

Analysis of Failed States: Some Problems of Definition and Measurement

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It has become a common claim that the gravest dangers to world security are no longer military threats from rival great powers, but rather transnational threats emanating from poorly governed countries.

Since the end of the Cold War, the international community has become increasingly preoccupied with the phenomenon usually named “state failure”, because state failure causes a wide range of humanitarian, legal, and security problems. Recent examples of failed states are familiar to all of us, from the total collapse of state institutions in Somalia and the disintegration of the former Yugoslavia to the varied crises in Rwanda, Haiti, Liberia, Congo, Sierra Leone, and Afghanistan. But how can we measure or define if a state is a “weak” or a “failed” state?

Due to the importance gained by this issue, several international organizations (World Bank, The Fund for Peace) and national institutions (U.S. National Security and the Commission on Weak States, United Kingdom’s Department for International Development) performed several surveys in this respect. This paper aims to identify and to analyze the ways to measure state failure and concludes with commentaries drawn on a contrasting perspective of three most renowned attempts (e.g. the Transformational Index of the Bertelsmann Foundation, the Governance Index of the World Bank, and the Failed States Index of the Foreign Policy Council).

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1. The concept of “failed states”

There is a growing recognition of the threat to international security posed by failed and fragile states, often marred by serious internal conflict that also has the potential of destabilising neighbouring states and providing ungoverned territory that can provide safe haven for terrorists. The inability of their governments to provide basic services is considered a significant contributory factor. Poorly performing developing countries are linked to humanitarian catastrophes; mass migration; environmental degradation; regional instability; energy insecurity; global pandemics; international crime; the proliferation of weapons of mass destruction, and, of course, transnational terrorism.

Academics and policy-makers have been interested in state failure since the beginning of the 1990s. The concept of state failure was popularised by Madeleine Albright and others at the United Nations in the early 1990s (Gross, 1996), although the political scientist Robert H. Jackson was writing about a similar topic – under the label of ‘quasi-states’ – even before 1990 (Jackson, 1987).

Other important early works on state failure include Helman and Ratner’s “*Saving Failed States*”, which was published in 1993 in *Foreign Policy* and argued for UN conservatorship in failed states (Helman and Ratner, 1993), and Kaplan’s influential 1994 *Atlantic Monthly* article, “*The Coming Anarchy*”, which described state failure in West Africa and darkly predicted that it would spread throughout the world (Kaplan, 1994).

Zartman’s (1995) edited work “*Collapsed States*” is the earliest book devoted entirely to state failure & collapse, while Gross (1996) attempted to construct a ‘taxonomy’ of failed states in 1996, placing them in *five categories*: ‘anarchic’, ‘phantom’, ‘anaemic’, ‘captured’, and ‘aborted’.

More recently, Baranyi and Powell (2005) argue that “conceptions of state fragility, weakness and failure converge around two ideas”. **First**, fragility refers to certain states’ inability and/or unwillingness to provide essential public goods like protection from external threats, rule of law and basic social services to most of their citizens. **Second**, fragility is a matter of degree - ranging from states that have ceased to exist in all but name and cannot provide protection or welfare to anyone, to certain states that can deliver most public goods to most of their citizens.

Despite the large body of scholarly writings on the subject, *there is no agreement on the definition of state failure*. The most widely accepted definition is that offered by Zartman (1995), who defines failure as occurring when “*the basic functions of the state are no longer performed*”.

Patrick (2006) considers that “state strength is a relative concept and can be measured by the state’s ability and willingness to provide the fundamental political goods associated with statehood: *physical security, legitimate political institutions, economic management, and social welfare*”. Many countries have critical gaps in one or more of these four areas of governance. In effect, they possess legal but not actual sovereignty. In the *security* realm, they struggle to maintain a monopoly on the use of force, control borders and territory, ensure public order, and provide safety from crime. In the *economic* arena, they strain to carry out basic macroeconomic and fiscal policies or establish a legal and regulatory climate conducive to entrepreneurship, private enterprise, open trade, natural resource management, foreign investment, and economic growth. In the *political* sphere, they lack legitimate governing institutions that provide effective administration, ensure checks on power, protect basic rights and freedoms, hold leaders accountable, deliver impartial justice, and permit broad citizen participation. Finally, in the *social* domain, they fail to meet the basic needs of their populations by making even minimal investments in health, education, and other social services.

