Global Developments in State Failure
A Brief Analysis of the Failed States Index 2005-2010

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Summary

Analysis of the Failed States Index (FSI) over the period 2005-2010 shows a fairly constant level of global state failure.[1] This re-emphasizes the long-term nature of state failure and suggests it is likely to retain a central position on development, political and security agendas. Seventy percent of the FSI top 10 countries are African. The Democratic Republic of Congo (DRC), Sudan, Somalia, Iraq and Chad consistently show the highest levels of state failure. International community contribution varies among the fifteen countries that held a place in the FSI top 10 from 2005-2010. Few of these countries receive more Official Development Assistance (ODA) than the average fragile state; a majority hosts a UN political or peacekeeping mission. Movement in and out of the FSI top 10 between 2005-2010 was limited. Five countries entered: Pakistan, Afghanistan, Zimbabwe, CAR and Guinea-Conakry. Increases in their level of state failure do not generally occur on the same indicators. This underlines the diverse nature of state failure and suggests the need for a multifaceted approach. However, in this group of entrants (particularly Pakistan, Zimbabwe and Guinea-Conakry), there are some notable similarities. Three indicators stand out: "refugees and internally displaced persons creating complex humanitarian emergencies", "group grievance or paranoia" and "sharp economic decline". Five countries left the top 10: Liberia, Sierra Leone, Yemen, Haiti and Côte d'Ivoire. The countries that left the top 10 most convincingly, that is, those that fell further away from the top 10, show decreases on a broader range of failure indicators than those that slipped just outside the top 10. Liberia and Sierra Leone, the countries that moved most decisively out of the top 10, show significant and simultaneous decreases in state failure on three indicators: "quality of public services", "sharp economic decline" and "human rights violations". This offers tentative input for the debate on the focus of external support to such states. Finally, comparing the FSI with Dutch fragile state policy suggests that the Netherland's list of focus countries should be broadened. Based on this analysis, several countries that are currently treated as regular development cooperation partners - Bangladesh, Ethiopia, Kenya, Uganda and Yemen - should be engaged from a failed state perspective.

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[1] It must be noted that the term "failed states" is highly contested. This paper only uses the term because it is used by the Fund for Peace (FfP) in its annual "Failed states index", which this article factually analyzes. The FfP is one of the few institutions that use this term.

1. Introduction

State failure is a global challenge: it impedes or even reverses development and causes significant negative externalities.[2] If one takes the Millennium Development Goals (MDGs) as an indicator of developmental progress, failed states are making the least progress and, in some cases, are even losing ground.[3] For instance conflict and violent crime put a heavy strain on development.[4] This matters globally because the affected population is about half of the total population of all developing countries.[5] Illicit financial flows, global crime, illegal trade (drugs and arms in particular) and terrorist groupings thrive in the governance voids, uncontrolled territories and areas where the rule of law is weak. Such circumstances are often prevalent in failed states.[6]

Against such a backdrop this paper analyzes the Failed States Index[7] (FSI) of the Fund for Peace (FfP) over the period 2005-2010. The aim here is to gain further insights into the phenomenon of state failure to better inform policy formulation. The results hereof are contextualized against international policy debates and insights where possible. Clearly, the term ''failure'' is contested and has stronger normative connotations than the term ''fragility''. This is why international organizations and countries commonly refer to state "fragility".[8] Nevertheless, as this paper analyzes the FSI, it employs the terms ''state failure''

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[2] For instance: OECD, ''Concepts and Dilemmas of State Building in Fragile Situations: From Fragility to Resilience'', OECD/DAC Discussion Paper, *in: Off-print of the Journal on Development,* Volume 9, No. 3, 2008; Collier (P.), *The Bottom Billion*, Oxford University Press, 2007; UNODC, *The Globalization of Crime – A Transnational Organized Crime Threat Assessment*, New York, 2010; Institute of Development Studies, Non-Conflict Armed Violence, Rethinking Models of Conflict and Conflict Resolution, in: *Horizon series issue 2*, 2010.

[3] OECD, *The MDG Deficit in Conflict-Affected and Fragile States*, 2010a; OECD, *Accelerating Progress towards the MDGs in Conflict-Affected and Fragile Settings*, 2010b; United Nations: http://www.un.org/millenniumgoals/

[4] The estimated annual cost of a new conflict is over $64 billion. The annual cost of violent crime and interpersonal violence stands at ca. $163 billion per year: House of Commons (International Development Committee), *Conflict and Development: Peacebuilding and Post–conflict Reconstruction*, Sixth Report of Session 2005–06, Volume I, United Kingdom, London, October 2006; Collier (P.), Chauvet (L.) and Hegre (H.), *Conflict: The Security Challenge in Conflict-Prone Countries*, Copenhagen Consensus Challenge Paper, April 2008; Geneva Declaration, *The Global Burden of Armed Violence*, Geneva 2008.

[5] World Bank, *World Development Report 2011* (forthcoming). Numbers exclude China, Russia and India.

[6] UNODC, 2010; OECD, *Resource Flows to Fragile and Conflict-Affected States*, Paris, 2010c, pp. 134- 138

[7] The analysis in this paper is based on the quantitative data contained in the Failed States Index (FSI) that is published annually by the Fund for Peace (FfP) since 2005 (http://www.fundforpeace.org). FSI data have also been used regularly for articles in Foreign Policy (http://www.foreignpolicy.com/failedstates).

[8] Muggah recently observed: ''The phenomenon of fragility is more easily described than defined. Its causes and characteristics are surprisingly diverse with most descriptions focusing on the extent to which weak governments are unable or unwilling to deliver core services'': Muggah (R.), ''Chapter 2: Stabilising Fragile States and the Humanitarian Space'', in: *Adelphi Papers*, 50: 421, pp. 33-52. The OECD holds that: ''Fragile and conflict-

and "failed state" so as to align with the terminology of the FfP.[9] The FfP does not offer a definition, but provides the following description: ''A state that is failing has several attributes. One of the most common is the loss of physical control of its territory or a monopoly on the legitimate use of force. Other attributes of state failure include the erosion of legitimate authority to make collective decisions, an inability to provide reasonable public services, and the inability to interact with other states as a full member of the international community. [...] States can fail at varying rates through explosion, implosion, erosion, or invasion over different time periods.''[10]

Most of the world considers pervasive insecurity, underdevelopment, corruption and disrespect for human rights undesirable.[11] As these issues are related to state failure, the last decade has seen increasing focus on this topic. For instance, the African Union (AU) increased its peacekeeping and conflict resolution capabilities while most major donors now have a failed, failing or fragile states policy in place. At the same time it is recognized that levels of state failure increase or decrease over decades in relation to a complex set of causes and consequences. The result is a volatile mix that easily triggers relapse.[12] In addition, societies can be engineered only to a modest extent. External influence is especially limited.[13] As a consequence, there are no proven policy approaches and the international community struggles to mobilize the resources and political savvy needed to engage meaningfully and in a timely manner.

The Failed States Index uses 12 indicators to measure individual state vulnerability to collapse or conflict. The indicators cover a wide range of ''state failure risk elements'', such as extensive corruption and criminal behavior, inability to collect taxes, large-scale involuntary dislocation of the population, sharp economic decline, group-based inequality, institutionalized persecution or discrimination, severe demographic pressures and brain drain. Each indicator has a scale of 0 to 10 (0 representing the lowest level of state failure (most stable) and 10 the highest (least stable). The total score per country is the sum of the scores on each of the 12 indicators, and is placed on a continuum of 0-120. The scores do not claim predictive or causal value, but rather reflect the pressure that exists on a state at a given point in time. The FSI subsequently ranks states on their individual scores so that they can be compared. Finally, the FSI uses four broad categories of state failure: "sustainable" (FSI scores from 0-30), "moderate" (FSI scores from 30-60) "warning" (FSI scores from 60-90), and "alert" (scores from 90-120).[14]

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affected states are those states that have weak capacity to carry out basic functions of governing their population and territory, and lack the ability to develop mutually constructive and reinforcing relations with society. In fragile settings legitimacy may be a highly contested notion, with multiple and conflicting sources of legitimacy competing for space. Understanding the sources of legitimacy must be central to external interventions in statebuilding efforts.'' (OECD, *Building Stable States: Policy Guidance for Good International Engagement*, executive summary, Paris, 2010d).

[9] A more in-depth discussion on the merits of the term ''state failure'' is left outside of the scope of this paper.

[10] Fund for Peace website (consulted 23 November 2010):
http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=102&Itemid=891##2a

[11] As evidenced normatively by the UN charter, in particular the preamble and articles 1 and 55.

[12] For instance: OECD, 2008, 2010d; Collier, 2007.

[13] North (D.), Wallis (J.) and Weingast (B.), *Violence and Social Orders: A Conceptual Framework for Interpreting Recorded Human History*, CUP, Cambridge, 2009; Easterly (W.), *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, Penguin Books, London 2006; OECD, 2010d.

[14] See website FfP (consulted 15 September 2010):
http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=102&Itemid=891

The analysis offered in this paper has clear limitations. First, the FSI is only one of a number of indices that attempt to measure state failure. Comparable sources include The Brookings Institute's Index of State Weakness and the World Bank's Low Income Countries Under Stress (LICUS) methodology. An advantage of the FSI is that its findings are public and its methodology has been consistently applied, enabling data comparison over time. Second, a word of caution is needed since the FSI only reflects developments over the last six years. This is a rather brief interval for a phenomenon that may take decades to arise or subside. Care should therefore be taken with drawing conclusions from the data. Third, the FSI is almost purely quantitative in nature and lacks explanatory insight. The FSI methodology is further discussed in annex 1.

