

Approaches to Country Risk Analysis and Early Warning

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Introduction

This paper lays out a framework for country risk analysis and early warning drawing on the methodologies developed by the Country Indicators for Foreign Policy project (CIFP – www.carleton.ca/cifp). Special attention is given to identification of failed and fragile states. The paper is in four parts. In the first section, I provide some concepts and definitions as they relate to early warning, state failure and country risk. The second section assesses the strengths and weakness of specific approaches to country risk analysis. In the third section I examine structural risk indicators and events based monitoring. The fourth and final section concludes by discussing the integrated product.

1. Concepts, Definitions, Requirements

Effective early warning and country risk analysis requires a solid analytic base that:

- 1) Is sufficiently nuanced to allow the observer to understand differentiated performance in different areas of fragility, rather than presenting processes and performance in an oversimplified manner;
- 2) Identifies both positive and negative sectors in each state's performance, thereby highlighting potential points of entry for external actors;
- 3) Combines real time dynamic event and actor analysis with long-term structural information to counter time lags between developments on the ground and their reflection in statistical indicators and resulting programming priorities and timelines;
- 4) Provides policy relevant diagnosis by matching the analysis to the end user's operational capacity;
and
- 5) Provides an evaluative framework with which to assess policy impact both before and after programs are implemented.

Early warning represents a proactive political process whereby networks of organizations conduct analysis together in a collective effort to prevent likely events from occurring. Early warning is the systematic collection and analysis of information coming from areas of crises for the purposes of: Anticipating the escalation of conflict; Development of strategic responses to these crises; and The presentation of options to critical actors for the purposes of decision

making. Formally, risk is an expected value indicating probabilities about consequences. Risk assessment provides policy relevant forecasting, where forecasting is about the likelihood that an event will happen. They are diagnostic, prescriptive, and take the form of a conditional generalization.

Risk assessments precede and complement early warning; by themselves, they cannot be expected to provide precise points at which specific events are likely to occur. Forecasting has traditionally referred to the estimation of the probability that some event will occur while the associated term gravity is used to describe the event's expected consequences. Combining these two notions, the risk associated with an event can be defined formally as the expected gravity of the event multiplied by the probability that it will occur. Correspondingly, the calculated risk associated with an event is weighted by both its probability of occurrence and the magnitude of the consequences. This technique produces an intuitively appealing means for policymakers to allocate risk management resources. Efforts are focused on events that are likely to occur and/or will be consequential. Conversely, policymakers can reasonably afford to overlook events with remote possibilities unless their consequences are fairly disastrous or events that are likely but the consequences only moderate. Risk assessment models provide a framework that enables analysts to interpret the results of local monitoring.

Gurr and Marshall make the distinction between early warning and risk assessment concisely: "Risk assessments...identify situations in which the conditions for a particular kind of conflict...are present. They are not predictions in the sense that is usually meant by the terms "forecast" or "early warning" because risks are assessed on the basis of background and intervening conditions—the conditions that establish the potential for conflict. Whether or not risks are realized depends on whether the preconditions remain unchanged and on the occurrence of accelerating or triggering events. Early warnings by contrast are, are derived from monitoring the flow of political events, with special attention to actions that are likely to precipitate the onset of conflict in high-risk situations. Risk assessments provide the context. Early warnings are interpretations that the outbreak of conflict in a high-risk situation is likely and

imminent.”¹ Risk analysis can be undertaken with the goal of presenting analyses and policy recommendations that will assist policy makers in taking action to prevent, contain and mitigate economic, humanitarian and environmental crises, and the outbreak of violent conflicts and the collapse of fragile states. Therefore, a secondary concern is resource allocation that will make effective use of early warning information.

State failure and fragility are especially important in this regard. Though the concept of state failure is relatively new, it has quickly established itself as an indispensable part of the international lexicon. Various characters are difficult partners,² difficult environments,³ fragile states,⁴ Low Income Countries Under Stress (LICUS),⁵ poor performers,⁶ weak performers,⁷ failing and/or failed states,⁸ and countries at risk of instability,⁹ the phrase encompasses a number of partially overlapping, yet analytically distinct concepts regarding vulnerability. Operationalization issues are obviously problematic when dealing with a class of events that are relatively rare, politically sensitive, ill-defined, and poorly understood. State failure, the overarching concept, is defined by the CIA’s State Failure Task Force (now known as the Political Instability Task Force) as the collapse of authority of the central government to impose order in situations of civil war, revolutionary war, genocide, politicide, and adverse or disruptive regime transition. The Task Force definition weights conflict and governance factors significantly in its analysis and hence its key concern is with questions of instability.

As early as seven years ago, reports from the Center for International Development and Conflict Management, the Stockholm International Peace Research Institute, and the Peace

¹ Ted Robert Gurr and Monty G. Marshall. 2000. "Assessing Risks of Future Ethnic Wars." Chapter 7 and Appendix B in Ted Robert Gurr, *Peoples versus States: Minorities at Risk in the New Century*. Washington DC: United States Institute of Peace Press

² OECD, "Poor Performers: Basic Approaches for Supporting Development in Difficult Partnerships – Note by the Secretariat", OECD DAC, (November 2001), available: <www.oecd.org/dataoecd/26/56/21684456.pdf>.

³ Magüi Moreno Torres and Michael Anderson, "Fragile States: Defining Difficult Environments for Poverty Reduction", PRDE Working Paper, No. 1, (August 2004), available: <www.oecd.org/dataoecd/26/56/21684456.pdf>.

⁴ Jack Goldstone et al., *State Failure Task Force Report: Phase III Findings*, (McLean, VA: Science Applications International Corporation (SAIC), 2000), available: <<http://www.cidcm.umd.edu/inscr/stfail/>>.

⁵ World Bank, "World Bank Group Work in Low-Income Countries Under Stress: A Task Force Report" World Bank LICUS Task Force, (September 2002), available: <www1.worldbank.org/operations/licus/documents/licus.pdf>.

⁶ AUSAid, "Australian Aid: Investing in Growth, Stability and Prosperity", AUSAid, (September 2002), available: <http://www.ausaid.gov.au/publications/pubout.cfm?id=6624_6294_3682_4822_1275>.

⁷ Asian Development Bank, "ADB's Approach to Weakly-Performing Developing Member Countries", Discussion Paper for the Asian Development Fund (ADF) IX Donors' Meeting, (March 2004), available: <www.adb.org/Documents/Reports/ADF/IX/weakly_performing.pdf>.

⁸ Robert Rotberg (ed.), *When States Fail: Causes and Consequences*, (Princeton N.J.: Princeton University Press, 2004).

⁹ Prime Minister's Strategy Unit, "Investing in Prevention: An International Strategy to Manage Risks of Instability and Improve Crisis Response", A Prime Minister's Strategy Unit Report to The Government of the U.K. (February 2005), available: <www.strategy.gov.uk/work_areas/countries_at_risk/index.asp>.

Research Institute of Oslo, showed that large scale violence was in decline. The world, these reports showed, was a less risky place to live for a majority of the world's population than it had been at the end of the Cold War. Three positive trends contributed to this transformation. First, the number and magnitude of armed conflicts within and among states significantly decreased after the early 1990s. Second, ethnic groups are gaining greater autonomy and power globally. Third, democratic governments now outnumber autocratic governments two-to-one and continue to be more successful in resolving violent societal conflicts. If the peak point in organized armed violence measured over the last two decades occurred in the aftermath of the break-up of the Soviet Union, with a gradual decline since the mid-nineties, can we conclude that the world is a now safer place to live? Unfortunately, the answer is likely no. Armed violence is too narrow a construct to fully capture the varied foundations of human insecurity.

By many measures, the world has become more dangerous, rather than less, for the majority of the global population. Though the view that failure and conflict go hand-in-hand is predominant, it is not the only one. Rotberg for example, characterizes failed states as being marked by an inability to provide basic political goods, including human security and security of the state, dispute resolution and norm regulation, essential political freedoms, and economic opportunity to most, if not all, of the population.¹⁰ Capturing the diversity of failed state environments, Jean-Germain Gros specifies a detailed taxonomy of five different failed state types: chaotic, phantom, anemic, captured, and aborted. The various types derive their dysfunction from different sources, both internal and external, and require different policy prescriptions as a result.¹¹ The British Department for International Cooperation (DfID) defines state weakness in broadly similar terms, focusing on states in which “the government cannot or will not deliver core functions to the majority of its people, including the poor.”¹² For its part, the German Government's “Action Plan on Civilian Conflict Prevention, Conflict Resolution, and Post-

¹⁰ Robert Rotberg, “The Failure and Collapse of Nation-States: Breakdown, Prevention, and Repair,” in Rotberg (ed.), *When States Fail*, 5-10.

¹¹ Jean Germain Gros, “Towards a taxonomy of failed states in the New World Order: decaying Somalia, Liberia, Rwanda and Haiti”, *Third World Quarterly*, Vol. 17, No. 3 (1996) 548-461.

¹² DfID, “Why We Need to Work More Effectively in Fragile States”, DfID (January 2005), available: <www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf>.