Leading thinkers such as Fukuyama (2002) have said that, “since the end of the Cold War, weak and failing states have arguably become the single-most important problem for international order.” In Washington, Secretary of State Condoleezza Rice declared that nations incapable of exercising “responsible sovereignty” have a “spill-over effect in the form of terrorism, weapons proliferation, and other dangers” (quoted by Garfinkle, 2003).

In the United Kingdom, the Prime Minister’s Strategy Unit has advocated a government-wide approach to stabilizing fragile countries (PMSU, 2005), and Canada and Australia are following suit. The United Nations has been similarly engaged; the unifying theme of one series of proposals for the UN reform was the need for effective sovereign states to deal with today’s global security agenda. Kofi Annan remarked before the Council on Foreign Relations in New York in 2004 that, “whether the threat is terror or AIDS, a threat to one is a threat to all... Our defences are only as strong as their weakest link.” (Annan, 2004)

Recent studies were conducted by Patrick (2006), Krasner and Pascual (2003), Clemens and Moss (2005), François and Sud (2006), Malek (2006) and others. All agree that **state failure** causes a wide range of humanitarian, legal, and security problems.

Among the **international agencies / bodies** involved in the creation of a strategy applicable to failed states we can mention: the World Bank, USAID, the OECD DAC, AusAID, DFID, and selected UN agencies. Most of these agencies/bodies are leaders in the community of donors working on fragile states, and all have strong policies regarding failed states. Many studies were conducted by specialists from these organisations.

The report of the US-government-commissioned ***State Failure Task Force***, one of the most extensive studies of state failure, links state failure to widespread internal conflict that further destabilises an already shaky regime (State Failure Task Force, 2000). It may be argued

that weak or failed states provide opportunities for actors outside the government – whether religious fundamentalists, disaffected citizens, or merely opportunists seeking power – to attempt to seize the state apparatus by violent means. According to the State Failure Task Force (2000), the internal conflict can take various forms:

- ***Revolutionary wars.*** Episodes of sustained violent conflict between governments and politically organised challengers that seek to overthrow the central government, to replace its leaders, or to seize power in one region.
- ***Ethnic wars.*** Episodes of sustained violent conflict in which national, ethnic, religious or other communal minorities challenge governments to seek major changes in status.
- ***Adverse regime changes.*** Major abrupt shifts in patterns of governance, including state collapse, periods of severe elite or regime instability, and shifts away from democracy towards authoritarian rule.
- ***Genocides and politicides.*** Sustained policies by states or their agents, or, in civil wars, by either of the contending authorities, that result in deaths of a substantial portion of a communal or political group.

Recently, Malek (2006) considers useful to assume the existence of the state monopoly over all of the national territory a central factor of a state's effectiveness. In an effective state, there are neither separatist parts nor any areas "liberated" by rebels or regions constantly controlled by guerillas, warlords, and neighbouring countries, etc. "The division of a country's territory is clearly indicating the failure of a state – in contrast to categories like its legitimacy in the view of the population, the effectiveness of institutions, bureaucracy, corruption, and the functioning of the legal system, etc." (Malek, 2006). As those are mainly subject to individual perception and bound to various tradi-

tions and customs, they are much more difficult to be operationalized and assessed.