The paper is structured according to the following schema: section 2 provides a snapshot of the global picture of state failure. Sections 3-5 focus on entry into and exit from the top 10 states with the highest degree of state failure. Both sections are based on a general analysis of the FSI. Section 6 uses FSI data to analyze Dutch fragile states policy from 2007-2010. Finally, section 7 offers suggestions for further investigation.

2.   The global picture: Stable failure

The issue of state failure has been rising steadily on the international development agenda over the past decade. The forthcoming World Development Report (WDR, 2011) of the World Bank (WB) is expected to reinforce this by strongly endorsing the need to engage in situations of state failure, conflict and security, albeit in a more focused and sophisticated manner. This was not always the case. In fact, the current set of Millennium Development Goals (MDG's) do not mention fragility, conflict or security. Nor is the MDG discourse necessarily receptive to these issues yet. However, it would be surprising if the forthcoming High Level Forum on Aid Effectiveness in Busan (Korea) does not explicitly address and recognize the centrality of fragility and conflict for aid and development. The international interventions in Iraq and Afghanistan have also done much to ensure that the set of fragility-conflict-security issues has obtained a central place on the political and security agendas of countries that have significant global influence, for instance, the United States and its Western allies.

FSI data presented in Figure 1 show that the number of countries showing significant levels of strain (those that the FSI classifies in the "alert" and "warning" categories) is fairly constant for the period 2005-2010.[15] The average total score of state failure of both categories (not depicted in Figure 1) is also fairly constant at ca. 83-84 on a scale of 0-120. This implies that, taken together, the countries in these categories averaged about 70% of their maximum ''potential for failure''.

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[15] The FSI of 2005 was limited to 76 countries in the ''warning'' and ''alert'' categories only. Subsequently, the indices for 2006-2010 were significantly expanded, both with new countries and new categories. This makes comparison with 2005, and to some extent with 2006 ("warning" category), more difficult at the aggregate level (for more detail: see annex 1).

Figure 1: Overview of the number of countries classified by the FSI in the sustainable, moderate, warning and alert categories over the period 2005-2010
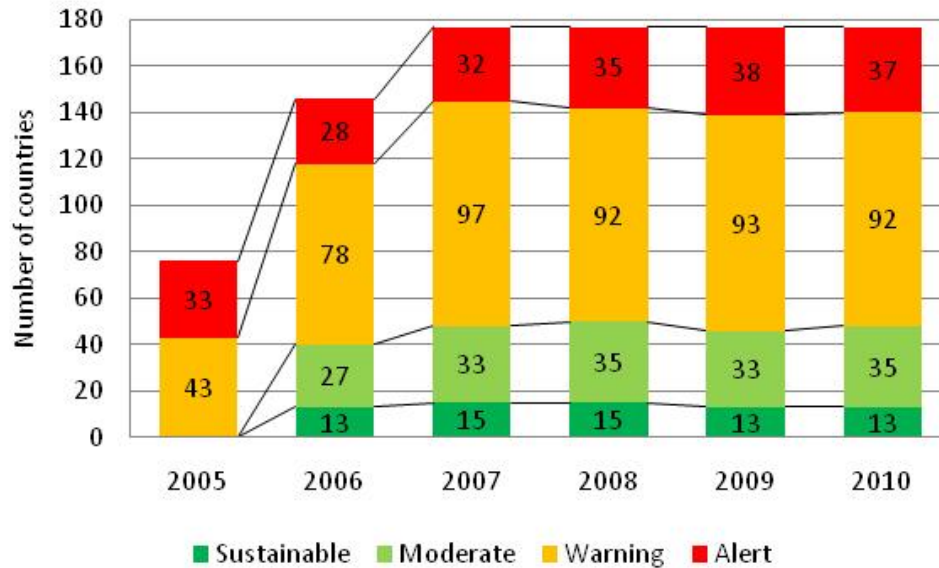
Source: Based on FSI 2005-2010, FfP.

Although the six-year time period under scrutiny is short, the observation confirms that, when considering all states collectively, the phenomenon of state failure does not change swiftly (a more in-depth look at the top 10 most failed states below confirms this).[16] Most donors seem to recognize the persistent character of state failure and have taken a corresponding long-term view. Policy documents typically consider state failure to be a gradual phenomenon that, with exceptions, is likely to take decades to develop or recover from. Hence, they call for long periods of reliable engagement, tend to emphasize incremental change and try to manage expectations of what can be achieved by underlining the complexity of state failure.[17] Yet donor countries' domestic political debates and programming suggest that high expectations of what can be achieved in limited timeframes remain.[18]

> **Box 1: Programming implications**
>
> A long term view of state failure requires programs to run for longer than the 2-4 years typical of current aid programming. Incremental approaches, supported by deep analysis, an ability to learn and flexibility to adapt are critical to achieve results against the rapid succession of events in many failed states. The short timeframes of many donor country strategies and the overestimation of external influence – observable in e.g. the *Afghan National Development Strategy* - show tension between policy and reality.

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[16] Pritchett and De Weijer, for instance, demonstrate that fragile states will take between 10-40 years at the minimum to cross several thresholds of fragility (Pritchett (L.) and De Weijer (F.), *Fragile states: Stuck in a capability trap?*, WDR 2011 background paper, World Bank, November 2010

[17] For instance: United Nations, *Report of the Secretary-General on Peacebuilding in the Immediate Aftermath of Conflict*, A/63/881–S/2009/304, New York, 11 June 2009; DFID, *Eliminating World Poverty: Building Our Common Future*, London, July 2009; Danish Ministry of Foreign Affairs, *Peace and Stabilisation – Denmark's Policy towards Fragile States 2010-2015*, Copenhagen, 2010.

[18] The growing political demand (in for instance the UK and the Netherlands) on donor agencies to show what results they achieve with the funds entrusted to them should, in principle, be welcomed. Yet meaningful debate on this matter requires a high tolerance for results being described as part of a long-term process of political and socio-economic transformation rather than as part of quarterly corporate business scorecards. In addition, OECD data show that Country Programmable Aid (CPA: the portion of aid donors spend as direct programming aid in favor of specific countries and regions) over the period 2005-2012 fluctuates with 5-15% per year (OECD, *2010*

3.   The top 10 most failed states

Although the FSI is much larger and richer, sections 2, 3 and 4 focus on its top 10 for two reasons. First, the top 10 is the most problematic and urgent set of failed states within the FSI's "alert" category. Over the period 2005-2010, the top 10 represented on average ca. 30% of the total number of countries in the alert category (see table 6, annex 1). It is, so to speak, the visible part of the iceberg of state failure. Second, it represents a limited list of countries that, potentially, are significant enough to test whether a closer look at FSI data can generate useful policy insights. However, it must be kept in mind that entering or moving out of the top 10 does not necessarily reflect a significant increase or decrease in a state's level of failure. A change in classification from the "alert" to the "warning" category (or vice versa) provides a better way to gauge a country's stability. As a result, a next step of this type of research could be to conduct a similar analysis across the entire alert and warning categories. Table 1 compares the top 10 countries of the FSI in 2005, 2008 and 2010:

Table 1: Composition of the top 10 of the Failed states index in 2005, 2008 & 2010

2005 (compared with 2008)	2008 (compared with 2005)	2010 (compared with 2008)
(1) Cote d'Ivoire	(1) Somalia	(1) Somalia
(2) DRC	(2) Sudan	(2) Chad
(3) Sudan	(3) Zimbabwe **(entry) (4)**	(3) Sudan
(4) Iraq	(4) Chad	(4) Zimbabwe
(5) Somalia	(5) Iraq	(5) DRC
(6) Sierra Leone **(exit) (28)**	(6) DRC	(6) Afghanistan
(7) Chad	(7) Afghanistan **(entry) (6)**	(7) Iraq
(8) Yemen **(exit) (15)**	(8) Cote d'Ivoire **(exit) (12)**	(8) CAR
(9) Liberia **(exit) (33)**	(9) Pakistan **(re-entry) (10)**	(9) Guinea **(entry)**
(10) Haïti **(exit) (11)**	(10) CAR **(entry) (8)**	(10) Pakistan
40% exit	**40% entry, 10% exit**	**10% entry**

How to read this table: Numbers in brackets in front of a country name denote its rank in that particular top 10. ''Entry'' denotes a country's first appearance in the top 10. ''Exit'' denotes disappearance from the top 10 in the subsequent year. Bold numbers in brackets following a country name denote its rank in the 2010 FSI. Underlining denotes constant presence in top 10 FSI in 2005, 2008 and 2010. Source: Based on the FSI 2005-2010, FfP.

OECD Report on Aid Predictability: Survey on Donors' Forward Spending Plans 2010-2012, Paris, 2010e). Depending on the causes of such fluctuation, this does not necessarily represent the type of reliable engagement required for delivering results in failed states.

It could be assumed that, given their extent of failure, these top 10 countries attract particular political attention, development aid and international intervention. Although this may be true in a collective sense, there is a notable difference among the individual countries. As two proxy indicators for the level of international attention, Table 2 presents, per country, the net ODA spending (absolute and relative to average spending per fragile state) and the presence of either a UN Department for Peace Keeping Operations (DPKO) mission or a UN Department for Political Affairs (DPA) mission.

Table 2: Overview of ODA expenditure (absolute and relative, 2008) and UN DPKO / DPA mission presence (2010) in countries featuring in the top 10 FSI over the period 2005-2010.

