDI)		8.8	4	59.2	2003	*
Inflation (WB WDI)		8.5	7	20.4	2005	neg
Informal Economy — Black Market (Heritage Fund, Index, 1-5)		7.2	20	4.6	2006	pos
Informal Economy — Ratio of PPP to GDP (WB WDI)		6.7	47	3.8	2005	s.q.
Infrastructure — Reliability of Electricity Supply (WB, % output lost)		8.6	1	50.0	2003	neg
Infrastructure — Telephone mainlines per 1000 inhabitants (WB)		7.4	38	13.7	2004	s.q.
Infrastructure — Internet Usage per 1000 inhabitants (WB)		6.7	51	18.7	2004	s.q.
Investment Climate — Contract Regulation (Heritage Foundation, Index, 1-5)		8.3	2	5.0	2006	s.q.
Level of participation in international economic organizations (CIFP)		4.8	100	5.0	2005	*
Paying Taxes (WB Doing Business, global rank)		4.7	91	83.5	2006	*
Regulatory Quality (WB GM, deviation from mean)		7.9	29	-1.1	2005	*
Remittances Received — percentage of GDP (WB)		8.8	8	0.2	2004	neg
Reserve Holdings — Total (WB)		8.1	22	1.07E+08	2005	neg
Trade Balance — percentage of GDP (WB)		4.5	90	-1.6	2003	s.q.
Trade Openness — percentage of GDP (WB)		7.5	29	47.6	2003	s.q.
Unemployment — Total (WB)		—	—	—	—	—
Percentage of Women in the Labour Force (WB)		5.0	92	41.6	2005	s.q.
3. Security & Crime	6.46					
Conflict intensity (Uppsala PRIO, number of conflict-related deaths)		2.8	24	75.0	2005	*
Dependence on External Military Support (FFP, Index, 1-10)		8.4	2	10.0	2006	*
Human Rights — Empowerment (CIRI, Index, 0-10)		5.1	92	7.2	2004	neg
Human Rights — Physical Integrity (CIRI, Index, 0-8)		7.4	46	3.2	2004	neg
Military Expenditure — percentage of GDP (WDI)		—	—	—	—	—
Political Stability (WB GM, deviation from mean)		8.2	18	-1.5	2005	*
Refugees Produced (WB, total)		6.1	52	7856.5	2004	s.q.
Risk of ethnic Rebellion (CIFP, based on MaR dataset)		—	—	—	—	—
Terrorism — Number of fatalities (US NCTC, number of fatalities)		8.9	35	1.5	2005	*
Terrorism — Number of Incidents (US NCTC, number of incidents)		8.8	45	5.0	2005	*

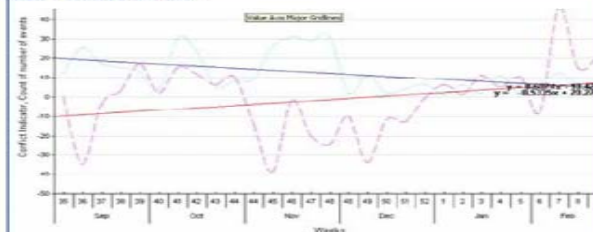
STRUCTURAL DATA (cont'd)

4. Human Development	5.17				
Access to Improved Water (WB, percent of the population)	8.1	20	54.0	2004	*
Access to Sanitation (WB, percent of the population)	8.3	16	30.0	2004	*
Education — Primary Completion — female (WB, percent)	..	..	..	..	..
Education — Primary Completion — total (WB, percent)	..	..	..	..	..
Education — Primary Enrolment — total (WB, percent)	..	..	..	..	..
Education — Primary Enrolment — Ratio Female to Male (WB)	..	..	..	..	..
Food Security — Aid as percentage of total consumption (FAO STAT)	8.5	10	7.6	2001	*
Gender Empowerment Measure (UNDP, index, 0-1)	..	..	..	..	..
Gender-related Development Index (UNDP, index, 0-1)	7.7	26	0.5	2002	s.q.
Health Infrastructure — Expenditures as a percentage of GDP (WB)	3.4	136	7.1	2003	pos
HIV/AIDS — New AIDS Cases Reported (UN, total)	..	..	..	..	..
HIV/AIDS — Percent of Adult Females Infected (WB)	5.4	49	53.1	2005	*
HIV/AIDS — Percent of Adult population infected (WB)	8.0	18	3.8	2005	*
Human Development Index (UNDP, index 0-1)	7.9	25	0.5	2004	s.q.
Infant Mortality (WB, per 1000 live births)	7.3	39	77.5	2004	*
Literacy (WB, percent of population age 15 and above)	..	..	..	..	..
Literacy — female (WB, percent of female population age 15 and above)	..	..	..	..	..
5. Demography	6.31				
Life Expectancy — Female (WB)	7.7	31	52.4	2004	*
Life Expectancy — Total (WB)	7.7	31	51.5	2004	*
Migration — Estimated Net Rate (UN)	7.4	37	-2.5	2005	*
Population Density (WB, population per square km)	8.1	22	300.8	2005	neg
Population Diversity — Ethnic (CIFP)	2.1	128	0.1	2005	*
Population Diversity — Religious (CIFP)	4.6	87	0.3	2005	*
Population Growth (WB, annual percent)	5.2	91	1.4	2005	s.q.
Slum Population — proportion of population (WDI, UN)	7.5	20	0.3	2001	*
Urban Growth Rate — Annual percent (WB)	8.8	57	3.2	2005	s.q.
Youth Bulge — Percent aged 0-14 of total population (WB)	6.2	63	38.6	2005	pos
6. Environment	4.91				
Arable/ferile land availability (WB, hectares per person)	8.8	51	0.1	2002	s.q.
Consumption — Commercial energy consumption per capita (UN, kg of oil equivalent)	2.0	160	62.5	2003	s.q.
Consumption — Use of solid fuels (UN, percent of population using)	7.9	1	95.0	2003	*
Disaster Risk Index, (UNDP, average number of deaths per million)	7.8	24	13.7	2001	*
Ecological Footprint — Global hectares per capita (WWF, Global Footprint Network)	1.2	146	0.6	2003	*
Water — Annual withdrawal (FAO STAT, percent of total renewable)	5.5	68	7.1	2002	*
Water — Available renewable per capita (FAO STAT, m ³ /inhabitants/year)	7.1	42	1673.6	2006	*
Forest — Annual percent change in area (FAO)	8.7	42	-0.7	2005	*
Pollution — CO ₂ emissions per capita (WB, metric tons per capita)	2.1	155	0.2	2002	s.q.
Pollution — CO ₂ emissions per dollar PPP (WB, kg per 2000 US\$ PPP)	1.8	147	0.1	2002	neg
TOTAL	6.45				

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.

EVENTS MONITORING CHARTS

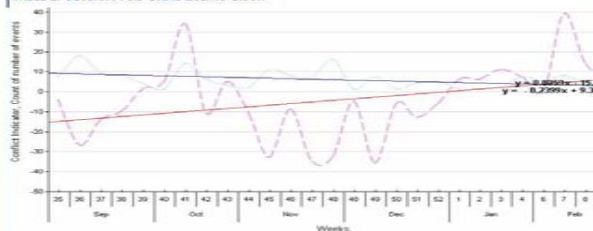
TABLE 1: OVERALL EVENTS CHART



Revised 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
 Green line (solid): 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 (dashed): 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 AND CRIME EVENTS CHART



Revised 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
 Green line (solid): 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 (dashed): 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

Volume Layout

- Chapter 1- Introduction – The Fragile State Problematique
- Chapter 2 – Policy Analysis: Contending and Complementary Approaches
- Chapter 3 – The Determinants and Consequences of State Fragility
- Chapter 4 - Assessing Policy Inputs
- Chapter 5 – Profiles of Fragility for Effective Risk Analysis
- Chapter 6 – Fragility Relevance and Impact Assessment