Table 1. **Characteristics of strong and weak or failed states** (Malek, 2006)

Characteristic	Strong state	Weak / failed state
State monopoly on use of force	exists	more or less absent
Sovereignty of state	high	low
Quality of democracy	high	low
Legitimacy of state and citizens' loyalty to it	high	low
Security	high	low
State control of territory	exists	more or less absent
State control of borders	exists	more or less absent
Effectiveness of institutions, infrastructure and bureaucracy	high	low
Disposition of means of physical violence	concentrated in the hand of the state and of persons authorized by it	illegally also in the hand of non-state players
Corruption and crime	low	high or out of control
Legal order	reliable	unreliable and ineffective
Economy	functioning	in more or less deep crisis
Demographic changes	slight and under con-	considerable and out

Characteristic	Strong state	Weak / failed state
	control	of control, enormous streams of refugees, mass emigration

Effects of failed states

In their paper “Promoting Stability and Development in Fragile and Failed States” François and Sud (2006) identified a series of **effects of failed states**:

Domestic effects

The domestic effects of state failure and collapse are severe. “When the state cannot or will not fulfil its core functions, citizens suffer”. State collapse is especially devastating, as the total disintegration of public authority usually leads to violent contestation over who will control the state and obtain the benefits that international recognition brings.

Citizens flee in massive refugee flows. The effects of civil war persist for years after the war ends; these include increased mortality rates, inflated military spending, capital flight, loss of social capital, and low economic growth (World Bank, 2003).

Neighbourhood effects

State failure and collapse also have strong regional effects. First, state failure itself can be contagious. The civil war that often accompanies state failure and collapse can easily spill over into neighbouring countries, leading to failure in those countries. Civil wars often ‘cluster’, as exemplified by Central America in the 1980s and the Balkans and African Great Lakes in the 1990s (World Bank, 2003). Secondly, state failure has large negative effects on economic growth in neighbouring countries. A recent World Bank study estimates that states sharing a border with a fragile or failed state – a ‘low-income country under

stress' or LICUS in the World Bank's terminology – have economic growth rates that average 1.6 percentage points lower than those in states which are not neighbouring (Chauvet and Collier, 2005).

Finally, another enormous regional cost of state failure is the spread of malaria and HIV/AIDS that accompanies refugee flows (World Bank, 2003).

Global effects

As the world becomes more and more interdependent, the global threats posed by state failure and collapse increase. When states lose control over what goes on within their borders, the result is 'ungoverned spaces'. These lawless areas allow drug production and trafficking, international terrorism, and other global crime to flourish. Coordinated action on the part of the international community is essential to curb the global risks of failed states.

2. Defining and Identifying Failed States: Problems of Measurement

There is no consensus on the precise number of weak and failing states. According to Patrick (2006), "the Commission on Weak States and U.S. National Security estimates that there are between 50 and 60; the United Kingdom's Department for International Development classifies 46 nations with 870 million inhabitants as "fragile"; and the World Bank treats 30 countries as LICUS¹."

The World Bank has identified about 30 "low-income countries under stress," whereas Britain's Department for International Development has named 46 "fragile" states of concern. A report commissioned by the CIA has put the number of failing states at about 20.

These divergent estimates reflect differences in the criteria used to define state weakness, the indicators used to gauge it, and the

¹ Low-Income Countries Under Stress (LICUS)

relative weighting of various aspects of governance. The remainder of this section will contrast and discuss three of the most reputed measurements of the degree of state failure.

A. One of the most comprehensive and well-respected system for evaluating state performance is the **World Bank's "Governance Indicators"**. The WGI cover 213 countries and territories and are based on several hundred variables produced by 25 different sources, including commercial data providers. (Kaufmann et al., 2006)

Since the 1990s, development researchers and practitioners have focused on "good governance" as both a means of achieving development and a development objective in itself. The World Bank has defined "good governance" as "epitomized by predictable, open and enlightened policy making; a bureaucracy imbued with a professional ethos; an executive arm of government accountable for its actions; and a strong civil society participating in public affairs; and all behaving under the rule of law." (World Bank, 1994)

In response to the growing demand for measures of the quality of governance, a number of aggregate governance indicators have been produced, such as the World Bank's Worldwide Governance Indicators ("WGI").

