FRAGILITY AND MDG PROGRESS

HOW USEFUL IS THE FRAGILITY CONCEPT?

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ABSTRACT

While progress in developing countries as a whole, in terms of growth, poverty reduction, and several MDGs, has been quite good in recent years, fragile states lag behind in levels of MDG achievement. To understand the link between fragility and MDG progress, and also to identify the most effective policy interventions to achieve the MDGs, it is essential that fragile states are appropriately defined and classified. While the amount of literature on how to engage with fragile states is rapidly accumulating, only very limited analysis exists that investigates to what extent the levels and trends in the MDGs differ significantly between different definitions of fragile and non-fragile states. The purpose of this paper is to investigate the usefulness of the fragile state concept in tracking the levels and progress of the MDGs. In doing so, this paper applies several definitions of fragility in order to study the MDG progress between 1990 and 2006. It compares average performance in levels and trends of MDG progress between fragile and non-fragile countries and also compares within-group heterogeneity. The paper shows that fragile countries are, indeed, performing worse in terms of MDG levels. In terms of MDG progress, progress is not necessarily slower in fragile states. Only a rather small number of countries suffering from compound disadvantages are doing significantly worse in terms of MDG progress. Lastly, the heterogeneity of MDG performance among fragile states is so large that it is not very useful to treat them as a group; the problems they face, as well as the solutions required, differ greatly and have to be developed and treated *sui generis*.

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1 Introduction[1]

Last year, the midpoint for reaching the Millenium Development Goals (MDG) passed. During the last decade, many regions, particular in East and South Asia, experienced major economic and social progress towards the achievement of the goals set for 2015, and many households and individuals have moved out of the poverty zone. Fragile states, however, lag behind in levels of MDG achievement. To understand the link between fragility and MDG progress, it is, therefore, essential that fragile states are appropriately defined and classified in order to understand the links between fragility and MDG progress, and also to face the challenge of identifying the most effective policy interventions to provide the opportunities to achieve the MDGs.

In recent years, the international community has made a significant effort in attempting to develop strategies and instruments that effectively address the severe problems of fragile states (for example, the World Bank, 2004; ODI, 2006). This increasing effort can be explained by the need to find new ways for donors to engage in their tasks, as the traditional models of aid delivery do not appear to work in many fragile states. For example, the capacity to absorb aid is found to be lower in fragile states than in non-fragile states (McGillivray and Feeny 2007), while the need for aid is, at the same time, considerably greater in fragile states than in non-fragile states. Hence, the main challenge for the donor communities is not only to provide more aid to fragile states, but also to provide it in a different manner relative to other developing economies (Dollar and Levin 2005).

While progress in developing countries as a whole, in terms of growth, poverty reduction, and several MDGs, had, (prior to the current crisis), been quite good in recent years, and had, indeed, been excellent in quite a few of them, the term "fragile states" has been coined to refer to a group of countries in which progress in development has been much poorer, and/or has sometimes been hardly visible at all; this is shown again in the recently published Global Monitoring Report (World Bank, 2009).[2] Initially, the focus of the fragile states agenda was largely on conflict and post-conflict countries, following the pioneering work of Collier and his co-authors on the economic costs of conflicts (for example, Collier and Hoeffler, 1998). To this, a group of countries was added, in which the state had basically ceased to function, or in which the writ of the state did not extend much beyond the capital city. Lastly, this discussion began to relate to an overlapping (but larger) group of countries, which the World Bank referred to as "low income countries under stress" (LICUS). The identification tool for this particular group of countries was the World Bank's Country Performance Institutional Assessment (CPIA) rating, the confidential multi-component institutional performance index of the World Bank, which is also used to decide upon IDA allocations. Recently, these concepts have all been merged into the term "fragile states", which were held to be the states most in difficulty in making any MDG progress, states in which particular approaches are needed, and states for which special attention is critical. The concept is akin to the "bottom billion" (Collier 2007) applied to states.

While the amount of literature on how to engage with fragile states is rapidly accumulating (for example, the World Bank, 2004, 2006; DFID, 2006, OECD 2008, 2009), only very limited analysis that investigates to what extent the levels and trends in the MDGs differ significantly between fragile and non-fragile states exists.[3] Undoubtedly, fragile

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[2] The GMR 2009 (nor the one in 2008) do not provide any definition of the term fragile state and none is available after 2007 on the World Bank website. Presumably, fragility is defined using the CPIA score (see below).

[3] This is apart from the mention of the differences in MDG performance in the Global Monitoring Reports (the World Bank 2008, 2009). There, neither the definitions of fragility nor the precise

countries within this category are, indeed, likely to face serious development challenges. But the question is whether the concept of "fragile" states, which combines different sets of countries, is a useful one, in the sense that their performance in terms of the levels and trends with regard to the MDGs is, indeed, relatively homogenous, and clearly distinguishable from the group of non-fragile countries. It is important to address this rather straight-forward question regarding the usefulness of the fragility measure as a predictor of development outcomes in terms of the MDGs, because, regardless of the definition of fragile states, these countries are generally characterised by a poor performance of policies, institutions and governments, which worsen their prospects for achieving the MDGs. Thus, "fragility" is commonly associated with poor MDG levels and trends, but this is never carefully scrutinised. Nor is it clear that grouping a rather heterogeneous set of countries under one label is a helpful characterisation.

The purpose of this paper is to investigate the usefulness of the fragile state concept in tracking the levels and progress of the MDGs. In doing so, this paper applies several definitions of fragility (from DFID and from several based upon the World Bank's CPIA) to study the MDG progress between 1990 and 2006. It will both compare average performance in levels and trends of MDG progress between fragile and non-fragile countries as well as compare within-group heterogeneity. The main regional focus in analysing fragile states in this paper is Sub-Saharan Africa, since this is the region that is most strongly affected by poverty, and many of its countries suffer from fragility and macroeconomic vulnerability. The paper will show that fragile countries are, indeed, performing worse in terms of MDG levels. In terms of MDG progress, progress is not necessarily slower in fragile states (and sometimes might be even better). Only a rather small number of countries suffering from compound disadvantages are doing significantly worse in terms of MDG progress. Lastly, the heterogeneity of the MDG performance among fragile states is so large that it is not very useful to treat them as a group; the problems they face, as well as the solutions required, differ greatly and have to be developed and treated *sui generis*.

First, this paper provides a short overview of the concept of fragile states used for the analyses. Second, it gives a brief overview of the current situation in the MDGs. Third, it investigates the levels and progress in the MDGs separately by fragility status and by various fragility definitions in order to capture the country-specific heterogeneity of "fragile countries" in MDG performance. Fourth, it discusses possible explanations of the heterogeneity in the levels and progress towards the MDGs in terms of fragility status.

2 Concepts, definitions and lists of Fragile States

Fragile states are characterised by weak institutions and by their vulnerability to violent conflicts, and have increasingly become the central focus of the development community in recent years. The factors which lead to state fragility are diverse and manifest themselves in a variety of forms. Hence, the fragile state agenda is very broadly-defined in terms of the emphasis on human security and peace-building, the concern with poor development performance and state effectiveness, and the concern for the relationship between under-development and insecurity.

In recent years, a large body of literature has attempted to conceptualise and to define fragile states (for example, Stewart and Brown, 2009; the World Bank 2006; ODI, 2006). However, a uniform approach is hindered by both a lack of information and a suitable framework to classify "fragile states". In addition, many definitions do not take account of the structural causes for fragility, not do they differentiate between short-term shocks and long-term persistence in individual fragile states.

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calculations of MDG progress are available. See, also, a brief discussion on MDG progress in the IEG Report (the World Bank 2006) in which also a relatively large amount of heterogeneity in MDG performance is shown.

As a rather new concept, it has generated a host of definitions, which, according to an ODI (2006) report, can be grouped into definitions that focus on weak capacity or will, weak output, or difficult donor relationships. Box 1 summarises a few approaches to defining fragile states. This report also includes several lists of countries which are deemed as fragile by some of the institutions listed below, some of which will be used in the present analysis. These lists sometimes use objective criteria, sometimes value-judgement seems to be involved, and, sometimes, a set of proxies is used to generate the list (see, also, Bourguignon *et al*., 2008).

The World Bank generated a list of fragile states using the Country Policy and Institutional Assessment (CPIA) rating of countries. The CPIA rates countries against a set of 16 criteria grouped into four clusters: (a) economic management (3 indicators); (b) structural policies (3 indicators); (c) policies for social inclusion and equity (5 indicators); and (d) public sector management and institutions (5 indicators). In these lists, each indicator receives a subjective score of 1 to 6 from the World Bank staff members. The overall CPIA is generated by taking the unweighted average of the four components, which, in turn, are averages of the sub-components. Countries that score less than 3.2 on the averaged indicator are defined as fragile states. Appendix A1 shows the components and scores for 2007 for IDA countries. Box 2 shows countries that show a CPIA below 3.2 for the years 2003 to 2007.

One advantage of this approach is that it is particularly transparent in how fragility is defined. Also, as noted by the World Bank IEG Assessment of the World Bank's work in fragile countries (World Bank 2006), it is focused on the institutional and structural features of countries, rather than on *ex post* outcomes. At the same time, there are serious problems with this approach to defining fragility, some of which have also been raised by the IEG Report (the World Bank 2006). First, as the CPIA data has only been publicly available from 2006 and lists of fragile countries only available from 2003, it is not possible to backtrack the fragility definition prior to 2003. Second, the CPIA does not include any components relating to security issues, which seems to be an important issue for many conflict and post-conflict countries. Third, it is unclear whether the weights used for the CPIA and its intended purpose, namely, IDA allocations, are also the right ones for defining fragility. Fourth, with this, as with other definitions of fragility, there is considerable change from year to year in the CPIA of two types: there are the marginal cases, in which the CPIA hovers around 3.2, and then there are the cases in which the CPIA moves rapidly in one or other direction (it moves downwards usually faster than upwards; see the discussion in World Bank 2007a). The former case, in particular, presents a problem. One possible solution would be to think about the depth of fragility, rather than just its incidence, similar to the FGT poverty measures. Lastly, since it is a 16 component index, there are many ways to obtain an average score which is below 3.2, and not all of them might be as harmful to the MDG progress as others. As is shown in the appendix, in which the individual scores of the CPIA countries are listed, it emerges, for example, that Togo ends up as fragile mainly because of very poor economic management scores, while Cambodia ends up on the list due poor public sector management. This paper considers the different components separately in order to see whether they show different correlations with MDG progress.

Clearly, these different lists also have different purposes in mind, so it might not be surprising that they differ in both approach and result. But the implication of these lists is usually that these countries are particular laggards in MDG levels and progress, as suggested again in the World Bank's Global Monitoring Report (the World Bank 2009). There is also some empirical evidence from the World Bank (the World Bank 2007a, b), which was produced as part of the research programme on IDA allocations, that suggests that the CPIA as a measure is, indeed, a good predictor of development outcomes, and, thus, that a low CPIA in fragile states should imply poor MDG levels and progress.[4]

4 The two papers from the World Bank (2007 a, b) differ in three respects from the study here. First, they treat the CPIA as a continuous variable. Second, they drop some observations from

Thus, it is, indeed, worthwhile examining to what extent the "fragile" category is, indeed, useful for predicting MDG levels and progress.

Box 1: Alternative definitions of "fragile states"

There are many different approaches to defining and responding to the complex development situation referred to under such diverse names as "weak and failing states", "poor performers", "low-income countries under stress", "countries at risk of instability", or "fragile states". Difficult environment countries matter, for different reasons, for a wide range of development factors, including NGOs, bilateral donors and international organisations, as well as government agencies, such as foreign and defence ministries. It is important to state at the outset that the existing terminology, in both English and in other languages, does not necessarily refer to states that are unresponsive to the poor. Some may be simply poor performers, some may be autocratic, while some may be conflict-ridden. For clarity and brevity, the following approaches and definitions are organised around three broad categories, based upon their central themes or assumptions:

1. *Fragile, failed, or crisis states*: These approaches are based upon the assessment of a state's strength regarding issues of capabilities, sovereignty and conflict. The USAID's Fragile States Strategy is an example of this approach.

2. *Poor performing countries*: Most of the international financial institutions (IFIs) focus their approach to difficult environments on how well a country performs in terms of development outcomes, taking into account the quality of the governance and policy choices. The World Bank's low income countries under stress (LICUS) is the most well-known initiative.

3. *Difficult aid partners*: In this approach, the emphasis is placed on the poor aid relationships between donors and recipient states.

The OECD's Development Assistance Committee (DAC) and DFID have been the pioneers of this approach.

It is important to note that definitions and approaches inevitably depend on a variety of endogenous factors, which originate from the organisations which are trying to form them, such as national interests, views on sovereignty and international jurisdiction, stance on impartiality versus effectiveness, institutional mandates and incentives, tools and practices, and regional scope. However, the fact that the list of fragile states - seen at one point of time - differs substantially from one agency to another (see the following paragraphs) suggests that subjectivity matters a great deal in appraising whether or not a state is "fragile".

Some formal definitions of fragile states

OECD-DAC

The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation (OECD) refers to a continuum of countries considered as "difficult partnerships" due to a combination of:

1. a lack of political interest in poverty reduction; and

2. weak state and/or non-state institutional capacity to implement policy.

This means that the usual DAC partnership model does not work, and results in poor aid relationships between the donors and recipient states. The DAC approach explains difficult partnerships as arising when development objectives play little role compared with the prolongation of power, with the result that partner governments do not have a credible commitment to effective policies and to their implementation. The response needs to be focused around three priority areas:

1. promoting pro-poor change;

2. maintaining development activities; and

their analysis, including some small states and transition countries. And, finally, they focus on the HDI and project performance ratings as the main outcome measures.

3. adopting donor co-ordination, and enhancing policy coherence.

This approach is not restricted to any specific group of countries, and common characteristics include:

1. poor governance (conflict or post-conflict situations, corruption, lack of transparency, human rights violations);
2. lack of political commitment to pursue poverty reduction;
3. lack of capacity to develop and implement policies (both nationally and internationally);
4. poor working relationship with donors.

The main advantage is its emphasis on partnerships and incentives for better aid. Its disadvantage is a lack of objectively measurable criteria.

DFID

The DFID defines as fragile those countries for which the government cannot or will not deliver core functions to the majority of its people, including the poor. The most important functions of the state, for poverty reduction, are territorial control, safety and security, capacity to manage public resources, the delivery of basic services, and the ability to protect and support the ways in which the poorest people sustain themselves. The DFID does not limit its definition of fragile states to those affected by conflict.

USAID

The United States Agency for International Development (USAID) has recently come up with a “Fragile States Strategy”, which offers three operationally-relevant definitions for failing, failed and recovering states. The approach to assessing state fragility focuses on a state’s effectiveness (the degree of administrative capacity and the amount of resources) and legitimacy (the degree of perceived justice or fairness in the exercise of power), by measuring four key dimensions: political, economic, social, and security.

Although this approach provides a dynamic explanation for state crisis, and points to the need for linkages between integrated sector analyses (in a so-called “Fragility Framework”) and decision-making, the emphasis seems to be placed on security, conflict management and state capacity-building. In addition, by integrating legitimacy into the assessment model, issues of inclusion and equity are brought to the forefront, in trying to address causes and incentives. But one disadvantage is that effectiveness does not seem to be sufficiently disaggregated in order to understand the difference between ability and willingness.

The World Bank

The World Bank’s LICUS initiative (Low Income Countries Under Stress) defines these as being characterised by very weak policies, institutions and governance. Aid does not work well in these environments because governments lack the capacity or the inclination to use finance effectively for poverty reduction. The LICUS approach entails engaging in a dialogue with the government, anchoring strategies in stronger political and economic analyses, promoting domestic demand and capacity for positive change, supporting simple and feasible entry-level reforms, and exploring innovative mechanisms for social service delivery. There seem to be two distinct LICUS environments: post-conflict and non post-conflict, but there is no definitive list of LICUS countries. The main advantages to this approach are that it emphasises engaging with these countries differently, and also stresses the importance of measurable indicators for donor decision-making. The main disadvantage of the World Bank’s LICUS classification is that the LICUS list is not publicly available, and the classification is based upon the World Bank’s own Country Policy and Institutional Assessment (CPIA) system.

CPIA scores divide low-income countries into five categories of performance, the lowest two of which are useful proxies for state fragility. The CPIA rates countries against a set of 16 criteria grouped in four clusters:

1. economic management;
2. structural policies;
3. policies for social inclusion and equity;

4. public sector management and institutions.

Those indicators are reported by the local World Bank staff, based upon their own knowledge and understanding of the economic functioning of the country. There is a separate group of unranked countries, also deemed fragile. This provides a list of 46 fragile states, containing 870 million people or 14% of the world's population.

The list of "fragile countries" according to the World Bank definitions

The table below shows the list of fragile states used by the World Bank as of 2007. The correlation between this list and the lists proposed by other agencies tends to be quite high, but is far from perfect.

Fragile states according to the DFID and the World Bank definitions

CPIA 2007: Afghanistan, Angola, Burundi, Cambodia, Central African Republic, Chad, Republic of Congo, Côte d'Ivoire, Eritrea, Guinea, Guinea-Bissau, Haiti, Laos, Liberia, Mauritania, Myanmar, Nigeria, Papua New Guinea, Sierra Leone, Somalia, the Sudan, Togo, Uzbekistan, Zimbabwe, and the Territory of Kosovo

Small states (population less than 2 million): The Gambia, São Tomé and Principe, the Solomon Islands, Timor-Leste, Tonga, and Vanuatu.

Source: Bourguignon *et al.*, (2008).

3 Differences in Lists of fragile states across definitions and across time

Typically, the fragility status persists for a long period of time. Once a country reaches the cut-off point and is considered as a fragile state, it remains in this condition for a considerable length of time. This has important consequences for the development of the country. Looking, for example, at countries that have recently become fragile states, such as Sierra Leone and Djibouti, it is unlikely that they will emerge from this condition within the next few years.

A useful pre-requisite for examining the utility of the fragile states concept is that there should be some agreement as to how countries come to be placed on this list and a certain stability of these lists over time. However, one should not take this point to the extreme. Clearly, lists will differ as they try to measure different aspects of fragility (as discussed above), and, ideally, we would all want the lists of fragile states to become smaller as time goes on, maybe as a result of donor efforts. But it should not be mainly arbitrary which countries are on such a list; also, in addition, very high fluctuations might also make such lists not very useful, as international and donor engagement with a rapidly shifting target is somewhat challenging.