Impact of Research

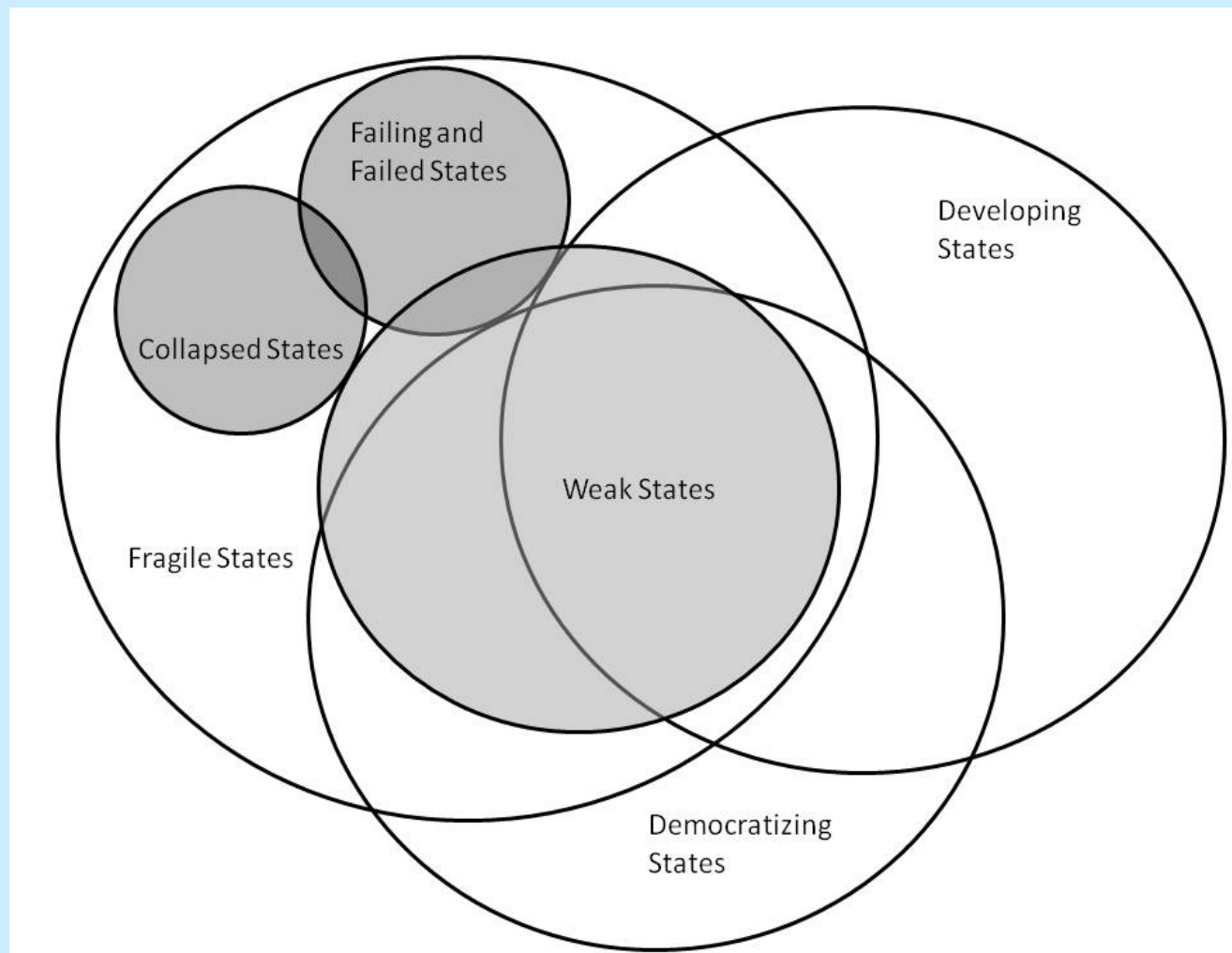
1. Culmination of over 15 years of sustained research on risk analysis, the last 5 of which have focused on fragile states, governance, and democracy performance.
2. Three distinct data sets capable of evaluating country performance and risk potential over a 30-year period.
3. A community of research based on cross disciplinary collaboration, training programmers and employment opportunities for graduate students and faculty through funding from the public and private sector.
4. North-South partnerships in training in risk analysis and access to open source documentation.
5. Software tools for monitoring country performance over time and predicting state failure.
6. Global presence through briefings, reports, and data - available at www.carleton.ca/cifp.
7. Peer reviewed publications in articles and book form.

Theoretical and Conceptual Contributions

- Lack of consensus regarding the use of the term “state fragility”
- There are anywhere between 30-50 fragile states (with or without protracted conflicts)
- Rankings produced by different organizations are also different
- Our definition is derived from the convergence of three research streams: development, conflict and stability policy research streams

Theory and Concepts: Findings

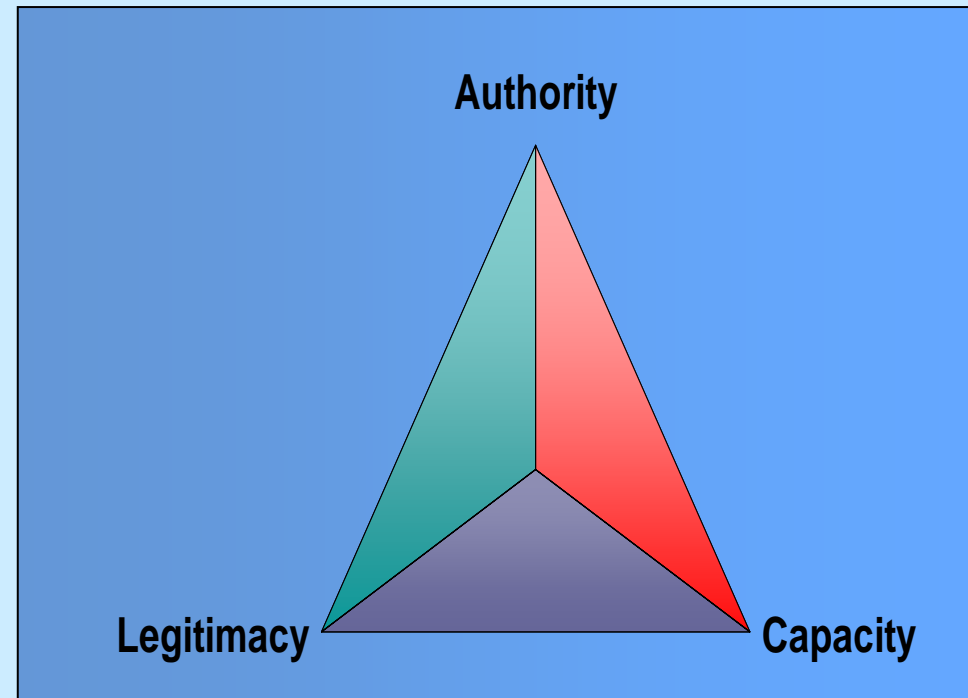
- Fragility and failure are distinct but related
 - States **become fragile and fail** for different reasons and entry points will be different
- Conflict is often a **symptom, not a cause** of fragility
 - Not all fragile states experience conflict especially small developing states



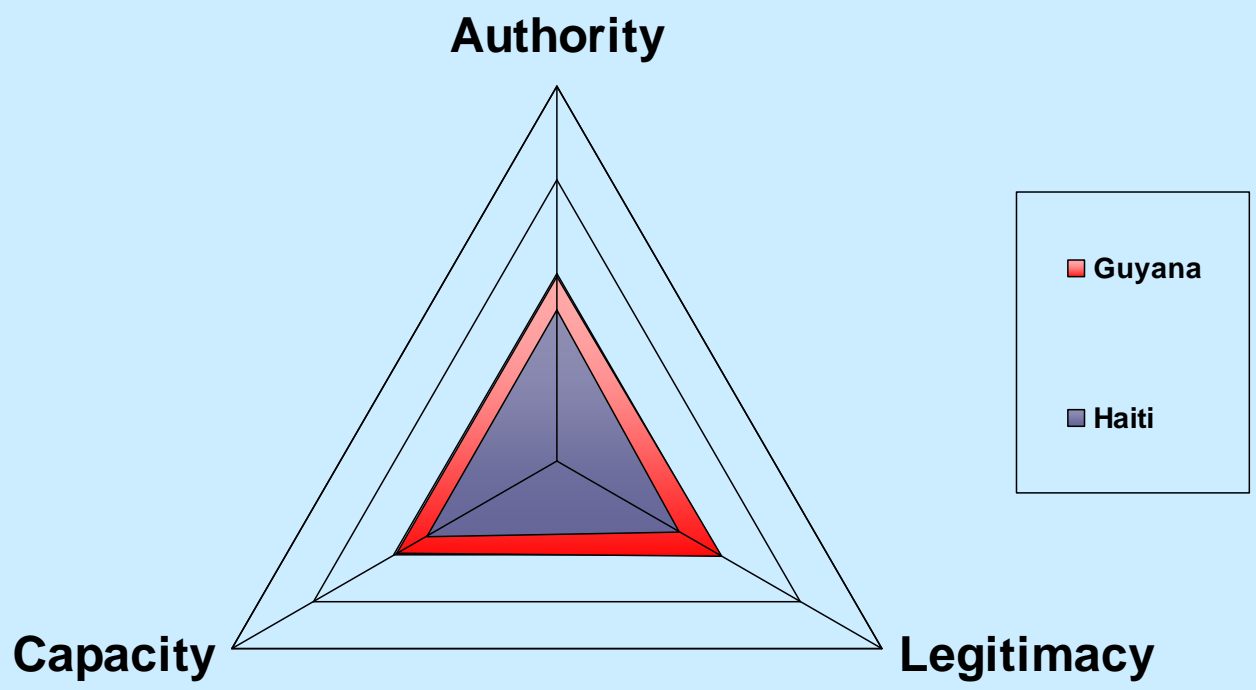
Fragile states lack the *functional authority* to provide basic security within their borders, the *institutional capacity* to provide basic social needs for their populations, and/or the *political legitimacy* to effectively represent their citizens at home and abroad.