The WGI rank countries with respect to *six aspects of good governance*: *Voice and Accountability*, *Political Stability and Violence*, *Government Effectiveness*, *Rule of Law*, and *Control of Corruption*. These indicators have been used by researchers as explanatory variables and by United States policymakers to allocate enormous aid packages.

Most recently, the indicators were defined as:

1. *Voice and Accountability* (VA), the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association, and free media.

2. *Political stability and absence of violence* (PV), perceptions of the likelihood that the government will be destabilized or overthrown by

unconstitutional or violent means, including political violence or terrorism.

3. *Government effectiveness* (GE), the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

4. *Regulatory quality* (RQ), the ability of the government to formulate and implement sound policies and regulations that promote private sector development.

5. *Rule of law* (RL), the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, the police, and the courts, as well as the likelihood of crime and violence.

6. *Control of corruption* (CC), the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as "capture" of the state by elites and private interests.

The indicators are not absolute measures of governance, but are measures of a country's relative rank with respect to that indicator. The indicators have been produced for 1996, 1998, 2000, 2002, 2004 and 2005 with global coverage, albeit with some missing values. Six papers have been written presenting the data sets. Most are published as World Bank Working Papers, but one has been published in a peer-reviewed journal.

Table 2 lists the 44 countries that rest in the bottom quintile, ranked from weakest (Somalia) to strongest (Algeria).

Table 2. **Bottom Quintile of Aggregate Governance Rankings**

Somalia (weakest)	Cote d'Ivoire	Venezuela
Iraq	Nigeria	Guinea

Myanmar	Laos	Togo
Democratic Republic of Congo	Angola	Azerbaijan
Congo	Equatorial Guinea	Bangladesh
Afghanistan	Tajikistan	Cuba
Liberia	Republic of Congo	Iran
Haiti	Belarus	Nepal
Zimbabwe	Chad	Libya
Turkmenistan	Yemen	Syria
Sudan	Solomon Islands	Sierra Leone
North Korea	West Bank/Gaza	Guinea-Bissau
Uzbekistan	Pakistan	Cameroon
Burundi	Ethiopia	Comoros
Central African Republic	Eritrea	Algeria (strongest)

Source: Kaufmann, Kray, and Mastruzzi, *Governance Matters IV*, 2005

From the listing presented in Table 2, we can observe that ***weak states are not necessarily poor states***. Accordingly, the fifth quintile includes several lower-middle-income countries, such as Venezuela, and excludes a few very poor countries, such as Gambia and Niger.

This definition of state weakness differs from that adopted by the ***World Bank*** and ***OECD/DAC*** donors, which restrict the category “fragile state” to very poor countries that are eligible for the bank’s concessional (International Development Association) window and that score lowest on the bank’s Country Policy and Institutional Assessment indicators. That approach, although consistent with the poverty reduction mandate of aid agencies, is overly restrictive for policy

analysts and officials interested in the security implications of weak governance across the entire range of developing countries.

B. To present a more precise picture of the scope and implications of the problem, **the Fund for Peace**, an independent research organization, and Foreign Policy have conducted a global ranking of weak and failing states¹.

Using 12 social, economic, political, and military indicators, they ranked 60 states in order of their vulnerability to violent internal conflict. For each indicator, the Fund for Peace computed scores using software that analyzed data from tens of thousands of international and local media sources from the last half of 2004.

The resulting **index (Failed States Index)** provides a profile of the new world disorder of the 21st century and demonstrates that the problem of weak and failing states is far more serious than generally thought. About 2 billion people live in insecure states, with varying degrees of vulnerability to widespread civil conflict.