The different classifications and definitions of fragile states have been criticised for several reasons. Countries that score poorly in one dimension, but better in others, often fail to be listed as fragile. For example, some countries are completely missing from the lists even though there is a high risk on conflict. The current situation in Pakistan might be a good case in point. Furthermore, the current existing classifications do not account for important basic characteristics of fragile states, such as their conflict history, *i.e.*, whether countries are currently at conflict or whether countries are in a post-conflict re-construction phase, which might have important implications for their performance ca-pacity to reach the MDGs.

Box 2 below shows different lists using definitions by the DFID and various versions and years of the World Bank's CPIA. In particular, the Box 2 presents the CPIA lists of fragile states for the years 2006 and 2007, for each sub-indicator (Economic Manage-ment, Structural Policies, Social Inclusion/Equity, Public Management), core fragile states (those that appear on the list every year between 2003 and 2007, and temporary fragile states (those that appeared at least once on the list between 2003 and 2007). In addition, Box 2 also shows the countries that fall short of the CPIA score in all sub-categories.[5]

While, for eight countries, all definitions converge, and these countries were also classified as fragile every year between 2003 and 2007, there are plenty of countries that appear on different lists. In particular, the DFID list (based upon ODI, 2006)[6] as well as the social inclusion component of the World Bank's CPIA both yield particularly large lists.

Concentrating first on the CPIA list 2007, around three quarters of the 33 countries on the list are "affected by an on-going armed conflict" (the World Bank 2006, Uppsala Conflict Database[7]). Since the 1950s, 78 countries in Africa have been the subject of armed conflict or are still in a conflict situation (Uppsala Conflict Database). Armed conflicts are one of the major reasons why fragile stages lag so far behind the MDGs. The cost of conflicts can be very high, both in terms of the deaths of the current living population, and in terms of physical damage which negatively affects the growth perspective of such economies (Chauvet and Collier 2004).

Twenty-one countries on the CPIA 2007 list are African countries (Angola, Burundi, Central African Republic, Chad, the Republic of Congo, Côte d' Ivoire, Djibouti, Eritrea, the Gambia, Guinea, Guinea-Bissau, Liberia, Mauritania, Nigeria, São Tomé and Principe, Sierra Leone, Somalia, the Sudan, Togo, and Zimbabwe). The longest list is that based upon the DFID classification, which contains 42 countries. However, regardless of which classification is taken as a basis, all countries on the lists have common characteristics: weak state policies and institutions, which result in a limited capacity to provide public goods and services, and, even if not at conflict right now, at high risk of conflict and political instability.

The group of countries that are most affected by state fragility, with regard to these lists, are the two groups of countries that are either fragile based upon poor CPIA performance every year between 2003 and 2007, or show a CPIA score below 3.2 in every single sub-dimension of the CPIA classification (Economic Management, Structural Policies, Social Inclusion/Equity, Public Management) in 2007. These two groups show a clear common pattern: most are from Sub-Saharan Africa. With the except of Afghanistan, the Solomon Islands, Timor-Leste, Haiti, Laos, and Myanmar, all of the fragile states that fall below the cut-off point in all CPIA categories or are classified as "core" fragile states are Sub-Saharan African countries. Specifically, the group of "all categories" fragile states includes Angola, the Central African Republic, Comoros, the Republic of Congo, Eritrea, the Solomon Islands, the Sudan, and Zimbabwe. The group of "core" fragile states includes the African countries: Angola, Burundi, the Democratic Republic of Congo, Guinea-Bissau, Liberia, Somalia, the Sudan, and Zimbabwe. Also striking, with regard to the regional concentration of fragile states, is the list of countries that appears on all the lists of fragile states, where, once again, countries from Sub-Saharan Africa dominate.

To analyse the relationship between the classifications of fragile states and the MDG outcomes, this paper concentrates particularly on the countries that were "core" or "severely" fragile in every year between 2003 and 2007 (*i.e.*, they had a CPIA below 3 in each of those years; see the World Bank, 2006); those that were fragile in each sub-component (*i.e.*, scored 3.2 on average in the four components), or were fragile using

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[5] Just recently, the World Bank published the 2008 CPIA list, which shows only minor changes to the 2007 list. In particular, five additional countries appear on the 2008 list: Cameroon, Kiribati, Nepal, Tajikistan, and Yemen. Vanuatu is not on the 2008 list, although it was considered a fragile state in 2007.

[6] The ODI list is also related to the CPIA, but focuses on countries which were in the worst quintile of the CPIA for some period of time.

[7] http://www.pcr.uu.se/gpdatabase/search.php.

any of the four components.[8] The shortest list is the one in which a country scores poorly on all components of the CPIA and this list includes almost only countries that are included on all the other lists, suggesting a somewhat robust categorisation. Regarding time trends, they can only be considered using the CPIA. Taking the years 2003-2006, 12 countries are on the list in all these years (and this excludes marginal cases in which the CPIA was around 3.2), while another 27 were considered fragile at one point during those four years. Thus, here, too, there is an inter-temporally robust core which, as to be expected, is quite similar to the core using all 4 CPIA components, while there is large amount of fluctuations surrounding this core. This could well affect the assessment of MDG progress by category.

[8] The DFID list is not such a dissimilar approach from the CPIA as it defines countries as fragile if they were in the worst and second worst quintile of the CPIA between 1999 and 2003.

Box 2: List of Fragile States

Fragile States CPIA 2006	Fragile States CPIA 2007	Fragile States CPIA (Economic Managment)	Fragile States CPIA (Structural Policies)	Fragile States CPIA (Social Inclusion / Equity)	Fragile States CPIA (Public Sector Managment)	Fragile States CPIA (All categories)	Core Fragile (2003-2006, CPIA)	Temporary Fragile (2003-2007, CPIA)	Fragile States DFID	
Afghanistan	Afghanistan	**Angola**	Afghanistan	Afghanistan	Afghanistan	**Angola**	Afghanistan	Cambodia	Afghanistan	**Comoros**
Angola	**Angola**	**CAR**	**Angola**	**Angola**	**Angola**	**CAR**	**Angola**	Cameroon	**Angola**	Djibouti
Burundi	Burundi	**Chad**	Burundi	Cameroon	Bangladesh	**Chad**	Burundi	**CAR**	Azerbaijan	Dominica
Cambodia	Cambodia	**Comoros**	**CAR**	**CAR**	Burundi	**Comoros**	Dem. Rep. Congo	**Chad**	Burundi	Gambia, The
CAR	**CAR**	**Republic of Congo**.	**Chad**	**Chad**	Cambodia	**Republic of Congo.**	Guinea-Bissau	**Republic of Congo**	Cambodia	Guyana
Congo, Dem. Rep.	**Chad**	Côte d'Ivoire	**Comoros**	**Comoros**	Cameroon	**Eritrea**	Haiti	Côte d'Ivoire	Cameroon	Kiribati
Comoros	**Republic of Congo**	Djibouti	Congo, Dem. Rep.	Congo, Dem. Rep.	**CAR**	**Solomon Islands**	Liberia	**Eritrea**	**CAR**	São Tomé and Principé
Côte d'Ivoire	Congo	**Eritrea**	**Republic of Congo**.	**Republic of Congo.**	**Chad**	**Sudan, The**	Laos PDR	Guinea	**Chad**	**Solomon Islands**
Eritrea	**Comoros**	Grenada	**Eritrea**	Côte d'Ivoire	**Comoros**	**Timor-Leste**	Myanmar	Kyrgyz Republic	**Republic of Congo.**	**Timor Leste**
Guinea	Côte d'Ivoire	Guinea	Kiribati	Djibouti	Congo, Dem. Rep.	**Zimbabwe**	Somalia	Niger	Côte d'Ivoire	Tonga
Guinea-Bissau	Djibouti	Guinea-Bissau	Laos PDR	**Eritrea**	**Republic of Congo**		**Sudan, The**	Nigeria	**Eritrea**	Vanuatu
Haiti	**Eritrea**	Maldives	Sierra Leone	Gambia, The	Côte d'Ivoire		**Zimbabwe**	Papua New Guinea	Ethiopia	
Laos PDR	Gambia, The	São Tomé and Principe	**Solomon Islands**	Guinea	Djibouti			Sierra Leone	Georgia	
Liberia	Guinea	**Solomon Islands**	**Sudan, The**	Guinea-Bissau	**Eritrea**			Tajikistan	Guinea	
Myanmar	Guinea-Bissau	Sri Lanka	**Timor-Leste**	Haiti	Gambia, The			Territory of Kosovo	Haiti	
Nigeria	Haiti	**Sudan, The**	Uzbekistan	Kiribati	Guinea			**Timor-Leste**	Indonesia	
Solomon Island	Laos PDR	**Timor-Leste**	**Zimbabwe**	Niger	Guinea-Bissau			Togo	Kenya	
Somalia	Liberia	Togo		Pakistan	Guyana			Uzbekistan	Laos PDR	
Sudan	Mauritania	Tonga		Papua New Guinea	Haiti			West Bank and the Gaza strip	Liberia	
Timor-Leste	Myanmar	**Zimbabwe**		São Tomé and Principe	Kyrgyz Republic			Yemen	Mali	
Togo	Nigeria			Sierra Leone	Laos PDR			**Comoros**	Nepal	
Vanuatu	Papua New Guinea			**Solomon Islands**	Mauritania			Djibouti	Niger	
Zimbabwe	São Tomé and Principe			**Sudan, The**	Nigeria			Equ. Guinea	Nigeria	

Fragile States CPIA 2006	Fragile States CPIA 2007	Fragile States CPIA (Economic Managment)	Fragile States CPIA (Structural Policies)	Fragile States CPIA (Social Inclusion / Equity)	Fragile States CPIA (Public Sector Managment)	Fragile States CPIA (All categories)	Core Fragile (2003-2006, CPIA)	Temporary Fragile (2003-2007, CPIA)	Fragile States DFID
Kosovo	Sierra Leone			**Timor-Leste**	Papua New Guinea			Gambia, The	Papua New Guinea
	Solomon Island			Togo	Sao Tome and Principe			Sao Tome and Principe	Sierra Leone
	Somalia			Vanuatu	Sierra Leone			**Solomon Islands**	Somalia
	Sudan			Yemen, Rep.	**Solomon Islands**			Vanuatu	**Sudan**
	Timor-Leste			**Zimbabwe**	**Sudan**				Tajikistan
	Togo				Tajikistan				Uzbekistan
	Vanuatu				**Timor-Leste**				Yemen, Rep.
	Uzbekistan				Togo				**Zimbabwe**
	Zimbabwe				Tonga				
	Kosovo				Uzbekistan				
					Vanuatu				
					Yemen, Rep.				
					Zimbabwe				

Note: Countries in bold appear on all lists.

4 The Millennium Development Goals: Where do we stand?

Agreed upon by the International Community in the year 2000, the Millennium Development Goals (MDGs) are the very promising expression of the international development community for the fight against poverty in its many dimensions. The MDGs consist of eighty main goals to be reached by the year 2015, including halving world income poverty and hunger, reaching universal primary education, reducing child and maternal mortality by two thirds, and halving the number of people who suffer from bad access to safe drinking water and sanitation. All MDGs, with their respective targets, are listed in Box 3.

Box 3: Millennium Development Goals

Goal 1: Eradicate extreme poverty and hunger

Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day

Target 1.B: Achieve full and productive employment and decent work for all, including women and young people (added in 2005)

Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger

Goal 2: Achieve universal primary education

Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling

Goal 3: Promote gender equality and empower women

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015

Goal 4: Reduce child mortality

Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate

Goal 5: Improve maternal health

Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio

Target 5.B: Achieve, by 2015, universal access to reproductive health (added in 2005)

Goal 6: Combat HIV/AIDS, malaria and other diseases

Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS

Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need

Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases

Goal 7: Ensure environmental sustainability

Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources

Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss (added in 2005)

Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation

Goal 8: Develop a global partnership for development

Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system. Includes a commitment to good governance, development and poverty reduction – both nationally and internationally

Target 8.B:	Address the special needs of the least developed countries. Includes: tariff and quota free access for the least developed countries' exports; enhanced programme of debt relief for heavily indebted poor countries (HIPC) and cancellation of official bilateral debt; and more generous ODA for countries committed to poverty reduction
Target 8.C:	Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly)
Target 8.D:	Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term

Source: United Nations (2005).

The 2008 MDG Monitoring Report reveals the latest levels and progress towards the MDGs (United Nations 2008). Looking at the first development goal, the world is going to reach the goal of halving global poverty by 2015. In the last few years (prior to the current crisis), GDP *per capita* growth has accelerated in many developing countries. Besides reduction in monetary poverty, progress has also been made concerning the other goals. For example, the proportion of people who suffer from hunger has decreased from 33 percent in 1990 to 26 percent in 2006, corresponding to a decrease of 22 percent. Considerable overall progress in the developing regions has also been made in the goal of achieving universal primary education. The primary education completion rate reached 88 percent in the year 2006. Also child mortality was reduced within the period of 1990-2006, while an improvement in maternal health was achieved and the infection rates of HIV/AIDS were reduced (United Nations 2008).

However, when looking at global progress, it is important to emphasise that the MDGs are understood and interpreted as country specific goals in order to avoid that progress of countries with large populations, such as India or China, is not being interpreted as an overall success towards the achievements of the goals, while many other countries are failing to meet the goals. There is a strong regional pattern in progress towards the MDGs, and inequalities between regions remain a major concern. In particular, the persistent shortfalls in many indicators of poverty in Sub-Saharan African remain a major concern regarding the attainment of the goals by 2015. In particular, Sub-Saharan Africa is off-track in most of the MDGs, although some countries have experienced a period of high growth rates in GDP *per capita*. For example, Sub-Saharan Africa has only made little improvement towards reaching the goal of halving the proportion of people who suffer from hunger. Between 1990 and 2006, the share was decreased by 4 percentage points, from 32 to 28 per cent. While considerable progress was made towards the goal of universal primary education, Sub-Saharan Africa is far from reaching this goal. The same holds for the health indicator as well as for the infrastructure indicator. While child mortality rates decreased in nearly all the developing regions, it remains very high in Sub-Saharan Africa, where about twice as many children die before reaching the age of five, in comparison with the average of all the developing countries. In 2006, 157 out of 1,000 children did not reach the age of five in Sub-Saharan Africa. Only 31 per cent of the population in Sub-Saharan Africa had access to safe drinking water in the year 2006. The situation is even more alarming concerning the HIV/AIDS epidemic and its consequences on human well-being and economic development. Although the rates of new infections have started to decline in many countries in recent years, the number of AIDS deaths is still very high, and has resulted in reducing life expectancy still further. Although the overall number of new infections with HIV has decreased in recent years, the infection rate has not been reduced at all in Sub-Saharan Africa (United Nations 2008). In short, while overall progress has been made towards the achievement of the MDGs, many regions fall below most of the targets, headed by Sub-Saharan Africa. Given this situation, it is currently not very likely that some countries, especially in Sub-Saharan Africa, will reach the goals.

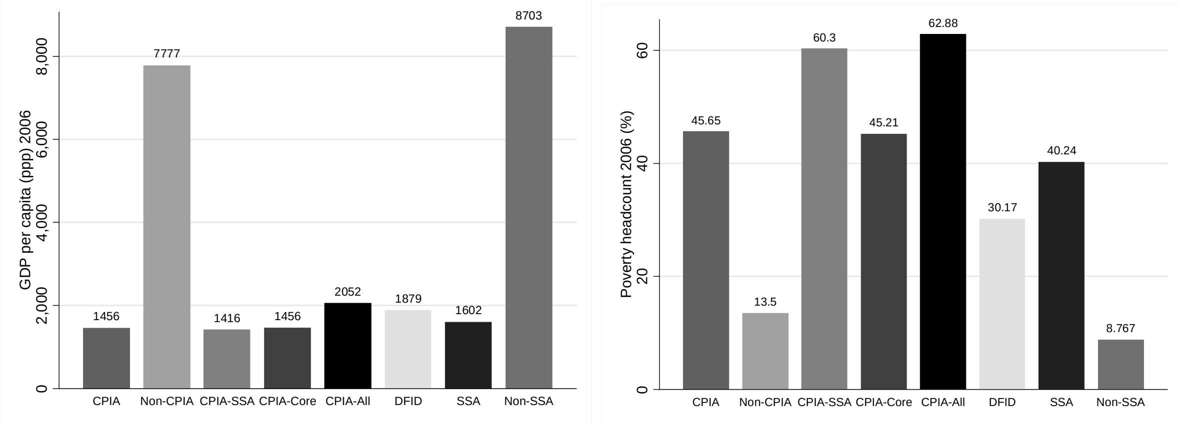
In addition, inequality within countries remains a major concern. Improvements in MDGs can be achieved while by-passing large shares of the population, depending on how the success and/or failure is distributed across population sub-groups within countries. Wide disparities in progress remain between regions and countries, and, within countries, between population sub-groups, *i.e.*, between urban and rural areas, where the latter areas lag considerably behind all targets in almost all Sub-Saharan African countries.

