

Sub-national Report for Moldova: Events, Scenarios and Analysis

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Part A: Overview

1. Note

About this Report

This sub-national report has been produced by the Country Indicators for Foreign Policy (CIFP) for use by non-governmental organizations, businesses, academics, Canadian policy-makers, and other parties concerned with the current and future state of sub-national regions.

About the Author

Adam Fysh is a researcher based in Ottawa, Canada. His Masters dissertation focused on the use of environmental indicators in conflict prediction methodologies. He is a principal investigator for the Enver Group and his current research focuses on the use of neural nets and graphic data modelling for conflict analysis. Mr. Fysh has been a curriculum designer and trainer in skills for peace operations and has traveled extensively for those purposes in Africa, East Asia and the Americas.

About CIFP

CIFP has its origins in a prototype geopolitical database developed by the Canadian Department of National Defence in 1991. The prototype project called GEOPOL covered a wide range of political, economic, social, military, and environmental indicators through the medium of a rating system. In 1997, under the guidance of Andre Ouellete, John Patterson, Tony Kellett and Paul Sutherland, the Canadian Department of Foreign Affairs and International Trade decided to adopt some elements of GEOPOL to meet the needs of policy

makers, the academic community and the private sector. The CIFP project as it became known has since then operated under the guidance of principal investigator David Carment of Carleton University and has received funding from DFAIT, IDRC and CIDA. The project represents an on-going effort to identify and assemble statistical information conveying the key features of the political, economic, social and cultural environments of countries around the world.

The cross-national data generated through CIFP was intended to have a variety of applications in government departments, NGOs, and by users in the private sector. The data set provides at-a-glance global overviews, issue-based perspectives and country performance measures. Currently, the data set includes measures of domestic armed conflict, governance and political instability, militarisation, religious and ethnic diversity, demographic stress, economic performance, human development, environmental stress, and international linkages.

The CIFP database currently includes statistical data in the above issue areas, in the form of over one hundred performance indicators for 196 countries, spanning fifteen years (1985 to 2000) for most indicators. These indicators are drawn from a variety of open sources, including the World Bank, the United Nations Development Programme, the United Nations High Commissioner for Refugees, the Stockholm International Peace Research Institute, and the Minorities at Risk and POLITY IV data sets from the University of Maryland.

2. Executive Summary

The Moldova Events Monitoring Profile is based on a fusion of CIFP Risk Assessment and Events Monitoring methodologies.¹

Baseline analysis

- Moldova is a medium-risk region
- The primary destabilizing clusters are Governance and Political Instability and Economic Performance.
- These clusters are destabilizing because of the multi-directional pressures they place on a variety of other sectors while Moldova works to establish its legitimacy.

Event Trends

- 367 events were monitored between 29 October 2005 and 30 April 2006.
- The trend analysis concluded that despite the generally unpredictable nature of the events, Moldova exhibits a modestly positive trend:

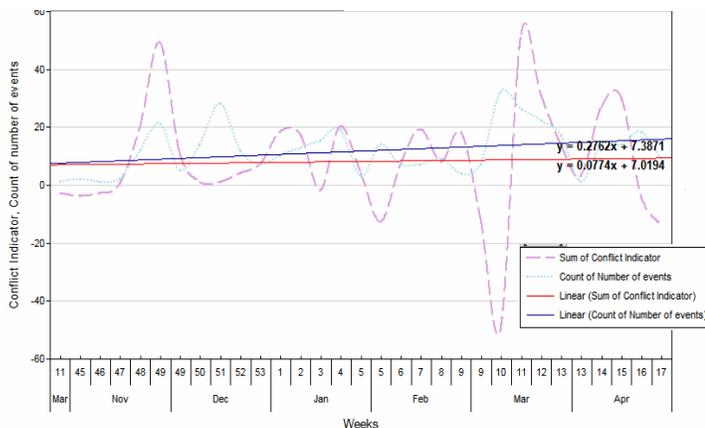


Figure 1. Chart of trend lines for all events and the count of events by week

- The improving trend is due to a rise in the number of stabilizing events accompanied by a fall in the number and magnitude of destabilizing events.

Primary Driver Clusters

- Governance and Political Instability cluster moderated the positive trend, due to a pervasive culture of weak governance;
- Economic Stress was a factor in the negative trend, in large part due to the competing drivers of initiatives to bring policies into line with European expectations and failures to make the political-culture changes necessary to see positive changes in that cluster;
- International Linkages had a positive trend but is still an area of concern, as the international community has two distinct patterns of behaviour, some stakeholders contribute to the development of economic and governance reforms leading this cluster in a positive direction – there are also stakeholders using Moldova as a proxy for their bilateral rivalries.

Scenarios

- Most likely case: Moldova continues to improve, though slowly.
- Best case: Improvement escalates and Moldova is able to rise above regional power politics.
- Worst case: Moldova deteriorates, slides into a cycle of weak governance and instability.

Conclusion

- Despite Moldova's difficult past, it is poised to improve and could do so dramatically.
- Moldova should be able to absorb a limited number of damaging events.
- However, the possibility of worsening situations in neighbouring countries needs to be closely monitored for potential threats.

¹ For information on the structural risk assessment, see Country Indicators for Foreign Policy (2001) *Risk Assessment Template*, Available: <http://www.carleton.ca/cifp/docs/studra1101.pdf> (Accessed 13 May 2006). For information on the events monitoring methodology see the annex.

3. Event Trends Summary

Overall

General Trend



- The general increase in the number of stabilizing events was balanced by a rise in the number and magnitude of destabilizing events
- The main source of the trend lies in the Governance and Political Stability, Economic Performance and International Linkages clusters, due to the onset of the international economic and attention from which Moldova benefits.

Economic Performance and Governance and Political Instability are two main areas of concern. Both currently exhibit negative trends due to unhelpful external distractions. These two negatively-trending clusters are balanced by the International Linkages cluster. The aid and support Moldova receives from Europe far outweighs the strength of neighbouring countries' spill over politics.

Primary Drivers

Primary drivers are those clusters that contain more than twenty-five events. These clusters are the main areas of activity in the region, with the greatest contribution to the overall trend.

to reduce the impact of regional tariffs and duties.

- Culture of leadership in Moldova is such that reforms are slow in coming and face many bureaucratic obstacles.

Governance and Political Instability

General Trend



- Border issues and ability to control significant aspects of the political climate contributes to the negative tendency of this cluster.
- Participation and result at bilateral and international negotiations has failed to produce results

International Linkages

General Trend



- Continual Western support for reforms in governance, human development and economic performance.
- Widely recognized by newly independent states (GUUAM) as a model of development and the transition to independence.
- Russian, Ukrainian and Romanian power politics continue to have significant impacts on Moldova's political development with Trans-Dniester as the trigger and setting.