The **indicators** used by The Fund of Peace in composing the **Failed State Index** are:

I. Social Indicators

1. Mounting Democratic Pressures
2. Massive Movement of Refugees or Internally Displaced Persons creating Complex Humanitarian Emergencies
3. Legacy of Vengeance-Seeking Group Grievance or Group Paranoia
4. Chronic and Sustained Human Flight

II. Economic Indicators

5. Uneven Economic Development along Group Lines

¹ www.foreignpolicy.com

6. Sharp and/or Severe Economic Decline

III. Political Indicators

7. Criminalization and/or Delegitimization of the State

8. Progressive Deterioration of Public Services

9. Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights

10. Security Apparatus Operates as a "State Within a State"

11. Rise of Factionalized Elites

12. Intervention of Other States or External Political Actors

Source: <http://www.fundforpeace.org/web/>

The FSI was first introduced in the July/August 2005 issue of Foreign Policy magazine. In 2005, it rated 75 countries; in 2006, the Index was expanded to include 146 countries. The 2007 Failed States Index (FSI) ranks 177 countries based on their social, economic, and political pressures.

C. The Bertelsmann Transformation Index (BTI) examines the political management of change on the way to a market-based democracy. To this end, the index provides *two rankings* and *two trend indicators*, which present the results of the comparative analysis. **The Status Index** shows the state of development that a country had achieved on the way to democracy and a market economy by the beginning of 2005.

The Status Index's overall result represents the mean value of the scores for the dimensions "Political Transformation" and "Economic Transformation".

The score for "Political Transformation" is obtained by calculating the mean value of the ratings for the following criteria:

- Stateness

- Political Participation
- Rule of Law
- Stability of Democratic Institutions
- Political and Social Integration

The score for "Economic Transformation" is obtained by calculating the mean value of the ratings for the following criteria:

- Level of Socioeconomic Development
- Organization of the Market and Competition
- Currency and Price Stability
- Private Property
- Welfare Regime
- Economic Performance
- Sustainability

The Management Index classifies the quality of transformation management in the countries examined between 2003 and 2005. The trend indicators provide information on the direction of development in terms of democracy and a market economy in each of the countries examined from 2001 to 2005.

The study embraces 119 developing and transformation countries worldwide.

The **Methodology** for the BTI is represented by qualitative assessments by experts. Relying on 58 qualitative & quantitative indicators, experts on the country in question have, for each of the 119 countries, examined in detail to what extent the total of 19 criteria have been met. The BTI methodology has been slightly modified due to experience gathered in compiling the 2003 BTI and to other suggestions. The adjustments have been aimed at improving the BTI, its precision and its differentiation, without altering the objectives of the study or

putting the comparability of the data at risk. With this aim in mind, the number of criteria and questions has been slightly reduced. The score forming the basis of the two indices is now derived from 58 separate questions — not from criteria as in 2003. To differentiate more precisely between the various countries, the results for the Status Index are also shown on a 10-point scale in the 2006 BTI — as opposed to a 5-point scale as in the 2003 BTI. The trend indicators for democracy and a market economy are shown separately in order to more clearly illustrate successes and setbacks in development. The level of difficulty in the Management Index was calculated with the aid of quantitative data.

Assessment efforts of the presented Indices present common components, such as: political and social issues. Still, major differences exist.

More particularly, The World Bank has developed sets of indicators focusing on *measuring governance* and has created metrics to track how well rule of law is being established in transitional societies and to identify the quality of life.

In addition to political indicators, economic indicators are almost all the time considered. Relevant approaches to measuring economic factors can be found both in The Fund of Peace and Bertelsmann assessment methodologies. In addition, The Bertelsmann Transformation Index assesses the quality of transformation management in the examined countries.

The framework is structured around determining conflict drivers and state/society capacities across five different “*pillars*” of analysis: Politics and Stable Democracy, Security, Rule of Law, Economic Sustainability, and Social Well-Being. Addressing the five pillars of analysis from both conflict drivers and capacity growth perspectives, the central judgment is determining the point at which the drivers of conflict have been sufficiently reduced and the institutional capacity of the state has sufficiently grown that the level of outside assistance can begin to be reduced.

All of these metrics approaches have been individually and manually crafted over time. Methodologies were continuously adapted and improved. This was done to address some difficulties of measurement, and assessment errors. Even the authors of the indicators have tried to draw attention to the large standard errors of the estimates – caveats that have been largely ignored.