5 MDG levels and fragile states

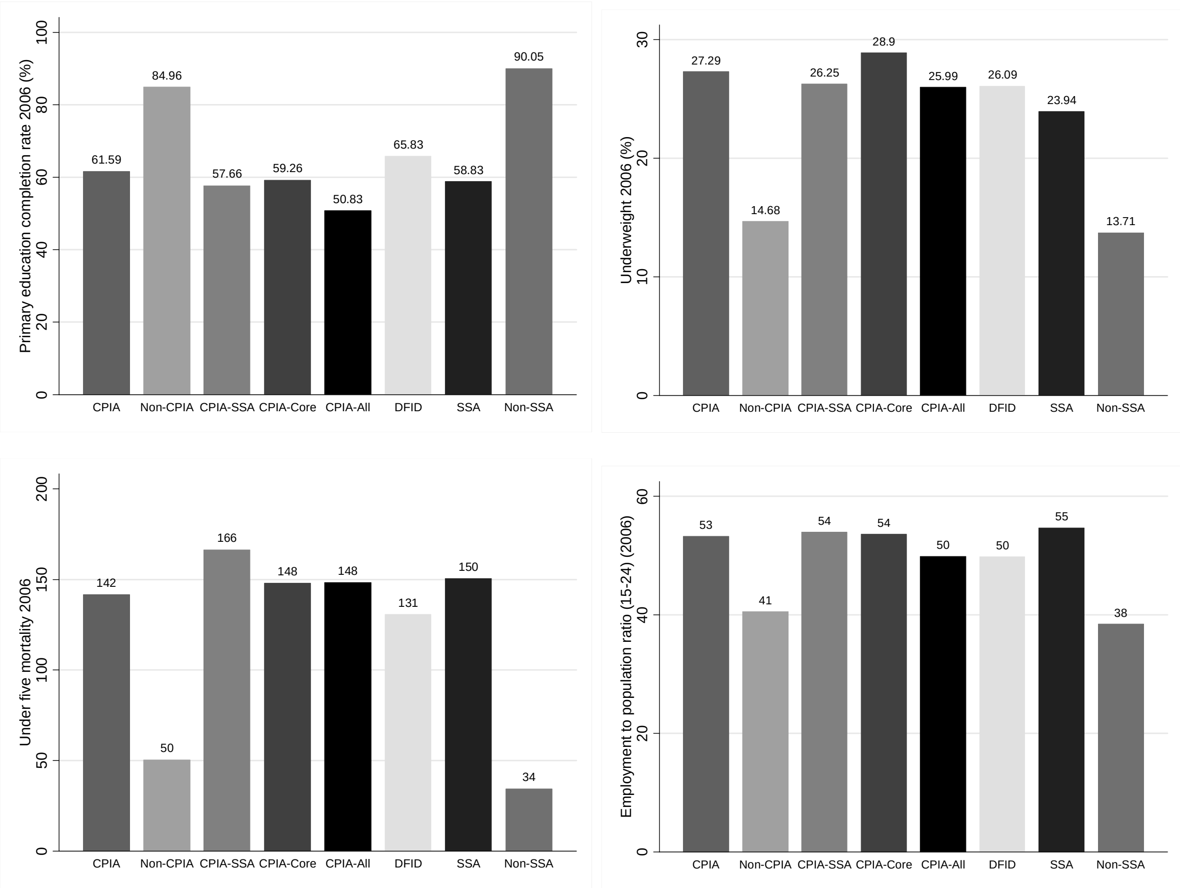
One of the main reasons why Sub-Saharan African countries show the lowest levels in the MDG indicators is that this region shows the highest share of fragile states in the developing world. This was shown in the previous section when looking at the lists of various definitions of the concept of fragile states (see Box 2). There is a strong negative correlation between fragility and the MDG levels in the fragile states, especially in Sub-Saharan Africa countries furthest away from achieving the MDGs by the year 2015. Typically, fragile states in Sub-Saharan Africa started from very low levels in the MDGs. In fragile states, the MDG levels are lower, compared to all other developing countries. Sub-Saharan Africa fragile states have grown more slowly than non-fragile states in Sub-Saharan Africa, and, although the average GDP *per capita* growth of fragile states has accelerated in recent years, it still lags far behind the average of the region.

To take a closer look at the differences in the levels of MDGs for fragile states and non-fragile states, Figure 1 shows, based upon the World Development Indicators 2008, the levels of selected MDGs for several groups of fragile and non-fragile states in the year 2006. In particular, it focuses on poverty, in childhood under-nutrition, education expansion, and under-five mortality as the indicators that are probably best-measured among the MDG indicators.[9] In addition, Figure 1 also presents GDP levels.

Figure 1: Fragile States – Level of Achievements



9 For a discussion of measurement issues surrounding the MDGs, see Bourguignon *et al.*, 2008, and Klasen (2007, 2008).



Note: CPIA: the fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); Non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every years between 20073 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries on the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: Non-Sub-Saharan African developing countries.
Source: World Development Indicators (2008); own calculations.

Figure 1 compares fragile states for the following groups of countries: fragile states included in the CPIA 2007 list, all non-fragile developing countries, African fragile states based upon the CPIA 2007 list, the “core” fragile states, the list of countries that show a CPIA score of less than 3.2 in all sub-indicators of the CPIA classification, the fragile states based upon the DFID list, all Sub-Saharan African countries, and all non-Sub-Saharan African developing countries.

Comparing fragile states with non-fragile states, Figure 1 shows quite clearly that fragility, using the World Bank or DFID definition, is clearly associated with much poorer levels of development outcomes in 2006. Fragile states based upon all the lists have much lower *per capita* incomes. Regardless of which classification is used, GDP *per capita* levels in 2006 were very low compared to non-fragile states. The poverty headcount in 2006 for the CPIA list of fragile states is more than 3 times higher than for the non-fragile states. Also, for primary education completion rates, the share of children who are underweight, under-five mortality, and the employment to population ratio, Figure 1 reveals that fragile states are typically worse in terms of poverty levels than non-fragile states, and that some systematic difference between fragile and non-fragile states exists. One explanation for this is that their low levels of the MDG indicators are often accompanied by low institutional and state capacity, and linked to internal conflicts, which hinder the state in providing basic public goods and services to the population.

Comparing the levels of MDGs of the Sub-Saharan African countries in 2006 in Figure 1 with the various “fragile states” lists confirms the close relationship between Sub-

Saharan Africa and "fragility". As a result of the fact that, in all the lists, the majority of countries are from Sub-Saharan Africa, the levels of poverty in these classifications are all quite similar.

Zooming in on the important sub-groups of fragile states, we now concentrate on the more restrictive classifications from Box 2. In the figure, it appears that the "core" fragile states and the "CPIA all" fragile states indicator definitions seem to be correlated with particularly poor outcomes, but this is not invariably the case. For example, the poverty headcount ratio was quite similar in 2006 between the "core" fragile lists and the total CPIA list. Moreover, this is not surprising as these definitions yield the shortest (and somewhat similar) lists. However, fragile states from Sub-Saharan Africa are overall worse off than other groups of countries in terms of MDG levels. For example, the fragile states from Sub-Saharan Africa top the list of under-five mortality and the employment to population ratio. In addition, the "core" fragile states and the "CPIA all" fragile states are more clearly distinguishable in terms of their MDG levels than the Sub-Saharan average.

To confirm the findings from Figure 1 and to provide a closer look at the "CPIA all" list of fragile states, Table 1 presents the numbers for MDG levels by fragility status in 2006 for the overall CPIA list and also by each CPIA component.

Table 1: Poverty Indicators for Fragile States Definitions (CPIA)

		Under-weight 2006	Poverty headcount 2006	Primary education 2006	Under five mortality 2006	GDP *per capita* (ppp) 2006
CPIA 2007	non-fragile	25.87	15.26	82.33	72.58	4854
	fragile	29.01	57.04	69.74	150.29	1476
Economic management	non-fragile	36.46	32.14	77.22	92.80	1993
	fragile	26.53	26.01	62.56	115.60	2273
Structural Policies	non-fragile	36.17	32.04	77.99	89.79	2049
	fragile	31.63	29.86	56.50	146.22	1465
Social inclusion / equity	non-fragile	37.05	33.53	80.25	86.89	2049
	fragile	29.39	19.17	54.72	132.32	1783
Public sector management	non-fragile	37.18	29.36	79.27	83.28	2187
	fragile	31.23	42.72	67.11	128.20	1429
All categories	non-fragile	25.97	16.76	81.91	75.30	4680
	fragile	29.89	62.33	52.02	137.56	2245

Source: World Development Indicators (2008); own calculations.

The components of the CPIA address the different performance capacities of a country, economic management, structural policies, social inclusion/equity, and public sector management. Focusing on the four sub-components of the CPIA, Table 1 shows interesting heterogeneities between different MDGs by sub-components and by fragility status. First, Table 1 confirms that MDG achievements are generally worse for fragile states than for non-fragile states, regardless of which component of the CPIA is examined. An interesting exception is the poverty headcount ratio. Although income levels are lower where the CPIA score is lower than 3.2, the poverty headcount is lower for fragile states than for non-fragile states using most sub-components of the CPIA. Only for public sector management is the poverty headcount higher for the fragile states than for the non-fragile states.[10] Similarly, fragile states are not doing invariably worse in terms of those underweight. Table 1 shows no clear pattern to relate a specific MDG to a specific sub-component of the CPIA, *i.e.*, none of the sub-components of the CPIA tracks MDG levels invariably better than another, while the combined CPIA (either using the average score or the score below 3.2 in each component) invariably shows a stronger distinction be-

[10] However, one possible explanation for this is the limited data availability to obtain estimates for the poverty headcount for the year 2006, which is not available for all countries.

tween fragile and non-fragile countries. This indicates that the total CPIA, which uses the average score of the four sub-components, capture the heterogeneity of countries in terms of their MDG levels quite well.

To summarise, regardless of the classification of fragile states used, fragile states lag behind all other developing countries in terms of MDGs levels and the situation is considerably worse in Sub-Saharan Africa.

6 MDG progress and fragile states

The Global Monitoring Report 2009 (the World Bank 2009) shows a fairly strong relationship between progress in the MDG indicators and fragile states. Compared to middle-income countries and low-income countries, fragile states based upon the CPIA classification showed considerably lower progress towards the MDGs between 1990 and 2006. This sub-section takes a closer look at several classifications of fragile states (Box 2) to investigate whether a systematic difference between fragile and non-fragile states exists in terms of progress performance towards the achievement of the MDGs, and how useful the classification of fragile states is to monitor progress towards the MDGs for this particular group of countries.

Figure 2 presents the changes in MDGs between the years 2000 and 2006 for the eights groups of countries presented in Figure 1.[11]

Given the overall clear pattern that fragile states show a considerably lower *level* of MDG achievements than non-fragile states, Figure 2 shows a different picture in the relationship between MDG *performance* and *fragility*. When looking at trends in MDG progress over time, there is a great heterogeneity across fragile countries, and across indicators within fragile countries, while patterns of fragile and non-fragile countries do not show any systematic differences.

Given the findings of Figure 1, it is thus very surprising that Figure 2 shows little or no correlation between fragility and MDG progress, regardless of whether we consider the period of 2000-06, or the longer period of 1990-2006 (see Appendix). While it is clear that non-fragile countries and non-Sub-Saharan African countries did experience higher growth rates, for the other indicators the results are less clear. Sometimes, the results are actually exactly the opposite of what one would expect. For example, poverty reduction was faster in the fragile countries using the CPIA definition, and educational progress was remarkably similar between fragile and non-fragile countries using most fragility definitions. The only fragility indicator that seems to be reasonably strongly correlated with poorer MDG progress is the *CPIA-All* indicator, *i.e.*, the one in which fragility is defined as scoring less than 3.2 on *all* components of the CPIA. The “core” countries performed considerably worse in all indicators of MDG progress, compared to non-fragile states, but also compared to other fragility classifications.

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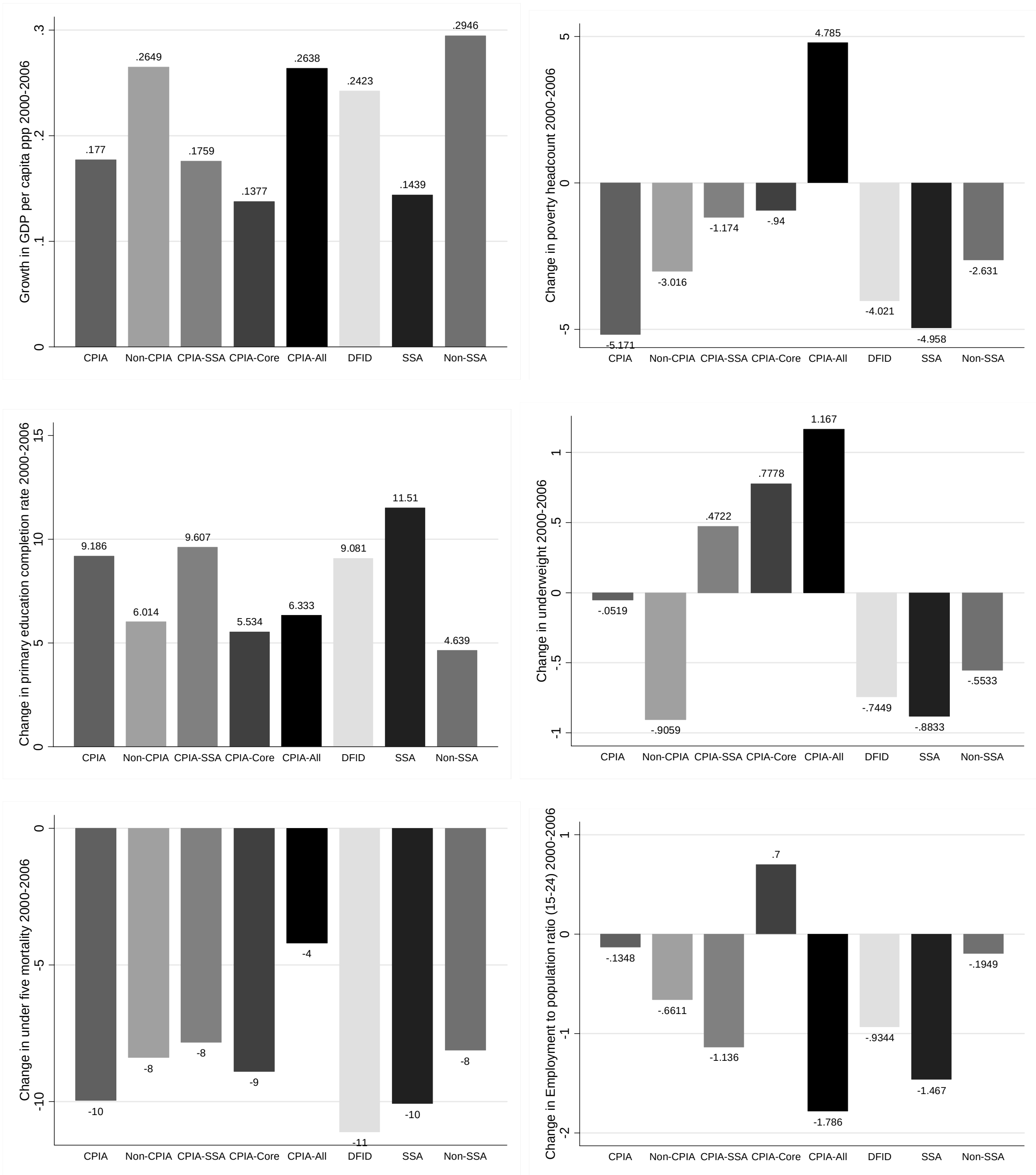
[11] Note that the progress in Figure 2 is based upon absolute changes. For respective relative changes and also for the period 1990-2006, please see Figures A3-A5 in the Appendix.

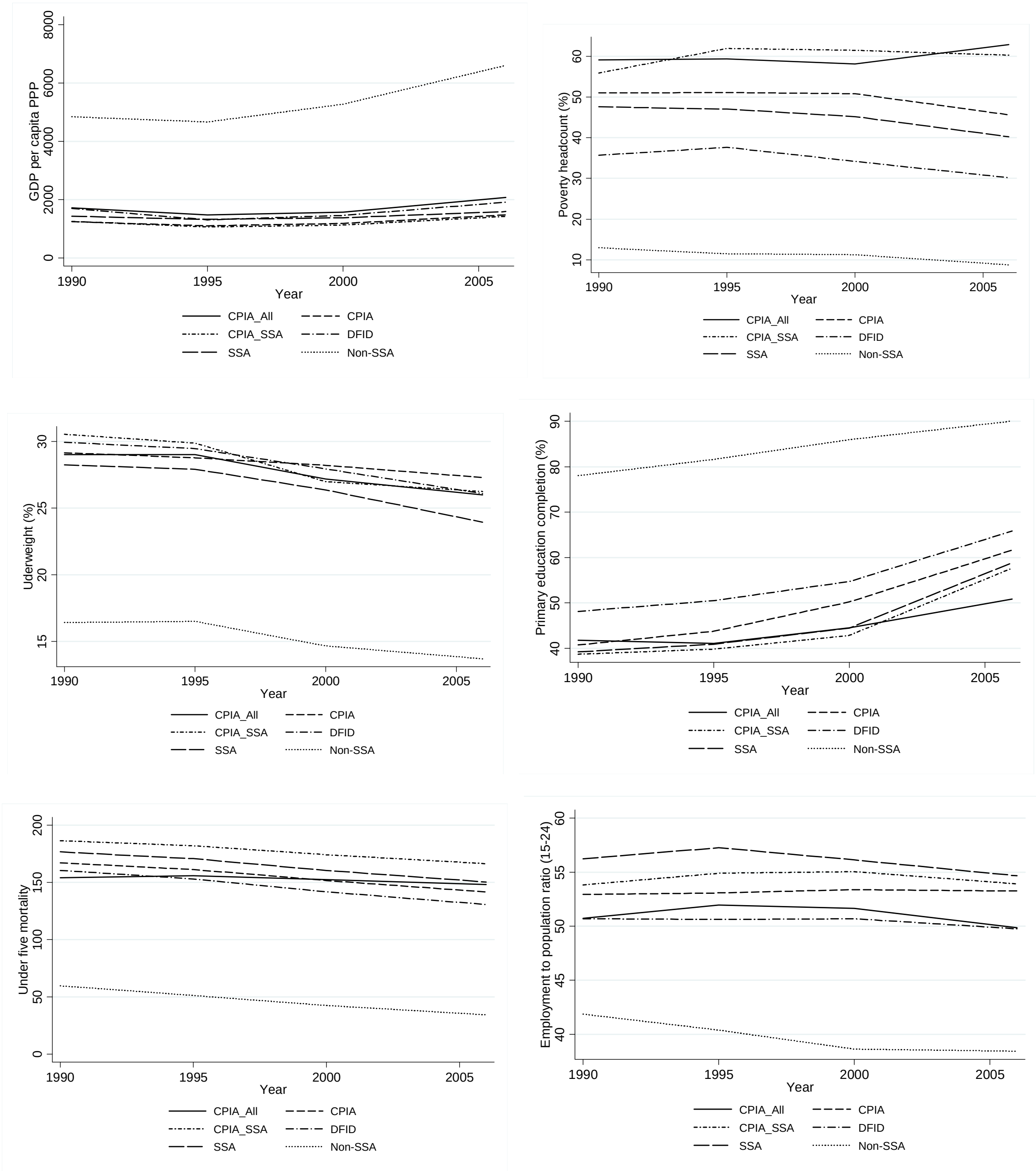
Figure 2: Fragile States – Change in MDGs (2000-2006)



Note: CPIA: fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every year between 2003 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries included in the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: Non-Sub-Saharan African developing countries.
For the change in poverty headcount, Argentina and Ukraine are dropped from the sample, because they show very large absolute and relative differences, which distort the results of the mean outcomes for the non-CPIA countries.
Source: World Development Indicators (2008); own calculations.