Country	Net ODA (million $, current prices, 2008)	Difference with the average failed state (ODA of $ 805 mln)	Name of the UN DPKO or DPA mission present
(1) Cote d'Ivoire	604	-201	UNOCI
(2) DRC	1592	+787	MONUSCO (MONUC)
(3) Sudan	2277	+1472	UNMIS / UNAMID
(4) Iraq	3192	+2387	UNAMI
(5) Somalia	750	-55	UNPOS / [AMISOM]
(6) Sierra Leone	368	-437	UNIPSIL
(7) Chad	415	-390	MINURCAT
(8) Yemen	312	-493	--
(9) Liberia	658	-147	UNMIL
(10) Zimbabwe	609	-196	--
(11) Afghanistan	4648	+3843	UNAMA
(12) Pakistan	1450	+645	--
(13) CAR	235	-570	MINURCAT / BINUCA
(14) Guinea-Conakry	168	-637	--
(15) Haiti	906	+101	MINUSTAH
	Average of **$ 1212 mln ODA**	40% of top 10 receives more ODA than average failed state	18 missions worldwide, **12 in 11 of out 15 failed states in top 10**

Sources: OECD 2010b, UN DPKO website (http://www.un.org/en/peacekeeping, list of operations, consulted 25 November 2010), UN DPA website (http://www.un.org/wcm/content/site/undpa/main/about/field_operations, consulted 16 January 2011). Excluding classic missions (truce and ceasefire monitoring), there are ten DPKO missions active worldwide. Eight of those operate in the FSI 2005-2010 top ten. In addition, there are eight country-specific DPA missions active worldwide. Four of those operate in the FSI 2005-2010 top ten. There are also three regional DPA missions and four envoys, none of those are active in FSI top 10 countries.

In 2008, the average FSI top 10 country received USD 407 million more in ODA expenditure than the average fragile state. Yet the breakdown of this figure per country shows that actually only 40% of the 15 countries featured in the top 10 from 2005-2010 received more ODA expenditure than the average fragile state. The average is somewhat skewed by very high concentrations of ODA expenditure in just three countries: **Afghanistan, Iraq and Sudan**. On the flipside of the coin, Guinea and CAR, and to a lesser extent Sierra Leone, Chad and Yemen received ODA well below the fragile states average. **Yemen, Zimbabwe, Pakistan and Guinea-Conakry** are the four failed states in the 2005-2010 FSI top 10 without a DPKO or DPA mission (26%, or 4 out of 15 states). In summary, applying these two criteria generates a mixed picture. The minority of the fifteen countries in the FSI top 10 2005-2010 received more ODA than the average fragile state. However, the

majority hosted a DPA or DPKO mission. Hence, on average, the countries with the highest FSI level of state failure do not seem to trigger the correspondingly highest levels of ODA.

A few additional observations stand out. First, 70% of the FSI top 10 2005-2010 are African countries. This suggests that in Africa, more than elsewhere, conditions conducive to state failure may prevail. However, the two countries that receive the highest levels of international attention and a disproportionate share of ODA (compared to the average failed state) are non-African: Iraq and Afghanistan. Donor countries seem to perceive state failure in Iraq and Afghanistan as more relevant (e.g. to international stability or their national interests) than state failure in Africa. Second, five countries appear in the top 10 in 2005, 2008 and 2010: the DRC, Sudan, Iraq, Somalia and Chad. In other words, 50% of the top 10 is, to date, static. Of these "entrenched five", Chad receives ODA allocations well below the average for failed states.[19] The remaining 50% of the top 10 appears to be open only to limited entry and exit. Third, over the period 2005-2010 there have been five new entrants into the top 10: Zimbabwe, Pakistan, Afghanistan, Guinea-Conakry and CAR. The especially swift entrance of Pakistan, and to a lesser extent that of CAR and Zimbabwe, stand out (Figures 3 and 4 below). Afghanistan and Guinea-Conakry slid more gradually into the top 10. Fourth, over the same period there were also five exits from the top 10: Liberia, Sierra Leone, Yemen, Haiti and Cote d'Ivoire. Of these five, Liberia and Sierra Leone left swiftly. Yemen followed the same path until 2007, but has been dragged back towards the top 10 since. Haiti and Cote d'Ivoire have distanced themselves from the top 10 only marginally (Figure 2 below). Recent events in both countries suggest, however, that the risk of relapse is real.[20] The FSI 2011 may well see these states back in the top 10.

Figures 2-4 compare the levels of state failure of individual countries in the FSI top 10 over the period of 2005-2010.

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[19] OECD, 2010c, p. 9; Rogerson (A.) and Steensen (S.), ''Aid Orphans – Whose Responsibility?'', *OECD Development Brief Issue 1*, October 2009.
[20] See for instance recent articles on www.opendemocracy.net

Figure 2: Overview of the countries and their rank that made up the FSI top 10 in 2005 and of how their ranks developed over the period 2006-2010
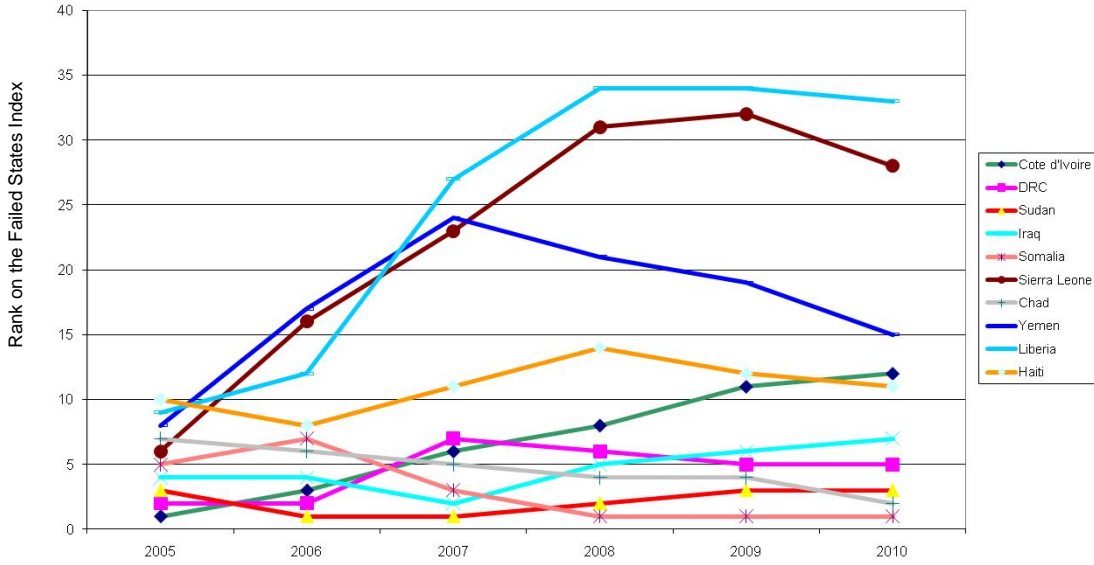
Source: Based on FSI 2005-2010, Fund for Peace. An upward sloping line depicts a decrease in state failure
Figure 3: Overview of the 2008 FSI top 10 countries and their rank in the periods of 2005-2007 and 2009-2010
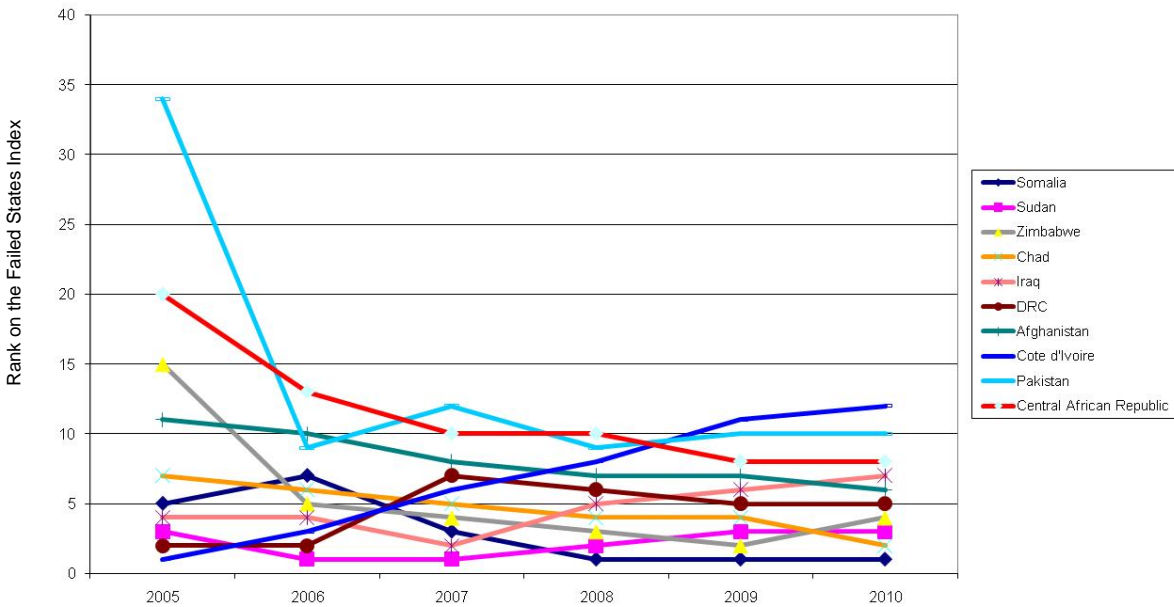
Source: Based on FSI 2005-2010, Fund for Peace. An upward sloping line depicts a decrease in state failure

Figure 4: Overview of the countries and their rank that made up the FSI top 10 in 2010 and of how their ranks developed over the period of 2005-2009

Source: Based on FSI 2005-2010, Fund for Peace. An upward sloping line depicts a decrease in state failure

The subsequent two sections investigate how the indicator scores of the countries that entered into and exited from the top 10 developed over the period of 2005-2010. It places a particular focus on the year that the country entered or exited the list.