Conflict Peace-Building,” describes failed and failing states as being “characterized by a gradual collapse of state structures and a lack of good governance.”¹³

Clearly, state failure defies simple definition. For example, there is an inevitable tension between the inclusiveness found in the German definition and the specificity of the Instability Task Force definition. While the latter may provide greater analytical power, the former may be of greater political utility. One element that appears in all of the definitions is that failed and fragile states are qualitatively different than other types of developing states, with unique problems that require novel policy responses. Moreover, as Gros points out, a failed state environment is itself unique, facing challenges unseen in other failed states. Current development, security, and diplomatic tools have proven insufficient to the task of stabilizing and rehabilitating these failed states; ultimately, “business as usual” has not worked, and will not work. Given the enormous difficulties associated with programming in such environments, many governments now believe that outside involvement must be coordinated at the strategic level. Accordingly, there have been some attempts to reach a level of consensus on issues of vital importance to programming in failed and fragile states.

The first area of consensus is that policy must be grounded in an ongoing process of risk assessment and monitoring. Such tools must be able to identify countries at risk of impending crisis and provide guidance as to the type of engagement required to either stave off or mitigate that crisis. Further, the assessment must draw on the widest range of possible indicators of instability. To focus on a single factor such as governance or violence is to invite incomplete analysis of the problem, and ineffective engagement as a result. In addition, the monitoring capability must provide some type of early warning to allow for policy deliberation and resource mobilization, vital prerequisites of timely and effective engagement. A second area of emerging consensus is that a “whole-of-government” response is necessary to overcome the particular difficulties faced by failed and fragile states. Development alone cannot succeed in stabilizing a failed state any more than a military intervention can rebuild destroyed political infrastructure.

¹³ German Federal Government, “Action Plan: ‘Civilian Crisis Prevention, Conflict Resolution and Post-Conflict Peace-Building’” (2004) 64, available: <<http://www.auswaertiges-amt.de/www/en/infoservice/download/pdf/friedenspolitik/AP%20EN.pdf>>

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

State Failure Terminology

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

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

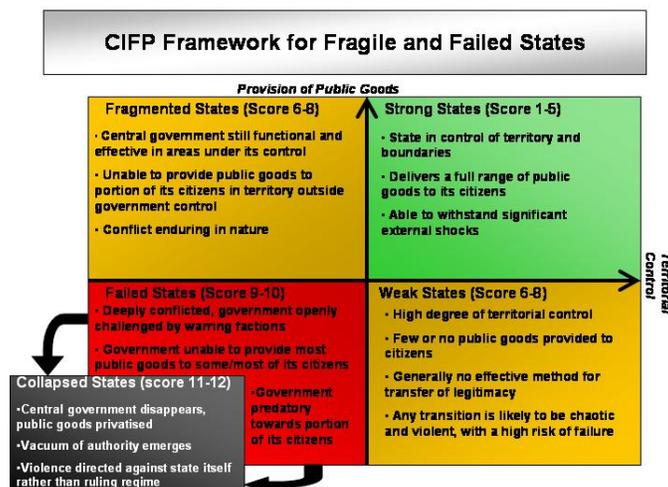
Failing States exhibit key the elements of fragility, and are experiencing organized political violence. Peace processes are weak or non-existent.

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

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

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

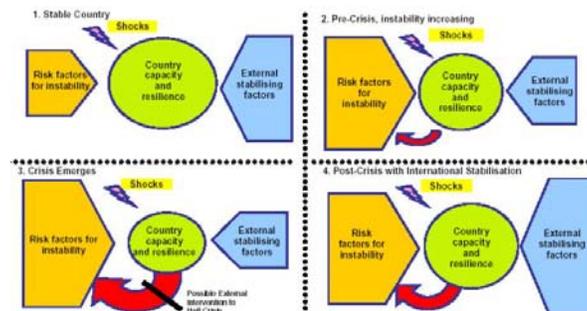
A Framework for Failure and Fragility



In the United Kingdom, both the Department for International Development (DfID) and the Prime Minister's Strategy Unit (SU) have released policy and strategy documents in response to the growing concern over state failure. While the DfID statement is largely policy oriented and focuses on the development and aid related aspects of state failure and fragility, it does contain a call for closer cooperation between all relevant sectors of government.¹⁴ The DfID document also identifies a need for improved early warning and better analysis, but nothing on the mechanics for assessing instability. From a methodological perspective, the SU's offering provides a more comprehensive framework for responding to what it refers to as "countries at risk of instability."¹⁵

The SU documents outline a detailed process intended to generate better prevention and response strategies for such states, with an assessment model that incorporates endogenous and exogenous (de)stabilising factors, country capacity, and potential shocks into the analysis of stability.¹⁶ The response strategy also contains a component for the identification and assessment of UK interests in intervention and the potential consequence of action or inaction.¹⁷

UK PMO Strategy Unit Analytical Framework



¹⁴ DfID, "Why we need to work more effectively in fragile states", 16.

¹⁵ Prime Minister's Strategy Unit. "Investing in Prevention: A Prime Minister's Strategy Unit Report to the Government. An International Strategy to Manage Risks of Instability and Improve Crisis Response."

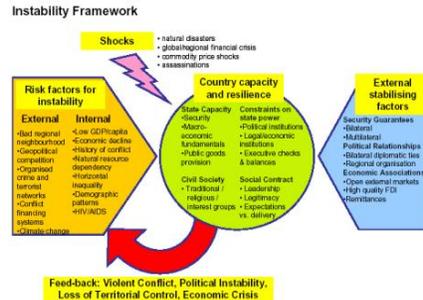
¹⁶ Ibid, 16-39.

¹⁷ Ibid, 42-46.

Figure 3.1: Impact Horizons for Action to Promote Stability



PMO Strategy Unit Analytical Framework



Another comprehensive framework has been prepared by the Conflict Research Unit of the Netherlands Institute of Foreign Affairs (Clingendael) for the Dutch Ministry of Foreign Affairs.¹⁸ At the core of the Clingendael methodology is the Stability Assessment Framework (SAF).¹⁹ The SAF integrates a number of elements into the analysis: macro-level structural indicators; institutional capacity; political actors; and policy interventions. In addition, the assessment process incorporates a workshop component to bring together policy-makers, staff

¹⁸ Clingendael, "The Stability Assessment Framework: Designing Integrated Responses for Security, Governance and Development", (January 2005), available: <http://www.clingendael.nl/publications/2005/20050200_cru_paper_stability.pdf>

¹⁹ Ibid, 5.

members, and local partners.²⁰ The workshop is intended to provide an opportunity for dialogue, information sharing and consensus building. It serves to consolidate the stability assessment and constitutes a forum in which to explore options for international policy intervention.

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

A second strength of the above analytical frameworks stems from the fact that each one provides its state with an assessment of the impact that particular instances of state fragility or failure may have on national interests and an analysis of potential consequences that may follow from engagement.²¹ Building response strategies on such a foundation of relevancy enhances the likelihood that states will engage in a sufficiently robust and sustained manner to have a positive and measurable impact on the incidence of state fragility or failure. The second approach, grounded in the development literature, is most concerned with the significant challenge that fragile and failed states pose to efforts to alleviate poverty and achieve the Millennium Development Goals (MDG).²² Examples of this second approach include the USAID Framework (below), the OECD Learning Advisory Process on Difficult Partnerships (LAP) and the Fragile State Strategy released by DfID.²³

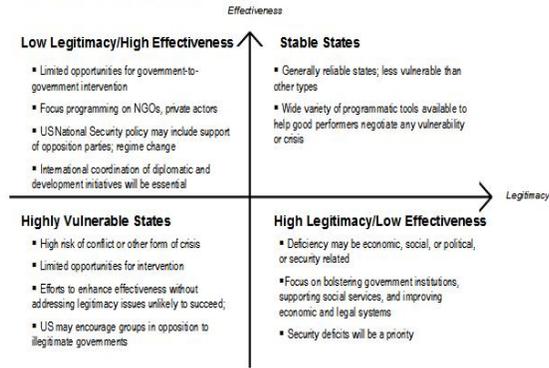
²⁰ Ibid, 54.

²¹ The impact assessment element is an outgrowth of the work on absorptive capacity, the ability of developing countries to absorb and effectively utilise development assistance. However, the focus is shifting to how donors can craft response strategies that are more appropriately attuned to the specific needs and capabilities of developing partners.

²² United Nations General Assembly, "United Nations Millennium Declaration," Resolution A/55/L.2, 18 September 2000, available: < <http://www.un.org/millenniumgoals/>>.

²³ OECD DAC, "Principles for Good International Engagement in Fragile States", DAC Learning and Advisory Process on Difficult Partnerships (LAP) High Level Meeting, 3 March 2005, available: <www.oecd.org/dataoecd/59/55/34700989.pdf>; DfID, "Why We Need to Work More Effectively in Fragile States", DfID, January 2005, available: <www.dfid.gov.uk/pubs/files/fragilestates-paper.pdf>.