Cluster Analysis

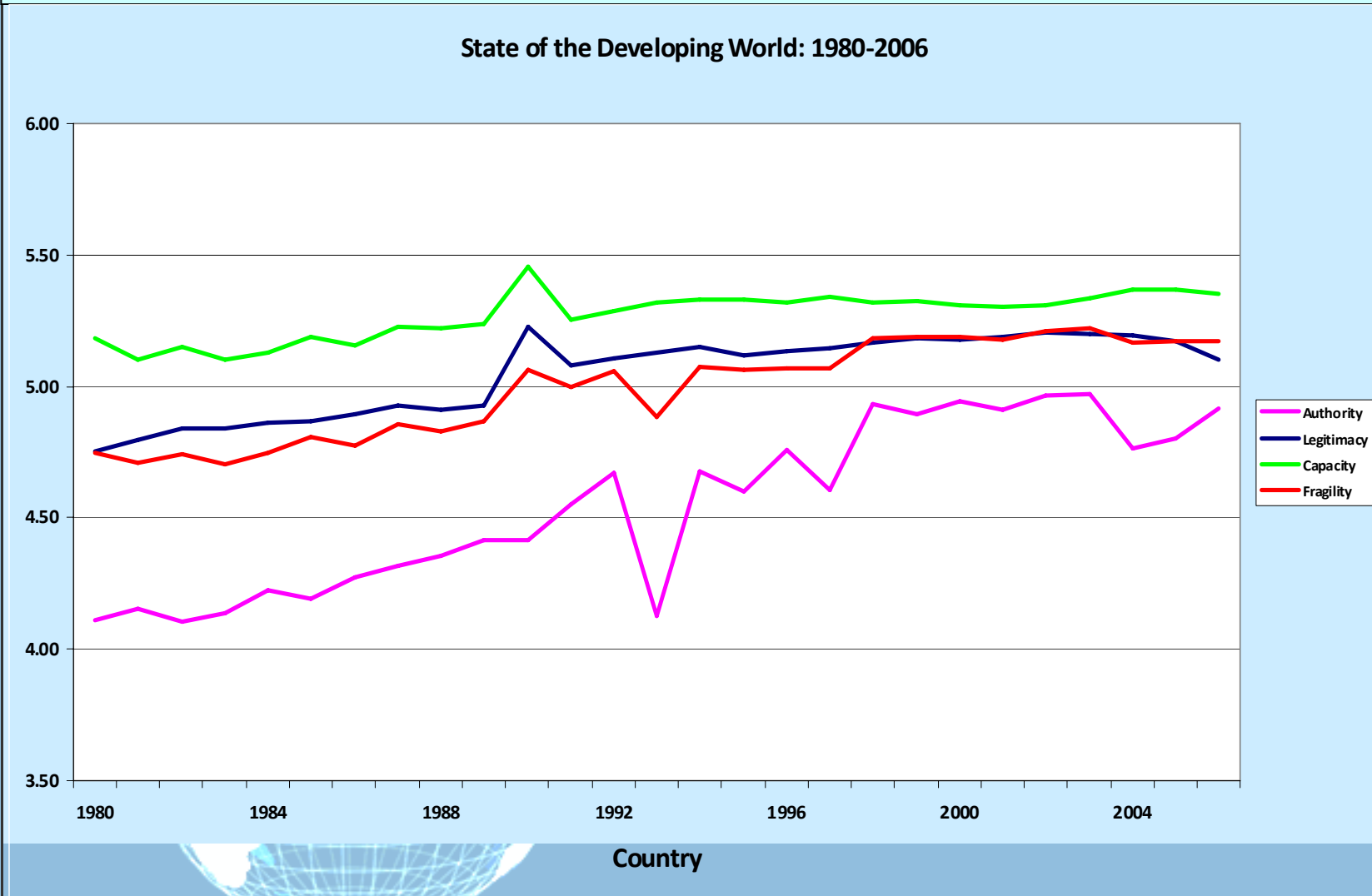
- Governance
- Economics
- Security and Crime
- Environment
- Human Development
- Population and Demography



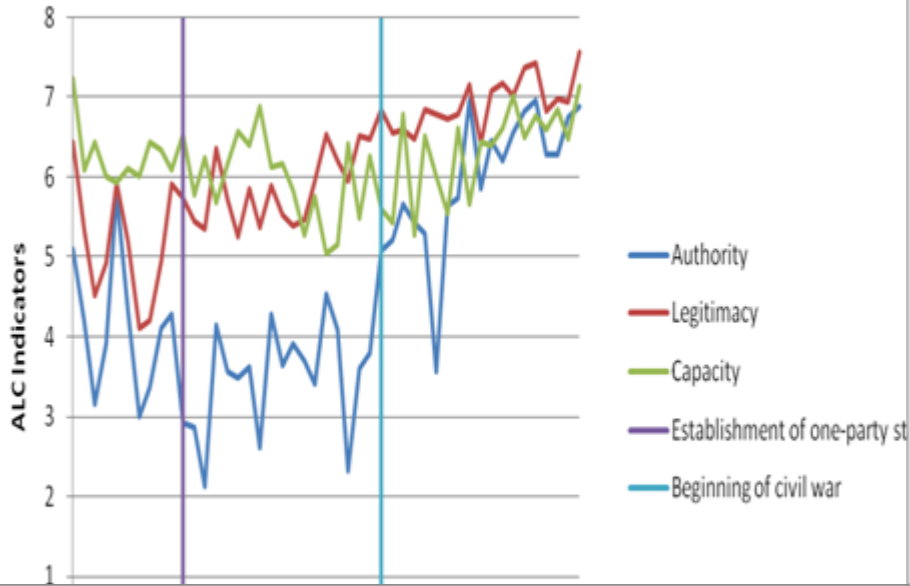
The A-L-C structural indicator analysis permits the identification of core weaknesses along three vital dimensions of a viable state. Weakness along any dimension is a sign of potential fragility.



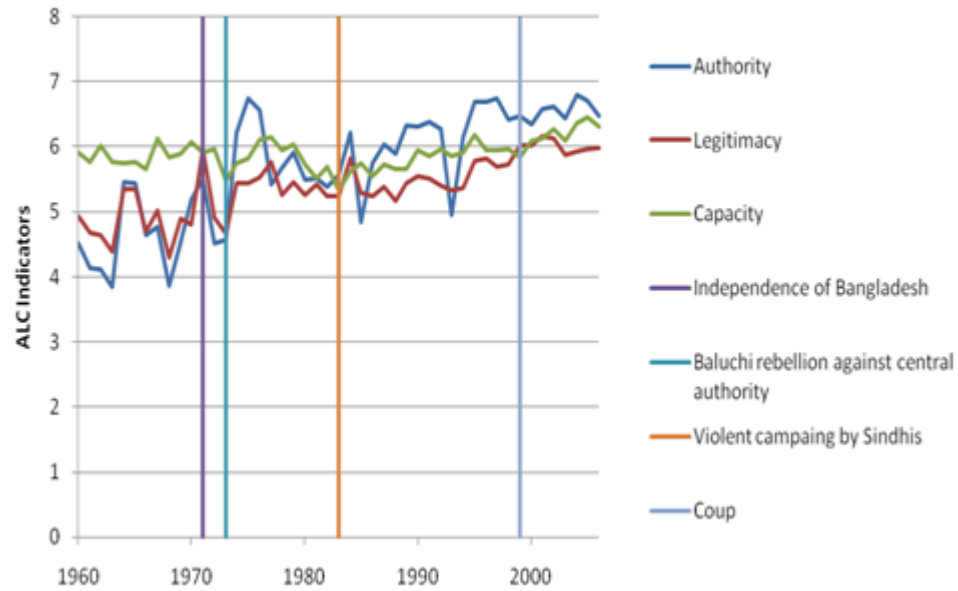
The State of the World: Fragility Increasing Over Time



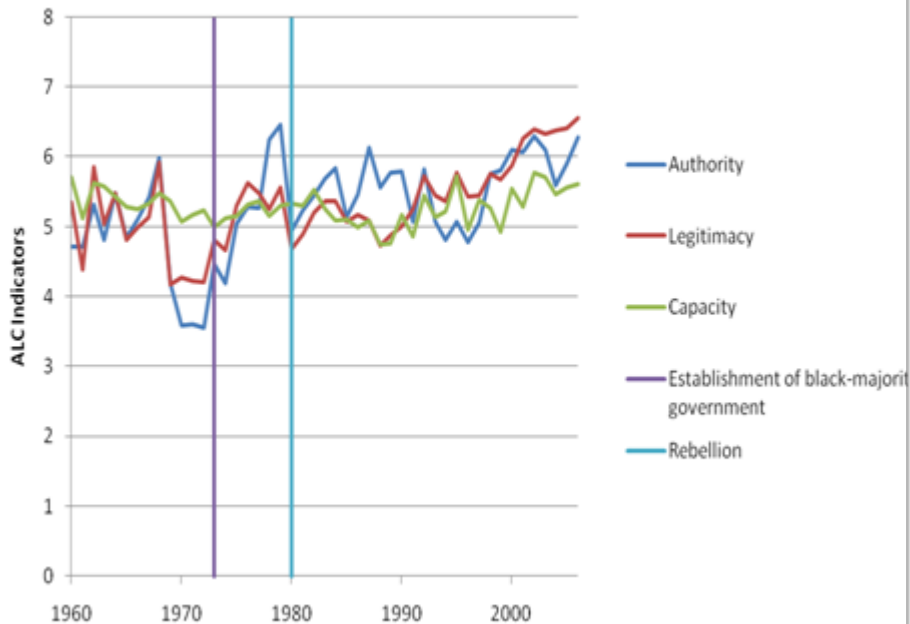
ALC Indicators for Somalia (1960-2006)