Economic Performance

General Trend



- Improving trends in economic policy and attempts to diversify industrial production

Secondary Drivers

Secondary drivers are those clusters with less than twenty-five monitored events. These clusters provide supplementary information to the overall analysis.

Armed Conflict

- Potential for spill over of conflicts, refugees and civil concerns in neighbouring states.

Militarization

- Appearance and protest about Russian 'peacekeepers' in Trans-Dniester at invitation of self-government players.

Population Heterogeneity

- Trans-Dniestrans referendum on independence takes ethnic tone.
- Migration to Moldova from countries experiencing more modest progress.

Environmental Stress

- Moldovan concerns about riparian rights and industrial pollution in shared ecosystems (rivers and forests).

Demographic Stress

- Labour practices, unionization and high rates of youth unemployment

Human Development

- Pace of reforms in Human Rights and human development issues

Events are accurate as of April 30, 2006

4. Forecasting

Most Likely Case

In the most likely case, Moldova experiences moderate-to-strong improvement; in the future, its ability to absorb damaging events and take advantage of peace-building events should also improve.

It is quite unlikely to fall to a riskier category as the improvement is relatively consistent and it is starting at a low risk level within the medium-risk range.

Following a recognizable pattern, Moldova will succeed in its negotiations with Russia to win some concessions surrounding fuel pricing and tariffs on some agricultural products. Russia and/or Trans-Dniester will react in Trans-Dniester by blockading a trade route or increasing troops in that region. The back-and-forth relationship will continue along those lines with Moldova most often appealing to international or legal recourse and therefore making advances, though modest each time. Trans-Dniester's independence depends on the support of its unpopular relationship with Russia. As long as Moldova continues to follow the path of European integration, its vision for the future of Trans-Dniester will remain unquestioned.

Best Case

In the best case, Moldova will experience strong improvement and in the near future it will be better at absorbing damaging events and taking advantage of those initiatives aimed at improving its overall stability and strength.

Long-term stability and increasing integration with Europe bode well for Moldova. In its region, Moldova is already a bastion of stability and promise further

positive trends will only serve to move Moldova into lower risk categorization.

The focus of international and Western support broadens to include governance and human-development reforms. Moldova has benefited from the stability afforded by diplomatic and economic support but without external attention on environmental or social issues they may take a backseat. Moldova's economy shows a clear trend over the past 6 months of volatility drama in that sector; because foreign support can do nothing about its relationship with its neighbours, Moldova will benefit most from domestic advances.

Worst Case

Overall, in the worst case, Moldova will continue to be blighted by the effects of petty power politics of its neighbours; they will continue to use Moldova as a stage in their rivalries.

The international attention and bilateral support from which Moldova has benefited will evaporate leaving it weakened and vulnerable to militarization and violence. Moldova could find itself in a category of very high risk in the worst-case scenario. Western donors and supporters withdraw their funding from key governance and economic sectors and the door to European integration is closed. Moldova stagnates and in the face of embargoes from Ukraine or Russia, industrial and agricultural production crash. Quality of life decreases as unfocused politicians shift from policies of growth towards economic and political survival. Human development and environmental issues become more serious in Moldova while Trans-Dniester, with Russian support, agitates again for autonomy. The dialogue takes a cultural/ethnic tone and rivalries turn to violence.

Part B: Detail

5. Profile

Moldova sits in the interstitial region where the lines dictating where Europe ends and the former Soviet bloc begin are blurred. The country exists as a result of Russia's annexation of part of Romania in 1940.

Moldova can be divided into two main bodies: the majority region in the South West which is inhabited primarily by Romanian-descended people, and North of the Dniester River, the people of the Trans-Dniester. Trans-Dniester under Romania was a semi-autonomous region of primarily Russian-speakers. As a part of the Russian Federation, its uniqueness was de-emphasized; but in the twilight of the USSR it became evident that Moldova's allegiance was leaning toward Romania. Minority Dniestrans rejected this prospect and declared independence in 1990 with Tiraspol as their capital.

The timing of Trans-Dniester's independence was such that no country was able to respond and widespread violence erupted. The newly independent government struggled to contain what was cast as a noisome scuffle and Moscow was preoccupied with stabilizing its diminished territory. The declaration of the independence of Trans-Dniester was globally ignored but over several months, hundreds of people died in the frantic fight for statehood².

Trans-Dniester remains the industrial powerhouse of Moldova and contains large vestigial stores of Russian weapons and supplies³. To quell the violence and to secure those supplies, Russian troops arrived in Dniester. The effect was

positive in the sense that it subdued the violence but the symbolic consequence was that an already-divided country looked even more so.

Immediately following the collapse of the Soviet Union emerged an independent Moldova governed by a series of grand-intentioned but weak administrations. Moldova was among the poorest countries in the region with foreign troops on its soil and simmering regional tensions. At the time of this writing, Moldova is governed by the Communist administration of Vladimir Voronin – a stable but mercurial President.

Voronin swept to power in a wave of post-reformist promises to reanimate ties with Russia and fight perceived Romanian influence. In his second term, Voronin has recast himself as pro-Europe with an emphasis on Western support to resolve the Dniester issue. Controversially, he has sought the withdrawal of Russian forces from the Trans-Dniester in favour of international peacekeepers.

Minority Dniestrans are generally unaffected by decisions taken from Chisinau except in military and trade politics – the region is rarely considered separately in domestic politics. Interestingly, one Turkic-speaking region in the South West has been given special autonomy since 1994 where it controls the majority of its political, economic and cultural affairs.

Violence has been rare since the days of independence – military presence is political and symbolic rather than for combat.

Though Moldova has been politically unstable and remains one of the poorest

² BBC *Timeline: Moldova*.
http://news.bbc.co.uk/2/hi/europe/country_profiles/1113586.stm

³ OSCE. *Weapons disposal in Moldova*.
http://www.osce.org/moldova/item_2_56.html

countries in Europe⁴, the international attention it has received has been economic and diplomatic rather than military. A political rag-doll between the Russian and European interests, Moldova is more a source of hope today than a pawn in a long-standing rivalry.

The main issue now at stake is how the future of the Trans-Dniester will be resolved. None of the stakeholders have

advanced proposals for lasting peace. The climate of European integration, the expansion of NATO and shrinking Russian influence provide a fascinating backdrop for a sub national region caught in the middle of those issues in its short history.

⁴ United States Department of State. *Country Profile: Moldova*.
<http://www.state.gov/r/pa/ei/bgn/5357.htm>

6. Stakeholders

In Moldova there are nine main stakeholders that are affected by changes in the political environment. Each stakeholder is composed of a variety of actors that have their own grievances and interests. Moldova has three internal stakeholder categories, including national leadership, sub-national leadership for Trans-Dniester and cultural groups. There

are also five external stakeholder groups including the neighbouring countries and the European Union (EU).

Many stakeholders have grievances and/or interests that put them directly at odds with one another. These are largely due to opposing views not related to the internal politics of Moldova. This has led to a volatile situation for Moldova's stakeholders.