Figure 3 presents the trends on poverty for the period 1990 to 2006 for the various classifications of fragile states. Figure 3 confirms that the fragility definition, using all four components of the CPIA, seems to show a markedly different pattern from the other ones, particularly in the post-2000 period, which is the period to which the fragility definition referred.

Figure 3: Fragile States – Trends in Poverty (1990-2006)



Note: CPIA: fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every year between 2003 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries included in the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: non-Sub-Saharan African developing countries.
Source: World Development Indicators (2008); own calculations.

The findings from Figures 2 and 3 are confirmed by the number of selected MDGs for the years 2000 and 2006 for three sub-groups Sub-Saharan Africa, the CIPA 2007 fragile states, and the Sub-Saharan African fragile states based upon the CPIA 2007 list (see Table 2). Comparing Figure 2 and Table 2, the only somewhat-clear trend that was observed for the level in MDGs is that progress towards reaching the MDGs in Sub-Saharan

Africa is quite similar to the progress of the overall CPIA fragile list, and that the Sub-Saharan African countries are worse off both in terms of MDG levels as well as in terms of MDG progress.

Table 2: Development of selected MDGs in Africa between 2000 and 2006

	Sub-Saharan Africa		Fragile States (CPIA)		Fragile States (CPIA) Sub-Saharan Africa	
	2000	**2006**	**2000**	**2006**	**2000**	**2006**
Goal 1: Poverty and Hunger						
Employment to population ratio, ages 15-24, total (%)	53.37	52.44	47.35	46.40	55.35	53.99
Prevalence of under-nourishment (% of population)	.	29.85		29.85	.	23.24
Poverty headcount ratio at $1 a day (PPP) (% of population)	45.77	41.1		41.1	28.44	24.98
Goal 2: Achieve universal primary education						
Primary completion rate, total (% of relevant age group)	50.26	59.97	67.09	76.56	40.10	61.26
Total enrolment, primary (% net)	58.53	69.2	75.42	85.48	54.84	69.90
Goal 3: Promote gender equality and empower women						
Ratio of female to male primary enrolment	86.28	88.65	84.57	93.85	81.76	88.27
Goal 4: Reduce Child Mortality						
Mortality rate, infant (per 1,000 live births)	99.61	94.19	74.51	64.78	97.90	90.40
Mortality rate, under-5 (per 1,000)	167.32	157.49	108.28	94.48	166.93	153.58
Goal 5: Improve maternal health						
Births attended by skilled health staff (% of total)	.	45.13	40.99	44.31	41.36	39.32
Goal 6: Combat HIV/AIDS, malaria and other diseases						
Prevalence of HIV, total (% of population ages 15-49)	.	5.76	8.62	1.80	8.62	4.76
Goal 7: Ensure environmental sustainability						
Improved sanitation facilities (% of population with access)	35.16	37.05	34.25	38.59	33.57	35.59
Improved water source (% of population with access)	54.48	56.12	72.95	75.89	52.20	54.28
Goal 8: Develop a global partnership for development						
Aid *per capita* (current US$)	20.00	52.00	10.04	20.35	18.78	52.30
Other						
Fertility rate, total (births per woman)	6	5	3.94	3.45	5.83	5.37
GNI *per capita*, Atlas method (current US$)	483	829	409.29	714.36	289.51	525.56
Life expectancy at birth, total (years)	49	50	59.44	61.07	49.18	50.52
Population, total (1000)	673,000	782,000				

Source: World Development Indicators (2008); own calculations.

The rather sobering overall result is that most fragility definitions do not seem to track MDG progress very well. For example, Table 3 shows the development of the primary education completion rate, under-five mortality and GDP *per capita* for the three Sub-Saharan Africa countries for the years 1995, 2000 and 2006: Burkina Faso, Ethiopia, and Zimbabwe. Burkina Faso was not on any fragility list between 2003 and 2007, while Ethiopia appears on the DFID list, and Zimbabwe belongs to the “core” fragile list, *i.e.*, it shows a very persistent fragility status. However, the table reveals a very heterogeneous picture of progress towards the MDGs, which is not necessarily related to the fragility status of the country, but is a common characteristic of Sub-Saharan Africa, instead.

In terms of human development, Burkina Faso is among the worst-off countries, with a HDI of only 0.36 in 2006, which corresponds to a rank position of 174. In contrast, Zimbabwe shows a HDI of 0.49 (in 2004) corresponding to the rank position of 151. Ethiopia shows a HDI of 0.38 in 2006, close to Burkina Faso (rank 171). From these countries, Burkina Faso, not on any fragility list, shows by far the lowest primary education completion rate and the highest under-five mortality level in 2006, and also relatively slow progress towards these goals. Ethiopia, which was involved in conflicts with neighbouring states, and experienced intra-state armed conflicts between ethnic groups often as a result of persisting droughts in the region since the 1960s, shows the lowest GDP *per capita* level in 2006, but also shows considerable progress towards the goals of primary education completion and under-five mortality. Zimbabwe, which is among the countries that appears on all fragility lists, and shows a very persistent fragility status over time, shows the highest levels in MDGs among these three countries. However, primary education completion rates decreased between 2000 and 2006 and under-five mortality increased, which indicates the severe vulnerability within the country.

Table 3: Development of selected MDGs in Burkina Faso, Ethiopia and Zimbabwe

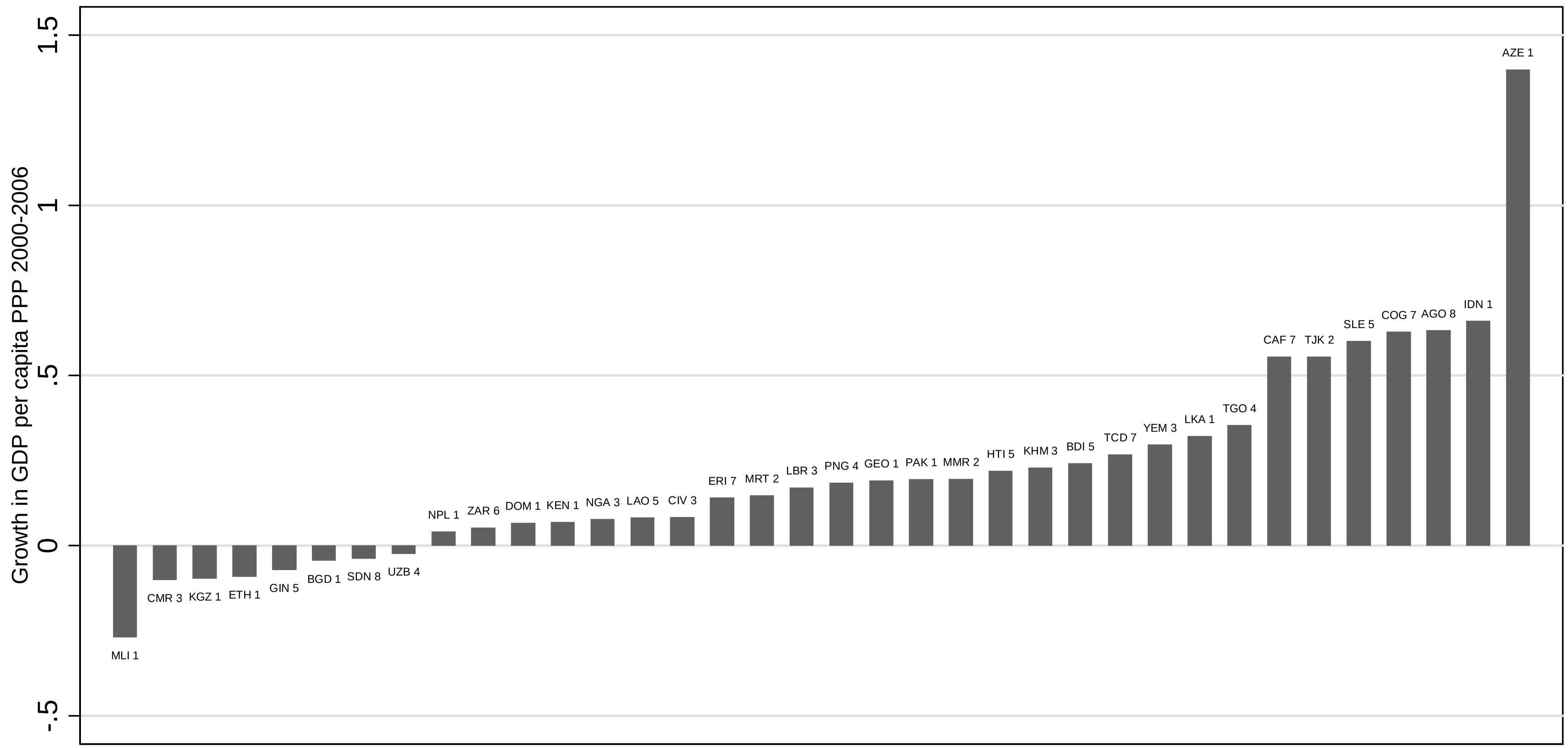
	Primary completion rate			**Under-five mortality**			**GDP *per capita* (ppp)**		
	1995	**2000**	**2006**	**1995**	**2000**	**2006**	**1995**	**2000**	**2006**
Burkina Faso	20.04	25.03	31.29	193.5	193.9	204.25	768	920	1095
Ethiopia	17.93	21.58	48.61	178.5	150.6	122.8	466	506	617
Zimbabwe	90.05	90.44	81.03	98.7	105	105	1001	1018	1220

Source: World Development Indicators (2008); own calculations.

To obtain a better impression of the country-specific heterogeneity of the progress towards the MDGs with regard to the fragility status, Figure 4 examines MDG progress by countries, and lists the number of times a country has been defined as fragile in Box 2 (ranging from 1 to 7 times). The heterogeneity of MDG performance within this group of fragile countries is bewildering. Some countries seem to have done rather well in terms of growth, poverty reduction and MDG progress, while others perform poorly in most of them. It is not easy to detect clear patterns, and progress in one MDG seems to be only weakly correlated to progress in others, a finding already discussed at length in Bourguignon *et al.*, (2008).[12] It appears that some African fragile countries, such as Côte d'Ivoire and Central African Republic, do rather well on most MDGs, while Zimbabwe is one of the few countries reliably faring worse than many others.

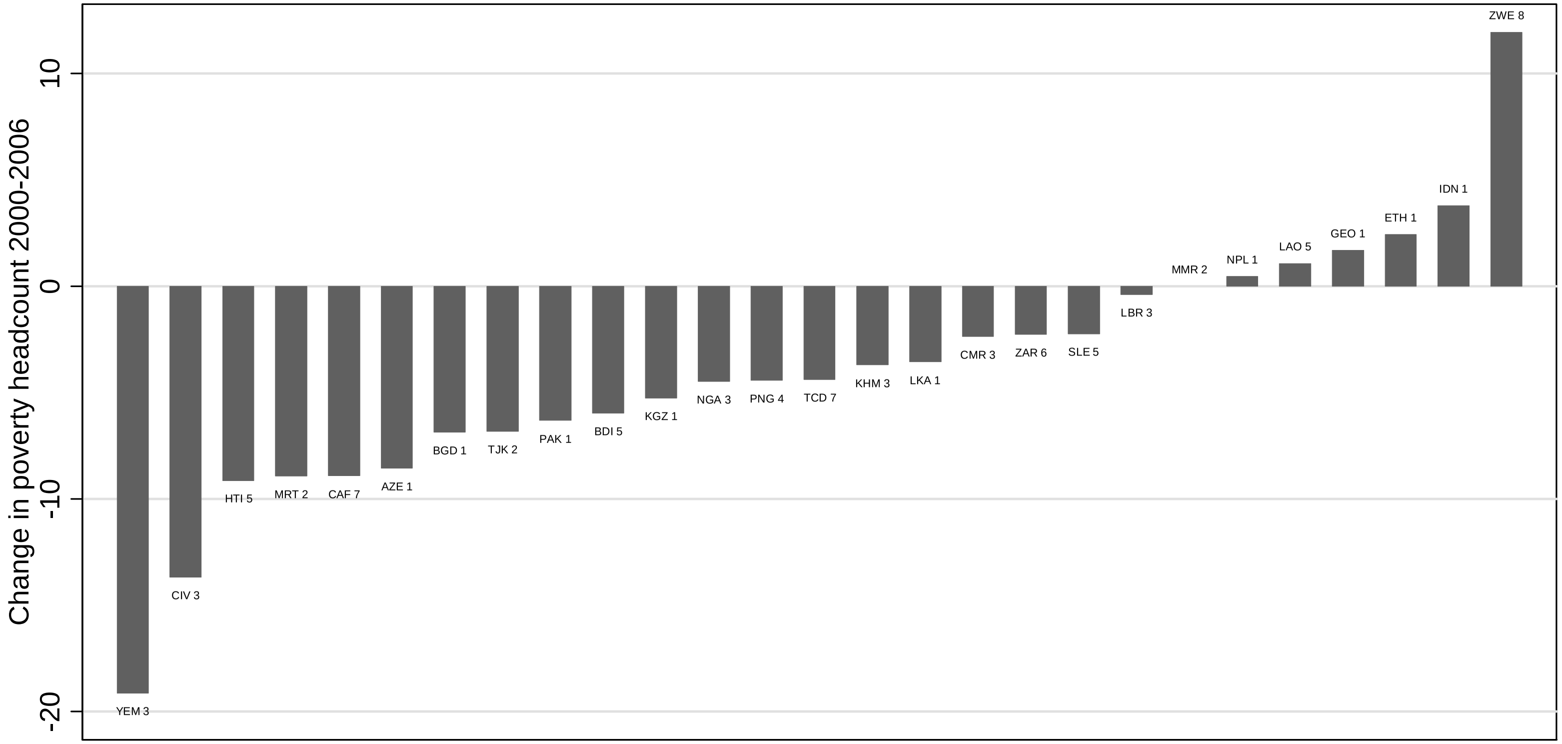
[12] See, also, Ndulu *et al.*, (2007) who tried to come up with country categorisations of the growth experience in Africa and found that within-group heterogeneity was often larger than between groups.

Figure 4: Fragile States – Change in MDG indicators by country and definition (2000-2006)

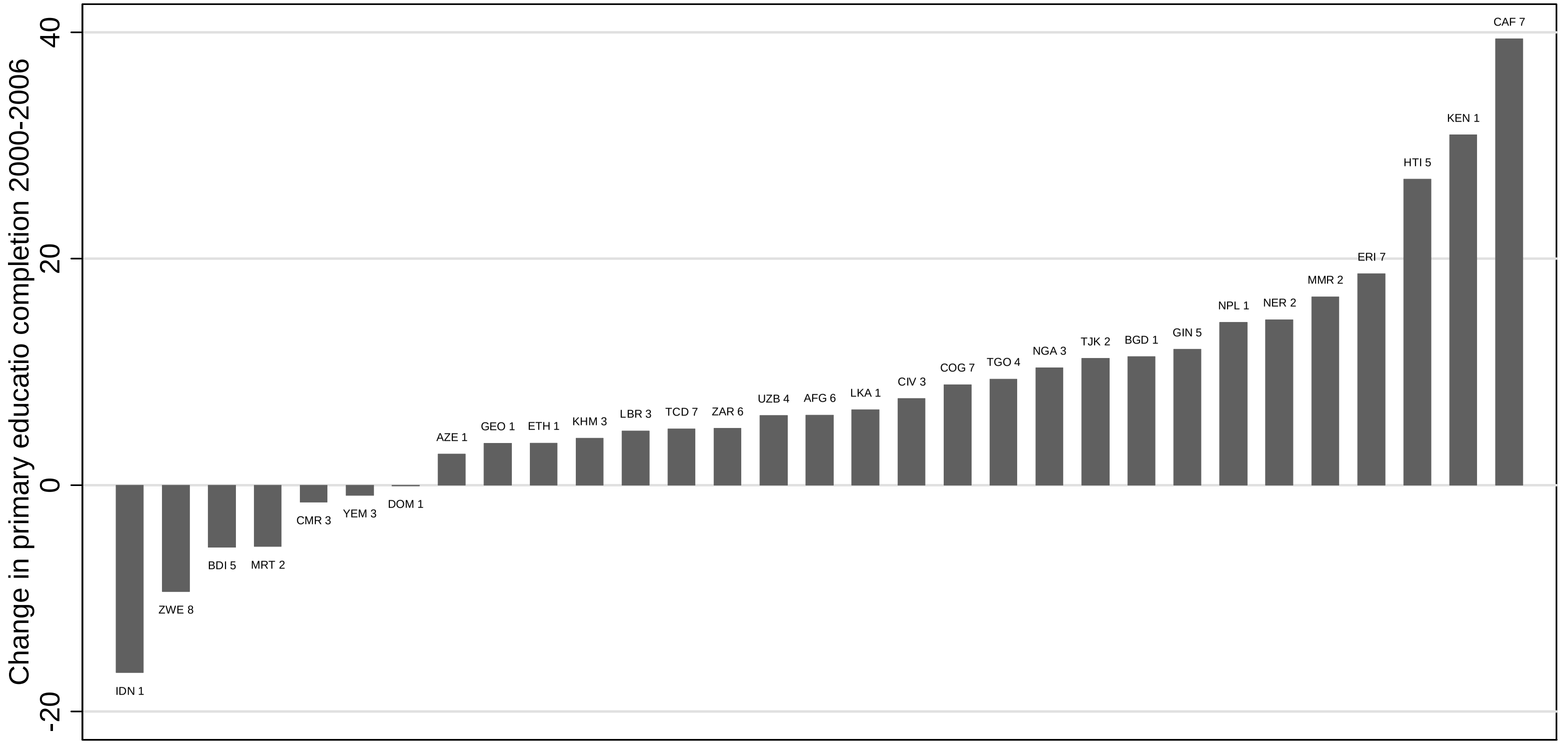


Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).