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



Grounded within the development approach, German policy maintains that though the terms poor performers and difficult partnerships have global applicability, they have particular relevance for sub-Saharan Africa. Many poor performers, including some of the most fragile, are located in the region. Accordingly, Stephan Klingebiel and Huria Ogbamichael examine the nature of poor performing states within the sub-continent.²⁴ Their discussion, in some ways reminiscent of the German government's own position, distinguishes between states that lack a minimum governmental capacity and those that are unwilling to implement development-related policy. Though clearly sensitive to security concerns caused by poor performers, they nonetheless consider the problem primarily through the lens of international development, examining the goals, effects, and limitations of development policy in fragile and failed states. In an effort to capture the variety of ways in which states may fail, they classify conflict-ridden, failing, failed, and rogue states as subsets of the poor performers, emphasizing the need for a context specific approach for each poor performer.

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

²⁴ Stephan Klingebiel and Huria Ogbamichael, "Poor Performers in Sub-Saharan Africa," African Security Review, Vol. 13, no. 1 (2004) 13-19.

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

2. Types of information necessary for policy relevant diagnosis: Strengths and Weaknesses

Problems such as conflict risk potential, failure and fragility are best understood from a multiplicity of perspectives. Different types of information and the methodologies used to gather them act like lenses of a camera. Each have their own biases and strengths. Some types of information, like some types of lenses are good for close-up pictures, while others provide a macro -strategic overview. Some lenses are useful for capturing fast moving action while others are useful for portraits. Like lenses, the information used to assess country processes bring a country into sharp relief. They allow the viewer to appreciate both the uniqueness and the similarities. Used together, different lenses provide a more complete and balanced picture than any one lens could on its own. In the following section we identify different information streams that can act as a system of checks and balances on each other, with each source providing a method of validation for the others. Together they provide a full picture of country performance.

2.1 Structural Data: The value of country-specific structural data

Structural data, such as GDP per capita, political indices and human rights measures, provide a sturdy platform on which to build country analysis. Structural data are compiled by recognized organizations, sometimes in partnership with host nations. Structural data allows the end user to rank countries for quick assessments of performance within sub-sectors. Country level structural data also enable comparative analysis. For example, one may compare the voting rates among women in Ghana and Cote D'Ivoire using data collected by the UNDP or the World Bank. Using the same indicators and econometric analysis it is possible to determine in what way women's voting rates in Ghana and Cote D'Ivoire are influenced by education levels, rural and urban environments, and formal employment. Many statistical indicators are themselves

composite indices capturing several underlying concepts in a single score – the UNDP's Human Development Index (HDI) is an example of a composite index. Indexing makes quantitative data easy to handle and compare and is useful for broad strategic evaluation across countries. For example, the CIFP indexing approach utilises a three-step process of initially collecting data on a yearly basis, assigning raw scores a global rank based upon a continuous distribution of countries for each indicator and then ranking countries for a specific year.

The limits to evaluation through structural data

Structural data has obvious merit from a macro or strategic perspective but, a number of factors limit its utility as the sole source of information in decision making. At the sub-national level variations in both the types and method of data collection tend to limit an end-user's ability to compare indicators across sub-regions or within a single region over time. In particular, sub-national data is often not delineated by age or gender, thus limiting the extent to which it can inform targeted development programming. Even at the national level, in some cases statistical data for some indicators simply does not exist or is uneven in its coverage. This situation is changing for the better. In recent years, the World Bank and the UNDP have engaged in a wholesale effort to improve country level data collection and reliability. Beyond these issues, operationalizing (defining in meaningful and measurable ways) measures of conflict and failure are a challenge for country-level structural data analysis. Analysts must use specific and narrowly defined kinds of information to proxy or otherwise represent the more abstract concepts that lay at the heart of country performance.

There is a need to find a balance between too many and too few indicators to tap into the kinds of underlying constructs. With too few indicators, one may have an incomplete picture. With too many, one may be unable to distinguish the vital information amid all the background 'noise'. In circumstances where structural data is unreliable or proxy measures cannot be properly identified it is particularly important to seek out alternative information sources to fill gaps.

Using structural data effectively

In assessing country performance look first to outwardly visible signs and then ask what these indicate about internal processes. Individual bits of information are indicators of larger issues, and need to be considered as parts of a bigger picture. Although a single statistic or story may seem suggestively positive or negative, it is the process that behind the data that determine outcomes. Data are only meaningful if they are considered in context. Context might include a comparison between neighbouring villages, between states with similar economic development or democratic history, or of the same unit of analysis over time.. The indicator lists provided below are not exhaustive, and should be viewed as starting points. Country performance indices, such as that compiled regularly by CIFP, can provide a good source of information for cross-country comparisons; the time-consuming work of standardizing information has been done and presented in a neat package. Analysts should be sure to familiarize themselves with how categories are operationalized, and what the statistics mean.

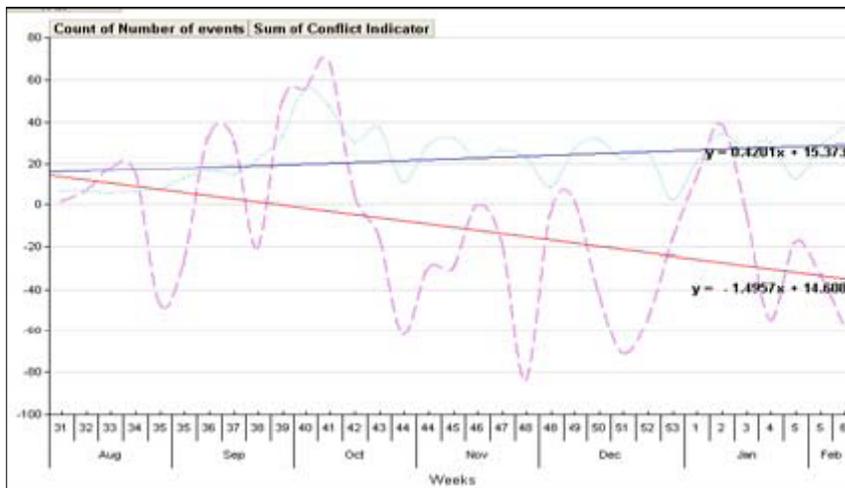
2.2 Dynamic data analysis using structured events coding

The value of dynamic data analysis

The systematic collection and evaluation of dynamic data also known as events-based information analysis, is highly relevant to risk analysis and early warning. Dynamic data analysis whether it draws on information from media sources or country experts, is useful for identifying up-to-date trends in popular perceptions, preferences and stakeholder behaviours. Dynamic data analysis can add considerable value through regularized and standardized reporting. It can deepen understanding of trends found in structural data, and can highlight trend reversals. For example, a statistical study may show a steady decline in violent events over a series of years, but current events may evidence a sudden surge in violent demonstrations, one that will show up in structural data only until after the fact. Events-based information can also provide a window onto stakeholder perceptions, how they are reacting to real-time changes and why they are doing so. Events data draws from a myriad of open sources collected by humans or through machine-coded language. In either case, when each discrete event is analyzed in a structured and systematic fashion, patterns of performance begin to emerge. Pattern recognition is especially

important to the analyst who is engaged in continuous country monitoring and, who wants to make projections about short term changes within a country on the basis of recent trends. For example, the figure below shows patterns of decline in governance performance approximately a year prior to the declared state of emergency in Pakistan in 2007. The red regression line in the graph represents the overall trend in events. Clearly, in the case of Pakistan, there was considerable evidence of an approaching crisis. Such evidence, if properly understood, can allow policymakers to respond in a timely fashion to impending problems, rather than simply responding after the fact.

Pakistan Governance



The limits of dynamic data analysis

Events-based information cannot provide the entire context for complex situations, nor does it necessarily provide a complete representation of root causes. Events represent specific interactions among key players, known as stakeholders, in a given situation. Discrete events can act as accelerants (factors that tend to magnify the effects of existing issues) either on their own or in conjunction of a series of similar events. Events can also be triggers that provide the immediate proximate cause for crises. Events precipitate reactions and provided that the appropriate pre-conditions are in place become the basis for wholesale transformation. An extreme but illustrative example was the assassination of Juvenal Habyarimana, the President of Rwanda, was a trigger for the ensuing genocide in Rwanda, but without the underlying structural

tensions deriving from ethnic fragmentation, power imbalances, and land shortages among other things, that radical elements could exploit such a severe reaction most likely would not have occurred.

How dynamic data analysis can help the analyst

Given the frequent absence of opinion polls, learning about popular reactions to events through media reports or other sources is an important way to understand the reality on the ground and to ascertain how a government is responding to social, cultural, and economic pressures and opportunities. Seeking out different sources for a broader set of views can of course reduce the bias that might occur were one to rely on a single media source for all information. Local language media are also important sources of information. All reports of an event will most likely provide useful information and ideas, but the analyst must decide what is “fact”, what is “conjecture” and what is “polemic”, and how reliable event coverage is as a result. Analysts need to look at events in the context of past history and social realities, to try to understand what is driving an event.