Table 1. Internal Stakeholders

<i>Stakeholder</i>	<i>Composition</i>	<i>Grievances/Interests</i>
1. Moldova national-level leadership	- President Vladimir Voronin	- Balancing internal and external political pressures - International public opinion - Long-term European support contingent upon his actions
2. Trans-Dniestransub-national leadership	-	- Seeking increased connection and support with Russia - Seeking independence/autonomy - Economically, must not alienate neighbours in Europe and Ukraine
3. Cultural groups	- Majority Moldovan	- Largest ethnic group - Relatively recent isolation from core Romanian ethnic group - Pro-unification with Trans-Dniester - Allied with Ukraine, pro-European
	- Trans-Dniestransub-national leadership	- Second largest ethnic group - Geographically separated from majority - Pro-independence, allied with Russia - Industrial and manufacturing economy

Table 2. External Stakeholders

4. European Community	- EU: Britain, France, Germany, Italy, etc.	- Interest in expanding Europe's opportunities in Moldova - Keen to resolve political barrier to economic potential in Moldova
	- OSCE: Commission on National Minorities	- Interest in security and livelihood of Dniestransub-national minority
5. Russia	- Vladimir Putin	- Supportive of Dniestransub-national politics but not overtly of its independence. - Gazprom and other Russian industrial supplies still at play in Moldova – shipping and transfer points always difficult for Russia

Sub-national Events Monitoring Report: Moldova

6. Ukraine	-	<ul style="list-style-type: none"> - Succession of Ukrainian politicians have used Moldova to ingratiate relations with Russia or to symbolize allegiance with the West - Moldovan industrial & agricultural production related to Ukrainian economy.
7. Romania	-	<ul style="list-style-type: none"> - Ethnic Romanians in Moldova have the support of Romania in subsuming and unifying Trans-Dniester region - Border is often seen as a pressure-valve opposite the Ukrainian border
8. GUUAM	- Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova	- Advocating a mutually acceptable solution

7. Sub-National Risk Indicators

7.1. Summary

Medium risk (4.55)

According to CIFP risk analysis, Moldova is a medium risk region with an assessment of 4.55⁵. This analysis is based on an assessment of nine clusters that affect a country's risk for future conflict: History of Armed Conflict, Governance and Political Instability, Militarization, Population Heterogeneity, Economic Performance, International Linkages, Environment, Demographic Stress, and Human Development.⁶

The following sections look at the risk assessment for each cluster, including stabilizing factors, destabilizing factors and potential spoilers for each cluster area. The analysis finds that the main areas of concern for Moldova are Economic Performance and Governance and Political Instability both with risk ratings classified as 'medium'.

Moldova is among the more stable, successful and promising young democracies in the region. The few indicator sets for which Moldova is listed as 'high' or 'very high' risk are almost all off-set by positive or stable indicators in other aspects of that indicator cluster.

Moldova is at high risk for Ethnic Diversity and Population Density but its overall measure for demographic stress is moderate due to generally good trends in Religious Diversity and Growth Rate and sustainable urbanization and density rates.

Generally high risk rates for press freedom and corruption are somewhat troubling due to their pervasive, cross-sectoral influence in areas such as governance, generally and specifically crime and democratic organization.

Moldova's indicators for Economic Performance are all trending positively with immense advances year-on-year in foreign investment and bilateral aid and partnerships⁷. Corruption remains a moderate concern in this sector as does overall wealth-distribution and inequality. These are integrally related to governance reforms (which are also slow in coming) but increased investment and Western attention may result in some of those issues shifting naturally.

Human Development and Environmental Stress are generally recognized as presenting a low risk – still, social, cultural and environmental politics remain a low priority for Moldova as it emphasizes economic and political development in the early days of its statehood.

Moldova will not be classified among the lower risk countries in Europe in the near future but in a region of extremely high corruption (8.0 regional average) and unreliable government, Moldova is often held up as a promising example.

⁵This is based on a thirteen point scale and by comparing available data to the risk assessment of Russia, which is 5.78. For Russia's risk assessment, see *Country Indicators for Foreign Policy (2006) Conflict risk assessment report*, forthcoming.

⁶ For more information about the clusters and their application to risk analysis see CIFP Conflict Risk Assessment Report 2006.

<http://www.carleton.ca/cifp>

⁷ EIU *Country Report: Moldova*

7.2. Risk indicators by cluster

7.2.1. History of Armed Conflict

Low risk (2.60)

Stabilizing Factors

- Incidences of violence related to self-determination in Trans-Dniester have been relatively quiet since the 1990s

Destabilizing Factors

- The presence of armed foreign military forces in the form of Russian 'Peacekeepers'
- Corruption and porous borders make Moldova and the Trans-Dniester susceptible to smuggling-related violence

Potential spoilers

- Increase in independence-related violence

7.2.2. Governance and Political Instability

Medium risk (6.47)

Stabilizing Factors

- Continued and sustained support from the EU, OSCE, NATO and bilateral Western supporters
- Increasing investment and political stability engendering expectations of austerity and good governance
- Free and fair elections (both in Moldova and across the region) are a positive sign for stability and accountability.⁸

Destabilizing Factors

- Mercurial political decision-making by Voronin and the Communist party
- A glut of security and international issues forcing attention away from domestic governance reforms
- High corruption and lack of police control over some regions

⁸ Ibid.

- Inability of Moldovan government to exercise full control over the entirety of Moldovan territory.

Potential spoilers

- Continued instability of allegiances and power-politics by neighbouring countries prohibits Moldova from making governance reforms
- Support from European Community evaporates leaving Moldova open to strong-man politics

7.2.3. Militarization

Medium risk (5.45)

Stabilizing Factors

- Though there has been general tension since the 1990s, actual incidents of violence have been extremely rare
- Demonstrated action by Voronin's government in more effective patrols of border crossings
- Anxiety about and interest in maintaining European support result in all parties having interests in peace

Destabilizing Factors

- Presence of armed Russian troops in Trans-Dniester for 'regional security'
- The large number of firearms in or transiting Moldova.

Potential spoilers

- Militarization of Dniestran independence actors
- Incidents of violence relating to Russian troops could be catastrophic

7.2.4. Population Heterogeneity

Medium risk (4.33)

Stabilizing Factors

- The establishment of the semi-autonomous Gagauz region as a symbol of rational and peaceful negotiation of ethnic differences
- The history of ethnic or cultural difference in this region has taken a

decidedly non-violent turn since the 1990s.