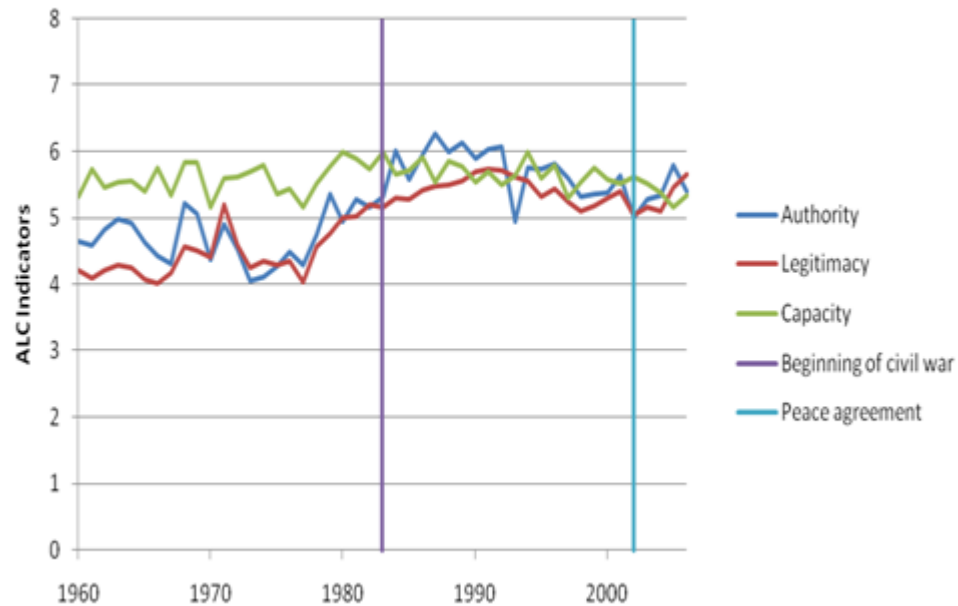
ALC Indicators for Pakistan (1960-2006)



ALC Indicators for Zimbabwe (1960-2006)



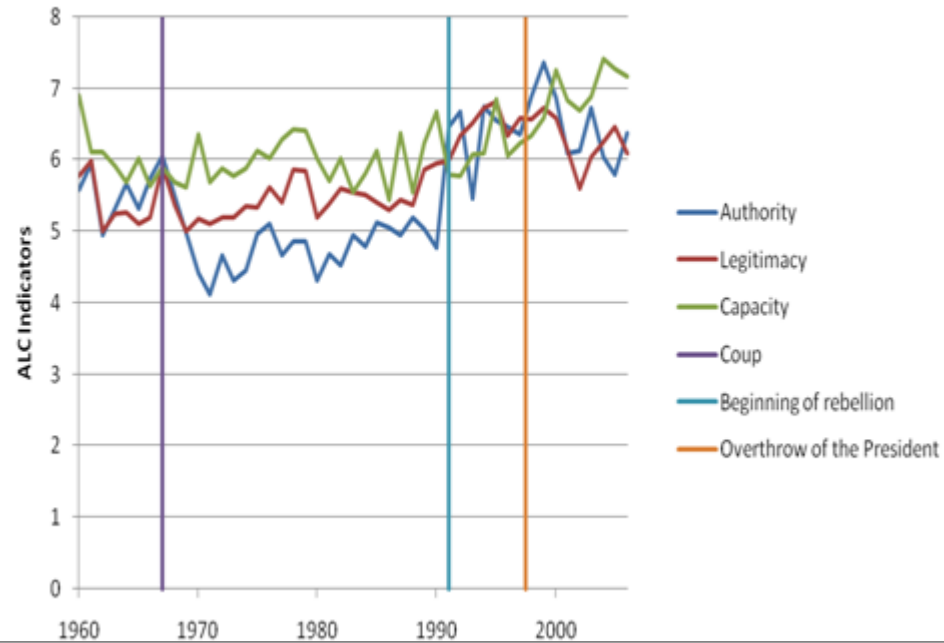
ALC Indicators for Sri Lanka (1960-2006)



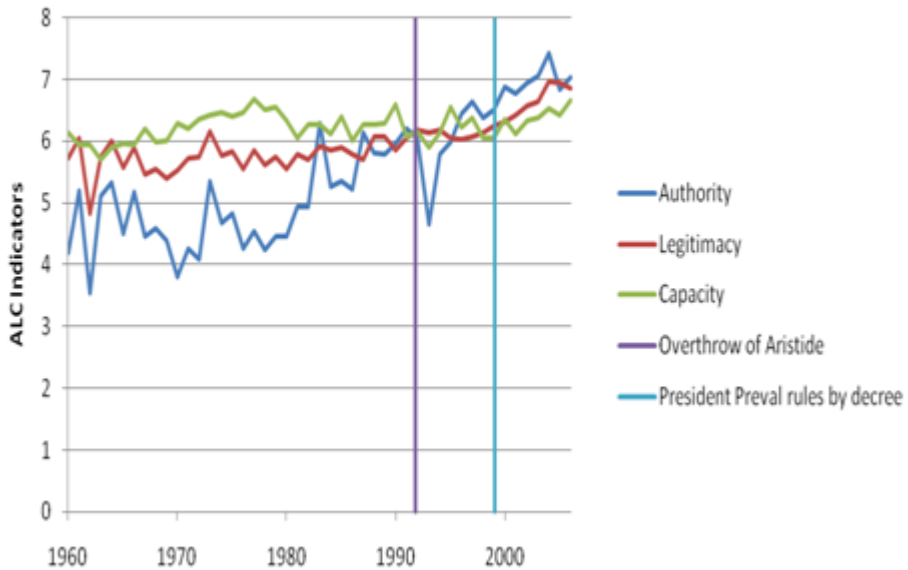
ALC Indicators for Yemen (1960-2006)



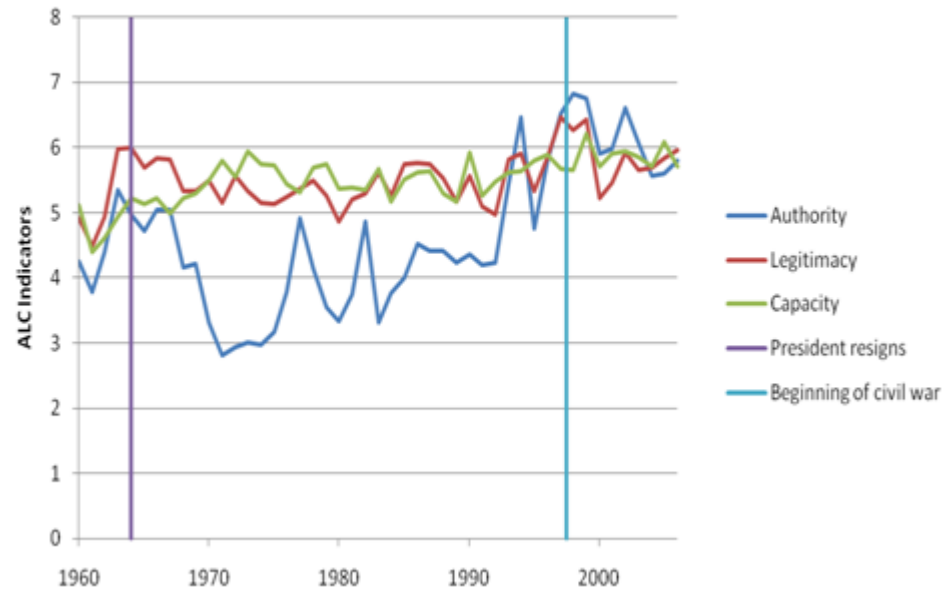
ALC Indicators for Sierra Leone (1960-2006)



ALC Indicators for Haiti (1960-2006)