4.   Entry into the top 10

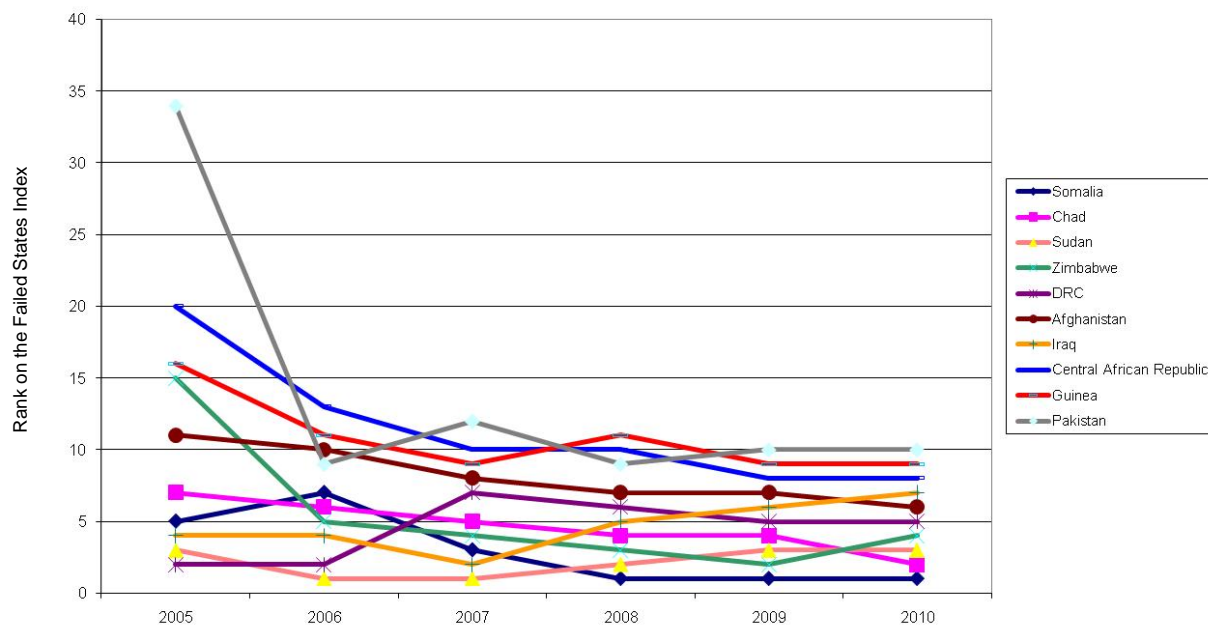The five entrants into the top 10 from 2005 to 2010 are: Pakistan, Afghanistan, Zimbabwe, CAR and Guinea-Conakry. Table 3 presents a snap shot of the pivotal year, the first year of entry. It reports the number of indicators that marked significant relative changes, as well as which indicators shifted. Although Pakistan and Guinea-Conakry enter, exit and re-enter into the top 10 in the period 2005-2010, their second entry has not been taken into account as their exit margin was low and re-entry occurred almost immediately (Figure 4).

Table 3: Significant <u>relative</u> changes and indicators involved for each top 10 entry country prior to and after entry (2005-2010)

	Pakistan (entry in 2006 & 2008)		Afghanistan (entry in 2006)		Zimbabwe (entry in 2006)		CAR (entry in 2007)		Guinea-Conakry (entry in 2007 & 2009)	
	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved
Before entry	5 (4+, 1-)	+1,2,3,6 -7	3 (2+, 1-)	+2,3 -1	8 (all +)	+2,3,4,6 7,8,9,12	4 (all +)	+2,4,5, 12	7 (5+, 2-)	+2,3,6,8, 12 -1,4
After entry	1 (all -)	-6	7 (all +)	+1,6,7,8, 9,10,11	1 (all +)	+11	3 (all +)	+2,4,8	2 (all +)	+9,10
Total	6	5	10	9	9	9	7	5	9	9

<u>*How to read this table:*</u>
Significant is defined as a change of • +/-10% when comparing indicator scores in a country's year of entry with its scores in 2005 (pre-entry period), and when comparing its indicator scores in 2010 with its scores in the year of entry (post-entry period). Example (red box): Five significant changes in Pakistan's level of state failure occurred before its entry into the top 10. Of these five changes, four are increases in its level of failure (+) and one is a decrease (-). A single significant change can be observed after entry: a decrease in its level of state failure. The four significant pre-entry increases occurred on indicators 1, 2, 3 and 6. The single pre-entry decrease occurred on indicator 7 and the single post-entry decrease on indicator 6. Table 3 is based on table 6 in annex 2. *Source: Author's calculations using 2005-2010 FSI data of the FfP.*

Two key findings stand out from analyzing entry into the top 10. **First, state failure has many faces.** All entrants feature significant increases in their level of state failure across a range of different, and occasionally coinciding, indicators (on average 4.6 indicators, with a range of 2 to 8 indicators). In this subset of cases, there is no example of a rapid increase in state failure reflected by a single indicator. Afghanistan is somewhat of an anomaly as its level of state failure increased significantly on only two indicators prior to its entry. Overall, a high

degree of diversity can be observed in the different trajectories of countries as they enter the top 10. For instance, Pakistan shows very high increases on four indicators ("mounting demographic pressures", "refugees and IDP's", "legacy of group grievance" and "sharp/severe economic decline"), which results in a dizzying descent into failure (see Table 3). In contrast, Zimbabwe shows much smaller increases over a much broader range of eight indicators ("refugees and IDP's, "legacy of group grievance", "human flight", "sharp/severe economic decline", "criminalization or delegitimization of the state", "quality of public services", "human rights violations" and "external influence"), reflecting another steep but more comprehensive fall (see Table 3). Guinea-Conakry, finally, features a modest fall, reflected mainly on five indicators ("refugees and IDP's", "legacy of group grievance", "sharp/severe economic decline", "quality of public services" and external influence") with high increases over a longer period of time (see Table 3).[21] This variety of experiences supports existing policies and analysis that tend to view state failure as a complex issue with many drivers.[22]

From the perspective of external support, this observation confirms that the international community needs to have access to early warning systems capable of monitoring a broad range of state and society developments, as highlighted in David Nyheim's recent analysis of early warning and response systems.[23] Similarly, it suggests that halting or reducing state failure requires the ability to engage in a relatively broad set of areas in an integrated manner and on the basis of context-specific analysis. Since this demands a high degree of organizational coherence, strategic alignment with partners and dedicated resource allocation (human and financial), it raises significant challenges for donors and multilateral agencies. Despite the wide recognition hereof, exemplified by *Whole of Government* thinking and terminology, the actual operationalization of this approach, in standardized working practices and methods, has been uneven and imperfect.[24]

Second, against the backdrop of this diversity, **three indicators stand out, repeatedly showing significant and simultaneous increases in state failure prior to entry.** This cluster consists of social indicator 2: **''Massive movement of refugees or internally displaced persons creating complex humanitarian emergencies''**, social indicator 3: **''Legacy of vengeance-seeking group grievance or group paranoia''** and economic indicator 6: **''Sharp and/or severe economic decline''**. Prior to entry, Pakistan,

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[21] Pakistan fell 25 ranks in the period 2005-2006 (from FSI rank 34 to 9). Significant increases in its level of state failure are visible on 4 indicators with very high scores (demographic pressures +86%, refugees and IDPs +86%, legacy of group grievance +25% and severe economic decline +112%, collectively averaging 77%). Zimbabwe fell 10 ranks in the period 2005-2006 (from FSI rank 15 to 5). Significant increases in its level of state failure are visible on 8 indicators, each of which increased on an average of 21%. Guinea-Conakry fell 6 ranks in the period 2005-2007, which is mainly reflected in 5 indicators that each featured an average increase of 35%.

[22] For instance: OECD, 2010d; see also the literature and practice on Political Economy analysis: De Zeeuw (J.), Van de Goor (L.) and Verstegen (S.), *The Stability Assessment Framework – Designing Integrated Responses for Security Governance and Development*, Clingendael Institute 2005; Collier, 2007; Rotberg (R.) ed., *When States Fail – Causes and Consequences*, Princeton University Press, Princeton, 2004.

[23] Nyheim (D.), *Preventing Violence, War and State Collapse – the Future of Conflict Early Warning and Response*, OECD, Paris, 2009, pp. 98-104

[24] OECD, *Whole of Government approaches to fragile states*, DAC Guidelines and reference series, Paris, 2006; Van de Goor (L.) and Van Veen (E.), 'Less Post-Conflict, Less Whole of Government and More Geopolitics?', in: Sedra (M.) ed, *The Future of Security Sector Reform*, Center for International Governance Innovation, Waterloo, 2010; Stewart (P.) and Brown (K.), *Greater Than the Sum Of Its Parts? Assessing "Whole of Government" Approaches to Fragile States*, International Peace Academy, New York, 2007

Zimbabwe and Guinea-Conakry feature significant increases in their level of state failure on *all* three of these indicators. Afghanistan features significant increases on social indicators 2 and 3. CAR only increases on social indicator 2 (Tables 3 and 6). This evident pattern should encourage, the international community to be particularly mindful of increases in state failure on these three indicators. It also suggests that, on the matter of entry into the top 10 over this period, the FfP's socio-economic indicators appear to be more indicative of state failure than its political indicators (see Table 5).

A closer look at this cluster offers some interesting observations. Prior to entry, social indicator 2 (refugees and IDPs) shows *a significant average increase of 42% across all top 10 entrant*s. Among entrants, significant increases in social indicator 3 (legacy of group grievance) only occur in tandem with increases in social indicator 2. Indicator 3 increased on average 26% among four of the five entrants before their entry into the top 10 (Pakistan, Afghanistan, Zimbabwe and Guinea-Conakry). The exception to this was CAR, which already maintained a high score of 8.8 out of 10 on this indicator. Finally, economic indicator 6 (sharp and/or severe economic decline) increases precipitously before entry with a *significant average increase of 78%* in Pakistan, Zimbabwe and Guinea-Conakry. Indicator 6 in Afghanistan is held at a score of 7.5 out of 10. It seems reasonable to assume that indicator 2 (refugees and IDPs) is a secondary indicator. That is, changes on this indicator are probably driven by primary changes in other areas. The observations above suggest that legacies of group grievance and economic decline may play a particularly relevant role in this interaction.