Summary Table Data Streams: Strengths and Weaknesses		
Type of data	Strengths	Weaknesses
Structural data	<ul style="list-style-type: none"> Comparable temporally and spatially Generalizable beyond a specific country Reliable In wide use by aid agencies Considered essential for desk officers for doing strategic analysis Benchmarking possible (e.g MDGs) Lends itself to statistical analysis The basis for long term forecasting and modelling 	<ul style="list-style-type: none"> Difficult to operationalize unless one understands the underlying concepts Available data can be limited, particularly at sub-national levels Desired disaggregation (e.g. gender, age) often not available Data can lag can be an issue Identifies broad patterns but not necessarily context
Events	<ul style="list-style-type: none"> Widely available information sources Up to date information and real time analysis possible Machine and human coding provides reliability and validity Lends itself to impact assessment and programme evaluation The basis for developing a short to medium predictive and forecasting capacity The basis for developing scenarios 	<ul style="list-style-type: none"> Context must be matched with stakeholder analysis Potential bias of sources More costly than open source structural data for comparable country coverage Training essential for the end user Investment in software for systematic analysis

Expert opinions	Detailed in-depth country pictures Access to broad-based knowledge Can highlight unseen but important concerns and opportunities Systematic comparisons provide the basis for forecasting and risk analysis Most useful as a cross check against other sources of information	Expert Subjectivity Potential costs Development of questionnaires must be fitted to country issues, capacity and concerns In-country coordination raises questions of consent and costs of implementation within host country
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2.3 Expert opinions, surveys and polling

The usefulness of expert opinions, surveys and polling

Human insight can offer invaluable nuanced views of a country's health. Qualitative information, of this kind is a valuable complement to the systematic collection of statistical data, as it uncovers details and nuance. Put simply, when correctly structured, expert opinion can provide the "why" behind the "what" revealed through structural and dynamic data analysis. Expert opinions can provide detailed insight into specific issue areas, as well as offer ideas about what areas deserve the most attention going forward, either because they are functioning well and can be used to propagate positive reform in other parts of the governance system, or because they are weakening and threaten to undermine stability and development in other sectors.

For example, CIFP's expert survey on Ghana highlights the problem of low popular expectations of government as an obstacle to improving governance performance. Ghanaians have become so accustomed to limited government capacity that they have ceased to seriously challenge the government on its service delivery. The experts consulted for this study suggested programming aimed at popular democratic education as a way to counter these issues. Both problem and solution would have been difficult if not impossible to discern in the absence of expert opinion. However, once identified, structural data, in the form of educational performance statistics, popular surveys, and other quantitative indicators, can be enlisted to measure progress towards achievement of the articulated goal. As discussed above, statistical analyses are limited by the ways that they can be and are operationalized. Qualitative information minimizes this

problem by describing the whole of a situation in detail, including all the bits and pieces that are difficult to include in a statistical analysis. For example, a human rights expert with long experience in a country can provide a full picture of the local rights environment, bringing in elements of culture, history, and analogous situations. Expert opinions also provide a valuable challenge function to quantitative analysis. If enough experts tell a story that differs with a statistical snapshot it can be worthwhile reconsidering the validity of a quantitative-based conclusion, and potentially revising the selection and/or operationalization of quantitative indicators.

The limits to expert opinions, surveys and polling

Individual expert opinion tends to reveal only one part of a larger picture. People have subjective viewpoints, whether they are ordinary citizens or specialists. Specialists are likely to overestimate the importance of their field to the overall situation in a country. Ideology can cloud opinions, as can personal experience and bias. Expert opinions cannot provide an objectively true description of a country's performance and processes. Expert opinions have other limitations as well. Research processes involving expert opinions are often comparatively expensive relative to other methods; many experts often require compensation, and it can be costly to interview a sufficient number to validate the information collected. In addition, excessive consultation of experts can actually burden the country that analysts are seeking to help. Research takes the time of the experts themselves, many of whom are involved in vital positions within their countries' government and society; when confronted with endless requests for interviews by international researchers, their own work may suffer.

Using expert opinions, surveys and polling effectively

It is crucial to derive expert-based information from as wide a base as possible to take advantage of multiple viewpoints and to limit the potential for 'tunnel-vision' and group-think that can arise from discussing ideas within a limited community that approaches problems from the

same perspective. Subjective bias can never be eliminated altogether, but talking to a broad sample of people provides an analyst with a better overall conceptualisation of the society and its relationship with its government. Toward this end, an expert panel should include individuals that approach different elements of country performance and approach them from different ideological and professional perspectives.

2.4 Combining information streams for better analysis

Meaningful analysis will include as much information as possible, ideally from all three of the sources described above. There are three main benefits to combining information streams:

Challenge function: If different streams tell different stories one can investigate further to discover which is correct; analysis based upon a single information stream is impossible to verify or validate.

Depth of coverage: No single stream can provide a complete picture of a country's performance. Combining streams can give more information at different levels.

Finer focus: Looking at different streams lets the analyst see more clearly what factors contribute most to outcomes. This idea connects to the previous two advantages of multi-stream analysis. If all three streams suggest that a certain factor is the key driver of a certain phenomenon one can have confidence that this is the case. However, if there is disagreement one can investigate further to gain clarity and find out which angle is incorrect. Likewise, deeper coverage will allow a more detailed picture of how various factors interact to produce outcomes, allowing causal relationships to go beyond simple cause and effect to embrace network dynamics.

2.5 Time and Trends

Country analysis must consider both the current state of a country, as well as the direction the country is moving. Is the country on a downward trajectory and thus on the path to failure? Or is it entering a potentially destabilizing period of reform? A country that is emerging from a civil war may exhibit extremely poor performance in almost all areas if examined as a snapshot frozen in time, but when dominant trends are considered, the country may be in the midst of a rapid recovery made possible by its newfound stability. Conversely, a democratic system may appear superficially strong and stable until one takes into account, for example, a growing and unchecked trend toward authoritarian executive behaviour. Trends are most easily and reliably visible through dynamic data analysis, but to a certain extent expert opinion prove helpful. From a programming perspective trends are of crucial importance; understanding them allows decision makers to engage in areas showing worrisome deterioration, or to take advantage of positive momentum as a resource multiplier to support a crucial governance sector.

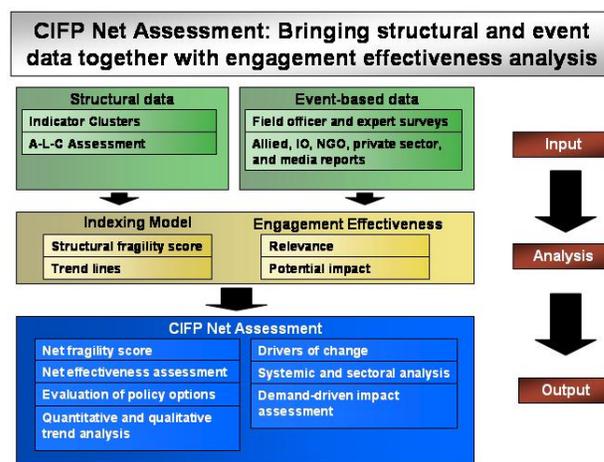
As a final note, one must always understand and assess conflict processes as unique arrangements that interact dynamically with their associated unique social structures. Institutions and processes will vary to some extent with cultural and sociological differences between countries. Assessing processes does not mean going through a checklist to identify whether or not a predetermined ideal model exists in a given country. Rather, assessing these processes means identifying how (and if) a country's political system functions and interacts with society, and then determining what areas could stand improvement or reinforcement, and what areas are working effectively by satisfying the desires of the related population.

3.1 The CFP Net Assessment Approach

Effective response to failed, fragile and dangerous states requires a multifaceted, quantitative and qualitative approach. The kinds of analyses we require depend in part on the time-line in which we expect to be engaged. Long term analyses are necessary if we expect to be able to respond strategically to structural problems (development, institution building, and establishing infrastructure). When escalation or a change in a state's level of fragility is expected to generate crises in the short term, a different kind of analysis may be required with a focus not just on broad underlying structural indicators but conjoining events, stakeholder interests and the

role of spoilers. Here the challenge is to match the analyses to specific operational, as opposed to structural, tasks such as preventive diplomacy, dialogue, mediation and possibly intervention. For military forces, for example, projections of up to 25 years are required in order to develop appropriate weapons capabilities, communications technologies, and organizational structures. Naturally, short term analyses remain vital.

Providing policy makers with a comprehensive and complementary set of analytical tools to address both the short and long term has several advantages. First, by providing a sound analysis of structurally-based long term indicators, the range of response options, both structural and operational, will be much broader. Advance warning ensures that there is an optimal



combination of

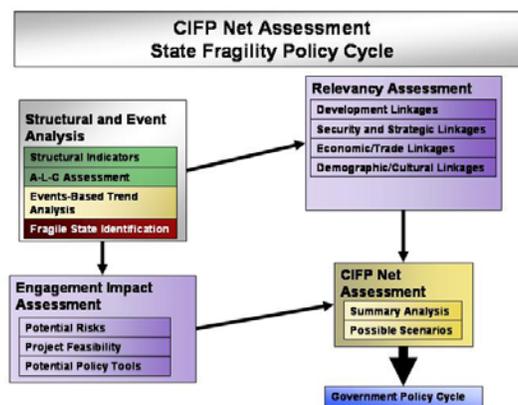
interests and capacity.²⁵

In strategic terms, forestalling a failing state requires long-term structural techniques that extend beyond the purview of any one department. The goal is to encourage behavioural change that can be induced by the promotion of, among other things, sustainable development, support for human rights, arms control mechanisms, membership in international organizations, security pacts and local participation in political decisions and governance. The results of these changes cannot be ascertained over-night. Nor can any single source of information provide a complete picture of whether the intended effects are indeed being achieved. In sum, responding to fragility, failure and dangerous states requires large investments in time and money, an unparalleled

²⁵ Long-term conflict prevention is associated with structural transformations and developmental aid and faces a time lag of approximately 15-20 years before results are easily visible. Positive change can be achieved through partnerships and linkages that emphasise clear, comprehensive strategic plans for high risk regions and priority areas of concern within them.

degree of precision in the development of evaluation techniques and above all sustained and broad political support for long-term engagement. The CIFP CNA framework is provided in the slide below.