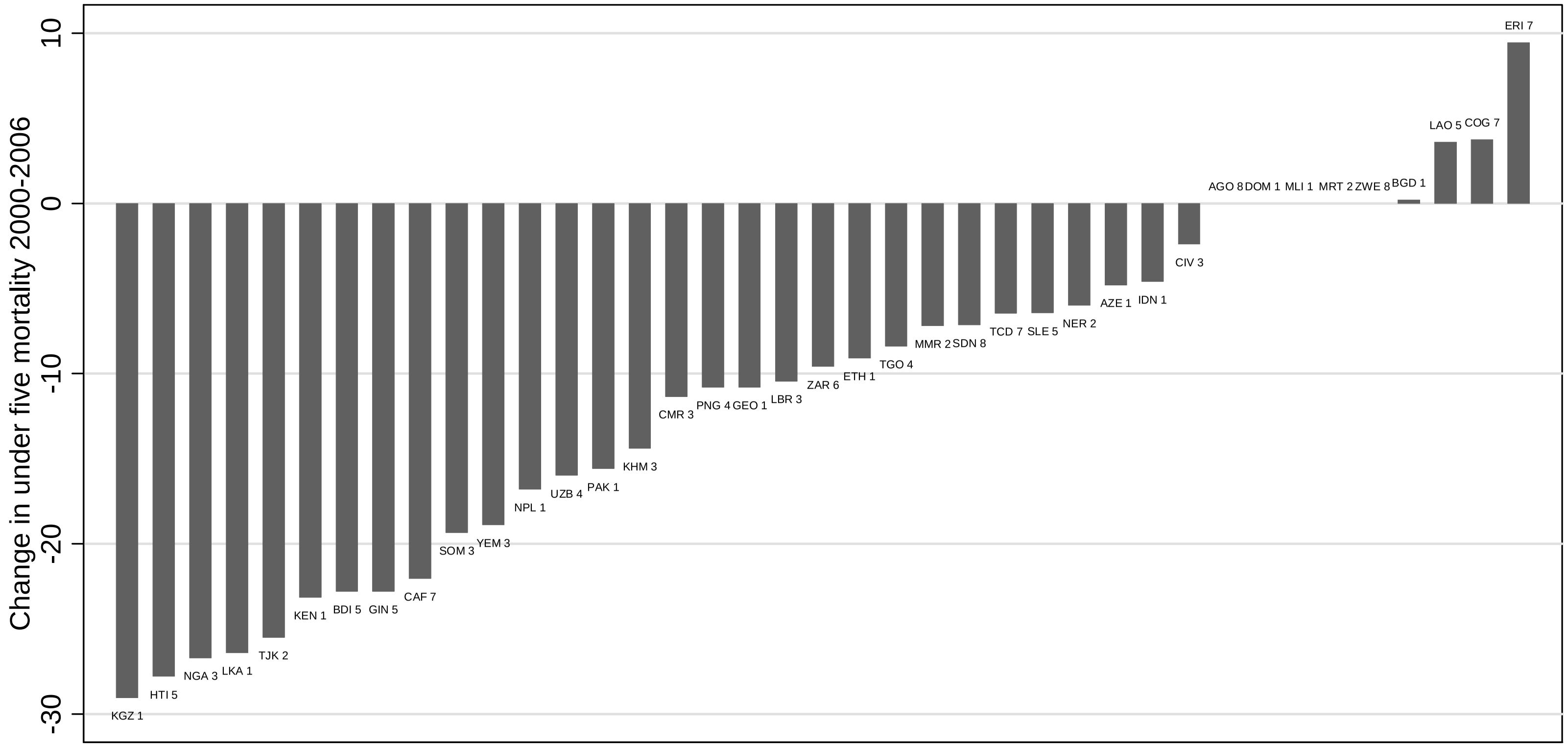
Source: World Development Indicators (2008); own calculations.



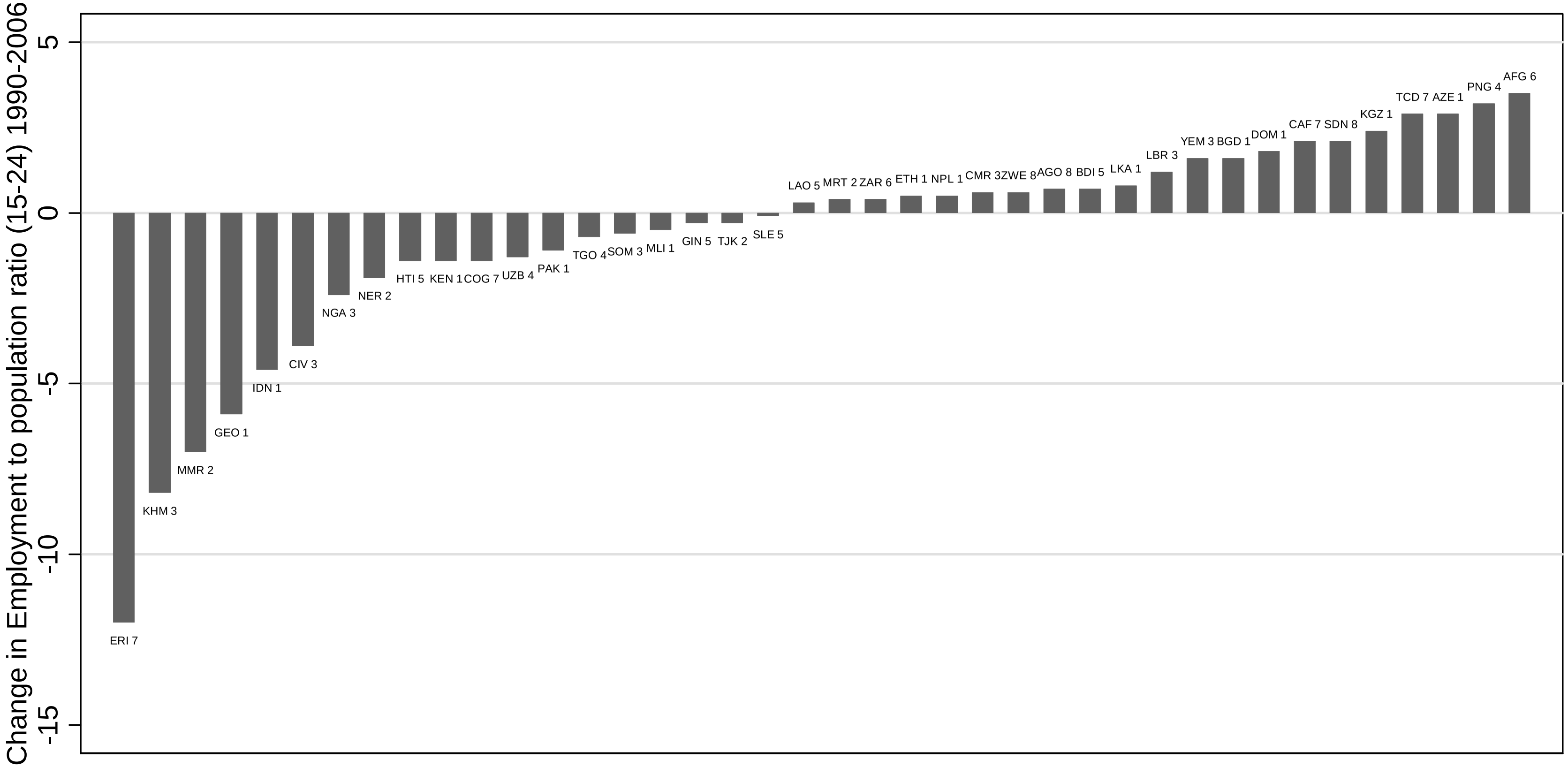
Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.

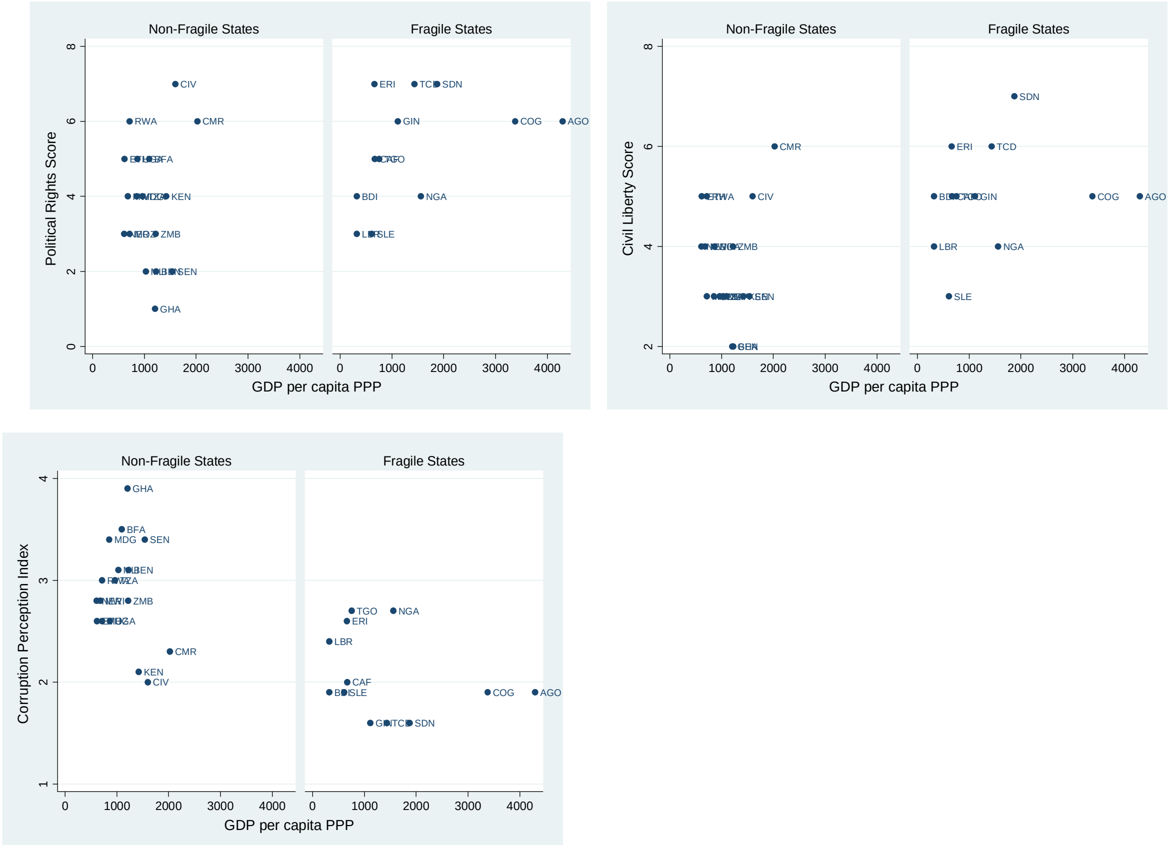
The little correlation between the fragility classification and the progress in the MDGs raises the question of the appropriateness of the MDGs to capture the heterogeneity of fragile states. In addition, it might also be the case that the MDGs fail to take into account some important common basic features of fragile states, which are important for an appropriate classification. For example, the MDGs do not take into account any characteristics that provide information on political variables such as democracy, political stability, or rule of law. Low effectiveness of state institutions and a weak government are strongly associated with fragile states, and are, therefore, more likely to be a good indicator for fragile states. To investigate this question, Figure 5 shows the correlation of three political variables, two Freedom House indicators, the political rights score, and the civil liberty score,[13] and the corruption perception index (CPI) provided by Transparency International for countries in Sub-Saharan Africa by their status of fragility (measured by the 2007 CPIA index), and their level of GDP *per capita*.[14]

Figure 5 shows a very mixed result with regard to the relationship of the fragility status and political indicators with GDP *per capita*. Looking at the Freedom House indicators, both for the political rights scores as well as for the civil liberty scores, provides a fairly weak relationship between state fragility and the respective scores with regard to GDP *per capita*. There seems only to be a slightly upward trend between fragile sates and non-fragile states. The relationship is clearer when one looks at the corruption index. Here, a somewhat clear negative relationship between fragility and corruption is observable, *i.e.*, fragile states are affected by higher levels of corruption than non-fragile states in Sub-Saharan Africa. However, although a slight relationship is observable, the heterogeneity among countries remains generally high, so that it is not clear whether the fragility concept clearly captures the political dimensions when controlling for GDP *per capita*. On the other hand, the relationship seems to be more present when directly comparing the means of the political indictors of fragile and non-fragile states, which are shown in Table 4. Here, fragile states show a significantly poorer performance than non-fragile states.

13 http://www.freedomhouse.org/template.cfm?page=213&year=2002.

14 http://www.transparency.org/policy_research/surveys_indices/cpi.

Figure 5: Fragile States in Sub-Saharan Africa – Heterogeneity in political indicators



Note: The CPI ranks 180 countries by their perceived levels of corruption, as determined by expert assessments and opinion surveys. It takes values between 0 and 10, while 0 indicates the highest level of corruption and 10 the lowest level of corruption. The political rights and civil liberties categories contain numerical ratings between 1 and 7, with 1 representing the most free and 7 the least free.
Source: World Development Indicators (2008); own calculations.

Table 4: Means of Political Indicators of Fragile versus Non-Fragile States

	Fragile States	Non-Fragile States	T Test of differences
Political Right Score	3.88	5.50	1.62**
Civil Liberty Score	3.65	5.21	1.57**
Corruption Perception Index	2.88	1.97	0.91**

Note: ** denotes a one percent significant level.
Source: World Development Indicators (2008); own calculations.

7 Possible explanations of the heterogeneity of fragile countries in MDG progress

The previous section has shown that fragile states are not inherently worse off in reaching the MDGs, compared to other developing countries, especially in the Sub-Saharan Africa region, which makes it unclear as to whether grouping countries into "fragile" versus "non-fragile" is useful when tracking progress towards the MDGs, because it does seem to capture the heterogeneity of countries appropriately.

This section briefly provides some possible explanations for this heterogeneity, and discusses some possible factors that drive the somewhat surprising results.

First, there are many possible reasons for this lack of a bivariate correlation. One of the most important ones may be that there are confounding factors that weaken this relationship. To examine this, one ought to estimate a proper empirical model of factors affecting MDG progress, which would include different variables for different MDG indicators. In the spirit of the World Bank (2007a, b) papers that assessed the predictive power of the CPIA for the human development performance of countries, Box 4 provides a simple regression model to analyse the impact of the CPIA score on MDG outcomes. However, the results of this simple empirical analysis reveal no clear relationship between the fragility status (measured by the CPIA) and the MDG outcomes, which confirms the results of the foregoing section. The CPIA only appears to be able to affect income growth and poverty reduction significantly, but none of the non-income MDGs.

Box 4: The effect of the CPIA on MDG outcomes

To examine the effect of the CPIA on MDG changes in MDG outcomes, a very parsimonious regression model of the following form is estimated:

$$\Delta MDG = a + b\, MDG(initial) + c\, CPIA + dSSA + eHIV + fCPIA*SSA + g,$$

in which MDG(initial) refers to the initial level of the MDG indicator, CPIA refers to the CPIA score, SSA refers to a Sub-Saharan Africa Dummy, ADIS to the HIV infection rate and CPIA*SSA to an interaction term of the CPIA score and the Sub-Saharan Africa dummy

The model is estimated for the two time-periods 1990-2006 and 2000-2006, both for absolute, as well as for relative, changes in GDP *per capita*, poverty headcount, underweight of children under five, and the under-five mortality rate.

Results:

Dependent Variable	**GDP *per capita* (relative change) (2000-2006)**	**Poverty headcount (relative change) (2000-2006)**	**Underweight (relative change) (2000-2006)**	**Under 5 mortality (relative change) (2000-2006)**
MDG (initial level)	-0.001	0.002	-0.019*	0.003
CPIA score	0.485**	1.376*	0.156	1.451
Sub-Saharan Africa	-1.551**	8.865**	4.074*	8.115*
HIV infection rate	-0,003	0.059	-.038	-0.048*
CPIA score*SSA	-0.491**	-2.640**	-1.128	-2.274*
Constant	-1.321**	-6.064**	-0.652**	-7.551*
R-squared	0.274	0.283	0,328	0.094
N	53	44	17	54

Source: WDI (2008); Harttgen and Klasen (2009).

Exemplarily, the results are presented for the time-period 2000-2006 for relative changes in the MDG indicator. All co-efficients show the expected signs. The results sometimes show "conditional convergence" and usually a negative co-efficient for SSA and AIDS-affected countries. The results show the occasional significant effects of the CPIA score. Only for the income related development indicators is the overall CPIA effect significant, while, here, the interaction term of the CPIA score and the Sub-Saharan Africa dummy is also significant and large in magnitude. For non-income indicators, the CPIA score shows no significant impact. These results also hold for the time-period 1990-2006 and also for using absolute changes in the MDGs indicators. These mixed results underline the hypotheses of the limitations of the existing classification of fragile states for tracking progress in the MDGs.

Second, another possible explanation is the problem of measurement errors and data availability when tracking the progress of the MDGs. One major limitation in analysing the levels and progress in the MDGs remains the availability of data and cross-country comparison shortcomings. For example, newly available income poverty estimates have changed the levels of poverty in many countries (ICP 2005, World Bank 2007c). In addition, the indicator of hunger is sometimes difficult to interpret (Klasen, 2007). Besides problems of definition of the MDG poverty indicators, only limited standardised data are available for both the developing region as well as for the developed countries, such as the Living Standard Measurement Surveys (LSMS) provided by the World Bank, the Demographic and Health Surveys (DHS) provided by USAID, or the Multiple Indicator Cluster Survey (MICS) provided by UNICEF. And even these standard surveys do not provide annual information. For fragile states, in particular, it is hard to obtain precise estimates on, for example, child mortality rates, and access to water and sanitation, since many of the fragile states do not participate in these survey programmes. And even if data are available, cross-country comparability problems remain a concern. One main reason for this is that information on the MDGs often becomes available only with a considerable time-lag, which makes a cross country comparison at a given year very difficult.

Third, there is the issue of absolute *versus* relative changes in the MDGs. This is particularly relevant for MDG1 (reduction of poverty and underweight children) and MDG4 (the reduction of under-five mortality). Since, fragile countries are performing worse in terms of MDG levels, the same absolute level of MDG progress will be smaller in relative (*i.e.*, percentage) terms. Reducing under-five mortality from 180 to 162 is "only" a 10% reduction, while reducing it from 80 to 62 is a 22.5% reduction. As shown in the appendix, it is, indeed, the case that, using a larger set of definitions, the relative progress of these MDG indicators is slower in fragile states. But three points are worth noting. First, even when considering relative change, the differences in MDG progress between fragile and non-fragile states are very clear, while it remains the case that the clearest distinction is between the "core" fragile and the remaining countries. Second, relative progress in education (goal 2) looks even more impressive in fragile countries, as they are starting from a lower base. Third, there is the real question of whether absolute or relative changes are the right concept. This goes to the heart of Easterly's critique of the MDGs as being "unfair" to Africa (Easterly, 2009). He argues that demanding a halving of poverty and of underweight children, and a reduction of under-five mortality by two-thirds is much harder to do when one starts with very high levels of deprivation in these areas; to the extent that one agrees with this line of argument, using absolute changes might be more relevant.[15]

A fourth reason might be that the state of being fragile is not as damaging to MDG progress as the risk of falling into the state of fragility, *i.e.*, becoming fragile is worse than being fragile. This is possible, though not easy to verify, since the time series information on fragility is rather limited at present. In the extreme, it is certainly the case that a country in which a large-scale violent conflict erupts will face great difficulties in sustaining MDG progress. On the other hand, the fact that those countries that are fragile in all dimensions of the CPIA do worst in terms of MDG progress suggests that the cumulative state of remaining fragile is, indeed, a more serious problem than that of slipping or sliding into fragility.