- Speaking relatively, Moldova benefits from a somewhat stable and established set of ethnic groups

Destabilizing Factors

- Though they are established, all ethnic groups have different geographical, political and governance interests
- Allegiance-groups and trans-border communities are strong and play a large role in the power-politics of Moldova
- Inter-marriage is rare and immigration is nearly non-existent; toleration is not changing

Potential spoilers

- What is generally seen as a territorial rivalry re-forming itself along ethnic lines

7.2.5. Economic Performance

Medium risk (6.09)

Stabilizing Factors

- Large-scale privatization efforts⁹
- International investment, European and American investment interest and positive trends in financial policy portend positive signs in the economic future of Moldova
- Though Moldova makes no public claims of aspiration to EU membership, financial policy is clearly in line with ascension requirements
- Diversified economy and stable currency make Moldova quite robust to price-shocks

-

Destabilizing Factors

- Problems with governance (Trans-Dniester and border-controls) causing problems in the economic sector
- Extreme reliance on changeable regional export partners make it difficult for any industry or sector in Moldova to strive for long before it is targeted as a part of neighbours' politics

- Corruption and wealth inequality in Moldova are not promising, even by regional standards.
- Trade deficit, high unemployment and inefficient taxation continue to cause problems for Moldova
- High degree of spending on public service; monopolies burdening the economy

-

Potential spoilers

- Fuel shortages or spikes in price
- The threat of the international community losing interest in investment in Moldova
- Neighbourhood politics and corruption causing economic progress to stagnate

7.2.6. International Linkages

Medium risk (5.02)

Stabilizing Factors

- Strong investor presence in primary commodity industry
- Expanding European and NATO interest in buffering from civil conflicts has the effect of support for peace building and stability measures
- Increased media attention of unhelpful foreign agitation
- High amounts of international aid
- International community clearly opposed to the separation of Trans-Dniester
- International praise for democratic maturation¹⁰

Destabilizing Factors

- Regional rivalries and post-Soviet politics playing out in microcosm within Moldova's borders
- Conflicting bilateral partnerships
- Border demarcation with Macedonia still not resolved
- GUUAM group requires more support and maintenance than it provides in return.

Potential spoilers

- Russian, Ukrainian & Romanian rivalries manifesting as internal violence in Moldova

⁹ UNDP 24 and Report of the Secretary-General 4.

¹⁰ See for instance Report of the Secretary-General 7.

- Collapse of Moldova's good relationship with the European Community and a large number of bilateral Western partners
- Russian interests foment aggressive self-determination sentiments in Trans-Dniester
- Agitation of the ethnic Romanian community from outside resulting in ethnic or political violence (or structural/political discrimination) against other groups

7.2.7. Environmental Stress

Low risk (3.33)

Stabilizing Factors

- Increasing interest in adhering to European Union standards and protocols

Destabilizing Factors

- Poor environmental conditions: industrial pollutants, lack of protection, priorities focused upon economic development and internal stability

Potential spoilers

- Natural disaster

7.2.8. Demographic Stress

Medium risk (3.53)

Stabilizing Factors

Destabilizing Factors

- Rapid increase in immigration from neighbouring countries¹¹
- Urban youth bulge and high youth unemployment¹²

Potential spoilers

- Youth protest, rioting over unemployment
- Ethnic rivalry
- Mass external migration¹³

7.2.9. Human Development

Medium risk (4.21)

Stabilizing Factors

- Primary education is a universal right; rise in school enrolment since 2000¹⁴
- Increased activity by women, particularly to address gender inequality and within institutions and politics¹⁵
- Relatively low HIV/AIDS level¹⁶

Destabilizing Factors

- High illiteracy, low quality education¹⁷
- Gender inequalities: low institutional female representation, women are economically disadvantaged¹⁸
- Rural poverty¹⁹

Potential spoilers

- Major problems with service provision and equality

¹¹ Focus news "According to latest census, 65,662

Bulgarians living in Moldova" 02 May, 2006

¹² UNDP Millennium 8 and 23.

¹³ Moldova Common Country Assessment 6

¹⁴ UNDP Millennium 8.

¹⁵ UNDP Millennium 11-12

¹⁶ UNDP Millennium 8.

¹⁷ Moldova CCA 11.

¹⁸ Moldova CCA 10

¹⁹ Moldova CCA 10

8. Events Data: Trends and Analysis

8.1. Summary

Table 3. Overall statistics

	Total number of events	Average event score	Average score as a percent of total possible (9)
All	367	.75	8.3%
Stabilizing	221	3.93	44%
Destabilizing	146	-4.17	-46%

Table 4. Overall event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Status quo 	Moderately positive 	Moderately negative 

Between 29 October 2005 and 30 April 2006, 367 events were recorded for the Moldova region. Of these events, 221 (60%) were stabilizing, and 146 (40%) were destabilizing. The overall statistics from this 28 week period indicate that Moldova is tending in a promising direction but that there remain significant causes for concern.

The overall trends exhibit positive slopes, with an overall strongly positive slope. This signifies that individual event scores have not significantly changed over time. However, when factoring in the change in number of events through the weekly aggregate, Moldova presents an optimistic outlook. The conflict indicator statistic has a strongly positive overall trend, indicating that the situation in Moldova has greatly improved. The first reason for this trend is the fact that there has simply been an increase in stabilizing events as well as a decrease in destabilizing events. The second reason is that the first few weeks

of the period experienced a large number of highly destabilizing events. Thus, not only has Moldova experienced a rise in stabilizing events, but there has been a reduction in the number and magnitude of destabilizing events.

At the moment these improvements lie in Governance and Political Stability and Armed Conflict. This is unsurprising, given the onset and continuation of the Moldova Future Status Talks as well as the lack of violent events in the second half of the period. Economic Performance, however, presents cause for concern, given that it demonstrated a generally negative trend, despite its overall positive scores. This occurred largely due to the increase in destabilizing events, such as capital withdrawal, and falling magnitude of stabilizing events. International Linkages is also an area that needs to be closely monitored; it does demonstrate a slightly positive overall situation and status quo-to-moderately positive trend, but this is due to improvements among destabilizing events. Stabilizing events exhibit slightly negative trends, and so an increase in number or magnitude of destabilizing events would prove damaging. Overall, Moldova would greatly benefit from an increase in stabilizing events, particularly of greater magnitude (such as greater cooperation between the negotiating parties). This would undoubtedly reduce the conflict potential in Moldova, but for now the political situation is generally improving.

Events are accurate as of April 30, 2006

8.2. Primary Drivers

Primary drivers are those clusters that contain more than twenty-five events. These clusters are the main areas of activity in the region, with the greatest contribution to the overall trend.

8.2.1. Governance and Political Instability

Table 5. Governance and Political Instability statistics

	Total number of events	Average score	Average score % of possible 9
All	83	-0.99	-11%
Stabilizing	37	3.67	42%
Destabilizing	46	-4.29	-48%

Table 6. Governance and Political Instability event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Status quo 	Moderately positive 	Moderately Negative 

Moldova's internal political situation and trends in governance represent a delayed reaction to the influence of international linkage issues and economic jolts – usually the result or incidents are reflective of those clusters but often between a week and month after the incident. Governance concerns are pervasive in many aspects of Moldova's overall stability risk and may feel some of the feedback effects of those international and economic linkages. Despite mildly unfavourable governance data, this may be one of the main areas of positive trends in the coming months given the quantity of aid and support to that sector from bilateral and international Western donors.