Two further findings emerge from the analysis of entry into the top 10. To start with, political indicator 12: **''Intervention of other states or external political actors''** shows a significant increase in Zimbabwe, CAR and Guinea-Conakry prior to entry (average of 20%). It is constant in Afghanistan at a maximum score of 10 out of 10. In Zimbabwe and Guinea-Conakry, it is another significant indicator to add to the aforementioned cluster of indicators 2 (refugees and IDPs), 3 (legacy of group grievance) and 6 (sharp economic decline). Although this only involves two of the five entrants, it would be worthwhile to analyze whether this cluster of indicators (2, 3, 6, and perhaps 12) is observed across a broader subset of FSI countries.

Finally, most of the significant increases in Afghanistan's level of state failure occur after its entry into the top 10. It features 7 such increases, 5 of which occur on political indicators ("criminalization of the state", "decrease in the quality of public services", "human rights violations", "increasing power of the security apparatus" and "factionalized elites"). In their work on political settlements, Brown and Grävingholt suggest that international support for political settlements that are locally perceived as lacking in legitimacy may create a backlash.[25] Further research would be needed to see whether Afghanistan might represent an interesting case in the context of this work, taking into account the effects of the large international military intervention and its manner of operating in the country.

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[25] Brown (S.) and Grävingholt (J.), *Political Settlements in Peacebuilding and Statebuilding*, framing paper, OECD, Paris, 2011, pp. 20-21 (forthcoming)

5.   Exit from the top 10

The five countries that left the top 10 over the period of 2005-2010 were: Liberia, Sierra Leone, Yemen, Haiti and Cote d'Ivoire. Similar to Table 3, Table 4 takes the year of their exit from the top 10 as the pivotal year and presents the number of significant relative changes in their level of state failure as well as the indicators involved. The countries leaving the top 10 actually consist of two subgroups. Liberia, Sierra Leone and Yemen decreased their level of state failure considerably over the period of 2005-2008. Yemen, subsequently, fell back more than half the ranks it gained in the preceding period.[26] After 2008, Liberia and Sierra Leone fell back a few ranks, but not as drastically. Haiti and Côte d'Ivoire, however, stayed within one or two ranks of the top 10 (Figure 2) and therefore should probably not be considered as countries that truly left the top 10.

Table 4: Significant <u>relative</u> changes and indicators involved for top each 10 exit country prior to and after exit (2005-2010)

	Liberia (exit 2006)		Sierra Leone (exit 2006)		Yemen (exit 2006)		Haiti (exit 2007)		Cote d'Ivoire (exit 2009)	
	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved	# of sig-nificant changes	Indicators involved
Before exit	**8** (3+, 5-)	+2,10,11 -1,4,6,8,9	**6** (1+, 5-)	+10 -6,8,9 11, 12	**5** (1+, 4-)	+9 -2,6,7,8	**3** (2+, 1-)	+4,10 -2	**4** (1+, 3-)	+3 -5,8,9
After exit	**5** (all -)	-2,3,6,9, 12	**4** (1+, 3-)	+8 -2,10,12	**5** (4+, 1-)	+1,2,3,9 -4	**4** (2+, 2-)	+2,6 -10,11	**0**	---
Total	13	10	10	7	10	8	7	5	4	4

Source: Author's calculations using 2005-2010 FSI data of the FfP.

Against this backdrop, two key findings stand out from analyzing exit from the top 10. **First, the countries that left the top 10 with a large margin show significant decreases in their level of state failure on a broader range of indicators than those that exited with lower margins.** Liberia and Sierra Leone each show significant improvement on 5 indicators (of which 3 overlap, see below), Yemen on 4, Côte d'Ivoire on 3 and Haiti on 2. In other words, relatively broad and integrated action seems required to convincingly reduce state failure when it has reached peak levels. This seems only logical given that, as noted above, state failure typically appears to be the result of failure on several intervening

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[26] In the period 2005-2008 Liberia and Sierra Leone both moved up the index by 25 ranks; Yemen moved up by 16 and feel down by 3 ranks in the same period. After 2008, Yemen fell back another 6 ranks, from 21 to 15.

indicators. It would be interesting to investigate what contributed to the broad reduction of state failure indicators in these countries.

Second, **three indicators show significant improvement prior to exit and more or less in tandem.** This cluster consists of political indicator 8: **''Progressive deterioration of public services''**, economic indicator 6: **''Sharp and/or severe economic decline''** and political indicator 9: **''Human rights violations''**. This is particularly the case for Liberia and Sierra Leone, which show simultaneous improvement on all three indicators prior to leaving the top 10. The combination of their improving economic situation, increasing quality of public services and 'sustained' exit resonates with the existing view that economic prospects and the conditions for trade and investment must improve in order to realize longer-term, sustainable reductions in state failure.[27] In addition, significant and simultaneous improvement in the quality of public services (indicator 8) and in the economic situation (indicator 6) occurs in Liberia, Sierra Leone and Yemen. Significant and simultaneous improvement in the quality of public services (indicator 8) and the level of human rights violations (indicator 9) occurs in Liberia, Sierra Leone and Côte d'Ivoire. These observations tentatively suggest that the international community should provide support on improving these three indicators. As public services and economic decline cover broad areas, more investigation is required to more precisely identify meaningful entry points for support and improvement.

Two further findings stand out from analyzing exit from the top 10. To start with, political indicator 10: **"Security apparatus as 'state within a state'"** increased (on average 14%) in Liberia, Sierra Leone and Haiti *prior to exit*. Moreover, this indicator decreased in these same three countries *after entry*. In Sierra Leon and Haiti the decrease was significant. It is hard to know what to make of this finding. One interpretation could be that the security apparatus solidifies to repress rising discontent. Such discontent could result from popular awareness of the relative deprivation that increases as state failure decreases. After all, increasing state stability shows that an improvement of circumstances is possible, but may still be out of reach for many in the population. Furthermore, before exiting the top 10, Yemen and Haiti both show a large significant decrease on social indicator 2: **''Massive movement of refugees or internally displaced persons creating complex humanitarian emergencies''** reflecting improvement (average 32%). However, a large increase on the same indicator is recorded after exit (average 29%), reflecting a relapse toward state failure.

Finally, entry into the top 10 tallies a total of 44 significant relative changes compared to 41 changes associated with exit from the top 10. However, the degree of correspondence between indicators and the magnitude of observable change on indicators is less pronounced in the group of countries that exited the top 10.

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[27] International Dialogue on Peacebuilding and Statebuilding, *Peacebuilding and Statebuilding Priorities and Challenges – A Synthesis of Findings from Seven Multi-Stakeholder Consultations*, OECD, Paris, 2010, pp. 27-28; OECD, 2010d, pp. 33-34

6. The FSI and Dutch fragile states policy

The preceding analysis has canvassed a broad picture of state failure on the basis of the FSI. Section 6 uses this picture and its insights to analyze the fragile states policy of the Netherlands. For the period of 2007-2010, Dutch foreign and development policies vis-à-vis fragile states were mainly based on two policy documents: *"Our common concern: Investing in development in a changing world"* (2007) and *"Security and development in fragile states: The Netherlands' strategy 2008-2011"* (2008).[28] Recently, the new government added a third document in the form of a letter to Parliament that outlines its approach to development cooperation for the next four years.[29] Although it sets out some key markers for development policy (discussed in more detail below) and will surely be followed up by a more elaborate policy paper, at this point it does not seem to change Dutch fragile states policy significantly.
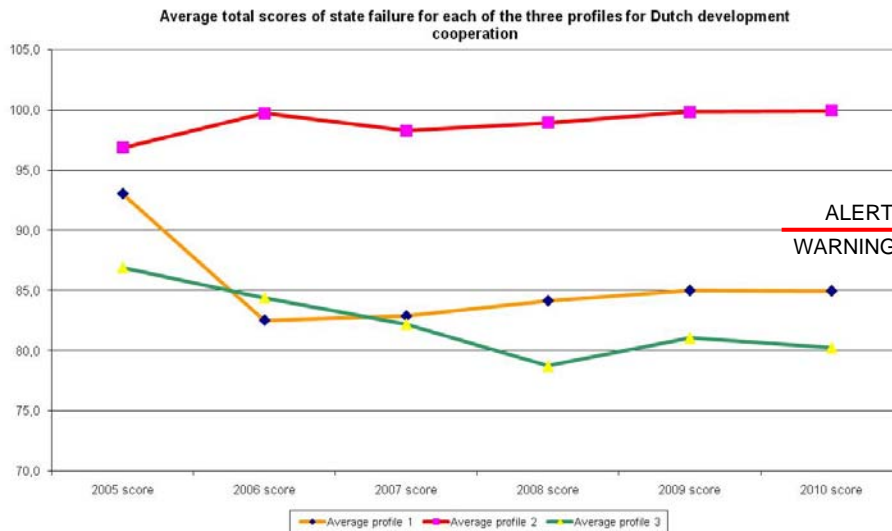
The white paper *"Our common concern"* differentiates three profiles to guide development cooperation with the 40 Dutch partner countries. Profile 1 "accelerated MDG achievement" is the basic framework for interaction with stable developing countries (17 of the 40). Profile 2 "security & development" provides the basic logic for dealings with fragile states (9 of the 40). And profile 3 "broad based relationships" guides relationships vis-à-vis countries where, next to developmental issues, trade and economic cooperation, for instance, also play a role (7 of the 40). In addition, there are a number of countries where Dutch development cooperation will be phased out (7 of the 40). The white paper highlights that these profiles are not carved in stone, but remain fluid and that tailor-made country-specific analysis is critical for effective aid. For the purpose of this paper, Figure 5 below reflects the average level of state failure for each of these three profiles over the period 2005-2010:[30]

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[28] Netherlands Ministry of Foreign Affairs, *Our Common Concern: Investing in Development in a Changing World*", White Paper on Dutch Development Cooperation 2007-2011, The Hague, 2007; Netherlands Ministry of Foreign Affairs, *Security and Development in Fragile States: The Netherlands' Strategy 2008-2011,* The Hague, 2008. Both documents use the label ''fragility'' and "fragile state" instead of ''state failure''.