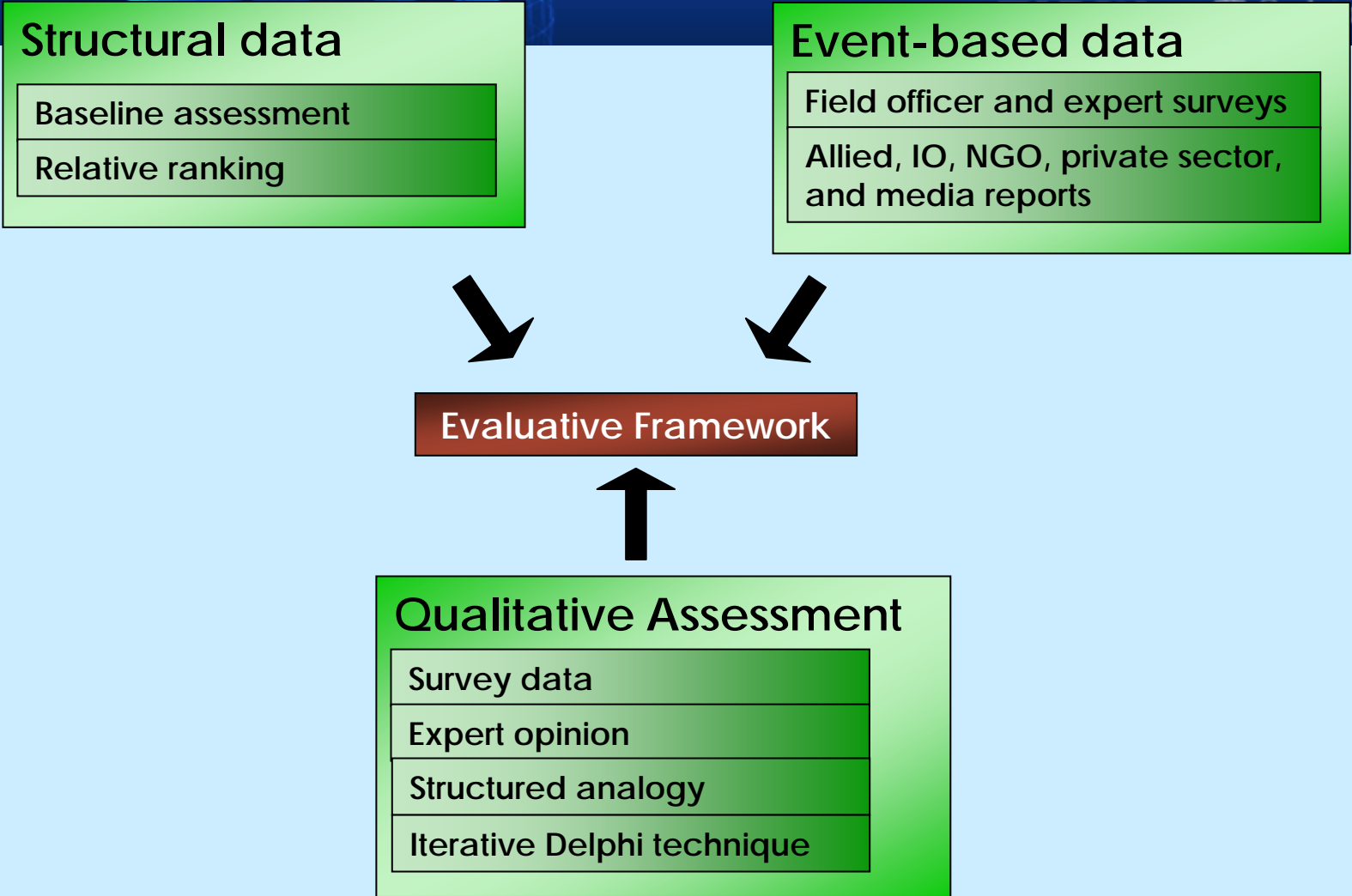


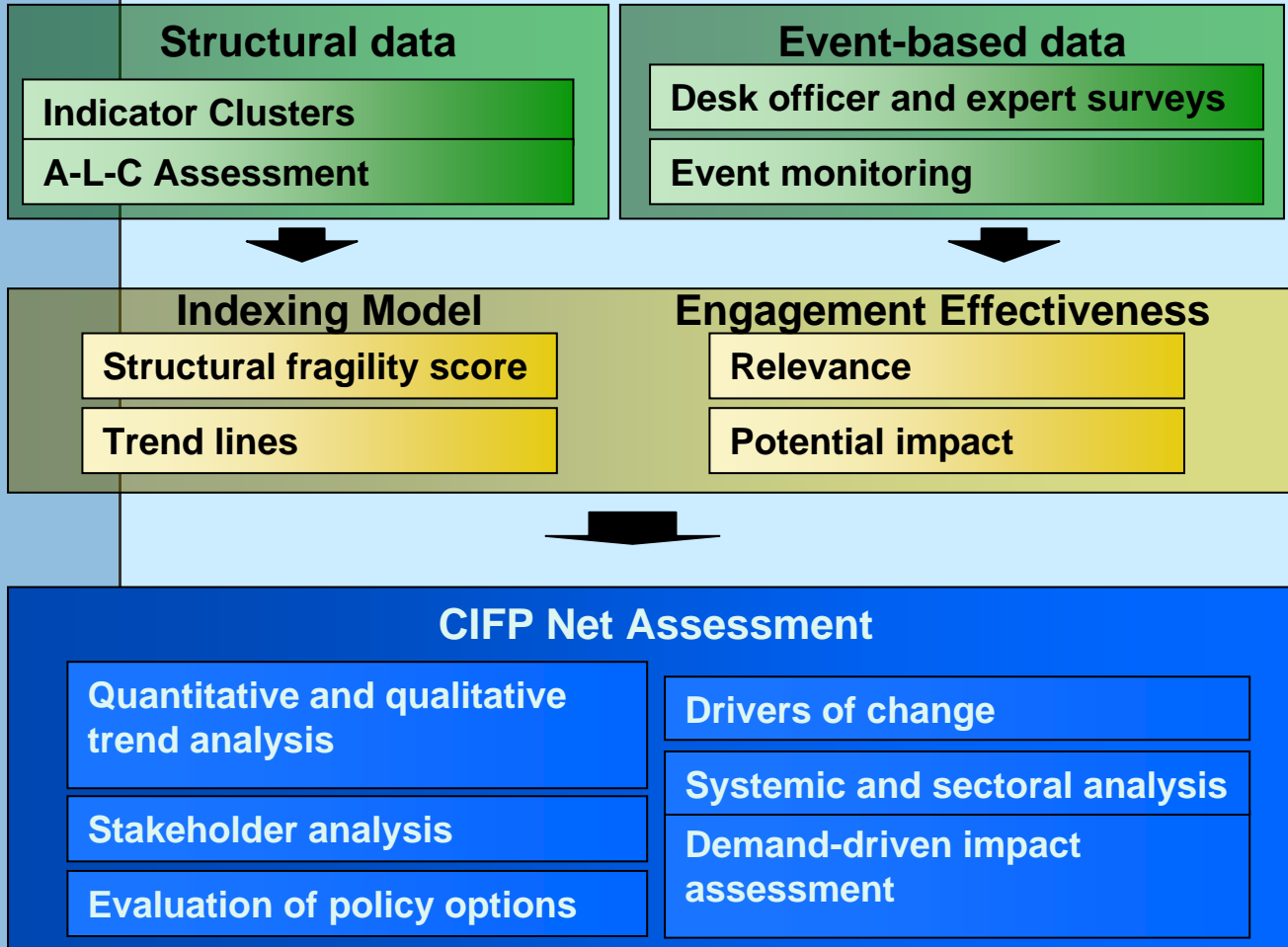
ALC Indicators for Republic of Congo (1960-2006)



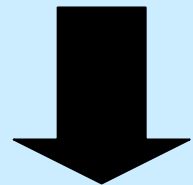
Policy Impact

- A decision-support tool for desk officers;
- Strategic and operational guidance for policy makers;
- Introduction of problem-centred analysis into whole-of-government policy-making; and
- A nascent network of research and policy capabilities across Canada.

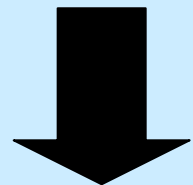




Inputs



Analysis



Outputs

Country	Index Score	Index Rank	Country	Index Score	Index Rank	Country	Index Score	Index Rank	Country	Index Score	Index Rank
Afghanistan	6.86	1	Tanzania	5.73	48	Kazakhstan	4.95	95	Dominica	3.92	142
Sudan	6.86	2	Mali	5.70	49	El Salvador	4.95	96	Saint Kitts & Nevis	3.91	143
Burundi	6.77	3	Senegal	5.66	50	Libya	4.93	97	Greece	3.88	144
Somalia	6.77	4	Zambia	5.65	51	Peru	4.92	98	Mauritius	3.87	145
DRC	6.61	5	Guatemala	5.64	52	Ukraine	4.92	99	Costa Rica	3.87	146
Iraq	6.54	6	Papua New Guinea	5.60	53	Maldives	4.90	100	Poland	3.86	147
Haiti	6.53	7	Sao Tome and Principe	5.59	54	Paraguay	4.86	101	Latvia	3.83	148
Yemen, Rep.	6.51	8	Uzbekistan	5.55	55	Jordan	4.86	102	Bahamas	3.83	149
Liberia	6.49	9	Mozambique	5.51	56	Tonga	4.84	103	Slovakia	3.75	150
Ethiopia	6.48	10	Georgia	5.51	57	Jamaica	4.82	104	Korea, South	3.75	151
Eritrea	6.41	11	Madagascar	5.50	58	Macedonia	4.81	105	Estonia	3.72	152
Angola	6.40	12	Solomon Islands	5.50	59	Cape Verde	4.80	106	Chile	3.71	153
Cote d'Ivoire	6.40	13	Ghana	5.50	60	South Africa	4.79	107	Cyprus	3.69	154
Chad	6.37	14	Timor-Leste	5.49	61	Micronesia	4.77	108	Hungary	3.69	155
Nigeria	6.37	15	Indonesia	5.48	62	Cuba	4.75	109	Uruguay	3.68	156
Palestinian Terr.	6.35	16	Azerbaijan	5.46	63	Namibia	4.74	110	Italy	3.67	157
Sierra Leone	6.34	17	Honduras	5.45	64	Albania	4.73	111	Spain	3.61	158
Guinea	6.26	18	Kyrgyzstan	5.43	65	Qatar	4.66	112	Singapore	3.60	159
Nepal	6.23	19	Lebanon	5.43	66	Mexico	4.66	113	Czech Republic	3.55	160
Pakistan	6.22	20	Bhutan	5.42	67	Belize	4.65	114	France	3.53	161
Guinea-Bissau	6.22	21	Nicaragua	5.40	68	Brazil	4.64	115	United States	3.51	162
Central African Republic	6.22	22	Algeria	5.36	69	Samoa	4.62	116	Malta	3.50	163
Uganda	6.20	23	Lesotho	5.35	70	Fiji	4.62	117	Lithuania	3.49	164
Mauritania	6.18	24	Syria	5.34	71	Tunisia	4.62	118	Portugal	3.49	165
Equatorial Guinea	6.17	25	Sri Lanka	5.34	72	Thailand	4.59	119	United Kingdom	3.46	166
Togo	6.17	26	Egypt	5.32	73	Kiribati	4.55	120	Barbados	3.32	167
Kenya	6.12	27	Serbia and Montenegro	5.27	74	Saint Vincent and the Grenadines	4.54	121	Netherlands	3.32	168
Congo, Rep.	6.11	28	Colombia	5.26	75	UAE	4.50	122	Belgium	3.29	169
Djibouti	6.08	29	Saudi Arabia	5.25	76	Oman	4.49	123	Japan	3.27	170