Closely related to this is a fifth reason. Most of the MDG indicators display a great deal of inertia. Even if economic and governance conditions deteriorate, it may take a while before life expectancy or enrolment figures budge significantly as households will still want to invest in health and education, and public delivery systems often continue to function even in an environment in which the economic conditions and governance are deteriorating. Thus, it is unlikely that a country that has slipped below 3.2 in the CPIA for one or two years will quickly or immediately display a deteriorating MDG performance. To the extent that this is the case, one would either expect these negative effects to appear with a longer lag and thus be harder to capture. Also, this could explain the relevance of the core fragile concept for MDG progress.

A sixth reason for the surprisingly good MDG progress in many fragile states could be related to donor initiatives. Donors have been very active and supportive in many fragile states, especially in post-conflict countries, and the resources which they poured into these countries might have played a role in accelerating MDG progress. Particularly in post-conflict countries, there can be high pay-offs from just getting the education and health systems to function again. But this is a hypothesis which, at the present moment, would require much more detailed analysis.

[15] See, also, Klasen and Misselhorn (2007) for a related discussion.

Lastly, it may, indeed, be the heterogeneity of the country conditions in fragile states that drives the heterogeneous performance regarding MDG progress. Among the heterogeneities to consider are the different causes that determined why the countries ended up in the fragile category, the heterogeneous capacities of states (and donors) to pursue an MDG focused policy agenda, and the presence or absence of natural resources, to name some of the most important heterogeneities.

Although all of the reasons cited above are likely to play a role in accounting for the low correlation of the fragile/non-fragile distinction with MDG progress, and the large heterogeneity within that group, it seems likely that this last reason is the most important one, as it can, in particular, explain the very large heterogeneity in the MDG progress among fragile states. To the extent that this is the case, it appears that the fragile category is not as useful as it has been made out to be, when trying to focus on priority countries in order to accelerate MDG progress. Instead, one should either look for a smaller sub-set of this group of fragile countries (the ones that do poorly in all four dimensions of the CPIA) or develop other more homogeneous sub-groups (for example, post-conflict countries, failed states, poor governance countries, *etc.*,) of fragile states. Whether this will end up as being more illuminating is, however, unclear. Maybe, each of these fragile countries is a case unto itself, which does not lend itself to easy categorisation.

8 Conclusion and Policy Issues

This paper has shown that the recent creation of the "fragile" states concept has generally created more confusion than clarity. There is a plethora of definitions, with many lists that change in definition and over time. While it is clear that this group of countries, regardless of the definition used, is doing worse in terms of MDG achievements, there is no clear correlation with MDG progress, and the heterogeneity of the performance among fragile states is vast. Two ways out of this dilemma are possible. The first is to look for more robust categorisations of fragile states, such as one in which a country is deemed fragile if it has been on a list for several years or in several categories (for example, the four categories of the CPIA). The second is to move towards treating each of these countries *sui generis*, requiring a different analytical and policy approach.

This tremendous heterogeneity of performance in fragile states poses a great challenge to policy-making not only in the countries but also in the international community. Given the tremendous heterogeneity of this group, a very flexible approach to policy-making that is able to respond to the specific country-specific challenges is more urgent here than elsewhere. Moreover, this policy approach has to respond quickly to rapidly-evolving situations, as the political, security, economic, and governance situations in these states will change more quickly than in other countries. Often, quick short-term action is required to address longer-term challenges. Such short-term action can be required to safeguard MDG achievements and to invest in order to initiate and to sustain progress, both of which will be visible only years later.

This poses a major challenge not only to the policies to be considered, but also to the policy-making processes of national governments as well as of donors. In fragile states, timely country-specific analytical work is needed to develop and adapt policies rapidly to an evolving situation. The rather slow-moving processes of policy-making (via national planning agencies, multi-year budgeting or PRSP processes) or multi-year donor programming are usually unable to respond with the speed and specificity required. Instead, there is a need for rapid analytical work followed by quick policy formulation and implementation. While these types of approach are well-known in security discourses, the challenge of heterogeneous forms of fragility will require similar approaches to respond effectively in these situations, in order to sustain MDG achievements and progress.

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10 Appendix

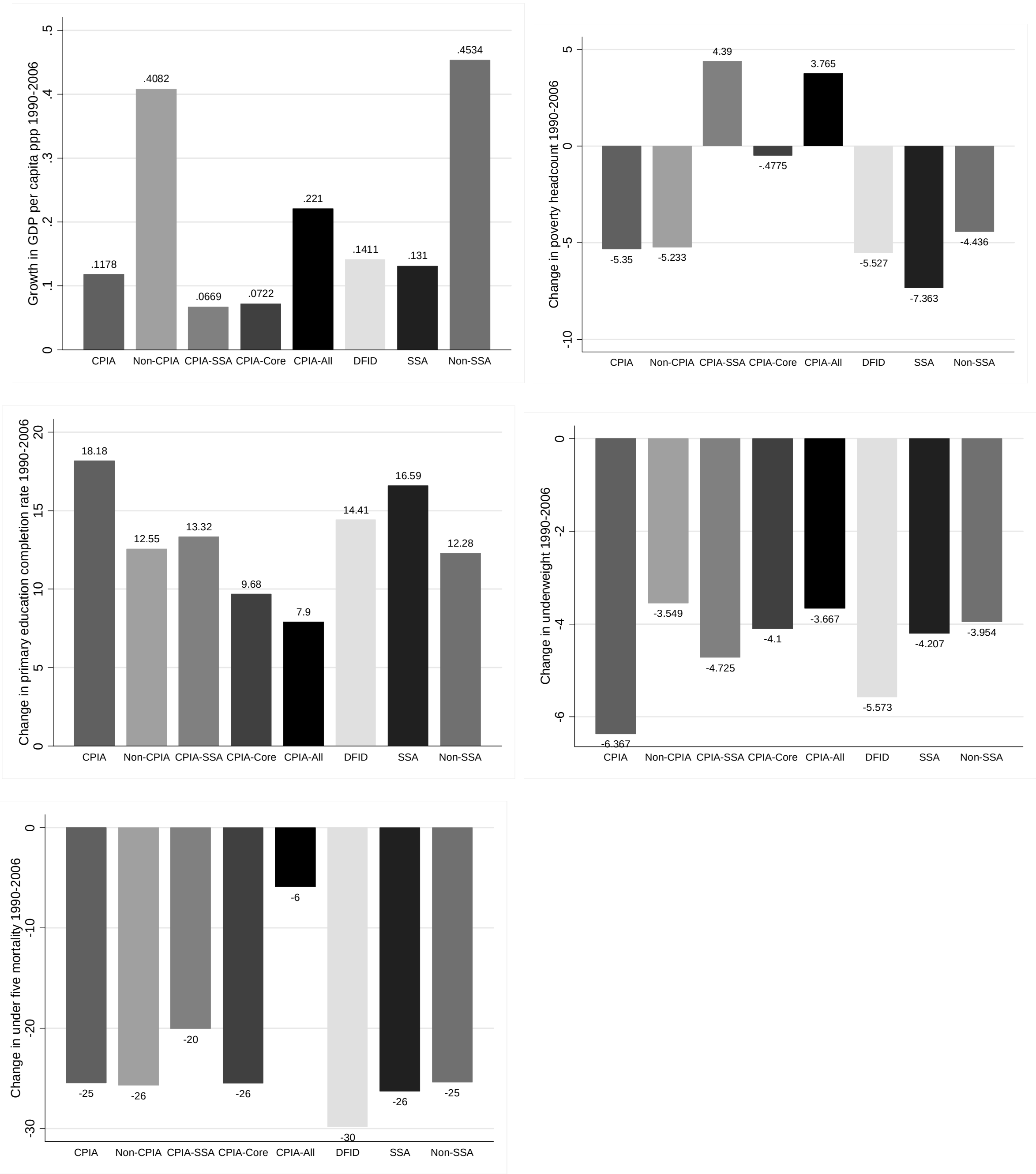
Table A1: 2007 IDA Resource Allocation Index (IRAI)

	A. Economic Management				B. Structural Policies				C. Policies for Social Inclusion/Equity						D. Public Sector Management and Institutions						
Country	1 Macro. Mgt.	2 Fiscal Policy	3 Debt Policy	Ave.	4 Trade	5 Financial Sector	6 Business Regulatory Environ.	Ave.	7 Gender Equality	8 Equity of Public Resource Use	9 Building Human Resour.	10 Social Protection & Labor	11 Pol. & Instit. for Environ. Sustain.	Ave.	12 Property Rights & Rule-based Govern.	13 Quality of Budget. & Finan. Mgt.	14 Effic.of Revenue Mobil.	15 Quality of Public Admin.	16 Transpar., Account. & Corrup. in Pub. Sec.	Ave.	IDA Resource Allocation Index (IRAI)
AFGHANISTAN	3.5	3.0	3.0	3.2	2.5	2.0	2.5	2.3	2.0	2.5	3.0	2.0	2.0	2.3	1.5	3.0	2.5	2.0	2.0	2.2	2.5
ANGOLA	3.0	3.0	3.0	3.0	4.0	2.5	2.0	2.8	3.0	2.5	2.5	2.5	3.0	2.7	2.0	2.5	2.5	2.5	2.5	2.4	2.7
ARMENIA	5.5	5.0	6.0	5.5	4.5	3.5	4.0	4.0	4.5	4.5	4.0	4.5	3.5	4.2	3.5	4.0	3.5	4.0	3.5	3.7	4.4
AZERBAIJAN	4.5	4.5	5.0	4.7	4.0	3.0	3.5	3.5	4.0	4.0	3.5	4.0	3.0	3.7	3.0	4.0	3.5	3.0	2.5	3.2	3.8
BANGLADESH	4.0	3.5	4.5	4.0	3.5	3.0	3.5	3.3	4.0	3.5	4.0	3.5	3.0	3.6	3.0	3.0	3.0	3.0	3.0	3.0	3.5
BENIN	4.5	4.0	3.5	4.0	4.0	3.5	3.5	3.7	3.5	3.0	3.5	3.0	3.5	3.3	3.0	3.5	3.5	3.0	3.5	3.3	3.6
BHUTAN	4.5	4.5	4.5	4.5	3.0	3.0	3.5	3.2	4.0	4.0	4.5	3.5	4.5	4.1	3.5	3.5	4.0	4.0	4.0	3.8	3.9
BOLIVIA	4.0	4.0	4.5	4.2	5.0	3.5	2.5	3.7	4.0	4.0	4.0	3.5	3.5	3.8	2.5	3.5	4.0	3.0	3.5	3.3	3.7
BOSNIA & HERZ.	4.5	3.5	4.0	4.0	3.5	4.0	4.0	3.8	4.5	3.0	3.5	3.5	3.5	3.6	3.0	3.5	4.0	3.0	3.0	3.3	3.7
BURKINA FASO	4.5	4.5	4.0	4.3	4.0	3.0	3.0	3.3	3.5	4.0	3.5	3.5	3.5	3.6	3.5	4.0	3.5	3.5	3.0	3.5	3.7
BURUNDI	3.5	3.5	2.5	3.2	3.5	3.0	2.5	3.0	4.0	3.5	3.0	3.0	3.0	3.3	2.5	3.0	3.0	2.5	2.0	2.6	3.0
CAMBODIA	4.5	3.0	3.5	3.7	3.5	2.5	3.5	3.2	4.0	3.0	3.5	3.0	3.0	3.3	2.5	3.0	3.0	2.5	2.5	2.7	3.2
CAMEROON	4.0	4.0	3.0	3.7	3.5	3.0	3.0	3.2	3.0	3.0	3.5	3.0	3.0	3.1	2.5	3.5	3.5	3.0	2.5	3.0	3.2
CAPE VERDE	4.5	4.5	4.5	4.5	4.0	4.0	3.5	3.8	4.5	4.5	4.5	4.5	3.5	4.3	4.0	4.0	3.5	4.0	4.5	4.0	4.2
CENTRAL AFR. REP.	3.5	3.0	2.0	2.8	3.5	2.5	2.0	2.7	2.5	2.0	2.0	2.0	2.5	2.2	2.0	2.0	2.5	2.5	2.5	2.3	2.5
CHAD	3.0	2.5	2.5	2.7	3.0	3.0	2.5	2.8	2.5	3.0	2.5	2.5	2.5	2.6	2.0	2.0	2.5	2.5	2.0	2.2	2.6
COMOROS	2.5	1.5	2.0	2.0	3.0	2.5	2.5	2.7	3.0	3.0	3.0	2.5	2.0	2.7	2.5	1.5	2.5	2.0	2.5	2.2	2.4
CONGO, DEM. REP.	3.5	3.5	2.5	3.2	4.0	2.0	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.9	2.0	2.5	2.5	2.5	2.0	2.3	2.8
CONGO, REP	3.0	2.0	2.5	2.5	3.5	2.5	2.5	2.8	3.0	2.5	3.0	2.5	2.5	2.7	2.5	2.5	3.0	2.5	2.5	2.6	2.7
CôTE D'IVOIRE	3.0	2.5	1.5	2.3	3.5	3.0	3.0	3.2	2.5	1.5	2.5	2.5	2.5	2.3	2.0	2.0	4.0	2.0	2.0	2.4	2.6
DJIBOUTI	3.5	2.5	2.5	2.8	4.0	3.5	3.5	3.7	2.5	3.0	3.5	3.0	3.0	3.0	2.5	3.0	3.5	2.5	2.5	2.8	3.1
DOMINICA	4.0	4.5	3.0	3.8	4.0	4.0	4.5	4.2	3.5	3.5	4.0	3.5	3.5	3.6	4.0	3.5	4.0	3.5	4.0	3.8	3.9
ERITREA	2.0	2.0	2.5	2.2	1.5	2.0	2.0	1.8	3.5	3.0	3.5	3.0	2.0	3.0	2.5	2.5	3.5	3.0	2.0	2.7	2.4
ETHIOPIA	3.0	4.0	3.5	3.5	3.0	3.0	3.5	3.2	3.0	4.5	4.0	3.5	3.5	3.7	3.0	4.0	4.0	3.0	2.5	3.3	3.4
GAMBIA, THE	4.0	3.5	2.5	3.3	4.0	3.0	3.5	3.5	3.5	3.0	3.5	2.5	3.0	3.1	3.5	3.0	3.5	3.0	2.0	3.0	3.2
GEORGIA	4.5	4.5	5.0	4.7	5.5	3.5	5.0	4.7	4.5	4.5	4.0	4.0	3.0	4.0	3.5	4.0	4.5	3.5	3.0	3.7	4.3
GHANA	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	3.5	3.5	3.9	3.5	4.0	4.5	3.5	4.0	3.9	4.0
GRENADA	3.5	2.5	3.0	3.0	4.0	3.5	4.5	4.0	5.0	3.5	4.0	3.5	4.0	4.0	3.5	4.0	3.5	3.5	4.0	3.7	3.7
GUINEA	3.0	3.5	2.5	3.0	4.0	3.0	3.0	3.3	3.5	3.0	3.0	3.0	2.5	3.0	2.0	3.0	3.0	3.0	2.5	2.7	3.0
GUINEA-BISSAU	2.0	2.5	1.5	2.0	4.0	3.0	2.5	3.2	2.5	3.0	2.5	2.5	2.5	2.6	2.5	2.5	3.0	2.5	2.5	2.6	2.6