Overview of Stabilizing Events

- International attention creates expectations of improvement
- Not identity-based political action.
- Political processes held accountable.
- Voronin's commitment to address domestic pressures in the face of international forces
- Self-governance activities limited to political defiance
- Interest in a negotiated solution despite frequent collapses of talks.

Overview of Destabilizing Events

- Election by Trans-Dniester agitated tensions; ignored by the international community
- Negotiations on status of Dniester collapse as soon as they begin
- All outcomes from negotiations are diluted or half-measures to satisfy key players
- Continued indirect Russian support for independence of Trans-Dniester region

8.2.2. Economic Performance

Table 7. Economic Performance statistics

	Total number of events	Average score	Average score % of possible 9
All	65	1	11%
Stabilizing	48	3.46	38%
Destabilizing	22	-3.82	-42%

Table 8. Economic Performance event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Status quo 	Moderately negative 	Moderately positive 

On average, events relating to economic performance were positive, reflecting the improving economic situation in Moldova. The majority of events in this cluster indicated positive trends though the overall strength of negative events was slightly more powerful. As with most Moldovan politics, the events in this sector shifted back and forth. Just as the government of Voronin would benefit from praise for good economic performance from international support it would face economic sanctions from Russia or border tariffs with Ukraine.

Moldova's economy is growing²⁰ but is not yet robust and relies heavily on exports of agricultural goods and industrial products; when facing the sudden gas price hikes in

²⁰ EIU Country Report: Moldova

the hundreds of percentage points²¹ or bans on entire export sectors (wine), the economy suffers. Still, evidence of good practice and the sponsorship of a number of European countries casts Moldova's economic future brightly

Overview of Stabilizing Events

- Constructive Track I negotiations with Russia over both the wine ban and gas rates
- Moldova's economy is diversified and robust enough to withstand short term cost shocks
- Frequent international meetings to discuss investment opportunities
- Culture of political activism

Overview of Destabilizing Events

- Bans of Moldovan agricultural or industrial products by neighbouring countries (meat ban by Ukraine, wine by Russia)
- Foreign control of gas supplies the availability and price of which changes with political whims

8.2.3. International Linkages

Table 9. International Linkages statistics

	Total number of events	Average score	Average score % of possible 9
All	203	.77	8.5%
Stabilizing	120	4.21	46.8%
Destabilizing	83	-4.2	-46.7%

Table 10. International Linkages event trends

	All events	Stabilizing events	Destabilizing events
Weekly aggregate	Moderately positive 	Moderately positive 	Moderately negative 

The international linkages cluster presents somewhat of a balanced situation that appears to be heading in a positive direction. The average score of events is positive, although weak (8.5%); although destabilizing events had a roughly equal average score, there were more stabilizing events in total.

There is still some need for caution when considering Moldova's international

linkages, for three reasons. First, is the volatility of this cluster, particularly among destabilizing events; within the overall improving trend, there are many peaks and valleys, which seem to occur with regularity. The overall improvement is constantly punctured by destabilizing periods. Second, because of the many borders, ethnic and cultural groups at play in and around Moldova and Trans-Dniester, rivalries and politics seem to find their way to the surface in that sub region. Finally, Russia in particular has a vested interest in the continuation of low-grade hostility and instability in Moldova. To Moscow, Trans-Dniester has a symbolic value as an afflicted (Russian-speaking) minority resisting the influence of European integration. By supporting that minority, Russia defends the rights of a group that it claims are being ignored by the West.

Aside from these caveats, should this cluster area continue along its current path, one would expect to see a better overall environment of international linkages.

Overview of Stabilizing Events

- Bilateral and regional organizations agreements and support on matters of trade, and support
- Media-attention at the edges of Europe
- Overall non-violent tone to negotiations and matters of state in sub region in recent years.
- Existence of regional support organizations such as GUUAM

Overview of Destabilizing Events

- Economic and trade blockades to compensate for perceived losses in other sectors
- *Culture of promise and then withdrawal of support, agreement, compacts, etc*
- *Willingness to put political and diplomatic relationships at risk in exercising power and control in this sub region*

²¹ RIA Novosti "Russia raises natural gas price for Moldova 45%" 03/07/2006.

8.3. Secondary Drivers

Secondary drivers are those clusters with less than twenty-five monitored events. These clusters provide supplementary information to the overall analysis.

8.3.1. Armed Conflict

Though the only conflict event recorded in the past 6 months as negative it should be cause for satisfaction that violence is so rare. The majority of Moldova's reported events in the past 6 months have been in the Governance and Economic sectors.

8.3.2. Militarization

Militarization experienced few events, but they indicated slightly positive values. Given the nature of militarization witnessed in the past 6 months and the potential violence it may portend, it is unlikely that further events in this cluster would have a stabilizing effect. Increasing Western attention may result in military reforms and increased professionalism of the armed forces but there is not yet a strong indication of international commitment to that end.

8.3.3. Population Heterogeneity

The average statistics of this cluster portray a stable environment, and stabilizing events were more meaningful than those destabilizing events. This is indicative of the generally stable population and identity politics at play in Moldova.

Events were recorded as generally favourable because identity events are typified by rejections of the politicization of identity

8.3.4. Environmental Stress

Events in this cluster were primarily reference to port and river rights. This cluster does not appear to hold great significance in Moldova.

8.3.5. Demographic Stress

Identity-based politics and ethnic rivalries have died down considerably since the earliest indications of independence for Trans-Dniester. Despite the significant ethnic/political differences, events in this cluster were minor.

8.3.6. Human Development

Of the events monitored for this cluster, the average was negative, but low. The main area of concern was related to the weakened ability of the Moldovan and regional governments to assure the long-term rights and social growth of citizens.