ALC Top 40 Rankings

Country	Authority Index Score	Authority Index Rank	Country	Legitimacy Index Score	Legitimacy Index Rank	Country	Capacity Index Score	Capacity Index Rank
Sudan	7.20	1	Saudi Arabia	7.41	1	Burundi	7.08	1
Afghanistan	7.01	2	Libya	7.17	2	Afghanistan	7.04	2
Iraq	6.96	3	Korea, North	7.14	3	Ethiopia	7.04	3
DRC	6.91	4	Yemen, Rep.	7.06	4	Niger	6.96	4
Palestinian Terr.	6.79	5	Somalia	7.00	5	Sierra Leone	6.95	5
Burundi	6.77	6	Iraq	6.96	6	Djibouti	6.95	6
Cote d'Ivoire	6.76	7	UAE	6.92	7	Mauritania	6.87	7
Angola	6.75	8	Turkmenistan	6.89	8	Sudan	6.85	8
Nigeria	6.70	9	Equatorial Guinea	6.79	9	Eritrea	6.83	9
Somalia	6.62	10	Iran	6.76	10	Burkina Faso	6.83	10
Liberia	6.59	11	Syria	6.70	11	Mali	6.83	11
Haiti	6.58	12	Belarus	6.67	12	Haiti	6.80	12
Myanmar (Burma)	6.43	13	Uzbekistan	6.66	13	Mozambique	6.80	13
Nepal	6.42	14	Qatar	6.66	14	Somalia	6.75	14
Pakistan	6.32	15	Palestinian Terr.	6.60	15	Benin	6.74	15
Guinea-Bissau	6.31	16	Lebanon	6.57	16	Chad	6.73	16
Indonesia	6.27	17	Bahrain	6.51	17	Sao Tome and Principe	6.70	17
Iran	6.25	18	Egypt	6.48	18	Zambia	6.69	18
Ethiopia	6.22	19	Eritrea	6.47	19	Yemen, Rep.	6.68	19
Central African Republic	6.17	20	Zimbabwe	6.46	20	Guinea	6.68	20

Determinants of State Fragility

Three Policy Research streams

- Development
 - World Bank, DFID, USAID etc
- Conflict
 - Agenda for Peace, Carnegie Commission, Fund for Peace, International Crisis Behaviour,
- Stability
 - Political Instability Task Force

Correlation Matrix (Developing Countries: 2006)

	Marshall-Goldstone	Fund for Peace	Brookings	LICUS	CIFP
Marshall-Goldstone	1.00				
Fund for Peace	0.62	1.00			
Brookings	-0.88	-0.71	1.00		
LICUS	-0.58	-0.56	0.76	1.00	
CIFP	0.80	0.69	-0.84	-0.59	1.00

Fragility Indices Compared: 2006

	Marshall-Goldstone		Fund For Peace		Brookings		World Bank/LICUS		CIFP	
	1	2	3	4	5	6	7	8	9	10
constant	37.00** [20.67]	1.01 [0.55]	138.37** [19.47]	45.88** [8.76]	-0.79 [-1.27]	9.01** [17.68]	1.99** [4.70]	3.61** [15.57]	9.12** [29.75]	3.69** [14.27]
ln(GDP per capita)	-3.81** [-14.26]	-	-8.53** [-8.13]	-	1.01** [11.11]	-	0.22** [3.16]	-	-0.54** [-11.92]	-
Security	-	1.88** [5.71]	-	6.61** [7.09]	-	-0.56** [-5.75]	-	-0.06 [-1.38]	-	0.33** [6.22]
N	111	117	111	117	111	117	60	61	111	117
F-Stat	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.17	0.00	0.00
R-square	0.64	0.21	0.43	0.35	0.60	0.24	0.11	0.03	0.62	0.32

Note:

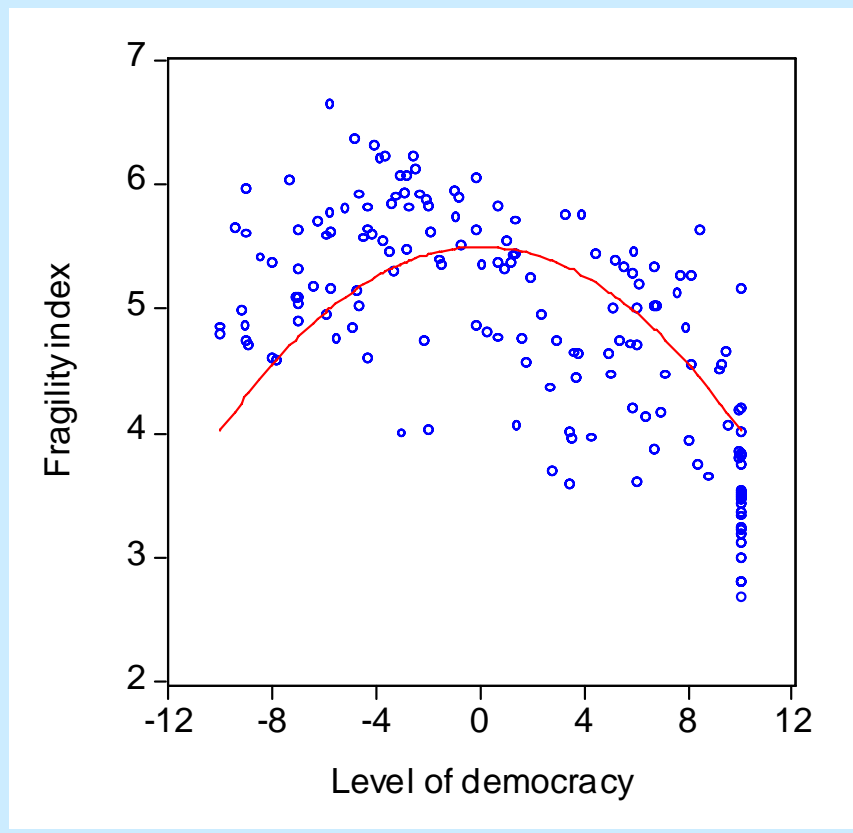
1) Except where indicated otherwise, the numbers in brackets are the t-values