Second, such tools can assist decision-makers in knowing when, where and how to respond and help in the strategic allocation of resources.²⁶ In this regard, there is a need to reduce both Type I and Type II errors, situations that arise when a misdiagnosis occurs and resources are not allocated appropriately.²⁷ In-depth structured analyses can assist in reducing the potential for both types of errors.



Third, such tools, if translated into meaningful policy-related results, can be rendered relevant to policy analysts as a complement in their country-wide (as opposed to operational or project level) strategic arsenal.

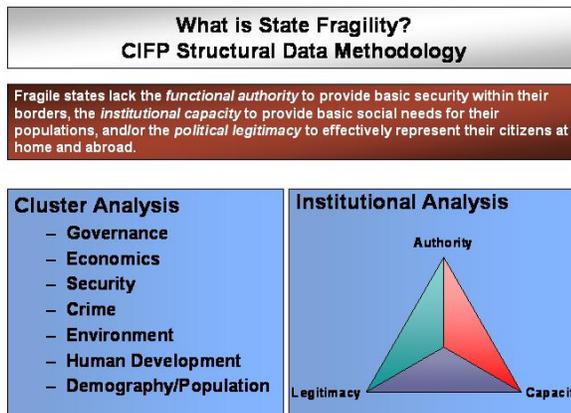
The following section outlines a methodological framework for conducting operational net assessment of state fragility and failure: the CIFP Net Assessment. The ‘net’ element denotes the

²⁶ In particular, the “greed vs. grievance” argument has grown in importance, and become more nuanced over time. For example, conflicts can be generated by the absolute scarcity of resources, an abundance but maldistributed resource base or quick access to lucrative resources. It is well known that dependence on a single commodity can lead to economic stagnation and regional conflagration wherein smuggling, black markets and illicit trade flows are encouraged. Compounding elements include the widespread availability of unemployed youths and collusion between rebel groups for personal gain. Both can prolong conflict through the creation of conflict entrepreneurs, dependents and exploiters. For applications of the Country Indicators for Foreign Policy (CIFP) template see: www.carleton.ca/cifp; *Conflict Risk Assessment Report: Cambodia, Indonesia, Philippines (01/01/2002)*; *Conflict Risk Assessment Report: West Africa: Mano River Union and Senegambia (01/04/2002)*; *Conflict Risk Assessment Report Sub-Sahara Africa (4/11/2002)*; *Conflict Risk Assessment Report African Great Lakes (6/9/2003)*; *Conflict Risk Assessment Report: Bulgaria, Romania, Slovakia, and Ukraine (8/11/2002)*.

²⁷ These errors are derived from unintended consequences and incomplete information. There has been substantial research conducted on unintended consequences and moral hazard problems. Moral hazards can arise from a number of different causes and the first source of moral hazard is the traditional one of incomplete information. There are also moral hazards in not only intervening militarily but also in providing humanitarian assistance to vulnerable populations. Researchers have noted that outside assistance can do more harm than good or can become entangled in the local political economy that fuels the conflict.

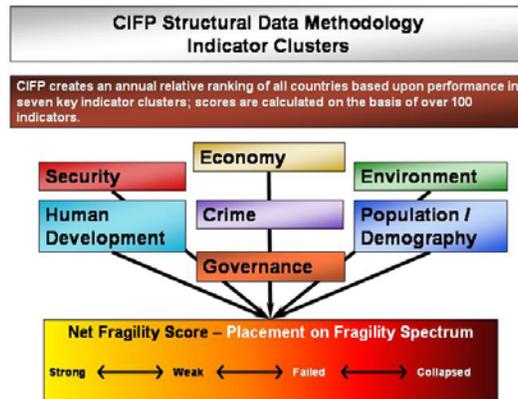
intention of assessing the intended and unintended consequences of policy impacts in a failing or failed state, as well as the various nodes of activity towards which such efforts are directed. This type of assessment is essential when evaluating the various factors that contribute to the incidence of state fragility and the potential for state failure, along with the interplay between policy prescription and instability. To be effective, a net assessment approach must be comprehensive, drawing on quantitative and qualitative sources of data, as well as judgment-based analytical frameworks. It involves casting as wide a net as practicable in order to capture, to the greatest degree possible, the complex nature of state fragility, failure and collapse.²⁸

The CNA framework provides an integrated approach with which to identify and analyse the potential for, and incidence of, state fragility and failure. The objective is to provide a research-based, policy relevant mechanism that promotes the timely and effective sharing of knowledge and expertise, thereby contributing to the planning and implementation of appropriate responses to state fragility and failure. At its core is the instability assessment, an approach that incorporates structural and dynamic elements to create nuanced and country-specific analyses of country fragility. This instability assessment is then supplemented with relevancy and impact assessments. The resulting net assessment can serve to inform the strategic, sectoral, and programme level planning and response options of an international actor.



“

²⁸ The methodological framework presented below was developed by the Country Indicators for Foreign Policy (CIFP) project at Carleton University, Ottawa, in part, to respond to the specific needs of the Government of Canada as a whole, to meet the challenges posed by fragile states in an analysis-led and policy coherent manner. However, like any robust methodology, the framework is flexible and can be generalised and adopted by other donor governments interested in implementing a more analytical and integrated approach to fragility.



To determine where a country resides on the fragility spectrum, CIFP has developed a methodology, relying on structural data, to create an assessment of all countries on the basis of their performance on over one hundred indicators.

3.2 Structural Indicators

Presented here are the initial results of CIFP's state fragility index. The current analysis uses data from more than 70 indicators that have been selected from an initial list of more than 100, with indicators selected on the basis of their relation to state fragility and their level of country coverage. In addition to the assessment of a state's relative levels of authority, legitimacy, and capacity, each country profile includes a cluster-based summary of state performance. Cluster areas include governance, economics, security and crime, human development, demography, and environment. Like its predecessor the CIFP conflict risk index, the fragility index employs a methodology of relative assessment. In ranking state performance on a given indicator, global scores are divided into nine equal groups, and converted to a 9-point index. The best performing ninth of states receive a score of 1, the second ninth a score of 2, and so on. For example, the countries with the highest GDP per capita score a 1, while those with the lowest GDP score a 9. Since relative country performance 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. The most recent five years contained in the CIFP data set are used for this index. In addition, scores are modified to reflect positive or negative trend lines, as well as excessive volatility. Once all indicators have been indexed using

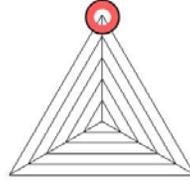
this method, the results for a given country are then averaged to produce its final score. In calculating particular dimensions of fragility – such as the authority component or human development cluster – only those indicators considered relevant are included in the average. In general, a high score – 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, poor economic performance, low levels of human development, or the presence of a destabilizing structural condition such as a significant youth bulge or a critical lack of arable land. 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
Highest 5%	Country among worst global performers

CIFP analysis of state fragility begins with the understanding that, to function effectively, any state must exhibit three fundamental properties: authority, legitimacy, and capacity. These terms are explained in detail below, along with their implications for the analysis of state fragility and failure. Obviously, they are constructs, reflecting the functions of a state and its component parts. The three dimensions are inextricably interlinked; shortfalls in any one dimension will have implications for a given state’s functionality along the other two. ALC scores provide insight into the relative fragility of a state. The results of the ALC assessment not only indicate the presence of weakness, but indicate the type and extent of that weakness, thus assisting policymakers both in the initial decision to engage and in subsequent discussions regarding the form any engagement should take.

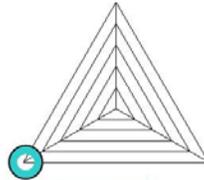
**Essential Properties of a State:
Authority**

The power to enact binding legislation over a population, possession of a monopoly over the legitimate use of force on national territory, and the capability to provide a stable, secure environment in which public, private and civil society interests can be realized.



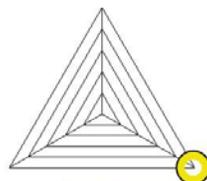
**Essential Properties of a State:
Legitimacy**

The ability of a state to generate public loyalty, support, and acceptance of citizens through a voluntary, reciprocal arrangement of effective governance and citizenship, and the international recognition thereof.

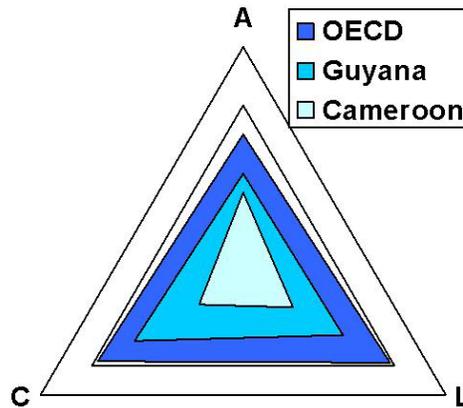


**Essential Properties of a State:
Capacity**

The power or faculty of a state of mobilize and use resources, a basic competence in political and economic management and administration, and in regulating domestic affairs and conducting international transactions.