Country	A. Economic Management				B. Structural Policies				C. Policies for Social Inclusion/Equity						D. Public Sector Management and Institutions						IDA Resource Allocation Index (IRAI)
	1	2	3		4	5	6		7	8	9	10	11		12	13	14	15	16		
	Macro. Mgt.	Fiscal Policy	Debt Policy	Ave.	Trade	Financial Sector	Business Regulatory Environ.	Ave.	Gender Equality	Equity of Public Resource Use	Building Human Resour.	Social Protection & Labor	Pol. & Instit. for Environ. Sustain.	Ave.	Property Rights & Rule-based Govern.	Quality of Budget. & Finan. Mgt.	Effic.of Revenue Mobil.	Quality of Public Admin.	Transpar., Account. & Corrup. in Pub. Sec.	Ave.	
GUYANA	3.5	3.5	4.0	3.7	4.0	3.5	3.0	3.5	4.0	3.5	3.5	3.0	3.0	3.4	3.0	3.5	3.5	2.5	3.0	3.1	3.4
HAITI	3.5	3.5	2.5	3.2	4.0	3.0	2.5	3.2	3.0	3.0	2.5	2.5	2.5	2.7	2.0	3.0	2.5	2.5	2.0	2.4	2.9
HONDURAS	4.0	3.5	4.0	3.8	5.0	3.5	4.5	4.3	4.0	4.0	4.0	3.5	3.0	3.7	3.5	4.0	4.0	3.0	3.0	3.5	3.8
INDIA	4.5	3.5	4.5	4.2	4.0	4.0	3.5	3.8	3.5	4.0	4.0	3.5	3.5	3.7	3.5	4.0	4.0	3.5	3.5	3.7	3.9
KENYA	4.5	4.0	4.0	4.2	4.0	3.5	4.0	3.8	3.0	3.0	3.5	3.0	3.5	3.2	2.5	3.5	4.0	3.5	3.0	3.3	3.6
KIRIBATI	2.5	2.0	5.0	3.2	3.0	3.0	3.0	3.0	3.0	3.0	2.5	3.0	3.0	2.9	3.5	3.0	3.0	3.0	3.5	3.2	3.1
KYRGYZ REP.	4.5	4.0	4.0	4.2	5.0	3.5	3.5	4.0	4.5	3.5	3.5	3.5	3.0	3.6	2.5	3.0	3.5	3.0	2.5	2.9	3.7
LAO PDR	4.5	3.5	3.5	3.8	3.5	2.0	3.0	2.8	3.5	3.5	3.0	2.5	3.5	3.2	3.0	3.0	2.5	3.0	2.0	2.7	3.1
LESOTHO	4.0	4.0	4.0	4.0	3.5	3.5	3.0	3.3	4.0	3.0	3.5	3.0	3.5	3.4	3.5	3.0	4.0	3.0	3.5	3.4	3.5
MADAGASCAR	4.0	3.0	4.0	3.7	4.0	3.5	4.0	3.8	3.5	4.0	3.5	3.5	4.0	3.7	3.5	3.5	3.5	3.5	3.5	3.5	3.7
MALAWI	3.5	3.5	3.0	3.3	4.0	3.0	3.5	3.5	3.5	3.5	3.0	3.5	3.5	3.4	3.5	3.0	4.0	3.5	3.0	3.4	3.4
MALDIVES	3.0	2.5	3.0	2.8	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.5	4.0	3.9	4.0	3.0	4.0	4.0	2.5	3.5	3.6
MALI	4.5	4.0	4.5	4.3	4.0	3.0	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	4.0	3.0	3.5	3.5	3.7
MAURITANIA	3.5	3.0	4.0	3.5	4.5	2.5	3.5	3.5	4.0	3.5	3.5	3.0	3.5	3.5	3.0	2.5	3.5	3.0	3.0	3.0	3.4
MOLDOVA	4.0	4.0	4.0	4.0	4.5	3.5	3.5	3.8	5.0	3.5	4.0	3.5	3.5	3.9	3.5	4.0	3.5	3.0	3.0	3.4	3.8
MONGOLIA	3.5	3.0	3.0	3.2	4.5	3.0	3.5	3.7	3.5	3.5	3.5	3.5	3.0	3.4	3.0	4.0	3.5	3.5	3.0	3.4	3.4
MOZAMBIQUE	4.0	4.0	4.5	4.2	4.5	3.5	3.0	3.7	3.5	3.5	3.5	3.0	3.0	3.3	3.0	3.5	4.0	3.0	3.0	3.3	3.6
NEPAL	4.5	3.5	3.5	3.8	4.0	3.0	3.0	3.3	3.5	3.5	4.0	3.0	3.0	3.4	3.0	3.5	3.5	3.0	3.0	3.2	3.4
NICARAGUA	4.0	4.0	4.5	4.2	4.5	3.5	3.5	3.8	3.5	4.0	3.5	3.5	3.5	3.6	3.0	4.0	4.0	3.0	3.0	3.4	3.8
NIGER	4.0	3.5	3.5	3.7	4.0	3.0	3.0	3.3	2.5	3.5	3.0	3.0	3.0	3.0	3.0	3.5	3.5	3.0	3.0	3.2	3.3
NIGERIA	4.0	4.5	4.5	4.3	3.0	3.5	3.0	3.2	3.0	3.5	3.0	3.5	3.0	3.2	2.5	3.0	3.0	3.0	3.0	2.9	3.4
PAKISTAN	3.5	3.5	4.5	3.8	4.0	4.5	4.0	4.2	2.0	3.5	3.5	3.0	3.5	3.1	3.0	3.5	3.5	3.5	2.5	3.2	3.6
PAPUA NEW GUINEA	4.5	3.5	4.5	4.2	4.5	3.0	3.0	3.5	2.5	3.5	2.5	3.0	2.0	2.7	2.0	3.5	3.5	2.5	3.0	2.9	3.3
RWANDA	4.0	4.0	3.5	3.8	3.5	3.5	3.5	3.5	3.5	4.5	4.5	3.5	3.0	3.8	3.0	4.0	3.5	3.5	3.5	3.5	3.7
SAMOA	4.0	3.5	4.0	3.8	4.5	4.0	3.5	4.0	3.5	4.0	4.0	3.5	4.0	3.8	4.0	3.5	4.0	4.0	4.0	3.9	3.9
SÃO TOMÉ AND PRINCIPE	3.0	3.0	2.5	2.8	4.0	2.5	3.0	3.2	3.0	3.0	3.0	2.5	2.5	2.8	2.5	3.0	3.5	3.0	3.5	3.1	3.0
SENEGAL	4.5	4.0	4.0	4.2	4.0	3.5	4.0	3.8	3.5	3.5	3.5	3.0	3.5	3.4	3.5	3.5	4.0	3.5	3.0	3.5	3.7
SIERRA LEONE	4.0	3.5	3.5	3.7	3.5	3.0	2.5	3.0	3.0	3.0	3.5	3.0	2.0	2.9	2.5	3.5	2.5	3.0	2.5	2.8	3.1
SOLOMON ISLANDS	3.5	3.0	2.5	3.0	3.0	3.0	2.5	2.8	3.0	2.5	3.0	2.5	2.0	2.6	2.5	2.5	2.5	2.0	3.0	2.5	2.7
SRI LANKA	2.5	3.0	3.5	3.0	3.5	4.0	4.0	3.8	4.0	3.5	4.0	3.5	3.5	3.7	3.0	4.0	3.5	3.0	3.0	3.3	3.5
ST. LUCIA	4.5	3.5	4.0	4.0	4.0	4.0	4.5	4.2	3.5	4.0	4.0	4.0	3.5	3.8	4.0	3.5	4.0	3.5	4.5	3.9	4.0
ST. VINCENT & THE G.	4.0	3.5	3.5	3.7	4.0	4.0	4.5	4.2	4.0	3.5	4.0	3.5	3.5	3.7	4.0	3.5	4.0	3.5	4.0	3.8	3.8
SUDAN	3.5	3.0	1.5	2.7	2.5	2.5	3.0	2.7	2.0	2.5	2.5	2.5	2.5	2.4	2.0	2.0	3.0	2.5	2.0	2.3	2.5

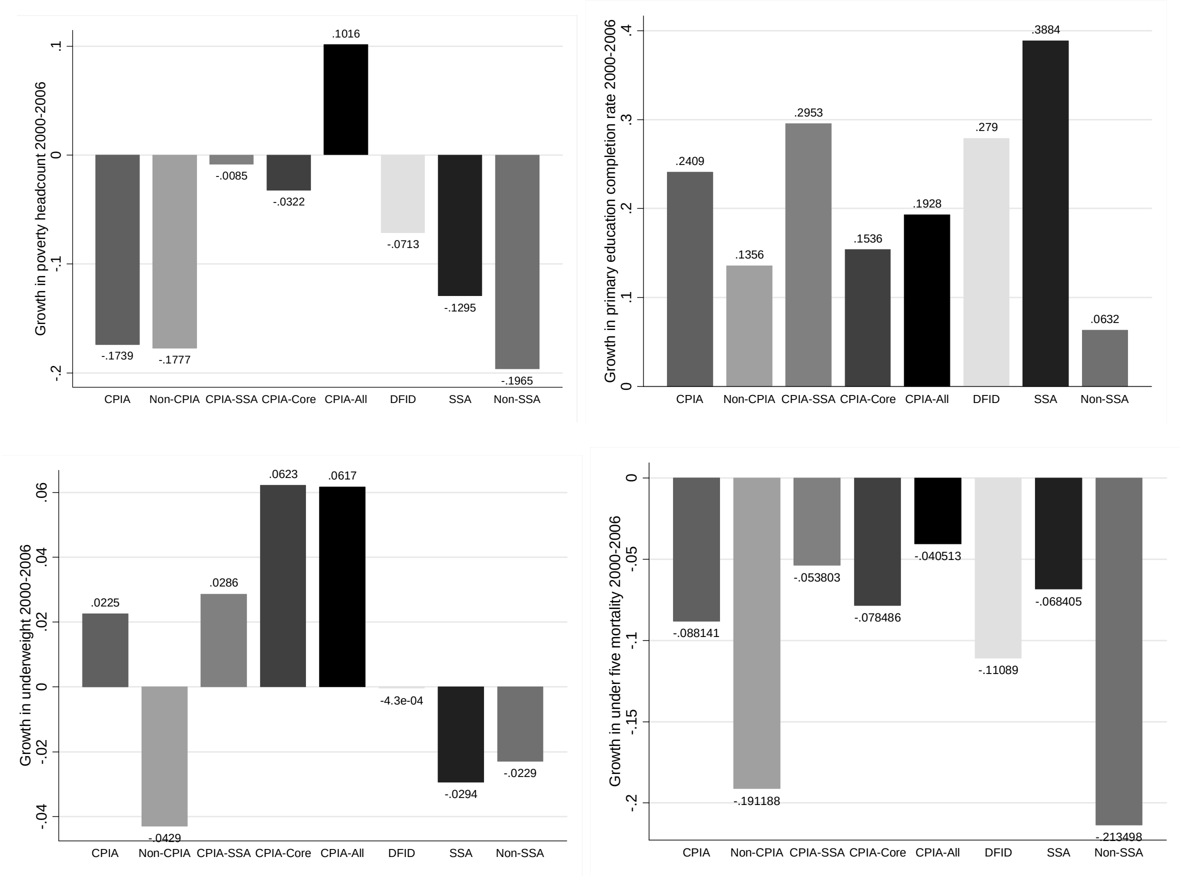
Country	A. Economic Management				B. Structural Policies				C. Policies for Social Inclusion/Equity						D. Public Sector Management and Institutions						IDA Resource Allocation Index (IRAI)
	1	2	3		4	5	6		7	8	9	10	11		12	13	14	15	16		
	Macro. Mgt.	Fiscal Policy	Debt Policy	Ave.	Trade	Financial Sector	Business Regulatory Environ.	Ave.	Gender Equality	Equity of Public Resource Use	Building Human Resour.	Social Protection & Labor	Pol. & Instit. for Environ. Sustain.	Ave.	Property Rights & Rule-based Govern.	Quality of Budget. & Finan. Mgt.	Effic.of Revenue Mobil.	Quality of Public Admin.	Transpar., Account. & Corrup. in Pub. Sec.	Ave.	
TAJIKISTAN	4.0	4.0	3.0	3.7	4.0	3.0	3.5	3.5	3.5	3.5	3.0	3.5	2.5	3.2	2.5	3.0	3.0	2.5	2.0	2.6	3.2
TANZANIA	4.5	4.5	4.0	4.3	4.0	3.5	3.5	3.7	4.0	4.0	4.0	3.5	3.5	3.8	3.5	4.0	4.0	3.5	3.5	3.7	3.9
TIMOR-LESTE	2.5	3.0	3.5	3.0	3.5	2.5	1.5	2.5	3.5	3.0	2.5	2.0	2.5	2.7	1.5	3.0	3.0	2.5	3.0	2.6	2.7
TOGO	2.5	2.5	1.5	2.2	4.0	2.5	3.0	3.2	3.0	2.0	3.0	2.5	2.5	2.6	2.5	2.0	2.5	2.0	2.0	2.2	2.5
TONGA	3.0	2.5	3.0	2.8	3.5	3.0	3.0	3.2	2.5	3.5	4.0	3.0	3.0	3.2	3.5	2.5	3.0	3.0	2.5	2.9	3.0
UGANDA	4.5	4.5	4.5	4.5	4.0	3.5	4.0	3.8	3.5	4.5	4.0	3.5	4.0	3.9	3.5	4.0	3.0	3.0	3.0	3.3	3.9
UZBEKISTAN	3.5	3.5	4.0	3.7	2.5	2.5	3.0	2.7	4.0	3.5	4.0	3.5	3.5	3.7	2.5	3.0	3.0	2.5	1.5	2.5	3.1
VANUATU	4.0	3.0	4.0	3.7	3.5	3.0	3.5	3.3	3.5	3.5	2.5	2.0	3.0	2.9	3.0	3.5	3.5	2.5	3.0	3.1	3.3
VIETNAM	4.5	4.5	4.0	4.3	3.5	3.0	3.5	3.3	4.5	4.5	4.0	3.5	3.5	4.0	3.5	4.0	3.5	3.5	3.0	3.5	3.8
YEMEN, REP.	3.5	3.0	4.0	3.5	4.5	2.5	3.5	3.5	2.0	3.5	3.0	3.5	3.0	3.0	2.5	3.0	3.0	3.0	3.0	2.9	3.2
ZAMBIA	4.0	3.5	3.5	3.7	4.0	3.5	3.5	3.7	3.5	3.5	3.5	3.0	3.5	3.4	3.0	3.5	3.5	3.0	3.0	3.2	3.5
ZIMBABWE	1.0	1.0	1.0	1.0	2.0	2.5	1.5	2.0	2.5	1.5	1.5	1.0	2.5	1.8	1.0	2.0	3.5	1.5	1.0	1.8	1.7

Figure A2: Fragile States – Change in MDGs (1990-2006)



Note: CPIA: fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every year between 2003 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries included in the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: Non-Sub-Saharan African developing countries.
For the change in poverty headcount, Argentina and Ukraine are dropped from the sample, because they show very large absolute and relative differences, which distort the results of the mean outcomes for the non-CPIA countries.
Source: World Development Indicators (2008); own calculations.

Figure A3: Fragile States – Change in MGDs (2000-2006) (Percentage Change)

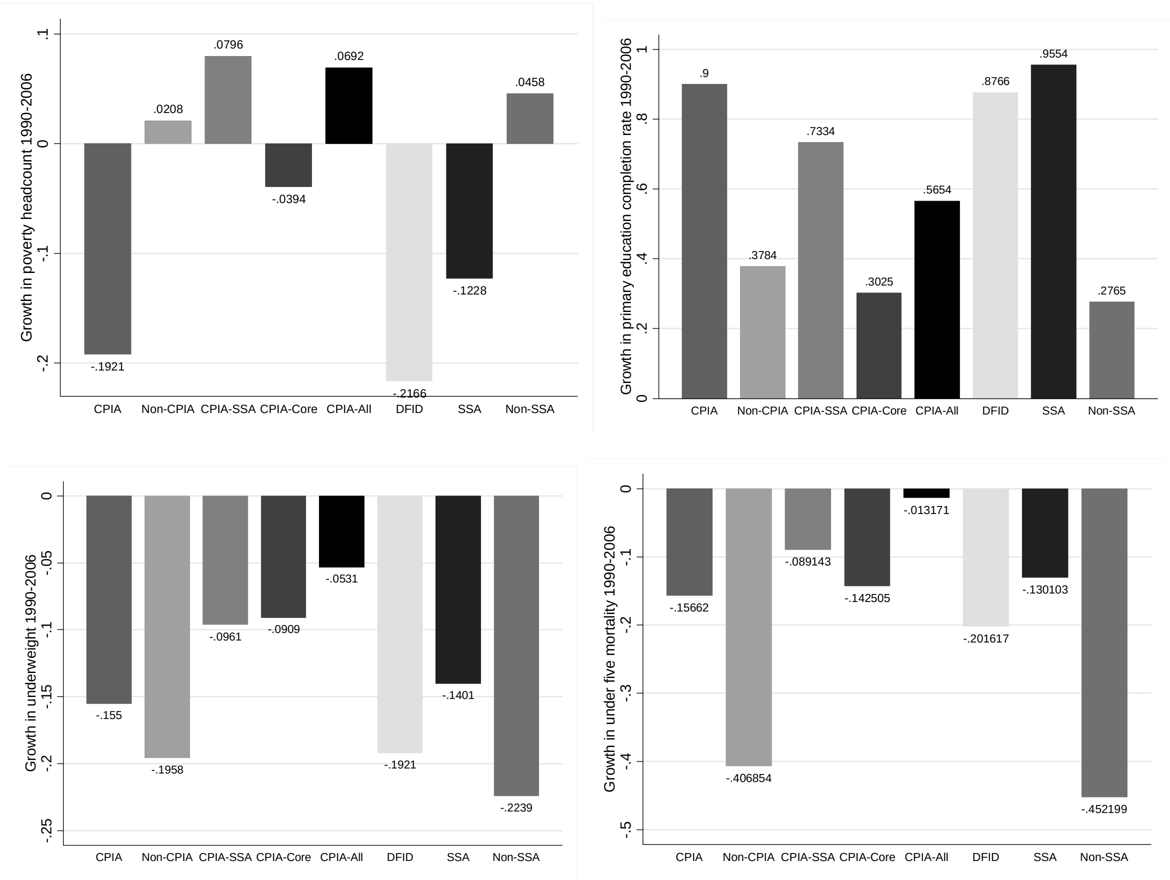


Note: CPIA: fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every year between 2003 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries included in the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: Non-Sub-Saharan African developing countries.

For the change in poverty headcount, Argentina and Ukraine are dropped from the sample, because they show very large absolute and relative differences, which distort the results of the mean outcomes for the non-CPIA countries.

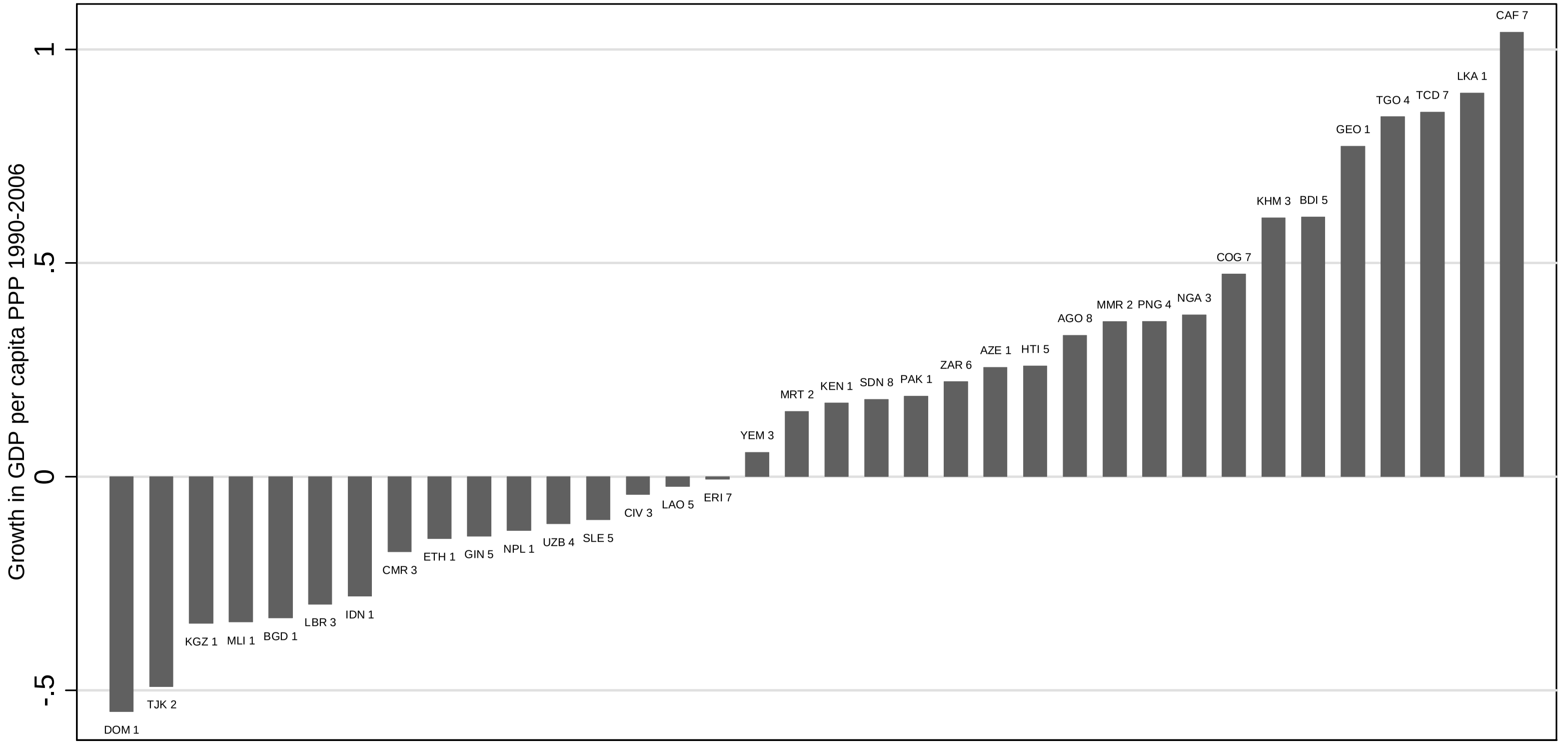
Source: World Development Indicators (2008); own calculations.