2) *(**) indicates 10(5) percent level of significance

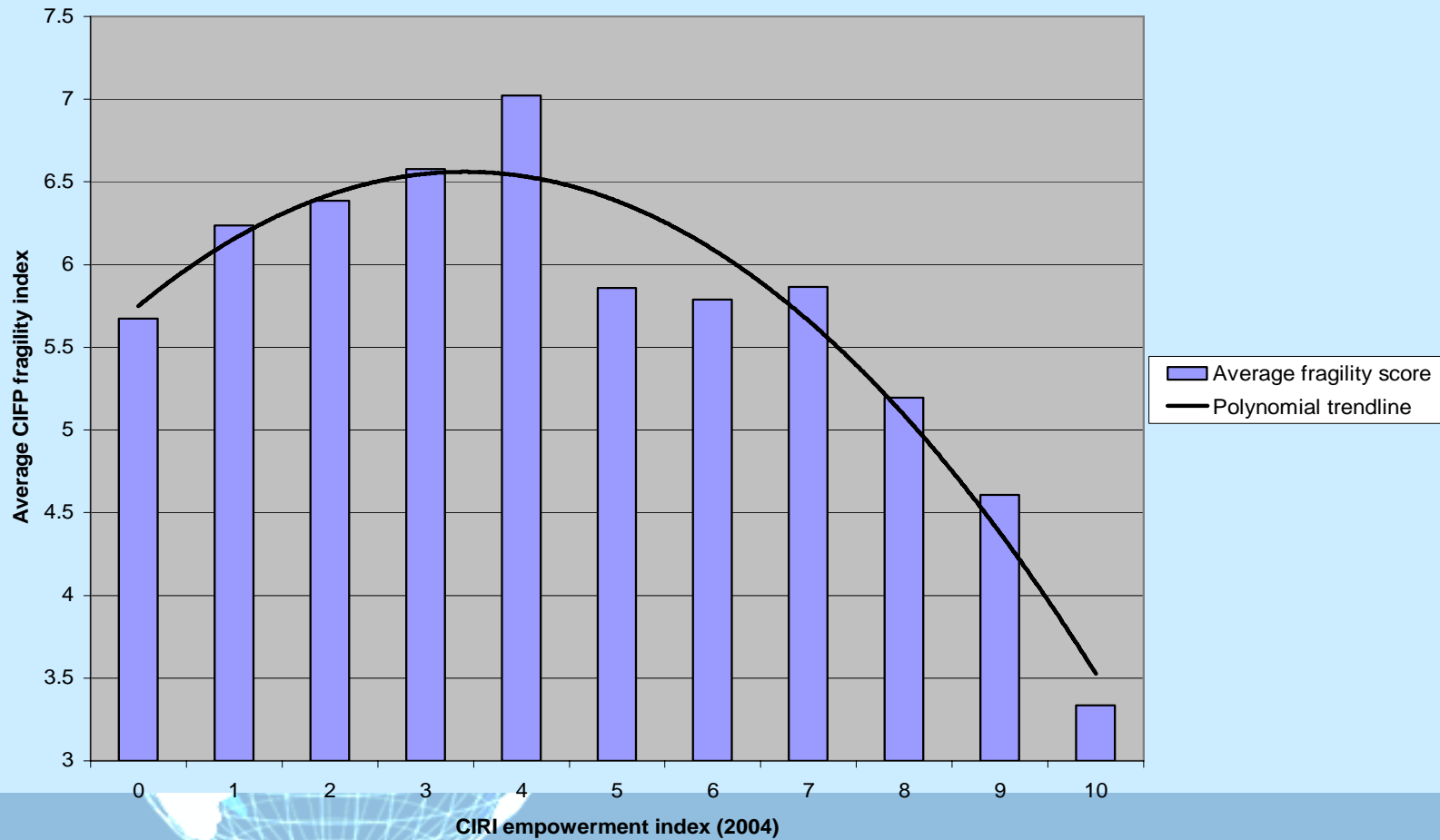
Empirical Research and Findings: Causes

- We use the state fragility index developed by the Country Indicators for Foreign Policy (CIFP) – www.carleton.ca/cifp
- A state needs to exhibit three fundamental properties to function properly: authority, legitimacy and capacity (ALC)

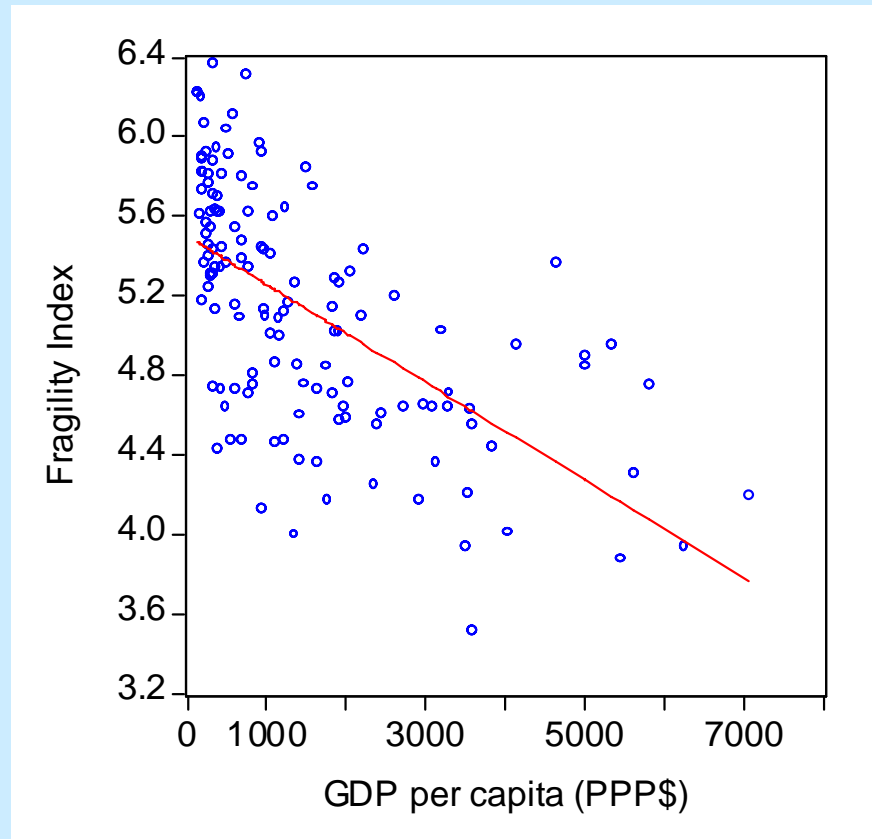
Democracy and Fragility, 1980-2006



Relation of Human Rights to Fragility -- CIRI Empowerment Index



GDP per capita vs. Fragility, 1980-2006 (HIC excluded)



- Baseline equation:

$$\text{fragility}_{it} = \beta_0 + \beta_1 \text{income}_{it-1} + \beta_2 \text{growth}_{it-1} + \beta_3 \text{demo}_{it-1} + \beta_4 \text{trade}_{it-1} + \beta_5 \text{inmo}_{it-1} + \mu_i + \varepsilon_{it}$$

- Panel estimation with fixed effects; period 1980-2006
- Specification draws on PITF, literature on growth and stability, identification of leading indicators

Explanatory Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Constant</i>	9.16** (16.73)	8.82** (36.96)	8.62** (16.63)	8.27** (35.67)	9.37** (33.46)	9.37** (37.49)	9.23** (16.68)	2.01** (4.84)
<i>log(GDPPC)</i>	-0.55** (-7.36)	-0.50** (-14.57)	-0.45** (-6.19)	-0.40** (-11.71)	-0.57** (-14.15)	-0.57** (-15.74)	-0.55** (-7.32)	-0.14** (-3.09)
<i>Growth</i>	-0.01 (-1.28)	-0.01 (-1.37)	-0.01 (-1.17)	-0.01 (-0.96)	-0.01 (-1.45)	-0.01* (-1.84)	-0.01 (-1.22)	-0.01 (-0.91)
<i>Demo</i>	-0.01** (-3.58)	-0.01** (-7.36)	-0.01** (-2.46)	-0.01** (-6.30)	-	-0.01** (-3.26)	-0.01** (-3.56)	-0.01 (-0.13)
<i>Demo*Demo</i>	-	-	-0.01** (-6.70)	-0.01** (-12.28)	-	-	-	-
<i>Trade</i>	-0.01* (-1.74)	-0.01** (-3.33)	-0.01 (-1.09)	-0.01** (-2.80)	-0.01** (-3.89)	-0.01 (-3.96)	-0.01 (-1.49)	-0.01 (-1.39)
<i>Inmo</i>	0.01 (0.38)	-	0.01 (0.22)	-	-	-	0.01 (0.28)	-0.01 (-0.29)
<i>Trade*Trade</i>	-	-	-	-	-	-	0.01 (0.95)	-
<i>Hrem</i>	-	-	-	-	-0.02** (-5.42)	-0.02** (-2.06)	-	-
<i>Hrem*Hrem</i>	-	-	-	-	-	-0.01 (-0.14)	-	-
<i>Frg(-1)</i>	-	-	-	-	-	-	-	0.82** (25.72)
N	849	2751	849	2751	2558	2558	849	849
Adj. R-squared	0.82	0.80	0.83	0.81	0.82	0.82	0.82	0.91
Hausman Test (p-value)	109.80 (0.00)	54.73 (0.00)	103.82 (0.00)	58.33 (0.00)	37.00 (0.00)	40.88 (0.00)	109.48 (0.00)	39.27 (0.00)

Determinants of Fragility, Panel Analysis, 1980-2006

Note: Except where indicated otherwise, the figures in parentheses are the t-values. Robust t-statistics are reported. (***) indicates 10(5) percent level of significance