Comparison of Guyana and Cameroon
ALC scores to the OECD average



The 40 top fragile states											
Country	Fragility Index	ALC Scores			Cross-cutting Theme	Indicator Clusters					
		A	L	C		Gender	Governance	Economics	Security and Crime	Human Development	Demography
Burundi	8.25	8.04	7.58	8.65	7.42	7.18	8.08	9.17	8.89	7.25	8.00
Congo (Kinshasa)	8.11	7.93	7.58	8.49	7.72	7.67	6.93	9.15	9.70	7.35	5.47
Afghanistan	7.89	9.06	8.42	6.68	..	9.56	6.00	9.53	7.78	7.57	4.33
Somalia	7.86	7.53	8.41	7.82	..	8.90	8.42	7.18	8.51	7.34	7.13
Liberia	7.84	6.18	8.82	8.64	8.52	9.22	7.58	7.20	8.91	6.78	5.40
Chad	7.81	6.79	8.13	8.43	9.33	7.96	7.04	6.89	9.83	7.57	4.87
Ethiopia	7.81	7.58	7.14	8.31	7.47	6.59	7.44	8.07	8.83	8.35	6.40
Cote d'Ivoire	7.79	7.74	7.89	7.79	8.51	7.83	7.09	7.46	8.64	8.15	6.40
Eritrea	7.73	7.04	7.91	8.14	7.00	6.93	7.45	7.68	9.02	7.49	6.07
Angola	7.73	7.98	7.66	7.55	6.62	7.62	7.21	7.88	9.28	7.58	4.00
Haiti	7.72	6.81	8.53	7.94	7.27	8.32	7.24	8.05	7.95	6.90	7.67
Kenya	7.60	7.46	7.68	7.66	8.60	7.32	7.25	6.98	8.40	8.30	6.67
Rwanda	7.55	6.27	7.47	8.51	6.42	6.93	6.74	6.47	8.69	8.43	8.20
Zimbabwe	7.54	6.77	8.33	7.76	7.62	7.49	8.21	6.79	8.40	6.05	6.27
Guinea-Bissau	7.52	6.66	7.42	8.25	8.38	6.93	8.11	5.43	8.60	8.40	4.67
Sierra Leone	7.50	6.55	7.22	8.46	7.60	7.38	8.18	5.70	8.46	7.33	6.00
Congo (Brazzaville)	7.49	6.70	7.57	8.02	7.06	7.68	7.47	6.69	8.17	8.23	4.20
Sudan	7.48	7.83	7.58	7.21	7.82	7.13	6.38	9.22	8.22	6.95	6.00
West Bank and Gaza	7.41	6.69	10.33	7.50	8.30	6.85	9.08	8.16	4.78	7.00	9.00
Nepal	7.37	6.58	7.76	7.71	7.42	7.63	6.69	8.28	7.73	7.34	6.00
Nigeria	7.33	7.19	7.46	7.37	7.64	7.19	6.65	7.02	8.08	8.30	6.67
Niger	7.28	5.61	7.09	8.63	9.07	6.92	7.58	3.22	9.16	7.70	6.67
Yemen	7.27	6.59	8.32	7.31	8.93	8.00	6.56	7.44	7.20	7.63	8.33
Uganda	7.24	7.38	6.50	7.51	5.33	6.51	6.11	7.38	8.27	8.95	6.67
Central African Republic	7.17	5.47	8.19	7.97	8.33	7.91	7.49	4.96	8.58	7.23	2.67
Mauritania	7.16	5.99	7.81	7.69	9.34	7.64	6.89	5.67	8.23	6.68	6.93
Guinea	7.15	5.97	7.56	7.92	7.40	7.40	7.36	4.87	8.94	6.90	4.93

Burkina Faso	7.00	5.50	6.39	8.28	7.90	5.61	7.16	3.25	8.94	8.40	5.00
Iraq	6.94	7.52	7.50	6.15	6.42	7.60	7.80	9.38	5.53	6.30	4.33
Tanzania	6.90	6.48	6.14	7.61	6.74	5.99	6.23	5.85	9.16	7.28	5.33
Malawi	6.89	5.87	6.29	7.90	7.42	5.78	7.84	3.52	8.45	8.43	7.00
Togo	6.83	5.50	7.54	7.48	8.17	7.56	6.56	4.26	8.21	6.98	6.33
Pakistan	6.82	7.08	6.43	6.83	6.11	6.47	6.01	8.58	6.44	7.34	6.73
Madagascar	6.81	5.06	7.24	7.83	7.94	6.68	6.88	4.89	8.15	7.74	5.00
Mozambique	6.79	5.53	6.12	8.05	6.80	5.05	7.23	5.05	9.20	7.15	3.67
Myanmar (Burma)	6.79	6.96	7.15	6.47	6.25	6.75	6.96	8.81	6.75	5.20	4.73
Bangladesh	6.77	6.25	7.68	6.72	7.76	8.25	5.77	7.68	6.48	7.03	4.33
Cameroon	6.77	6.02	7.06	7.23	6.60	7.28	6.52	5.56	7.81	7.48	4.33
Mali	6.76	5.40	6.34	8.01	9.02	5.73	7.13	4.14	9.34	7.20	4.33
Laos	6.67	5.83	7.05	7.15	6.16	5.93	7.11	6.41	7.14	7.00	3.67

The table above presents a list of the 40 top fragile states as calculated by the CIFP Fragility Index. For each state, the table includes the net fragility score, ALC scores, cluster scores, and the score for the cross-cutting theme of gender. The table below provides a list of the 20 most fragile states within the categories of authority, legitimacy, and capacity. These results provide clear evidence of the multifaceted nature of state fragility. While some states display weakness along virtually all dimensions, the situation for most is more complex, with states exhibiting elements of both stability and fragility.

On the basis of the fragility index, one may not only identify broad areas of relative strength or weakness, but drill down in detailed country profiles to identify the precise source of the phenomenon. This drill-down capability in turn assists in programming decisions and identifies areas or trends of concern that require further monitoring. In addition, the information provides a framework with which to evaluate policy effectiveness; this aspect of the methodology is discussed in further detail below. Ultimately, the results in tables 2 and 3 provide an important validation of the ALC framework, demonstrating its ability to capture a breadth and depth of state perform

These tables clarify the diverse challenges faced by various fragile states. A number of sub-Saharan African nations face serious problems arising from limited capacity. Some countries – including Mozambique, Mali, and several others that perform relatively well in areas of authority and legitimacy – face enormous challenges in terms of state capacity. Others, such as Colombia and Sri Lanka, score poorly in the area of authority as a result of the security challenges they

face, but perform relatively well in measures of capacity and legitimacy. Still others, such as Belarus, demonstrate problems with government legitimacy even as they continue to

Twenty most fragile states, by ALC Component					
Authority		Legitimacy		Capacity	
Afghanistan	9.06	West Bank and Gaza	10.33	Burundi	8.65
Burundi	8.04	Liberia	8.82	Liberia	8.64
Angola	7.98	Haiti	8.53	Niger	8.63
Congo (Kinshasa)	7.93	Afghanistan	8.42	Rwanda	8.51
Sudan	7.83	Somalia	8.41	Congo (Kinshasa)	8.49
Cote d'Ivoire	7.74	Zimbabwe	8.33	Sierra Leone	8.46
Ethiopia	7.58	Yemen	8.32	Chad	8.43
Somalia	7.53	Swaziland	8.23	Ethiopia	8.31
Iraq	7.52	Central African Republic	8.19	Burkina Faso	8.28
Kenya	7.46	Chad	8.13	Guinea-Bissau	8.25
Uganda	7.38	Eritrea	7.91	Eritrea	8.14
Colombia	7.26	Cote d'Ivoire	7.89	Mozambique	8.05
Nigeria	7.19	Equatorial Guinea	7.82	Congo (Brazzaville)	8.02
Indonesia	7.19	Belarus	7.82	Mali	8.01
Pakistan	7.08	Mauritania	7.81	Central African Republic	7.97
Eritrea	7.04	Nepal	7.76	Haiti	7.94
Iran	7.00	Kenya	7.68	Guinea	7.92
Myanmar (Burma)	6.96	Bangladesh	7.68	Malawi	7.90
Sri Lanka	6.95	Angola	7.66	Comoros	7.86
Haiti	6.81	Congo (Kinshasa)	7.58	Madagascar	7.83

maintain some degree of state authority and capacity. Similarly, certain countries face particular challenges in specific cluster areas. For instance, despite the presence of reliable governing institutions and robust economic development, many small states, particularly island nations such as St. Lucia, exhibit high levels of environmental stress. While all these countries may benefit from assistance provided by members of the international community, the nature of that assistance and its method of delivery clearly will vary widely in each case. While a number of states appear on more than one list, only three – the DRC, Eritrea, and Haiti – appear on all