[29] Ministerie van Buitenlandse Zaken [Ministry of Foreign Affairs], *Kamerbrief inzake Basisbrief Ontwikkelingssamenwerking* (inclusief bijlage) [letter to parliament concerning the outline of the government's approach of development cooperation, including annex], The Hague, 26 November 2010

[30] **Profile 1** (accelerated MDG achievement) contains: Bangladesh⋆, Benin, Bolivia⋆, Burkina Faso, Ethiopia⋆, Ghana, Kenya, Mali, Mongolia, Mozambique, Nicaragua, Rwanda⋆, Senegal, Tanzania, Uganda⋆, Yemen⋆, Zambia. **Profile 2** (security & development): Afghanistan, Burundi, Colombia, DRC, Guatemala, Kosovo SC Res.1244, Pakistan, Palestinian Territories, Sudan. **Profile 3** (broad relationship): Egypt⋆, Georgia⋆, Indonesia, Moldova, Vietnam, South Africa, Suriname. A star signifies that the country also faces security issues.

Figure 5:

Average total scores of state failure for each of the three profiles for Dutch development cooperation

NB: *Neither Kosovo nor the Palestinian Territories are included in the average score for profile 2 (as they are not included in the FSI). The 7 phase-out countries are not represented either, which brings the total number of countries included in the figure to 31. Source: Based on the FSI 2005-2010, FfP.*

Figure 5 shows a clear difference between the average FSI scores for profile 1 and 2; less so between profile 1 and 3. A fairly consistent difference of 15 FSI points separates the composite profiles 1 and 2. This supports the logic of using distinct profiles to guide engagement with different partner countries (as per the white paper). However, this deserves further nuance. Figure 6 provides a breakdown of all profile 1 countries against the composites for profile 1 and profile 2. Interestingly, there are two countries in profile 1 (MGD achievement) that have a FSI score equal to, or higher than, the average of profile 2 (security & development), namely Kenya and Yemen. Three more profile 1 countries, Ethiopia, Uganda and Bangladesh, are within five FSI points of the average profile 2 FSI score. All these profile 1 countries, with the exception of Kenya, were marked with a star in the white paper ''*Our common concern*'', indicating real or potential security issues. There is a 5 FSI point difference between Bangladesh and the next closest profile 1 country, Burkina Faso, which gravitates more closely towards the average profile 1 FSI score.

Figure 6:
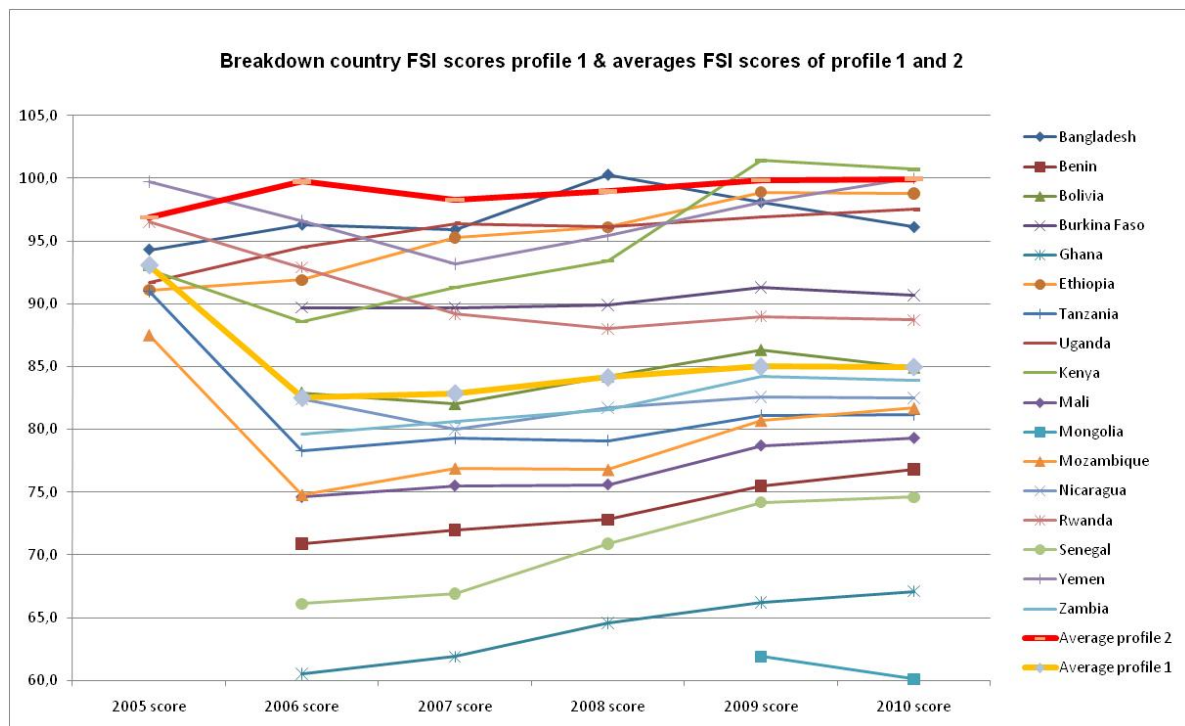
Breakdown country FSI scores profile 1 & averages FSI scores of profile 1 and 2

NB: *Neither Kosovo nor the Palestinian Territories are included in the average score for profile 2 (as they are not included in the FSI). The 7 phase-out countries are not represented either, which brings the total number of countries included in the figure to 31. Source: Based on FSI 2005-2010, FfP.*

Finally, figure 7 compares the FSI scores of all individual profile 2 countries and their average, with the FSI scores of the highest scoring profile 1 countries (Bangladesh, Ethiopia, Kenya, Uganda and Yemen). This leads to three observations. First, **Guatemala** and **Colombia** are closer to the average FSI score of profile 1 than that of profile 2. In 2010 Guatemala even scored below the average profile 1 FSI score. Second, **Sudan, the DRC and Afghanistan** score much higher than the average profile 2 FSI score. This corresponds with the static presence of Sudan and the DRC in the top 10 and with the ongoing increase of state failure in Afghanistan. Third, besides these outliers, all other Dutch development cooperation partner countries (profiles 1 and 2) score between 96 and 103 on the FSI.

Clearly, policy does not follow from indices and certainly not from just one of them. Nevertheless, on the basis of this comparison of FSI scores it seems pertinent to investigate how Dutch development assistance is delivered in **Bangladesh, Ethiopia, Kenya, Uganda and Yemen.** If development assistance in these countries is carried out in line with existing fragile states' policy, insights and practice, their profile classification on paper may just be a matter of domestic political convenience. If this is not the case, however, development assistance in these countries runs the risk of being ineffective in the best case or, at worst, doing actual harm

Figure 7:

Breakdown FSI scores of profile 2 countries and profile 1 countries with high FSI scores
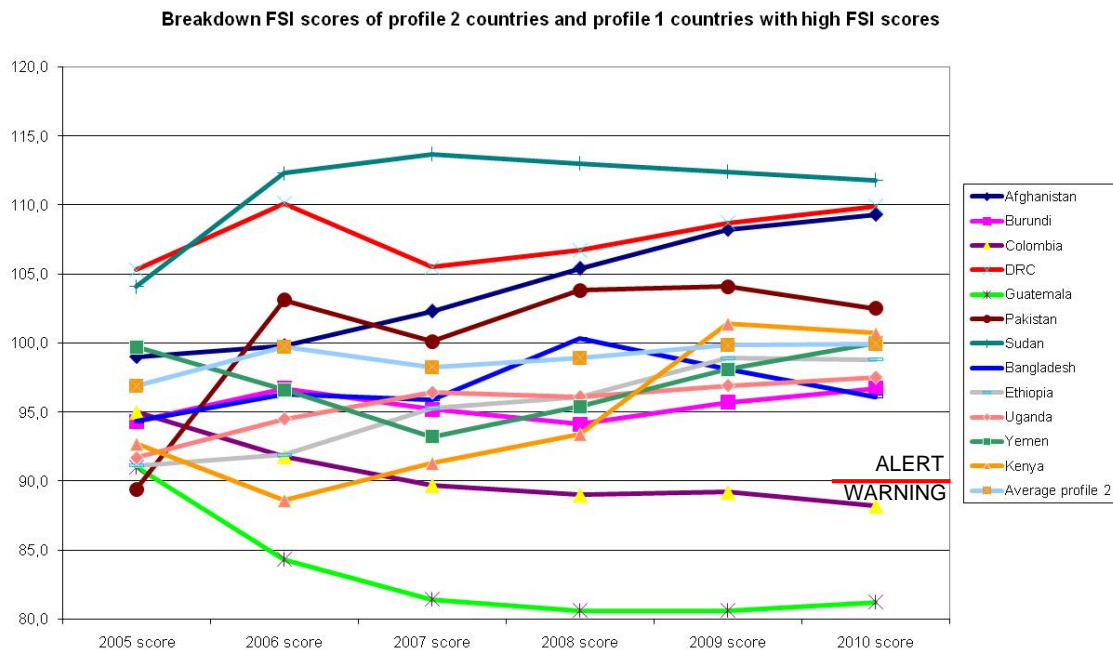
NB: Neither Kosovo nor the Palestinian Territories are included in the average score for profile 2 (as they are not included in the FSI). The 7 phase-out countries are not represented either, which brings the total number of countries included in the analysis to 31. Source: Based on FSI 2005-2010, FfP.