Part C: Annex

9. Summary of Data

Table 11. Overall data

Risk indicator		All events		Stabilizing events		Destabilizing events	
		Trend	Avg.	Trend	Avg.	Trend	Avg.
Medium risk	(4.55)	-.73	.75	-.32	3.9	-.41	-4.17

Table 12. Data for primary drivers

Cluster	Risk indicator	All events		Stabilizing events		Destabilizing events	
		Trend	Avg.	Trend	Avg.	Trend	Avg.
Governance and Political Instability	Medium risk (6.47)	-.33	-.1	.57	3.67	-.43	-4.29
Economic Performance	Medium risk (6.09)	-.05	1	-.53	3.46	.13	-3.82
International Linkages	Medium risk (5.02)	-.22	.77	.38	4.2	-.26	-4.2

Table 13. Data for Secondary Drivers

Cluster	Risk indicator
Armed Conflict	Low risk (2.60)
Militarization	Medium risk (5.45)
Population Heterogeneity	Medium risk (4.33)
Environmental Stress	Low risk (3.33)
Demographic Stress	Medium risk (3.53)
Human Development	Medium risk (4.21)

10. Trend Line Charts

10.1. All events

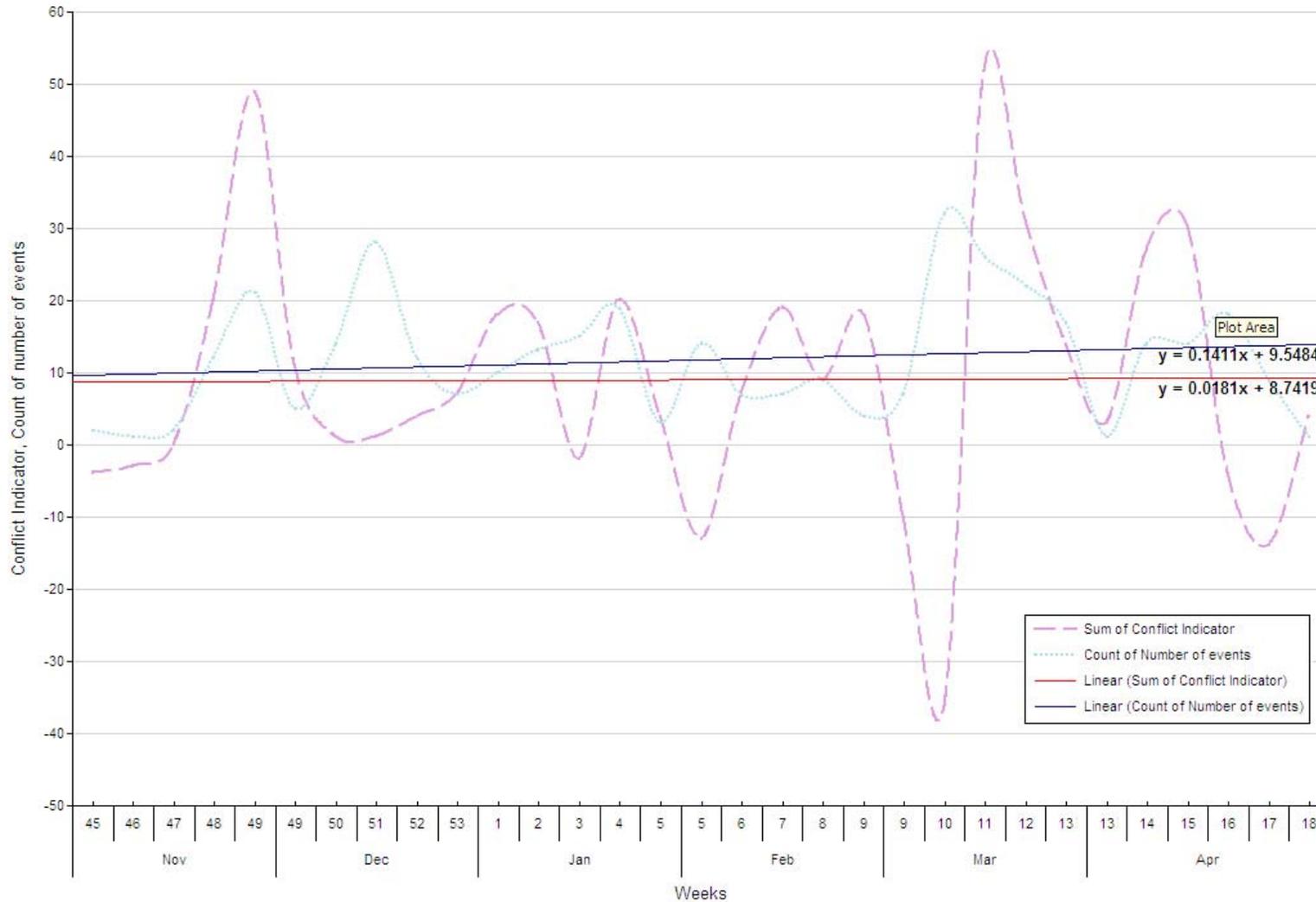


Figure 2. Chart of trend lines for all events and the count of events by week

10.2. Stabilizing events

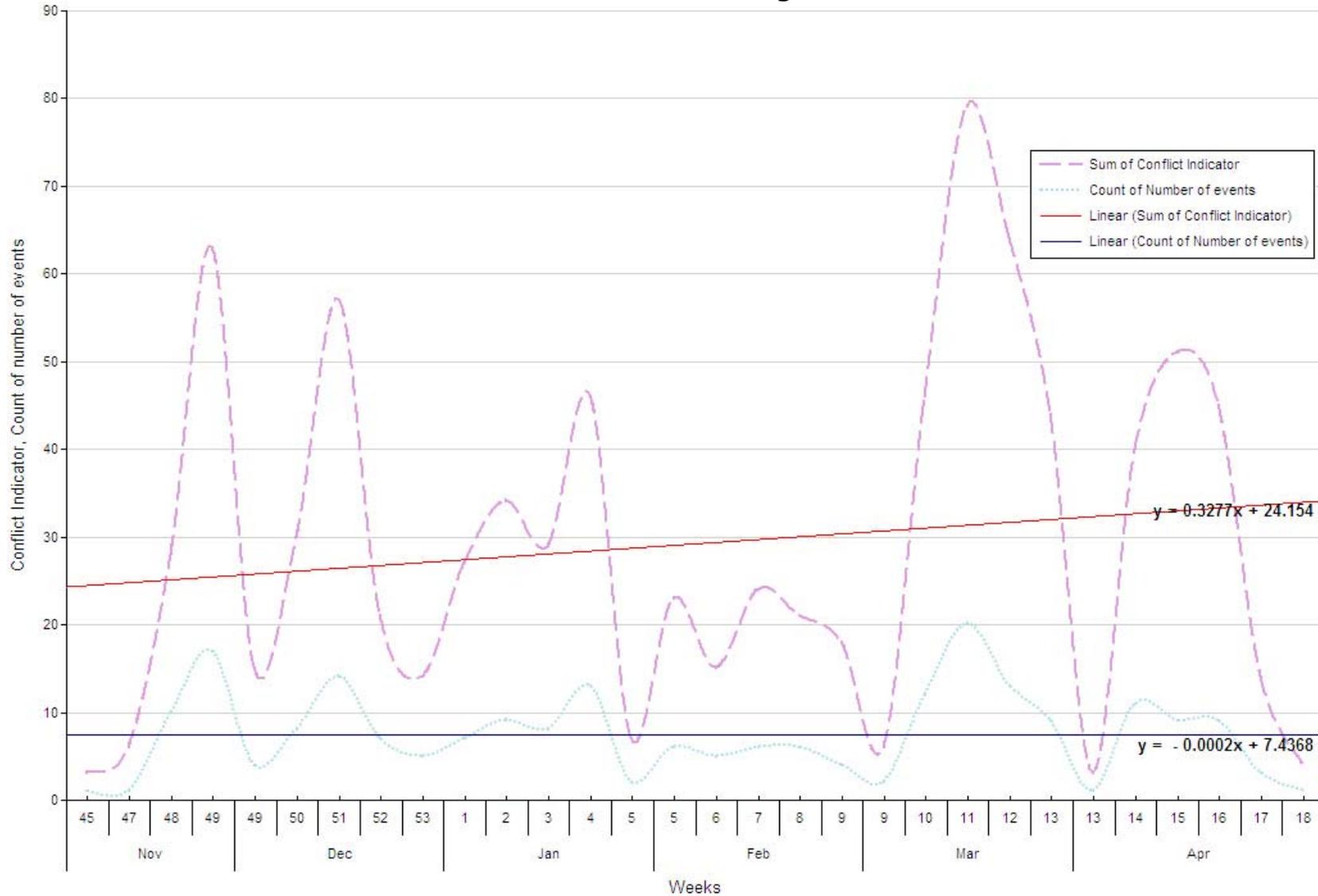


Figure 3. Chart of trend lines for stabilizing events and the count of events by week

10.3. Destabilizing events

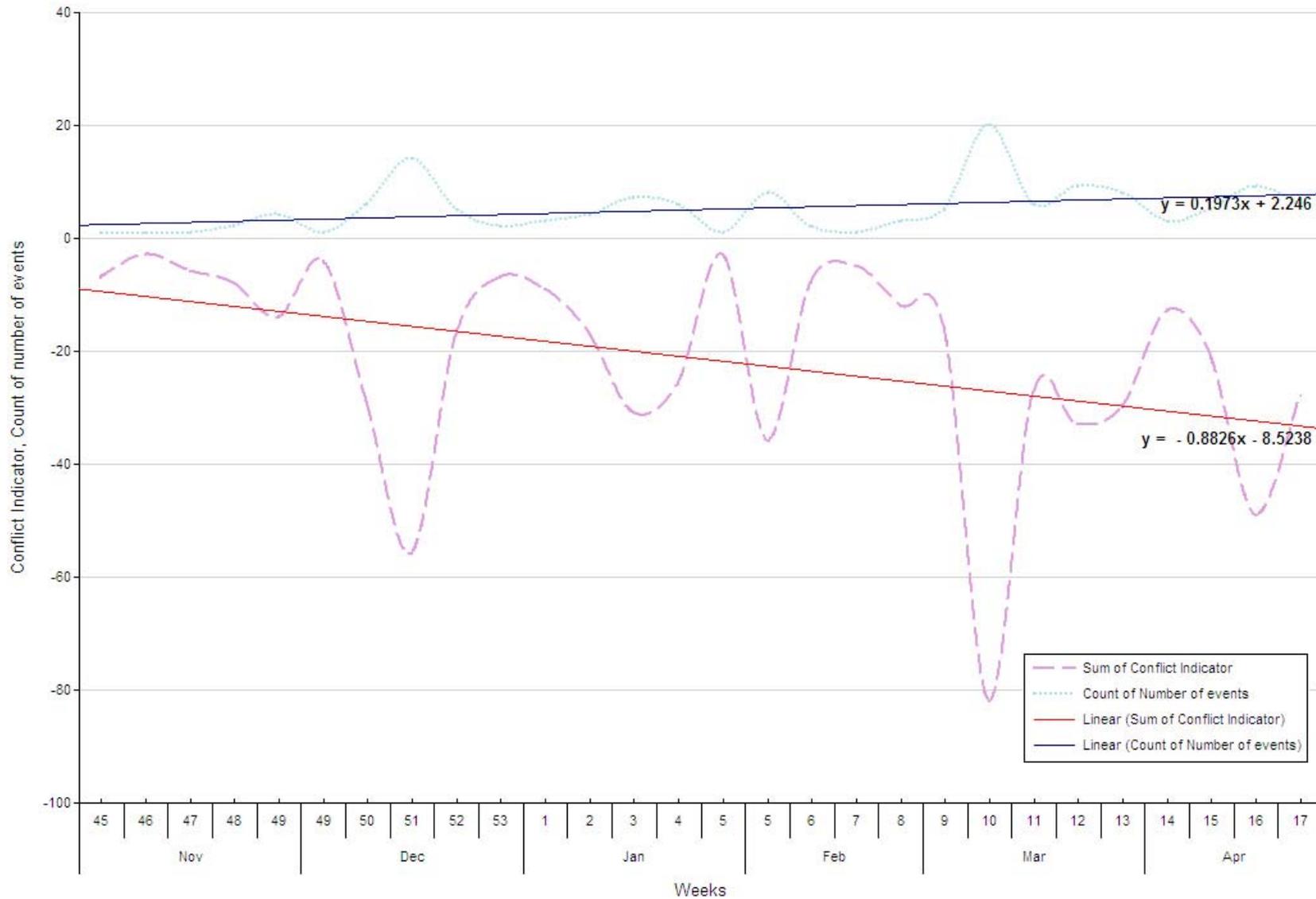


Figure 4. Chart of trend lines for destabilizing events and the count of events by week

11. Maps



Figure 5. Map of Moldova from the International Crisis Group

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Events were obtained using Google Alerts (<http://www.google.com/alerts>), which provided a daily summary of news reports for the search terms 'Moldova and 'Trans-Dniester', 'Dniester'. The news reports originated from a wide variety of local and international sources, including:

<ul style="list-style-type: none"> ▪ ABC News ▪ Agenzia Giornalistica Italia ▪ AIA ▪ Antara News ▪ Bahrain News Agency - Bahrain ▪ Baltic News ▪ BBC News ▪ Bucharest Daily News ▪ Bulgarian News Network ▪ BusinessWeek ▪ Financial times ▪ Focus News ▪ Forbes ▪ Hindu - India ▪ Houston Chronicle ▪ ICRC ▪ Institute for War and Peace Reporting ▪ Institutional Investor - New York ▪ Interfax Russia, Moscow ▪ International Herald Tribune ▪ Islamic Republic News Agency - Tehran ▪ ISN - Zurich, Switzerland ▪ ITAR-TASS-Moscow ▪ Monsters and critics - Glasgow ▪ NBC ▪ Mainichi Daily News - Japan ▪ New York Times ▪ Noticias - Spain ▪ NRCU - Ukrainian Radio - Kiyv, Ukraine ▪ OneWorld.net ▪ Prague Watchdog ▪ 5TV ▪ RuBiCon ▪ UPI ▪ Xinhua ▪ Zee news - India 	<ul style="list-style-type: none"> ▪ Canada.com ▪ China Post ▪ Civil Georgia ▪ CRI - Beijing, China ▪ Czech news agency ▪ DefenseNews.com ▪ dtt.net - Brussels ▪ euroobserver ▪ EUPolitix.com - Brussels ▪ Euronews.net ▪ Gateway2Russia ▪ People's Daily Online ▪ Prague daily monitor ▪ Pravda ▪ Prensa Latina - Havana, Cuba ▪ Radio Free Europe ▪ Regnum news agency - Russia ▪ Reliefweb ▪ Reuters ▪ RIA Novosti - Moscow ▪ Scotsman UK ▪ Seattle Post Intelligencer ▪ Special Broadcasting Service - Australia ▪ Stratfor USA ▪ Swissinfo ▪ Taipai Times - Taiwan ▪ Times of London ▪ Turkish Press ▪ UN News Centre ▪ United Press International ▪ Voice of America ▪ Washington File ▪ Washington Post ▪ Washington Times ▪ webwire ▪ World Peace Herald - Washington
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13. Methodology