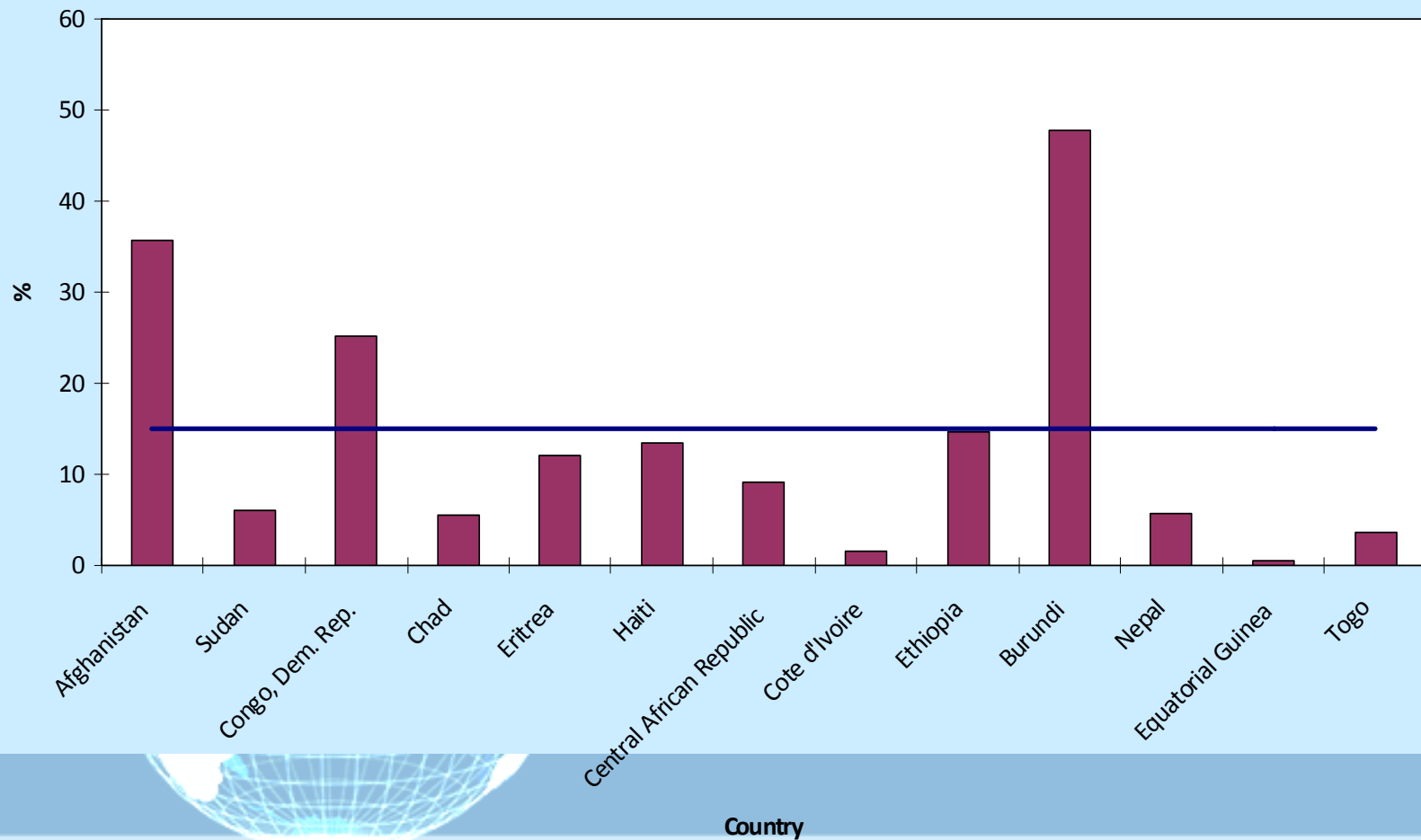
Key Findings

- Most highly significant factor is the level of development; this result is robust to a barrage of tests (specification, estimation procedure, sample size, time period)
- Regime type (democracy) matters; trade openness is generally significant
- Nonlinear relationship is confirmed in the case of “democracy level”

**Policy Inputs:
Aid
Allocation to
Fragile States**

	1980-89	1990-99	2000-2006
<u>All Aid Recipients</u>			
Aid Per Capita (US \$)			
-average	71.41	86.86	92.70
-standard deviation	163.36	216.87	248.59
Aid (%GNI)			
-average	8.20	9.18	7.43
-standard deviation	10.11	12.09	10.11
<u>Top 40 Fragile States</u>			
Aid Per Capita (US \$)			
-average	35.47	45.52	46.29
-standard deviation	38.61	41.84	59.83
Aid (%GNI)			
-average	12.47	15.15	14.59
-standard deviation	13.30	12.26	12.85
<u>Top 20 Fragile States</u>			
Aid Per Capita (US \$)			
-average	31.78	34.37	27.46
-standard deviation	25.83	25.84	14.23
Aid (%GNI)			
-average	13.44	14.98	14.58
-standard deviation	14.37	13.41	13.35

Aid (% of GNI) to the Most Fragile States (2006)



Aid Allocation and ALC

	Aid Per Capita (US\$)			Aid (%GNI)		
	1980-89	1990-99	2000-06	1980-89	1990-99	2000-06
	Authority					
<u>Top 40 Fragile States</u>						
Average	26.5	37.0	40.2	11.0	13.2	7.4
Standard Deviation	26.6	36.9	60.9	13.4	13.2	10.1
<u>Top 20 Fragile States</u>						
Average	23.4	30.5	26.3	10.4	13.4	12.6
Standard Deviation	22.4	25.5	14.5	13.7	13.4	12.8
	Legitimacy					
<u>Top 40 Fragile States</u>						
Average	54.1	78.2	82.5	13.7	14.3	14.8
Standard Deviation	63.5	133.0	185.0	14.4	12.1	12.9
<u>Top 20 Fragile States</u>						
Average	44.6	91.0	100.4	13.8	15.5	13.4
Standard Deviation	62.5	172.9	253.3	15.1	13.0	11.8
	Capacity					
<u>Top 40 Fragile States</u>						
Average	48.6	49.1	54.1	16.0	19.5	18.3
Standard Deviation	60.8	70.9	82.5	13.2	14.0	13.7
<u>Top 20 Fragile States</u>						
Average	48.4	57.3	55.2	18.2	21.9	21.4
Standard Deviation	75.0	88.9	94.0	15.7	16.2	14.4

Aid Effectiveness

- Impact of aid on growth, taking fragility into account:

$$growth_{it} = \beta_0 + \beta_1 aid_{it-1} + \beta_2 aid_{it-1}^2 + \beta_3 aid_{it-1} * fragility_{it-1} + \beta_4 \phi_{it-1} + \mu_i + \varepsilon_{it}$$

- Panel estimation with fixed effects; period 1980-2006

Explanatory Variables	(1)	(2)	(3)	(4)	(5)	(6)
	ALL	FRG>5	FRG>5.5	FRG>6	GDPPC <1000	GDPPC <3600
<i>Constant</i>	46.92** (9.71)	33.99** (5.43)	30.66** (3.43)	59.74** (3.87)	37.24** (5.85)	38.02** (7.18)
<i>log(GDPPC)</i>	-6.76** (-9.42)	-5.43** (-5.36)	-5.45** (-3.56)	-12.02** (-4.15)	-6.74** (-6.06)	-5.90** (-7.08)
<i>Aid</i>	0.60** (3.66)	0.36* (1.93)	0.31 (1.03)	0.39 (0.62)	0.51** (2.80)	0.54** (3.28)
<i>Aid*Aid</i>	-0.01* (-1.85)	-0.01* (-1.71)	-0.01 (-1.40)	0.01 (0.55)	-0.01** (-2.04)	-0.01** (-2.24)
<i>Aid*Fragility</i>	-0.08** (-2.80)	-0.04 (-1.16)	-0.02 (-0.43)	-0.05 (-0.56)	-0.06* (-1.85)	-0.07** (-2.25)
<i>Population Growth</i>	1.14** (5.07)	1.22** (4.48)	1.24** (3.17)	1.60** (3.65)	1.23** (4.16)	1.21** (4.90)
<i>Democracy</i>	-0.03 (-0.85)	-0.03 (-0.85)	-0.05 (-1.03)	-0.11 (-1.31)	-0.03 (-0.85)	-0.05 (-1.52)
<i>Trade Openness</i>	0.02** (2.18)	0.01 (0.12)	-0.01 (-0.03)	0.01 (1.23)	0.02 (1.22)	0.02** (2.04)
<i>Inflation Rate</i>	-0.01** (-2.56)	-0.01 (-1.47)	-0.01 (-0.91)	0.01* (1.86)	-0.01* (-1.79)	-0.01** (-2.54)
<i>Government Consumption</i>	-0.10** (-3.24)	-0.15** (-4.44)	-0.16** (-2.86)	0.17 (1.36)	-0.11** (-2.98)	-0.13** (-4.08)
<i>Investment</i>	0.03 (1.44)	0.08** (3.17)	0.14** (3.58)	0.18* (1.96)	0.10** (3.25)	0.04* (1.78)
N	2301	1451	823	259	1161	1906
Adj. R-squared	0.21	0.22	0.26	0.49	0.24	0.22

Note: Except where indicated otherwise, the figures in parentheses are the t-values. Robust t-statistics are reported. *(**) indicates 10(5) percent level of significance

Aid Effectiveness

Aid Effectiveness: Findings

- The effectiveness of aid declines with fragility and there is some evidence of diminishing returns to aid
- For all aid recipients, aid works even though fragility has a dampening effect on its effectiveness
- This effect is especially important in low and lower middle-income countries

Overall Findings

- Fragility can be measured by looking at **authority, legitimacy and capacity indicators**
- Failure most often associated with challenges to **authority and capacity** structures
- Foreign aid focusing on **capacity** can be effective
- Fragile states are **over and underfunded**
- Small states **have unique problems** and must be closely monitored (eg Collier's bottom billion)

Concluding Thoughts and Directions for Future Research

- A conceptual framework that recognizes different aspects of stateness allows for an identification of different aspects of fragility and better targeting of structural weaknesses. Need multiple lenses.
- Donors need to pay more attention to volume and predictability of aid in fragile contexts.
- Aid is important because extremely fragile countries (sometimes in or emerging from conflict) cannot rely on trade or investment.

Concluding Thoughts and Directions for Future Research

- Aid programs that focus on key weaknesses (such as infrastructure, growth, poor governance etc) can make a huge difference.
- More research needed on aid effectiveness in fragile contexts.
- More research also needed on the timing and sequencing of policies.

Haiti: the Way Forward

- Impact assessment, monitoring and evaluation: ALL crucial.
- CIFP can contribute by providing the tools, methods and knowledge to help rebuild Haiti.

THANK YOU