3. Conclusions

This paper aims to create a comprehensive approach to the issue of economic development as influenced by the real-world problem of state weakness (see Cojanu and Popescu, 2006). Accordingly, it has been produced a synthesis of the theories on “failed states” and the range of policy ramifications.

It has been suggested that a set of indices may be used to present a diagnosis of the problem, the first step in devising strategies for strengthening weak and failing states. The more reliably policymakers can anticipate, monitor, and measure problems, the more they can act to prevent violent breakdowns, protect civilians caught in the cross-fire, and promote recovery. Continuous monitoring of the measures, using the same assessment methodology, can inform decision making on strategies and programs.

At the same time, policymakers must focus on building the institutional capacity of weak states, particularly the “core five” institutions: military, police, civil service, the system of justice, and leadership. These are assessed in different ways by different authors and organizations. Still, the aim remains more or less the same: building strategies to strengthen failed states in the best possible way.

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<http://www.foreignpolicy.com>

Appendix 1

Failed States List (Fund of Peace)

2007

177 states were included in the list, of which 32 were classified as "alert", 97 as "warning", 33 as "moderate", 15 as "sustainable". The worst 20 states are shown below. For the entire ranking see List of countries by Failed States Index. Change in rank from 2006 is shown in parentheses.

- | | | |
|------------------------------|--|------------------------------|
| 1. <u>Sudan</u> (0) | 8. <u>Afghanistan</u> (+2) | 15. <u>Uganda</u> (+6) |
| 2. <u>Iraq</u> (+2) | 9. <u>Guinea</u> (+2) | 16. <u>Bangladesh</u> (+3) |
| 3. <u>Somalia</u> (+4) | 10. <u>Central African Republic</u> (+3) | 17. <u>Nigeria</u> (+5) |
| 4. <u>Zimbabwe</u> (+1) | 11. <u>Haiti</u> (-3) | 18. <u>Ethiopia</u> (+8) |
| 5. <u>Chad</u> (+1) | 12. <u>Pakistan</u> (-3) | 19. <u>Burundi</u> (-4) |
| 6. <u>Côte d'Ivoire</u> (-3) | 13. <u>North Korea</u> (+1) | 20. <u>Timor-Leste</u> (N/A) |
| 7. <u>Congo</u> (-5) | 14. <u>Burma/Myanmar</u> (+4) | |

Source:

http://www.fundforpeace.org/web/index.php?option=com_content&task=view&id=229&Itemid=366

2006

146 states were included in the 2006 list, of which 28 were classified as "alert", 78 as "warning", 27 as "moderate", 13 as "sustainable". The worst 20 states are shown below. Change in rank from 2005 is shown in parentheses.

- | | | |
|------------------------------|--|-------------------------------|
| 1. <u>Sudan</u> (+2) | 8. <u>Haiti</u> (+2) | 15. <u>Burundi</u> (+3) |
| 2. <u>Congo</u> (0) | 9. <u>Pakistan</u> (+25) ^[21] | 16. <u>Yemen</u> (-8) |
| 3. <u>Côte d'Ivoire</u> (-2) | 10. <u>Afghanistan</u> (+1) | 17. <u>Sierra Leone</u> (-11) |
| 4. <u>Iraq</u> (0) | 11. <u>Guinea</u> (+5) | 18. <u>Burma/Myanmar</u> |
| 5. <u>Zimbabwe</u> (+10) | 12. <u>Liberia</u> (-3) | (+5) |
| 6. <u>Chad</u> (+1) | 13. <u>Central African Republic</u> (+7) | 19. <u>Bangladesh</u> (-2) |
| 7. <u>Somalia</u> (-2) | 14. <u>North Korea</u> (-1) | 20. <u>Nepal</u> (+15) |

Source: <http://fundforpeace.web.cedant.com/programs/fsi/fsindex2006.php>

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