Twenty most fragile states, by indicator cluster					
Governance		Economics		Security and Crime	
Afghanistan	9.56	West Bank and Gaza	9.08	Afghanistan	9.53
Liberia	9.22	Somalia	8.42	Iraq	9.38
Somalia	8.90	Zimbabwe	8.21	Sudan	9.22
Haiti	8.32	Sierra Leone	8.18	Burundi	9.17
Bangladesh	8.25	Guinea-Bissau	8.11	Congo (Kinshasa)	9.15
Tonga	8.08	Burundi	8.08	Myanmar (Burma)	8.81
Saudi Arabia	8.03	Solomon Islands	7.98	Russia	8.65

Yemen	8.00	Malawi	7.84	Sri Lanka	8.62
Chad	7.96	Iraq	7.80	Pakistan	8.58
Central African Republic	7.91	Zambia	7.63	Iran	8.51
Brunei Darussalam	7.83	Comoros	7.61	Colombia	8.35
Cote d'Ivoire	7.83	Liberia	7.58	Philippines	8.31
Azerbaijan	7.82	Niger	7.58	Nepal	8.28
Lebanon	7.78	Central African Republic	7.49	West Bank and Gaza	8.16
Tajikistan	7.70	Congo (Brazzaville)	7.47	Indonesia	8.11
Congo (Brazzaville)	7.68	Eritrea	7.45	Ethiopia	8.07
Congo (Kinshasa)	7.67	Ethiopia	7.44	Haiti	8.05
Mauritania	7.64	East Timor	7.44	Angola	7.88
Kazakhstan	7.64	Guinea	7.36	Azerbaijan	7.81
Iran	7.63	Kenya	7.25	Turkey	7.77
Human Development		Demography		Environment	
Chad	9.83	Uganda	8.95	Saint Lucia	9.20
Congo (Kinshasa)	9.70	Malawi	8.43	West Bank and Gaza	9.00
Mali	9.34	Rwanda	8.43	Andorra	9.00
Angola	9.28	Burkina Faso	8.40	Bahrain	9.00
Mozambique	9.20	Guinea-Bissau	8.40	Qatar	9.00
Niger	9.16	Ethiopia	8.35	Malta	9.00
Tanzania	9.16	Kenya	8.30	Yemen	8.33
Eritrea	9.02	Nigeria	8.30	Rwanda	8.20
Guinea	8.94	Congo (Brazzaville)	8.23	Burundi	8.00
Burkina Faso	8.94	Cote d'Ivoire	8.15	Saint Vincent and the Grenadines	7.70
Liberia	8.91	Ghana	7.90	Comoros	7.67
Burundi	8.89	Equatorial Guinea	7.90	Haiti	7.67
Ethiopia	8.83	Madagascar	7.74	Dominica	7.50
Rwanda	8.69	Niger	7.70	Somalia	7.13
Cote d'Ivoire	8.64	Yemen	7.63	Lebanon	7.07
Guinea-Bissau	8.60	Angola	7.58	Malawi	7.00
Central African Republic	8.58	Chad	7.57	El Salvador	7.00
Gambia	8.52	Afghanistan	7.57	Sri Lanka	7.00
Somalia	8.51	Cape Verde	7.51	Bahamas	7.00
Sierra Leone	8.46	Eritrea	7.49	Ghana	6.93

three. This intriguing fact both underscores the variety of ways in which states exhibit fragility, and demonstrates utility of the ALC methodology in isolating and clarifying those varied experiences. These three states face challenges beyond those of other developing states; should members of the international community hope to engage such states effectively, their efforts must be carefully planned, closely coordinated, and well funded. States that appear on one or two of the lists also face particular challenges that require carefully tailored policy approaches. International engagement in Iraq, Colombia, or Sri Lanka obviously must take careful note of the volatile security situations in each country. Conversely, international development programs in states

such as Mali, Mozambique, and Chad must make government capacity and human development a priority, aside from any considerations of security. Though all are in some ways fragile, all require unique policy approaches. In the table above the diversity between and within lists is notable, reinforcing the point that no single index can capture the full measurement of state performance. No country appears on all six lists, or even on five. While a number of countries appear on two or three lists, only a few – including Ethiopia, Somalia, and Burundi – appear on four. The information provided by the CIFP assessment methodology identifies the particular challenges faced by each country listed providing invaluable information to policy makers attempting to engage these states effectively. To cite just one example, Yemen is among the top 20 states in terms of its legitimacy gap. It is also among the top 20 states in terms of governance, demography, and environment. Clearly, any development program that does not take into account all these areas of state weakness has little hope of success. Simply put, policymakers must take the particular pattern of fragility in a given state into account when crafting their engagement strategies; to do otherwise is to invite ineffective and even destabilizing policy.

Correlation of fragility index components					
Index component	Number of indicators	Fragility Index	Authority	Legitimacy	Capacity
Authority	24	0.83			
Legitimacy	16	0.84	0.58		
Capacity	34	0.94	0.62	0.75	
Gender	8	0.74	0.40	0.75	0.77
Governance	12	0.77	0.57	0.93	0.64
Economics	19	0.79	0.49	0.75	0.85
Security and Crime	13	0.68	0.91	0.56	0.41
Human Development	19	0.91	0.69	0.63	0.94
Demographics	8	0.83	0.60	0.61	0.87
Environment	3	0.29	0.11	0.31	0.33

Correlation of selected indicators to fragility index				
Country	Fragility Index	Authority	Legitimacy	Capacity
Absolute poverty (% of population living on less than \$1 a day, World Bank, data taken from most recent year)	0.66	0.36	0.33	0.78
CIRI empowerment human rights index (2004)	-0.54	-0.48	-0.69	-0.38
CIRI physical integrity human rights index (2004)	-0.60	-0.73	-0.54	-0.41
Freedom House Press Freedom Index (2004)	0.65	0.55	0.81	0.50

Freedom House civil and political rights index (2003)	0.64	0.52	0.78	0.51
Fund for Peace failed state index (2006)	0.89	0.79	0.89	0.78
Gender development index (UNDP, 2003)	-0.91	-0.68	-0.75	-0.96
GDP per capita (WDI, 2003)	-0.85	-0.60	-0.86	-0.82
Gender empowerment measure (UNDP, 2003)	-0.82	-0.67	-0.86	-0.75
GINI (WDI, most recent year)	0.45	0.31	0.35	0.49
Human development index (UNDP, 2003)	-0.90	-0.63	-0.70	-0.95
Infant mortality (2003)	0.81	0.58	0.62	0.85
Military spending (% GDP, 2002)	0.24	0.24	0.30	0.17
Foreign aid per capita (OECD, 2004)	-0.08	-0.25	-0.09	0.07
Foreign aid as % GNI (OECD, 2004)	0.48	0.17	0.29	0.60
Political stability (WB Governance database, 2004)	-0.81	-0.83	-0.75	-0.64
Polity IV Democracy-Autocracy index (2003)	-0.47	-0.27	-0.67	-0.40
Square of Polity Democracy-Autocracy index (2003)	-0.72	-0.53	-0.70	-0.70
SIPRI armed conflict database	0.21	0.38	0.08	0.12
Slum Population (% total urban)	0.78	0.61	0.56	0.80
Trade openness (2002)	-0.29	-0.34	-0.16	-0.27
Youth Unemployment (2001)	0.30	0.28	0.41	0.19

3.3 Events Monitoring

The purpose of CIFP event monitoring is to observe and report on events within a country to better understand the dynamic trends affecting processes and country performance. 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:

How direct is the impact of the event on state stability (Causality)

How broad is the impact of the event? (Scope)

How intense is the event, in comparison with past events in the country? (Intensity)

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

Causality

1) Event does not directly influence 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.

Escalation

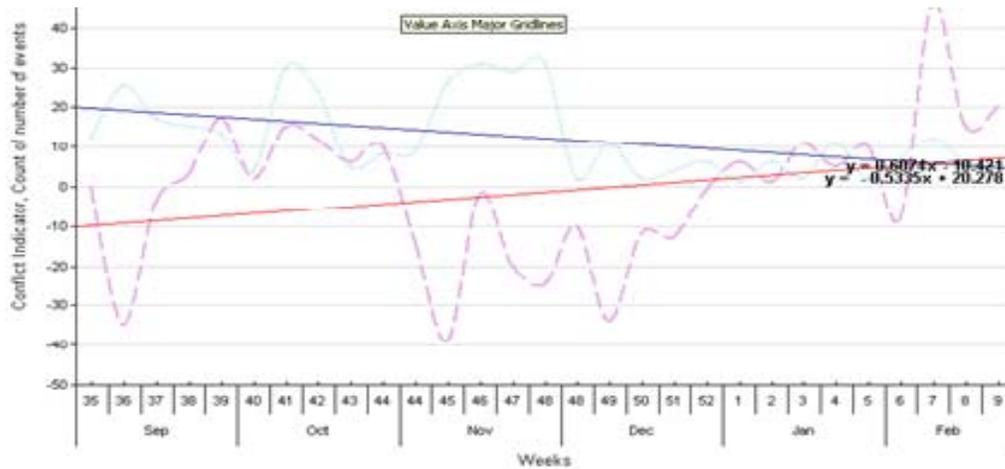
1) Event is comparable to others experienced in the state in the previous six months.

2) Event is more intense than others experienced in the state in the previous six months.