The recent letter to Parliament, which seems to have been chiefly inspired by the recent report of the Dutch Scientific Council (WRR) "*Less Pretention, More Ambition*"[31], suggests a significant review of Dutch development policy is in the making. Key markers for change set out by the letter include: the intention to reduce the number of sectors and countries in which the Netherlands seek to engage; a reduction in resources available; a shift from social to economic aspects of development; a more critical analysis of the added value of Dutch support as criterion for engagement; a review of the use of budget support and a more prominent role for Dutch businesses – whilst respecting the international ODA target of 0,7%; the OECD DAC guidelines for ODA classification; and a strong commitment to development cooperation in general. The issue of state failure and security seems to remain firmly on the Dutch agenda. As a result, this review of Dutch development policy (and, particularly, the envisioned reduction in the number of partner countries), offers an opportunity reassess how Dutch aid is conceptualized, organized and delivered in those five aforementioned countries. These countries are now classified as ''stable developing countries'', but in reality have sufficiently high FSI scores to be classified as "fragile states" according to profile 2 logic.

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[31] Van Lieshout (P.), Went (R.) and Kremer (M.), *Less Pretension, More Ambition – Development Policy in Times of Globalization*, Dutch Scientific Council for Government Policy (WRR), Report 84, Amsterdam University Press, Amsterdam, 2010.

7.   Further study

Finally, this section highlights a number of issues that, based on the preceding analysis, would be worthwhile to study in more detail. In particular:

Research why 70% of the FSI top 10 are African countries.
It is striking that African countries constitute such a large percentage of the FSI top 10. Although generalizations are dangerous in relation to a concept that is known to be very context-specific, it begs the question as to why this is the case. Such research could include:

- More analysis of Africa's connectivity with the global economy in terms of trade, investment and infrastructure. This is particularly interesting given the importance of the indicator reflecting economic decline / recovery. For instance, the G20 could task research institutes and think tanks accordingly, to help discuss and map strategies to achieve a higher degree of policy coherence between major investors, traders and providers of aid, including the West, India, Brazil and China.

- Obtaining a better understanding of the outbound and inbound effects of state failure in Africa. Inbound effects refer to global factors, such as a high demand for natural resources, large organized criminal networks and increasing resource scarcity. These factors may increase the risk of state failure, for instance by influencing the incentive sets that elites face. Outbound effects refer to the negative regional and global externalities that state failure produces. This is often assumed, but hard, structured data appears to be scarce. Such dynamics do not just occur in Africa, but their composition, magnitude or trends might differ from other regions, like Latin-America.[32]

Compare FSI top 10 entry and exit years with major events & interventions
It would be interesting if the Fund for Peace could complement publication of its more quantitative FSI analysis with a qualitative analysis. Such analysis could provide a headline narrative of key events and interventions in those states that show significant shifts in failure in a given year. This would help understand the interaction between isolated events and longer-term developments.

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[32] The OECD is well placed to lead such work in cooperation with partners such as UNODC, UN FCC and the International Conference on the Great Lakes Region, and is current initiating a preliminary analysis.

Conduct more research on specific FSI indicators

In addition, the Fund for Peace could enrich its analysis and the international understanding of state failure by:

- Investigating whether the simultaneous increase in state failure on the indicators **"refugees and IDPs", "legacy of group grievance"** and **"sharp economic decline",** which was observed in countries entering the top 10 over the period of 2005-2010, can be consistently found in a larger sample of FSI countries.
- Investigating whether the simultaneous decrease in state failure on the indicators **"quality of public services", "sharp economic decline"** and "**human rights violations",** which was demonstrated among countries decisively exiting from the top 10 over the period of 2005-2010 (such as Liberia and Sierra Leone), can be observed across a larger group of FSI countries.

Conduct more research on Afghanistan

Finally, and although the reasons may seem superficially obvious, more rigorous analysis as to why state failure increased so drastically in Afghanistan *after* its first appearance in the FSI top 10 could help gain more insight into the effects in a particular case of large-scale foreign intervention in support of a political settlement.

Annex 1: Methodology

Of the Failed States Index[33]

Indicators of State Failure

The FSI as designed by the Fund for Peace uses 12 indicators to measure a state's vulnerability to conflict or collapse. The rank of states is based on their total scores of the 12 indicators. For each indicator, the ratings are placed on a scale of 0 to 10, with 0 being the lowest intensity (most stable) and 10 being the highest intensity (least stable). The total score per country is the sum of the 12 indicators and, thus, is positioned on a scale of 0-120. The ratings do not forecast when states may experience violence or collapse (i.e. they have no predictive or causal value). Rather they reflect the pressure that exists on a state at a given point in time.

Table 5: The twelve FSI indicators to measure state failure as used by the Fund for peace.

Social	Economic	Political
Indicator 1: **Mounting Demographic Pressures** Indicator 2: **Massive Movement of Refugees or Internally Displaced Persons creating Complex Humanitarian Emergencies** Indicator 3: **Legacy of Vengeance-Seeking Group Grievance or Group Paranoia** Indicator 4: **Chronic and Sustained Human Flight**	Indicator 5: **Uneven Economic Development along Group Lines** Indicator 6: **Sharp and/or Severe Economic Decline**	Indicator 7: **Criminalization and/or Delegitimization of the State** Indicator 8: **Progressive Deterioration of Public Services** Indicator 9: **Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights** Indicator 10: **Security Apparatus Operates as a "State Within a State"** Indicator 11: **Rise of Factionalized Elites** Indicator 12: **Intervention of Other States or External Political Actors**
4 indicators	2 indicators	6 indicators

Source: http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=452&Itemid=900 (consulted 15th September 2010; for examples of each indicator (click on the ''pop-up'' buttons).

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[33] The text in this section has partially been copied from (consulted 15th September 2010):
http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=102&Itemid=891

To obtain the final scores for the Failed States Index, the Fund for Peace methodology triangulates data from three primary sources and subjects them to critical review. The main data collection methods are content analysis (electronic scanning), quantitative data gathering, and qualitative input. Aggregated data are normalized and scaled from 0-10 to obtain final scores for 12 social, economic and political/military indicators.[34]

Limitations

In addition to the limitations already highlighted in the introduction, it must be noted that territories where the status is not universally recognized, such as Kosovo or the Palestinian Territories, are not included in the FSI.

Of this paper

Four methodological choices have been made in this paper:

1. **This paper focuses on the FSI warning and alert categories in section 2.** The first FSI in 2005 only contained these two categories (warning and alert), yet it was expanded in 2006 to four categories (sustainable – moderate – warning – alert). This increased the number of countries included in the FSI. The top two categories of the index have mainly been used in this paper as they best reflect the countries where state failure is a serious problem. Table 6 provides a breakdown of the number of countries in each category for the period 2005-2010.

Table 6: Overview of the number of countries in the alert, warning, moderate and sustainable categories, plus the percentage that the top 10 is of the alert category (FSI, 2005-2010)

	2005	**2006**	**2007**	**2008**	**2009**	**2010**
Alert	33	28	32	35	38	37
Warning	43	78	97	92	93	92
Moderate	0	27	33	35	33	35
Sustainable	0	13	15	15	13	13
Total	76	146	177	177	177	177
% top 10 of alert category	30,3%	35,7%	31,3%	28,6%	26,3%	27%

Source: FSI 2005-2010, FfP

2. **It focuses on the FSI top 10 in sections 3, 4 and 5.** This is the case for two reasons. First, the top 10 is - according to the FfP rankings - the most problematic and urgent set of countries to focus on. Second, it represents a limited list of countries that, potentially, are significant enough to test whether a closer look at FSI data can generate useful policy insights.

3. **It defines significant absolute change as +/-1 on any indicator and significant relative change as +/-10% - compared with indicator scores in 2005 (before entry/exit) and the year of entry/exit (after entry/exit).** Countries that are part of or positioned around the FSI top 10 already feature high scores on most indicators. Hence,

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[34] For more information: *Frequently Asked Questions* (FfP website, in particular no.'s 3 & 12).

on a range of possible scores from 1-10, an absolute change of 1 on a given indicator seems to reflect sufficiently meaningful movement. +/-10% roughly corresponds with +/- 1.

4. **It focuses on significant *relative* changes in the analysis of sections 4 and 5**. This is the case because the FSI itself ranks states relative to each other, and because relative changes give a better sense of the meaning of the change compared to the level of state failure at the point of comparison.