Figure A4: Fragile States – Change in MGDs (1990-2006) (Percentage Change)

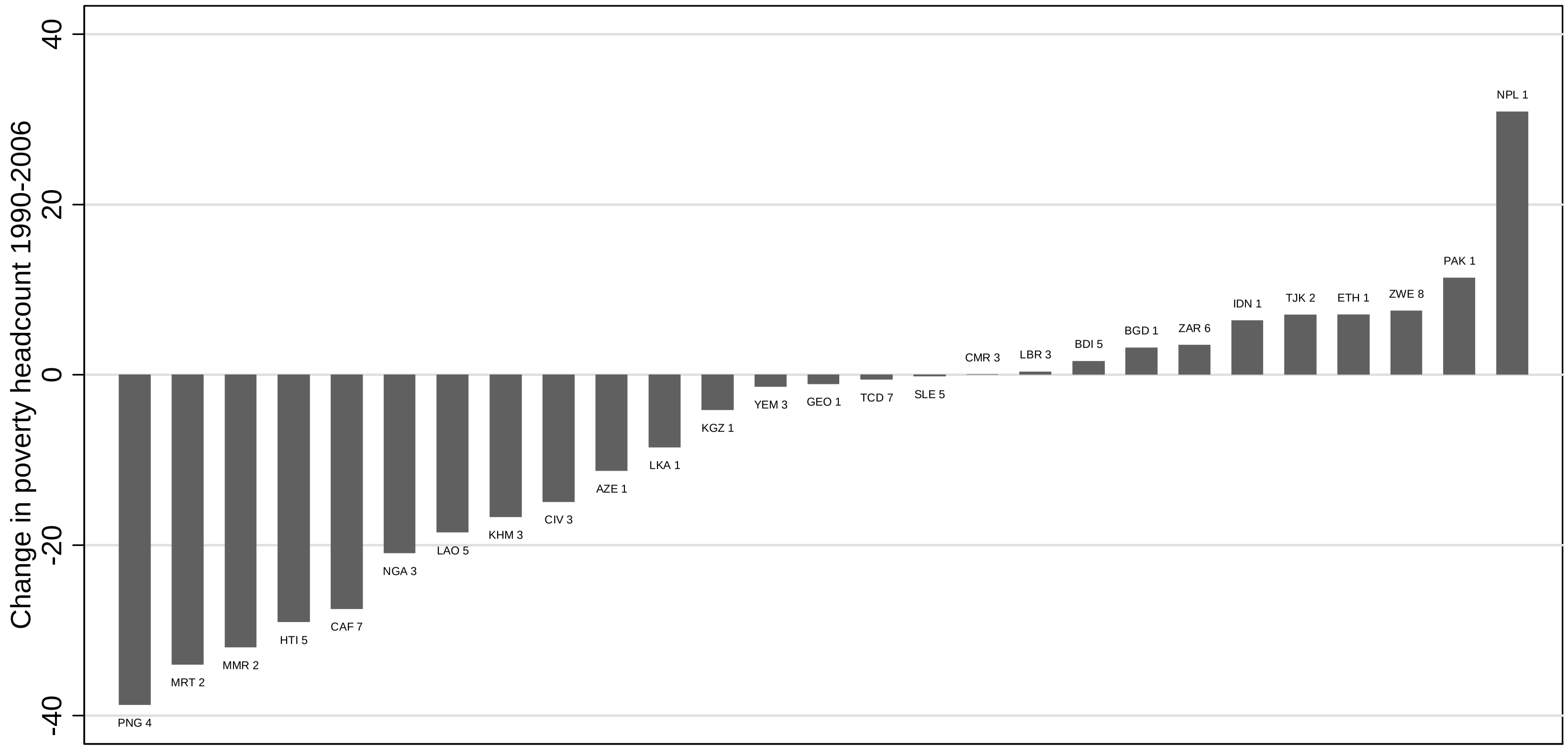


Note: CPIA: fragile states included in the 2007 CPIA list (with a CPIA score of less than 3.2); non-CPIA: non-fragile developing countries; CPIA-SSA: Sub-Saharan African countries included in the 2007 CPIA list; CPIA core: countries that appear on the CPIA list every year between 2003 and 2007; CPIA-All: countries that show a CPIA score of less than 3.2 on any of the CPIA sub-lists (economic management, structural policies, social inclusion/equity, public sector management) in 2007; DFID: countries included in the 2007 DFID list; SSA: all Sub-Saharan African countries; Non-SSA: Non-Sub-Saharan African developing countries.
For the change in poverty headcount, Argentina and Ukraine are dropped from the sample, because they show very large absolute and relative differences, which distort the results of the mean outcomes for the non-CPIA countries.
Source: World Development Indicators (2008); own calculations.

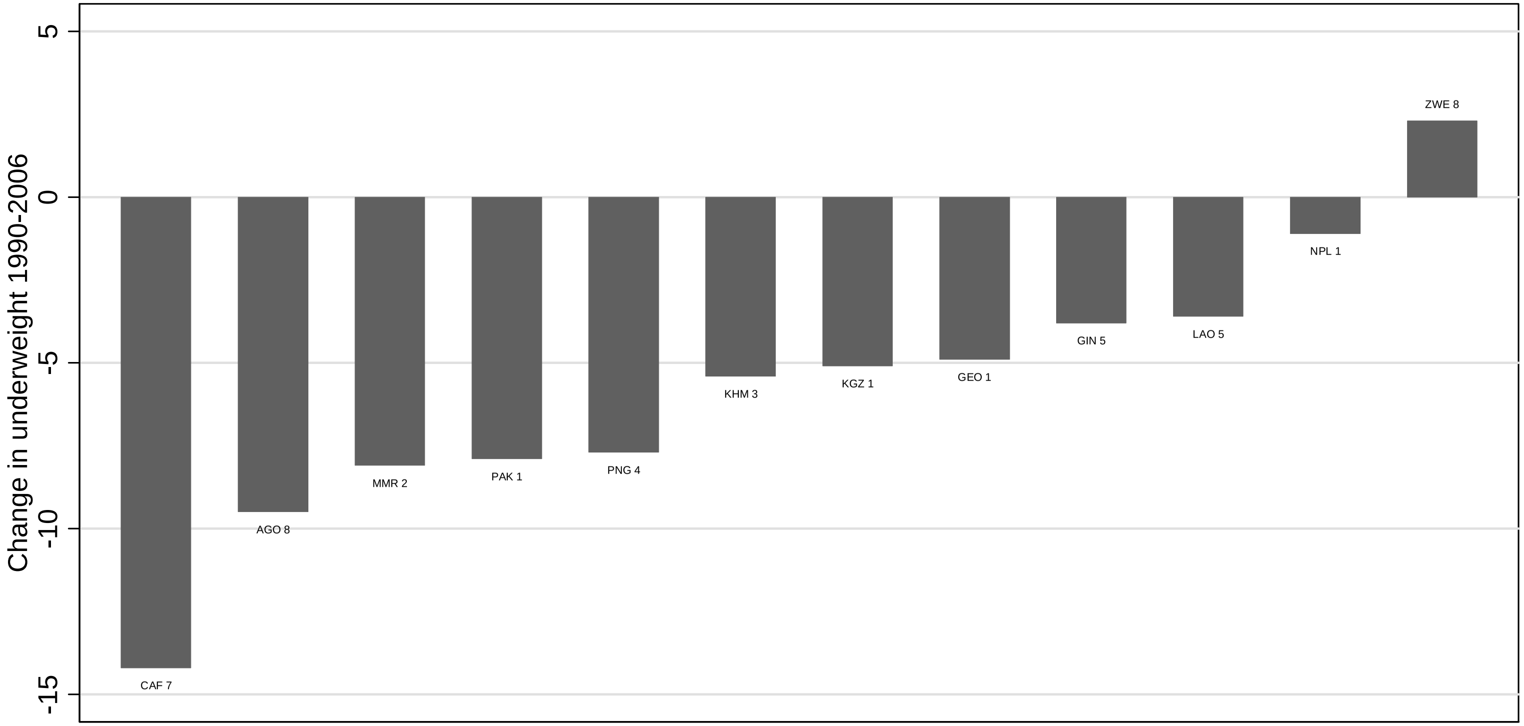
Figure A5: Fragile States – Change in MDG Indicators by country and definition (1990-2006)



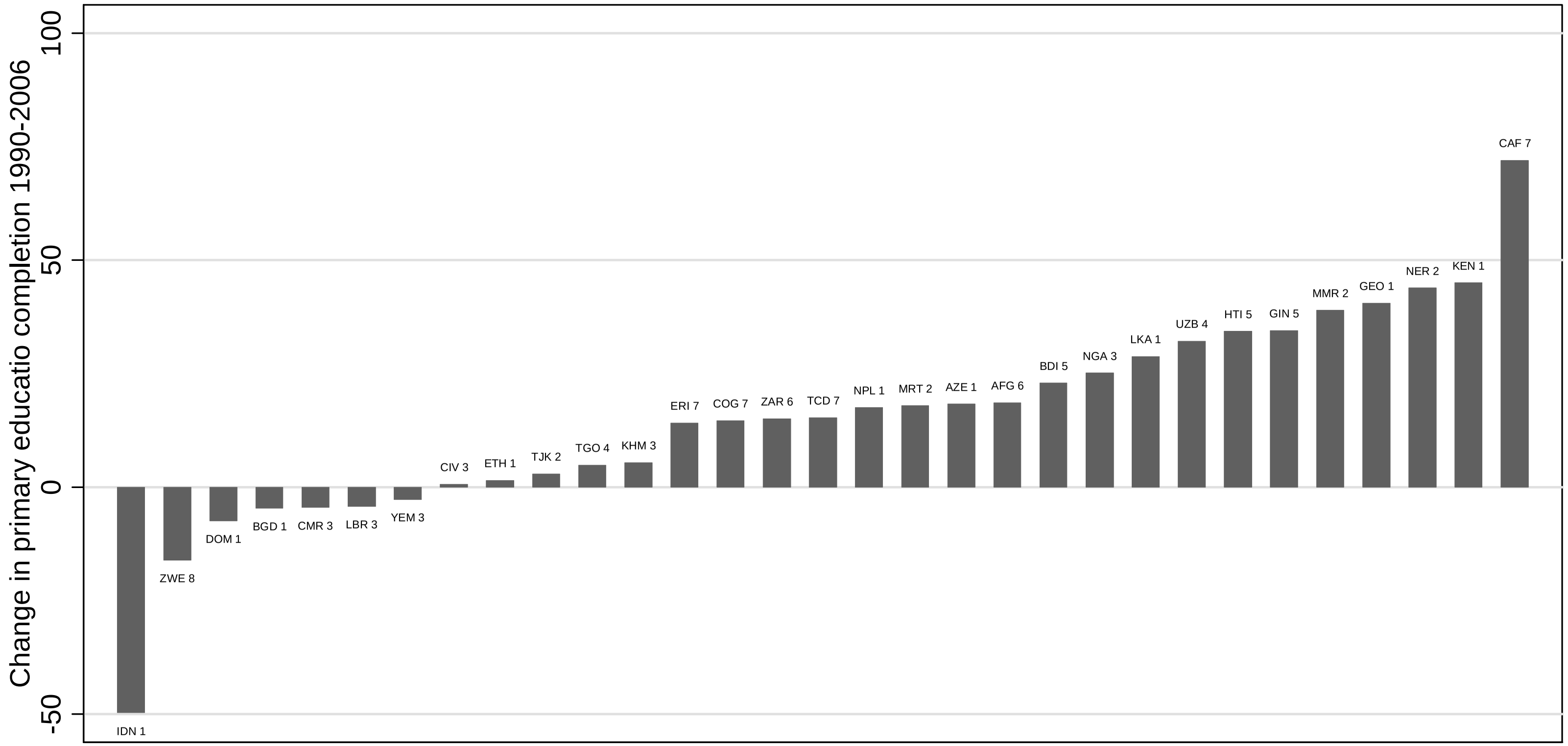
Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



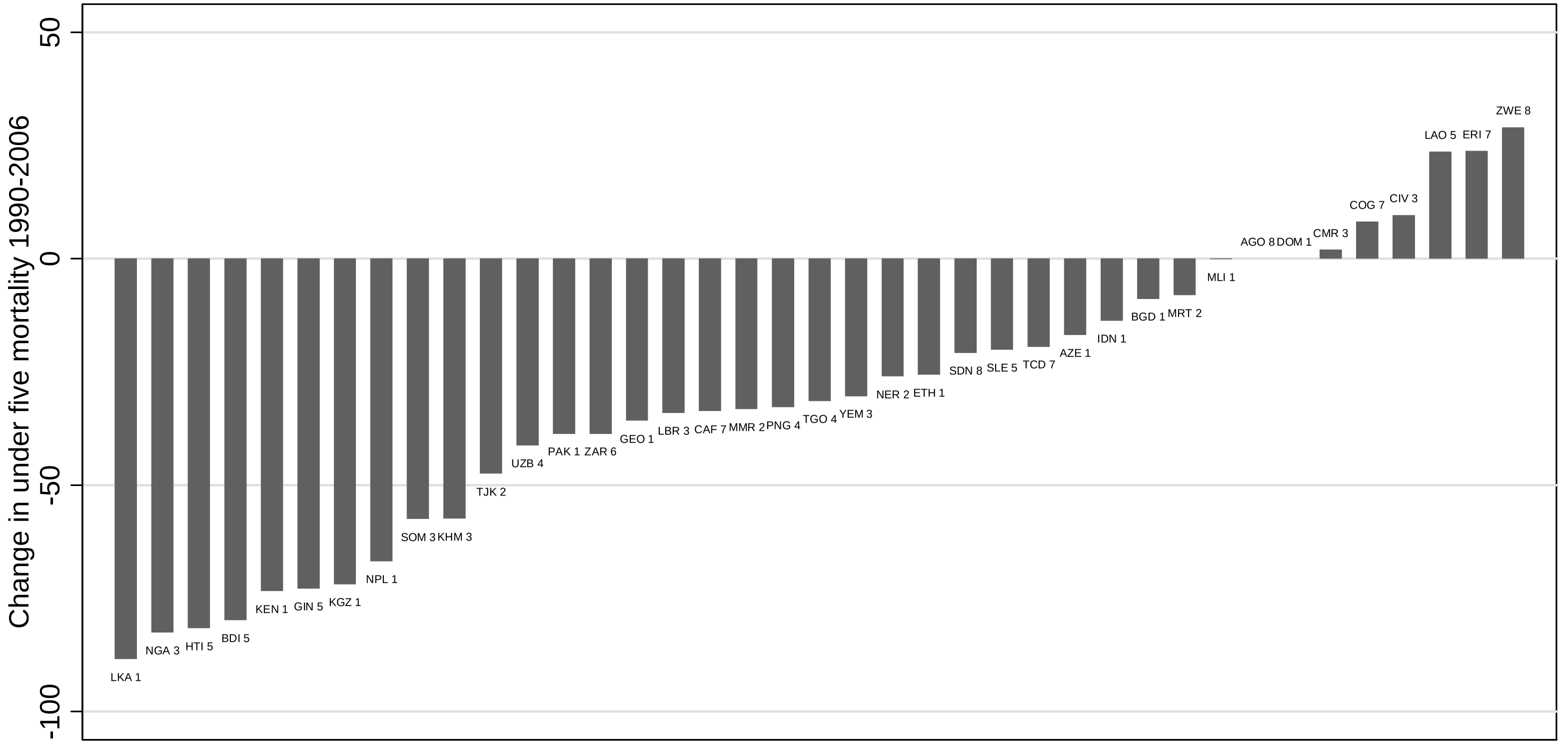
Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.



Note: Country abbreviations: Afghanistan (AFG), Angola (AGO), Azerbaijan (AZE), Bangladesh (BGD), Burundi (BDI), Cambodia (KHM), Cameroon (CMR) Central African Republic (CAF), Chad (TCD), Congo, Dem. Rep. (ZAR), Congo, Rep. (COG), Côte d'Ivoire (CIV), Dominican Republic (DOM), Eritrea (ERI), Ethiopia (ETH), Georgia (GEO), Guinea (GIN), Haiti (HTI), Indonesia (IDN), Kenya (KEN), Kyrgyz Republic (KGZ), Laos PDR (LAO), Liberia (LBR), Mali (MLI), Mauritania (MRT), Myanmar (MMR), Nepal (NPL), Niger (NER), Nigeria (NGA), Pakistan (PAK), Papua New Guinea (PNG), Sierra Leone (SLE), Somalia (SOM), Sri Lanka (LKA), the Sudan (SDN), Tajikistan (TJK), Togo (TGO), Uzbekistan (UZB), Yemen, Rep. (YEM), Zimbabwe (ZWE).
Source: World Development Indicators (2008); own calculations.