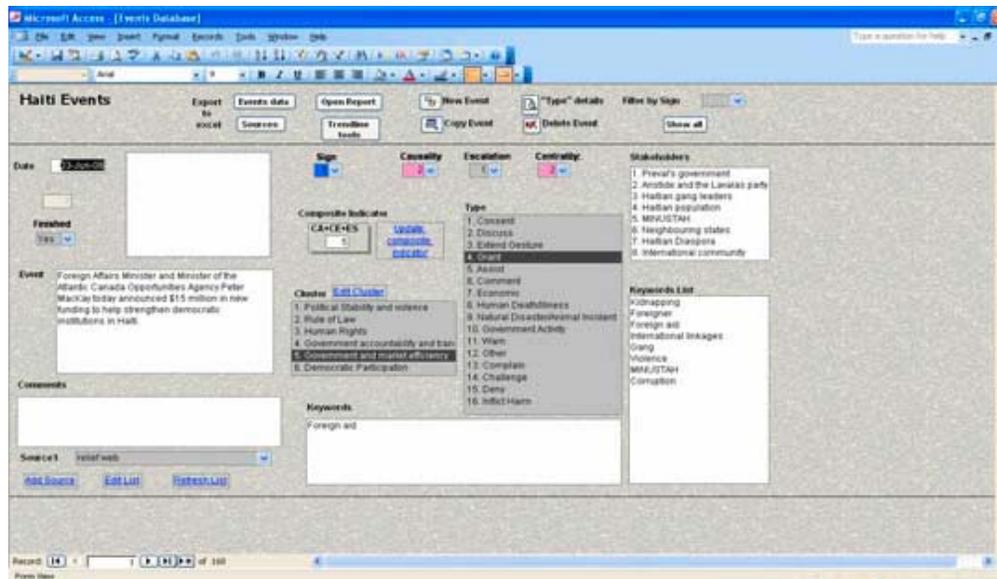
3) Event is more intense than others experienced in the state in the previous five years.

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. 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.



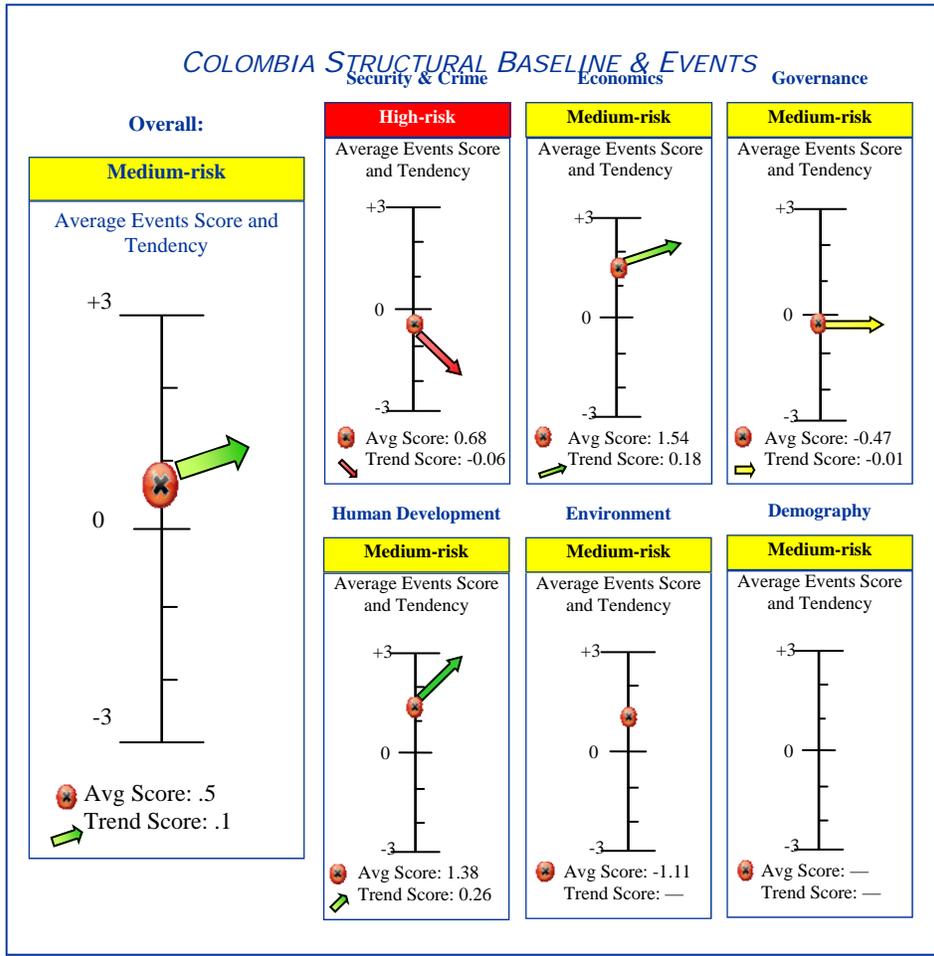
Web-based interface for events coding



The figure below combines structural and event data at the sectoral level. The overall level of risk is determined using CIPF’s structural database, while the event barometers are produced using observations collected over a six month period extending from September 2006 to February

2007. As part of its events analysis, CIFP observes and analyzes all events reported on a given country from a variety of information sources – both domestic and international – over a given period, and uses that information to further understanding of emerging trends in the country.ⁱ The barometer indicates both the average score of events during the period, both aggregately and broken down by sector, as well as the event trend line for each cluster, defined as the slope of the ordinary least squares regression line of the weekly event average over the full observation period. Put more simply, the arrow indicates whether events tended to become increasingly stabilizing or destabilizing over the period observed. In the case of security and crime, the news was bad and getting worse; in economics and human development the news was good and getting better; while in governance the status quo persisted. When combined with structural data, the resulting analysis provides a generally comparable, yet contextualized portrait of a given state's fragility.

COLOMBIA STRUCTURAL BASELINE & EVENTS
 Security & Crime Economics Governance



4. Synthesis and Impact

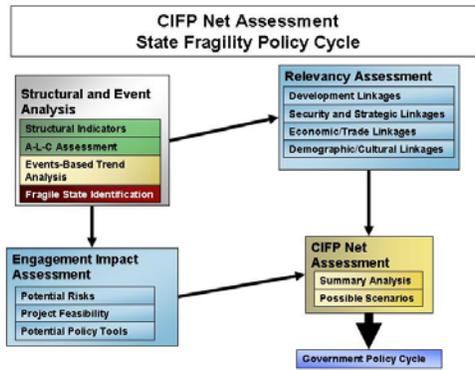
Once analysis is complete, the assessment framework can feed into policy analysis at both the strategic and operational level. Strategically, such assessments allow policymakers to evaluate the strengths and weaknesses of a given state, specify entry points where the international community might profitably direct its energy and resources, and provide a metric with which to measure fragile state performance over time in comparison to itself and others. Such analyses seek to answer the following questions for policymakers: what are the priority countries? Where can the international community respond most effectively? Which department(s) should lead/contribute to the response? How should resources be allocated? At

the operational level, a monitoring capability that informs operational goal-setting and measure policy effectiveness. Typical questions at the operational level include: where/what are the primary sources of instability? How do recent events/trends affect policy formation and implementation? Are policies having an impact? Though both sets of questions may be answered using the same basic data, they require substantively different approaches to analysis.

In addition to the broad comparative indices, CIFP also produces detailed assessments for each country in the fragility index (see accompanying Fragility Report). These country profiles enable users to drill down to the level of individual indicator, assisting efforts to assess performance in specific subject areas. The detailed reports provide insight into the nature of the particular risks facing a given country; it also highlights areas of relative strength – those areas ripe for increased investment.

Obviously, an index cannot provide complete answers to all the issues outlined above. However, it does open a new avenue of inquiry, presenting researchers with the opportunity to quantitatively explore the phenomenon of state fragility. The underlying database – comprising more than 96,000 points of data covering 191 countries – provides a rich resource to test many fundamental assumptions regarding the causes and effects related to state fragility and failure. The following section begins that effort, presenting some initial statistical results.

The structural ALC analysis forms only one element of a much larger assessment framework. As the following diagram indicates, the full CNA includes event monitoring, Delphic consultation of expert opinion, as well as an assessment of potential policy relevance and effectiveness. When integrated into government decision-making processes, these elements combine to provide a rich informational resource to policy officers across all government departments.



international best practice in fragile states places particular emphasis on the need for fully integrated analysis and engagement in fragile states. To be effective, government policy must be coordinated across all relevant departments; moreover, that policy must be informed by timely and comprehensive risk assessment. Without a shared understanding of both the nature of the problems facing a given state and the likely solution to those problems, engagement is likely to be at best ineffective, and at worst counter-productive. Finally, the fragility index provides some indication of the location and types of engagement that third parties will face in the medium to long term. Despite the best efforts of local and international leaders, some of today's fragile states will become tomorrow's failed states, requiring robust international engagement, including military intervention. Even as the index provides guidance to government agencies as they work to strengthen weak and vulnerable states, it can also provide DND and other government agencies involved in long-term planning with information regarding how and where forces and other government resources may be required to deploy in the future. This information will doubtless be of great utility to agencies requiring significant lead time when formulating and implementing recruitment and procurement strategies.