Annex 2: An overview of absolute and relative changes in top 10 entry and exit countries

Table 3: An overview of absolute and relative changes per indicator for each top 10 entry country prior to and after its entry (2005-2010)

Factors	Pakistan (entry in 2006 & 2008)		Afghanistan (entry in 2006)		Zimbabwe (entry in 2006)		CAR (entry in 2007)		Guinea-Conakry (entry in 2007 & 2009)	
	Absolute Δ	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*
1. Mounting demographic pressures	2005-2006: +4,3 2006-2010: -1,2	+86% -13%	2005-2006: -1,1 2006-2010: +1,6	-12% +20%	2005-2006: +0,7 2006-2010: -0,3	+8% -3%	2005-2007: -0,1 2007-2010: +0,2	-1% +2%	2005-2007: -1,2 2007-2010: +0,5	-13% +6%
2. Refugees and IDP's	2005-2006: +4,3 2006-2010: -0,4	+86% -4%	2005-2006: +1,6 2006-2010: -0,4	+20% -4%	2005-2006: +0,9 2006-2010: -0,3	+11% -3%	2005-2007: +3,4 2007-2010: +0,9	+68% +11%	2005-2007: +1,4 2007-2010: +0,1	+23% +1%
3. Legacy of group grievance	2005-2006: +1,7 2006-2010: +0,8	+25% +9%	2005-2006: +1,1 2006-2010: +0,6	+14% +7%	2005-2006: +2,1 2006-2010: +0,3	+33% +4%	2005-2007: +0 2007-2010: +0,1	[8,8] +1%	2005-2007: +2 2007-2010: +0,1	+33% +1%
4. Human flight	2005-2006: +0,1 2006-2010: -0,2	+1% -3%	2005-2006: -0,4 2006-2010: +0,2	-5% +3%	2005-2006: +1,3 2006-2010: +0,7	+17% +8%	2005-2007: +2,5 2007-2010: +0,6	+83% +11%	2005-2007: -1,7 2007-2010: +0,3	-17% +4%
5. Uneven development	2005-2006: -0,1 2006-2010: -0,5	-1% -6%	2005-2006: -0,8 2006-2010: +0,2	-9% +3%	2005-2006: +0,2 2006-2010: +0,2	+2% +2%	2005-2007: +1,6 2007-2010: +0,6	+23% +7%	2005-2007: -0,5 2007-2010: +0,2	-6% +2%
6. Sharp and/or severe economic decline	2005-2006: +3,7 2006-2010: -0,8	+112% -11%	2005-2006: +0 2006-2010: +0,8	[7,5] +11%	2005-2006: +2,5 2006-2010: -0,2	+34% -2%	2005-2007: -0,6 2007-2010: +0	-7% [8,4]	2005-2007: +4 2007-2010: +0,4	+89% +5%
7. Criminalization or delegitimization of the state	2005-2006: -1,3 2006-2010: +0,4	-13% +5%	2005-2006: +0,2 2006-2010: +1,7	+3% +21%	2005-2006: +1 2006-2010: +0.7	+13% +8%	2005-2007: -0,7 2007-2010: +0	-7% [9,0]	2005-2007: -0,1 2007-2010: +0,2	-1% +2%
8. Quality of public services	2005-2006: +0 2006-2010: -0,2	[7,5] -3%	2005-2006: -0,1 2006-2010: +0,9	-1% +11%	2005-2006: +1 2006-2010: -0,1	+12% -1%	2005-2007: +0 2007-2010: +1,2	[8,0] +15%	2005-2007: +1,4 2007-2010: +0,1	+18% -1%
9. Human Rights violations	2005-2006: +0,4 2006-2010: +0,4	+5% +5%	2005-2006: +0,3 2006-2010: +1	+4% +12%	2005-2006: +2 2006-2010: +0	+27% [9,5]	2005-2007: +0 2007-2010: +0,6	[8,2] +7%	2005-2007: +0,5 2007-2010: +0,9	+6% +11%
10. Security apparatus as ''state within a state''	2005-2006: +0,1 2006-2010: +0,6	+1% +7%	2005-2006: +0 2006-2010: +1,5	[8,2] +18%	2005-2006: +0,4 2006-2010: -0,2	+4% -2%	2005-2007: -0,1 2007-2010: +0,8	-1% +9%	2005-2007: +0% 2007-2010: +1,3	[8,1] +16%
11. Factionalized elites	2005-2006: -0,2 2006-2010: +0,4	-2% +4%	2005-2006: +0 2006-2010: +1,4	[8,0] +18%	2005-2006: +0,6 2006-2010: +1	+8% +12%	2005-2007: -0,7 2007-2010: -0,2	-7% -2%	2005-2007: -0,2 2007-2010: +0,3	-2% +3%
12. External influence	2005-2006: +0,7 2006-2010: +0,1	+8% +1%	2005-2006: +0 2006-2010: +0	[10] [10]	2005-2006: +1,3 2006-2010: -0,5	+19% -6%	2005-2007: +2 2007-2010: +0,6	+29% +7%	2005-2007: +1 2007-2010: -0,7	+13% -8%

How to read this table: Significant changes have been marked in red or green. Significant is defined as an absolute change • +/-1 point (on a 1-10 scale) or a relative change • +/-10% on the score of any indicator. A minus (-) denotes a decrease in state failure, which is considered positive (marked green). A plus (+) denotes an increase in state failure, which is considered negative (marked red). Percentages are rounded off to full numbers. Comparisons are made between 2005 and the first time the country entered the top 10, and between the entry year and 2010. Figures in […] denote an identical absolute score at the start and finish of the period. Source: Author's calculations based on FSI 2005-2010, Fund for Peace.

Table 4: Absolute and relative changes per indicator for each top 10 exit country prior to and after its exit (2005-2010)

Factors	Liberia (exit 2006)		Sierra Leone (exit 2006)		Yemen (exit 2006)		Haiti (exit 2007)		Cote d'Ivoire (exit 2009)	
	Absolute Δ	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*	*Absolute Δ*	*Relative Δ*
1. Mounting demographic pressures	2005-2006: -1 2006-2010: + 0,4	-11% +5%	2005-2006: -0,5 2006-2010: +0,6	-6% +7%	2005-2006: +0 2006-2010: +0,8	[7,8] +10%	2005-2007: -0,2 2007-2010: +0,7	-2% +8%	2005-2009: +0,6 2009-2010: -0,2	+8% -2%
2. Refugees and IDP's	2005-2006: +1,5 2006-2010: - 1,1	+19% -12%	2005-2006: -0,1 2006-2010: -0,8	-1% -10%	2005-2006: -1,3 2006-2010: +1,6	-16% +24%	2005-2007: -3,8 2007-2010: +1,4	-48% +33%	2005-2009: -0,2 2009-2010: +0,2	-3% +3%
3. Legacy of group grievance	2005-2006: -0,3 2006-2010: -0,7	-4% -10%	2005-2006: -0,4 2006-2010: -0,4	-5% -6%	2005-2006: +0,6 2006-2010: +1,2	+9% +17%	2005-2007: +0,3 2007-2010: -0,7	+4% -9%	2005-2009: +1,3 2009-2010: -0,1	+17% -1%
4. Human flight	2005-2006: -1 2006-2010: + 0,4	-12% -6%	2005-2006: +0 2006-2010: -0,6	[8,9] -7%	2005-2006: +0 2006-2010: -1	[8,2] -12%	2005-2007: +4,6 2007-2010: +0,6	+135% +7%	2005-2009: -0,4 2009-2010: -0,2	-5% -2%
5. Uneven development	2005-2006: -0,4 2007-2010: -0,3	-4% -4%	2005-2006: +0 2006-2010: +0,1	[8,7] +1%	2005-2006: +0 2006-2010: -0,4	[9,0] -4%	2005-2007: -0,8 2007-2010: +0,1	-9% +1%	2005-2009: -0,9 2009-2010: -0,2	-10% -3%
6. Sharp and/or severe economic decline	2005-2006: -1,1 2006-2010: -0,9	-11% -10%	2005-2006: -1 2006-2010: -0,4	-10% -4%	2005-2006: -1 2006-2010: +0,1	-11% +1%	2005-2007: +0,3 2007-2010: +0,8	+4% +10%	2005-2009: +0,6 2009-2010: -0,3	+8% -4%
7. Criminalization or delegitimization of the state	2005-2006: +0,3 2006-2010: -0,7	+4% -9%	2005-2006: +0,5 2006-2010: -0,3	+7% -4%	2005-2006: -1 2006-2010: -0,1	-10% -1%	2005-2007: -0,2 2007-2010: +0,1	-2% +1%	2005-2009: -0,7 2009-2010: -0,1	-7% -1%
8. Quality of public services	2005-2006: +0,8 2006-2010: -0,5	-10% -6%	2005-2006: -1,1 2006-2010: +1,1	-12% +14%	2005-2006: -1,1 2006-2010: +0,4	-12% +5%	2005-2007: -0,8 2007-2010: +0,5	-8% +6%	2005-2009: -1,5 2009-2010: +0,3	-16% +4%
9. Human Rights violations	2005-2006: -1 2006-2010: -0,7	-12% -10%	2005-2006: -1,7 2006-2010: -0,2	-20% -3%	2005-2006: +0,8 2006-2010: +0,8	+13% +11%	2005-2007: +0,4 2007-2010: -0,8	+5% -9%	2005-2009: -0,9 2009-2010: -0,2	-10% -2%
10. Security apparatus as ''state within a state''	2005-2006: +0,8 2006-2010: -0,6	+12% -8%	2005-2006: +0,7 2006-2010: -1,1	+11% -16%	2005-2006: +0 2006-2010: -0,1	[9,0] -1%	2005-2007: +1,5 2007-2010: -1,1	+19% -12%	2005-2009: -0,5 2009-2010: -0,3	-6% -4%
11. Factionalized elites	2005-2006: +0,9 2006-2010: -0,7	+11% -8%	2005-2006: -0,9 2006-2010: +0,1	-11% +1%	2005-2006: +0 2006-2010: -0,2	[9,4] -2%	2005-2007: +0,8 2007-2010: -0,7	+9% -10%	2005-2009: -0,6 2009-2010: +0	-7% [8,5]
12. External influence	2005-2006: +0 2006-2010: -1,1	[10] -11%	2005-2006: -1 2006-2010: -1,1	-10% -13%	2005-2006: -0,1 2006-2010: +0,3	-1% +4%	2005-2007: -0,4 2007-2010: +0	-4% [9,6]	2005-2009: -0,3 2009-2010: -0,2	-3% -2%

Source: Author's calculations based on FSI 2005-2010, Fund for Peace.

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