13.1. Description of Events Monitoring

Event trends are assessed using the slope of time-series trend lines that are provided by plotting event data over a given period of time. First, based on the context of the region as described by the Background, Stakeholders and Risk Indicators sections, events are identified as being generally stabilizing or destabilizing²² and given a sign of either +1 (stabilizing) or -1 (destabilizing). Events are then coded on a scale of 1 to 3 for three dimensions: the degree to which they can be linked to the risk of future peace or conflict – Causality (Ca); whether the event is typical or constitutes an acceleration of events – Escalation (Es); and the degree to which the event affects relevant stakeholders– Centrality (Ce). Causality and Escalation are coded based on a qualitative analysis of the event considered within the context of the region’s risk indicators. Centrality is coded using a quantitative analysis of the proportion of stakeholders affected by the event.

A conflict indicator statistic is then calculated by summing the three dimensions of an event (Ca+Es+Ce), and multiplying it by the sign to provide a stabilizing indicator of +3 to +9 and a destabilizing indicator of -3 to -9. The analyst can use this conflict indicator to explore summary statistics as well as trend lines of the region’s events.

Summary statistics provide the analyst with an overview of the average event scores. The total number of events and the average conflict indicator statistics are calculated, including sub-calculations by sign. For the average scores, a percentage is calculated based on the highest score for that conflict indicator statistic. For instance, an average Ca+Es+Ce can score

²² Note that in some unique cases an event will be coded as both stabilizing and destabilizing.

as high (or low) as +/- 9, so a score of +/- 2 achieves a percentage of +/- 22%. Positive percentages are indicative of an environment that on average experiences stabilizing events, as there are either more stabilizing events or more strongly valued stabilizing events. Negative percentages indicate the opposite, an environment characterized by destabilizing events. The closer the percentage comes to +/- 100% the better (or worse) events tend to be.

The second avenue of analysis is via trend lines to observe whether the events demonstrate any positive or negative trend over time. The conflict indicators are plotted against time – usually six months – and trend lines are generated, based on ordinary least squares regression, and compared in two different ways. The first comparison, the individual event trend line, plots the conflict indicators of each event over time. This is useful in that it indicates whether and to what degree the individual event conflict indicators have a positive or negative trend over time. However, it does not account for an increase or decrease in the total *number* of events, so the second trend analysis is that of the weekly aggregate. To attain this trend line, the conflict indicators are first summed by week; for instance, if one week has four events with the conflict indicators of +2, +2, -2 and -2, the overall weekly aggregate would be 0, the stabilizing weekly aggregate would be +4 and the destabilizing weekly aggregate would be -4. The weekly aggregate is then plotted over time to produce a trend line that incorporates the theory that an increase or decrease in total number of events should matter in addition to their changing value. That is, one would presume that a rapid increase in the number of stabilizing events would indicate an improving trend, even if the

conflict indicators for the individual events remain largely unchanged.

Taken together, these two trend analyses provide an overview of the general event developments over the previous months. In the analysis, both stabilizing and destabilizing trend lines reflect improvements through positive slopes, indicating the reduction in conflict vulnerability. On the other hand, negative

slopes denote a deteriorating situation – an increase in conflict vulnerability. The degree of improvement or deterioration is identified as status quo, moderate, or strong, based on the slope and according to the following chart:

Table 14. Matrix of Trend Magnitudes and associated symbols

Trend Magnitude	Strongly Negative	Moderately Negative	Status quo	Moderately Positive	Strongly Positive
Slope size	Below -1	Between -1 and -.1	Between -.1 and .1	Between +.1 and +1	Over +1
Symbol					

Finally, scenarios are created for best case, worst case and status quo situations, based on an analysis of overall and cluster summary statistics and trends. The best and worst cases consider the trends among stabilizing and destabilizing events. The best case assumes that the strongest of the positive trends will hold for the future time period, and the worst case assumes that the strongest of the negative trends will occur. This holds regardless of whether the positive (or negative) trend occurs among destabilizing (or stabilizing) events. For instance, if there is strongly positive trend among destabilizing events, this trend would be used to extrapolate events for the best case scenario. If there is a strongly negative trend among stabilizing events, this trend would be used for the worst case. The status quo, on the other hand, will extrapolate future tendencies based on the overall trend. For instance, if there is moderate overall improvement, then the status quo assumes that this is

the trend for the future. Events are then surmised based on these trends in order to provide a conjectured future case.

Each case concludes by estimating the region’s future capacity to absorb damaging events and take advantage of peace-building opportunities by forecasting the best, worst or status quo trends. The conclusion will also state the likelihood that the region will approach a higher or lower risk level; this analysis is based on whether the current risk level is already near a lower or higher category and the magnitude of the trend under consideration. For example, a medium-risk region of 3.6 with a strongly positive trend line is likely to move into the low risk level. Alternatively, a medium-risk region of 6.4 with a weak trend line is unlikely to move into the low risk level, but it could move into a high risk level with a moderately deteriorating trend.

13.2. Description of Events Data Collection

Events were collected in one of two methods for this study.

In most cases, the news-parsing technology of Google-Alerts (www.google.com/alerts) was employed to scan and collect daily reports of events data reported by the international press about the particular sub-national region of interest. Search terms were identified by the sub-national region itself and as a result of the stakeholder analysis (if one actor or group tended to garner a significant amount of press but not necessarily reported in the same news stories as the name of the sub-national region); in some cases, alternate spellings and transliterations were used as search terms to ensure a more robust set of data. News reports were then delivered to

analysts as daily emails (if news events were found for that day) which were then coded into a Microsoft Access Database using the methodology described above.

The other method by which data was gathered for this study was to collect the data post-facto. Some sub-national regions' data was collected only partially using Google-Alerts so a more robust reassessment of the monitoring time period was required. To do this, analysts employed a LexisNexis search for the monitoring period and using the same search parameters as had been used with Google-Alerts. The events collected using this methodology are identical in type to the daily digest-type – the only difference is the timing in which the analysts coded the events was not continuous.